

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Firefly e-Ventures Limited

**Report on the Financial Statements**

We have audited the accompanying financial statements of Firefly e-Ventures Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, 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 but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. 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.



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

Chartered Accountants

## **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, 2015, its loss, and its cash flows for the year ended on that date.

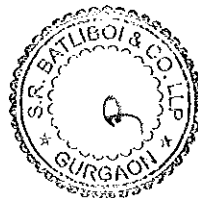
## **Emphasis of Matter**

We draw attention to the following matter in the notes to the financial statement:-

Without qualifying our opinion, we draw attention to Note 3.15 (m) in the financial statements which indicates that the Company incurred a net loss of Rs. 7,06,61,819 during the year ended March 31, 2015 and, as of that date, the Company's current liabilities exceeded its total assets by Rs. 239,368. These conditions, along with other matters as set forth in Note 3.15 (m), indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

## **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's report) Order, 2015 ("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, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164 (2) of the Act;
  - (f) 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



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

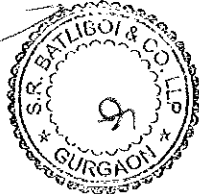
Chartered Accountants

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



per Vishal Sharma

Partner

Membership Number: 96766

Place of Signature:

Date: May 13, 2015

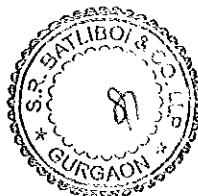
# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

Annexure I referred to in paragraph 'Report on Other Legal and Regulatory Requirements' of our report of even date

## **Re: Firefly e-Ventures Limited**

- (i)(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (i)(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (ii)(a) The Company being in service industry does not have any inventory. Therefore, clauses (ii) (a), (b) and (c) of the order is not applicable to the Company.
- (iii)(a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) 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 is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for rendering of services. The activities of the Company do not include purchase of inventory and the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (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) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, income-tax, service tax, cess and other material statutory dues applicable to it. The provisions relating to sales-tax, wealth-tax, customs duty, excise duty, value added tax and employees' state insurance are not applicable to the Company.
- (vii)(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, service tax, 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 sales-tax, wealth-tax, customs duty, excise duty, value added tax and employees' state insurance are not applicable to the Company.
- (vii)(c) According to the information and explanations given to us, there are no dues of income tax, service tax, and cess which have not been deposited on account of any dispute. The provisions relating to sales-tax, wealth-tax, customs duty, excise duty and value added tax are not applicable to the Company.
- (vii)(d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder..



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

Chartered Accountants

- (viii) The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash losses during the current year and immediately preceding financial year.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions or banks.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. Batliboi & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 391003E

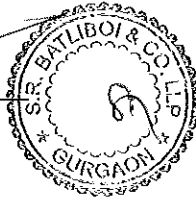
  
per Vishal Sharma

Partner

Membership Number: 96766

Place of Signature:

Date: May 13, 2015



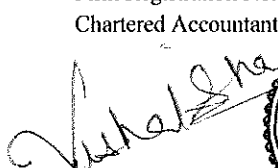
**Firefly e-Ventures Limited**  
**Balance Sheet as at March 31, 2015**

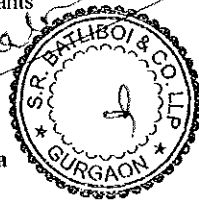
Particulars	Notes	As at	As at
		March 31, 2015 (Rs.)	March 31, 2014 (Rs.)
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share capital	3.1	247,176,000	246,500,000
Reserves and surplus	3.2	(243,936,561)	(240,243,375)
		<u>3,239,439</u>	<u>6,256,625</u>
<b>Non-current liabilities</b>			
Long-term provisions	3.3	2,038,176	972,401
		<u>2,038,176</u>	<u>972,401</u>
<b>Current liabilities</b>			
Trade payables	3.4	28,645,945	17,932,192
Other current liabilities	3.4	30,571,418	25,765,568
Short-term provisions	3.3	1,118,685	762,357
		<u>60,336,048</u>	<u>44,460,117</u>
<b>TOTAL</b>		<u><b>65,613,663</b></u>	<u><b>51,689,143</b></u>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Tangible assets	3.5	4,651,479	5,670,265
Intangible assets	3.6	865,504	2,027,100
Long-term loans and advances	3.7	20,964,254	16,261,082
		<u>26,481,237</u>	<u>23,958,447</u>
<b>Current assets, loans and advances</b>			
Trade receivables	3.8	9,476,507	14,083,561
Cash and bank balances	3.9	24,776,299	8,546,697
Short-term loans and advances	3.7	3,456,250	1,850,487
Other assets		1,423,370	3,249,951
		<u>39,132,426</u>	<u>27,730,696</u>
<b>TOTAL</b>		<u><b>65,613,663</b></u>	<u><b>51,689,143</b></u>

Summary of significant accounting policies 2.1

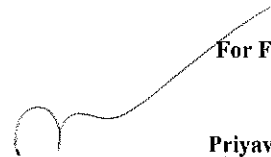
The accompanying notes are an integral part of the financial statement

For S.R. Batliboi & Co. LLP  
 Firm Registration No. 301003E  
 Chartered Accountants

  
 per Vishal Sharma  
 Partner  
 Membership No. 96766




For Firefly e-Ventures Limited


  
 Priyavrat Bhartia  
 Director

  
 Rajiv Verma  
 Director

  
 Amit Garg  
 Business Head

  
 Manoj Bhargava  
 Company Secretary

Place: New Delhi  
 Date: May 13, 2015



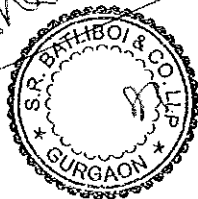
**Firefly e-Ventures Limited**  
**Statement of profit and loss for the year ended March 31, 2015**

Particulars	Notes	For the Year Ended	For the Year Ended
		March 31, 2015 (Rs.)	March 31, 2014 (Rs.)
<b>INCOME</b>			
Income from operations		147,765,041	101,637,805
Other income	3.10	1,339,680	3,092,922
		<b>149,104,721</b>	<b>104,730,727</b>
<b>EXPENDITURE</b>			
Employee benefits expense	3.11	97,030,190	63,111,934
Other expenses	3.12	117,892,006	91,847,402
Financial expenses	3.13	573,697	1,946,800
Depreciation/amortisation	3.14	4,270,647	5,232,572
		<b>219,766,540</b>	<b>162,138,708</b>
Loss before tax and exceptional item (including loss from operations relating to discontinued operations amounting to Rs. Nil (Previous year Rs. 14,713,846))		<b>(70,661,819)</b>	<b>(57,407,981)</b>
Profit on sale of business undertaking	3.15 a	-	15,356,414
Loss before tax (including loss from operations relating to discontinued operations amounting to Rs. Nil (Previous year Rs. 14,713,846))		<b>(70,661,819)</b>	<b>(42,051,567)</b>
Provision for tax-Deferred tax			
-Deferred tax expense/ (credit) (refer note 3.15j)		-	62,685,742
Total tax expense/(income)		-	<b>62,685,742</b>
Net Loss after tax (including Rs. Nil (Previous year Rs. 13,797,027) relating to discontinued operations)		<b>(70,661,819)</b>	<b>(104,737,309)</b>
<b>Earning/(Loss) Per Share (Rs.)</b>	3.15 b	<b>(2.87)</b>	<b>(5.21)</b>
Basic and Diluted [Nominal value of shares Rs.10 each]			
<b>Summary of significant accounting policies</b>	2.1		

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

For S.R. Batliboi & Co. LLP  
 Firm Registration No. 301003E  
 Chartered Accountants

per Vishal Sharma  
 Partner  
 Membership No. 96766



For Firefly e-Ventures Limited

Priyavrat Bhartia  
 Director

Rajiv Verma  
 Director

Amit Garg  
 Business Head

Manoj Bhargava  
 Company Secretary

Place: New Delhi  
 Date: May 13, 2015

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**Firefly e-Ventures Limited**  
Cash flow statement for the year ended March 31, 2015

Particulars	For the Year Ended March 31, 2015 (Rs.)	For the Year Ended March 31, 2014 (Rs.)
<b>Cash flow from operating activities</b>		
<b>Loss before tax</b>	(70,661,819)	(42,051,567)
Net gain on sale of business undertaking	-	(15,356,414)
Depreciation/amortization on continuing operation	4,270,647	5,232,572
Provision for doubtful debts written back	(160,027)	1,804,283
Loss on sale of fixed assets	-	1,700
Employee stock compensation expense	44,633	373,287
Interest expense	-	1,652,405
Profit on sale of fixed assets	(1,314)	-
Interest income	(749,389)	(1,339,882)
<b>Operating loss before working capital changes</b>	<b>(67,257,269)</b>	<b>(49,683,616)</b>
Movements in working capital :		
Increase/(decrease) in trade payables and other liabilities	16,941,706	(13,427,547)
Decrease/(increase) in trade receivables	4,767,081	(10,107,064)
Decrease / (increase) in loans and advances	220,818	(2,786,306)
<b>Cash generated from / (used in) operations</b>	<b>(45,327,664)</b>	<b>(76,004,533)</b>
Direct taxes paid (net of refunds)	(4,703,172)	2,125,833
<b>Net cash flow from/ (used in) operating activities (A)</b>	<b>(50,030,836)</b>	<b>(73,878,700)</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(2,099,094)	(3,341,223)
Proceeds from sale of fixed assets	10,143	20,469
Proceeds from sale of business undertaking	-	9,500,000
Investment in fixed deposits with maturity greater than 3 months but less than 12 months	(10,000,000)	-
Interest received	749,389	1,339,882
<b>Net cash flow from/(used in) investing activities (B)</b>	<b>(11,339,562)</b>	<b>7,519,128</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of share capital	67,600,000	121,500,000
Repayment of short-term borrowings	-	(88,500,000)
Interest paid	-	(1,652,405)
<b>Net cash flow from/(used in) in financing activities (C)</b>	<b>67,600,000</b>	<b>31,347,595</b>
Net increase/(decrease) in cash and cash equivalents (A + B + C)	6,229,602	(35,011,977)
Cash and cash equivalents at the beginning of the year	8,546,697	43,558,674
<b>Cash and cash equivalents at the end of the year</b>	<b>14,776,299</b>	<b>8,546,697</b>
<b>Components of cash and cash equivalents</b>		
With banks - on current account	4,776,299	518,342
- on deposit account	10,000,000	8,028,355
<b>Total cash and cash equivalents</b>	<b>14,776,299</b>	<b>8,546,697</b>

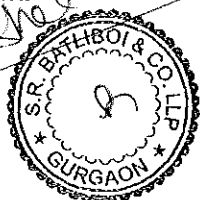
Summary of significant accounting policies

Note: The above Cash Flow Statement has been prepared under the "Indirect Method" as stated in Accounting Standard 3 on Cash Flow Statement

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

For S.R. Batliboi & Co. LLP  
Firm Registration No. 301003E  
Chartered Accountants

per Vishal Sharma  
Partner  
Membership No. 96766



For Firefly e-Ventures Limited

Priyavrat Bhartia  
Director

Amit Garg  
Business Head

Rajiv Verma  
Director

Manoj Bhargava  
Company Secretary

Place: New Delhi  
Date: May 13, 2015

*(Handwritten signature)*



**Significant Accounting Policies and Notes to accounts**

**1. Corporate Information**

Firefly e-Ventures Limited is a wholly owned subsidiary of HT Digital Media Holdings Limited. The Company was incorporated to carry on internet related business for providing educational services. The Company operates and runs internet business in the name of htcampus.com. During the previous year, the Company had sold the movie reviews and ratings business, primarily carried on through the website, DesiMartini.com (movie review and rating site) to its fellow subsidiary Topmovies Entertainment Limited w.e.f. November 1, 2013 as detailed in note 3.17 a below.

**2. Basis of preparation**

The financial statements of the company have been prepared in accordance with the 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, except for the change in accounting policy explained below.

**2.1 Summary of Significant Accounting Policies**

**Change in accounting policy**

**I. Depreciation on fixed assets**

Till the year ended 31 March 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to depreciation of fixed assets. Unless stated otherwise, the impact mentioned for the current year is likely to hold good for future years also.

**a. Useful lives/ depreciation rates**

Till the year ended 31 March 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II. Hence, this change in accounting policy did not have any material impact on financial statements of the company.

**b. Depreciation on assets costing less than Rs. 5,000/-**

Till year ended 31 March 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the company was charging 100% depreciation on assets costing less than Rs. 5,000/- in the year of purchase. However, Schedule II to the Companies Act 2013, applicable from the current year, does not recognize such practice. Hence, to comply with the requirement of Schedule II to the Companies Act, 2013, the company has changed its accounting policy for depreciations of assets costing less than Rs. 5,000/-. As per the revised policy, the company is depreciating such assets over their useful life as assessed by the management. The management has decided to apply the revised accounting policy prospectively from accounting periods commencing on or after 1 April 2014.

The change in accounting for depreciation of assets costing less than Rs. 5,000/- did not have any material impact on financial statements of the company for the current year.



**c. Employee stock compensation cost**

Till 27 October 2014, the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, dealt with the grant of share-based payments to employees. Among other matter, these guidelines prescribed accounting for grant of share-based payments to employees. Hence, the company being a subsidiary of listed entity was required to comply with these Guidelines as well as the Guidance Note on Accounting for Employee Share-based Payments with regard to accounting for employee share-based payments. Particularly, in case of conflict between the two requirements, the SEBI guidelines were prevailing over the ICAI Guidance Note. For example, in case of equity settled option expiring unexercised after vesting, the SEBI guidelines required expense to be reversed through the statement of Profit and Loss whereas the reversal of expense through the statement of profit and loss is prohibited under the ICAI Guidance Note. In these cases, the company was previously complying with the requirement of SEBI guidelines.

From 28 October 2014, the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 have been replaced by the SEBI (Share Based Employee Benefits) Regulations, 2014. The new regulations don't contain any specific accounting treatment; rather, they require ICAI Guidance Note to be followed. Consequent to the application of the new regulations, the company has changed its accounting for equity settled option expiring unexercised after vesting in line with accounting prescribed in the Guidance Note, i.e., expense is not reversed through the statement of profit and loss. The management has decided to apply the revised accounting policy prospectively from the date of notification of new regulation, i.e., 28 October 2014.

Since there are no equity settled options expiring unexercised after 28 October 2014, the change in accounting policy did not have any material impact on financial statements of the company for the current year. However due to application of the regulation, the manner of presentation of "Employee Stock Option Outstanding Account" under the head "Reserves and Surplus" has changed. The company has changed this presentation for the current as well as previous year

**a) Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities, at the date of the reporting year end. 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.

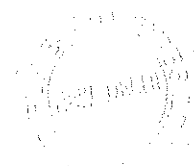
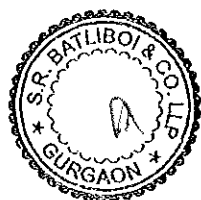
**b) Tangible Fixed assets**

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates 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.

The company adjusts exchange differences arising on translation/ settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset. In accordance with MCA circular dated 09 August 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, 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.

Gains or losses arising from derecognition 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.



**e) 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 company has used the following rates to provide depreciation on its fixed assets:

	<b>Useful lives (in years)</b>
Plant and Machinery	15-20
Computers (included in Plant and Machinery)	3
Office Equipment	3
Furniture and Fittings	8

**d) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation. 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.

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.

Gains or losses arising from derecognition 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.

**Software**

Software is stated at cost, less accumulated amortization.

Software acquisition costs - Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Value for individual software license acquired is allocated based on valuation carried out by an independent expert.

Software licenses are amortized based on the estimated useful life of related product as estimated by the management, on a straight line basis. Acquired software is amortized over the remaining estimated useful life from the date of acquisition.

**Copyrights**

Purchased copyrights are accounted for at costs. In case of slump purchases, value for copyright acquired is allocated based on the valuation carried out by an independent expert at the time of acquisition. Copyrights are amortized over the estimated useful life of six years from the date of acquisition on a straight line basis.



### **Website development costs**

Costs incurred in the planning or conceptual development of the web site are expensed as incurred. Once the planning or conceptual development of a web site has been achieved, and the project has reached the application development stage, the Company capitalizes all costs related to web site application and infrastructure development including costs relating to the graphics and content development stages. Training and routine maintenance costs are expensed as incurred.

Internal Website Development Costs - Internal website 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 Internet domain. 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, such cost are capitalized. Once technological feasibility has been reached and development for the components of the products has been completed.

Website development costs are amortized over the estimated useful life of three years from the date of completion of website development on a straight line basis.

### **e) Leases**

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 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.

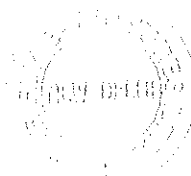
Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

### **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 units (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 the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss.



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

**g) Investments**

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

**h) 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:

Revenue is recognized when persuasive evidence of an arrangement exists, service has been rendered, the sales prices are fixed or determinable and collection is probable. Revenues associated with multiple element contracts are allocated based on the fair value of the services included in the contract.

*Revenue from sale of leads on www.htcampus.com is recognized at the time of delivery of the leads to the customer.*

*Revenue from online advertising on www.htcampus.com and www.desimartini.com by display of internet advertisements are typically contracted for a period of one month to twelve months. Revenue in this respect is recognized over the period of the contract, in accordance with the established principles of accrual accounting. Unearned revenues are reported on the balance sheet as deferred revenue.*

The Company collects service tax on behalf of the government and, therefore, it is not an economic benefits flowing to the Company. Hence, it is excluded from revenue.

**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.

**Dividends**

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

**i) 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 carried 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 rates that existed when the values were



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.

For this purpose 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 difference for this purpose, are total difference arising on long term foreign currency monetary items for the period. In other words, the Company does not differentiate between exchange difference arising for foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

**(iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability**

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/ income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period. Any gain/ loss arising on forward contracts which are long-term foreign currency monetary items are recognized in accordance with paragraph (iii) (2) and (iii) (3).

**j) Retirement and other employee benefits**

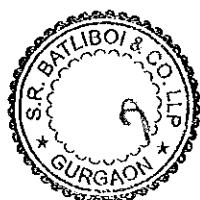
Retirement benefits in the form of provident fund are a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to respective funds.

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

Accumulated leave, which is expected to be utilized within the calendar year, is treated as short term employee benefits. The measure the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlements that has accumulated at the reporting date.

The Company treats accumulated leaves expected to be carried forward beyond 12 months, as long term employee benefit for measurement purposes. Such long term compensated absences are provided for based on the actuarial valuations using the projected unit credit method made at the end of each financial year.

Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.



**k) Income taxes**

Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for all timing differences only to the extent that there is 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 balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets 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.

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 tax liabilities relate to the same taxable entity and the same taxation authority.

**l) 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 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 were entitled to participate in dividends relative to a fully paid equity share during the reporting period.

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.

**m) Employee Stock Compensation Cost**

Employees (including senior executives) of the company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total intrinsic value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

**n) Provisions**

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.



Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

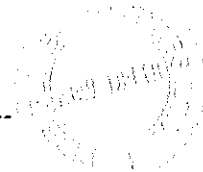
**o) Contingent liabilities**

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.

**p) 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.

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Firefly e-Ventures Limited  
Notes to the financial statements for the year ended March 31, 2014

3.1. Share capital

Particulars	As at	As at
	March 31, 2015 (Rs.)	March 31, 2014 (Rs.)
<b>Authorized shares (No.)</b>		
40,000,000 (Previous year 60,000,000) equity shares of Rs. 10 each	400,000,000	600,000,000
2,000,000,000 (Previous year: Nil) 0.1% Optionally Convertible Cumulative Preference Shares (OCCPS) of Re 0.10 each	200,000,000	-
	<b>600,000,000</b>	<b>600,000,000</b>

<b>Issued, subscribed and fully paid-up shares (No.)</b>		
24,650,000 (Previous year 24,650,000) equity shares of Rs. 10 each	246,500,000	246,500,000
0.1% 6,760,000 (Previous year Nil) OCCPS of Re 0.10 each	676,000	-
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>247,176,000</b>	<b>246,500,000</b>

Refer note (a) to (f) below:

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

Particulars	As at		As at	
	March 31, 2015		March 31, 2014	
	No.	(Rs.)	No.	(Rs.)
<b>Equity Shares</b>				
At the beginning of the year	24,650,000	246,500,000	12,500,000	125,000,000
Issued during the year	-	-	12,150,000	121,500,000
<b>Outstanding at the end of the year</b>	<b>24,650,000</b>	<b>246,500,000</b>	<b>24,650,000</b>	<b>246,500,000</b>
<b>Preference shares</b>				
At the beginning of the year	-	-	-	-
Issued during the year	6,760,000	676,000	-	-
<b>Outstanding at the end of the year</b>	<b>6,760,000</b>	<b>676,000</b>	<b>-</b>	<b>-</b>

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. 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.

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. Terms of conversion/ redemption of OCCPS

During the year ended March 31, 2015, the company had issued 6,760,000 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. Shares held by Holding Company

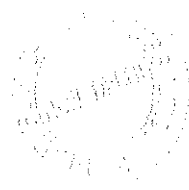
Particulars	As at	As at
	March 31, 2015 (Rs.)	March 31, 2014 (Rs.)
HT Digital Media Holdings Limited, the Holding Company 24,649,994 equity shares of Rs. 10/- each (Previous year 24,649,994 equity shares of Rs. 10/- each)	246,499,940	246,499,940
HT Media Limited, the ultimate Holding Company 0.1% 6,760,000 (Previous year Nil) Optionally Convertible Cumulative Preference Shares of Re 0.10 each	676,000	-
	<b>247,175,940</b>	<b>246,499,940</b>

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

Particulars	As at		As at	
	March 31, 2015		March 31, 2014	
	No.	% holding in the class	No.	% holding in the class
<b>Equity shares of Rs 10 each fully paid up</b>				
HT Digital Media Holdings Limited, Holding Company	24,649,994	99.99%	24,649,994	99.99%
<b>Preference shares of Re. 0.10 each fully paid up</b>				
HT Media Limited, Ultimate Holding Company	6,760,000	100.00%	-	0%

f. Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the company, please refer note 3.15 d.



3.2 Reserves and surplus

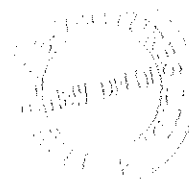
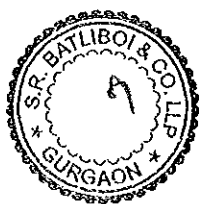
Particulars	As at	As at
	March 31, 2015 (Rs.)	March 31, 2014 (Rs.)
<b>Securities premium account</b>		
Balance as per the last financial statements	-	-
Add: Received during the year on account of fresh issue of preference	66,924,000	-
<b>Closing Balance</b>	<b>66,924,000</b>	<b>-</b>
<b>Employee stock options outstanding</b>		
Gross employee stock compensation for options granted in earlier years	1,173,367	800,080
Add: Gross compensation for options granted during the year	44,633	373,287
<b>Closing balance (A)</b>	<b>1,218,000</b>	<b>1,173,367</b>
<b>Surplus/(deficit) in the statement of profit and loss</b>		
Balance as per last financial statements	(241,416,742)	(136,679,433)
Loss for the year	(70,661,819)	(104,737,309)
<b>Net surplus in the statement of profit and loss (B)</b>	<b>(312,078,561)</b>	<b>(241,416,742)</b>
<b>Total reserves and surplus (A+B)</b>	<b>(243,936,561)</b>	<b>(240,243,375)</b>

3.3 Provisions

Particulars	Long-term		Short-term	
	As at	As at	As at	As at
	March 31, 2015 (Rs.)	March 31, 2014 (Rs.)	March 31, 2015 (Rs.)	March 31, 2014 (Rs.)
<b>Provision for employee benefits</b>				
Provision for gratuity (refer note 3.15 c)	2,038,176	972,401	20,212	61,950
Provision for leave benefits	-	-	1,098,473	700,407
	<b>2,038,176</b>	<b>972,401</b>	<b>1,118,685</b>	<b>762,357</b>

3.4 Other current liabilities

Particulars	As at	As at
	March 31, 2015 (Rs.)	March 31, 2014 (Rs.)
Trade payables (refer note 3.15 g for details of dues to micro and small enterprises)	28,645,945	17,932,192
<b>(A)</b>		
<b>Other liabilities:</b>		
Withholding and other taxes payable	2,545,376	1,763,313
Payable to subsidiaries	11,818,112	16,656,319
Advance from customer for which value has still to be given	16,207,930	7,345,936
<b>(B)</b>	<b>30,571,418</b>	<b>25,765,568</b>
<b>Total (A+B)</b>	<b>59,217,363</b>	<b>43,697,760</b>



Firefly e-Ventures Limited

Notes to the financial statements for the year ended March 31, 2015

3.5 Tangible assets

(Rs.)

	Plant and equipment's	Furniture and Fixtures	Office Equipment's	Total
<b>Gross Block</b>				
At April 1, 2013	5,873,447	-	467,430	6,340,877
Additions	6,853,233	79,144	216,000	7,148,377
Transfer on account of discontinued operations (Refer note 3.15 a)	1,937,463	-	13,493	1,950,956
Disposals	443,343	-	-	443,343
<b>At March 31, 2014</b>	<b>10,345,874</b>	<b>79,144</b>	<b>669,937</b>	<b>11,094,955</b>
Additions	2,023,296	-	75,799	2,099,095
Disposals	176,588	-	-	176,588
<b>At March 31, 2015</b>	<b>12,192,582</b>	<b>79,144</b>	<b>745,736</b>	<b>13,017,462</b>
<b>Depreciation</b>				
At April 1, 2013	4,587,081	-	229,509	4,816,590
Charge for the year	2,615,018	79,144	96,862	2,791,024
Transfer on account of discontinued operations (Refer note 3.15 a)	1,748,930	-	12,818	1,761,748
Disposals	421,176	-	-	421,176
<b>At March 31, 2014</b>	<b>5,031,993</b>	<b>79,144</b>	<b>313,553</b>	<b>5,424,690</b>
Charge for the year	2,980,017	-	129,034	3,109,051
Disposals	167,758	-	-	167,758
<b>At March 31, 2015</b>	<b>7,844,252</b>	<b>79,144</b>	<b>442,587</b>	<b>8,365,983</b>
<b>Net Block</b>				
<b>At March 31, 2014</b>	<b>5,313,881</b>	<b>-</b>	<b>356,384</b>	<b>5,670,265</b>
<b>At March 31, 2015</b>	<b>4,348,330</b>	<b>-</b>	<b>303,149</b>	<b>4,651,479</b>



**Firefly e-Ventures Limited**

**Notes to the financial statements for the year ended March 31, 2014**

**3.6 Intangible assets**

(Rs.)

	Website Development	Copyrights	Software Licenses	Total
<b>Gross block</b>				
At April 1, 2013	3,901,773	13,525,000	7,205,000	24,631,773
Additions	1,668,531	-	-	1,668,531
Transfer on account of discontinued operations (Refer note 3.15 a)	-	13,525,000	-	13,525,000
Disposals	-	-	-	-
<b>At March 31, 2014</b>	<b>5,570,304</b>	<b>-</b>	<b>7,205,000</b>	<b>12,775,304</b>
Additions	-	-	-	-
Disposals	-	-	-	-
<b>At March 31, 2015</b>	<b>5,570,304</b>	<b>-</b>	<b>7,205,000</b>	<b>12,775,304</b>

**Amortization**

At April 1, 2013	2,416,586	12,114,608	7,205,000	21,736,194
Charge for the year	1,126,618	1,314,931	-	2,441,549
Transfer on account of discontinued operations (Refer note 3.15 a)	-	13,429,539	-	13,429,539
Disposals	-	-	-	-
<b>At March 31, 2014</b>	<b>3,543,204</b>	<b>-</b>	<b>7,205,000</b>	<b>10,748,204</b>
Additions	1,161,596	-	-	1,161,596
Disposals	-	-	-	-
<b>At March 31, 2015</b>	<b>4,704,800</b>	<b>-</b>	<b>7,205,000</b>	<b>11,909,800</b>

**Net block**

<b>At March 31, 2014</b>	<b>2,027,100</b>	<b>-</b>	<b>-</b>	<b>2,027,100</b>
<b>At March 31, 2015</b>	<b>865,504</b>	<b>-</b>	<b>-</b>	<b>865,504</b>



**Firefly e-Ventures Limited**  
**Notes to the financial statements for the year ended March 31, 2014**

**3.7 Loans and advances**

Particulars	Non-current		Current	
	As at March 31, 2015 (Rs.)	As at March 31, 2014 (Rs.)	As at March 31, 2015 (Rs.)	As at March 31, 2014 (Rs.)
<b>Advances recoverable in cash or kind</b>				
Secured considered good				
Unsecured considered good*	-	-	3,399,792	1,850,487
<b>(A)</b>	-	-	<b>3,399,792</b>	<b>1,850,487</b>
<b>Other loans and advances</b>				
Balances with statutory/government authorities			56,458	-
Advance payment of income tax	20,964,254	16,261,082	-	-
<b>(B)</b>	<b>20,964,254</b>	<b>16,261,082</b>	<b>56,458</b>	<b>-</b>
<b>Total (A+B)</b>	<b>20,964,254</b>	<b>16,261,082</b>	<b>3,456,250</b>	<b>1,850,487</b>

**3.8 Trade receivables**

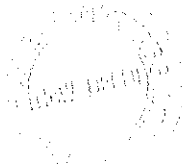
Particulars	As at March 31, 2015 (Rs.)	As at March 31, 2014 (Rs.)
<b>Unsecured, considered good unless stated otherwise</b>		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	3,897,137	1,134,538
Unsecured, considered doubtful	2,242,832	2,402,859
<b>(A)</b>	<b>6,139,969</b>	<b>3,537,397</b>
<b>Other receivables</b>		
Unsecured, considered good	5,579,370	12,949,023
<b>(B)</b>	<b>5,579,370</b>	<b>12,949,023</b>
<b>Total (A + B)</b>	<b>11,719,339</b>	<b>16,486,420</b>
Less: Provision for doubtful debt	2,242,832	2,402,859
<b>Total (A + B)</b>	<b>9,476,507</b>	<b>14,083,561</b>

**3.9 Cash and bank balances**

Particulars	As at March 31, 2015 (Rs.)	As at March 31, 2014 (Rs.)
<b>Cash and cash equivalents</b>		
<b>Balances with banks:</b>		
-On current accounts	4,776,299	518,342
-Deposits with original maturity of less than three months	10,000,000	8,028,355
	<b>14,776,299</b>	<b>8,546,697</b>
<b>Other bank balances</b>		
-Deposits with original maturity of more than three months but less than 12 months	10,000,000	-
	<b>24,776,299</b>	<b>8,546,697</b>

**3.10 Other income**

Particulars	For the Year Ended March 31, 2015 (Rs.)	For the Year Ended March 31, 2014 (Rs.)
Interest from bank on		
-Deposits (Tax deducted at Source: Rs. 43,469 (Previous year: Rs. 62,159)	1,135,827	669,702
Interest on Income tax refunds	-	670,180
Foreign exchange gain (net)	27,745	27,990
Profit on sale of fixed assets	1,314	-
Miscellaneous income	174,794	1,725,050
	<b>1,339,680</b>	<b>3,092,922</b>



3.11 Employee benefits expense

Particulars	For the Year Ended	For the Year Ended
	March 31, 2015	March 31, 2014
	(Rs.)	(Rs.)
Salaries, wages and bonus	92,348,383	59,957,202
Contribution to provident and other fund	3,318,971	2,180,367
Employee stock option scheme (refer note 3.15 d)	44,633	373,287
Gratuity expense (refer note 3.15 e)	1,160,352	431,961
Staff welfare expenses	157,851	169,117
	<b>97,030,190</b>	<b>63,111,934</b>

3.12 Other expenses

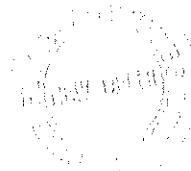
Particulars	For the Year Ended	For the Year Ended
	March 31, 2015	March 31, 2014
	(Rs.)	(Rs.)
Printing and service charges	219,561	194,639
Advertising and sales promotion	79,122,351	59,368,582
Training and development	210,320	98,590
Rent (seat sharing)	5,401,917	4,698,590
Rates and taxes	2,454,701	51,077
Repairs and maintenance:		
-Others	65,288	55,365
Travelling and conveyance	13,115,710	10,315,077
Communication costs	1,568,810	801,370
Legal and professional fees	12,103,598	13,467,019
Payment to Auditor : (excluding service tax)		
Audit fee	450,000	450,000
Tax audit fee	100,000	100,000
Out of pocket expenses	25,300	22,000
Provision for doubtful debt	-	1,804,283
Insurance	712,756	32,058
Loss on sale of fixed assets (net)	-	1,700
Miscellaneous expenses	2,341,694	387,052
	<b>117,892,006</b>	<b>91,847,402</b>

3.13 Financial expenses

Particulars	For the Year Ended	For the Year Ended
	March 31, 2015	March 31, 2014
	(Rs.)	(Rs.)
Interest		
- On Inter corporate deposits	-	1,652,405
Bank charges	573,697	294,395
	<b>573,697</b>	<b>1,946,800</b>

3.14 Depreciation and amortization expense

Particulars	For the Year Ended	For the Year Ended
	March 31, 2015	March 31, 2014
	(Rs.)	(Rs.)
Depreciation of tangible assets	3,109,051	2,791,024
Amortization of intangible assets	1,161,596	2,441,549
	<b>4,270,647</b>	<b>5,232,573</b>



### 3.15 Additional Information to the financial statements

- a) Slump sale of movie reviews and ratings business, primarily carried on through the website, DesiMartini.com (movie review and rating site)

In terms of the shareholder's approval u/s 293(1)(a) of the Companies Act, 1956 and pursuant to the resolution passed at the Board meeting held on 31<sup>st</sup> October 2013, the Company had sold its movie review and rating business 'Desimartini.com' on slump sale and going concern basis to Topmovies Entertainment Limited, a fellow subsidiary of the Company with effect from November 1, 2013, for a lump-sum cash consideration of Rs. 95 lacs comprising of fixed assets of Rs. 2.85 lacs and net working liability of Rs 61.41 lacs which has been subsequently received by the Company. The capital gain of Rs. 153.56 lacs arising out of the sale has been disclosed in statement of profit and loss in previous year.

In terms of Accounting Standard (AS) 24 Discontinuing Operations, notified by the Companies (Accounting Standards) Rules, 2006 (as amended), additional information with respect to transfer of the movie review and rating business to Topmovies Entertainment Limited (Fellow Subsidiary Company) is as under:

Particulars	For the year March 31, 2014* Rs.
Operating Revenue	4,259,699
Operating Expenses	18,063,594
Profit/(loss) from operating activities	(13,803,895)
Finance costs	-
Other Income	6,868
Profit/(loss) before tax	(13,797,027)
Income-tax expense	-
Profit/(loss) after tax	(13,797,027)

\* Since movie review and rating business has been transferred on November 1, 2013 hence revenue and expenses pertains to period ending October 31, 2013

- b) Earnings per share (EPS)

Particulars	For the Year Ended March 31, 2015 Rs.	For the Year Ended March 31, 2014 Rs.
Net profit/ (loss) for the period after tax for calculation of basic & diluted EPS	(70,661,819)	(104,737,309)
Weighted average number of equity shares in calculating basic & diluted EPS	24,650,000	20,096,986
Earnings/ (Loss) per share (EPS) (Basic & Diluted)	(2.87)	(5.21)

- c) Employee benefits plan

#### Gratuity

The company has a defined benefit gratuity plan. Every employee who has completed five years or more of service on departure at 15 days salary (last drawn salary) for each completed year of service. The liability is provided as per actuarial valuation.

The following table summarizes the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for Gratuity.



**Statement of profit and loss**

Net employee benefit expense recognized in the employee cost

Particulars	2014-15 (Rs.)	2013-14 (Rs.)
Current service cost	748,270	4,32,415
Interest cost on benefit obligation	93,902	54,201
Expected return on plan assets	-	-
Net actuarial (gain)/ loss recognised in the year	318,990	(54,655)
Past service cost	-	-
Net benefit expense	1,160,352	4,31,961
Actual return on plan assets	-	-

**Balance sheet**

Benefit asset/liability

Particulars	2014-15 (Rs.)	2013-14 (Rs.)
Defined benefit obligation	(2,058,388)	(10,34,351)
Fair value of plan assets	-	-
Less: Un-recognized past service cost	-	-
Plan asset / (liability)	(2,058,388)	(10,34,351)

Changes in the present value of the defined benefit obligation are as follows:

Particulars	2014-15 (Rs.)	2013-14 (Rs.)
Opening defined benefit obligation	1,034,351	838,555
Less: Transferred on account of discontinued operations	-	200,892
Opening defined benefit obligation (net)	10,34,351	637,663
Interest cost	93,902	54,201
Current service cost	748,270	432,415
Benefits paid	(136,315)	(35,273)
Actuarial (gains)/ losses on obligation	318,990	(54,655)
Closing defined benefit obligation	2,058,388	1,034,351

Changes in the fair value of plan assets are as follows:

There are no plan assets for gratuity.

The principal assumptions used in determining gratuity and post-employment medical benefit obligations for the company's plans are shown below:

Particulars	2014-15 (In %)	2013-14 (In %)
Discount rate	7.75	9.00
Future Salary Increase	7.50	7.50
Expected rate of return on plan assets	-	-
Employee turnover:		
Up to 30 years	3.00	3.00
From 31 to 44 years	2.00	2.00
Above 44 years	1.00	1.00





**Firefly e-Ventures Limited**  
**Notes to the financial statements for the year ended March 31, 2015**

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The discount rate is based upon the market yields available on Government bonds at the accounting date with a term that matches that of liabilities.

Amounts for the current and previous four years are as follows:

	2014-15 (Rs.)	2013-14 (Rs.)	2012-13 (Rs.)	2011-12 (Rs.)	2010-11 (Rs.)
<b>Gratuity</b>					
Defined benefit obligation	2,058,388	1,034,351	838,555	4,890,629	4,319,801
Plan assets	-	-	-	-	-
Surplus/(deficit)	318,990	(54,655)	(81,599)	1,089,911	1,957,787
Experience adjustments on plan liabilities	(318,990)	(54,655)	(81,599)	1,089,911	1,957,787
Experience adjustments on plan assets	-	-	-	-	-

**d) Employee stock option plans**

The company provides share-based payment schemes to its employees. During the year ended 31 March 2015, an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below.

The Company has granted Employee Stock Options (ESOPs) to its own employees and to the employees of its Ultimate Holding Company "HT Media Limited" and to the employees of its Fellow subsidiaries "Hindustan Media Ventures Limited" during the year.

**A. Details of these plans are given below:**

**Employee Stock Options-Plan A**

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

- For options granted during the financial year 2009-10 shall be Rs10 each per option
- For options granted in any financial year commencing on or after April 1, 2010 shall be the fair market value of one share as on the date of grant or face value of share whichever is higher.

**Employee Stock Options-Plan B**

Stock option gives an employee, the right to purchase equity shares of Firefly e-Ventures Limited at a fixed price within a specific period of time. The grant price (or strike price) shall be the fair market value of one share as on the date of grant or face value of share whichever is higher.

**B. Details of stock options granted during the year ended 31 March, 2015 are as given below:**

Employee Stock Options	31 March 2014	
Dates of Grant		03-Dec-13
Options granted (nos.)		1,434,000
Fair market value on the grant date (Rs.)		4.82
Weighted average remaining contractual life in years		12.14
Vesting Conditions	40%	On the date of grant
	20%	12 months from the date of grant
	20%	24 months from the date of grant
	20%	36 months from the date of grant



C. Summary of activity under the plan for the year ended 31 March 2015 and 31 March, 2014 are given below.

Employee Stock Options-Plan A

Employee Stock Options	Year ended 31 March 2015			Year ended 31 March 2014		
	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	7,636,574	10	9.60	8,331,975	10	10.64
Granted during the year	-	-	-	-	-	-
Forfeited during the year	-	-	-	695,401	10	-
Exercised during the year	-	-	-	-	-	-
Expired during the year	-	-	-	-	-	-
Outstanding at the end of the year	7,636,574	10	8.60	7,636,574	10	9.60

Employee Stock Options-Plan B

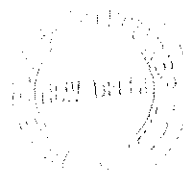
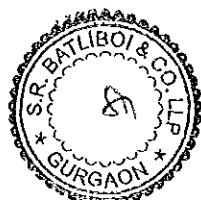
Employee Stock Options	Year ended 31 March 2015			Year ended 31 March 2014		
	Number of options	Weighted-average exercise price	Weighted-average remaining contractual life	Number of options	Weighted-average exercise price	Weighted-average remaining contractual life
Outstanding at the beginning of the year	1,434,000	10	12.14	-	-	-
Granted during the year	-	-	-	1,434,000	10	12.14
Forfeited during the year	427,500	10	-	-	-	-
Exercised during the year	-	-	-	-	-	-
Expired during the year	-	-	-	-	-	-
Outstanding at the end of the year	1,006,500	10	11.14	1,434,000	10	12.14

Weighted average fair value of the options outstanding is Rs. 4.83 (Previous Year Rs. 4.82) per option. Since no options have been exercised during the period, 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
October 16, 2009	0%	7.74	0%	7.62%	10	4.82
April 01, 2010	0%	8.25	0%	8.04%	10	4.81
April 11, 2011	0%	8.25	0%	8.40%	10	5.11
December 3, 2013	0%	6.26	0%	8.89%	10.00	4.82

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. 3.46 lacs (Previous Year Rs. 13.99 lacs). Had the fair value method been used the loss would have been higher by Rs. 3.46 lacs (Previous year Rs. 13.99 lacs) & adjusted basic & diluted EPS would have been Re. (0.01) (Previous year Rs. (0.07)) (Nominal value of share Rs.10).



e) Related Party Disclosures

- The list of related parties as identified by the management is as under:

Name of the Party	Relationship
<b>a) Parties having direct or indirect control over the Company :</b>	
Earthstone Holding (Two) Limited	Ultimate Holding Company
HT Digital Media Holdings Limited (HTDML)	Holding Company
HT Media Limited (HTML)	Ultimate Holding Company
The Hindustan Times Limited (HTL)	Ultimate Holding Company
<b>b) Names of other related parties :</b>	
HT Music and Entertainment Company Limited	Fellow Subsidiary
Hindustan Media Ventures Limited	Fellow Subsidiary
Topmovies Entertainment Limited	Fellow Subsidiary (w.e.f. May 24, 2013)
HT Mobile Solutions Limited	Fellow Subsidiary
HT Overseas Pte. Limited	Fellow Subsidiary
HT Education Limited	Fellow Subsidiary
HT Learning Centers Limited	Fellow Subsidiary
HT Global Education	Fellow Subsidiary
Ed World Private Limited	Fellow Subsidiary
Ivy Talent India Private Limited	Fellow Subsidiary
HT Information Services Limited (Formerly HT Films Ltd.)	Fellow Subsidiary
Birla Cotton Spinning & Weaving Mills Limited	Fellow Subsidiary
Earthstone Holding Overseas Private Limited	Fellow Subsidiary
Paxton Trexim Private Limited	Companies where common control exists
Duke Commerce Limited	Companies where common control exists
India Education Services Private Limited	Companies where common control exists
<b>c) Key Management Personnel</b>	
Priyavrat Bhartia	Whole-time Director

<b>d) Enterprises owned or significantly influenced by Key management personnel or their relatives * :</b>
Shine Foundation

\*For sake of brevity, companies which are already considered above have not been included here.

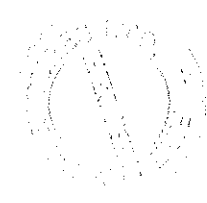
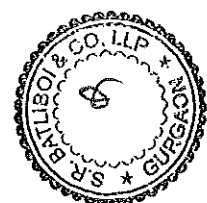
# The Hindustan Times Limited (HTL) and HT Media Limited do not hold any direct investment in the Company. However, HTL' subsidiary HT Media Limited through its subsidiary HT Digital Media Holdings Limited holds shares in the Company.



**Firefly e-Ventures Limited**  
**Notes to the financial statements for the year ended March 31, 2015**

The following transactions were carried out with the related parties and the balances of these related parties as at March 31, 2015 for the period then ended are presented herein below:

Particulars	Ultimate Holding Company		Holding Company		Fellow Subsidiaries								Total		
	HT Media Ltd.		HT Digital Media Holdings Limited		Hindustan Media Ventures Limited		Topmovies Entertainment Limited		HT Learning Centers Limited		India Education Services Private Limited		HT Mobile Solutions Limited		
	Mar-15	Mar-14	Mar-15	Mar-14	Mar-15	Mar-14	Mar-15	Mar-14	Mar-15	Mar-14	Mar-15	Mar-14	Mar-15	Mar-14	Mar-15
Transactions during the year															
Expenses reimbursement	3,697,822	249,248	259,250	137,808	-	-	-	-	-	-	-	-	-	3,957,072	387,056
Process Management Fees	-	1,500,000	-	-	-	-	-	-	-	-	-	-	-	-	1,500,000
Expenses recovered	4,300,214	26,179,389	-	-	-	1,206,917	667,789	11,543	160,889	-	-	-	629,982	5,518,674	27,638,049
Printing and service charges paid	-	396,621	-	-	-	-	-	-	-	-	-	-	-	-	396,621
Advertising and Sales Promotion	9,788,309	13,046,961	-	-	2,017,302	6,176,737	-	-	-	-	-	1,481,347	5,413,377	13,286,958	24,637,075
Payment for Employees on Deputation	-	5,515,341	-	-	-	-	-	-	-	-	-	-	-	-	5,515,341
Infrastructure Support (Sent)	3,887,994	4,900,205	-	-	-	-	-	-	-	-	-	-	-	3,887,994	4,900,205
Interest expenses on loan	-	1,652,403	-	-	-	-	-	-	-	-	-	-	-	-	1,652,403
Royalty paid	-	60,000	-	-	-	-	-	-	-	-	-	-	-	-	60,000
Issue of share capital	-	-	-	121,500,000	-	-	-	-	-	-	-	-	-	-	121,500,000
Repayment of unsecured loan	-	88,500,000	-	-	-	-	-	-	-	-	-	-	-	-	88,500,000
Revenue sharing	55,642,700	27,343,680	-	-	4,535,127	16,562,021	-	2,177,918	50,000	8,270,815	-	-	50,646,560	43,935,701	
<b>Closing balance</b>															
Trade payables	10,636,936	10,636,936	-	-	-	-	-	-	-	-	-	-	-	10,636,936	10,636,936
Trade receivables	2,625,206	2,806,302	-	-	1,642,588	632,801	-	160,760	605,188	-	-	-	-	4,872,982	3,599,863
Equity Share Capital	-	-	-	246,499,940	1,181,174	-	-	-	-	-	-	-	-	1,181,174	246,499,940



f) Un hedged foreign currency exposure

Description	Currency	2014-15	2013-14
		(Rs.)	(Rs.)
Advance from customers	USD	4822	-
	Rate	63	-
	INR	301,820	-
Unbilled revenue	USD	982	3,908
	Rate	63	60.13
	INR	61,433	234,973

g) Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

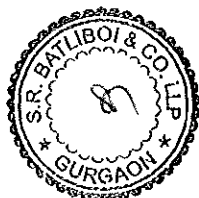
	2014-15	2013-14
	Rs.	Rs.
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	-	-
Interest due on above	-	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

h) Expenditure in foreign currency (on accrual basis)

Particulars	2014-15	2013-14
	Rs.	Rs.
Marketing expenses	2,446,883	18,077,887
Miscellaneous expenses	1,604,998	-
<b>Total</b>	<b>4,051,881</b>	<b>18,077,887</b>

i) Earnings in foreign currency (on accrual basis)

Particulars	2014-15	2013-14
	Rs.	Rs.
Income from Operations	3,629,578	5,144,614
<b>Total</b>	<b>3,629,578</b>	<b>5,144,614</b>



j) Deferred Tax

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. 100,962,297 (Previous year: 78,050,551) 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, 2015 (Rs.)	As at March 31, 2014 (Rs.)
<b>Deferred tax liabilities</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	-	590,170
	-	<b>590,170</b>
<b>Deferred tax assets</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	288,634	-
Carry forward of unabsorbed depreciation and losses	97,461,469	73,924,668
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	3,212,194	2,815,940
	<b>100,962,297</b>	<b>76,740,608</b>
<b>Net deferred tax assets</b>	<b>100,962,297</b>	<b>76,150,438</b>

The Company during the previous year had also derecognized deferred tax assets (net) on losses amounting to Rs. 62,685,742 in earlier years in absence of virtual certainty.

k) Operating Lease

- The Company has taken office premises under operating lease agreement. This is a cancellable lease and is renewable on expiry of the lease period subject to mutual agreement.
- Lease payments recognised for the year are Rs. 5,263,334 (As at March 31, 2014 Rs. 4,698,590) and are disclosed as rent under note 3.12.

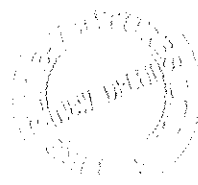
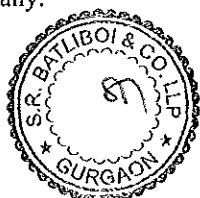
l) Capitalization of expenditure

During the year, the Company has capitalized the following expenses of revenue nature to the cost of intangible assets. Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the company.

Particulars	For the year ended March 31, 2015 (Rs.)	For the year ended March 31, 2014 (Rs.)
Salaries, wages and bonus	-	1,668,531
<b>Total</b>	<b>-</b>	<b>1,668,531</b>

m) Note on Going Concern

The Company is having accumulated losses of Rs. 312,078,561 (Previous year Rs. 241,416,742) as of March 31, 2015. During the current year, Company has incurred losses of Rs. 70,661,819 (Previous year Rs. 104,737,309). These matters raise doubts regarding the Company's ability to continue as a going concern, which is dependent on continuing financial support from its parent Company.



**Firefly e-Ventures Limited**  
**Notes to the financial statements for the year ended March 31, 2015**

The parent company has committed to provide continuous financial and operational support to the Company for its continued operations in the foreseeable future. Also, as per business plan, the Company expects an increase in sales and cash flows in subsequent years.

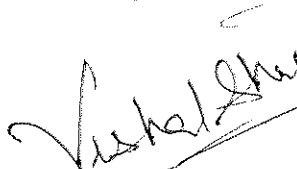
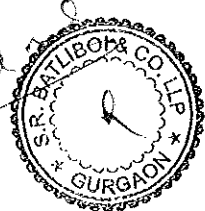
Based on the above factors, management is of the view that the financial statements should continue to be prepared on going concern basis, and accordingly no adjustments have been made to the carrying values or classification of assets and liabilities in the financial statement.

**n) Previous year figures**

Previous year figures have been regrouped/ reclassified, where necessary, to conform to this year's classification.

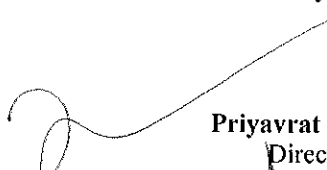

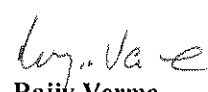

As per our report of even date

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

per Vishal Sharma  
Partner  
Membership No. 96766

**For Firefly e-Ventures Limited**

  
**Priyavrat Bharti**  
Director  
  
**Amit Garg**  
Business Head  
  
**Rajiv Verma**  
Director  
  
**Manoj Bhargava**  
Company Secretary

Place: New Delhi  
Date: May 13, 2015



