

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RED PIXELS VENTURES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Red Pixels Ventures Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the 'financial statements').

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order

to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, 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 enclose in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the order.
2. As required by section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and

(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 as at 31 March 2017;
- ii. The Company did not have any long-term contracts including derivative contracts outstanding as at 31 March 2017 for which there were any material foreseeable losses;
- iii. The Company does not have any dues on account of Investor Education and Protection Fund; and
- iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the management. Refer Note 30 to the financial statements.

For B S R & Associates LLP
Chartered Accountants
Firm registration number: 116231W/ W-100024

Place: Gurgaon
Date: 12 May 2017

Rakesh Dewan
Partner
Membership number: 092212

Annexure A referred to in our Independent Auditor's Report of even date to the members of Red Pixels Ventures Limited on the financial statements for the year ended 31 March 2017.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year. As informed to us, the discrepancies noticed on such verification were not material and have been properly dealt with in the books of accounts. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets.
- (c) According to the information and explanations given to us, the Company does not hold any immovable property in its name. Accordingly, paragraph 3(i)(c) of the Order is not applicable.
- (ii) According to the information and explanations given to us, the Company does not hold any physical inventory. Accordingly, paragraph 3(ii) of the Order is not applicable.
- (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, paragraph 3(iii) of the Order is not applicable.
- (iv) According to the information and explanations given to us, the Company has not entered into any transactions related to loans, investments, guarantees and securities to which the provisions of Section 185 and Section 186 of the Act are applicable. Accordingly, paragraph 3(iv) of the Order is not applicable.
- (v) As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013, for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, service tax, entry tax, cess and other statutory dues have generally been regularly deposited by the Company with the appropriate authorities though there has been a slight delay in a few cases pertaining to entry tax.

As explained to us, the Company did not have any dues on account of duty of excise, sales tax, value added tax, employees' state insurance and duty of customs.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, service tax, entry tax, cess and other statutory dues were in arrears as at 31 March 2017, for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of income-tax, sales tax and service tax which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) According to the information and explanations given to us, the Company did not have any outstanding dues to any financial institutions, banks, government or debenture holders during the year. Accordingly, paragraph 3 (viii) of the Order is not applicable.
- (ix) According to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not paid any managerial remuneration as stipulated under the provisions of section 197 read with Schedule V to the Companies Act, 2013. Accordingly, paragraph 3(xi) of the Order is not applicable.
- (xii) According to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or person connected with him covered by Section 192 of the Companies Act, 2013. Accordingly, paragraph 3(xv) of the Order is not applicable.

- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For B S R & Associates LLP
Chartered Accountants
Firm registration number: 116231W/ W-100024

Place: Gurgaon
Date: 12 May 2017

Rakesh Dewan
Partner
Membership number: 092212

Annexure B to the Independent Auditor's Report of even date on the financial statements of Red Pixels Ventures Limited for the year ended 31 March 2017

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 Red Pixels Ventures Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, 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 ICAI.

For B S R & Associates LLP

Chartered Accountants

Firm registration number: 116231W/ W-100024

Rakesh Dewan

Partner

Membership number: 092212

Place: Gurgaon

Date: 12 May 2017

Red Pixels Ventures Limited

(Amount in Rupees)

Balance Sheet	Notes	As at March 31, 2017	As at March 31, 2016
Equity and liabilities			
Shareholders' funds			
Share capital	3	539,920	539,920
Reserves and surplus	4	165,102,990	172,012,012
		165,642,910	172,551,932
Non-current liabilities			
Long-term provisions	5	438,549	791,438
		438,549	791,438
Current liabilities			
Trade payables	6		
- total outstanding dues of micro enterprises and small enterprises;		44,489	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		34,304,834	23,400,932
Other current liabilities	7	12,649,086	28,204,050
Short-term provisions	5	1,068	18,900
		46,999,477	51,623,882
TOTAL		213,080,936	224,967,252
Assets			
Non-current assets			
Fixed assets			
Tangible assets	8	2,696,353	3,256,802
Intangible assets	9	10,749,307	10,275,021
Capital work-in-progress		3,282,641	173,750
Long-term loans and advances	11	3,867,695	572,248
		20,595,996	14,277,821
Current assets			
Trade receivables	13	25,997,703	-
Cash and bank balances	12	149,112,775	192,834,055
Short-term loans and advances	11	14,844,113	14,815,982
Other current assets	14	2,530,349	3,039,394
		192,484,940	210,689,431
TOTAL		213,080,936	224,967,252

Summary of significant accounting policies

2

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

As per our report of even date attached.

For **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 116231W/W-100024

For and on behalf of the Board of Directors of

Red Pixels Ventures Limited

Rakesh Dewan

Partner

Membership Number : 092212

Kawaljit Singh Bedi

Managing Director

KVL Narayan Rao

Group CEO and Director

Ratish Mohan Sharma

Chief Financial Officer

Saurav Banerjee

Director, Finance and Group CFO

Place : Gurgaon

Date : 12 May 2017

Place : New Delhi

Date : 3 May 2017

Red Pixels Ventures Limited

(Amount in Rupees)

Statement of Profit and Loss	Notes	For the year ended March 31, 2017	For the period September 1, 2015 to March 31, 2016
Income			
Revenue from operations	15	95,911,819	9,507,372
Other income	16	10,727,844	3,624,625
Total revenue (I)		106,639,663	13,131,997
Expenses			
Cost of services	17	15,836,986	9,539,996
Employee benefit expense	18	43,780,093	20,218,002
Operations and administration expenses	19	45,224,241	26,272,667
Marketing, distribution and promotion expenses	20	5,846,522	21,636,427
Depreciation and amortisation expense	21	2,860,843	537,773
Total expenses (II)		113,548,685	78,204,865
Loss for the year/period (I) - (II)		(6,909,022)	(65,072,868)
Loss per equity share (nominal value of share Rs.10) (previous period Rs. 10)			
Basic and diluted	22	(127.96)	(1,251.70)
Summary of significant accounting policies	2		

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

As per our report of even date attached.

For B S R & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 116231W/W-100024

For and on behalf of the Board of Directors of
Red Pixels Ventures Limited

Rakesh Dewan
Partner
Membership Number : 092212

Kawaljit Singh Bedi
Managing Director

KVL Narayan Rao
Group CEO & Director

Ratish Mohan Sharma
Chief Financial Officer

Saurav Banerjee
Director, Finance & Group CFO

Place : Gurgaon
Date : 12 May 2017

Place : New Delhi
Date : 3 May 2017

Red Pixels Ventures Limited

(Amount in Rupees)

Cash Flow Statement	Notes	For the year ended March 31, 2017	For the period September 1, 2015 to March 31, 2016
Cash flow from operating activities			
Loss before tax		(6,909,022)	(65,072,868)
Adjustments:			
Depreciation and amortisation		2,860,843	537,773
Loss on sale of fixed assets		-	79,039
Provision for gratuity written back		(370,721)	810,338
Liabilities written back		1,046,466	-
Provision for doubtful advances		3,194,870	-
Interest income		(10,624,161)	(3,624,625)
Operating loss before working capital changes		(10,801,725)	(67,270,343)
Movements in working capital :			
Increase in trade payables		9,901,925	23,400,932
(Decrease) / increase in other current liabilities		(15,509,814)	28,158,900
Increase in trade receivables		(26,093,511)	-
Increase in loans and advances		(3,532,618)	(14,815,982)
Cash used in operations		(46,035,743)	(30,526,493)
Tax paid		(3,295,447)	(572,248)
Net cash used in operating activities (A)		(49,331,190)	(31,098,741)
Cash flows from investing activities			
Purchase of fixed assets, including capital work in progress and capital advances		(6,404,471)	(14,291,489)
Proceeds from sale of fixed assets		785,367	14,255
Interest received		11,229,014	585,230
Bank deposits (having original maturity of more than three months)		65,631,515	(175,000,000)
Net cash generated from / (used in) investing activities (B)		71,241,425	(188,692,004)
Cash flows from financing activities			
Proceeds from issuance of equity share capital		-	237,624,800
Net cash generated from financing activities (C)		-	237,624,800
Net increase in cash and cash equivalents (A + B + C)		21,910,235	17,834,055
Cash and cash equivalents at the beginning of the year/period		17,834,055	-
Cash and cash equivalents at the end of the year/period		39,744,290	17,834,055
Components of cash and cash equivalents			
		As at March 31, 2017	As at March 31, 2016
Cash in hand		21,077	9,373
Balances with bank:			
Current accounts		4,944,655	17,824,682
Deposits with original maturity of less than three months		34,778,558	-
Total	12	39,744,290	17,834,055
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statement

Notes :

The above cash flow statement has been prepared under the indirect method set out in Accounting Standard - 3 as notified under section 133 of the Companies Act 2013, read with rule 7 of the Companies (Accounts) Rules 2014.

As per our report of even date attached.

For **B S R & Associates LLP**
Chartered Accountants

ICAI Firm Registration Number: 116231W/W-100024

For and on behalf of the Board of Directors of
Red Pixels Ventures Limited

Rakesh Dewan
Partner
Membership Number : 092212

Kawaljit Singh Bedi
Managing Director

KVL Narayan Rao
Group CEO and Director

Ratish Mohan Sharma
Chief Financial Officer

Saurav Banerjee
Director, Finance and Group CFO

Place : Gurgaon
Date : 12 May 2017

Place : New Delhi
Date : 3 May 2017

Red Pixels Ventures Limited

Notes to financial statements for the year ended March 31, 2017

1. Corporate information

The Company was incorporated on September 1, 2015 under the provisions of the Companies Act, 2013. The Company maintains and operates market place e-commerce platform Gadgets360.com.

2. Summary of significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared and presented under the historical convention on a going concern basis, on the accrual basis of accounting and comply with the Accounting Standards specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, pronouncements of the Institute of Chartered Accountants of India and other accounting principles generally accepted in India, to the extent applicable.

All assets and liabilities have been classified as current or non-current in accordance with the Company's operating cycle and other relevant criteria. Based on the nature of the product or services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current - non current classification of assets and liabilities.

2.2 Use of estimates

In the preparation of the financial statements, the management of the Company makes appropriate estimates and assumptions (in conformity with the applicable accounting principles in India) that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, and the useful lives of fixed assets and intangible assets.

Provisions: Provisions are recognized when there is a present obligation as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to their present value.

Contingent liability: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

2.3 Tangible assets

Tangible assets are stated at the cost of acquisition, which includes taxes, duties, freight, insurance and other incidental expenses incurred for bringing the assets to the working condition required for their intended use, less depreciation and impairment.

Subsequent expenditures related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Depreciation on tangible assets is provided on a pro-rata basis on the straight line method over the estimated useful lives of the assets. The useful lives as estimated for tangible assets are in accordance with the useful lives as indicated in Schedule II of the Companies Act, 2013 except for the following class of assets where different useful lives have been used:

Asset head	Useful life (years)
Furniture and Fixture	8
Office Equipment	3
Computers	5

The estimates of useful lives of the assets are based on the technical evaluation.

Individual assets costing less than Rs. 5,000 are depreciated at the rate of 100% in the year of acquisition.

The useful lives are reviewed by the management at each financial year-end and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the revised remaining useful life.

Loss arising from the retirement of and gains or losses arising from disposal of fixed assets which are carried at cost are recognized in the Statement of Profit and Loss.

Red Pixels Ventures Limited

Notes to financial statements for the year ended March 31, 2017

2.4 Intangible assets

Intangible assets are recognised if they are separately identifiable and the company controls the future economic benefits arising out of them. All other expenses on intangible items are charged to the profit and loss account. Intangible assets are stated at cost less accumulated amortisation and impairment.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the statement of profit and loss.

Amortisation on intangible assets is provided using the Straight Line Method based on the useful lives as estimated by the management. Depreciation is charged on a pro-rata basis for assets purchased/sold during the period. Individual assets costing less than Rs. 5,000 are depreciated at the rate of 100% in the period of acquisition. The management's estimates of useful lives for intangible assets are given below:

Asset head	Useful life (years)
Website	6
Software	6

Amortisation method and useful lives are reviewed at each reporting date. If the useful life of an asset is estimated to be significantly different from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern.

2.5 Leases

Assets taken on leases where significant risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on a straight line basis over the lease term.

2.6 Impairment

The carrying values of assets are reviewed at each reporting date to determine if there is indication of any impairment, using external and internal sources. If any indication exists, the asset's recoverable amount is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each reporting date. Impairment occurs where the carrying value of the asset or its cash generating unit exceeds the present value of future cash flows expected to arise from the continuing use of the asset or its cash generating unit and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value of future cash flows from use of the assets as determined above. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

2.7 Revenue recognition

Commission from online booking of gadgets and its accessories under marketplace model is recognized when the product is delivered to the buyer.

Revenue from e-commerce affiliate model is recognised as per the terms of the contract on rendering of services.

2.8 Foreign currency transaction

Transactions in foreign currency are recorded at the rates of exchange in force at the time the transactions are effected. All monetary assets and liabilities denominated in foreign currency are restated at the year-end exchange rate. All non-monetary assets and liabilities are stated at the rates prevailing on the dates of the transactions.

Gains / (losses) arising out of fluctuations in the exchange rates are recognised as income / expense in the year in which they arise.

Red Pixels Ventures Limited

Notes to financial statements for the year ended March 31, 2017

2.9 Employee benefits

Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries, wages and bonus. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

Defined contribution plans

The Company's provident fund scheme is a defined contribution plan. The Company's contribution paid/payable under the scheme is recognised as an expense in the Statement of Profit and Loss during the year in which the employee renders the related service.

Defined benefit plans

The Company's gratuity benefit scheme is defined benefit plan. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation of the Company's obligation under the plan is performed annually by a qualified actuary using the projected unit credit method.

The Company recognises all actuarial gains and losses arising from defined benefit plans immediately in the Statement of Profit and Loss. All expenses related to defined benefit plans are recognised in employee benefits expense in the Statement of Profit and Loss. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in Statement of Profit and Loss on a straight-line basis over the average period until the benefits become vested. The Company recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

2.10 Employee share based payments

The excess of the market price of shares, at the date of grant of options under the Employee Stock Option Schemes of Red Pixels Ventures Limited over the exercise price is regarded as employee compensation, and recognised on a straight-line basis over the period over which the employees would become unconditionally entitled to apply for the shares.

2.11 Earnings per share (EPS)

Basic EPS

The earnings considered in ascertaining the Company's basic EPS comprise the net profit/ (loss) after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the period.

Diluted EPS

The net profit/ (loss) after tax and the weighted average number of shares outstanding during the year are adjusted for all the effects of dilutive potential equity shares for calculating the diluted EPS, except when the results will be anti-dilutive.

2.12 Other income

Interest income

Interest Income is recognized on a proportion of time basis taking into account the principal outstanding and the rate applicable.

2.13 Taxes on income

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expense is recognised in profit or loss except that tax expense related to items recognised directly in reserves is also recognised in those reserves.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one year and are capable of reversal in one or more subsequent year. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

2.14 Cash and cash equivalents

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with bank, other short-term highly liquid investments with original maturities of three months or less.

Red Pixels Ventures Limited

Notes to financial statements for the year ended March 31, 2017

3. Share capital

(Amount in Rupees)

	As at March 31, 2017	As at March 31, 2016
Authorised		
100,000 (Previous year 100,000) equity shares of Rs.10/- each	1,000,000	1,000,000
Issued		
68,000 (Previous year 68,000) equity shares of Rs.10/- each	680,000	680,000
Subscribed and paid-up shares		
53,992 (Previous year 53,992) equity shares of Rs.10/- each	539,920	539,920
	539,920	539,920

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

Equity shares	As at March 31, 2017		As at March 31, 2016	
	Number	Amount in Rupees	Number	Amount in Rupees
At the beginning of the year/period	53,992	539,920	-	-
Issued during the year/period	-	-	53,992	539,920
Outstanding at the end of the year/period	53,992	539,920	53,992	539,920

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

Equity shares	As at March 31, 2017		As at March 31, 2016	
	Number	Amount in Rupees	Number	Amount in Rupees
Equity shares of Rs. 10 each fully paid up held by:				
NDTV Convergence Limited, holding company	30,000	300,000	30,000	300,000
New Delhi Television Limited, ultimate holding company	20,000	200,000	20,000	200,000
	50,000	500,000	50,000	500,000

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

Name of the shareholder	As at March 31, 2017		As at March 31, 2016	
	Number	% holding	Number	% holding
Equity shares of Rs. 10 each fully paid up held by:				
NDTV Convergence Limited	30,000	55.56%	30,000	55.56%
New Delhi Television Limited	20,000	37.04%	20,000	37.04%

(d) Rights, preferences and restrictions attached to the equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. Failure to pay any amount called up on shares may lead to forfeiture of the shares. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company in proportion to the number of equity shares held.

Red Pixels Ventures Limited

Notes to financial statements for the year ended March 31, 2017

(e) Employee stock option

Description of share-based payment arrangements

As at March 31, 2017, the company has the following share-based payment arrangement for employees.

Red Pixels Ventures Limited - Employee Stock Option Plan 2016 ('the 2016 plan')

In 2016, the Company approved the 2016 Plan. The plan entitles key management personnel and senior employees of the Company to purchase the common shares of the Company at the exercise price on the grant date, subject to compliance with vesting conditions. All exercised options shall be settled by allotment of shares. Upon vesting, the employees can acquire one common share of the Company for every option.

The terms and conditions related to the grant of the share options are as follows:

Grant date/employees entitled	Number of options granted	Vesting conditions	Contractual life of options
Options granted to the employees of the Company during the period ended March 31, 2016	17,940	Refer Notes	12.91 years
Options forfeited during the year ended March 31, 2017	(1,620)		
Total share options as on March 31, 2017	16,320		

Note:

For options granted total vesting period is 36 months. 50% of the options granted will vest after the completion of 24 months of the continuous service from the grant date and the balance 50% will vest after the completion of 36 months of the continuous service from the grant date.

Reconciliation of outstanding share options

The number and weighted average exercise prices of share options under employee stock option plans are as follows:

Particulars	As at March 31, 2017		As at March 31, 2016	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Outstanding at the beginning of the year/period	17,940	59,400	-	-
Granted during the year/period	-	-	17,940	59,400
Forfeited during the year/period	(1,620)	59,400	-	-
Outstanding at the end of the year/period	16,320	59,400	17,940	59,400
Exercisable at the end of the year/period	-	-	-	-

The options outstanding at March 31, 2017 have an exercise price of Rs. 59,400 (previous year Rs. 59,400) and a remaining contractual life of 11.91 years (previous year: 12.91 years).

As permitted by the guidance note on the subject issued by the Institute of Chartered Accounts of India ("ICAI"), the Company has elected to account for stock options based on their intrinsic value (i.e. the excess of share price of the underlying share over the exercise price) at the grant date rather than their fair value at that date. Had the compensation cost for employee stock options been determined on the basis of the fair value approach as described in the ICAI guidance note, the Company's loss after tax and basic and diluted loss per share would have been as per the proforma amounts shown below:

Particulars	(Amount in Rupees)	
	For the year ended March 31, 2017	For the period September 1, 2015 to March 31, 2016
Net loss as reported	(6,909,022)	(65,072,868)
Add: Employee stock option compensation expense as per intrinsic value method	-	-
Less: Employee stock option compensation expense as per fair value	174,923,078	18,078,811
Adjusted proforma net loss	(181,832,100)	(83,151,679)
Loss per equity share		
As reported - basic	(127.96)	(1,251.70)
As reported - diluted	(127.96)	(1,251.70)
Adjusted proforma - basic	(3,367.76)	(1,599.45)
Adjusted proforma - diluted	(3,367.76)	(1,599.45)

For purposes of the above proforma disclosures, the weighted average grant date fair value of options granted during the previous year was Rs. 25,993.70.

The inputs used in the measurement of grant-date fair values are as follows:

Particulars	For the period September 1, 2015 to March 31, 2016
Share price (Rs.)	59,400
Exercise price (Rs.)	59,400
Expected volatility	0.00%
Expected life	6 - 8 periods
Expected dividend	0.00%
Risk-free interest rate	7.8% - 8.0%

Red Pixels Ventures Limited

Notes to financial statements for the year ended March 31, 2017

4. Reserves and surplus		(Amount in Rupees)	
	As at March 31, 2017	As at March 31, 2016	
Securities premium account			
Opening balance	237,084,880	-	
Additions during the year/period	-	237,084,880	
Balance as at the end of the year/period	237,084,880	237,084,880	
Deficit in the Statement of Profit and Loss			
Opening balance	(65,072,868)	-	
Loss for the year/period	(6,909,022)	(65,072,868)	
Balance as at the end of the year/period	(71,981,890)	(65,072,868)	
Total reserves and surplus	165,102,990	172,012,012	

5. Provisions		(Amount in Rupees)		
	As at March 31, 2017		As at March 31, 2016	
	Long - term	Short-term	Long - term	Short-term
Provision for employee benefits				
Provision for gratuity	438,549	1,068	791,438	18,900
	438,549	1,068	791,438	18,900

6. Trade payables		(Amount in Rupees)	
	As at March 31, 2017	As at March 31, 2016	
Trade payables			
-total outstanding dues of micro enterprises and small enterprises; (refer note 27)	44,489	-	
-total outstanding dues of creditors other than micro enterprises and small enterprises *	34,304,834	23,400,932	
	34,349,323	23,400,932	

* Trade payables include Rs. 19,110,174 (previous year Rs. 5,407,758) payable to NDTV Convergence Limited (related party) and Rs. 2,552,473 (previous year Rs. 987,840) to New Delhi Television Limited (related party).

7. Other current liabilities		(Amount in Rupees)	
	As at March 31, 2017	As at March 31, 2016	
Statutory dues payable	1,602,416	2,091,993	
Employee benefits payable	5,427,529	3,564,028	
Payables to sellers	5,544,733	22,502,879	
Income received in advance	14,540	-	
Payable against fixed assets	-	45,150	
Other payable	59,868	-	
	12,649,086	28,204,050	

Red Pixels Ventures Limited

Notes to financial statements for the year ended March 31, 2017

8. Tangible assets (Amount in Rupees)

	Computers	Office equipment	Furnitures and fixtures	Total
Gross block				
As at April 01, 2016	2,802,754	685,808	39,984	3,528,546
Additions	902,504	209,060	25,109	1,136,673
Disposals	630,729	360,015	-	990,744
As at March 31, 2017	3,074,529	534,853	65,093	3,674,475
Depreciation				
As at April 01, 2016	159,368	72,392	39,984	271,744
Charge for the year	648,734	237,912	25,109	911,755
Disposals	95,833	109,544	-	205,377
As at March 31, 2017	712,269	200,760	65,093	978,122
Net block				
As at April 01, 2016	2,643,386	613,416	-	3,256,802
As at March 31, 2017	2,362,260	334,093	-	2,696,353

(Amount in Rupees)

	Computers	Office equipment	Furnitures and fixtures	Total
Gross block				
Additions	2,897,845	685,808	39,984	3,623,637
Disposals	95,091	-	-	95,091
As at March 31, 2016	2,802,754	685,808	39,984	3,528,546
Depreciation				
Charge for the period	161,165	72,392	39,984	273,541
Disposals	1,797	-	-	1,797
As at March 31, 2016	159,368	72,392	39,984	271,744
Net block				
As at March 31, 2016	2,643,386	613,416	-	3,256,802

9. Intangible assets (Amount in Rupees)

	Software	Website	Total
Gross block			
As at April 01, 2016	1,924,500	8,614,752	10,539,252
Additions	-	2,423,374	2,423,374
As at March 31, 2017	1,924,500	11,038,126	12,962,626
Amortisation			
As at April 01, 2016	27,172	237,059	264,231
Charge for the year	320,811	1,628,277	1,949,088
As at March 31, 2017	347,983	1,865,336	2,213,319
Net block			
As at April 01, 2016	1,897,328	8,377,693	10,275,021
As at March 31, 2017	1,576,517	9,172,790	10,749,307

(Amount in Rupees)

	Software	Website	Total
Gross block			
Additions	1,924,500	8,614,752	10,539,252
As at March 31, 2016	1,924,500	8,614,752	10,539,252
Amortisation			
Charge for the period	27,172	237,059	264,231
As at March 31, 2016	27,172	237,059	264,231
Net block			
As at March 31, 2016	1,897,328	8,377,693	10,275,021

Red Pixels Ventures Limited

Notes to financial statements for the year ended March 31, 2017

10. Deferred tax asset (net)

(Amount in Rupees)

	As at March 31, 2017	As at March 31, 2016
Deferred tax liability		
Fixed assets: difference between tax depreciation and depreciation/ amortisation charged for the financial reporting	(1,204,697)	(1,095,195)
Gross deferred tax liability	(1,204,697)	(1,095,195)
Deferred tax asset		
Carry forwarded losses and unabsorbed depreciation	1,204,697	1,095,195
Gross deferred tax asset	1,204,697	1,095,195
Net deferred tax asset*	-	-

*In view of carry forward tax loss / unabsorbed depreciation and absence of virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised, the Company has recognised deferred tax asset only to the extent of the deferred tax liability.

11. Loans and advances

(Amount in Rupees)

	As at March 31, 2017		As at March 31, 2016	
	Long - term	Short - term	Long - term	Short - term
Unsecured, considered good unless otherwise states				
Capital advances				309,617
Unsecured considered good	-	-	-	309,617
	-	-	-	309,617
Advances recoverable in cash or in kind				
Recoverable from logistics partners - Considered good	-	7,807,330	-	8,131,087
Recoverable from logistics partners - Considered doubtful	-	2,696,018	-	-
Recoverable from sellers - Considered good	-	216,616	-	-
Recoverable from Sellers - Considered doubtful	-	498,851	-	-
	-	11,218,815	-	8,131,087
Provision for doubtful advances	-	(3,194,870)	-	-
	-	8,023,945	-	8,131,087
Other loans and advances				
Advance income tax and tax deducted at source	3,867,695	-	572,248	-
Prepaid expenses	-	754,833	-	953,574
Advances and imprest to employees	-	66,668	-	78,333
Due from government authorities	-	2,317,443	-	3,628,379
Other receivables*	-	3,681,224	-	1,714,992
	3,867,695	6,820,168	572,248	6,375,278
	3,867,695	14,844,113	572,248	14,815,982

* Other receivable include receivable from related parties :

Fifth Gear Ventures Limited	-	149,898
SmartCooky Internet Limited	-	72,807
Special Occasions Limited	-	107,069
NDTV Convergence Limited	3,023,084	1,385,218
	3,023,084	1,714,992

Red Pixels Ventures Limited

Notes to financial statements for the year ended March 31, 2017

12. Cash and cash equivalents (Amount in Rupees)

	As at March 31, 2017	As at March 31, 2016
Cash and cash equivalents		
Cash in hand	21,077	9,373
Balances with banks:		
Current accounts	4,944,655	17,824,682
Deposits with original maturity of less than three months	34,778,558	-
	39,744,290	17,834,055
Other bank balances		
Deposits due to mature within 12 months of the reporting date	109,368,485	175,000,000
	149,112,775	192,834,055

13. Trade receivables (Amount in Rupees)

	As at March 31, 2017	As at March 31, 2016
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment	-	-
Other receivables	25,997,703	-
	25,997,703	-

14. Other assets (Amount in Rupees)

	As at March 31, 2017	As at March 31, 2016
Unbilled revenue	95,808	-
Interest accrued on fixed deposits	2,434,541	3,039,394
	2,530,349	3,039,394

Red Pixels Ventures Limited**Notes to financial statements for the year ended March 31, 2017****15. Revenue from operations** (Amount in Rupees)

	For the year ended March 31, 2017	For the period September 1, 2015 to March 31, 2016
--	--	---

Sale of services		
Commission income	5,846,475	9,507,372
Affiliate revenue	89,018,878	-
	94,865,353	9,507,372
Other operating revenue		
Liabilities written back	1,046,466	-
	95,911,819	9,507,372

16. Other income (Amount in Rupees)

	For the year ended March 31, 2017	For the period September 1, 2015 to March 31, 2016
--	--	---

Interest income on bank deposits	10,624,161	3,624,625
Interest income on income tax refund	56,161	-
Miscellaneous income	47,522	-
	10,727,844	3,624,625

17. Cost of services (Amount in Rupees)

	For the year ended March 31, 2017	For the period September 1, 2015 to March 31, 2016
--	--	---

Website hosting and streaming	8,395,066	4,777,004
Shipping charges	4,703,299	1,818,078
Payment gateway charges	391,286	914,647
Collection charges	1,716,984	1,478,280
Packing material	630,351	551,987
	15,836,986	9,539,996

18. Employee benefits expense (Amount in Rupees)

	For the year ended March 31, 2017	For the period September 1, 2015 to March 31, 2016
--	--	---

Salary, wages and other benefits	41,157,726	18,917,270
Contribution to provident fund	2,349,153	1,015,551
Staff welfare	273,214	285,181
	43,780,093	20,218,002

Red Pixels Ventures Limited

Notes to financial statements for the year ended March 31, 2017

19. Operations and administration expenses

(Amount in Rupees)

	For the year ended March 31, 2017	For the period September 1, 2015 to March 31, 2016
Rent (refer note 28)	2,999,864	470,038
Rates and taxes	366,165	180,615
Books, periodicals and news papers	629,209	301,413
Local conveyance, travelling and taxi hire	371,760	59,826
Business promotion	189,101	58,649
Electricity and water charges	927,483	-
Repair and maintenance - plant and machinery	29,540	58,823
Auditors remuneration*	70,000	70,000
Bank charges	43,836	53,117
Insurance	1,253,919	745,717
Communication charges	1,216,469	420,373
Vehicle running and maintenance	4,044,820	1,498,577
Provision for doubtful advances	3,194,870	-
Freight and octroi charges	1,438,338	2,683,539
Goods lost in transit	3,413,044	-
Loss on sale of fixed assets	-	79,039
Production expenses	-	1,307,541
Warehousing charges	946,071	772,126
Customer care charges	5,712,106	2,823,821
Legal, professional and consultancy	16,415,464	11,048,733
Software expenses	763,906	820,829
Travelling expenses	395,058	1,117,453
Foreign exchange loss - net	3,394	-
Subscription	523,419	488,473
Recruitment expenses	-	1,062,500
Miscellaneous expenses	276,405	151,465
	45,224,241	26,272,667

* Auditors remuneration

(Amount in Rupees)

	For the year ended March 31, 2017	For the period September 1, 2015 to March 31, 2016
As auditor:		
Audit fees	70,000	70,000
	70,000	70,000

20. Marketing expense

(Amount in Rupees)

	For the year ended March 31, 2017	For the period September 1, 2015 to March 31, 2016
Advertisement expense	5,786,322	20,802,389
Cash back expenses	60,200	834,038
	5,846,522	21,636,427

21. Depreciation and amortisation expense

(Amount in Rupees)

	For the year ended March 31, 2017	For the period September 1, 2015 to March 31, 2016
Depreciation of tangible assets	911,755	273,542
Amortisation of intangible assets	1,949,088	264,231
	2,860,843	537,773

22. Loss per share (LPS)

(Amount in Rs. Except per share data)

	For the year ended March 31, 2017	For the period September 1, 2015 to March 31, 2016
Loss attributable to equity shareholders	(6,909,022)	(65,072,868)
Number of equity shares outstanding at the beginning of the year/period (nos.)	53,992	53,992
Number of equity shares outstanding at end of the year/period (nos.)	53,992	53,992
Weighted average number of equity shares outstanding during the year/period for basic EPS (nos.)	53,992	51,988
Weighted average number of equity shares outstanding during the year/period for diluted EPS (Nos.)	53,992	51,988
Basic loss per equity share (Rs.)	(127.96)	(1,251.70)
Diluted loss per equity share (Rs.)	(127.96)	(1,251.70)
Nominal value per share (Rs)	10	10

23. Related Party Disclosures

Names of related parties, where control exists or with whom transactions were carried out during each period of relationship as identified and certified by the management.

I. Names of the related parties and nature of relationship

New Delhi Television Limited	Ultimate Holding Company
NDTV Convergence Limited	Holding Company
SmartCooky Internet Limited	Fellow Subsidiary
Red Pixel Gadgets Limited*	Fellow Subsidiary
Fifth Gear Ventures Limited	Fellow Subsidiary
Special Occasions Limited	Fellow Subsidiary

* Note - The name of Red Pixel Gadgets Limited is under the process of striking off from the Register of Registrar of Companies.

Key management personnel

K.V.L. Narayan Rao	Group CEO & Director
Saurav Banerjee	Director, Finance and Group CFO
Suparna Singh	Director
Kawaljit Singh Bedi	Managing Director (with effect from 1st Feb 2016)
Bhawna Agarwal	Chief Executive Officer (with effect from 16th Nov 2015)
Ratish Mohan Sharma	Chief Financial Officer (with effect from 1st Feb 2016)

II. Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties, in the ordinary course of business:

(Amount in Rs)

Nature of relationship / transaction	Ultimate Holding Company		Holding Company		Fellow Subsidiaries		Key Management Personnel		Total	
	Year ended		Year ended		Year ended		Year ended		Year ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Services availed of	-	-	1,166,657	-	-	-	-	-	1,166,657	-
NDTV Convergence Limited	-	-	1,166,657	-	-	-	-	-	1,166,657	-
Reimbursement of expenses (incurred by related parties on company's behalf)	1,391,554	1,009,227	13,266,903	17,169,865	21,803	-	-	-	14,680,261	18,179,092
Fifth Gear Ventures Limited	-	-	-	-	21,803	-	-	-	21,803	-
NDTV Convergence Limited	-	-	13,266,903	17,169,865	-	-	-	-	13,266,903	17,169,865
New Delhi Television Limited	1,391,554	1,009,227	-	-	-	-	-	-	1,391,554	1,009,227
Reimbursement of expenses (incurred by company on behalf of related parties)	-	-	817,643	-	-	273,113	-	-	817,643	273,113
NDTV Convergence Limited	-	-	817,643	-	-	-	-	-	817,643	-
SmartCooky Internet Limited	-	-	-	-	-	69,672	-	-	-	69,672
Fifth Gear Ventures Limited	-	-	-	-	-	73,443	-	-	-	73,443
Special Occasions Limited	-	-	-	-	-	102,459	-	-	-	102,459
Red Pixel Gadgets Limited	-	-	-	-	-	27,539	-	-	-	27,539
Sale of fixed assets	125,050	-	1,071,866	-	-	-	-	-	1,196,916	-
New Delhi Television Limited	125,050	-	-	-	-	-	-	-	125,050	-
NDTV Convergence Limited	-	-	1,071,866	-	-	-	-	-	1,071,866	-
Purchase of fixed assets	-	-	-	4,873,483	72,361	-	-	-	72,361	4,873,483
SmartCooky Internet Limited	-	-	-	-	72,361	-	-	-	72,361	-
NDTV Convergence Limited	-	-	-	4,873,483	-	-	-	-	-	4,873,483
Equity Share Capital Issued	-	200,000	-	300,000	-	-	-	-	-	500,000
New Delhi Television Limited	-	200,000	-	-	-	-	-	-	-	200,000
NDTV Convergence Limited	-	-	-	300,000	-	-	-	-	-	300,000
Remuneration to key managerial personnel	-	-	-	-	-	-	19,492,888	4,578,984	19,492,888	4,578,984
Mr Kawaljit Singh Bedi	-	-	-	-	-	-	7,476,483	1,132,800	7,476,483	1,132,800
Ms Bhawna Agarwal	-	-	-	-	-	-	9,332,290	3,035,769	9,332,290	3,035,769
Mr Ratish Mohan Sharma	-	-	-	-	-	-	2,684,115	410,415	2,684,115	410,415
	As at		As at		As at		As at		As at	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Balance at the year end										
Short term loans and advances	-	-	3,023,084	1,385,218	-	329,774	-	-	3,023,084	1,714,992
Trade payable	2,552,473	987,840	19,110,174	5,407,758	-	-	-	-	21,662,648	6,395,598

Red Pixels Ventures Limited

Notes to financial statements for the year ended March 31, 2017

24. Post-employment benefit plans (Gratuity)

The Company provides for long term defined benefit schemes of gratuity on the basis of actuarial valuation on the Balance Sheet date based on the Projected Unit Credit Method. The Company recognises the actuarial gains and losses in the statement of profit and loss as income and expense in the period in which they occur .

Particulars	(Amount in Rupees)	
	As at March 31, 2017	As at March 31, 2016
Changes in the Present value of the Obligation:		
Obligations at the beginning of the year/period	810,338	-
Acquisition adjustment	-	572,008
Service cost – Current	427,455	390,514
Interest cost	62,351	22,085
Actuarial gain	(860,527)	(174,269)
Obligations at the end of this year/period	439,617	810,338

Particulars	For the year ended	For the period
	March 31, 2017	September 1, 2015 to March 31, 2016
Expense recognised in the Statement of Profit and Loss		
Acquisition adjustment	-	572,008
Service cost – current	427,455	390,514
Interest cost	62,351	22,085
Actuarial gain	(860,527)	(174,269)
Total cost included in employee benefits	(370,721)	810,338

The principal assumptions used in determining post-employment benefit obligations are shown below:

	As at	As at
	March 31, 2017	March 31, 2016
Discount rate	7.5%	7.7%
Future salary increases	5.00%	5.00%

The estimates of future salary increases, considered in the actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. The demographic assumptions were as per the published rates of "Life Insurance Corporation of India (2006-08) Mortality Table (ultimate)", which is considered a standard table.

Actuary's estimates of contributions for the next financial year is Rs. 937,441 (Previous period Rs. 662,599).

25. Capitalisation of expenditure

The company has capitalized following expenses of revenue nature to the cost of fixed asset/ capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Company.

	(Amount in Rupees)	
	For the year ended March 31, 2017	For the period September 1, 2015 to March 31, 2016
Salaries, wages and bonus	5,706,014	7,685,250
	5,706,014	7,685,250

26. Expenditure in foreign currency (accrual basis)

	(Amount in Rupees)	
	For the year ended March 31, 2017	For the period September 1, 2015 to March 31, 2016
Subscription, footage and news service	607,425	238,798
Travelling expenses	356,056	351,971
Website hosting and streaming	-	28,128
	963,481	618,897

Red Pixels Ventures Limited

Notes to financial statements for the year ended March 31, 2017

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

(Amount in Rupees)

Particulars	As at March 31, 2017	As at March 31, 2016
(a) The amounts remaining unpaid to micro, small and medium enterprises as at the end of the period		
- Principal	44,489	Nil
- Interest	Nil	Nil
(b) The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 .	Nil	Nil
(c) The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting period.	Nil	Nil
(d) 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 Micro Small and Medium Enterprises Development Act, 2006	Nil	Nil
(e) The amount of interest accrued and remaining unpaid at the end of each accounting period	Nil	Nil
(f) 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 the Micro Small and Medium Enterprises Development Act, 2006	Nil	Nil

28. Operating lease

The company has taken a commercial premises under non-cancellable operating lease. The rental expense for the year, in respect of operating lease was Rs. 2,999,864 (previous period Rs. 470,038). The future minimum lease payments in respect of such leases are as follows:

(Amount in Rupees)

	As at March 31, 2017	As at March 31, 2016
Within one year	1,065,388	2,820,228
After one year and not more than five year	-	940,076
	1,065,388	3,760,304

29. Segment information

The Company operates in the single primary segment of gadgets e-commerce. Accordingly, there is no reportable segment.

30. Disclosure on Specified Bank Notes (SBNs) :

During the year, the Company had specified bank notes or other denomination notes as defined in the MCA notification G.S.R. 308 (E) dated March 30, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below :

(Amount in Rupees)

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on November 08, 2016	-	15,077	15,077
(+) Permitted receipts	-	24,000	24,000
(-) Permitted payments	-	9,561	9,561
(-) Amount deposited in banks	-	-	-
Closing cash in hand as on December 30, 2016	-	29,516	29,516

* For the purpose of this clause, the term "specified bank notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407 (E) dated November 8, 2016.

31. Previous year figures

Previous years figures has been reclassified, wherever necessary to confirm to this year's classification.

As per our report of even date attached.

For **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 116231W/W-100024

For and on behalf of the Board of Directors of

Red Pixels Ventures Limited

Rakesh Dewan

Partner

Membership Number : 092212

Kawaljit Singh Bedi

Managing Director

KVL Narayan Rao

Group CEO and Director

Ratish Mohan Sharma

Chief Financial Officer

Saurav Banerjee

Director, Finance and Group CFO

Place : Gurgaon

Date : 12 May 2017

Place : New Delhi

Date : 3 May 2017