

# B S R & Associates LLP

Chartered Accountants

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## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF FIFTH GEAR VENTURES LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of **Fifth Gear Ventures Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the period 1 September 2015 to 31 March 2016, and a summary of the 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 the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

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

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

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



## B S R & Associates LLP

the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, its loss and its cash flows for the period ended on that date.

### Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we enclose in the Annexure A, statement on the matters specified in paragraph 3 of the order.
2. As required by section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 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 does not have any pending litigations as at 31 March 2016;



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- ii. The Company does not have any long-term contracts or derivative contracts outstanding as at 31 March 2016; and
- iii. The Company does not have any dues on account of Investor Education and Protection Fund.

*For B S R & Associates LLP*

*Chartered Accountants*

Firm registration number: 116231W/ W-100024



**Rakesh Dewan**

*Partner*

Membership number: 092212

Place: Gurgaon  
Date: 5 May 2016



**Annexure A referred to in our Independent Auditor's Report of even date to the members of Fifth Gear Ventures Limited on the financial statements for the period 1 September 2015 to 31 March 2016.**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has established a regular programme of physical verification of its fixed assets by which fixed assets will be verified in a phased manner over a period of three years commencing from next financial year. The Company has not carried out physical verification of fixed assets in the current period as the company was incorporated in the current period. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets.
- (c) According to the information and explanations given to us, the Company does not hold any immovable property in its name. Accordingly, para 3(i)(c) of the Order is not applicable.
- (ii) According to the information and explanations given to us, the Company does not hold any physical inventory. Accordingly, para 3(ii) of the Order is not applicable.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, para 3(iii) of the Order is not applicable.
- (iv) According to the information and explanations given to us, the Company has not entered into any transactions related to loans, investments, guarantees and securities to which the provisions of Section 185 and Section 186 of the Act are applicable. Accordingly, para 3(iv) of the Order is not applicable.
- (v) As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. Accordingly, para 3(v) of the Order is not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013, for any of the services rendered by the Company. Accordingly, para 3(vi) of the Order is not applicable.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, service tax, value added tax, cess and other statutory dues have generally been regularly deposited by the Company with the



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appropriate authorities. As explained to us, the Company did not have any dues on account of duty of excise, employees' state insurance, duty of customs.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, sales tax, service tax, value added tax, cess and other statutory dues were in arrears as at 31 March 2016, for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of income-tax, sales tax, service tax and value added tax which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) According to the information and explanations given to us, the Company did not have any outstanding dues to any financial institutions, banks, government or debenture holders during the period. Accordingly, para 3 (viii) of the Order is not applicable.
- (ix) According to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the period. Accordingly, para 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, there has been no fraud by the Company and neither any fraud on the Company by its officers or employees has been noticed or reported during the period.
- (xi) According to information and explanations given to us and on the basis of our examination of the records of the Company, the managerial remuneration has been provided and paid by the Company in accordance with the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) According to the information and explanations given to us, the Company is not a nidhi company. Accordingly, para 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and the details have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has made preferential allotment or private placement of equity shares during the period in accordance with the requirement of Section 42 of the Act and the amount raised have been used for the purpose for which the funds were raised.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or person connected with him covered by Section 192 of the Act. Accordingly, para 3(xv) of the Order is not applicable.



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

*For B S R & Associates LLP*

*Chartered Accountants*

Firm registration number: 116231W/ W-100024



**Rakesh Dewan**

*Partner*

Membership number: 092212

Place: Gurgaon

Date: 5 May 2016



**Annexure B to the Independent Auditor's Report of even date on the financial statements of Fifth Gear Ventures Limited for the period 1 September 2015 to 31 March 2016**

**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 Fifth Gear Ventures Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the period 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 ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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



### **Meaning of Internal Financial Controls Over Financial Reporting**

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

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

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

### **Opinion**

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

*For B S R & Associates LLP*

*Chartered Accountants*

Firm registration number: 116231W/ W-100024



**Rakesh Dewan**

*Partner*

Membership number: 092212

Place: Gurgaon

Date: 5 May 2016



**Fifth Gear Ventures Limited**

(Amount in Rupees)

Balance Sheet	Notes	As at March 31, 2016
<b>Equity and liabilities</b>		
<b>Shareholders' funds</b>		
Share capital	3	530,630
Reserves and surplus	4	71,504,838
		<u>72,035,468</u>
<b>Non-current liabilities</b>		
Long-term provisions	5	122,988
		<u>122,988</u>
<b>Current liabilities</b>		
Trade payables	6	-
- total outstanding dues of micro enterprises and small enterprises;		-
- total outstanding dues of creditors other than micro enterprises and small enterprises		9,843,699
Other current liabilities	7	4,282,913
Short-term provisions	5	290
		<u>14,126,902</u>
<b>TOTAL</b>		<u><u>86,285,358</u></u>
<b>Assets</b>		
<b>Non-current assets</b>		
Fixed assets		
Tangible assets	8	2,392,481
Capital work-in-progress		17,112,892
Loans and advances	10	157,338
		<u>19,662,711</u>
<b>Current assets</b>		
Cash and bank balances	11	60,675,479
Loans and advances	10	5,011,760
Other current assets	12	935,408
		<u>66,622,647</u>
<b>TOTAL</b>		<u><u>86,285,358</u></u>
Summary of significant accounting policies	2	

The accompanying notes are an integral part of the financial statement

As per our report of even date attached.

For **BSR & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 116231W/W-100024

For and on behalf of the Board of Directors of  
**Fifth Gear Ventures Limited**

Sd/-  
**Rakesh Dewan**  
Partner  
Membership Number: 092212

Sd/-  
**Arijit Chatterjee**  
Managing Director

Sd/-  
**Vikramaditya Chandra**  
Director and Group CEO

Sd/-  
**Ashu Kansal**  
Chief Financial Officer

Sd/-  
**Saurav Banerjee**  
Director, Finance and Group CFO

Place : Gurgaon  
Date : May 5, 2016

Place : New Delhi  
Date : May 3, 2016

**Fifth Gear Ventures Limited**

(Amount in Rupees)

<b>Statement of Profit and Loss</b>	<b>Notes</b>	<b>For the period September 1, 2015 to March 31, 2016</b>
<b>Income</b>		
Revenue from operations	13	49,583
Other income	14	1,490,367
<b>Total revenue</b>		<b>1,539,950</b>
<b>Expenses</b>		
Employee benefit expense	15	13,979,044
Operations and administration expenses	16	21,111,586
Marketing, distribution and promotion expenses		3,931,638
Depreciation expense	17	147,535
<b>Total expenses</b>		<b>39,169,803</b>
<b>Loss for the period</b>		<b>(37,629,853)</b>
<b>Loss per equity share (nominal value of share Rs.10)</b>		
<b>Basic and diluted</b>	18	(723.48)
<b>Summary of significant accounting policies</b>	2	

The accompanying notes are an integral part of the financial statement

As per our report of even date attached.

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

*For and on behalf of the Board of Directors of*  
**Fifth Gear Ventures Limited**

Sd/-  
**Rakesh Dewan**  
*Partner*  
Membership Number: 092212

Sd/-  
**Arijit Chatterjee**  
*Managing Director*

Sd/-  
**Vikramaditya Chandra**  
*Director and Group CEO*

Sd/-  
**Ashu Kansal**  
*Chief Financial Officer*

Sd/-  
**Saurav Banerjee**  
*Director, Finance and Group CFO*

Place : Gurgaon  
Date : May 5, 2016

Place : New Delhi  
Date : May 3, 2016

**Fifth Gear Ventures Limited**

(Amount in Rupees)

<b>Cash Flow Statement</b>	<b>For the period September 1, 2015 to March 31, 2016</b>
<b>Cash flow from operating activities</b>	
Loss before tax	(37,629,853)
<b>Adjustments for :</b>	
Depreciation	147,535
Provision made for gratuity	123,278
Loss on sales of fixed assets	31,760
Interest income	(1,490,367)
<b>Operating loss before working capital changes</b>	<b>(38,817,647)</b>
Movements in working capital :	
Increase in trade payables	9,843,699
Increase in other current liabilities	3,250,462
Increase in loans and advances	(5,011,760)
<b>Cash used in operations</b>	<b>(30,735,246)</b>
Taxes paid	(157,338)
<b>Net cash used in operating activities (A)</b>	<b>(30,892,584)</b>
<b>Cash flows from investing activities</b>	
Purchase of fixed assets, including capital work in progress and capital advance	(18,699,739)
Proceed from sale of fixed assets	47,522
Interest received	554,960
Bank deposits (having original maturity of more than three months)	(40,000,000)
<b>Net cash used in investing activities (B)</b>	<b>(58,097,257)</b>
<b>Cash flows from financing activities</b>	
Proceeds from issuance of equity share capital	109,665,320
<b>Net cash from financing activities (C)</b>	<b>109,665,320</b>
<b>Net increase in cash and cash equivalents (A + B + C)</b>	<b>20,675,479</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>20,675,479</b>
<b>Components of cash and cash equivalents</b>	<b>As at March 31, 2016</b>
Cash in hand	17,750
Balances with bank:	
- in current account	7,657,729
- deposits with original maturity of less than three month	13,000,000
<b>Total</b>	<b>11 20,675,479</b>
Summary of significant accounting policies	2

The accompanying notes are an integral part of the financial statement

**Note :**

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

As per our report of even date attached.

**For B S R & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: I16231W/W-100024

*For and on behalf of the Board of Directors of  
Fifth Gear Ventures Limited*

Sd/-  
**Rakesh Dewan**  
Partner  
Membership Number: 092212

Sd/-  
**Arijit Chatterjee**  
Managing Director

Sd/-  
**Vikramaditya Chandra**  
Director and Group CEO

Sd/-  
**Ashu Kansal**  
Chief Financial Officer

Sd/-  
**Saurav Banerjee**  
Director, Finance and Group CFO

Place : Gurgaon  
Date : May 5, 2016

Place : New Delhi  
Date : May 3, 2016



## Fifth Gear Ventures Limited

Notes to financial statements for the period September 1, 2015 to March 31, 2016

### 1. Corporate information

The Company was incorporated on September 1, 2015 under the provisions of the Companies Act, 2013. The Company maintains and operates website carandbike.com, an e-commerce marketplace platform, which keeps its users updated with the latest information and reviews from the global automotive industry. Besides making online booking of new cars and bikes under marketplace model, the users can buy and sell used cars as well.

### 2. Summary of significant accounting policies

#### 2.1 Basis of preparation

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

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

#### 2.2 Use of estimates

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

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

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

#### 2.3 Tangible assets

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

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

Depreciation on tangible assets is provided on a pro-rata basis on the straight line method over the estimated useful lives of the assets. The useful lives of the tangible assets are different from the useful lives as indicated in schedule II of the Companies Act, 2013, which are as below :

Asset head	Useful life (years)
Furniture and fixture	8
Office equipment	3
Computers	5

The estimates of useful lives of the assets are based on the technical evaluation carried out by the management.

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

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

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

#### 2.4 Leases

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



## **Fifth Gear Ventures Limited**

Notes to financial statements for the period September 1, 2015 to March 31, 2016

### **2.5 Impairment**

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

### **2.6 Revenue recognition**

Revenue from commission is recognised on accrual basis when the services are rendered net of taxes.

### **2.7 Foreign currency transaction**

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

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

### **2.8 Employee benefits**

#### *Short-term employee benefits*

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

#### *Defined contribution plans*

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

#### *Defined benefit plans*

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

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

### **2.9 Employee share based payments**

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

### **2.10 Earnings per share**

#### **Basic EPS**

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

#### **Diluted EPS**

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

### **2.11 Other income**

#### **Interest income**

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



## **Fifth Gear Ventures Limited**

**Notes to financial statements for the period September 1, 2015 to March 31, 2016**

### **2.12 Taxes on income**

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

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

### **2.13 Cash and cash equivalents**

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





## Fifth Gear Ventures Limited

Notes to financial statements for the period September 1, 2015 to March 31, 2016

3. Share capital		(Amount in Rupees)
		As at
		March 31, 2016
<b>Authorised</b>		
1,00,000 equity shares of Rs.10/- each		1,000,000
<b>Issued</b>		
62,000 equity shares of Rs.10/- each		620,000
<b>Subscribed and paid-up shares</b>		
53,063 equity shares of Rs.10/- each		530,630
		<b>530,630</b>

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

Equity shares	As at March 31, 2016	
	Number	Amount in Rupees
Issued during the period	53,063	530,630
<b>Outstanding at the end of the period</b>	<b>53,063</b>	<b>530,630</b>

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

Equity shares	As at March 31, 2016	
	Number	Amount in Rupees
Equity shares of Rs. 10 each fully paid up held by :		
New Delhi Television Limited, ultimate holding company	21,000	210,000
NDTV Convergence Limited, fellow subsidiary	21,000	210,000
	<b>42,000</b>	<b>420,000</b>

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

Name of the shareholder	As at March 31, 2016	
	Number	% holding
Equity share of Rs 10 each fully paid up held by:		
NDTV Convergence Limited	21,000	39.58%
New Delhi Television Limited	21,000	39.58%
Praveen Venkatraman Loganathan	8,000	15.08%

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

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

### (e) Employee stock options

#### Description of share-based payment arrangements

As at March 31, 2016, the Company has the following share-based payment arrangement for employees.

#### *Fifth Gear Ventures Limited - Employee Stock Option Plan 2016 ('the 2016 plan')*

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



## Fifth Gear Ventures Limited

### Notes to financial statements for the period September 1, 2015 to March 31, 2016

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

Grant date/employees entitled	Number of options granted	Vesting conditions	Contractual life of options
Options granted to the employees of the Company during the period ended March 31, 2016	12,380	Refer notes	13 years
<b>Total share options as of March 31, 2016</b>	<b>12,380</b>		

#### Note:

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

#### Reconciliation of outstanding share options

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

Particulars	As at March 31, 2016	
	No. of options	Weighted average exercise price
Granted during the period	12,380	35,640
Outstanding at the end of the period	12,380	35,640
Exercisable at the end of the period	-	-

The options outstanding at March 31, 2016 have an exercise price of Rs. 35,640 and a weighted average contractual life of 12.91 years.

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

Particulars	(Amount in Rupees)	
	For the period September 1, 2015 to March 31, 2016	
Net loss as reported		(37,629,853)
Add: Employee stock option compensation expense as per intrinsic value method		-
Less: Employee stock option compensation expense as per fair value		7,485,465
Adjusted proforma net profit/loss		(45,115,317)
Loss per share		
As reported - basic		(723.48)
As reported - diluted		(723.48)
Adjusted proforma - basic		(867.40)
Adjusted proforma - diluted		(867.40)

For purposes of the above proforma disclosures, the weighted average grant date fair value of options granted during the period was Rs. 15,596

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

Particulars	For the period September 1, 2015 to March 31, 2016
Share price (Rs.)	35,640
Exercise price (Rs.)	35,640
Expected volatility *	0.00%
Expected life	6 - 8 years
Expected dividend	0.00%
Risk-free interest rate	7.9% - 8.0%



## Fifth Gear Ventures Limited

Notes to financial statements for the period September 1, 2015 to March 31, 2016

4. Reserves and surplus		(Amount in Rupees)
		As at
		March 31, 2016
<b>Securities premium account</b>		
Additions during the period		109,134,690
<b>Balance at the end of the period</b>		<b>109,134,690</b>
<b>Surplus /(deficit) in the statement of profit and loss</b>		
Loss for the period		(37,629,853)
<b>Balance as at the end of the period</b>		<b>(37,629,853)</b>
<b>Total reserves and surplus</b>		<b>71,504,838</b>

5. Provisions			(Amount in Rupees)
			As at March 31, 2016
			Long - term
			Short - term
<b>Provision for employee benefits</b>			
Provision for gratuity (refer note 19)		122,988	290
		<b>122,988</b>	<b>290</b>

6. Trade payables		(Amount in Rupees)
		As at
		March 31, 2016
Trade payables		
- total outstanding dues of micro enterprises and small enterprises (refer note 20)		-
- total outstanding dues of creditors other than micro enterprises and small enterprises *		9,843,699
		<b>9,843,699</b>
* Trade payable include payable to following related parties:		
NDTV Convergence Limited		1,032,487
Red Pixel Ventures Limited		149,898
New Delhi Television Limited		1,227
		<b>1,183,612</b>

7. Other current liabilities		(Amount in Rupees)
		As at
		March 31, 2016
<b>Other liabilities</b>		
Statutory dues		1,232,175
Employee benefits payable		1,968,119
Advance from customers		50,168
Payable against fixed assets *		1,032,451
		<b>4,282,913</b>

\* Includes Rs. 274,811 payable to NDTV Convergence Limited, related party

8. Tangible assets					(Amount in Rupees)
					Total
					Computers
					Office equipments
					Furnitures and fixtures
<b>Gross block</b>					
Additions	2,447,336	131,977	39,985		2,619,298
Disposals	80,828	-	-		80,828
<b>As at March 31, 2016</b>	<b>2,366,508</b>	<b>131,977</b>	<b>39,985</b>		<b>2,538,470</b>
<b>Depreciation</b>					
Charge for the period	95,415	12,135	39,985		147,535
Disposals	1,546	-	-		1,546
<b>As at March 31, 2016</b>	<b>93,869</b>	<b>12,135</b>	<b>39,985</b>		<b>145,989</b>
<b>Net block</b>					
<b>As at March 31, 2016</b>	<b>2,272,639</b>	<b>119,842</b>	<b>-</b>		<b>2,392,481</b>





**Fifth Gear Ventures Limited**

Notes to financial statements for the period September 1, 2015 to March 31, 2016

<b>9. Deferred tax asset (net)</b>		(Amount in Rupees)
		As at
		<b>March 31, 2016</b>
<b>Deferred tax liability</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting period		(160,458)
<b>Gross deferred tax liability</b>		<b>(160,458)</b>
<b>Deferred tax asset</b>		
Carry forward losses and depreciation		160,458
<b>Gross deferred tax asset</b>		<b>160,458</b>
<b>Net deferred tax asset</b>		<b>-</b>

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

<b>10. Loans and advances</b>			(Amount in Rupees)
			As at March 31, 2016
	Long- term	Short- term	
<b>Unsecured, considered good unless otherwise stated</b>			
Advance to vendor	-	52,640	
Advance income-tax and tax deducted at source	157,338	-	
Prepaid expenses	-	779,826	
Due from government authorities	-	4,169,363	
Other receivable*		9,931	
	<b>157,338</b>	<b>5,011,760</b>	

\* Includes Rs. 9,931 receivable from NDTV Convergence Limited, related party

<b>11. Cash and bank balances</b>		(Amount in Rupees)
		As at
		<b>March 31, 2016</b>
<b>Cash and cash equivalents</b>		
Cash in hand		17,750
Balances with banks:		
- in current accounts		7,657,729
- deposits with original maturity of less than three months		13,000,000
		<b>20,675,479</b>
<b>Other bank balances</b>		
- deposits due to mature within 12 months of the reporting date		40,000,000
		<b>60,675,479</b>

<b>12. Other current assets</b>		(Amount in Rupees)
		As at
		<b>March 31, 2016</b>
Interest accrued on fixed deposits		935,408
		<b>935,408</b>



**Fifth Gear Ventures Limited**

Notes to financial statements for the period September 1, 2015 to March 31, 2016

**13. Revenue from operations**

(Amount in Rupees)

	<b>For the period</b>
	<b>September 1, 2015 to March 31, 2016</b>
<b>Revenue from operations</b>	
Commission income	49,583
	<u>49,583</u>

**14. Other income**

(Amount in Rupees)

	<b>For the period</b>
	<b>September 1, 2015 to March 31, 2016</b>
Interest income on bank deposits	1,490,367
	<u>1,490,367</u>

**15. Employee benefits expense**

(Amount in Rupees)

	<b>For the period</b>
	<b>September 1, 2015 to March 31, 2016</b>
Salary, wages and other benefits	13,336,996
Contribution to provident fund	576,273
Staff welfare	65,775
	<u>13,979,044</u>

**16. Operations and administration expenses**

(Amount in Rupees)

	<b>For the period</b>
	<b>September 1, 2015 to March 31, 2016</b>
Rent	389,982
Rates and taxes	186,026
Books, periodicals and news papers	74,562
Travelling and conveyance	1,264,515
Business promotion	243,064
Repair and maintenance- others	25,750
Auditors remuneration *	70,000
Bank charges	53,157
Insurance	292,328
Communication	505,517
Vehicle running and maintenance	391,813
Legal, professional and consultancy	9,039,674
Customer care services	881,709
Software expenses	123,618
Production expenses	4,832,479
Website hosting and streaming	2,503,578
Loss on sale of fixed assets	31,760
Miscellaneous	202,054
	<u>21,111,586</u>

**\* Auditors remuneration**

(Amount in Rupees)

	<b>For the period</b>
	<b>September 1, 2015 to March 31, 2016</b>
<b>As auditor:</b>	
Audit fee	70,000
	<u>70,000</u>

**17. Depreciation expense**

(Amount in Rupees)

	<b>For the period</b>
	<b>September 1, 2015 to March 31, 2016</b>
Depreciation of tangible assets	147,535
	<u>147,535</u>



## Fifth Gear Ventures Limited

Notes to financial statements for the period September 1, 2015 to March 31, 2016

### 18. Loss per share (LPS)

(Amount in Rupees except per share data)

	For the period September 1, 2015 to March 31, 2016
Loss attributable to equity shareholders	(37,629,853)
Issue of equity shares (nos.)	53,063
Number of equity shares outstanding at period end (nos.)	53,063
Weighted average number of equity shares outstanding during the period for Basic loss per share (nos.)	52,012
Weighted average number of equity shares outstanding during the period for diluted loss per share (nos.)	52,012
Basic loss per equity share (Rs.)	(723.48)
Diluted loss per equity share (Rs.)	(723.48)
Nominal value per share (Rs.)	10

### 19. Post-employment benefit plans (Gratuity)

The Company provides for long term defined benefit scheme of gratuity on the basis of an actuarial valuation on the balance sheet date based on the projected unit credit method. The Company recognizes the actuarial gains and losses in the statement of profit and loss as income and expense in the period in which they occur.

The reconciliation of opening and closing balances of the present value of the defined benefit obligations are as below:

Particulars	(Amount in Rupees)
	As at March 31, 2016
<b>Changes in the present value of the Obligation:</b>	
Acquisition adjustment	9,503
Service cost – current	113,845
Interest cost	367
Actuarial (gain) / loss	(437)
Obligations at period end	<u>123,278</u>

(Amount in Rupees)

Expense recognised in the Statement of Profit and Loss	For the period September 1, 2015 to March 31, 2016
Acquisition adjustment	9,503
Service cost – current	113,845
Interest cost	367
Actuarial (gain) / loss	(437)
Net defined benefit obligations cost	<u>123,278</u>

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

	As at March 31, 2016
Discount rate	7.70%
Future salary increases	5%

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

Actuary's estimates of contributions for the next financial year is Rs. 373,185





## Fifth Gear Ventures Limited

Notes to financial statements for the period September 1, 2015 to March 31, 2016

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

(Amount in Rupees)

Particulars	As at March 31, 2016
(a) The amounts remaining unpaid to micro, small and medium enterprises as at the end of the period	
- Principal	Nil
- Interest	Nil
(b) The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006	Nil
(c) The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting period	Nil
(d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprises Development Act, 2006	Nil
(e) The amount of interest accrued and remaining unpaid at the end of each accounting period	Nil
(f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the Micro Small and Medium Enterprises Development Act, 2006	Nil

### 21. Operating lease

The Company has taken a commercial premises under non-cancellable operating lease. The rental expenses for the current period, in respect of operating lease was Rs. 389,982. The future minimum lease payments in respect of such leases are as follows:

(Amount in Rupees)

	As at March 31, 2016
Within one year	2,249,892
After one year and not more than five years	749,964
	<u>2,999,856</u>

### 22. Related party transactions

Names of related parties, where control exists or with whom transactions were carried out during each period of relationship as identified and certified by the Company as per the requirements of Accounting Standard-18 issued by the Institute of Chartered Accountants of India.

#### I. Names of the related parties and nature of relationship

New Delhi Television Limited	:	Ultimate holding company
NDTV Convergence Limited	:	Fellow subsidiary
Red Pixels Ventures Limited	:	Fellow subsidiary
Fifth Gear Auto Limited	:	Fellow subsidiary

#### Key management personnel and their relatives

Arijit Chatterjee	:	Managing Director
Ashu Kansal	:	Chief Financial Officer



## Fifth Gear Ventures Limited

Notes to financial statements for the period September 1, 2015 to March 31, 2016

### II. Disclosure of related party transactions

The following table provides the total amount of transactions that have been entered into with related parties, in the ordinary course of business for the period September 1, 2015 to March 31, 2016.

Nature of relationship / transaction	Ultimate holding company	Fellow subsidiaries	Key management personnel	Total
	For the period September 1, 2015 to March 31, 2016			
(Amount in Rupees)				
<b>Reimbursement of expenses incurred on our behalf</b>				
<b>Purchase of fixed assets</b>				
NDTV Convergence Limited	-	9,196,077	-	9,196,077
<b>Other expenditure</b>				
NDTV Convergence Limited	-	7,874,871	-	7,874,871
Red Pixels Ventures Limited	-	144,160	-	144,160
Fifth Gear Auto Limited	-	27,539	-	27,539
New Delhi Television Limited	1,227	-	-	1,227
<b>Expenses incurred on behalf of others</b>				
NDTV Convergence Limited	-	9,503	-	9,503
<b>Equity share capital issued</b>				
New Delhi Television Limited	210,000	-	-	210,000
NDTV Convergence Limited	-	210,000	-	210,000
<b>Remuneration to key management personnel</b>				
Arijit Chatterjee	-	-	941,179	941,179
Ashu Kansal	-	-	1,510,498	1,510,498
	<b>As at March 31, 2016</b>			
<b>Outstanding balance at period end</b>				
Trade payable	1,227	1,182,385	-	1,183,612
Payable against fixed assets		274,811		274,811
Other receivables	-	9,931	-	9,931

### 23. Capital commitments

Estimated amount of contracts remaining to be executed on capital account, not provided for (net of capital advances)

Particulars	As at
	March 31, 2016
Commitments	2,800,000
	<u>2,800,000</u>

### 24. Segment information

The Company operates in the single primary segment of auto e-commerce and accordingly, there is no reportable segment.

25. The Company was incorporated on September 1, 2015 and since this is the first period of operations, there are no previous year figures.

As per our report of even date attached.

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

For and on behalf of the Board of Directors of  
Fifth Gear Ventures Limited

Sd/-  
**Rakesh Dewan**  
Partner  
Membership Number: 092212

Sd/-  
**Arijit Chatterjee**  
Managing Director

Sd/-  
**Vikramaditya Chandra**  
Director and Group CEO

Sd/-  
**Ashu Kansal**  
Chief Financial Officer

Sd/-  
**Saurav Banerjee**  
Director, Finance and Group CFO

Place : Gurgaon  
Date : May 5, 2016

Place : New Delhi  
Date : May 3, 2016