

Financials
Spark44 Demand Creation Partners Private Limited
For the period ended 31 March 2018

Spark44 Demand Creation Partners Private Limited
Balance Sheet
(All amounts in Indian Rupees unless otherwise stated)

	Notes	As at 31 March 2018	As at 31 March 2017
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,00,000	1,00,000
Reserves and surplus	4	(2,10,80,756)	(1,35,33,384)
		(2,09,08,756)	(1,34,33,384)
Share application money		-	-
Non-current liabilities		-	-
Current liabilities			
Short term borrowings	5	83,73,310	1,15,90,219
Trade payables			
-Total outstanding due to Micro, Small and Medium Enterprise	6	25,75,743	16,34,949
-Total outstanding due to creditors other than Micro, Small and Medium Enterprise			
Other current liabilities	7	2,26,57,311	1,53,15,900
Short term provision		-	-
		3,36,06,364	2,85,41,068
TOTAL		1,26,25,609	15,107,684
ASSETS			
Non-current assets			
Fixed Assets			
Tangible assets	8	10,54,073	13,63,302
Long-term loans and advances	9	21,41,663	13,67,243
		31,95,736	27,30,545
Current assets			
Trade receivables	10	63,14,237	89,88,200
Unbilled revenue		-	1,55,392
Cash and cash equivalents		-	-
Short-term loans and advances	11	17,82,000	17,64,573
Other current assets	12	13,33,636	14,68,974
		94,29,873	1,23,77,139
TOTAL		1,26,25,609	15,107,684

Notes 1 to 22 form an integral part of these financial statements

This is the balance sheet referred to in our report of even date.

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants
Firm Registration No.: 001076N/ N500013

For and on behalf of the Board of Directors

Khushroo B. Panthaky
Partner
Membership No. 42423

Avanesh Sharma
Director

Srishti Sawhney
Director

Place : Mumbai
Date:

Place : Mumbai
Date:

Spark44 Demand Creation Partners Private Limited
Statement of Profit and Loss
(All amounts in Indian Rupees unless otherwise stated)

	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue			
Revenue from operations	13	4,70,50,866	4,54,48,367
Other income	14	27,954	18,26,864
Total Revenue		4,70,78,820	4,72,75,231
Expenses			
Cost of services		87,49,620	65,73,809
Employee benefit expenses	15	2,66,18,559	2,56,44,502
Depreciation expenses	8	7,92,570	6,68,867
Other expense	16	1,84,65,443	1,68,25,754
Total Expenses		5,46,26,192	4,97,12,932
Tax expenses		-	-
Loss for the period		(75,47,372)	(24,37,701)
Loss per equity share			
Basic	19	(754.74)	(243.77)
(Nominal value of INR 10 per share)			
Notes 1 to 22 form an integral part of these financial statements			

This is the Statement of profit and loss referred to in our report of even date.

For **Walker Chandiok & Co LLP**

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

(formerly Walker, Chandiok & Co)

Chartered Accountants

Firm Registration No.: 001076N/ N500013

Khushroo B. Panthaky

Partner

Membership No. 42423

Avanesh Sharma

Director

Avanesh Sharma

Director

Place : Mumbai

Date :

Place : Mumbai

Date :

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Date :

Spark44 Demand Creation Partners Private Limited
Cash flow statement
(All amounts in Indian Rupees unless otherwise stated)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Cash flows from operating activities		
Net loss	(75,47,372)	(24,37,701)
Adjustment for non-cash transactions		
Depreciation expenses	7,92,570	6,68,867
Loss on sale of assets	-	1022
Operating loss before working capital changes	(67,54,802)	(17,67,812)
Changes in assets and liabilities		
(Increase)/ decrease in trade receivables	26,73,963	(37,22,689)
(Increase)/ decrease in loans & advances and other assets	(1,76,697)	(11,58,313)
Increase/(decrease) in liabilities and provisions	82,82,205	7,74,094
Cash generated from/(used in) operating activities	40,24,669	(58,74,720)
Income taxes paid	(3,24,420)	(6,17,244)
Net cash generated from operating activities	37,00,249	(64,91,964)
Cash flows from investing activities		
Proceeds from sale of asset	-	13,000
Purchase of assets	(4,83,341)	(6,65,918)
Net cash used in investing activities	(4,83,341)	(6,52,918)
Cash flows from financing activities		
Proceeds from short term borrowings	(32,16,908)	1,15,90,219
Share application money refunded	-	(49,00,000)
Net cash (used in)/generated from financing activities	(32,16,908)	66,90,219
Net increase/(decrease) in cash and cash equivalents	-	(4,54,663)
Cash & cash equivalents as at the beginning of the period	-	4,54,663
Cash & cash equivalents as at the end of the period	-	-
Note :		
1. The above Cash Flow Statement has been prepared under "Indirect Method" as set out in Accounting Standard 3, "Cash Flow Statement", prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).		
2. The figure in bracket represents cash outflow.		

This is the cash flow statement referred to in our report of even date

For Walker Chandiok & Co LLP

(formerly Walker, Chandiok & Co)

Chartered Accountants

Firm Registration No.: 001076N/ N500013

For and on behalf of the Board of Directors

Khushroo B. Panthaky

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Director

Place : Mumbai

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Spark44 Demand Creation Partners Private Limited
Summary of significant accounting policies and other explanatory information to the Financial Statements as at and for the period ended 31 March 2018

1. Nature of operations

Spark44 Demand Creation Partners Private Limited(“the company” or “Spark44”) is a subsidiary of Spark44 (JV) Limited was incorporated in India on 12 October, 2015.

The Company is in the business of Advertisement and Marketing. Currently, it is the sole agency of Jaguar Land Rover India Limited for its creative solutions.

2. Significant accounting policies

a. Basis of Preparation of Financial Statements

The financial statement of Spark44 Demand Creation Partners Private Limited have been prepared to comply in all material respects with the Accounting Standards notified by the Companies (Accounting Standards) Rules , read with Rule 7 to the Companies (Accounts) Rules, 2014 in respect of Section 133 to the Companies Act, 2013. The financial statements are prepared under the historical cost convention, on an accrual basis of accounting.

b. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of financial statements and the reported amount of revenue and expenses during the reporting year. Key estimates include estimate of useful life of fixed assets, income tax and future obligations under employee retirement benefit plans. Actual results could differ from those estimates. Any revision to accounting estimates will be recognized prospectively in the current and future periods.

All assets and liabilities have been classified as current and non-current, wherever applicable, as per normal operating cycle of the Company and other criteria set out in the Schedule III to the Companies Act, 2013.

Based on nature of services, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

c. Fixed Assets

Fixed assets are stated at cost of acquisition, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any costs attributable to bringing the asset to their working condition for their intended use.

d. Depreciation

Depreciation is provided on the straight-line method over estimated useful lives of the fixed assets determined by management in the manner prescribed under Schedule II to the Companies Act, 2013 on a pro-rata basis from the month the assets are put to use. Based on internal evaluation and assessment, the Company believes that the useful lives adopted by it, which are different than those prescribed under Schedule II to the Companies Act, 2013, best represent the period over which an asset is expected to be available for its economic use. The useful lives of the assets are as follows:

Asset	Useful Life
Office equipment	3 years
Computers	3 years
Furnitue & Fixtures	4 years

Spark44 Demand Creation Partners Private Limited
Summary of significant accounting policies and other explanatory information to the Financial Statements as at and for the period ended 31 March 2018

e. Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with bank, other short term highly liquid investments with original maturities of 3 months or less.

f. Revenue Recognition

Revenue under the retainer fee is recognized subsequent to the services being rendered to the Client. The Company presents revenues net of indirect taxes in its Statement of Profit and Loss.

g. Foreign Currency Transaction

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.

Conversion - Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

h. Employee Benefits

Defined contribution plan

Company makes contribution to statutory provident fund in accordance with Employees provident fund and miscellaneous provisions Act, 1952 which is a defined contribution plan and contribution paid or payable is recognised as an expense in the period in which services are rendered by the employee.

i. Leases

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

j. Provisions and Contingent Liabilities

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Spark44 Demand Creation Partners Private Limited
Summary of significant accounting policies and other explanatory information to the Financial Statements as at and for the period ended 31 March 2018

Such liabilities are disclosed by way of notes to the financial statements. No disclosure is made if the possibility of an outflow on this account is remote.

k. Earnings Per Share

Basic earnings per share are 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. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

3. Share Capital

	As at 31 March 2018	As at 31 March 2017
Authorised :		
10,000(Previous year 10000) Equity Shares of INR 10 each	1,00,000	1,00,000
Total	1,00,000	1,00,000
Issued, Subscribed & Paid up :		
10,000 (Previous year 10000) Equity Shares of INR 10 each fully paid up	1,00,000	1,00,000
Total	1,00,000	1,00,000

a) Statement of reconciliation of equity shares

	As at 31 March 2018		As at 31 March 2017	
	Number	Amount	Number	Amount
At the beginning of the year	10,000	100,000	10,000	100,000
Add: Issued During the year	-	-	-	-
Outstanding at the end of the year	10,000	100,000	10,000	100,000

b) Shareholders holding more than 5% of shares

	As at 31 March 2018		As at 31 March 2017	
	Number	% of holding	Number	% of holding
Shares held by the parent company: Spark44 (JV) Limited	9,999	99%	9,999	99%

c) Terms/ rights attached to equity shares:

The Company has only one class of equity shares having a face value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. Company has not declared or paid any type of dividend during the year.

d) During the current year and previous year, the Company has not allotted any shares as a fully paid up pursuant to contracts without payment being received in cash.

Spark44 Demand Creation Partners Private Limited
Summary of significant accounting policies and other explanatory information to the Financial Statements as at and for the period ended 31 March 2018

Further, the Company has neither issued bonus shares nor bought back any shares during the aforementioned period.

4. Reserves and surplus

	As at 31 March 2018	As at 31 March 2017
Deficit in Statement of Profit and Loss		
Balance at the beginning of the period	(1,35,33,384)	(1,10,95,683)
Add: Transferred from Statement of Profit and Loss	(75,47,372)	(24,37,701)
Balance at the end of the period	(2,10,80,756)	(1,35,33,384)

5. Short term borrowings

	As at 31 March 2018	As at 31 March 2017
Bank overdraft	83,73,310	1,15,90,219
Total	83,73,310	1,15,90,219

6. Trade Payables

	As at 31 March 2018	As at 31 March 2017
Due to Micro, Small and Medium Enterprise	-	-
Due to others	25,75,743	16,34,949
Total	25,75,743	16,34,949

There are no micro, small and medium enterprises, to whom the Company owes dues, as at 31 March 2018. This information has been determined to the extent such parties have been identified on the basis of information available with the Company and has been relied upon by the statutory auditors of the Company.

7. Other Current Liabilities

	As at 31 March 2018	As at 31 March 2017
Employee related statutory dues	5,46,083	4,21,896
Duties and taxes	7,78,871	2,64,471
Salaries and bonus payable	22,47,214	9,65,896
Accrued expenses	10,69,941	15,27,197
Other payables to related parties	1,79,84,002	1,21,36,440
Provision for expenses	31,200	-
Total	2,26,57,311	1,53,15,900

Spark44 Demand Creation Partners Private Limited
Summary of significant accounting policies and other explanatory information to the Financial Statements as at and for the period ended 31 March 2018

8. Tangible Assets

		Tangible assets		
Assets description	Computers	Office equipment	Furntiture & Fixtures	Total
Gross Block				
As at 1 April 2017	20,54,859	88,999	-	21,43,858
Additions	4,70,341	-	13,000	4,83,341
Disposal	-	-	-	-
As at 31 March 2018	25,25,200	88,999	13,000	26,27,199
Depreciation				
As at 1 April 2017	7,55,738	24,818	-	7,80,556
Charge for the year	7,60,848	29,484	2,238	7,92,570
Disposal	-	-		-
As at 31 March 2018	15,16,586	54,302	2,238	15,73,126
Net block				
As at 31 March 2017	12,99,121	64,181	-	13,63,302
As at 31 March 2018	10,08,614	34,697	10,762	10,54,073

9. Long-term loans and advances

	As at 31 March 2018	As at 31 March 2017
Security deposit	4,50,000	-
Advance income tax (net of provision)	16,91,663	13,67,243
Total	21,41,663	13,67,243

10. Trade Receivable (Unsecured)

	As at 31 March 2018	As at 31 March 2017
Outstanding for period less than six months from the date they are due for payment:		
Considered Good	63,14,237	89,88,200
Total	63,14,237	89,88,200

11. Short – Term Loans and Advances

(Unsecured, Considered good)

	As at 31 March 2018	As at 31 March 2017
Receivable from related parties	-	26,297
Security deposit with Regus Imperial Business Park Pvt. Ltd.	17,82,000	17,38,276
Total	17,82,000	17,64,573

Spark44 Demand Creation Partners Private Limited
Summary of significant accounting policies and other explanatory information to the Financial
Statements as at and for the period ended 31 March 2018

12. Other Current Assets

	As at 31 March 2018	As at 31 March 2017
Prepaid rent	5,35,100	5,20,525
Prepaid expenses	7,93,190	6,41,594
Service Tax Receivable	-	3,06,855
Unbilled revenue	5,346	-
Total	13,33,636	14,68,974

13. Revenue from Operations

	As at 31 March 2018	As at 31 March 2017
Retainer fee	3,89,22,000	3,92,84,134
Recovery of expenses	81,28,866	61,64,233
Total	4,70,50,866	4,54,48,367

14. Other Income

	As at 31 March 2018	As at 31 March 2017
Interest on income tax refund	-	54,297
Exchange gain on foreign currency transactions	-	17,72,567
Writeback of balance payable to Spark44 GmbH, (Frankfurt)	27,954	-
Total	27,954	18,26,864

15. Employee Benefit Expenses

	As at 31 March 2018	As at 31 March 2017
Salaries, wages and bonus	2,41,05,656	2,34,81,524
Contribution to provident funds	10,21,490	11,76,034
Staff welfare expenses	6,36,388	4,96,570
Insurance cost	8,55,025	4,90,374
Total	2,66,18,559	2,56,44,502

Spark44 Demand Creation Partners Private Limited
Summary of significant accounting policies and other explanatory information to the Financial Statements as at and for the period ended 31 March 2018

16. Other Expenses

	As at 31 March 2018	As at 31 March 2017
Foreign Exchange Loss	19,04,452	-
Freelancing fees	-	32,182
Rent	64,37,475	49,52,616
Training expenses	3,98,289	3,46,537
Rates and taxes	(3,10,108)	7,16,868
Telecommunication	7,02,269	6,29,934
Travelling & conveyance	17,76,171	19,07,504
Legal & professional fees	15,58,542	23,68,883
Recruitment fees	1,47,304	2,05,842
Auditor's remuneration (refer note (a) below)	4,00,000	4,00,000
Bank charges	3,21,181	3,21,427
Bank interest	7,38,162	4,47,060
Management fees	42,40,379	40,62,955
Brokerage & commission	-	-
Stationery and office Supplies	49,113	3,62,146
Miscellaneous expenses	101,624	70,778
Loss on sale of asset	-	1,022
Repairs & Maintenance – Office Expenses	600	-
Total	1,84,65,443	1,68,25,754

(a) Auditors remuneration:

	As at 31 March 2018	As at 31 March 2017
Statutory audit fees	4,00,000	3,00,000
Tax audit fees	1,00,000	1,00,000
Other services	-	-
Reimbursement of expenses	-	-
Total	5,00,000	4,00,000

17. Commitments and Contingencies

There are no commitments and contingencies as at 31 March 2018.

18. Related Party Disclosures

As required under Accounting Standard 18 – Related Parties details and disclosures of transactions with the related parties as defined in the Accounting Standard are given below:

a. List of Related Parties and Relationships

Name of the party	Relationship
Spark44 (JV) Limited	Parent company
Spark44 Limited (London)	Entity under common control
Spark44 GmbH (Frankfurt)	Entity under common control
Spark44 Singapore Pte. Limited	Entity under common control
Spark44 Middle East DMCC	Entity under common control

Spark44 Demand Creation Partners Private Limited
Summary of significant accounting policies and other explanatory information to the Financial Statements as at and for the period ended 31 March 2018

b. Disclosures required for related party balance and significant transactions during the year

i) Transactions with related parties

Name of the party	Relationship	Transaction type	For the year ended 31 March 2018	For the year ended 31 March 2017
Spark44 (JV) Ltd.	Parent Company	Share application money refunded	-	49,00,000
Spark44 Limited (London)	Entity under Common Control	Management Fees	42,40,379	40,62,955
		Services received	2,69,075	-
		Recovery of expenses	1,18,000	-
Spark44 GmbH (Frankfurt)	Entity under Common Control	Reimbursements	-	34,576
		Write back of expenses payable	27,954	-
Spark44 Singapore Pte. Limited	Entity under Common Control	Reimbursements	-	1,50,312
Spark44 Middle East DMCC	Entity under Common Control	Reimbursements	1,32,668	3,36,082

ii) Balances with related parties

Particulars	Relationship	As at 31 March 2018	As at 31 March 2017
Payable to Spark44 Limited (London)	Entity under Common Control	1,78,51,334	1,16,51,885
Payable to Spark44 GmbH (Frankfurt)	Entity under Common Control	-	24,815
Payable to Spark44 Singapore Pte. Limited	Entity under Common Control	-	1,39,108
Payable to Spark44 Middle East DMCC	Entity under Common Control	1,32,668	3,20,631
Receivable from Spark44 Limited (Frankfurt)	Entity under Common Control	-	26,297

19. Loss per share

	For the year ended 31 March 2018	For the year ended 31 March 2017
Loss attributable to equity shareholders	(75,47,364)	(24,37,701)
Weighted average number of equity shares outstanding (Nominal value of each share is INR 10)	10,000	10,000
Loss per share (Basic)	(754.74)	(243.77)

Spark44 Demand Creation Partners Private Limited
Summary of significant accounting policies and other explanatory information to the Financial Statements as at and for the period ended 31 March 2018

20. Operating lease

The Company has taken various premises under operating lease. The Company's significant leasing agreements are in respect of operating lease for premises (office, and guest house) and the aggregate lease rentals payable, are charged as rent.

The total of future minimum lease payment under non-cancellable operating leases for the current period is as below: -

	As at 31 March 2018	As at 31 March 2017
Upto 1 year	32,55,300	15,61,575
Later than 1 years not later than 5 years	81,13,814	
Later than 5 years	1,82,326	
Total	1,15,51,440	15,61,575

Note: Above lease payments are excluding service tax.

21. Contingent Liabilities

	As at 31 March 2018	As at 31 March 2017
Income Tax matters (refer note below)	7,24,810	7,24,810
Total	7,24,810	7,24,810

Note : The company is in appeal against demand in relation to tax deducted at source (TDS) from Income Tax department at Commissioner of Income Tax (Appeals)

22. Previous year's figures have been re-arranged, re-grouped wherever necessary to confirm to the current year's presentation.

For Walker Chandiok & Co LLP

(formerly Walker, Chandiok & Co)

Chartered Accountants

Firm Registration No.: 001076N/ N500013

For and on behalf of the Board of Directors

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