

Affle (India) Private Limited
(Statutory Audit for the financial year ended March 31, 2017)
(Audit Report and Financial Statements)

INDEPENDENT AUDITOR'S REPORT

To the Members of Affle (India) Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Affle (India) Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.



S.R. BATLIBOI & ASSOCIATES LLP

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2. As required by section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016;
- (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in Note 14 to these financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per **Yogesh Midha**

Partner

Membership Number: 94941

Place of Signature: Gurgaon

Date: 22 September 2017



Annexure 1 referred to in paragraph 1 of 'Report on other Legal and Regulatory Requirements' of our report of even date

Re: Affle (India) Private Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties, included in fixed assets of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given by the management, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of paragraph 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given by the management, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of paragraph 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company
- (vii) (a) Undisputed statutory dues including provident fund, Income-tax, service tax, duty of excise, value added tax, cess and other statutory dues have not been regularly deposited with the appropriate authorities and there have been serious delays in large number of cases in respect of tax deducted at source, provident fund, and service tax.
- (b) According to the information and explanations given by the management, no undisputed amounts payable in respect of income-tax, service tax, provident fund and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, service tax, excise duty, value added tax and cess which have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the money raised by way of term loan for the purposes for which it was raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the



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management, we report that no fraud by the Company or no fraud / material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

- (xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Companies Act, 2013 is not applicable to the Company and hence reporting under paragraph 3(xi) is not applicable and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of paragraph 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of sec 177 are not applicable to the Company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

Chartered Accountants

ICAI Firm registration number: 101049W/E300004



per **Yogesh Midha**

Partner

Membership Number: 94941

Place of Signature: Gurgaon

Date: 22 September, 2017



ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF AFFLE (INDIA) PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Affle (India) Private Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance 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.



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Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Yogesh Midha

Partner

Membership Number: 94941

Place of Signature: Gurgaon

Date: 22 September 2017



Affle (India) Private Limited
Balance sheet as at 31 March 2017

	Notes	31 March 2017 Rs.	31 March 2016 Rs.
Equity and liabilities			
Shareholders' funds			
Share capital	3	242,883,140	158,239,840
Reserves and surplus	4	(47,967,670)	(29,045,466)
		194,915,470	129,194,374
Share application money pending allotment		-	12
Non-current liabilities			
Long term borrowings	5	5,999,993	42,827,584
Long term provisions	6	9,118,909	5,635,171
Current liabilities			
Trade payables	7		
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		160,075,616	194,787,659
Other current liabilities	7	72,281,318	50,850,464
Short term borrowings	5	28,335,088	-
Short term provisions	6	1,471,198	2,686,984
		262,163,220	248,325,107
Total		472,197,592	425,982,248
Assets			
Non-current assets			
Fixed assets			
Tangible assets	8	3,642,642	1,696,465
Intangible assets	9	109,770,783	11,117,286
Capital work in progress		-	1,263,565
Intangible assets under development (refer note 34)		3,064,866	41,292,900
Non current investment	10	200,182	-
Deferred tax assets (net)	11	7,267,953	7,086,867
Loans and advances	12	19,783,214	31,963,637
		143,729,640	94,420,720
Current assets			
Trade receivables	13	130,316,597	147,893,601
Cash and bank balances	14	87,459,397	68,283,043
Loans and advances	12	52,820,079	46,822,030
Other current assets	15	57,871,879	68,562,854
		328,467,952	331,561,528
Total		472,197,592	425,982,248
Summary of significant accounting policies	2(iii)		

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

As per our report of even date
For S.R. BATLIBOI & ASSOCIATES LLP
 ICAI Firm's Registration No.: 101049W/E300004
 Chartered Accountants



per Yogesh Midha
Partner

Membership No.: 94941
 Place: Gurgaon
 Date: 22 September 2017

For and on behalf of the Board of Directors of
Affle (India) Private Limited
 CIN No. U65990MH1994PTC080451



Anuj Kumar
Director

DIN: 01400273
 Place: Gurgaon
 Date: 22 September 2017



Anuj Khanna Sohun
Director

DIN: 01363666
 Place: Gurgaon
 Date: 22 September 2017

Affle (India) Private Limited
Statement of profit and loss for the year ended 31 March 2017

	Notes	31 March 2017 Rs.	31 March 2016 Rs.
Income			
Revenue from operations	16	656,292,078	724,311,501
Other income	17	14,822,843	2,616,127
Total income		671,114,921	726,927,628
Expenses			
Publishers' cost (refer note 30)		306,348,945	518,049,134
Employee benefits expenses	18	168,279,819	70,632,487
Depreciation and amortisation expenses	19	37,873,649	2,559,683
Finance cost	20	14,174,576	8,718,261
Other expenses	21	137,976,150	78,831,958
Total expenses		664,653,139	678,791,523
Profit before tax		6,461,782	48,136,105
Tax expenses:			
Current tax			
Pertaining to profit for the current year		1,824,211	7,957,828
Less: MAT credit entitlement		(1,824,211)	(7,957,828)
Adjustment of tax relating to earlier year		-	897,333
Deferred tax (credit)/charge		1,758,917	(1,950,742)
Total tax expense		1,758,917	(1,053,409)
Profit after tax		4,702,865	49,189,514
Earnings per share [nominal value of share of Rs.10 each (31 March 2016: Rs.10)]			
Basic and diluted earnings per share	22	0.19	3.11

Summary of significant accounting policies

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

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP

ICAI Firm's Registration No.: 101049W/E300004

Chartered Accountants



per **Yogesh Midha**
Partner

Membership No.: 94941
Place: Gurgaon
Date: 22 September 2017

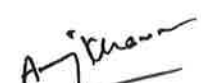
**For and on behalf of the Board of Directors of
Affle (India) Private Limited**

CIN No. U65990MH1994PTC080451



Anuj Kumar
Director

DIN: 01400273
Place: Gurgaon
Date: 22 September 2017



Anuj Khanna Sohum
Director


DIN: 01363666
Place: Gurgaon
Date: 22 September 2017

Affle (India) Private Limited
Cash flow statement for the year ended 31 March 2017

	31 March 2017	31 March 2016
	Rs.	Rs.
Cash flow from operating activities		
Profit before tax	6,461,782	48,136,105
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	37,873,649	2,559,683
Provision for doubtful receivables	3,087,791	7,817,160
Bad debts	8,547,699	6,179,997
Unrealized foreign exchange (gain)/ loss	(1,127,544)	(131,808)
Bad debt recovered	(1,225,033)	(1,500,080)
Liability / provisions written back	(4,056,004)	-
Interest income	(2,944,063)	(1,045,885)
Interest expense	13,163,438	7,476,917
Operating profit before changes in assets and liabilities	59,781,715	69,492,089
Movement in working capital:		
(Increase)/ decrease in trade receivables	5,159,435	60,935,623
(Increase)/ decrease in other current assets	10,114,961	(55,575,534)
(Increase)/ decrease in loans and advances	(4,924,845)	(22,864,043)
Increase / (decrease) in provisions	2,267,952	1,002,211
Increase / (decrease) in trade payable and other current liabilities	(13,677,578)	7,608,861
Cash generated from operations	58,721,640	60,599,207
Direct taxes paid (net of refunds)	(19,392,780)	(2,355,138)
Net cash flow from operating activity (A)	39,328,860	58,244,069
Cash flow from investing activities		
Purchase of fixed assets	(28,816,460)	(51,578,213)
Advances to related parties	-	(30,500,000)
Investment in preference shares	(200,182)	-
Interest received	3,520,077	764,042
Net investment in bank deposits	(2,575,831)	3,250,000
Net cash flow (used in) investing activity (B)	(28,072,396)	(78,064,171)
Cash flow from financing activities		
Loan taken	28,335,088	90,000,000
Loan repaid	(36,827,591)	(10,344,830)
Interest paid	(13,163,438)	(7,476,917)
Net cash flow from financing activity (C)	(21,655,941)	72,178,253
Net increase/ (decrease) in cash and cash equivalents (A + B + C)	(10,399,477)	52,358,151
Cash and cash equivalents at the beginning of the year	68,283,043	15,924,892
Cash and cash equivalents at the end of the year	57,883,566	68,283,043
Components of cash and cash equivalents		
Balance with banks		
On current account	57,658,253	40,789,613
Deposits with original maturity for less than three months	-	27,000,000
Cash in hand	225,313	493,430
Total cash and cash equivalents	57,883,566	68,283,043

Summary of significant accounting policies [refer note 2(iii)]

As per our report of even date
For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm's Registration No.: 101049W/E300004
Chartered Accountants


per Yogesh Midha
Partner

Membership No.: 94941
Place: Gurgaon
Date: 22 September 2017

For and on behalf of the Board of Directors of
Affle (India) Private Limited
CIN No. U65990MH1994PTC080451


Anuj Kumar
Director

DIN: 01400273
Place: Gurgaon
Date: 22 September 2017


Anuj Khanna Sohum
Director

DIN: 01363666
Place: Gurgaon
Date: 22 September 2017

Affle (India) Private Limited

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

1. Corporate information

Affle (India) Private Limited ("the Company"), is a private limited Company, domiciled in India, incorporated under the provisions of the Companies Act, 1956, and is a subsidiary of Affle Holdings Pte Ltd. The Company was incorporated on 18 August 1994. The Company is engaged in providing mobile advertisement services through information technology and software development services for mobiles.

2. Basis of preparation

- (i) The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.
- (ii) During the current year, the Company has accounted for a scheme of amalgamation with effect from 1 April 2015 as discussed in note 37 in these financial statements.
- (iii) **Summary of significant accounting policies**

(a) Use of estimates

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

(b) Tangible assets

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

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

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

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Affle (India) Private Limited

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

(c) Depreciation

Tangible assets are depreciated on pro-rata basis from the date on which the asset is ready to use, using written down value method ("WDV") at the rates as per useful lives prescribed under Schedule II to the Companies Act, 2013. The Company has used the following useful lives to provide depreciation on its tangible assets:

Category	Estimated useful life (Years)
Computers	3
Office equipments	5
Furniture and fixtures	10
Motor vehicles	8

The residual value of these assets has been considered at 5% of original cost to the Company.

(d) Intangible assets and amortisation

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

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

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

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

Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

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Affle (India) Private Limited

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

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight - line basis over the period of expected future benefit from the related project. Amortization is recognized in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

A summary of amortization periods applied to the Company's intangible assets is as below:

Category	Estimated useful life (Years)
Computer software	5
Mobile application	4
Goodwill (refer note 37)	4

(e) Leases

Where the Company is a lessee

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

(f) Impairment of intangible and tangible assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. Impairment losses of continuing operations are recognized in the statement of profit and loss. After impairment, depreciation/amortization is provided on the revised carrying amount of its assets over its remaining useful life.

(g) Revenue recognition

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

Advertisement

Revenue from rendering of advertisement services is recognized on accrual basis as and when services are rendered based on the terms of contracts.

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Affle (India) Private Limited
Notes to the financial statements for the year ended 31 March 2017

Software development

Revenue from software development comprises income from time & material and fixed price contracts. Revenue with respect to time & material contracts is recognized when related services are performed. Revenue from fixed price contracts is recognized in accordance with the completed contract method as and when milestones related to application development are delivered and accepted by customer.

Interest

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

(h) Foreign currency translation

Foreign currency transactions and balances

(i) Initial recognition

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

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting monetary items of the Company at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognized as income or as expense in the period in which they arise.

(i) Retirement and other employee benefits

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

The Company is liable for payment of gratuity. Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation based on projected unit credit method made at the end of each financial year. Actuarial gains and losses for the defined benefit plan are recognized in full in the period in which they occur in the statement of profit and loss.

Accumulated leave is provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

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Affle (India) Private Limited
Notes to the financial statements for the year ended 31 March 2017

(j) Income taxes

Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

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

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

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

(k) Earnings per share

Basic and diluted earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

(l) Provisions

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

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Affle (India) Private Limited

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

(m) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability in the financial statements since, no such obligation recorded during the year.

(n) Cash and cash equivalents

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

(o) Segment reporting

Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Inter-segment transfers

The Company generally accounts for intersegment sales and transfers at cost plus appropriate margins.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

Unallocated items include general income and expense items which are not allocated to any business segment.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

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3 Share capital

	31 March 2017 Rs.	31 March 2016 Rs.
Authorised share capital:		
25,000,000 (31 March 2016: 16,000,000) Equity shares of Rs. 10 each fully paid up	250,000,000	160,000,000
Issued, subscribed and paid up:		
24,288,314 (31 March 2016: 15,823,984) Equity shares of Rs. 10 each fully paid up	242,883,140	158,239,840
	242,883,140	158,239,840

a. The reconciliation of number of equity shares outstanding and amount of capital is set out below:

Particulars	31 March 2017		31 March 2016	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	15,823,984	158,239,840	15,823,984	158,239,840
Issued during the year pursuant to scheme of amalgamation (refer note 37)	8,464,330	84,643,300	-	-
At the end of the year	24,288,314	242,883,140	15,823,984	158,239,840

b. Terms and rights attached to equity share holders:

The Company has only one class of equity shares having a par value of Rs.10 per share. The holders of equity shares are entitled to receive dividends and are entitled to one vote per share. In the event of liquidation, equity shareholders will be entitled to receive assets of the Company in proportion to the number of shares held to the total equity shares outstanding as on that date.

c. Shares held by holding company and/or their subsidiaries

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

Particulars	31 March 2017 Rs.	31 March 2016 Rs.
Affle Holdings Pte Limited, Singapore		
20,270,367 (31 March 2016: 11,806,185) equity shares of Rs. 10 each fully paid up	202,703,670	118,061,850
Affle Limited, United Kingdom, subsidiary of Affle Holdings Pte Limited		
3,474,480 (31 March 2016: 3,474,480) equity shares of Rs. 10 each fully paid up	34,744,800	34,744,800
Affle Global Pte Limited (earlier known as Affle Appstudios Pte Ltd), Singapore, subsidiary of Affle Holdings Pte Limited		
543,433 (31 March 2016: 543,316) equity shares of Rs. 10 each fully paid up	5,434,330	5,433,160

d. The details of shareholders holding more than 5% shares :

Name of shareholder	31 March 2017		31 March 2016	
	No. of shares	% Held	No. of shares	% Held
Affle Holdings Pte Limited, Singapore	20,270,367	83.46%	11,806,185	74.61%
Affle Limited, United Kingdom	3,474,480	14.31%	3,474,480	21.96%

4 Reserves and surplus

	31 March 2017 Rs.	31 March 2016 Rs.
(Deficit) in the statement of profit and loss		
Balance as per last financial statements	(29,045,466)	(78,234,980)
Add: Accumulated losses as at 31 March 2016 arising pursuant to scheme of amalgamation (refer note 37)	(23,625,069)	-
Balance as at 1 April 2016 pursuant to scheme of amalgamation (refer note 37)	(52,670,535)	(78,234,980)
Add: Profit for the year	4,702,865	49,189,514
	(47,967,670)	(29,045,466)

Affle (India) Private Limited
Notes to the financial statements for the year ended 31 March 2017

5 Borrowings	Long term		Short term	
	31 March 2017 Rs.	31 March 2016 Rs.	31 March 2017 Rs.	31 March 2016 Rs.
Term loan from financial institution (Secured)	5,999,993	42,827,584	36,827,586	36,827,586
Less: Amount disclosed under the head 'Other current liabilities'	-	-	(36,827,586)	(36,827,586)
Cash credit facility from bank (Secured)	-	-	28,335,088	-
	5,999,993	42,827,584	28,335,088	-

a) Term loan is secured by hypothecation of trade receivables. Cash credit facility has a pari pasu charge on receivables and book debts of present and future.

b) Details on analysis of borrowings i.e. interest rate, currency and terms of repayments of borrowings:

Particulars	Currency	Rate of interest	31 March 2017	31 March 2016	Terms of repayment
Term loan from Innoven Capital India Pvt Ltd.	INR	16.10%	24,827,579	49,655,170	Fixed equal principal amount of INR 2,068,966 is payable along with the interest on a monthly basis, for a period of 30 months starting from 1st October 2015
Term loan from Innoven Capital India Pvt Ltd.	INR	16.10%	18,000,000	30,000,000	Fixed equal principal amount of INR 1,000,000 is payable along with the interest on a monthly basis, for a period of 30 months starting from 1st April 2016
Cash credit facility from HDFC Bank	INR	11.25%	28,335,088	-	Interest is payable on monthly basis

6 Provisions	Long term		Short term	
	31 March 2017 Rs.	31 March 2016 Rs.	31 March 2017 Rs.	31 March 2016 Rs.
Provision for employee benefits				
Gratuity (refer note 23)	6,980,693	5,492,533	500,020	364,042
Leave encashment	2,138,216	142,638	246,529	1,822,942
	9,118,909	5,635,171	746,549	2,186,984
Other provisions				
Contingencies (refer notes 28 and 36)	-	-	724,649	500,000
	-	-	724,649	500,000
	9,118,909	5,635,171	1,471,198	2,686,984

7 Other current liabilities	31 March 2017	31 March 2016
	Rs.	Rs.
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises (Refer note 26 for details of dues to micro and small enterprises)	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	160,075,616	194,787,659
	160,075,616	194,787,659
Other liabilities		
Interest accrued but not due on borrowings	527,062	970,107
Payable to related party	-	7,559,746
Salary payable	19,568,917	-
Current maturities of long term borrowings	36,827,586	36,827,586
Statutory dues payable	11,594,111	5,493,025
Deffered revenue	1,036,619	-
Other payables	2,727,023	-
	72,281,318	50,850,464
	232,356,934	245,638,123

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Affle (India) Private Limited

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

8 Tangible assets

	Computers Rs	Office equipments Rs	Furniture and fixtures Rs	Motor vehicles Rs	Total Rs
Cost					
As at 31 March 2015	6,476,943	524,610	-	-	7,001,553
Additions	1,458,198	27,863	-	-	1,486,061
Disposals	-	-	-	-	-
As at 31 March 2016	7,935,141	552,473	-	-	8,487,614
Additions pursuant to scheme of amalgamation (refer note 37)	4,712,092	1,901,472	3,699	470,001	7,087,264
Additions	213,512	125,952	1,533,199	-	1,872,663
Disposals	202,203	15,953	-	-	218,156
As at 31 March 2017	12,658,542	2,563,944	1,536,898	470,001	17,229,385

Depreciation

As at 31 March 2015	5,268,863	434,255	-	-	5,703,118
Charge for the year	1,004,912	83,118	-	-	1,088,030
Disposals	-	-	-	-	-
As at 31 March 2016	6,273,775	517,373	-	-	6,791,148
Charge pursuant to scheme of amalgamation (refer note 37)	2,683,097	498,761	426	124,880	3,307,164
Charge for the year	2,206,470	686,218	475,270	120,473	3,488,431
As at 31 March 2017	11,163,342	1,702,352	475,696	245,353	13,586,743

Net block

As at 31 March 2015	1,208,080	90,355	-	-	1,298,435
As at 31 March 2016	1,661,366	35,100	-	-	1,696,465
As at 31 March 2017	1,495,200	861,592	1,061,202	224,648	3,642,642

9 Intangible assets

	Computer software Rs	Mobile application Rs	Goodwill (refer note 37) Rs	Total Rs
Cost				
As at 31 March 2015	21,326,078	5,000,880	-	26,326,958
Additions	922,367	6,613,320	-	7,535,687
Disposals	-	-	-	-
As at 31 March 2016	22,248,445	11,614,200	-	33,862,645
Additions pursuant to scheme of amalgamation (refer note 37)	921,517	28,411,161	59,241,485	88,574,163
Additions	343,717	66,309,835	-	66,653,552
Disposals	-	-	-	-
As at 31 March 2017	23,513,679	106,335,196	59,241,485	189,090,360
Amortisation				
As at 31 March 2015	21,130,920	142,785	-	21,273,705
Charge for the year	128,517	1,343,138	-	1,471,655
As at 31 March 2016	21,259,437	1,485,923	-	22,745,360
Charge pursuant to scheme of amalgamation (refer note 37)	160,621	7,218,005	14,810,373	22,188,999
Charge for the year	454,395	19,120,451	14,810,372	34,385,218
As at 31 March 2017	21,874,453	27,824,379	29,620,745	79,319,577
Net block				
As at 31 March 2015	195,158	4,858,095	-	5,053,253
As at 31 March 2016	989,008	10,128,277	-	11,117,286
As at 31 March 2017	1,639,226	78,510,817	29,620,740	109,770,783

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Affle (India) Private Limited

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

10 Non current investment

	31 March 2017 Rs.	31 March 2016 Rs.
Trade (unquoted)		
101 (31 March 2016 - Nil) preference shares with face value of Rs. 10 each and with premium of Rs. 1,972 each in OOO Marketplaces Private Limited	200,182	-
	200,182	-

11 Deferred tax assets (net)

	31 March 2017 Rs.	31 March 2016 Rs.
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for financial reporting	481,244	1,761,366
Provision for doubtful receivables and advances	3,738,283	2,787,603
Provision for gratuity	2,311,540	1,900,166
Provision for leave encashment	736,886	637,732
	7,267,953	7,086,867

12 Loans and advances

	Non current		Current	
	31 March 2017 Rs.	31 March 2016 Rs.	31 March 2017 Rs.	31 March 2016 Rs.
(Unsecured, considered good)				
Security deposits	7,168,707	5,641,346	-	1,365,907
Loan and advances to related parties	-	18,500,000	-	12,000,000
Advances recoverable in cash or in kind	-	-	7,808,442	3,221,923
Advance tax [Net of provision for tax amounting to Rs. 9,874,106 (31 March 2016 Rs. 7,957,828)]	-	-	28,484,647	9,091,867
MAT credit entitlement	12,614,507	7,822,291	-	-
Interest free loan to employees	-	-	385,597	264,765
Balance with government / statutory authorities	-	-	16,141,393	20,877,567
	19,783,214	31,963,637	52,820,079	46,822,030

13 Trade receivables

	31 March 2017 Rs.	31 March 2016 Rs.
Outstanding for a period more than six months from the date they are due for payment		
Unsecured, considered good	8,440,482	2,318,468
Unsecured, considered doubtful	12,098,002	8,591,779
	20,538,484	10,910,247
Provision for doubtful receivables	(12,098,002)	(8,591,779)
	8,440,482	2,318,468
Other receivables (unsecured, considered good)	121,876,115	145,575,133
	130,316,597	147,893,601

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14 Cash and bank balances

	31 March 2017 Rs.	31 March 2016 Rs.
Cash and cash equivalents		
Balance with banks		
On current account	57,658,253	40,789,613
Cash in hand	225,313	493,430
Deposits with original maturity for less than three months	-	27,000,000
	57,883,566	68,283,043
Other bank balances		
Deposits with original maturity for more than three months but less than twelve months	29,575,831	-
	87,459,397	68,283,043

The details of specified bank notes held and transacted during the period 8 November 2016 to 30 December 2016 are provided below:-

Particulars	Specified bank notes	Other denomination notes	Total
Closing cash in hand as at 8 November 2016	915,000	151,353	1,066,353
(+) Permitted receipts	-	200,000	200,000
(-) Permitted payments	-	195,238	195,238
(-) Amount deposited in banks	915,000	-	915,000
Closing cash in hand as at 30 December 2016	-	156,115	156,115

15 Other current assets

	31 March 2017 Rs.	31 March 2016 Rs.
(Unsecured, considered good)		
Amount recoverable from related party	16,971,688	6,714,818
Accrued interest on deposits	82,312	658,326
Unbilled revenue	40,811,809	61,189,710
Others	6,070	-
	57,871,879	68,562,854

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16 Revenue from operations

	31 March 2017	31 March 2016
	Rs.	Rs.
Advertisement	529,811,938	722,998,802
Software development (refer note 37)	126,480,140	-
Others	-	1,312,699
	656,292,078	724,311,501

17 Other income

	31 March 2017	31 March 2016
	Rs.	Rs.
Interest income on		
-Bank deposits	1,838,173	932,215
-Income tax refund	1,105,890	113,670
Bad debts recovered	1,225,033	1,500,080
Infrastructure support services	5,656,097	-
Liability / provisions written back	4,079,829	-
Profit on sale of tangible assets	45,324	-
Miscellaneous income	872,497	70,162
	14,822,843	2,616,127

18 Employee benefits expenses

	31 March 2017	31 March 2016
	Rs.	Rs.
Salaries, allowances and bonus	185,461,391	88,960,355
Contribution to provident fund	5,939,901	3,676,539
Gratuity	(1,961,327)	2,376,528
Staff welfare expenses	2,913,900	1,334,059
	192,353,865	96,347,481
Less: Cost capitalised as intangible assets or intangible assets under development (refer note 34)	24,074,046	25,714,994
	168,279,819	70,632,487

19 Depreciation and amortisation expenses

	31 March 2017	31 March 2016
	Rs.	Rs.
Depreciation of tangible assets	3,488,431	1,088,029
Amortization of intangible assets	34,385,218	1,471,654
	37,873,649	2,559,683

20 Finance cost

	31 March 2017	31 March 2016
	Rs.	Rs.
Interest on taxes	1,512,089	3,603,567
Interest on loan	11,651,349	3,873,350
Bank charges	368,776	341,344
Others	642,362	900,000
	14,174,576	8,718,261





21 Other expenses

	31 March 2017	31 March 2016
	Rs.	Rs.
Rent	18,352,643	5,148,057
Power and fuel	1,367,678	190,268
Legal and professional fees (including payment to statutory auditor, refer detail below)	14,750,813	9,735,515
Infrastructure support services	-	4,394,022
Printing and stationery	594,939	671,607
Travelling and conveyance	10,602,566	7,684,221
Repairs and maintenance - others	9,139,448	2,094,257
Communication expenses	3,936,345	2,129,011
Rates and taxes	4,369,926	2,239,634
Insurance expenses	1,523,301	517,597
Recruitment expenses	541,777	1,019,624
Provision for doubtful receivables	3,087,791	7,704,362
Bad debts written off (net of provision write back)	8,547,699	6,179,997
Advances written off	2,100,151	-
Exchange differences (net)	2,028,870	3,322,660
Business promotion	33,634,539	26,133,337
Software license fee	20,775,241	-
Project development expenses	2,946,913	-
Miscellaneous expenses	5,246,393	3,701,335
	<u>143,547,033</u>	<u>82,865,504</u>
Less: Cost capitalised as intangible assets or intangible assets under development (refer note 34)	5,570,883	4,033,546
	<u><u>137,976,150</u></u>	<u><u>78,831,958</u></u>

Payment to auditor

	31 March 2017	31 March 2016
	Rs.	Rs.
Audit fee	1,200,000	1,000,000
Reimbursement of expenses	274,566	160,328
	<u>1,474,566</u>	<u>1,160,328</u>

22 Earnings per share

	31 March 2017	31 March 2016
	Rs.	Rs.
Profit after tax	4,702,865	49,189,514
Number of equity shares	24,288,314	15,823,984
Weighted average number of equity shares outstanding during the year	24,288,314	15,823,984
Earnings per share - basic and diluted	0.19	3.11





Affle (India) Private Limited**Notes to the financial statements for the year ended 31 March 2017**

23. The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. Such plan is unfunded.

The following table summarizes the components of net employee benefits expense recognized in the statement of profit and loss:

Particulars	31 March 2017	31 March 2016
Current service cost	1,821,971	1,333,676
Interest cost	742,308	328,804
Net actuarial (gain)/loss	(4,525,606)	230,048
Net expense recognised in the statement of profit and loss	(1,961,327)	1,892,528

Changes in present value of obligation are as follows:

Particulars	31 March 2017	31 March 2016
Present value of obligation as at the beginning of the year	5,372,575	4,110,047
Adjustment pursuant to scheme of amalgamation (refer note 37)	4,516,670	-
Interest cost	741,693	328,804
Current service cost	1,821,971	1,333,676
Benefits paid	(446,590)	(630,000)
Actuarial (gain)/loss on obligation	(4,525,606)	230,048
Present value of obligation as at the end of year	7,480,713	5,372,575

The principal actuarial assumptions used in determining gratuity for the Company's plans are shown below:

Particulars	31 March 17	31 March 16
Discount rate	7.50%	8.00%
Future salary increase	8.00%	10.00%
Withdrawal rate		
- age up to 30 years	20.00%	20.00%
- age from 31 to 44 years	10.00%	10.00%

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

Amounts for the current and previous four periods w.r.t. experience adjustments are as follows:

As on	31 March 2013	31 March 2014	31 March 2015	31 March 2016	31 March 2017
On projected benefit obligation	725,174	(415,138)	75,569	(230,048)	4,525,606
On plan assets	-	-	-	-	-

The best estimate w.r.t. gratuity payout for next year is Rs. 2,963,059.

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Affle (India) Private Limited
Notes to the financial statements for the year ended 31 March 2017

24 Segment information

Business segments

The primary segment reporting format is determined to be business segments as the Company's risks and rates of return are affected predominantly by differences in the products and services rendered. Secondary information is reported geographically. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The "Advertisement" segment provides mobile advertisement services to its customers and is a reseller of advertisement space for online publishing companies.

The "Software development" segment provides customized mobile app development services.

Transfer prices between business segments are set at cost plus appropriate margins.

Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated in total revenue/ expense/ result.

Summary of the segmental information for the year ended and as at 31 March 2017 is as follows:

Particulars	Advertisement Rs.	Software development Rs.	Elimination Rs.	Total Rs.
Income				
Revenue from external customers	529,811,938	126,480,140	-	656,292,078
Inter segment revenue	-	2,469,899	(2,469,899)	-
Other income	12,789,978	2,032,865	-	14,822,843
Total income (A)	542,601,916	130,982,904	(2,469,899)	671,114,921
Expenses				
Publishers' cost	306,348,945	-	-	306,348,945
Employee benefits expenses	92,328,117	77,378,530	(1,426,828)	168,279,819
Depreciation and amortization expenses	35,635,076	2,238,573	-	37,873,649
Finance cost	13,375,034	799,542	-	14,174,576
Other expenses	104,937,004	33,687,033	(647,887)	137,976,150
Total expenses (B)	552,624,176	114,103,678	(2,074,715)	664,653,139
Profit before tax (A-B)	(10,022,260)	16,879,226	(395,184)	6,461,782
Income taxes	-	-	-	1,758,917
Profit after tax	-	-	-	4,702,865

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Affle (India) Private Limited

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

Particulars	Advertisement Rs.	Software development Rs.	Total Rs.
Segment assets	344,522,247	62,966,663	407,488,910
Unallocated assets	-	-	64,708,682
Total assets	344,522,247	62,966,663	472,197,592
Segment liabilities	255,384,870	21,897,252	277,282,122
Unallocated liabilities	-	-	194,915,470
Total liabilities	255,384,870	21,897,252	472,197,592
Capital expenditure:			
Tangible assets	1,774,547	98,116	1,872,663
Intangible assets	66,653,552	-	66,653,552
Depreciation and amortisation expenses	35,635,076	2,238,573	37,873,649
Other non-cash expenses	1,292,306	3,934,603	5,226,909

During the previous year, the Company was operating only one business segment i.e. "Advertisement" and therefore, no segment disclosures relating to the previous year have been provided in these financial statements.

Geographical segments

The Company's secondary segments are the geographic distribution of activities. Revenue and receivables are specified by location of customers while the other geographic information is specified by location of the assets. The following tables present revenue, expenditure and certain asset information regarding the Company's geographical segments:

Year ended and as at 31 March 2017

Particulars	India Rs.	Singapore Rs.	Others Rs.	Unallocated Rs.	Total Rs.
Revenue from operations					
Sales to external customers	534,683,344	62,385,791	59,222,943	-	656,292,078
Other segment information					
Segment assets	331,982,574	38,735,068	36,771,269	64,708,681	472,197,592
Capital expenditure:					
Tangible assets	1,872,663	-	-	-	1,872,663
Intangible assets	66,653,552	-	-	-	66,653,552

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Affle (India) Private Limited
Notes to the financial statements for the year ended 31 March 2017

Year ended and as at 31 March 2016

Particulars	India Rs.	Singapore Rs.	Others Rs.	Unallocated Rs.	Total Rs.
Revenue from operations					
Sales to external customers	555,530,131	-	168,781,370		724,311,501
Other segment information					
Segment assets	118,505,451	-	29,388,150	278,088,647	425,982,248
Capital expenditure:					
Tangible assets	1,486,061	-	-	-	1,486,061
Intangible assets	7,535,687	-	-	-	7,535,687

25. Related party disclosure

- a) Names of related parties and related party relationship:

Holding company
Affle Holdings Pte Ltd. Singapore
Fellow subsidiaries
Affle Limited, United Kingdom
Affle Global Pte Limited (earlier known as Affle Appstudios Pte Ltd, Singapore)
AD2C Holdings Private Limited [Amalgamated with the Company w.e.f. 1 April 2015 (refer note 37)]
AD2C (India) Private Limited [Amalgamated with the Company w.e.f. 1 April 2015 (refer note 37)]
Appstudios Technologies Private Limited [Amalgamated with the Company w.e.f. 1 April 2015 (refer note 37)]
Enterprises owned or significantly influenced by key management personnel or their relatives
NewU Health and Fitness Platform Private Limited
Key management personnel
Anuj Kumar (Managing director)
Anuj Khanna Sohumi (Director)
Khushboo Sachdeva (Company Secretary)

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Particulars	Holding company (Refer note 38)		Fellow subsidiaries		Key management personnel		Enterprises owned or significantly influenced by key management personnel or their relatives
	31 March 2017 Rs.	31 March 2016 Rs.	31 March 2017 Rs.	31 March 2016 Rs.	31 March 2017 Rs.	31 March 2016 Rs.	
Closing balances							
Trade receivables							
AD2C India Private Limited	-	-	-	29,380,583	-	-	-
NewU Health and Fitness Platform Pvt Ltd	-	-	-	-	-	-	350,233
Affle Global Pte Ltd	-	-	28,907,068	-	-	-	-
Other current assets							
Affle Holdings Pte Limited, Singapore	485,068	6,714,818	16,486,620	-	-	-	-
Affle Global Pte Ltd	-	-	-	-	-	-	-
Trade payables							
Appstudios Technologies Private Limited	-	-	-	862,756	-	-	-
AD2C India Private Limited	-	-	-	6,696,990	-	-	-
Loans and advances							
Appstudios Technologies Private Limited	-	-	-	30,500,000	-	-	-
Share application money pending allotment							
Affle Holdings Pte Limited, Singapore	-	6	-	-	-	-	-
Affle Global Pte Limited	-	-	-	6	-	-	-
Payable to key management personnel							
Anuj Kumar	-	-	-	-	10,083	39,972	-

* The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

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b) Related party transactions during the year follow as:

Particulars	Holding company (Refer note 38)		Fellow subsidiaries		Key management personnel		Enterprises owned or significantly influenced by key management personnel or their relatives 31 March 2017
	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Rendering of services							
AD2C (India) Private Limited	-	-	-	183,678,289	-	-	-
Affle Global Pte Ltd	-	-	62,385,791	-	-	-	-
NewU Health and Fitness Platform Pvt Ltd	-	-	-	-	-	-	177,864
Reimbursement of expenses to the Company							
AD2C (India) Private Limited	-	-	-	2,236,692	-	-	-
Appstudioz Technologies Private Limited	-	-	-	3,106,302	-	-	-
Affle Holdings Pte Ltd	6,861,181	6,147,879	-	-	-	-	-
Affle Global Pte Ltd	-	-	20,295,585	-	-	-	-
Reimbursement of expenses by the Company							
Appstudioz Technologies Private Limited	-	-	-	2,372,502	-	-	-
AD2C (India) Private Limited	-	-	-	6,439,206	-	-	-
Affle Global Pte Ltd	-	-	2,877,902	-	-	-	-
Purchase of intangible asset							
Appstudioz Technologies Private Limited	-	-	-	16,492,914	-	-	-
AD2C (India) Private Limited	-	-	-	1,646,386	-	-	-
Indemnification asset derecognized [Refer note 28]							
Affle Holdings Pte Limited, Singapore	-	1,700,000	-	-	-	-	-
Remuneration paid *							
Anuj Kumar	-	-	-	-	8,921,721	7,775,200	-
Khushboo Sachdeva	-	-	-	-	489,710	362,502	-
Issue of equity shares							
Affle Holdings Pte Limited, Singapore	84,642,130	-	-	-	-	-	-
Affle Global Pte Limited	-	-	1,170	-	-	-	-
Advance given							
Appstudioz Technologies Private Limited	-	-	-	30,500,000	-	-	-

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Affle (India) Private Limited**Notes to the financial statements for the year ended 31 March 2017****26. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006**

In term of the requirement of the Micro, Small and Medium Enterprise Development Act, 2006, the Company has continuously sought confirmations. Based on the information available with the Company, there is no principal/interest amount due to micro and small enterprises.

S. No	Particulars	31 March 2017 Rs.	31 March 2016 Rs.
1	The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year.	Nil	Nil
2	The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
3	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil
4	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
5	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil

27. Earnings and expenditure in foreign currency (accrual basis)**(a) Earnings in foreign currency**

Particulars	31 March 2017 Rs.	31 March 2016 Rs.
Advertisement	61,011,156	168,781,370
Software development	60,597,578	-
Total	121,608,734	168,781,370

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Affle (India) Private Limited**Notes to the financial statements for the year ended 31 March 2017****(b) Expenditure in foreign currency**

Particulars	31 March 2017 Rs.	31 March 2016 Rs.
Publishers' cost	211,607,903	262,424,776
Travelling expenses	1,981,237	2,744,483
Business development expenses	-	741,419
Software license fee	16,705,134	-
Total	230,294,274	265,910,678

28. The Company is in contravention of certain provisions under Foreign Exchange Management Act (FEMA) due to certain administrative and regulatory non-filings by authorized dealer with Reserve Bank of India (RBI) related to non-allotment of equity shares within stipulated time and is in the process of applying for relevant approvals with the regulatory authorities. The Company, basis legal opinion obtained in the earlier year, is reasonably confident of receiving approval/ condonation from the regulatory authorities with respect to the above non-compliance after incurring certain penalties. The Holding Company has guaranteed to reimburse any liability arising on the Company on account of such non-compliance and accordingly, the Company has recorded provision and corresponding indemnification assets.

29. Unhedged foreign currency exposure

The Company does not use derivative financial instruments such as forward exchange contracts or options to hedge its risks associated with foreign currency fluctuations or for trading/speculation purpose.

The amount of foreign currency exposure not hedged by derivative instruments or otherwise is as under:

Particulars	31 March 2017 Rs.	31 March 2016 Rs.
Trade payables (Rs)	46,583,447	53,641,160
Foreign exchange rate (USD/Rs.)	64.84	66.33
Foreign currency amount (USD)	718,437	808,666
Trade receivables (Rs)	40,576,708	29,388,150
Foreign exchange rate (USD/Rs.)	64.84	66.33
Foreign currency amount (USD)	625,797	443,059
Other current assets (Rs)	16,971,688	6,714,818
Foreign exchange rate (USD/Rs.)	64.84	66.33
Foreign currency amount (USD)	261,747	101,233

Affle (India) Private Limited**Notes to the financial statements for the year ended 31 March 2017**

30. Prior period items recognized in the statement of profit and loss included in respective heads are as follows:

Description	31 March 2017 Rs.	31 March 2016 Rs.
Publishers' cost	-	434,247
Total	-	434,247

31. **Leases**

Operating lease: The Company as a lessee

The Company has taken office premises on lease. The lease has been entered for a period of nine years with renewal option after the initial three years of the lease. The lease payments have been charged to the statement of profit and loss.

Future minimum rentals payable under the operating lease is as follows:

Description	31 March 2017 Rs.	31 March 2016 Rs.
Within one year	11,332,200	1,968,150
After one year but not more than five years	9,443,500	316,800

32. **Capital commitments**

As at 31 March 2017, the Company has commitments on capital account and not provided for net of advance is Rs. 6,302,628 (31 March 2016: Rs. 14,000,000).

33. The Company has appointed independent consultants for conducting a Transfer pricing study to determine whether the transactions with associated enterprise were undertaken at "arm length price". The management confirms that all international transactions with associated enterprises are undertaken at negotiated contracted price on usual commercial terms and is confident of there being no adjustment on completion of the study. Adjustment, if any arising from the transfer pricing study shall be accounted for as and when the study is completed.

34. **Capitalisation of intangible assets**

During the year, the Company has capitalized the following expenses of revenue nature to the internally developed software; consequently, the expenses disclosed under the respective heads are net of amounts capitalized by the Company.

Particulars	31 March 2017 Rs.	31 March 2016 Rs.
Salaries, allowances and bonus	24,074,046	25,714,994
Rent	1,499,850	2,191,404
Power and fuel	54,460	130,139
Printing and stationery	75,373	221,478
Travelling and conveyance	1,156,513	407,628
Repairs and maintenance – others	777,942	692,830
Communication	304,827	390,067
Others	1,701,918	-
Total	29,644,929	29,748,540

Affle (India) Private Limited

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

35. During the year, based on reasonable certainty and estimated future taxable profits, the Company has recognized deferred tax assets (net) amounting to INR 7,267,953 on timing differences as at 31 March 2017 (31 March 2016: Rs. 9,026,870). Further, the Company has not recognized deferred tax asset on brought forward tax losses and unabsorbed depreciation as per its accounting policy.
36. The Company has filed complaint with the police department for embezzlement of the Company's car and filed the statement of claims to recover full cost of the Company's car amounting to Rs. 607,000. This embezzlement was done by Mr. Saurabh Singh, ex- director of the Company, by transferring the Company's car to the name of his father without any form of consent from the Company. Therefore, the Company has written down entire net book value of the Company's car amounting to Rs. 224,649 in the books.

37. Scheme of amalgamation

The scheme of amalgamation ('the Scheme') is for the amalgamation of the AD2C Holdings Pvt Ltd (Transferor Company No. 1), AD2C India Pvt Ltd (Transferor Company No. 2) and Appstudios Technologies Pvt Ltd (Transferor Company No.3) with Affle India Pvt Ltd (Transferee Company or 'the Company').

All the four companies, i.e. AD2C Holdings, AD2C India, Appstudios Technologies and Affle India were subsidiaries of the same parent company based out of Singapore. Therefore, the parent company decided to merge its Indian operations to create a single robust entity which would carry on businesses that are integrated and complimentary in nature. Accordingly, their businesses are combined conveniently/ advantageously which is expected to ensure the benefit of the shareholders, the employees and all the stakeholders of the four companies.

The Scheme has been approved by the board of the directors of the Company in their meeting held on 13 May 2015.

Salient features of the Scheme are:

- (i) The names of the Transferor Companies stand changed to Affle India Pvt Ltd.
- (ii) The Scheme is operative from the appointed date, i.e. 1 April 2015 and is effective from the date on which copies of the orders of Hon'ble High Courts of Bombay, Delhi and Punjab & Haryana sanctioning the Scheme have been filed with the Registrar of Companies, respectively.
- (iii) Authorised share capital of the Transferee Company is the sum total of the authorised share capital of all the four companies.
- (iv) Based on the business valuation of all four companies, equity shareholders of AD2C Holdings are entitled to get 74 equity shares for every 21 equity shares held in AD2C Holdings, equity shareholders of AD2C India are entitled to get 48 equity shares for every 17 equity shares held in AD2C India and equity shareholders of Appstudios Technologies are entitled to get 586 equity shares for every 5 equity shares held in Appstudios Technologies of the Transferee Company.

Basis above, the Scheme provides for the increase in the issued and paid up equity share capital of the Transferee Company by allotment of 8,464,330 equity shares of Rs. 10/- each amounting to Rs. 84,643,300.

Accordingly, the paid - up equity share capital of the Transferee Company has become Rs. 242,883,140 comprising of 24,288,314 equity shares as at 1 April 2015.

- (v) All assets, liabilities, rights and obligations of the Transferor Companies shall vest with the Transferee Company at fair value as on the appointed date, i.e. 1 April 2015.

The Scheme has been sanctioned by the Hon'ble High Courts of Bombay, Delhi and Punjab & Haryana vide their orders dated 5 August 2016, 16 January 2017 and 9 December 2016 respectively, the copies of which have been filed with the Registrar of Companies on 7 February 2017, 7 February 2017 and 9 January 2017 respectively. Accordingly, the effective date of the Scheme is 7 February 2017 though the appointed date is 1 April 2015.

Affle (India) Private Limited**Notes to the financial statements for the year ended 31 March 2017**

Basis above, the Scheme has been given effect to in these financial statements with retrospective effect from 1 April 2015.

The Scheme has been accounted for using purchase method in accordance with Accounting Standard 14 "Accounting for Amalgamations". Accordingly, all the assets and liabilities of the Transferor Companies have been incorporated at fair values as at 1 April 2015, details of which are given below:

Particulars	Appstudios Technologies	AD2C India	AD2C Holdings	Total
Non-current assets				
Fixed assets				
Tangible assets	4,634,984	1,140,793	-	5,775,777
Intangible assets	658,189	19,660,442	-	20,318,631
Intangible assets under development	-	7,982,384	-	7,982,384
Deferred tax assets (net)	2,219,095	1,302,650	-	3,521,745
Loans and advances	6,357,253	3,920,518	-	10,277,771
Current assets				
Trade receivables	8,742,171	113,817,914	-	122,560,085
Cash and bank balances	4,035,797	18,215,685	869,288	23,120,770
Loans and advances	521,430	18,300,132	5,118,315	23,939,877
Other current assets	696,632	100,124	1,224,630	2,021,386
Total	27,865,551	184,440,642	7,212,233	219,518,426
Non-current liabilities				
Long term provisions	3,702,684	963,537	-	4,666,221
Current liabilities				
Trade payables	23,091,605	142,050,038	1,972,265	167,113,908
Other current liabilities	1,973,005	14,623,831	84,364	16,681,200
Short term provisions	535,418	1,550	-	536,968
Short term borrowings	-	5,118,314	-	5,118,314
Total	29,302,712	162,757,270	2,056,629	194,116,611
Net assets / (liabilities) acquired	(1,437,161)	21,683,372	5,155,604	25,401,815

In view of above, Goodwill on amalgamation amounting to Rs. 59,241,485 has been recorded in the books as at 1 April 2015 on the basis of purchase consideration amounting to Rs. 84,643,300. The Goodwill has been amortised over estimated useful life of 4 years in the books w.e.f. 1 April 2015.

The figures for the current year are not comparable with the corresponding figures of the previous year, as the amalgamation is effective from 1 April 2015.

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Affle (India) Private Limited

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

38. Affle Holdings Pte Ltd, Singapore (AHPL), the holding company, has certain stock option plans which entitle the employees of the group, including certain employees of the Company, the option to purchase shares of AHPL at the exercise date. As per the confirmation received from AHPL, such stock option plans are assessed, managed, administered and accounted for by AHPL. Accordingly, the Company has not accounted/ disclosed for the above plans as per the Guidance Note on "Accounting for Employee Share-based Payments" in these financial statements.
39. Appstudioz Technologies Pvt Ltd (ATPL) was in the non-compliance of certain provisions of Companies Act, 2013 ('Act') relating to conduct of Annual General Meeting for the year ended March 31, 2015. The management was in the process of taking steps of compounding such non-compliances under the relevant provisions of the Act till previous year. As ATPL does not exist pursuant to effect of the Scheme, as set out in note 37, the management does not expect any adjustment on account of such non-compliance.

As per our report of even date

For S. R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W/E300004
Chartered Accountants



per **Yogesh Midha**
Partner

Membership No. 94941
Place: Gurgaon
Date: 22 September 2017

For and on behalf of the Board of Directors
of Affle (India) Private Limited
CIN No. U65990MH1994PTC080451



Anuj Kumar
Director

[DIN: 01400273]
Place: Gurgaon
Date: 22 September 2017



Anuj Khanna Sohum
Director

[DIN: 01363666]
Place: Gurgaon
Date: 22 September 2017