

# **REDIFF.COM INDIA LIMITED**

## **21<sup>ST</sup> ANNUAL REPORT** **2015-2016** (UNDER COMPANIES ACT, 2013)



## **CORPORATE INFORMATION**

### **Corporate Identity Number**

U22100MH1996PLC096077

### **Board of Directors**

Ajit Balakrishnan (Chairman & Managing Director)

Arun Nanda

Ashok Narasimhan

M. Madhavan Nambiar

### **Chief Financial Officer**

Swasti Bhowmick

### **Company Secretary**

Pooja Lohade

### **Auditors**

M/s. Patkar & Pendse

Chartered Accountants

204, Chartered House,

297/298 Dr. Cawasji Hormasji Street,

Marine Lines, Mumbai – 400 002, India

### **Registered Office**

First Floor, Mahalaxmi Engineering Estate

L. J. First Cross Road, Mahim (West)

Mumbai 400 016, India

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## NOTICE

Notice is hereby given that the **Twenty First** Annual General Meeting of the Members of Rediff.com India Limited will be held on Monday, March 6, 2017, at 10.30 a.m. (IST) at the Registered Office of the Company situated at First Floor, Mahalaxmi Engineering Estate, L. J. First Cross Road, Mahim (West), Mumbai 400016, to transact the following business:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited financial Statements Balance Sheet as at March 31, 2016 and Profit & Loss Account for the year ended as on that date both standalone and consolidated and the reports of the Auditors and Directors' thereon.
2. To appoint a Director in place of Mr. Ashok Narsimhan, Director retiring by rotation and being eligible, offers himself for reappointment.
3. To appoint M/s Patkar & Pendse, Chartered Accountants (Reg. no. 107824W), Mumbai as statutory auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting till conclusion of sixth Annual General Meeting (subject to ratification of their appointment at every AGM).

By Order of the Board

PLACE: Mumbai  
DATE: February 3, 2017

/s/ Pooja Lohade  
Company Secretary & Manager Legal

### **NOTES:**

**A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE ANNUAL GENERAL MEETING. A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR MEMBER.**



**Rediff.Com India Limited**  
**CIN: U22100MH1996PLC096077**

**DIRECTORS' REPORT**

To,  
The Members,

Your directors have pleasure in presenting their **Twenty First** Annual Report on the business and operations of the company together with the audited financial statements for the year ended March 31, 2016.

**1. Financial Results:**

During the year under review, the financial performance of your company is as under:

(₹ in millions)

Particulars	Unconsolidated		Consolidated	
	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2015
Revenue from operation	691	742	871	938
Other income	38	75	49	75
Total Revenue	729	817	920	1,013
Total expenses	(1,019)	(1,250)	(1,363)	(1,653)
(Loss) before exceptional items and tax	(290)	(433)	(443)	(640)
Exceptional items	(363)	(354)	(55)	(196)
Tax expenses	-	-	(2)	(1)
(Loss) for the year	(653)	(787)	(500)	(837)

**2. Financial Highlights:**

We are a leading internet platform for content sharing and e-commerce in India. Our websites and Mobile apps offer a variety of internet-based consumer and enterprise services. Through our subsidiary company Vubites, we provide a platform for targeting TV advertising.

In addition to our Indian business we operate a subsidiary in the United States, "India Abroad", which operates both a weekly print newspaper as well as an online website providing news and information services to users in the United States.

During the year under review, revenue from standalone operation decreased by 7% to Rs. 691 million as compared to Rs. 742 million for the previous year. This decrease resulted from a decline in the advertising revenue.

Total expenses for the standalone operation for the year ended March 31, 2016 were Rs. 1,019 million as compared to Rs. 1,250 million for the year ended March 31, 2015. There was a saving of Rs. 231 million in the expenses.

Loss for the year for standalone operation under review was Rs. 653 million as compared to Rs. 787 million for the previous year. There was reduction in loss by Rs. 134 million despite decline in the revenue. This was attributed to our cost saving initiatives.

### **3. Details of Subsidiaries:**

At the beginning of the financial year 2015-16, your Company had three direct subsidiaries and four step-down subsidiaries. There is no change in the same at the end of the year.

During the year under review, the Board of Directors reviewed the affairs of the subsidiaries. The consolidated financial statements of the Company and all its subsidiaries have been prepared in accordance with Section 129(3) of the Companies Act, 2013, and form part of the Annual Report. Further, a statement containing the salient features of the financial statements of the subsidiaries of the Company in the prescribed format AOC- 1 is attached to the financial statements. The statement also provides the details of performance and financial position of each of the subsidiaries.

### **4. Dividend:**

During the financial year 2015-16, your Board does not recommend any dividend.

### **5. Amounts Transferred to Reserves:**

There was no transfer to any reserves during the financial year 2015-16.

### **6. Transfer of Unclaimed Dividend to Investor Education and Protection Fund:**

The provisions of Section 125(2) of the Companies Act, 2013 do not apply as there was no dividend declared and paid during previous years.

### **7. Shares:**

#### **a. Changes in Share Capital, if any**

During the financial year 2015-16, there was no change in the share capital of the Company

#### **b. Buy Back of Securities**

The Company has not bought back any of its securities during the year under review.

#### **c. Sweat Equity**

The Company has not issued any Sweat Equity Shares during the year under review.

#### **d. Bonus Shares**

No Bonus Shares were issued during the year under review.

### e. Employees Stock Option Plan

The Company has not issued any ESOP grants during the year under review.

### 8. Material Changes Affecting the Financial Position of the Company:

The following material changes occurred between the end of the financial year to which this financial statement relates and the date of this report:

On April 27, 2016 the Company decided and filed an application in Form 25 with the Securities and Exchange Commission ("SEC") to voluntarily withdraw its ADS's from listing on the Nasdaq Stock Market's Capital Market. Following the filing of Form 25, the Company deregistered its ADS's and ceased to submit and circulate its periodic reports as required under the SEC regulations. *Refer Note 33 of the Standalone Financial Statement for further details.*

On September 2, 2016, your Company sold India Abroad Publication Inc., a US based step-down subsidiary to 8K Miles Media Group, Inc. USA.

### 9. Extract of Annual Return:

The extract of Annual Return, in format MGT - 9, for the financial year 2015-16 is being enclosed with this report. (Refer Annexure 2)

### 10. Meeting of Board of Directors:

#### A. Number of Board Meetings:

The Board of Directors of your Company met five times during the year under review. The intervening gap between any two consecutive board meetings was within the period prescribed by the Companies Act, 2013.

Sr. No.	Date on which Board Meetings were held
1.	April 28, 2015
2.	July 29, 2015
3.	September 4, 2015
4.	October 28, 2015
5.	January 28, 2016

#### B. Attendance of the Directors at the Board Meetings held during the year under review:

Sr. No.	Name of Directors	Board Meetings attended
1.	Ajit Balakrishnan	5
2.	Diwan Arun Nanda	4
3.	Sunil Phaterphekar	2
4.	Ashok Narasimhan	1
5.	Sridar Iyengar	4
6.	M. Madhavan Nambiar	3



## 11. Particulars of Loan, Guarantees and Investments under Section 186:

### a. Details of Loans

During the financial year 2015-16 the Company has given Loan to its wholly owned subsidiary Vubites India Private Limited amount aggregating to ₹ 103,649,089/- in more than one trenches which were duly approved in the various Board meetings.

During the financial year 2015-16 the Company has given Loan to its wholly owned subsidiary Rediff Holdings Inc amount aggregating to ₹ 7,458,000/- which were duly approved in the Board meeting.

### b. Details of Investments & Guarantee

There were no guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

## 12. Particulars of Contracts or Arrangements with Related Parties:

The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act 2013 for the financial year 2015-16 in the prescribed format, AOC-2 is being enclosed with this report. (Refer Annexure 3)

## 13. Statutory Auditors:

M/s Deloitte Haskins & Sells LLP, Chartered Accountants, resigned as statutory auditor of the company with effect from January 9, 2017. There was appointment of M/s Patkar & Pendse, Chartered Accountants, as the statutory auditors of the Company under Section 139 of the Companies Act, 2013 having Registration No. 107824W with The Institute of Chartered Accountants of India (ICAI) at extra ordinary general meeting held on February 3, 2017 till the conclusion of ensuing Annual General Meeting.

Your Board of Directors proposes to appoint M/s Patkar & Pendse, Chartered Accountants from the conclusion of the ensuing Annual General Meeting till conclusion of sixth Annual General Meeting (subject to ratification of their appointment at every AGM).

## 14. Explanation to Auditor's Remarks and the Practicing Company Secretary in their reports:

There are no qualifications, reservations or adverse remarks made by the statutory auditors in their report.

The provisions relating to submission of secretarial audit report is not applicable to the Company.

**15. Details of Directors and Key Managerial Personnel (KMP):**

Mr. Ajit Balakrishnan Chairman and Managing Director of the Company, Mr. Swasti Bhowmick Chief Financial officer and Ms. Pooja Lohade Company Secretary are the KMPs of the Company as per the provisions of the Act.

During the year under review, Mr. Rashesh Chandrakant Shah resigned as director of the company with effect from April 28, 2015 as per resignation letter dated April 28, 2015.

During the year under review, Mr. Ashok Narasimhan resigned as director of the company with effect from September 4, 2015 due to vacation of office and re-appointed as director of the company at board meeting held on September 4, 2015. Thereafter, he was appointed as director in the general meeting of the Company held on September 29, 2015.

During the year under review, Mr. Sunil Nawal Phatarphekar resigned as director of the company with effect from January 1, 2016 as per resignation letter dated January 1, 2016.

**16. Receipt of any commission by MD / WTD from a Company or for receipt of commission / remuneration from its Holding or subsidiary:**

The below directors of the Company are in receipt of the remuneration from its US Subsidiary Rediff Holding Inc.:

Sr. No.	Name of Director	Designation	Amount
1.	Ajit Balakrishnan	Chairman & MD	\$200,000
2.	Sunil Phatarphekar	Director	\$15,000
3.	Sridar Iyengar	Director	\$25,000
4.	M. Madhavan Nambiar	Director	\$20,000

**17. Company's policy relating to Directors appointment, payment of remuneration and discharge of their duties:**

The provisions of Section 178(1) relating to constitution of Nomination and Remuneration Committee are not applicable to the Company and hence the Company has not devised any policy relating to appointment of Directors, payment of Managerial remuneration, Directors qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013.

**18. Declaration by Independent Director:**

Declaration of Independent Director is not applicable to the Company.

**19. Corporate Governance:**

The Company is not listed on BSE/NSE and hence, Corporate Governance Report is not applicable.

## 20. Committees:

The various committees constituted by the Company including the Audit Committee and Compensation Committee have been functioning satisfactorily during the year. The present Board comprises of eminent professionals from various fields, in addition to Chairman and Managing Director who looks after the day to day affairs of the Company.

A. The composition of the **Audit Committee** of the Board is as follows:

Sr. No.	Name of the Directors	Designation in the Committee	Meeting attended / (Meetings held)
1.	Sridar Iyengar	Chairman	4 / (4)
2.	M. Madhavan Nambiar	Member	3 / (4)
3.	Sunil Phaterphekar	Member	2 / (2)

B. The composition of the **Compensation Committee** of the Board is as follows:

Sr. No.	Name of the Directors	Designation in the Committee	Meeting attended / (Meetings held)
1.	Ajit Balakrishnan	Chairman	-
2.	Diwan Arun Nanda	Member	-
3.	Sunil Phatarphekar	Member	-

## 21. Listing Agreement Compliance:

The Company's ADRs are listed on NASDAQ Stock Exchange. The company duly complies with the Listing Agreement requirement of NASDAQ.

## 22. Corporate Social Responsibility (CSR) Policy:

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable to the Company.

## 23. Deposits:

The Company has neither accepted nor renewed any deposits during the year under review.



## **24. Conservation of Energy, Technology, Absorption, Foreign Exchange Earnings and Outgo:**

Pursuant to Section 134 and any other applicable sections of the Companies Act, 2013 following disclosures and information is furnished to the Shareholders:

### **1. Conservation of Energy**

The operation of your Company is not energy intensive. Adequate measures have however been taken to reduce energy consumption by using energy efficient computer equipments incorporating latest technologies.

### **2. Technologies Absorption**

Since technology related to internet portal business is constantly evolving, continuous investments and improvements are being made to the content, community and commerce offerings made to the customers. The investments are classified as deferred revenue expenditure and amortized.

### **3. Foreign Exchange Earnings and outgo**

Foreign exchange earned by the Company in the fiscal year ended March 31, 2016 was ₹ 52 million (Previous year ₹ 69 million) and the foreign exchange outgo in the same period was ₹ 110 million (Previous year ₹ 71 million).

## **25. Details of significant & material orders passed by the regulators or courts or tribunal:**

There was no order passed by the regulators or courts or tribunal during the financial year 2015-16.

## **26. Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013:**

The Company has in place a Prevention of Sexual Harassment policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the year 2015-2016, no complaints were received by the Company related to sexual harassment

## **27. Risk Management Policy:**

The Company does not have Risk Management Policy. However the Company has a Risk control matrix in place.

## **28. Internal Control system and their adequacy:**

Your Company has an adequate internal control system. There is a system of continuous Internal Audit which aims at ensuring effectiveness and efficiency of systems and operations.

**29. Cost Auditors:**

Your Company is not required to appoint Cost auditor.

**30. Disclosure on Establishment of a Vigil Mechanism**

In view of limit of borrowings of the Company and considering the fact that the Company does not accept deposit, the provisions of Section 177 of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of the Board and its Powers) Rules, 2013 relating to establishment of vigil mechanism is not applicable to the Company.

**31. Directors Responsibility Statement:**

In accordance with the provisions of Section 134(5) of the Companies Act 2013, your directors confirm that:

- a) in the preparation of the annual accounts for the financial year ended 31st March, 2016, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2016 and of the profit /loss of the Company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis;
- e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively; and
- f) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

**32. Acknowledgements:**

Your Directors place on record their sincere thanks to bankers, business associates, consultants, and various Government Authorities for their continued support extended to your Companies activities during the year under review. Your Directors also acknowledges gratefully the shareholders for their support and confidence reposed on your Company.

**For and on behalf of the Board of Directors**

**Place: Mumbai**

**Date: February 3, 2017**

**/s/Ajit Balakrishnan**

**Chairman & Managing Director**

**Annexure 1  
Form AOC-1**

*(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)*

**Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures**

**Part "A": Subsidiaries**

(₹ in millions except % of Shareholding)

Name of the Subsidiary	Financial Year ended	Share Capital	Reserve & Surplus	Total Assets	Total Liabilities( Excluding Share Capital & Reserve & Surplus)	Turn over	Investment	Profit before tax	Provision for taxation	Profit after tax	% of shareholding
Rediff Holding Inc. USA	March 31, 2016	0	(52)	201	253	0	0	(21)	2	(23)	100%
India Abroad Publications Inc	March 31, 2016	2	(232)	72	302	106	0	(18)	0	(18)	100%
India in New York Inc.	March 31, 2016	0	141	142	1	0	0	0	0	0	100%
India Abroad Publications (Canada) Inc.	March 31, 2016	0	(53)	0	53	0	0	0	0	0	100%
Rediff.com Inc	March 31, 2016	0	348	351	3	11	0	(16)	0	(16)	100%
Value Communications Corporations	March 31, 2016	474	(643)	9	178	0	0	0	0	0	100%
Vubites India Private Limited	March 31, 2016	1	(594)	47	640	63	0	(92)	0	(92)	100%

Note:

Exchange rate used for translating financial position of overseas subsidiaries is USD 1 = ₹ 66.33

**Part "B": Joint Venture & Associates Companies - Not Applicable**



<b>Annexure - 2</b>
<b>FORM NO. MGT 9</b>
<b>EXTRACT OF ANNUAL RETURN</b>
<b>as on financial year ended on 31.03.2016</b>
<b>Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management &amp; Administration ) Rules, 2014.</b>

**I REGISTRATION & OTHER DETAILS:**

i	CIN	U22100MH1996PLC096077
ii	Registration Date	January 9, 1996
iii	Name of the Company	Rediff.com India Ltd
iv	Category/Sub-category of the Company	Public Company Limited by Shares
v	Address of the Registered office & contact details	1st Floor Mahalaxmi Engg. Estate, L.J. Cross Road No-1, Mahim- (West), Mumbai - 400016
vi	Whether listed company	No
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	Not Applicable

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated

SL No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Data Processing, hosting and related activities; web portals	631	100%

**III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES**

SI No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Vubites India Private limited	U72900MH2007PTC168009	Subsidiary	100%	Section 2(87)
2	Rediff Holding Inc		Subsidiary	100%	Section 2(87)
3	India Abroad Publications Inc		Subsidiary	100%	Section 2(87)
4	India in NewYork Inc		Subsidiary	100%	Section 2(87)
5	India Abroad Publication (Canada) Inc		Subsidiary	100%	Section 2(87)
6	Rediff.com Inc		Subsidiary	100%	Section 2(87)
7	Value Communications Corporations		Subsidiary	100%	Section 2(87)

## IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	No	%
<b>A. Promoters</b>										
(1) Indian										
a) Individual/HUF		2344930	2344930	15.83%		2344930	2344930	15.83%	-	Nil
b) Central Govt. or State Govt.										
c) Bodies Corporates										
d) Bank/FI										
e) Any other										
<b>SUB TOTAL:(A) (1)</b>		2344930	2344930	15.83%		2344930	2344930	15.83%	-	Nil
<b>(2) Foreign</b>										
a) NRI- Individuals										
b) Other Individuals										
c) Bodies Corp.										
d) Banks/FI										
e) Any other...										
<b>SUB TOTAL (A) (2)</b>		-	-	0.00%		-	-	0.00%		
<b>Total Shareholding of Promoter</b>										
<b>(A)= (A)(1)+(A)(2)</b>		2344930	2344930	15.83%		2344930	2344930	15.83%	-	Nil
<b>B. PUBLIC SHAREHOLDING</b>										
<b>(1) Institutions</b>										
a) Mutual Funds										
b) Banks/FI										
c) Central govt										
d) State Govt.										
e) Venture Capital Fund										
f) Insurance Companies										
g) FIIS										
h) Foreign Venture Capital Funds										
i) Others (specify)										
<b>SUB TOTAL (B)(1):</b>										
<b>(2) Non Institutions</b>										
a) Bodies corporates										
i) Indian		5605262	5605262	37.85%		5605262	5605262	37.85%	-	Nil
ii) Overseas		2200000	2200000	14.85%		2200000	2200000	14.85%	-	Nil
b) Individuals										
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs		12008	12008	0.08%		12008	12008	0.08%	-	Nil
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs										
c) Others (specify)										
<b>SUB TOTAL (B)(2):</b>		7817270	7817270	52.78%	0	7817270	7817270	52.78%	-	Nil
<b>Total Public Shareholding</b>										
<b>(B)= (B)(1)+(B)(2)</b>		7817270	7817270	52.78%	0	7817270	7817270	52.78%	-	Nil
<b>C. Shares held by Custodian for ADRs</b>		4647978	4647978	31.38%	0	4647978	4647978	31.38%	-	Nil
<b>Grand Total (A+B+C)</b>		14810178	14810178	100.00%		14810178	14810178	100.00%	-	Nil



## (ii) SHARE HOLDING OF PROMOTERS

Sl No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		NO of shares	% of total shares of the company	% of shares pledged encumbered to total shares	NO of shares	% of total shares of the company	% of shares pledged encumbered to	
1	Ajit Balakrishnan	1100190	7.43%	Nil	1100190	7.43%	Nil	NIL
2	Diwan Arun Nanda	1244740	8.40%	Nil	1244740	8.40%	Nil	NIL
	Total	2344930	15.83%		2344930	15.83%		

## (iii) CHANGE IN PROMOTERS' SHAREHOLDING ( SPECIFY IF THERE IS NO CHANGE)

Sl. No.		Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year				
1	Ajit Balakrishnan	1100190	7.43%	1100190	7.43%
2	Diwan Arun Nanda	1244740	8.40%	1244740	8.40%
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	N/a	N/a	N/a	N/a
	At the end of the year				
1	Ajit Balakrishnan	1100190	7.43%	1100190	7.43%
2	Diwan Arun Nanda	1244740	8.40%	1244740	8.40%

## (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters &amp; Holders of GDRs &amp; ADRs)

Sl. No		Shareholding at the end of the year		Cumulative Shareholding during the year	
		No.of shares	% of total shares of the company	No of shares	% of total shares of the company
	For Each of the Top 10 Shareholders				
	At the beginning of the year				
1	Rediffusion Holdings Pvt. Ltd.	2200002	14.85%	2200002	14.85%
2	Draper International India LP	2178000	14.71%	2178000	14.71%
3	Edelweiss Finance & Investments Limited	1523000	10.28%	1523000	10.28%
4	Rediff.com India Limited Employee Trust	1015000	6.85%	1015000	6.85%
5	Pacific Century Cyberworks India Pvt. Ltd.	530000	3.58%	530000	3.58%
6	Citicorp Finance (India) Ltd.	192720	1.30%	192720	1.30%
	Date wise increase/decrease in share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	N/a	N/a	N/a	N/a
	At the end of the year				
1	Rediffusion Holdings Pvt. Ltd.	2200002	14.85%	2200002	14.85%
2	Draper International India LP	2178000	14.71%	2178000	14.71%
3	Edelweiss Finance & Investments Limited	1523000	10.28%	1523000	10.28%
4	Rediff.com India Limited Employee Trust	1015000	6.85%	1015000	6.85%
5	Pacific Century Cyberworks India Pvt. Ltd.	530000	3.58%	530000	3.58%
6	Citicorp Finance (India) Ltd.	192720	1.30%	192720	1.30%

## (v) Shareholding of Directors &amp; KMP

Sl. No	For Each of the Directors & KMP	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year				
1	Ajit Balakrishnan	1100190	7.43%	1100190	7.43%
2	Diwan Arun Nanda	1244740	8.40%	1244740	8.40%
3	Sunil Phaterphekar	6000	0.04%	6000	0.04%
4	Ashok Narasimhan	6000	0.04%	6000	0.04%
	Date wise increase/decrease in share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	N/a	N/a	N/a	N/a
	At the end of the year				
1	Ajit Balakrishnan	1100190	7.43%	1100190	7.43%
2	Diwan Arun Nanda	1244740	8.40%	1244740	8.40%
3	Sunil Phaterphekar	6000	0.04%	6000	0.04%
4	Ashok Narasimhan	6000	0.04%	6000	0.04%

## V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment					
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness	
<b>Indebtedness at the beginning of the financial year</b>					
i) Principal Amount			-	-	
ii) Interest due but not paid	-	-	-	-	
iii) Interest accrued but not due	-	-	-	-	
<b>Total (i+ii+iii)</b>	-	-	-	-	
<b>Change in Indebtedness during the financial year</b>					
Additions			-	-	
Reduction	-	-	-	-	
<b>Net Change</b>	-	-	-	-	
<b>Indebtedness at the end of the financial year</b>					
i) Principal Amount			-	-	
ii) Interest due but not paid	-	-	-	-	
iii) Interest accrued but not due	-	-	-	-	
<b>Total (i+ii+iii)</b>	-	-	-	-	
	-	-	-	-	

## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

## A. Remuneration to Managing Director, Whole time director and/or Manager:

(Rs in million)

Sl.No	Particulars of Remuneration	Name of the MD/WTD/Manager	Total Amount
1	<b>Gross salary</b>	<b>Ajit Balakrishnan</b>	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	13.10	13.10
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
2	Stock option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	as % of profit	-	-
	others (specify)	-	-
5	Others, please specify	-	-
	<b>Total (A)</b>	<b>13.10</b>	<b>13.10</b>
	<b>Ceiling as per the Act</b>		



**B. Remuneration to other directors:**

(Rs in million)

Sl.No	Particulars of Remuneration	Name of the Directors			Total Amount
		Sridar Iyengar	Sunil Phaterpekar	M. Madhavan Nambiar	
1	Independent Directors				
	(a) Fee for attending board committee meetings	1.60	1.00	1.30	3.90
	(b) Commission				
	(c ) Others, please specify				
	Director Remuneration				
	<b>Total (1)</b>	1.60	1.00	1.30	1.30
2	Other Non Executive Directors				
	(a) Fee for attending board committee meetings			-	-
	(b) Commission			-	-
	(c ) Others, please specify.			-	-
	<b>Total (2)</b>			-	-
	<b>Total (B)=(1+2)</b>			-	-
	<b>Total Managerial Remuneration</b>				
	<b>Overall Ceiling as per the Act.</b>				

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTB**

(Rs in million)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
1	Gross Salary	Ajit Balakrishnan CEO	Swasti Bhowmick - CFO	Pooja Lohade - CS	Total
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	-	6.90	1.00	7.90
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-	
	(c ) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	
2	Stock Option	-	-	-	
3	Sweat Equity	-	-	-	
4	Commission	-	-	-	
	as % of profit	-	-	-	
	others, specify	-	-	-	
5	Others, please specify	-	-	-	
	<b>Total</b>	-	6.90	1.00	7.90

**VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/ Court)	Appeal made if any (give details)
<b>A. COMPANY</b>					
Penalty	None				
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty	None				
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	None				
Punishment					
Compounding					

**For and on behalf of the Board of Directors**

/s/Ajit Balakrishnan  
Chairman and Managing Directors

## Annexure 3

## Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso Thereto:**

1. Details of contracts or arrangements or transactions not at arm's length basis - NIL

Details of material contracts or arrangement or transactions at arm's length basis:

Name of the Related party	Transactions	2015-16 ₹	2014-15 ₹
Value Communications Corporation	Payable as at year end, net	9,275,988	8,752,964
India abroad Publications, Inc. (IA)	Collection made by the Company during the year on behalf of IA	20,642,241	15,554,659
	Expenses incurred and other reimbursements by the Company on behalf of IA	8,220,736	3,598,598
	Collection made by IA on behalf of the Company	2,869,035	343,819
		7,287,790	12,630,100
	Amount remitted to IA	2,369,734	105,054
	Payable as at year end		
Rediff.com, Inc.	Payable as at year end	41,735,536	39,382,289
Rediff Holdings, Inc.	Loan given to RHI during the year	7,458,000	-
	Expenses incurred by the Company on behalf of RHI	3,991,176	-
	Provision for diminution in value of Long Term Investment/ Advance	7,087,620	54,922,395
		-	3,963,074
	Payable as at year end, net		



Name of the Related party	Transactions	2015-16 ₹	2014-15 ₹
Vubites India Private Limited	Expenses incurred and other reimbursements by the Company on behalf of Vubites India Private Limited	3,349,089	3,457,082
	Loan given during the year (Interest free)	100,300,000	104,200,000
	Provision for doubtful loan	103,520,393	107,657,082
Rediff.com India Ltd Employee Trust	Loan and advances as at year end (Interest free)	201,002,530	201,002,530
	Provision for diminution in value of Long Term Investment	197,834,790	-
	Receivable as at year end, net	3,167,740	201,002,530

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REDIFF.COM INDIA LIMITED**

### **Report on the Consolidated Financial Statements**

#### **Report on the consolidated financial statements**

We have audited the accompanying consolidated financial statements of **REDIFF.COM INDIA LIMITED** (hereinafter referred to as "the Holding Company") and subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising the consolidated balance sheet as at 31 March 2016, the consolidated statement of profit and loss, the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

#### **Management's responsibility for the consolidated financial statements**

The Holding Company's Board of Directors is responsible for the preparation of the consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 (hereinafter referred to as 'the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Boards of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the 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 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

#### **Auditors' responsibility**

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. While conducting the 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the

consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal financial controls relevant to the Holding Company's preparation of the consolidated 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (8) under the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 consolidated state of affairs of the Company, as at 31 March 2016, and their consolidated loss and their consolidated cash flows for the year ended on that date.

### **Other Matters**

**We did not audit the financial statements of two subsidiaries**, whose financial statements reflect the Group's share of total assets of Rs.50,033,480 as at March 31, 2016, total revenues of Rs.63,325,998 and net cash inflows amounting to Rs.128,814 for the year then ended, are considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of this matter with respect to our reliance on the work done and the reports of the other auditors.

### **Report on other legal and regulatory requirements**

1. As required by 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, based on the comments in the auditors' reports of the Holding Company and the subsidiary company incorporated in India, we give in the Annexure a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.



As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c. The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d. In our opinion, the aforesaid consolidated 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 of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary company incorporated in India, none of the Directors of the Group companies incorporated in India is disqualified as on 31 March 2016 from being appointed as a Director of that company in terms of sub-section 2 of Section 164 of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report on the standalone financial statements as also the unqualified report of the auditors of the Subsidiary in this regard; and
- g. With respect to the other matters to be included in the Auditors' 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group in accordance with the generally accepted accounting practice – also refer note 25 to the consolidated financial statements,
  - (ii) As required under the applicable law or Accounting Standards the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses, and

- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and subsidiary company incorporated outside India.

**For Patkar&Pendse  
Chartered Accountants  
F.R.No. 107824W**

**/s/B.M. Pendse  
Partner.  
M.No. 32625**

**Date : February 3, 2017.**

**REDIFF.COM INDIA LIMITED**  
**CIN-U22100MH1996PLC096077**  
**Consolidated Balance Sheet as at March 31, 2016**

		Note	As at March 31, 2016 ₹	As at March 31, 2015 ₹
<b>I</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>Shareholders' Funds</b>			
(a)	Share Capital	3	68,975,890	68,975,890
(b)	Reserves and Surplus	4	(195,852,569)	302,222,896
			(126,876,679)	371,198,786
<b>2</b>	<b>Non - Current Liabilities</b>			
(a)	Other Long Term Liabilities	5	27,334,759	25,108,128
(b)	Long - Term Provisions	6	63,916,725	65,357,062
			91,251,484	90,465,190
<b>3</b>	<b>Current Liabilities</b>			
(a)	Short-term borrowings	7	22,883,850	-
(a)	Trade Payables	8	311,341,117	253,457,416
(b)	Other Current Liabilities	9	178,266,678	160,165,658
(c)	Short - Term Provisions	10	12,272,356	7,890,011
			524,764,001	421,513,085
	<b>TOTAL</b>		<b>489,138,806</b>	<b>883,177,061</b>
<b>II</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non - Current Assets</b>			
(a)	Fixed Assets	11		
(i)	Tangible Assets		-	-
(ii)	Intangible Assets		-	-
(iii)	Intangible Assets under Development		-	-
(b)	Goodwill on Consolidation		-	-
(c)	Non - Current Investments	12	-	-
(d)	Long - Term Loans and Advances	13	101,809,336	129,315,207
			101,809,336	129,315,207
<b>2</b>	<b>Current Assets</b>			
(a)	Trade Receivables	14	134,352,672	154,967,399
(b)	Cash and Cash Equivalents	15	191,000,733	519,169,090
(c)	Short-Term Loans and Advances	16	61,590,259	44,750,317
(d)	Other current assets	17	385,806	34,975,048
			387,329,470	753,861,854
	<b>TOTAL</b>		<b>489,138,806</b>	<b>883,177,061</b>
<b>III</b>	<b>NOTES FORMING PART OF THE FINANCIAL STATEMENTS</b>	1-34		

In terms of our report attached.  
For Patkar & Pendse  
Chartered Accountants  
Firm Reg. No. 107824W

For and on behalf of the Board of Directors

/s/ B. M. Pendse  
Partner  
M.No.32625

/s/ Ajit Balakrishnan  
Chairman & Managing Director  
DIN: 00073814

/s/ Arun Nanda  
Director  
DIN: 00034744

/s/ Pooja Iohade  
Company Secretary, ACS-21584  
Mumbai, February 3, 2017

Mumbai, February 3, 2017



**REDIFF.COM INDIA LIMITED**  
**CIN-U22100MH1996PLC096077**  
**Consolidated Statement of Profit and Loss for the Year Ended March 31, 2016**

	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
		₹	₹
I Revenue From Operations	18	871,353,381	937,929,449
II Other Income (Net)	19	43,908,589	75,393,903
<b>TOTAL REVENUE</b>		<b>915,261,970</b>	<b>1,013,323,352</b>
III Expenses:			
(a) Employee Benefit Expenses	20	474,569,645	493,132,783
(b) Depreciation and Amortization Expense	11	2,967,012	116,497,258
(c) Operation and Other Expenses	21	881,295,458	1,042,995,156
<b>TOTAL EXPENSES</b>		<b>1,358,832,115</b>	<b>1,652,625,197</b>
<b>IV LOSS BEFORE EXCEPTIONAL ITEMS AND TAX</b>		<b>(443,570,145)</b>	<b>(639,301,845)</b>
V Exceptional Item:			
Impairment of Fixed Assets	30	54,316,611	196,442,056
Total		<b>54,316,611</b>	<b>196,442,056</b>
VI Provision for Tax		2,483,989	904,493
<b>VII LOSS FOR THE YEAR</b>		<b>(500,370,746)</b>	<b>(836,648,394)</b>
VIII Earnings Per Equity Share (Face Value of ₹5 each) - Basic and Diluted		(36.27)	(60.65)

**IX NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

1-34

In terms of our report attached,  
For **Patkar & Pendse**  
Chartered Accountants  
Firm Reg. No. 107824W

For and on behalf of the Board of Directors

/s/ **B. M. Pendse**  
Partner  
M.No.32625

/s/ **Ajit Balakrishnan**  
Chairman & Managing Director  
DIN: 00073814

/s/ **Arun Nanda**  
Director  
DIN: 00034744

/s/ **Pooja Lohade**  
Company Secretary, ACS-21584  
Mumbai, February 3, 2017

Mumbai, February 3, 2017

**REDIFF.COM INDIA LIMITED**  
**CIN-U22100MH1996PLC096077**  
**Consolidated Cash Flow Statement as at March 31, 2016**

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
<b>Cash Flow from Operating Activities</b>		
(Loss) Before Taxes	(443,570,145)	(835,743,901)
<b>Adjustments for:</b>		
Depreciation and Amortisation Expense	2,967,012	116,497,258
Impairment of Fixed Assets	54,316,611	196,442,056
Employee Stock Option Expenses	810,966	3,674,638
Interest Income	(27,924,129)	(63,761,070)
(Write Back)/ Write Off of Provision of Doubtful Receivables	(82,348)	2,538,223
(Profit) / Loss on Sale of Investment	-	-
(Profit) / Loss on Sale of Fixed Assets	(426,792)	123,609
Unrealised Exchange Difference	(376,412)	5,262,726
<b>Operating Loss Before Working Capital Changes</b>	<b>(414,285,237)</b>	<b>(574,966,461)</b>
<b>Changes in Working Capital:</b>		
Trade Receivables	23,686,107	27,605,279
Loans and Advances	21,303,195	3,834,941
Trade Payables, Current Liabilities and Provisions	59,570,956	7,882,814
Other Current Assets	35,835,593	4,576,381
<b>Cash used in Operating Activities</b>	<b>(273,889,386)</b>	<b>(531,067,046)</b>
Taxes Refund, Net of (Paid)	16,118,169	27,447,586
<b>Net Cash used in Operating Activities (A)</b>	<b>(257,771,217)</b>	<b>(503,619,460)</b>
<b>Cash Flow From Investing Activities</b>		
Payments to Acquire Fixed Assets	(62,453,336)	(74,086,471)
Difference in Opg and Closing WIP	-	-
Proceeds from Sale of Fixed Assets	426,792	177,722
Proceeds from Sale of long term Investment	15,796,230	9,322,134
Interest Income Received	26,058,609	54,429,406
<b>Net Cash (used in)/from Investing Activities (B)</b>	<b>(20,171,705)</b>	<b>(10,157,209)</b>
Net (Decrease) in Cash and Cash Equivalents (A+B)	(328,892,374)	(513,776,669)
Cash and Cash Equivalents at the Beginning of the Year	515,509,797	1,029,286,466
Cash and Cash Equivalents at the End of the Year	190,776,674	515,509,797
<b>Note ;</b>		
<b>Cash and Cash Equivalents Include:</b>		
Cash on Hand	274,313	5,211
Bank Balances	187,770,584	519,163,879
Fixed deposits with banks (maturity less than 3 months)	-	-
<b>Cash and Cash Equivalents as above</b>	<b>190,776,674</b>	<b>515,509,797</b>
Effect of Exchange Rate Changes	224,059	3,659,293
<b>Cash and Cash Equivalents as per Note 13</b>	<b>191,000,733</b>	<b>519,169,090</b>
<b>NOTES FORMING PART OF THE FINANCIAL STATEMENTS</b>	1-34	

In terms of our report attached.

For **Patkar & Pendse**  
Chartered Accountants  
Firm Reg. No. 107824W

For and on behalf of the Board of Directors

/s/ B. M. Pendse  
Partner  
M.No.32625

/s/ Ajit Balakrishnan  
Chairman & Managing Director  
DIN: 00073814

/s/ Arun Nanda  
Director  
DIN: 00034744

/s/ Pooja Lohade  
Company Secretary, ACS-21584  
Mumbai, February 3, 2017

Mumbai, February 3, 2017

## 1. CORPORATE INFORMATION

Rediff.com India Limited ("Rediff") was incorporated as a private limited company in India on January 9, 1996 under the Indian Companies Act, 1956 and was converted to a public limited company on May 29, 1998. Rediff's American Depository Shares ("ADSs") are listed on the NASDAQ Global Market.

In February 2001, Rediff established Rediff Holdings, Inc. ("RHI"), a Delaware Corporation, as a wholly-owned subsidiary to be a holding company for certain investments in the United States of America. In March 2001, Rediff acquired Value Communication Corporation ("ValuCom"). On February 27, 2001, RHI acquired thinkindia.com, Inc ("thinkindia"), later renamed Rediff.com Inc. On April 27, 2001, RHI acquired India Abroad Publications, Inc. ("India Abroad"), a print and online news company.

On November 26, 2010, Rediff acquired Vubites India Private Limited ("Vubites") from the Chairman and Managing Director of Rediff (referred to as "the CMD") and a principal shareholder in Rediff. Vubites enables small and local businesses to advertise on national TV channels within their city to reach their target audiences.

Rediff with its branch and subsidiaries ("the Group") is in the business of providing online internet based services, focusing on India and the global Indian community. Its websites consists of channels relevant to Indian interests such as cricket, astrology, matchmaker and movies, content on various matters like news and finance, search facilities, a range of community features such as e-mail, chat, messenger, e-commerce, broadband wireless content and mobile value-added services to mobile phone subscribers in India. The Company also enables its customers to insert localized advertisements on national television channels by providing a platform to create an advertisement and prepare a media plan. Additionally, the Company publishes weekly newspapers 'India Abroad' in North America.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### a) Basis of preparation of financial statements

The Consolidated Financial Statements relate to REDIFF.COM INDIA LIMITED (REDIFF, the Company) and its subsidiaries. The Company's wholly owned subsidiaries include Vubites India Private Limited incorporated in India, Rediff.com Holding Inc. and Value Communication Inc. incorporated in USA. Rediff Holding Inc. has further two wholly owned subsidiaries viz. India Abroad Publications Inc. and Rediff.com Inc. and further step down subsidiaries viz. India New York Inc. and India Abroad Publication (Canada) Inc. The Consolidated financial statements also include Rediff.com India Limited Employee Trust as the Company has the control by way of appointment and determination of composition of Trustees to obtain economic benefits from its activities. The Company has equity investment in associate companies viz. Tachyon Technologies Private Limited and BigSlick Infotech Private Limited as of March 31, 2016, however, the said the Company has in past made other than temporary diminution in the total value of its investment in such associates.

The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) "Consolidated Financial Statements" notified by the Companies (Accounting Standard) Rules, 2006.



**Notes forming part of the Consolidated Financial Statements**

In the year ended March 31, 2016, the Group incurred a net loss of Rs. (500,370,746)/-. Accumulated losses of Rs. (3,792,640,325)/- and net cash outflows of Rs. 328,892,374. The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

Out of abundant caution, the Company has recorded huge impairment charge on its investments, loans and fixed assets, reducing them to nil over the past years. Such impairment losses have largely been the reason for the resulting negative net-worth of the Company. The management is constantly monitoring the financial conditions considering historical cash requirements and has taken the assumption that there will not be any significant decline in advertising revenues of the Company and believes that the Company will have sufficient resources to meet its obligations as they become due within one year from the date of these financial statements.

Based on the preceding paragraph, the accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

**b) Principles of Consolidation**

The consolidated financial statements have been prepared on the following basis:

- i) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses. Intra-group balances and transactions and unrealised profits or losses have been fully eliminated.
- ii) The difference between the costs of investment in the subsidiaries and the Company's share of equity at the time of acquisition of shares in the subsidiaries is recognised in the Financial Statements as Goodwill on consolidation or Capital Reserve on consolidation.
- iii) The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of date of disposal is recognised in the Statement of Profit and Loss as profit or loss on disposal of investment in subsidiaries.
- iv) The Financial Statements of the subsidiaries are drawn up to 31st March, 2016.

The subsidiaries (which along with Rediff.com India Limited, the parent, constitute the group) considered in the presentation of these Consolidated Financial Statements are

**Notes forming part of the Consolidated Financial Statements**

<b>Name of the Subsidiary Company</b>	<b>Country of Incorporation</b>	<b>Portion of ownership Interest as at March 31, 2016</b>
<b>Indian Subsidiaries</b>		
Vubites India Private Limited	India	100%
<b>Foreign Subsidiaries including step down subsidiaries.</b>		
Rediff Holdings, Inc.	USA	100%
India Abroad Publications Inc	USA	100%
India New York Inc.	USA	100%
India Abroad Publication (Canada) Inc.	Canada	100%
Value communication corporation Inc.	USA	100%

**c) Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in India requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

**d) Revenue recognition*****India Online business***

India Online business includes revenues from advertising, sponsorship and fee based services. Advertisement and sponsorship income is derived from customers who advertise on our website or from targeted mailers to Rediffmail subscribers. Fee based services include fee we earn from our e-commerce marketplace, subscription fees for our email services and our share of revenues from mobile value added services.

Revenue from display advertisement is recognized as impressions of or clicks on display advertisements are delivered or broadcast. Impressions are delivered when a sold advertisement appears in pages viewed by users. Clicks are delivered when a user clicks on the advertisement. Revenues are also derived from sponsor links placed in specific areas of the Company's website, which generally provide users with direct links to sponsor websites. Revenue from sponsor link is recognized ratably over the period in which the advertisement is displayed, provided that no significant Company obligations remain and collection of the resulting receivable is probable. Company obligations may include guarantees of a minimum number of impressions, or times, that an advertisement appears in pages viewed by users of the Company's website. To the extent that minimum guaranteed impressions are not met, the Company defers recognition of the corresponding revenues until the guaranteed impression levels are achieved. The Company also earns revenues from the sending of mail shots to its users on behalf of advertisers and such



## Notes forming part of the Consolidated Financial Statements

revenues are recognized on delivery. We report our online advertisement revenues on a gross basis principally because we are the primary obligor to our advertisers.

E-commerce marketplace fee, which is comprised of the commission and shipping revenue is recognized after receipt of confirmation that the online customer has accepted delivery of the goods. The cost of incentives provided to online customers like coupons and promo codes are reduced from revenue and where such incentives exceed the revenue amount, the excess is recognized as cost of revenue.

Subscription service revenue which is comprised of subscription fees for email and related services provided to small and large enterprises is deferred and recognized pro rata over the terms of such subscription.

Mobile value-added services revenues are derived from providing value added short messaging services ("SMS"), ring tones, picture messages, logos, wallpapers and other related services to mobile phone users. The Company contracts with third-party mobile phone operators for sharing revenues from this service. Mobile value-added services revenue is recognized when this service is rendered.

### ***US Publishing business***

US Publishing business primarily include advertising and sponsorship revenues and consumer subscription revenues earned from the publication of India Abroad, a weekly newspaper distributed primarily in the United States. It also includes the advertising revenues of Rediff India Abroad, the website catering to the Indian community in the United States.

Advertising revenues are recognized at the time of publication of the related advertisement. Subscription income is deferred and recognized pro rata as fulfilled over the terms of such subscription.

Revenues from banners and sponsorships are recognized over the contractual period of the advertisement, commencing when the advertisement is placed on the website, provided that no significant obligations remain and collection of the resulting receivable is probable. Obligations may include guarantee of a minimum number of impressions, or times that an advertisement appears in pages viewed by users of the Company's website. To the extent that minimum guaranteed impressions are not met, the Company defers recognition of the corresponding revenues until the guaranteed impression levels are achieved.

### **e) Tangible assets, intangibles, depreciation and amortisation**

#### **Tangible Assets**

Tangible assets are stated at cost less accumulated depreciation less impairment loss, if any. The Company depreciates tangible assets using the straight-line method, over the estimated useful lives of assets. The estimated useful lives of assets are as follows:

Furniture and fixtures	10 years
Computer equipment	1 to 3 years
Office equipment	3 to 10 years



## Notes forming part of the Consolidated Financial Statements

Vehicles	8 years
Leasehold improvements	6 years

The effective rates of depreciation based on the estimated useful life of the tangible assets is higher than the rates as prescribed under Schedule II to the Companies Act, 2013.

Individual assets costing less than ₹ 5,000 are depreciated in full in the year of acquisition.

### Intangible Assets

Intangible Assets are stated at cost less accumulated amortization less impairment loss, if any. Software includes costs incurred in the operations stage that provides additional functions or features to the Company's website, accounting and monitoring software. These are amortised over their estimated useful life of one to five years. Maintenance expenses or costs that do not result in new features or functions are expensed as product development costs, when incurred.

#### f) Impairment of assets

The carrying values of assets/cash-generating units at each balance sheet date are reviewed for impairment or more often if there is an indication of decline in value. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor.

#### g) Investments

Investments classified as long-term investments are stated at cost. Provision is made to recognise a decline, other than temporary, in the value of such investments.

#### h) Employee benefits

##### (i) Short term

Short term employee benefits are recognised as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employees to the Group.

##### (ii) Long term

The Group has both defined-contribution and defined-benefit plans.

##### o Defined-contribution plans

These are plans in which the Group pays pre-defined amounts to separate funds. These comprise of contributions to the employees' provident fund and family pension fund. The Group's payments to the defined-contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

**Notes forming part of the Consolidated Financial Statements**

o **Defined-benefit plans**

The obligation for the unfunded defined-benefit gratuity is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gain and losses are recognised in full in the Statement of Profit and Loss for the period in which they occur.

**(iii) Other employee benefits**

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid. Where there are restrictions on availment of encashment of such accrued benefit or where the availment or encashment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method

**i) Foreign currency transactions and translations.**

Transactions in foreign currency are recorded at the original rates of exchange in force at the time transactions are effected.

Monetary items of assets and liabilities denominated in a foreign currency are translated using the exchange rates prevailing at the date of Balance Sheet. Exchange gains / losses on account of exchange difference either on settlement or translation are recognised in the Statement of Profit and Loss.

Non-monetary items such as investments denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

**j) Stock based compensation**

The Group accounts for compensation expense under the Employee Stock Option schemes using the intrinsic value method as per the Guidance Note "Accounting for Employee Share-based Payments" issued by the Institute of Chartered Accountants of India.

**k) Earnings per share**

Basic earnings per equity share is computed by dividing the net profit/loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit/loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all potential equity shares on account of stock options outstanding. For the purpose of Earnings Per Share calculations, ADRs (American Depository Receipts) are converted to equity shares.



**Notes forming part of the Consolidated Financial Statements**

**l) Taxes**

Income taxes comprise both current and deferred tax.

Current income tax is measured at the amount expected to be paid to / recovered from the revenue authorities, using applicable tax rates and laws. Deferred tax is accounted for by computing the tax effect of timing differences, which arise during the year and reverse in subsequent periods. Deferred tax assets on account of accumulated losses, unabsorbed depreciation and other items are recognised only to the extent that there is virtual certainty of realisation of such assets in future.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and the Company intends to settle the asset and liability on a net basis.

**m) Cash and cash equivalent**

The Group considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

Cash and cash equivalents consist of cash on hand, balances in current accounts, deposits with banks which are unrestricted as to withdrawal and use.

**n) Research and development expenses**

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.

**o) Leases**

Leasing of assets whereby the lessor essentially remains the owner of the asset is classified as operating leases. The payments made by the Group as lessee in accordance with operational leasing contracts or rental agreements are expensed proportionally during the lease or rental period respectively. Any compensation, according to agreement, that the lessee is obliged to pay to the lessor if the leasing contract is terminated prematurely is expensed during the period in which the contract is terminated.

**p) Provisions and Contingencies**

A provision is recognized when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized but are disclosed in the notes to the financial statement. A contingent asset is neither recognized nor disclosed



## Notes forming part of the Consolidated Financial Statements

## q) Segment Reporting

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segments are identified having regard to the dominant source and nature of risks and returns and internal organisation and management structure. Revenues and expenses have been identified to the segments based on their relationship to the business activity of the segment. Income/Expenses relating to the enterprise as a whole and not allocable on a reasonable basis to business segments are reflected as unallocated corporate income/expenses.

## 3. SHARE CAPITAL

**Authorised**

Equity Shares of ₹ 5 each

**Issued, Subscribed and Fully Paid up**

Ordinary Equity Shares of ₹5 each fully paid

Less:

Treasury Shares (Refer note 3(d) below)

Adjusted: Issued and Subscribed Share Capital

As at March 31, 2016		As at March 31, 2015	
Number	₹	Number	₹
24,000,000	120,000,000	24,000,000	120,000,000
14,810,178	74,050,890	14,810,178	74,050,890
1,015,000	5,075,000	1,015,000	5,075,000
13,795,178	68,975,890	13,795,178	68,975,890

## a. Reconciliation of ordinary shares outstanding at the beginning of the reporting period:

**Issued and Subscribed**At the beginning of the year  
Shares issued during the year  
(on account of Stock Options exercised)

Less: Treasury Shares (Refer note 3(d) below):

Outstanding at the end of the period -- Adjusted

As at March 31, 2016		As at March 31, 2015	
Number	₹	Number	₹
14,810,178	74,050,890	14,810,178	74,050,890
-	-	-	-
14,810,178	74,050,890	14,810,178	74,050,890
1,015,000	5,075,000	1,015,000	5,075,000
13,795,178	68,975,890	13,795,178	68,975,890

**Notes forming part of the Consolidated Financial Statements**

**b. Details of ordinary shares held by each shareholder holding more than 5% shares:**

Name of shareholder	As at March 31, 2016		As at March 31, 2015	
	Number	% Holding	Number	% Holding
Rediffusion Holdings Private Limited	2,200,002	14.85%	2,200,002	14.85%
Draper International India LP	2,178,000	14.71%	2,178,000	14.71%
Edelwiess Finance & Investments Limited.	1,523,000	10.28%	1,523,000	10.28%
Diwan Arun Nanda	1,244,740	8.40%	1,244,740	8.40%
Ajit Balakrishnan	1,100,190	7.43%	1,100,190	7.43%
Rediff.com India Limited Employee Trust (Refer note 3(d) below)	1,015,000	6.85%	1,015,000	6.85%

**c. Terms / rights attached to equity shares:**

In respect of every ordinary share, voting right shall be in the same proportion as the capital paid upon such Ordinary share bears to the total paid up ordinary capital of the company.

Holders of ADRs are not entitled to attend or vote at shareholders meetings. Holders of ADRs may exercise voting rights with respect to ordinary shares represented by ADRs only in accordance with the provisions of the Company's deposit agreement and Indian Law.

Each ADRs represents one half of an equity share.

- d. During the financial year ended March 31, 2010 the Company formed Rediff.com India Limited Employee Trust ("Trust"). The Trust is controlled and administrated by senior employees of the Company. The Company is the primary beneficiary of the Trust and, accordingly has consolidated the Trust. The Trust acquired 1,015,000 shares for a consideration of Rs. 199,790,530 and reserved these shares for benefit of Company's employees and directors.
- e. Issued and Subscribed Share Capital includes an aggregate of 194,378 Ordinary (Equity) Shares of Rs. 5 each allotted as fully paid-up pursuant to various ESOP Scheme with payment having been received in cash, for a period of five years immediately preceding the end of the financial year.



**4. RESERVES AND SURPLUS**

Reserves and surplus consist of the following:

**Securities premium account**

Opening balance

Addition during the year (on account of Stock  
Options exercised)

Total

Less : Treasury Shares (Refer note 3(d) above)

**Closing balance****Stock option outstanding account**

Opening balance

ESOP Compensation Cost

Closing balance

**(Deficit) in the statement of profit and loss**

Opening balance

Deficit during the year

Closing balance

**Foreign Currency Translation Reserve**

Opening balance

Addition during the year

Closing balance

**Total**

As at March 31, 2016	As at March 31, 2015
₹	₹
3,430,862,460	3,430,862,460
-	-
3,430,862,460	3,430,862,460
(194,715,530)	(194,715,530)
3,236,146,930	3,236,146,930
138,426,453	134,751,815
810,966	3,674,638
139,237,419	138,426,453
(3,292,269,578)	(2,455,621,192)
(500,370,747)	(836,648,386)
(3,792,640,325)	(3,292,269,578)
219,919,091	216,523,560
1,472,882	3,395,531
221,391,973	219,919,091
(195,852,569)	302,222,896

**5. OTHER LONG-TERM LIABILITIES (UNSECURED)**

Other long-term liabilities consist of the following:

Income received in advance

Other

**Total**

As at March 31, 2016	As at March 31, 2015
₹	₹
27,334,759	20,628,499
-	4,479,629
27,334,759	25,108,128



**6. LONG – TERM PROVISIONS**

Long –term provisions consist of following:

Provision for employee benefits:

Gratuity (unfunded)

Compensated absence (unfunded)

**Total**

As at March 31, 2016	As at March 31, 2015
₹	₹
35,036,203	35,156,086
28,880,522	30,200,976
<b>63,916,725</b>	<b>65,357,062</b>

**7. SHORT-TERM BORROWINGS**

Loan from a Director

**Total**

As at March 31, 2016	As at March 31, 2015
₹	₹
22,883,850	-
<b>22,883,850</b>	<b>-</b>

**8. TRADE PAYABLE**

Total outstanding dues to Micro and small  
Enterprises

Others for Goods and Services

**Total**

As at March 31, 2016	As at March 31, 2015
₹	₹
-	-
311,341,117	253,457,416
<b>311,341,117</b>	<b>253,457,416</b>

The information regarding Micro Enterprises and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

## 9. OTHER CURRENT LIABILITIES

Other current liabilities consist of the followings:

	As at March 31, 2016	As at March 31, 2015
	₹	₹
Capital creditors	7,414,128	12,583,839
Deposits from employees	4,359,745	3,849,887
Advance received from customers	15,738,613	14,793,730
Income received in advance	103,617,694	96,830,135
Others	19,326,693	3,540,151
<b>Statutory liabilities</b>		
Tax deducted at source Payable	8,553,117	9,331,524
Others	19,256,688	19,236,392
<b>Total</b>	<b>178,266,678</b>	<b>160,165,658</b>

## 10. SHORT – TERM PROVISIONS

Short-term provisions consist of the followings:

	As at March 31, 2016	As at March 31, 2015
	₹	₹
Provision for employee benefits:		
Gratuity (unfunded)	6,041,275	2,375,977
Compensated absence (unfunded)	6,231,081	5,514,034
<b>Total</b>	<b>12,272,356</b>	<b>7,890,011</b>

Notes forming part of the Consolidated Financial Statements

11. FIXED ASSETS - Fixed assets consist of the followings: (Amount in ₹)

Description	Gross Block as at April 1, 2015	Additions	Deletions	Gross Block as at March 31, 2016	Accumulated Depreciation as at April 1, 2015	Depreciation for the Year	Translation difference	Deletions	Accumulated Depreciation as at March 31, 2016	Net Block Value before Impairment as at March 31, 2016	Impairment as at 31 <sup>st</sup> March 2016	Net Block Value after impairment as at 31 <sup>st</sup> March 2016	Net Block Value as at March 31, 2015
<b>Tangible assets</b>													
Furniture and fixture	14,351,286	-	-	14,351,286	(13,049,044)	-	-	-	(13,049,044)	1,302,242	1,302,242	-	-
	22,132,900	-	(7,781,614)	14,351,286	(20,350,898)	(474,688)	(5,072)	7,781,614	(13,049,044)	1,302,242	1,302,242	-	-
Computer	902,029,568	17,946,932	-	919,976,500	(838,061,689)	(2,785,690)	-	-	(840,847,379)	79,129,121	79,129,121	-	-
	1,032,812,262	52,388,360	(183,171,054)	902,029,568	(960,717,454)	(60,511,058)	(4,231)	183,171,054	(838,061,689)	63,967,879	63,967,879	-	-
Office equipment	15,723,334	168,100	-	15,891,434	(11,258,033)	(21,306)	-	-	(11,279,339)	4,612,095	4,612,095	-	-
	16,594,499	861,471	(1,732,036)	15,723,334	(11,799,513)	(1,032,416)	-	1,573,898	(11,258,033)	4,465,301	4,465,301	-	-
Vehicle	14,331,624	2,725,326	-	17,056,950	(8,253,519)	(160,017)	-	-	(8,413,536)	8,643,414	8,643,414	-	-
	15,106,840	-	(775,216)	14,331,624	(7,100,365)	(1,785,777)	-	632,623	(8,253,519)	6,078,105	6,078,105	-	-
Leasehold Improvement	26,712,491	-	-	26,712,491	(22,120,223)	-	-	-	(22,120,223)	4,592,268	4,592,268	-	-
	26,712,491	-	-	26,712,491	(20,110,417)	(2,009,806)	-	-	(22,120,223)	4,592,268	4,592,268	-	-
<b>Total tangible assets</b>	<b>973,148,303</b>	<b>20,840,358</b>	<b>-</b>	<b>993,988,661</b>	<b>(892,742,508)</b>	<b>(2,967,813)</b>	<b>-</b>	<b>-</b>	<b>(895,709,321)</b>	<b>98,279,140</b>	<b>98,279,140</b>	<b>-</b>	<b>-</b>
Previous year	1,113,358,992	53,249,831	(193,460,520)	973,148,303	(1,020,878,649)	(65,813,745)	(9,303)	193,159,189	(892,742,508)	80,405,795	80,405,795	-	-
<b>Intangible assets</b>													
Internally Generated	151,198,791	-	-	151,198,791	(130,243,776)	-	-	-	(130,243,776)	955,015	955,015	-	-
	267,690,691	-	-	267,690,691	(201,838,931)	-	-	-	(201,838,931)	65,851,758	65,851,758	-	-
Acquired	418,889,482	-	-	418,889,482	(352,082,709)	-	-	-	(352,082,709)	66,806,773	66,806,773	-	-
	598,241,179	36,648,303	-	634,889,482	(301,399,197)	(50,683,512)	-	-	(352,082,709)	66,806,773	66,806,773	-	-
Internally Generated	151,198,791	-	-	151,198,791	(146,966,896)	(3,276,889)	-	-	(150,243,776)	955,015	955,015	-	-
Acquired	247,042,388	20,648,303	-	267,690,691	(154,432,301)	(47,406,632)	-	-	(201,838,931)	65,851,758	65,851,758	-	-
<b>Intangible assets under development (internally generated)</b>													
	-	-	-	-	-	-	-	-	-	-	-	-	-
	1,392,037,785	20,840,358	-	1,412,878,143	(1,244,835,217)	(2,967,813)	-	-	(1,247,792,230)	165,085,913	165,085,913	-	-
<b>Grand Total</b>	<b>1,511,600,171</b>	<b>73,898,134</b>	<b>(193,460,520)</b>	<b>1,392,037,785</b>	<b>(1,321,477,846)</b>	<b>(116,497,257)</b>	<b>(9,303)</b>	<b>193,159,189</b>	<b>(1,244,835,217)</b>	<b>147,212,568</b>	<b>147,212,568</b>	<b>-</b>	<b>-</b>



**Notes forming part of the Consolidated Financial Statements**

**12. NON-CURRENT INVESTMENTS**

Non – current investments consists of the following:

	Face Value ₹	No. of shares	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Trade investments				
A- Others, Fully paid equity shares (unquoted)- At cost				
Traveljini.com Limited	10	88,350	60,300,253	60,300,253
Tachyon Technologies Pvt. Ltd. (Refer Note 2 below)	10	13,177	41,700,000	41,700,000
Vakow Technologies Pvt. Ltd.	10	500,000	5,000,000	5,000,000
BigSlick Infotech Pvt. Ltd. (Refer Note 2 below)	1	59,230	4,000,000	4,000,000
			111,000,253	111,000,253
Less : Provision for diminution in value of investments			111,000,253	111,000,253
<b>Net investments</b>			-	-

Book value of unquoted investments (net of provisions for diminution) – ₹ NIL

Notes:

- 1) The provision for diminution in value of investment is as under (Amount in ₹) :

Name of the Company	2015-16	2014-15
Traveljini.com Limited	60,300,253	60,300,253
Tachyon Technologies Pvt. Ltd.	41,700,000	41,700,000
Vakow Technologies Pvt. Ltd.	5,000,000	5,000,000
BigSlick Infotech Pvt. Ltd.	4,000,000	4,000,000
<b>TOTAL (Provision for diminution in value of investments)</b>	<b>111,000,253</b>	<b>111,000,253</b>

- 2) The Company has investment in Tachyon Technologies Pvt. Ltd and BigSlick Infotech Pvt. Ltd. which represent 26 % and 37% of then equity capital. In view of the losses incurred by both these companies over the years, the holding company had made a provision for other than temporary diminution in their carrying value so as to reduce the carrying value to zero. No recent financial statements of these companies are available. Currently, there is no representation on the board of directors, or other participation in policy making process, the holding company (and "Group") has no transactions with these companies. Accordingly, these companies are not accounted for investments in associates in the preparation and presentation of these consolidated financial statements.

Notes forming part of the Consolidated Financial Statements

**13. LONG –TERM LOANS AND ADVANCES (Unsecured)**

Long – term loans and advances consists of the following:

**Considered Good**

Rent deposits	
Loans to employees	
Recoverable taxes (net of provision of ₹ 2,075,691) (Refer Note no. 25)	
Prepaid expenses.	
<b>Total</b>	

As at March 31, 2016	As at March 31, 2015
₹	₹
11,887,492	45,783,301
2,799,853	2,054,050
78,168,324	73,371,371
8,953,667	8,106,485
<b>101,809,336</b>	<b>129,315,207</b>

Notes :

- Loans given to employees as per the Company's policy are not considered for the purposes of disclosure under Section 186(4) of the Companies Act, 2013.

**14. TRADE RECEIVABLES**

Trade receivables consist of the following:

<b>Outstanding for a period</b>	
(a) Over six months from the date they were due for payments	
(i) Considered good#	
(ii) Considered doubtful	
(b) Others	
(i) Considered good	
(ii) Considered doubtful	
<b>Total (a+b)</b>	
Less: Provision for doubtful debts	
<b>Total</b>	

As at March 31, 2016	As at March 31, 2015
₹	₹
-	413,094
29,443,944	33,026,389
29,443,944	33,439,483
134,352,672	154,554,328
6,453,456	5,788,092
140,806,128	160,342,420
<b>170,250,072</b>	<b>193,781,903</b>
35,897,400	38,814,504
<b>134,352,672</b>	<b>154,967,399</b>

#The amount has been received subsequent to balance sheet date

Notes forming part of the Consolidated Financial Statements

**15. CASH AND CASH EQUIVALENTS**

Cash and cash equivalent consist of the following:

	As at March 31, 2016	As at March 31, 2015
	₹	₹
<b>Cash and cash equivalents</b>		
(a) Balances with banks		
In current account	47,251,822	98,625,052
In EEFC account	140,165	1,531,946
Cash on hand	18,562	18,563
	47,410,549	100,175,561
(b) Other		
In deposits account	143,590,184	418,993,529
	143,590,184	418,993,529
<b>Total (a+b)</b>	<b>191,000,733</b>	<b>519,169,090</b>

**16. SHORT-TERM LOANS AND ADVANCES (Unsecured, considered good)**

Short-term loans and advances consist of the following:

	As at March 31, 2016	As at March 31, 2015
	₹	₹
Supplier advances	10,711,223	13,815,839
Rent deposits	25,760,000	1,259,602
Loan to employees	2,119,925	3,152,681
Prepaid expenses	22,558,670	25,916,053
Others	440,442	606,142
<b>Total</b>	<b>61,590,260</b>	<b>44,750,317</b>

**17. OTHER CURRENT ASSETS**

Other current assets consist of the following:

	As at March 31, 2016	As at March 31, 2015
	₹	₹
Interest accrued but not due	385,806	4,576,381
Deposit under lien	-	1,500,000
Amount receivable on sale of investment	-	28,898,667
<b>Total</b>	<b>385,806</b>	<b>34,975,048</b>



Notes forming part of the Consolidated Financial Statements

**18. REVENUE FROM OPERATIONS**

Revenue from operations consists of the following:

	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
Online advertising	350,716,417	402,604,106
Fee based services	403,823,057	398,162,820
US Publishing	116,813,907	137,162,523
<b>Total</b>	<b>871,353,381</b>	<b>937,929,449</b>

**19. OTHER INCOME (NET)**

Other income (net) consists of the following:

	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
Interest income:		
Interest on fixed deposits	26,295,089	56,458,209
Interest on income-tax refund	1,638,910	4,755,282
Interest others	2,046,759	2,547,579
Miscellaneous Income	13,845,483	11,632,833
Provision for doubtful debts written back	82,348	-
<b>Total</b>	<b>43,908,589</b>	<b>75,393,903</b>

**20. EMPLOYEE BENEFIT EXPENSES**

Employee benefit expenses consist of the following:

	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
Salaries and wages	431,458,971	440,941,305
Contribution to provident fund	13,749,795	14,131,678
Gratuity	7,476,885	9,359,670
ESOP compensation costs	810,966	3,674,638
Staff welfare expenses	21,073,028	25,025,492
<b>Total</b>	<b>474,569,645</b>	<b>493,132,783</b>

**Notes forming part of the Consolidated Financial Statements**

**21. OPERATION AND OTHER EXPENSES**

Operation and other expenses consist of the following:

	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
Content Charges	47,876,846	24,047,818
Advertisement insertion charges	72,837,177	66,538,212
Multi-System Operator charges	24,093,681	24,333,497
Newspaper Printing and circulation	24,457,084	69,280,553
Domain registration charges	23,429,546	24,712,566
Subscription and SMS based costs	9,617,007	8,364,859
E-Commerce – Courier, Freight and Forward	148,798,934	151,059,529
Bandwidth	133,785,922	141,618,694
Software Usage charges	28,971,863	31,829,981
Product development charges	15,847,404	17,257,341
	29,356,227	103,775,764
Advertising		
Event cost (India Abroad)	8,440,253	11,272,849
Market support	67,730,825	84,534,245
Rent and amenities	54,201,609	63,679,963
Electricity charges	10,375,894	11,250,046
Telecommunication	6,221,555	5,844,180
Repairs and maintenance:		
Computers	23,056,160	40,006,996
Others	1,253,743	1,326,322
Insurance	14,726,679	13,852,885
Travel and conveyance	28,819,818	39,743,729
Rates and taxes	1,128,735	246,061
Foreign exchange (gain)/ loss	768,077	7,304,523
Bank Charges	9,674,428	12,439,445
Provision for doubtful debts (net)	-	2,538,223
Director Remuneration/Fees	4,245,800	16,204,750
Legal and Professional Fees (Refer Note No. 19)	58,859,825	41,795,730
Loss/(Gain) on sale of Fixed Assets	(426,792)	123,609
Other Miscellaneous expenses	33,147,158	28,012,786
<b>Total</b>	<b>881,295,458</b>	<b>1,042,995,156</b>

Notes forming part of the Consolidated Financial Statements

22. AUDITOR'S REMUNERATION

	2015-16 ₹	2014-15 ₹
(i) For service as auditors	1,000,000	2,350,000
(ii) For taxation matters	200,000	740,000
(iii) For other services (US GAAP and SOX)	-	10,719,000
(iv) For reimbursement of expenses	-	277,565
(v) For service tax*	174,000	1,741,099
	<b>1,374,000</b>	<b>15,827,664</b>

\* Service tax credit has been availed.

# M/s. Deloitte Haskins & Sells LLP have tendered their resignation before signing the Financial Statements for the year ended March 31, 2016. This has resulted in a casual vacancy in the office of the statutory auditors. To fill the vacancy the Company appointed M/s. Patkar & Pendse as statutory auditors of the Company for the year ended March 31, 2016.

23. RETIREMENT BENEFIT PLAN

**Defined – Benefit Plans**

The Company offers its employees unfunded defined-benefit plan in the form of gratuity. This plan provides for a lump-sum payment to be made to vested employees at retirement, death or termination of employment. Commitments are actuarially determined at year-end. Actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the Statement of Profit and Loss.

Defined benefit commitments:

	2015-16 ₹	2014-15 ₹
Benefit obligation at the beginning of the year	37,532,063	32,478,974
Actuarial loss/(gain)	(1,004,895)	1,636,781
Current service cost	5,023,469	4,515,667
Interest cost	3,268,037	3,207,222
Benefits paid	(3,938,706)	(4,306,581)
Benefit obligation at the end of the year	<b>40,879,968</b>	<b>37,532,063</b>

Current Portion of Benefit Obligation	6,034,039	2,375,977
Non-Current Portion of benefit Obligation	34,845,928	35,156,086



Notes forming part of the Consolidated Financial Statements

Expense on defined benefit plan:

	2015-16 ₹	2014-15 ₹
Service cost	5,023,469	4,515,667
Interest cost	3,268,037	3,207,222
Recognised net actuarial loss/(gain)	(1,004,895)	1,636,781
Net gratuity cost	7,286,611	9,359,670

The actuarial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions which if changed, would affect the defined benefit commitment's size and expense:

	2015-16	2014-15
Rate for discounting liabilities	7.55%	7.90%
Salary escalation rate	7.00%	7.00%
Expected rate of return on assets	0.00%	0.00%
Mortality rates	Indian Assured live mortality Table (2006-08)	Indian Assured live mortality table (2006-08)

The estimate of future salary increase, considered in the actuarial valuation, take account of inflation, seniority, promotion, and other relevant factors. The above information is certified by the actuary.

Experience adjustment:

	2015-16 ₹	2014-15 ₹	2013-14 ₹	2012-13 ₹	2011-12 ₹
Defined benefit obligation	40,879,967	37,532,063	32,478,975	30,903,456	24,414,296
(Deficit)	(40,879,967)	(37,532,063)	(32,478,975)	(30,903,456)	(24,414,296)
Experience adjustment on plan liabilities	(2,381,560)	(2,041,271)	(1,236,957)	(579,376)	(56,872)

**Defined-Contribution Plans**

The Company makes contribution towards provident fund and family pension fund to a defined contribution retirement benefit plan for qualifying employees. The provident fund and pension fund are administered by the Government of India. Under the schemes, the Company is required to contribute a specified percentage of salary to the retirement benefit schemes to fund the benefits. A sum of ₹ 1,3749,795 (*Previous Year* 13,957,625) has been charged to the revenue account in this respect.

Notes forming part of the Consolidated Financial Statements

24. EMPLOYEE STOCK OPTION PLANS (ESOP)

(a) 2002 Stock Option Plan (2002 ESOP)

In January 2002, the Board of directors of the holding company approved the 2002 Stock Option Plan ("2002 ESOP") which provide for the grant of incentive stock options and non-statutory stock options to the Company's employees. All options under these plans are exercisable for the ADRs of the Company. A total of 280,000 of the Company's equity shares were reserved for issuance pursuant to 2002 ESOP plan. Of which 12,000 equity shares were reserved under 2015 Stock Option Plan.

Number of options granted, exercised and forfeited during the year ended March 31,	2002 ESOP			
	Options	Weighted average exercise price	Range of exercise price	Weighted average remaining contractual life
Options outstanding, beginning of period	8,250			
Expired	-			
<b>Options outstanding, end of period</b>	<b>8,250</b>	<b>980.13</b>	<b>980.13</b>	<b>5.3</b>

Options exercisable as at March 31, 2016, were 8,250 (Weighted average exercise price ₹ 980.13).

(b) 2004 Stock Option Plan (2004 ESOP)

In June 2004, the Board of directors of the holding company approved the 2004 Stock Option Plan ("2004 ESOP") for grant of stock options to the Company's employees. A total of 358,000 equity shares were reserved for issuance under the plan. Of which 91,000 equity shares were reserved under 2015 Stock Option Plan.

Number of options granted, exercised and forfeited during the year ended March 31,	2004 ESOP			
	Options	Weighted average exercise price	Range of exercise price	Weighted average remaining contractual life
Options outstanding, beginning of period	97,375			
Granted	-			
Expired	(2000)			
Forfeited	(1,875)			
<b>Options outstanding, end of period</b>	<b>93,500</b>	<b>488.72</b>	<b>223 to 1,042</b>	<b>3.3</b>

Options exercisable as at March 31, 2016, were 79,437 (Weighted average exercise price ₹ 535.59).

**Notes forming part of the Consolidated Financial Statements**

**(c) 2006 Stock Option Plan (2006 ESOP)**

The 2006 Stock Option Plan ("2006 ESOP") was adopted and approved by the Compensation committee of the holding company on June 20, 2006 in accordance with the approval granted by shareholders on March 31, 2006. A total of 670,000 equity shares were approved for issuance under the plan.

Number of options granted, exercised and forfeited during the year ended March 31,	2006 ESOP			
	Options	Weighted average exercise price	Range of exercise price	Weighted average remaining contractual life
Options outstanding, beginning of period	489,313			
Forfeited	(250)			
<b>Options outstanding, end of period</b>	<b>489,063</b>	<b>402.91</b>	<b>10 to 1,279</b>	<b>2.8</b>

Options exercisable as at March 31, 2016, were 488,313 (Weighted average exercise price ₹ 403.13).

**(d) 2015 Stock option plan (2015 ESOP)**

In January 2015, the Board of directors approved the 2015 Stock Option Plan ("2015 ESOP") for grant of stock options to the Company's employees. A total of 103,000 equity shares (comprising of 12,000 equity shares from 2002 Stock Option Plan and 91,000 equity shares from 2004 Stock Option Plan) were reserved for issuance under the plan.

Number of options granted, exercised and forfeited during the year ended March 31,	2015 ESOP			
	Options	Weighted average exercise price	Range of exercise price	Weighted average remaining contractual life
Granted	36,800			
<b>Options outstanding, end of period</b>	<b>36,800</b>	<b>229.86</b>	<b>229.86</b>	<b>8.8</b>

Options exercisable as at March 31, 2016, were 9,200 (Weighted average exercise price Rs. 229.86)

**(e) Method used for accounting for share based payment plan:**

The Company has used the intrinsic value method to account for the compensation cost of stock option to employees of the company. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. During the year ended March 31, 2016, the Company's equity shares were traded on the NASDAQ Global Market in the form of ADRs.



**Notes forming part of the Consolidated Financial Statements**

**(f) Fair Value Methodology:**

The fair value of options used to compute pro forma net income and earnings per equity share have been estimated on the date of grant using Black-Scholes model.

	<b>2015-16</b> ₹	<b>2014-15</b> ₹
Net loss as reported	<b>(50,0370,746)</b>	<b>(836,648,394)</b>
Add: Stock-based employee compensation	810,966	3,674,638
Less: Stock-based compensation expenses determined under fair value method (Proforma) #	6,280,997	26,093,028
Proforma net loss	<b>(505,840,777)</b>	<b>(859,066,784)</b>
Loss per share		
Basic – as reported	(36.27)	(60.65)
– <b>Proforma</b>	<b>(36.67)</b>	<b>(62.27)</b>
Diluted – as reported	(36.27)	(60.65)
– <b>Proforma</b>	<b>(36.67)</b>	<b>(62.27)</b>

# includes stock based compensation cost in respect of stock options issued prior to implementation of Guidance Note on Accounting for Employee Share-based Payments adopted by the Company with effect from April 1, 2006.

**25. SEGMENT REPORTING**

Segment report for the year ended March 31, 2016:

**Primary Segment Disclosure - Business Segment**

- (i) India Online business, comprised of revenues from online advertising (which includes display, performance and sponsorship formats) and fee-based services (which includes e-commerce marketplace fees and revenues from subscription-based email services and mobile value added services).
- (ii) US Publishing business, comprised of revenues from advertising and subscription for India Abroad print and online properties and online advertising revenue from the Rediff India Abroad website.

## Notes forming part of the Consolidated Financial Statements

Revenue from External Customers	2016			
	India Online	US Publishing	Other	Total
Advertising	350,716,417	94,012,547	-	444,728,964
Fee Based Revenue	403,823,058	22,801,359	-	426,624,417
Total Revenue	754,539,475	116,813,906	-	871,353,381
Segment Results (Before Exceptional Item)	(410,592,113)	(69,964,687)	-1500	(480,558,300)
Add: Exceptional items (Refer Note 30)	(54,316,611)	-	-	(54,316,611)
Segment Results (After Exceptional Item)	(464,908,724)	(69,964,687)	-1500	(534,874,911)
Add: Interest Income	25,828,666	9,293,969	228,490	35,351,125
Add: Unallocated Corporate Income				1,637,030
<b>Loss Before Tax</b>				<b>(497,886,756)</b>
Tax Expense				(2,483,989)
<b>Loss for the Year after Tax</b>				<b>(500,370,745)</b>

Other Information- Segment Assets & Liabilities	2016		
	India Online	US Publishing	Total
Segment Assets	203,739,247	11,654,122	215,393,369
Unallocable Corporate Assets			276,173,074
<b>Total Assets</b>			<b>491,566,443</b>
Segment Liabilities	508,390,331	54,805,570	563,195,901
Unallocable Corporate Liabilities			27,809,894
<b>Total Liabilities</b>			<b>591,005,795</b>

Other Information	2016		
	India Online	US Publishing	Total
Capital Expenditure	86,630,716	32,960	86,663,676
Depreciation and Amortization	116,142,686	354,572	116,497,258
ESOP Charge	810,966	-	

## Notes forming part of the Consolidated Financial Statements

Revenue from External Customers	2015			
	India Online	US Publishing	Other	Total
Advertising	402,604,106	127,511,082	-	530,115,188
Fee Based Revenue	398,162,821	9,651,441	-	407,814,262
Total Revenue	800,766,927	137,162,523	-	937,929,450
Segment Results (Before Exceptional Item)	(616,335,281)	(98,360,466)	-	(714,695,747)
Add: Exceptional items (Refer Note 30)	(196,394,053)	(48,003)	-	(196,442,056)
Segment Results (After Exceptional Item)	812,729,334	(100,217,455)		(911,137,803)
Add: Interest Income	59,000,916	25,553	228,468	59,254,937
Add: Unallocated Corporate Income				16,138,966
<b>Loss Before Tax</b>				<b>(835,743,900)</b>
Tax Expense				904,493
<b>Loss for the Year after Tax</b>				<b>(836,648,393)</b>

Other Information- Segment Assets & Liabilities	2015		
	India Online	US Publishing	Total
Segment Assets	235,630,653	50,429,566	286,060,219
Unallocable Corporate Assets			597,116,841
<b>Total Assets</b>			<b>883,177,060</b>
Segment Liabilities	418,620,734	64,789,626	483,410,360
Unallocable Corporate Liabilities			28,567,915
<b>Total Liabilities</b>			<b>511,978,275</b>

Other Information	2015		
	India Online	US Publishing	Total
Capital Expenditure	86,630,716	32,960	86,663,676
Depreciation and Amortization	116,142,686	354,572	116,497,258
ESOP Charge	3,674,638	-	3,674,638



## Notes forming part of the Consolidated Financial Statements

## Secondary Segment Disclosure-Geographical Segment

The geographical segments are considered for disclosure as secondary segment. Domestic Segment includes sales to customers located in India and service income accrued in India. Overseas Segment includes sales to customers located outside India.

Particulars	2016		
	Domestic	Overseas	Total
Revenue from external customers	752,544,738	185,384,711	937,929,449
Segment Assets	203,739,247	11,654,122	215,393,369
Capital Expenditure	86,630,716	32,960	86,663,676

Particulars	2015		
	Domestic	Overseas	Total
Revenue from external customers	752,544,738	185,384,711	937,929,449
Segment Assets	251,966,574	50,429,566	302,396,140
Capital Expenditure	86,630,716	32,960	86,663,676

## 26. OBLIGATION TOWARDS OPERATING LEASES

The Company leases office space and residential apartments for employees under various operating leases. Operating lease expense that has been included in the determination of the net profit/loss is as follows:

	2015-16 ₹	2014-15 ₹
Office Premises	34,058,190	58,666,867
Residential flats for accommodation of employees	5,050,938	5,013,095
<b>Total</b>	<b>39,109,128</b>	<b>63,679,962</b>

The minimum annual rental commitments under operating leases are as follows:

	2015-16 ₹	2014-15 ₹
Not later than one year	25,552,297	30,142,969
Later than one year and not later than five years	5,018,300	35,000,223
<b>Total payments</b>	<b>30,570,597</b>	<b>65,143,192</b>

## Notes forming part of the Consolidated Financial Statements

## 27. EARNING PER EQUITY SHARES

	2015-16	2014-15
A. Net (loss) attributable to equity shareholders (₹)	(500,370,746)	(836,648,394)
B. Weighted average number of equity shares outstanding during the year	13,795,178	13,795,178
C. Potentially dilutive equity share equivalents (stock options)	-	-
D. Weighted average number of equity shares and potentially dilutive equity share equivalents outstanding	13,795,178	13,795,178
E. Nominal value of Equity Shares (₹)	5.00	5.00
Basic Earnings per Share (₹)	(36.27)	(60.65)
Diluted Earnings per Share (₹)	(36.27)	(60.65)

## 28. CONTINGENCIES AND CAPITAL COMMITMENTS

**Contingent liabilities:**

During 2012-13, the holding Company had received a demand notice from Income Tax Authorities resulting in a contingent liability of interest u/s. 201 (1A) of ₹ 8,524,108. This was mainly on account of disallowance of payment made for purchase of bandwidth on which tax had not been deducted at source for the assessment years 2010-11 and 2011-12. The Company has paid ₹ 4,039,200 under protest and matter is pending with the Commissioner of Income Tax (Appeal).

The Income tax authorities in India have disallowed certain expenses claimed by the Company for certain years which if confirmed by the appellate authorities will be adjusted against the income tax carry forward losses claimed by the Company and not result in outflow of resources embodying economic benefits.

The Company has lodged appropriate proceedings with the relevant income tax authorities and expects to prevail in the appellate proceedings

The Group is also subject to other legal proceedings and claims, which have arisen in the ordinary course of its business. Those actions, when ultimately concluded and determined, will not, in the opinion of management, have a material effect on the results of operations, cash flows or the financial position of the Group.

The Group has not recognized any loss accrual for the litigation disputes as the Group believes that it is probable that it would be successful on resolution of the litigation.

**Notes forming part of the Consolidated Financial Statements****Capital Commitments :**

Estimated amount of contracts remaining to be executed on capital account and not provided for

2015-16 ₹	2014-15 ₹
8,499,069	26,570,510

**29. DERIVATIVE TRANSACTION**

The Group has not entered in to any derivative transaction during the year ended March 31, 2015.

Foreign exchange currency exposures not hedged by derivative instruments are:

Sl. No.	Particulars	2015-16		2014-15	
		Amount \$	Amount ₹	Amount \$	Amount ₹
1	Amount receivable on account of sale of services	688203	45,648,474	377,277	23,613,743
2	Creditors payable on account of foreign currency expenditure	(454,861)	30,170,947	(232,194)	(14,533,024)
3	Foreign currency bank balances	2,113	140,165	24,476	15,31,946

**30. IMPAIRMENT OF FIXED ASSETS**

At the year end, the Group has recognized an impairment loss of Rs. 54,316,611 (PY Rs. 196,442,056) on its Fixed Assets relating to its India Online business which includes revenue from advertising and fee based services. The impairment was on account of significant decline in advertisement revenue as there has been a continued reduction in spends by customers which is consistent with industry trends. As a consequence the Company has been experiencing a decline in its display advertisement revenue, and incurring net operating cash losses. The net realizable value of the India Online business asset group is insignificant.

**31. DEFERRED TAX ASSET**

The items that could have resulted in deferred tax assets mainly include the net operating loss and unabsorbed depreciation carry-forward, depreciation, retirement benefits and provisions for bad and doubtful debts. Such deferred tax assets have not been recognised since there is no virtual/ reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.



## Notes forming part of the Consolidated Financial Statements

## 32. Additional information as required by schedule III to the Companies Act, 2013.

	Net Assets, i.e. total assets minus total liabilities				Share in profit or loss	
	As % of consolidated net assets	Amount in (₹)	As % of consolidated profit or loss	Amount in (₹)		
Rediff.com India Limited	72%	(90,852,733)	69%	(345,013,046)		
<b>Indian Subsidiary</b>						
Vubites India Pvt. Ltd.	(21%)	26,237,371	18%	(92,429,984)		
<b>Foreign Subsidiaries (including step down subsidiaries)</b>						
Rediff Holdings, Inc.	13%	(16,916,760)	5%	(23,759,900)		
India Abroad Publications Inc	36%	(46,208,435)	5%	(22,768,452)		
Rediff.com Inc	1%	(1,728,448)	3%	(16,483,504)		
India New York Inc.	0%	377,233				
India Abroad Publication (Canada) Inc.			0%	(142,850)		
Value communication corporation Inc.	1%	(953,029)		-		
Rediff.com Employee Trust	(2%)	3,168,124	0%	226,990		
Total Consolidated Net Assets		(126,876,679)				
Total Consolidated Loss				(500,370,746)		

**Notes forming part of the Consolidated Financial Statements**

**33. SUBSEQUENT EVENT**

On April 27, 2016 the Company decided and filed an application in Form 25 with the Securities and Exchange Commission ("SEC") to voluntarily withdraw its ADS's from listing on the Nasdaq Stock Market's Capital Market. Following the filing of Form 25, the Company deregistered its ADS's and ceased to submit and circulate its periodic reports as required under the SEC regulations.

The Company also noted its reason for withdrawal from listing and registration which was the prohibitive costs of filing periodic reports with SEC and meeting other applicable regulatory requirements, in light of its current financial position. Accordingly, the Company believes it is in the best interests of the shareholders at this time, to significantly reduce such expenses, and that the anticipated cost savings from this action more than offset the benefits of being a reporting company.

34. The Company has prepared its consolidated financial statements for the first time and hence corresponding figures for the previous year have not been given.

For and on behalf of the Board of Directors

/s/ Ajit Balakrishnan  
Chairman & Managing Director  
DIN: 00073814

/s/ Arun Nanda  
Director  
DIN: 00034744

/s/ Pooja Lohade  
Company Secretary, ACS-21584  
Mumbai, India  
Date: February 3, 2017

## INDEPENDENT AUDITORS' REPORT

To the Members of  
**REDIFF.COM INDIA LIMITED**

### **Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of **REDIFF.COM INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 with respect to the preparation and presentation of these standalone 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 includes maintenance of adequate accounting records in accordance with the provision 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these standalone 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 disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of



material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the company's directors, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 affairs of the company as at 31<sup>st</sup> March 2016 and its loss and its cash flows for the year ended on that date.

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 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 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 standalone financial statements comply with the Accounting Standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e) on the basis of written representations received from the directors as on March 31, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164(2) of the Act;
  - f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure 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 has disclosed the impact of pending litigations on its financial position in its financial statements – Refer note 26 to the financial statements.

- ii) the company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii) there were no amounts, which were required to be transferred to the Investor Education and Protection Fund by the company.

**For Patkar & Pendse  
Chartered Accountants  
(Firm Registration No. 107824W)**

**/s/B.M. Pendse  
Partner.  
(Membership No. 32625)**

**Place : Mumbai  
Date : February 3, 2017**

## ANNEXURE – “A” TO THE INDEPENDENT AUDITORS’ REPORT

As per the Annexure - A referred to in our Independent Auditors’ Report to the members of the company on the standalone financial statements for the year ended 31<sup>st</sup> March 2016, we report that:

1. (a) The Company had maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.  
  
 (b) As explained to us all fixed assets had not been physically verified by the management during the year but the Company has a system of verifying the fixed assets once in every three years. In our opinion the frequency of verification is at reasonable intervals.  
  
 (c) According to the information and explanations given to us and from our examination of the books and records, no immovable properties are owned by the Company.
2. The Company does not hold inventories and accordingly, clause (ii) of paragraph 3 is not applicable.
3. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 189 of the Companies Act, 2013. Consequently, the provisions of clauses iii (a) and iii (b) of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
5. According to the information and explanation given to us the company has not accepted any deposits from the public.
6. According to the information and explanations given to us the Central Government has not prescribed the maintenance of cost records under section 148(1)(d) of the Companies Act, 2013 for any of the software developed and services rendered by the Company.
7. (a) 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 generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, sales tax, wealth tax, customs



duty, excise duty, service tax, value added tax, cess and any other material statutory dues in arrears as at 31<sup>st</sup> March, 2016 for a period of more than six months from the date they became payable.

- (b) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise duty and Cess, as applicable, which have not been deposited as on 31<sup>st</sup> March, 2016 on account of disputes are given below :

Name of the Statute	Nature of Dues	Forum where dispute is pending	Period to which the Amount Relates	Amount Involved (Rupees )
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeal)	2009-10 and 2010-11	4,484,908

8. In our opinion and according to the information and explanations given to us, there were no loans taken by the Company from financial institutions and banks and the company has not issued any debentures.
9. According to the information and explanations given to us the Company did not have any term loan outstanding during the year. Also the Company had not raised any money by way of initial public offer or further public offer during the year.
10. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
12. In our opinion and 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.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations give to us and based on 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.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For Patkar & Pendse  
Chartered Accountants  
(Firm Registration No. 107824W)**

**/s/B.M. Pendse  
Partner.  
(Membership No. 32625)**

**Place : Mumbai  
Date : February 3, 2017**

## **ANNEXURE – “B” TO THE INDEPENDENT AUDITORS’ REPORT**

### **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 **REDIFF.COM INDIA LIMITED** (“the Company”) as of 31 March 2016 in conjunction with our audit of the standalone 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.

#### **Auditors’ 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 and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s 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 unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Patkar & Pendse**  
**Chartered Accountants**  
**(Firm Registration No. 107824W)**

/s/B.M. Pendse  
Partner.  
(Membership No. 32625)

**Place : Mumbai**  
**Date : February 3, 2017**

REDIFF.COM INDIA LIMITED

CIN-U22100MH1996PLC096077

Balance Sheet as at March 31, 2016

Particulars	Note	As at March 31, 2016 ₹	As at March 31, 2015 ₹
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	3	74,050,890	74,050,890
(b) Reserves and Surplus	4	(215,117,229)	437,527,654
		<b>(141,066,339)</b>	<b>511,578,544</b>
<b>2 Non - Current Liabilities</b>			
(a) Other Long Term Liabilities	5	27,334,759	20,628,499
(b) Long - Term Provisions	6	60,118,401	61,608,736
		<b>87,453,160</b>	<b>82,237,235</b>
<b>3 Current Liabilities</b>			
(a) Trade Payables	6A	279,796,491	204,080,881
(b) Other Current Liabilities	7	189,887,221	183,932,709
(c) Short - Term Provisions	8	11,816,626	7,389,741
		<b>481,500,338</b>	<b>395,403,331</b>
<b>TOTAL</b>		<b>427,887,159</b>	<b>989,219,110</b>
<b>II ASSETS</b>			
<b>1 Non - Current Assets</b>			
(a) Fixed Assets	9		
(i) Tangible Assets		-	-
(ii) Intangible Assets		-	-
(iii) Intangible Assets under Development		-	-
(b) Non - Current Investments	10	-	-
(c) Long - Term Loans and Advances	11	79,515,515	308,241,702
		<b>79,515,515</b>	<b>308,241,702</b>
<b>2 Current Assets</b>			
(a) Trade Receivables	12	107,786,656	127,190,017
(b) Cash and Cash Equivalents	13	182,134,347	508,366,738
(c) Short-Term Loans and Advances	14	58,064,835	39,344,272
(d) Other current assets	14A	385,806	6,076,381
		<b>348,371,644</b>	<b>680,977,408</b>
<b>TOTAL</b>		<b>427,887,159</b>	<b>989,219,110</b>
<b>III Notes forming part of the Financial Statements</b>	1-34		

In terms of our report attached.  
For Patkar & Pendse  
Chartered Accountants  
Firm Reg. No. 107824W

For and on behalf of the Board of Directors

/s/B. M. Pendse  
Partner  
M.No. 32625

/s/Ajit Bala Krishnan  
Chairman & Managing Director  
DIN: 00073814

/s/Arun Nanda  
Director  
DIN: 00034744

/s/Pooja Lohade  
Company Secretary, ACS-21584  
Mumbai, February 3, 2017

Mumbai, February 3, 2017

REDIFF.COM INDIA LIMITED  
CIN-U22100MH1996PLC096077  
Statement of Profit and Loss for the Year Ended March 31, 2016

Particulars	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
		₹	₹
I Revenue From Operations	15	691,213,476	742,313,239
II Other Income (Net)	16	37,552,282	75,117,593
<b>TOTAL REVENUE</b>		<b>728,765,758</b>	<b>817,430,832</b>
III Expenses:			
(a) Employee Benefit Expenses	17	352,525,275	357,753,445
(b) Depreciation and Amortization Expense	9	2,967,012	104,790,430
(c) Operation and Other Expenses	18	663,969,905	787,867,136
<b>TOTAL EXPENSES</b>		<b>1,019,462,192</b>	<b>1,250,411,011</b>
IV <b>LOSS BEFORE EXCEPTIONAL ITEMS AND TAX</b>		<b>(290,696,434)</b>	<b>(432,980,179)</b>
V Exceptional Items:			
Impairment of Fixed Assets	31	54,316,611	191,711,410
Diminution in Long Term Investments, etc.	30	308,442,803	162,579,477
Total		<b>362,759,414</b>	<b>354,290,887</b>
VI Provision for Tax		-	-
VII <b>LOSS FOR THE YEAR</b>		<b>(653,455,849)</b>	<b>(787,271,066)</b>
VIII Earnings Per Equity Share (Face Value of ₹5 each) - Basic and Diluted		(44.12)	(53.16)
IX Notes forming part of the Financial Statements	1-34		

In terms of our report attached.

For Patkar & Pendse  
Chartered Accountants  
Firm Reg. No. 107824W

For and on behalf of the Board of Directors

/s/B. M. Pendse  
Partner  
M.No. 32625

/s/Ajit Balakrishnan  
Chairman & Managing Director  
DIN: 00073814

/s/Arun Nanda  
Director  
DIN: 00034744

Mumbai, February 3, 2017

/s/Pooja Lohade  
Company Secretary, ACS-21584  
Mumbai, February 3, 2017



REDIFF.COM INDIA LIMITED  
CIN-U22100MH1996PLC096077  
Cash Flow Statement for the Year Ended March 31, 2016

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
<b>Cash Flow from Operating Activities</b>		
(Loss) Before Taxes	(653,455,849)	(787,271,066)
<b>Adjustments for:</b>		
Depreciation and Amortisation Expense	2,967,012	104,790,430
Impairment of Fixed assets	54,316,611	191,711,411
Employee Stock Option Expenses	810,966	3,674,638
Interest Income	(27,695,639)	(63,484,760)
(Write Back)/ Write Off of Provision of Doubtful Receivables	-	655,558
Provision for diminution in long term investment etc.	308,442,803	162,579,477
(Profit) / Loss on Sale of Fixed Assets	(426,792)	123,609
Unrealised Exchange Difference	(376,412)	5,444,484
<b>Operating Loss Before Working Capital Changes</b>	<b>(315,417,299)</b>	<b>(381,776,218)</b>
<b>Changes in Working Capital:</b>		
Trade Receivables	23,822,620	34,268,558
Loans and Advances	15,433,773	(1,792,664)
Trade Payables, Current Liabilities and Provisions	73,178,291	2,863,586
Other Current Assets	-	4,576,381
<b>Cash used in Operating Activities</b>	<b>(202,982,616)</b>	<b>(341,860,356)</b>
Taxes Refund, Net of paid	23,385,870	34,234,698
<b>Net Cash used in Operating Activities (A)</b>	<b>(179,596,746)</b>	<b>(307,625,659)</b>
<b>Cash Flow From Investing Activities</b>		
Payments to Acquire Fixed Assets	(62,453,336)	(70,120,871)
Proceeds from Sale of Fixed Assets	426,792	177,722
Loan given to Vubites India Pvt Ltd	(110,608,013)	(107,657,082)
Interest Income Received	26,058,609	54,153,097
<b>Net Cash (used in)/from Investing Activities (B)</b>	<b>(146,575,948)</b>	<b>(123,447,134)</b>
<b>Net (Decrease) in Cash and Cash Equivalents (A+B)</b>	<b>(326,172,694)</b>	<b>(431,072,793)</b>
Cash and Cash Equivalents at the Beginning of the Year	508,082,991	939,155,784
Cash and Cash Equivalents at the End of the Year	181,910,297	508,082,991
<b>Note ;</b>		
<b>Cash and Cash Equivalents Include:</b>		
Cash on Hand	5,211	5,211
Bank Balances	181,905,086	508,077,780
<b>Cash and Cash Equivalents as above</b>	<b>181,910,297</b>	<b>508,082,991</b>
Effect of Exchange Rate Changes	224,050	283,747
<b>Cash and Cash Equivalents per Note 13</b>	<b>182,134,347</b>	<b>508,366,738</b>

Notes forming part of the Financial Statements

1-34

In terms of our report attached.

For and on behalf of the Board of Directors

For Patkar & Pendse  
Chartered Accountants  
Firm Reg. No. 107824W

/s/B. M. Pendse  
Partner  
M.No. 32625

/s/Ajit Balakrishnan  
Chairman & Managing Director  
DIN: 00073814

/s/Arun Nanda  
Director  
DIN: 00034744

/s/Pooja Lohade  
Company Secretary, ACS-21584  
Mumbai, February 3, 2017

Mumbai, February 3, 2017

**Notes forming part of the Financial Statements****1. CORPORATE INFORMATION**

Rediff.com India Limited ("Rediff" or "the Company") is in the business of providing online internet based services, focusing on India and the global Indian community. Its websites consists of matters relevant to Indian interests such as cricket, astrology, matchmaker and movies, content on various matters like news and finance, search facilities, a range of community features such as e-mail, chat, messenger, e-commerce, broadband wireless content and mobile value-added services to mobile phone subscribers in India.

**2. SIGNIFICANT ACCOUNTING POLICIES****a) Basis of preparation of financial statements**

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP) 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.

Out of abundant caution, the Company has recorded huge impairment charge on its investments, loans and fixed assets, reducing them to nil over the past years. Such impairment losses have largely been the reason for the resulting negative net-worth of the Company. The management is constantly monitoring the financial conditions considering historical cash requirements and has taken the assumption that there will not be any significant decline in advertising revenues of the Company and believes that the Company will have sufficient resources to meets its obligations as they become due within one year from the date of these financial statements.

Based on the preceding paragraph, the accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

**b) Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in India requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

**c) Revenue recognition**

Revenues comprise of revenues from online advertising and fee based services. Online advertising includes advertisement and sponsorships. Fee based services include e-commerce, subscription services and mobile value-added services. E-commerce revenues primarily comprise of commission earned on sale of items to customers who shop online while subscription services comprise of subscriptions received for using e-mail, matchmaker and



**Notes forming part of the Financial Statements**

other subscriber services. Mobile value-added services include revenues derived from mobile operators based on value added text messages received and sent by mobile subscribers over their mobile phones.

**Online advertising**

Advertisement and sponsorship income is derived from customers who advertise on the Company's website or to whom direct links from the Company's website to their own websites are provided.

Revenue from display of advertisement and sponsorships is recognised ratably based on the delivery over the contractual period of the advertisement, commencing when the advertisement is placed on the website. Revenues are also derived from sponsor buttons placed in specific areas of the Company's website, which generally provide users with direct links to sponsor websites. These revenues are recognised ratably over the period in which the advertisement is displayed, provided that no significant Company obligations remain and collection of the resulting receivable is probable. Company obligations may include guarantees of a minimum number of impressions or clicks or leads or times that an advertisement appears in pages viewed by users of the Company's website. To the extent that minimum guaranteed impressions are not met, the Company defers recognition of the corresponding revenues until the guaranteed impression levels are achieved. The Company earn revenues from the sending of email messages to its users on behalf of advertisers and such revenues are recognized ratably over the contracted period.

**Fee based services**

Online shopping (E-commerce) revenue primarily consists of commission from the sale of books, music, apparel, confectionery, gifts and other items to retail customers who shop at the Company's online store. . The Company recognizes as revenues the commission earned on these transactions and shipping costs recovered from customers. The Company provides incentives to its customers in the form of coupons and promo codes. These incentives are treated as reductions in revenue and in cases where such incentives exceed the commission amount; the excess is recognized as cost of revenue.

Subscription service revenues primarily include income from various paid email, web hosting and other service products that cater to a cross section of the Company's registered user base. The revenue for subscription based service products is deferred and recognised ratably over the *period of subscription*.

Subscription revenues are also derived from providing mobile value added services (MVAS) such as e-mail and other related products to mobile phone users. The Company contracts with third party mobile operators for sharing revenues from these services. SMS based revenues are recognised when the service is performed.



**Notes forming part of the Financial Statements****d) Tangible assets, intangibles, depreciation and amortisation****Tangible Assets**

Tangible assets are stated at cost less accumulated depreciation and impairment loss, if any. The Company depreciates tangible assets using the straight-line method, over the estimated useful lives of assets. The estimated useful lives of assets are as follows:

Furniture and fixtures	10 years
Computer equipment	1 to 3 years
Office equipment	3 to 10 years
Vehicles	8 years
Leasehold improvements	6 years

The effective rates of depreciation based on the estimated useful life of the tangible assets is higher than the rates as prescribed under Schedule II to the Companies Act, 2013.

Individual assets costing less than ₹ 5,000 are depreciated in full in the year of acquisition.

**Intangible Assets**

Intangible Assets are stated at cost less accumulated amortization and impairment loss, if any. Software includes costs incurred in the operations stage that provides additional functions or features to the Company's website, accounting and monitoring software. These are amortised over their estimated useful life of one to five years. Maintenance expenses or costs that do not result in new features or functions are expensed as product development costs, when incurred.

**e) Impairment of assets**

The carrying values of assets/cash-generating units at each balance sheet date are reviewed for impairment or more often if there is an indication of decline in value. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor.

**f) Investments**

Investments classified as long-term investments are stated at cost. Provision is made to recognise a decline, other than temporary, in the value of such investments. Cost of investments in wholly owned subsidiaries comprise of purchase cost as increased by legal fees, due diligence fees and other direct expenses connected with such acquisition.

**Notes forming part of the Financial Statements****g) Employee benefits****(i) Short term**

Short term employee benefits are recognised as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employees to the Company.

**(ii) Long term**

The Company has both defined-contribution and defined-benefit plans.

- **Defined-contribution plans**

These are plans in which the Company pays pre-defined amounts to separate funds. These comprise of contributions to the employees' provident fund and family pension fund. The Company's payments to the defined-contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

- **Defined-benefit plans**

The obligation for the unfunded defined-benefit gratuity is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gain and losses are recognised in full in the Statement of Profit and Loss for the period in which they occur.

**(iii) Other employee benefits**

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid. Where there are restrictions on availment of encashment of such accrued benefit or where the availment or encashment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

**h) Foreign currency transactions and translations.**

Transactions in foreign currency are recorded at the original rates of exchange in force at the time transactions are effected.

Monetary items of assets and liabilities denominated in a foreign currency are translated using the exchange rates prevailing at the date of Balance Sheet. Exchange gains / losses on account of exchange difference either on settlement or translation are recognised in the Statement of Profit and Loss.

Non-monetary items such as investments denominated in a foreign currency are reported using the exchange rate at the date of the transaction.



**Notes forming part of the Financial Statements****i) Stock based compensation**

The Company accounts for compensation expense under the Employee Stock Option schemes using the intrinsic value method as per the Guidance Note "Accounting for Employee Share-based Payments" issued by the Institute of Chartered Accountants of India.

**j) Earnings per share**

Basic earnings per equity share is computed by dividing the net profit/loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit/loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all potential equity shares on account of stock options outstanding. For the purpose of Earnings Per Share calculations, ADRs (American Depository Receipts) are converted to equity shares.

**k) Taxes**

Income taxes comprise both current and deferred tax.

Current income tax is measured at the amount expected to be paid to / recovered from the revenue authorities, using applicable tax rates and laws. Deferred tax is accounted for by computing the tax effect of timing differences, which arise during the year and reverse in subsequent periods. Deferred tax assets on account of accumulated losses, unabsorbed depreciation and other items are recognised only to the extent that there is virtual certainty of realisation of such assets in future.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and the Company intends to settle the asset and liability on a net basis.

**l) Cash and cash equivalent**

The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

Cash and cash equivalents consist of cash on hand, balances in current accounts, deposits with banks which are unrestricted as to withdrawal and use.

**m) Research and development expenses**

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.



## Notes forming part of the Financial Statements

## n) Leases

Leasing of assets whereby the lessor essentially remains the owner of the asset is classified as operating leases. The payments made by the Company as lessee in accordance with operational leasing contracts or rental agreements are expensed proportionally during the lease or rental period respectively. Any compensation, according to agreement, that the lessee is obliged to pay to the lessor if the leasing contract is terminated prematurely is expensed during the period in which the contract is terminated.

## o) Provisions and Contingencies

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized but are disclosed in the notes to the financial statement. A contingent asset is neither recognized nor disclosed.

## 3. SHARE CAPITAL

	As at March 31, 2016		As at March 31, 2015	
	Number	₹	Number	₹
<b>Authorised</b>				
Equity Shares of ₹ 5 each	24,000,000	120,000,000	24,000,000	120,000,000
<b>Issued, Subscribed and Fully Paid up</b>				
Ordinary Equity Shares of ₹5 each fully paid	14,810,178	74,050,890	14,810,178	74,050,890

## a. Reconciliation of ordinary shares outstanding at the beginning and at the end of the reporting period:

	As at March 31, 2016		As at March 31, 2015	
	Number	₹	Number	₹
At the beginning of the year	14,810,178	74,050,890	14,810,178	74,050,890
Shares issued during the year (on account of Stock Options exercised)	-	-	-	-
Outstanding at the end of the period	14,810,178	74,050,890	14,810,178	74,050,890

## b. Details of ordinary shares held by each shareholder holding more than 5% shares:

Name of shareholder	As at March 31, 2016		As at March 31, 2015	
	Number	% Holding	Number	% Holding
Rediffusion Holdings Private Limited	2,200,002	14.85%	2,200,002	14.85%

Notes forming part of the Financial Statements

Draper International India LP	2,178,000	14.71%	2,178,000	14.71%
Edelwiess Finance & Investments Limited.	1,523,000	10.28%	1,523,000	10.28%
Diwan Arun Nanda	1,244,740	8.40%	1,244,740	8.40%
Ajit Balakrishnan	1,100,190	7.43%	1,100,190	7.43%
Rediff.com India Limited Employee Trust	1,015,000	6.85%	1,015,000	6.85%

c. **Terms / rights attached to equity shares:**

In respect of every ordinary share, voting right shall be in the same proportion as the capital paid upon such Ordinary share bears to the total paid up ordinary capital of the company.

Holders of ADRs are not entitled to attend or vote at shareholders meetings. Holders of ADRs may exercise voting rights with respect to ordinary shares represented by ADRs only in accordance with the provisions of the Company's deposit agreement and Indian Law.

Each ADRs represents one half of an equity share.

- d. Issued and Subscribed Share Capital includes an aggregate of 194,378 (Previous year 194,378) Ordinary (Equity) Shares of Rs. 5 each allotted as fully paid-up pursuant to various ESOP Scheme with payment having been received in cash, for a period of five years immediately preceding the end of the financial year.

**4. RESERVES AND SURPLUS**

Reserves and surplus consist of the following reserves:

	As at March 31, 2016	As at March 31, 2015
	₹	₹
<b>Securities premium account</b>		
Opening balance	3,430,862,460	3,430,862,460
Addition during the year (on account of Stock Options exercised)	-	-
Closing balance	3,430,862,460	3,430,862,460
<b>Stock option outstanding account</b>		
Opening balance	138,426,453	134,751,815
ESOP Compensation Cost	810,966	3,674,638
Closing balance	139,237,419	138,426,453
<b>(Deficit) in the statement of profit and loss</b>		
Opening balance	(3,131,761,259)	(2,344,490,193)
Deficit during the year	(653,455,849)	(787,271,066)
Closing balance	(3,785,217,108)	(3,131,761,259)
<b>Total</b>	<b>(215,117,229)</b>	<b>437,527,654</b>

Notes forming part of the Financial Statements

**5. OTHER LONG-TERM LIABILITIES (UNSECURED)**

Other long-term liabilities consist of the followings:

	As at March 31, 2016	As at March 31, 2015
	₹	₹
Income received in advance	27,334,759	20,628,499
<b>Total</b>	<b>27,334,759</b>	<b>20,628,499</b>

**6. LONG – TERM PROVISIONS**

Long –term provisions consist of following:

	As at March 31, 2016	As at March 31, 2015
	₹	₹
Provision for employee benefits:		
Gratuity (unfunded)	33,173,295	33,472,482
Compensated absence (unfunded)	26,945,106	28,136,254
<b>Total</b>	<b>60,118,401</b>	<b>61,608,736</b>

**6A. TRADE PAYABLES**

	As at March 31, 2016	As at March 31, 2015
	₹	₹
Total outstanding dues to Micro and small Enterprises	-	-
Others for Goods and Services	279,796,491	204,080,881
<b>Total</b>	<b>279,796,491</b>	<b>204,080,881</b>

The information regarding Micro Enterprises and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.



Notes forming part of the Financial Statements

**7. OTHER CURRENT LIABILITIES**

Other current liabilities consist of the followings:

	As at March 31, 2016	As at March 31, 2015
	₹	₹
Capital creditors	7,414,128	12,583,839
Deposits from employees	4,359,745	3,849,887
Advance received from customers	6,663,506	5,325,993
Income received in advance	89,317,527	80,299,102
Other Liabilities	2,051,697	2,158,915
<b>Statutory liabilities</b>		
Tax deducted at source Payable	7,727,237	8,555,092
Others	18,972,122	18,956,526
<b>Other payables to related parties (unsecured):</b>		
India Abroad Publications Inc.	2,369,734	105,054
Rediff.com Inc.	41,735,536	39,382,289
Rediff Holding Inc.	-	3,963,049
Value Communication Corporation	9,275,988	8,752,963
<b>Total</b>	<b>189,887,221</b>	<b>183,932,709</b>

**8. SHORT – TERM PROVISIONS**

Short-term provisions consist of the followings:

	As at March 31, 2016	As at March 31, 2015
	₹	₹
Provision for employee benefits:		
Gratuity (unfunded)	5,904,495	2,244,316
Compensated absence (unfunded)	5,912,131	5,145,425
<b>Total</b>	<b>11,816,626</b>	<b>7,389,741</b>

Notes forming part of the Financial Statements

9. FIXED ASSETS - Fixed assets consist of the followings: (Amount in ₹)

Description	Gross Block as at April 1, 2015	Additions	Deletions	Gross Block as at March 31, 2016	Accumulated Depreciation as at April 1, 2015	Depreciation for the Year	Deletions	Accumulated Depreciation as at March 31, 2016	Net Block Value before Impairment as at March 31, 2016	Impairment as at 31 <sup>st</sup> March 2016	Net Block after impairment as at 31 <sup>st</sup> March 2016	Net Block Value as at March 31, 2015
<b>Tangible assets</b>												
Furniture and fixture	129,22,717	-	-	129,22,717	(116,73,119)	-	-	(116,73,119)	12,49,598	12,49,598	-	-
	207,04,331	-	(77,81,614)	129,22,717	(191,37,814)	(3,16,919)	77,81,614	(116,73,119)	12,49,598	12,49,598	-	15,66,517
Computer	8002,85,932	179,46,932	-	8182,32,864	(7408,57,885)	(27,85,690)	-	(7436,43,575)	745,89,289	745,89,289	-	-
	9149,63,415	484,93,571	(183,71,054)	8002,85,932	(8749,45,160)	(490,83,779)	183,71,054	(7408,57,885)	594,28,047	594,28,047	-	600,18,233
Office equipment	151,06,738	1,68,100	-	152,74,838	(107,59,750)	(21,306)	-	(107,81,056)	44,93,782	44,93,782	-	-
	160,43,003	7,96,371	(17,32,636)	151,06,738	(113,14,235)	(10,19,413)	15,73,898	(107,59,750)	43,46,988	43,46,988	-	47,28,768
Vehicle	143,31,624	27,25,326	-	170,56,950	(82,53,519)	(1,60,017)	-	(84,13,536)	86,43,414	86,43,414	-	-
	151,06,840	-	(7,75,216)	143,31,624	(71,00,365)	(17,85,777)	6,32,629	(82,53,519)	60,78,105	60,78,105	-	80,06,475
Leasehold Improvement	249,90,385	-	-	249,90,385	(203,98,124)	-	-	(203,98,124)	45,92,261	45,92,261	-	-
	249,90,385	-	-	249,90,385	(183,88,318)	(20,09,806)	-	(203,98,124)	45,92,261	45,92,261	-	66,02,067
<b>Total tangible assets</b>	8676,37,396	208,40,258	-	8884,77,654	(7919,42,397)	(29,67,012)	-	(7949,09,409)	935,68,345	935,68,345	-	-
<i>Previous year</i>	10118,07,974	492,89,942	(1934,60,520)	8676,37,396	(9208,85,892)	(542,15,694)	1931,59,189	(7949,42,397)	756,94,999	756,94,999	-	809,22,082
<b>Intangible assets</b>												
Internally Generated	2676,90,691	-	-	2676,90,691	(2018,38,933)	-	-	(2018,38,933)	658,51,758	658,51,758	-	-
Acquired	406,56,336	-	-	406,56,337	(397,21,171)	-	-	(397,21,171)	9,35,162	9,35,162	-	-
<b>Total intangible assets</b>	3083,47,027	-	-	3083,47,028	(2415,60,104)	-	-	(2415,60,104)	667,86,920	667,86,920	-	-
<i>Previous year</i>	2876,98,725	206,48,303	-	3083,47,028	(1909,85,372)	(503,74,736)	-	(2415,60,104)	667,86,920	667,86,920	-	967,13,352
Internally Generated	2470,42,888	206,48,303	-	2676,90,691	(1544,33,301)	(474,06,632)	-	(2018,38,933)	658,51,758	658,51,758	-	926,10,086
Acquired	406,56,337	-	-	406,56,337	(365,53,071)	(31,68,104)	-	(397,21,175)	9,35,162	9,35,162	-	41,03,266
<b>Intangible assets under development (internally generated)</b>	-	364,43,267	-	364,43,267	-	-	-	-	364,43,267	364,43,267	-	492,29,488
	-	-	-	-	-	-	-	-	492,29,488	492,29,488	-	366,39,725
<b>Grand Total</b>	11759,84,424	572,83,625	-	12332,68,049	(10335,02,505)	(29,67,012)	-	(10364,69,517)	1967,98,531	1967,98,531	-	-
	12995,06,699	699,38,245	(1931,60,520)	11759,84,424	(11218,71,264)	(1047,90,430)	1931,59,189	(10335,02,505)	1424,81,919	1424,81,919	-	1776,35,434

## Notes forming part of the Financial Statements

## 10. NON-CURRENT INVESTMENTS

Non – current investments consists of the following:

	Face Value	No. of Shares.	As at March 31, 2016	As at March 31, 2015
			₹	₹
Trade investments				
A- Others, Fully paid equity shares (unquoted)- At Cost				
Traveljini.com Limited	10	88,350	60,300,253	60,300,253
Tachyon Technologies Pvt. Ltd.	10	13,177	41,700,000	41,700,000
Vakow Technologies Pvt. Ltd.	10	500,000	5,000,000	5,000,000
BigSlick Infotech Pvt. Ltd.	1	59,230	4,000,000	4,000,000
			111,000,253	111,000,253
B – Wholly Owned Subsidiary Companies, Fully paid equity shares (unquoted)				
Rediff Holding Inc., USA	\$0.0001	11,066,667	1,134,483,000	1,134,483,000
Value Communication Corporation, USA	No par value	12,000,000	340,609,949	340,609,949
Vubites India Pvt. Ltd.	1	1,000,000	13,153,409	13,153,409
			1,488,246,358	1,488,246,358
Total (A+B)			1,599,246,611	1,599,246,611
Less Provision for diminution in value of investments			1,599,246,611	1,599,246,611
<b>Net investments</b>			-	-

Book value of unquoted investments (net of provisions for diminution) – ₹ NIL  
(Previous Year ₹ NIL)

Note : The provision for diminution in value of investment is as under (Amount in ₹) :

Name of the Company	2015-16	2014-15
Traveljini.com Limited	60,300,253	60,300,253
Tachyon Technologies Pvt. Ltd.	41,700,000	41,700,000
Vakow Technologies Pvt. Ltd.	5,000,000	5,000,000
BigSlick Infotech Pvt. Ltd.	4,000,000	4,000,000
Rediff Holding Inc., USA	1,134,483,000	1,134,483,000
Value Communication Corporation, USA	340,609,949	340,609,949
Vubites India Pvt. Ltd.	13,153,409	13,153,409
TOTAL (Provision for diminution in value of investments)	1,599,246,611	1,599,246,611



Notes forming part of the Financial Statements

11. LONG –TERM LOANS AND ADVANCES (Unsecured)

Long – term loans and advances consists of the following:

	As at March 31, 2016	As at March 31, 2015
	₹	₹
<b>Considered Good</b>		
Rent deposits	10,937,092	40,302,171
Loans to employees	1,913,631	1,859,496
Recoverable taxes (net of provision of ₹ 2,075,691 as at March 31, 2016 and 2015) (Refer Note. No. 26)	54,543,385	56,971,021
Prepaid expenses	1,136,491	8,106,484
Loans and advances to related parties:#		
<b>Considered Doubtful</b>		
Loans and advances to related parties: #		
Vubites India Pvt. Ltd.	607,013,139	503,364,505
Less: diminution	<u>607,013,139</u>	<u>503,364,505</u>
	-	-
Rediff.com Employee Trust	201,002,530	
Less: diminution	<u>197,834,790</u>	201,002,530
	3,167,740	
Rediff Holdings Inc.	7,087,620	
Less: diminution	<u>7,087,620</u>	
	-	
	<b>795,15,515</b>	<b>308,241,702</b>

#Notes:

- 1) Loans given to wholly owned subsidiaries are for funding its working capital requirements and Loan given to the Trust is for acquiring shares of the Company for the benefit of its employees.

## Notes forming part of the Financial Statements

**12. TRADE RECEIVABLES (Unsecured)**

Trade receivables consist of the following:

		As at March 31, 2016	As at March 31, 2015
		₹	₹
<b>Outstanding for a period</b>			
(a)	Over six months from the date they were due for payments		
	(i) Considered good	-	-
	(ii) Considered doubtful	25,843,925	26,441,500
		<b>25,843,925</b>	<b>26,441,500</b>
(b)	Others		
	(i) Considered good	107,786,656	127,190,017
	(ii) Considered doubtful	6,385,667	5,788,092
		<b>114,172,323</b>	<b>132,978,109</b>
	<b>Total (a+b)</b>	<b>140,016,248</b>	<b>159,419,609</b>
	Less: Provision for doubtful debts	32,229,592	32,229,592
		<b>107,786,656</b>	<b>127,190,017</b>

**13. CASH AND CASH EQUIVALENT**

Cash and cash equivalent consist of the following:

		As at March 31, 2016	As at March 31, 2015
		₹	₹
<b>Cash and cash equivalents</b>			
(a)	Cash on hand	5,211	5,211
	Balances with banks		
	In current account	41,268,287	90,663,950
	In EEFC account	140,165	1,531,946
		<b>41,413,663</b>	<b>92,171,107</b>
(b)	Other		
	In deposits account	140,720,684	416,195,631
		<b>140,720,684</b>	<b>416,195,631</b>
	<b>Total (a+b)</b>	<b>182,134,347</b>	<b>508,366,738</b>

**14. SHORT-TERM LOANS AND ADVANCES (Unsecured, considered good)**

**Notes forming part of the Financial Statements**

Short-term loans and advances consist of the following:

	As at March 31, 2016	As at March 31, 2015
	₹	₹
Supplier advances	8,883,040	11,187,282
Rent deposits	25,760,000	1,259,602
Loan to employees (see note below)	2,088,899	2,475,178
Prepaid expenses	21,192,454	24,116,067
Other loans and advances	140,442	306,143
<b>Total</b>	<b>58,064,835</b>	<b>39,344,272</b>

Note:

- Loans given to employees as per the Company's policy are not considered for the purposes of disclosure under Section 186(4) of the Companies Act, 2013.

**14A OTHER CURRENT ASSETS**

Other Current Assets consist of the following:

	As at March 31, 2016	As at March 31, 2015
	₹	₹
Interest accrued but not due	385,806	4,576,381
Deposit under lien	-	1,500,000
<b>Total</b>	<b>385,806</b>	<b>6,076,381</b>

**15. REVENUE FROM OPERATIONS**

Revenue from operations consists of the following:

	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
Online advertising	287,390,419	344,150,419
Fee based services	403,823,057	398,162,820
<b>Total</b>	<b>691,213,476</b>	<b>742,313,239</b>



## Notes forming part of the Financial Statements

**16. OTHER INCOME (NET)**

Other income (net) consists of the following:

	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
Interest income:		
Interest on fixed deposits	26,058,609	56,220,641
Interest on income-tax refund	1,637,030	4,755,282
Interest others	2,035,350	2,508,837
Miscellaneous Income	7,821,293	11,632,833
<b>Total</b>	<b>37,552,282</b>	<b>75,117,593</b>

**17. EMPLOYEE BENEFIT EXPENSES**

Employee benefit expenses consist of the following:

	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
Salaries and wages	324,606,665	324,236,344
Contribution to provident fund	12,220,604	12,346,476
Gratuity	6,712,186	8,748,428
ESOP compensation costs	810,966	3,674,638
Staff welfare expenses	8,174,854	8,747,559
<b>Total</b>	<b>352,525,275</b>	<b>357,753,445</b>

## Notes forming part of the Financial Statements

## 18. OPERATION AND OTHER EXPENSES

Operation and other expenses consist of the following:

	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
Content Charges	16,226,273	19,080,715
Domain registration charges	23,429,546	24,712,566
Subscription and SMS based costs	9,617,007	8,364,859
E-Commerce – Courier, Freight & Forward	148,798,934	151,059,529
Bandwidth	131,266,412	139,085,795
Software Usage charges	28,841,581	31,671,055
Product development charges	15,847,404	17,257,341
Advertising	25,254,806	102,718,212
Market support	65,579,705	84,534,245
Rent and amenities	37,401,578	47,168,327
Electricity charges	9,091,548	9,462,284
Telecommunication	4,663,705	3,887,274
Repairs and maintenance:		
Computers	22,789,048	39,550,730
Others	1,243,356	1,262,125
Insurance	14,192,996	13,332,082
Travel and conveyance	25,551,098	31,382,818
Rates and taxes	1,109,358	231,002
Foreign exchange (gain)/ loss	210,972	5,335,011
Bank Charges	8,199,611	9,896,697
Provision for doubtful debts (net)	-	655,558
Legal and professional fees (Refer Note no. 19)	51,846,468	28,234,066
Loss/(Gain) on sale of Fixed Assets	(426,792)	123,609
Other Miscellaneous expenses	22,195,291	19,094,896
<b>Total</b>	<b>663,969,905</b>	<b>787,867,136</b>

Notes forming part of the Financial Statements

19. AUDITOR'S REMUNERATION

	2015-16 ₹	2014-15 ₹
(i) For service as auditors #	1,000,000	2,000,000
(ii) For taxation matters	200,000	200,000
(iii) For other services (US GAAP and SOX)	-	7,050,000
(iv) For Various Certifications	-	-
(v) For reimbursement of expenses	-	277,565
(v) For service tax*	174,000	1,177,607
	<b>1,374,000</b>	<b>10,705,172</b>

\* Service tax credit has been availed.

# M/s. Deloitte Haskins & Sells LLP have tendered their resignation before signing the Financial Statements for the year ended March 31, 2016. This has resulted in a casual vacancy in the office of the statutory auditors. To fill the vacancy the Company appointed M/s. Patkar & Pendse as statutory auditors of the Company for the year ended March 31, 2016.

20. RETIREMENT BENEFIT PLAN

**Defined – Benefit Plans**

The Company offers its employees unfunded defined-benefit plan in the form of gratuity. This plan provides for a lump-sum payment to be made to vested employees at retirement, death or termination of employment. Commitments are actuarially determined at year-end. Actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the Statement of Profit and Loss.

Defined benefit commitments:

	2015-16 ₹	2014-15 ₹
Benefit obligation at the beginning of the year	35,716,797	31,166,241
Actuarial loss/(gain)	(1,109,154)	1,572,248
Current service cost	4,539,471	4,118,237
Interest cost	3,091,596	3,057,943
Benefits paid	(3,351,195)	(4,197,872)
Benefit obligation at the end of the year	<b>38,887,515</b>	<b>35,716,797</b>
Current Portion of Benefit Obligation	5,904,495	2,244,316
Non-Current Portion of benefit Obligation	32,983,020	33,472,481



Notes forming part of the Financial Statements

Expense on defined benefit plan:

	2015-16 ₹	2014-15 ₹
Service cost	4,539,471	4,118,237
Interest cost	3,091,596	3,057,943
Recognised net actuarial loss/(gain)	(1,109,154)	1,572,248
Net gratuity cost	6,521,913	8,748,428

The actuarial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions which if changed, would affect the defined benefit commitment's size and expense:

	2015-16	2014-15
Rate for discounting liabilities	7.55%	7.90%
Salary escalation rate	7.00%	7.00%
Expected rate of return on assets	0.00%	0.00%
Mortality rates	Indian Assured live mortality table (2006-08)	Indian Assured live mortality table (2006-08)

The estimate of future salary increase, considered in the actuarial valuation, take account of inflation, seniority, promotion, and other relevant factors. The above information is certified by the actuary.

Experience adjustment:

	2015-16 ₹	2014-15 ₹	2013-14 ₹	2012-13 ₹	2011-12 ₹
Defined benefit obligation	38,887,515	35,716,798	31,166,242	29,493,164	23,496,723
(Deficit)	(38,887,515)	(35,716,798)	(31,166,242)	(29,493,164)	(23,496,723)
Experience adjustment on plan liabilities	(2,358,781)	(1,888,252)	(1,104,278)	(544,577)	(55,456)

**Defined-Contribution Plans**

The Company makes contribution towards provident fund and family pension fund to a defined contribution retirement benefit plan for qualifying employees. The provident fund and pension fund are administered by the Government of India. Under the schemes, the Company is required to contribute a specified percentage of salary to the retirement benefit schemes to fund the benefits. A sum of ₹ 12,220,604 (*Previous Year* ₹ 12,346,476) has been charged to the revenue account in this respect.

Notes forming part of the Financial Statements

21. EMPLOYEE STOCK OPTION PLANS (ESOP)

(a) 2002 Stock Option Plan (2002 ESOP)

In January 2002, the Board of directors approved the 2002 Stock Option Plan ("2002 ESOP") which provides for the grant of incentive stock options and non-statutory stock options to the Company's employees. All options under these plans are exercisable for the ADRs of the Company. A total of 280,000 of the Company's equity shares were reserved for issuance pursuant to 2002 ESOP plan of which 12,000 equity shares were reserved under 2015 Stock Option Plan.

Number of options granted, exercised and forfeited during the year ended March 31,	2002 ESOP			
	Options	Weighted average exercise price	Range of exercise price	Weighted average remaining contractual life
Options outstanding, beginning of period	8,250			
Expired	-			
<b>Options outstanding, end of period</b>	<b>8,250</b>	<b>980.13</b>	<b>980.13</b>	<b>5.3</b>

Options exercisable as at March 31, 2016, were 8,250 (Weighted average exercise price ₹ 980.13).

(b) 2004 Stock Option Plan (2004 ESOP)

In June 2004, the Board of directors approved the 2004 Stock Option Plan ("2004 ESOP") for grant of stock options to the Company's employees. A total of 358,000 equity shares were reserved for issuance under the plan of which 91,000 equity shares were reserved under 2015 Stock Option Plan.

Number of options granted, exercised and forfeited during the year ended March 31,	2004 ESOP			
	Options	Weighted average exercise price	Range of exercise price	Weighted average remaining contractual life
Options outstanding, beginning of period	97,375			
Expired	(2,000)			
Forfeited	(1,875)			
<b>Options outstanding, end of period</b>	<b>93,500</b>	<b>488.72</b>	<b>223 to 1,042</b>	<b>3.3</b>

Options exercisable as at March 31, 2016, were 79,437 (Weighted average exercise price ₹ 535.59).



Notes forming part of the Financial Statements

**(c) 2006 Stock Option Plan (2006 ESOP)**

The 2006 Stock Option Plan ("2006 ESOP") was adopted and approved by the Compensation committee on June 20, 2006 in accordance with the approval granted by shareholders on March 31, 2006. A total of 670,000 equity shares were approved for issuance under the plan.

Number of options granted, exercised and forfeited during the year ended March 31,	2006 ESOP			
	Options	Weighted average exercise price	Range of exercise price	Weighted average remaining contractual life
Options outstanding, beginning of period	489,313			
Forfeited	(250)			
Options outstanding, end of period	489,063	402.91	10 to 1,279	2.8

Options exercisable as at March 31, 2016, were 488,313 (Weighted average exercise price ₹ 403.13).

**(d) 2015 Stock Option Plan (2015 ESOP)**

In January 2015, the Board of directors approved the 2015 Stock Option Plan ("2015 ESOP") for grant of stock options to the Company's employees. A total of 103,000 equity shares (comprising of 12,000 equity shares from 2002 Stock Option Plan and 91,000 equity shares from 2004 Stock Option Plan) were reserved for issuance under the plan.

Number of options granted, exercised and forfeited during the year ended March 31,	2015 ESOP			
	Options	Weighted average exercise price	Range of exercise price	Weighted average remaining contractual life
Options outstanding, beginning of period	36,800			
Forfeited	-			
Options outstanding, end of period	36,800	229.86	229.86	8.8

Options exercisable as at March 31, 2016, were 9,200 (Weighted average exercise price ₹ 229.86).

**(e) Method used for accounting for share based payment plan:**

The Company has used the intrinsic value method to account for the compensation cost of stock option to employees of the company. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. During the year ended



Notes forming part of the Financial Statements

March 31, 2016, the Company's equity shares were traded on the NASDAQ Global Market in the form of ADRs.

**(f) Fair Value Methodology:**

The fair value of options used to compute pro forma net income and earnings per equity share have been estimated on the date of grant using Black-Scholes model.

	2015-16 ₹	2014-15 ₹
Net loss as reported	(653,455,849)	(787,271,066)
Add: Stock-based employee compensation	810,966	3,674,638
Less: Stock-based compensation expenses determined under fair value method (Proforma) #	6,280,997	26,093,028
Proforma net loss	(658,925,880)	(809,689,456)
Loss per share		
Basic – as reported	(44.12)	(53.16)
– <b>Proforma</b>	<b>(44.49)</b>	<b>(54.67)</b>
Diluted – as reported	(44.12)	(53.16)
– <b>Proforma</b>	<b>(44.49)</b>	<b>(54.67)</b>

# includes stock based compensation cost in respect of stock options issued prior to implementation of Guidance Note on Accounting for Employee Share-based Payments adopted by the Company with effect from April 1, 2006.

**22. SEGMENT REPORTING**

The Company operates in a single business segment known as "India Online Business" and hence disclosure of segment information as per Accounting Standard 17 on Segment Reporting has not been presented.

**23. RELATED PARTY DISCLOSURES**

**I. Related parties where control exists:**

**a. Subsidiary Companies:**

Rediff Holdings, Inc., USA  
Value Communications Corporation ("Valucom"), USA  
Vubites India Private Limited ("Vubites")

**b. Indirect subsidiaries:**

Rediff.com, Inc., USA  
India Abroad Publication, Inc.  
India in New York Inc.

Notes forming part of the Financial Statements

c. Rediff.com India Employee Trust ("ESOP Trust")

Transactions with Related Parties during the year and balances outstanding as at March 31, 2015:

Name of the Related party	Transactions	2015-16 ₹	2014-15 ₹
Value Communications Corporation	Payable as at year end, net	9,275,988	8,752,964
India abroad Publications, Inc. (IA)	Collection made by the Company during the year on behalf of IA	20,642,241	15,554,659
	Expenses incurred and other reimbursements by the Company on behalf of IA	8,220,736	3,598,598
	Collection made by IA on behalf of the Company	2,869,035	343,819
	Amount remitted to IA	7,287,790	12,630,100
	Payable as at year end	2,369,734	105,054
Rediff.com, Inc.	Payable as at year end	41,735,536	39,382,289
Rediff Holdings, Inc.	Loan given to RHI during the year	7,458,000	-
	Expenses incurred by the Company on behalf of RHI	3,991,176	-
	Provision for diminution in value of Long Term Investment/ Advance	7,087,620	54,922,395
	Payable as at year end, net	-	3,963,074

Notes forming part of the Financial Statements

Name of the Related party	Transactions	2015-16 ₹	2014-15 ₹
Vubites India Private Limited	Expenses incurred and other reimbursements by the Company on behalf of Vubites India Private Limited	3,349,089	3,457,082
	Loan given during the year (Interest free)	100,300,000	104,200,000
	Provision for doubtful loan	103,520,393	107,657,082
Rediff.com India Ltd Employee Trust	Loan and advances as at year end (Interest free)	201,002,530	201,002,530
	Provision for diminution in value of Long Term Investment	197,834,790	-
	Receivable as at year end, net	3,167,740	201,002,530



Notes forming part of the Financial Statements

**24. OBLIGATION TOWARDS OPERATING LEASES**

The Company leases office space and residential apartments for employees under various operating leases. Operating lease expense that has been included in the determination of the net profit/loss is as follows:

	2015-16 ₹	2014-15 ₹
Office Premises	32,350,640	42,155,232
Residential flats for accommodation of employees	5,050,938	5,013,095
Total	37,401,578	47,168,327

The minimum annual rental commitments under operating leases are as follows:

	2015-16 ₹	2014-15 ₹
Not later than one year	24,969,097	16,425,312
Later than one year and not later than five years	4,143,500	3,825,953
Total payments	29,112,597	20,251,265

**25. EARNING PER EQUITY SHARES**

	2015-16	2014-15
A. Net (loss) attributable to equity shareholders (₹)	(653,455,849)	(787,271,066)
B. Weighted average number of equity shares outstanding during the year	14,810,178	14,810,178
C. Potentially dilutive equity share equivalents (stock options)	-	-
D. Weighted average number of equity shares and potentially dilutive equity share equivalents outstanding	14,810,178	14,810,178
E. Nominal value of Equity Shares (₹)	5.00	5.00
Basic Earnings per Share (₹)	(44.12)	(53.16)
Diluted Earnings per Share (₹)	(44.12)	(53.16)

Notes forming part of the Financial Statements

26. CONTINGENCIES AND CAPITAL COMMITMENTS

**Contingent liabilities:**

During 2012-13, Company had received a demand notice from Income Tax Authorities resulting in a contingent liability of interest u/s. 201 (1A) of ₹ 8,524,108. This was mainly on account of disallowance of payment made for purchase of bandwidth on which tax had not been deducted at source for the assessment years 2010-11 and 2011-12. The Company has paid ₹ 4,039,200 under protest and matter is pending with the Commissioner of Income Tax (Appeal).

The Income tax authorities in India have disallowed certain expenses claimed by the Company for certain years which if confirmed by the appellate authorities will be adjusted against the income tax carry forward losses claimed by the Company and not result in outflow of resources embodying economic benefits.

The Company has lodged appropriate proceedings with the relevant income tax authorities and expects to prevail in the appellate proceedings

The Company is also subject to other legal proceedings and claims, which have arisen in the ordinary course of its business. Those actions, when ultimately concluded and determined, will not, in the opinion of management, have a material effect on the results of operations, cash flows or the financial position of the Company.

The Company has not recognized any loss accrual for the litigation disputes as the Company believes that it is probable that it would be successful on resolution of the litigation.

**Capital Commitments :**

Estimated amount of contracts remaining to be executed on capital account and not provided for

2015-16 ₹	2014-15 ₹
8,499,069	26,570,510

Notes forming part of the Financial Statements

27. DERIVATIVE TRANSACTION

The Company has not entered in to any derivative transaction during the years ended March 31, 2016 and 2015.

Foreign exchange currency exposures not hedged by derivative instruments are:

Sl. No.	Particulars	2015-16		2014-15	
		Amount \$	Amount ₹	Amount \$	Amount ₹
1	Amount receivable on account of sale of services	688,203	45,648,474	377,277	23,613,743
2	Creditors payable on account of foreign currency expenditure	(454,861)	30,170,947	(232,194)	(14,533,024)
3	Foreign currency bank balances	2,113	140,165	24,476	15,31,946
4	Amount (Payable) / Receivable (to)/from subsidiary companies	(657,203)	(43,592,254)	(832,374)	(52,098,301)

28. INCOME IN FOREIGN CURRENCIES

- (i) E-commerce services
- (ii) Media and others services
- Total**

2015-16 ₹	2014-15 ₹
570,108	1,306,370
51,699,546	67,860,992
<b>52,269,654</b>	<b>69,167,362</b>

29. EXPENDITURE IN FOREIGN CURRENCIES

Particulars

- (i) Professional charges
- (ii) Product development
- (iii) Datafile/ internet charges
- (iv) Listing fees
- (v) Software usage charges
- (vi) Purchase of email domains
- (vii) Advertising expenses
- (viii) Other matters

**Total**

2015-16 ₹	2014-15 ₹
30,329,224	4,891,920
14,169,063	7,659,736
-	6,230,723
2,175,360	1,382,850
25,538,857	29,442,403
17,886,008	17,962,226
7,861,876	3,104,450
12,313,019	1,154,411
<b>110,273,407</b>	<b>71,828,719</b>



**Notes forming part of the Financial Statements****30. PROVISION FOR DIMINUTION OF INVESTMENT AND LOAN**

As at the year-end 2016, the Company made provisions to recognise the other-than-temporary decline in the value of its loan to its subsidiary company Vubites India Private Limited amounting to ₹ 103,520,393 (PY ₹ 107,657,082).

The Company recorded a provision for other-than-temporary decline in the value of its long term investment and loan to its subsidiary company Rediff Holding Inc. USA amounting to NIL (PY: ₹54,922,395) and ₹7,087,620 (PY: NIL).

During the financial year ended March 31, 2016, the company made a provision to recognise the Other-than-temporary decline in the value of loan to Rediff.com India Ltd ESOP Trust amounting to ₹ 197,834,790.

**31. IMPAIRMENT OF FIXED ASSETS**

At the year end, the Company has recognized an impairment loss of Rs. 54,316,611(P.Y.Rs. 191,711,410) on its Fixed Assets relating to its Online business which includes revenue from advertising and fee based services. The impairment was on account of significant decline in advertisement revenue as there has been a continued reduction in spends by customers which is consistent with industry trends. As a consequence the Company has been experiencing a decline in its display advertisement revenue, and incurring net operating cash losses. The net realizable value of the Online business asset group is insignificant.

**32. DEFERRED TAX ASSET**

The items that could have resulted in deferred tax assets mainly include the net operating loss and unabsorbed depreciation carry-forward, depreciation, retirement benefits and provisions for bad and doubtful debts. Such deferred tax assets have not been recognised since there is no virtual/ reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

**33. SUBSEQUENT EVENT**

On April 27, 2016 the Company decided and filed an application in Form 25 with the Securities and Exchange Commission ("SEC") to voluntarily withdraw its ADS's from listing on the Nasdaq Stock Market's Capital Market. Following the filing of Form 25, the Company deregistered its ADS's and ceased to submit and circulate its periodic reports as required under the SEC regulations.

The Company also noted its reason for withdrawal from listing and registration which was the prohibitive costs of filing periodic reports with SEC and meeting other applicable regulatory requirements, in light of its current financial position. Accordingly, the Company believes it is in the best interests of the shareholders at this time, to significantly reduce such expenses, and that the anticipated cost savings from this action more than offset the benefits of being a reporting company.

**Notes forming part of the Financial Statements**

34. The previous year figures have been regrouped/ rearranged as necessary to make them comparable with those of the current year

For and on behalf of the Board of Directors

/s/Ajit Balakrishnan  
Chairman & Managing Director  
DIN: 00073814

/s/Arun Nanda  
Director  
DIN: 00034744

/s/Pooja Lohade  
Company Secretary, ACS-21584  
Mumbai, India  
Date: February 3, 2017

## Form No. MGT - 11

## PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) rules, 2014]

CIN: U22100MH1996PLC096077

Name of Company: Rediff.com India Limited

Registered office: 1<sup>st</sup> Floor Mahalaxmi Engineering Estate, L. J. First Cross Road, Mahim (W), Mumbai 400016

Name of the member(s):

Registered address:

E-mail Id:

Folio No/ / Client ID

DP ID:

I/We, being the member(s) of .....shares of the above named company, hereby appoint

1. Name : .....  
Address: .....  
Email Id: .....  
Signature : ..... Or failing him
2. Name : .....  
Address: .....  
Email Id: .....  
Signature : ..... Or failing him

as my/our proxy to attend and vote (on a poll) for me/us and my/our behalf at the 21<sup>st</sup> Annual General Meeting of the company, to be held on the Monday, March 6, 2017 At 10.30 a.m. (IST) at First Floor, Mahalaxmi Engineering Estate, L. J. First Cross Road, Mahim (West), Mumbai 400016 and at any adjournment thereof in respect of such resolutions as are indicated below:

I wish my proxy to attend in the following manner

Resolution no.	Description	For	Against
1.	To receive, consider and adopt the Audited financial Statements Balance Sheet as at March 31, 2016 and Profit & Loss Account for the year ended both Standalone & Consolidated as on that date and the reports of the Auditors and Directors' thereon.		
2.	To appoint a Director in place of Mr. Ashok Narsimhan, Director retiring by rotation and being eligible, offers himself for reappointment.		
3.	To appoint M/s. Patkar & Pendse, Chartered Accountants, as statutory auditors of the Company.		

Signed this .....day of .....20.....

Signature of Shareholder

Affix  
Revenue  
Stamp

Signature of First Proxy holder

Signature of Second Proxy holder



**Note:** 1. This Form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

2. A Proxy need not be a member of the Company.

3. A Person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

4. This is only optional, please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

5. Appointing a proxy does not prevent a member from attending the meeting in person if he/she so wishes.

6. In the case of jointholders, the signature of any one holder will be sufficient, but names of all the jointholders should be stated.

**REDIFF.COM INDIA LTD**

Regd. Office: 1<sup>st</sup> Floor, Mahalaxmi Engineering Estate, L. J. First Cross Road, Mahim (West), Mumbai 400 016  
CIN: U22100MH1996PLC096077

**ATTENDANCE SLIP**

Folio No	
No. of Shares	

I hereby record my presence at the Twenty First Annual General Meeting of the Company being held at Registered Office at 1<sup>st</sup> Floor, Mahalaxmi Engineering Estate, L. J. First Cross Road, Mahim (West), Mumbai 400 016 at 10.30 a.m. (IST) on Monday, March 6, 2017.

\_\_\_\_\_  
Signature of attending Member/Proxy

Name: \_\_\_\_\_

Note: A member/proxy holder attending the meeting must bring the Attendance Slip to the meeting and hand it over at the entrance duly signed.

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