

INDEPENDENT AUDITOR'S REPORT

To
The Members of
SITI MAURYA CABLE NET PRIVATE LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of SITI MAURYA CABLE NET PRIVATE LIMITED ('the Company'), which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, of the state of affairs (financial position) of the Company as at 31st March 2019, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Key audit matter

Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 “ Revenue from Contracts with Customers” (new revenue accounting standard)

The application of the new revenue accounting standard Ind AS 115 w.e.f. 1st April 2018 replacing the existing Ind AS 18 involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, new revenue accounting standards contains disclosures which involve collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.

Under Ind AS 18, activation and set top boxes pairing charges was recognised as revenue to the extent the upfront obligation is discharged and if the part of the revenues collected at the time of activation related to future services, it was deferred and recognised over the expected customer life.

Pursuant to notification of Ind AS 115 and its adoption by the Company, the activation and set-top box pairing service doesn't qualify as a separate performance obligation and provides no material right to the customers, hence is recognized as revenue over the initial contract period.

Refer to Note 2(h)(iii) to the Standalone Financial

Statements How our audit addressed the key audit matter

The determination of the accounting treatment under Ind AS 115 required analysis of the historical revenues from activation and subscription, and also required estimation of customer relationship period, forecast of number of activations and subscribers and revenue expected from such activation and subscription.

We assessed the Company process to identify the impact of the new revenue accounting standard.

We evaluated the management's assessment of Ind AS 115, reviewed the underlying contractual arrangements entered into by the Company with its customers on sample basis, held discussions with the management and assessed its impact on the accounting policy for recognition of revenue from operations.

We recomputed the customer relationship period on sample basis as determined by the management and compared the information used in such determination with the books of account and other records of the Company.

Further, the trend of activation and set top box pairing charges, and subscription revenue rates, the activation and set top box pairing charges was considered to be as nominal amount in context of subscription revenue and concluded to be recognized over the initial contract period.

2. Key audit matter

Application & Implementation of The Telecommunication (Broadcasting and Cable) Services (Eighth) (Addressable Systems) Tariff Order 2017 and its impact

The application of new Tariff Order 2017 by the company required declaration of network capacity fees, manner of offering of channels to the subscribers, execution of interconnection agreement with broadcasters, migration of existing customer from old regime to new regime and performance of other regulatory compliances.

The New Tariff Order 2017 requires collation of information of channel subscribed and determination of content cost. Prior to the implementation of new Tariff Order the content cost are booked based upon fixed cost agreement executed. Additionally it requires that the no revenue from carriage and placement fees be recognized from broadcasters with whom the new agreement as per Interconnection Regulations 2017 has been agreed upon. Refer Note No 43 to the Standalone Financial Statements.

How our audit addressed the key audit matter

We evaluated the design of internal controls relating to implementation of new Tariff Order.

Selected a sample of continuing and new contracts, and tested the operative effectiveness of the internal control relating to determination of revenue from subscription. We carried out a combination of procedures involving enquiry and observation, inspection of evidence in respect of operation of these controls.

Tested the subscriber management system relating to contracts and related information used in recording and disclosing revenue from subscription in accordance with the new Tariff Order.

We reviewed the collation of information and the report generated from the subscriber management system used to determine the content cost. We evaluate and analysed the report generated on sample basis for determination of content cost.

Performed analytical procedures for reasonableness of revenue from carriage and channel placement.

3. Key audit matter

Provisioning for Expected Credit Loss ('ECL')

Trade receivables comprise a significant portion of the current financial assets of the Company. As at March 31, 2019 trade receivables aggregate INR 235.9 million (net of provision for expected credit losses of INR 96.8 million).

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

Since the Company has revenue streams which are dissimilar, the management has identified different classes of trade receivables basis the customer profile and nature of service provided or item sold. The management regularly assesses each class of trade receivables for recoverability. Provision for ECL is

created by the management considering the recovery trends noted for the respective class, adjusted for forward looking estimates. Additional provision is created for the receivables specifically identified as doubtful or non-recoverable.

Estimation of the rates at which provision for ECL is to be created for each revenue stream, involve significant degree of judgment and estimate.

How our audit addressed the key audit matter

We have performed the following procedures for assessment of sufficiency of the provisioning for ECL:

Obtained the ageing of trade receivables and discussed the key receivable balances, considering if any correspondence is available to establish the management's assessment of recoverability of such dues

Analysis of the methodology used to determine the provision amount for the current year. Assessing key ratios which include collection periods and days outstanding.

Tested subsequent settlement of trade receivables after the balance date on a sample basis.

4. Key audit matter

Evaluation of uncertain tax positions

The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome. Refer Note No 40 to the Standalone Financial Statements.

How our audit addressed the key audit matter

We obtained the opinion of legal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcomes. The legal experts considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. We also obtained details of completed assessment and demands received during the financial year. Additionally we considered the effect of new information in respect of uncertain tax positions as at April 1, 2018 to evaluate whether any change was required to management's position on these uncertainties.

Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. 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 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and

obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for explaining our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we

determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

- 1. As required by section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.**
- 2. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure B, a statement on the matters specified in paragraphs 3 and 4 of the Order.**
- 3. Further to our comments in Annexure B, 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, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows dealt with by this report are in agreement with the books of account;**
 - d) in our opinion, the aforesaid standalone financial statements comply with Ind AS 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 31st March 2019 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2019 from being appointed as a director in terms of section 164(2) of the Act;**
 - f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31st March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 25th day of May 2019 as per Annexure A expressed an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;**
 - 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:**
 - i. the Company, as detailed in Note No 45 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31st March 2019;**
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31st March 2019;**

- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31st March 2019;

For Agarwal K & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: E300016

Sd/-
Gourav Gupta
Partner
Membership Number 064579

Place of Signature: Kolkata
Date: 25th day of May 2019

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 3(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our Independent Auditor’s Report to the Members of SITI MAURYA CABLE NET PRIVATE LIMITED of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 SITI MAURYA CABLE NET PRIVATE LIMITED (“the Company”) as of March 31, 2019 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 Board of Directors 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 Act.

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”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, 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, 2019, 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 Agarwal K & Co. LLP
Chartered Accountants
ICAI Firm Registration: E300016

Sd/-
Gourav Gupta
Partner
Membership Number: 064579

Place of Signature: Kolkata
Date: 25th day of May 2019

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our Independent Auditor's Report to the Members of SITI MAURYA CABLE NET PRIVATE LIMITED of even date)

- 1. (a) According to the information and explanations given to us, the company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.**

(b) The physical verification of fixed assets excluding ground distribution network and Set Top Boxes including smart card lying with the subscribers and third parties have been conducted at reasonable intervals by the Management during the year. In respect of fixed assets lying with third parties these have substantially been confirmed by them. The discrepancies noticed on physical verification of fixed assets as compared to book records were not material and properly recorded in the financial statements.

(c) The company does not own any immovable properties and hence no title deeds are held in the name of the company.
- 2. (a) The physical verification of inventory has been conducted at reasonable intervals by the Management during the year.**

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and properly recorded in the financial statements.
- 3 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 Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the Order are not applicable to the Company.**
- 4 In our opinion according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of loans and investment made, and guarantees provided by it, as applicable.**
- 5 The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.**

6 The maintenance of cost records has been prescribed by the Central Government under Section 148(1) of the Companies Act, 2013 in respect of specified products / services of the Company. For such products / services, we have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

7 (a) According to the records of the Company examined by us and information and explanations given to us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Goods and Service Tax, Cess and other material statutory dues, as applicable, with the appropriate.

(b) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Entertainment Tax, Goods and Service Tax and Value Added Tax which have not been deposited as on 31st March, 2019 on account of disputes are given below:

Name of the Statute	Nature of the dues	Amount (Rs in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	4.43	A.Y. 2014-15	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	9.47	A.Y. 2015-16	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	3.16	A.Y. 2016-17	Deputy Commissioner of Income Tax
Bihar Entertainment Tax Act, 1948	Entertainment Tax	78.90	Oct 13 to Mar 14	Joint Commissioner of Commercial Taxes (Appeals)

8 According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institutions or bank. The Company does not have any loans from Government. Further, the Company has not issued any debenture.

9 The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

10 During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we had neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor we have been informed of any such case by the Management.

- 11 The Company has not paid/provided for managerial remunerations during the year. Therefore the provisions of Clause 3(xi) of the Order are not applicable to the Company.
- 12 As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it; the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- 13 The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 & 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- 14 The company has not made any preferential allotment of shares or fully or partly paid convertible debenture during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- 15 In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him/her. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- 16 The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Agarwal K & Co. LLP
Chartered Accountants
ICAI Firm Registration: E300016

Sd/-
Gourav Gupta
Partner
Membership Number: 064579

Place of Signature: Kolkata
Date: 25th day of May 2019

Siti Maurya Cable Net Private Limited

CIN: U93000WB2012PTC184542

Balance Sheet as at March 31, 2019

Particulars	Notes	As at	As at
		March 31, 2019	March 31, 2018
		(₹ thousands)	(₹ thousands)
A. Assets			
1. Non-current assets			
(a) Property, plant and equipment	3	4,02,417	4,30,839
(b) Capital work-in-progress	3	12,308	28,436
(c) Other intangible assets	4	25,812	34,557
(d) Financial assets			
(i) Loans	5	3,377	3,330
(e) Deferred Tax	6	17,447	16,825
Sub-total of Non-current assets		4,61,361	5,13,987
2. Current assets			
(a) Inventories	7	612	1,248
(b) Financial assets			
(i) Trade receivables	8	2,35,937	1,67,268
(ii) Cash and bank balances	9	21,726	40,388
(iii) Loans	10	3,869	6,739
(iv) Others	11	11,537	8,771
(c) Other current assets	12	86,189	64,312
Sub-total of Current assets		3,59,871	2,88,726
Total assets		8,21,232	8,02,713
B. Equity and liabilities			
Equity			
(a) Equity share capital	13	90,280	90,280
(b) Other equity	14	1,93,364	1,48,406
Sub-total - Equity		2,83,644	2,38,686
Liabilities			
1. Non-current liabilities			
(a) Financial liabilities			
(i) Long-term borrowings	15	144	320
(ii) Other financial liabilities	16	65,460	1,18,811
(b) Provisions	17	1,516	1,092
(c) Other non-current liabilities	18	25,020	79,035
Sub-total - Non-current liabilities		92,140	1,99,258
2. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	16,621	26,610
(ii) Trade payables	20		
<i>Outstanding dues of Creditors for micro enterprises and small enterprises</i>			
<i>Outstanding dues of creditors-Others</i>		3,12,983	2,62,990
(iii) Other financial liabilities	21	20,276	7,689
(b) Other current liabilities	22	47,232	40,226
(c) Provisions	23	48,335	27,254
Sub-total of current liabilities		4,45,448	3,64,769
Total equity and liabilities		8,21,232	8,02,713

Summary of significant accounting policies 2

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

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

For **Agarwal K & Co LLP**
Chartered Accountants
ICAI Firm Registration No.: E300016

For and on behalf of the Board of Directors of
SITI Maurya Cable Net Private Limited

Sd/-
Gourav Gupta
Partner
Membership Number: 064579

Sd/_
Surendra Kumar Agarwal
Director
DIN: 00569816

Sd/-
Muno Kumar
Director
DIN: 03449709

Place - Kolkata
Date - 25th of May' 2019

Sd/-
Krishna Kumar
Sr. Manager (F&A)

Siti Maurya Cable Net Private Limited

CIN: U93000WB2012PTC184542

Statement of Profit & Loss for the year ended March 31, 2019

Particulars	Notes	Year ended March 31, 2019	Year ended March 31, 2018
		(₹ thousands)	(₹ thousands)
Revenue			
I Revenue from operations	24	5,30,164	4,88,965
II Other income	25	21,074	101
III Total revenue (I+II)		5,51,237	4,89,067
IV Expenses			
Purchases of traded goods	26	4,426	4,189
Decrease/(Increase) in inventories of traded goods	27	635	(787)
Carriage sharing, pay channel and related costs	28	3,51,120	3,04,894
Employee benefits expense	29	23,468	21,862
Finance costs	30	11,387	16,976
Depreciation and amortisation expenses	31	86,581	77,581
Other expenses	32	59,731	49,583
Total expenses		5,37,348	4,74,298
V Profit /(Loss)before exceptional items and tax		13,889	14,769
VI Exceptional Items		-	-
VII Profit/(Loss) before tax		13,889	14,769
VIII Tax Expenses		5,491	(9,896)
(a) Current Tax		14,459	9,719
Less Mat Credit Entitlement		-	-
(b) Deffered Tax		(8,968)	(13,891)
(c) Short / (Excess) Provision for earlier years		-	(5,724)
IX Profit /(Loss) for the period ended		8,397	24,665
X Other Comprehensive Income		12	21
Total Comprehensive Income for the Year		8,410	24,685
Earning Per Share	33		
Basic		0.93	2.73
Diluted		0.93	2.73

Summary of significant accounting policies

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

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

For **Agarwal K & Co LLP**

Chartered Accountants

ICAI Firm Registration No.: E300016

For and on behalf of the Board of Directors of

SITI Maurya Cable Net Private Limited

Sd/-

Gourav Gupta

Partner

Membership Number: 064579

Sd/-

Surendra Kumar Agarwal

Director

DIN: 00569816

Sd/-

Muno Kumar

Director

DIN: 03449709

Place - Kolkata

Date - 25th of May' 2019

Sd/-

Krishna Kumar
Sr. Manager (F&A)

Siti Maurya Cable Net Private Limited
CIN: U93000WB2012PTC184542
Cash Flow Statement for year ended 31st March, 2019

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
	(₹ thousands)	(₹ thousands)
A. Cash Flow from operating activities:		
Net Profit before taxation, exceptional item & prior period items	13,889	14,769
Adjustment for :-		
Depreciation	86,581	77,581
Provision for Retirement Benefit	484	454
Unrealised forex (gain) / loss	-	14
Interest Paid & Borrowing cost	11,387	16,976
Provision for doubtful debts & Advances	16,197	30,300
Excess provisions written back	(20,910)	(101)
Deferred Activation Income	51,469	-
Change in Provision for Current Tax	(6,574)	-
Interest on Fixed Deposit / Income Tax Refund/Others	164	-
Operating profit before working capital changes	1,52,687	1,39,992
Change in working capital		
Increase/(Decrease) in Trade payables	70,903	56,073
Increase/(Decrease) in other Non current financial liabilities	(53,351)	(17,622)
Increase/(Decrease) in other Non current liabilities	(54,016)	(8,695)
Increase/(Decrease) in Other current financial liabilities	12,587	(7,331)
Increase/(Decrease) in Other current liabilities	7,006	(11,722)
Decrease/ (Increase) in Trade receivable	(84,865)	(57,448)
Decrease/ (Increase) in Inventories	635	(787)
Decrease/ (Increase) in Long-term loans and advances given	(48)	(1,079)
Decrease/ (Increase) in Short-term loans and advances given	2,870	(1,971)
Decrease/ (Increase) in Other current financial assets	(2,767)	10,199
Decrease/ (Increase) in Other current assets	(17,178)	(7,037)
Cash Generation from operating activities after exceptional item	34,464	92,572
Income Tax Paid (including TDS)	(1,875)	11,277
Net Cash Generation from operating activities	36,340	81,295
B. Cashflow From Investing Activities:		
Purchase of Fixed Assets/ Capital work in Progress	(33,286)	(76,939)
Interest on Fixed Deposit / Income Tax	(164)	-
Net Cash deployed in Investing Activities	(33,450)	(76,939)
C- Cashflow From Financing Activities:		
Interest Paid	(11,387)	(16,976)
Long Term Borrowings Taken / Repayment	(176)	(159)
Short Term Borrowings Taken / Repayment	(9,989)	(6,433)
Net Cash Generation from Financing Activities	(21,552)	(23,568)
Net Increase/(decrease) in Cash & Cash Equivalents (A+B+C)	(18,662)	(19,212)
Cash & Cash Equivalent at the beginning of the year	40,388	59,600
Cash & Cash Equivalent at the end of the year	21,725	40,388
Cash & Cash Equivalent include	(₹ thousands)	(₹ thousands)
Cash Balance	1,286	2,317
Bank Balance	3,784	4,917
Cheque in Hand	16,655	33,153
Cash & Cash Equivalent Reported	21,726	40,388

For Agarwal K & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: E300016

Sd/-
Gourav Gupta
Partner
Membership Number: 064579

Place - Kolkata
Date - 25th of May' 2019

For and on behalf of the Board of Directors of
SITI Maurya Cable Net Private Limited

Sd/-
Sd/-
Surenendra Kumar Agarwal Muno Kumar
Director Director
DIN: 00569816 DIN: 03449709

Sd/-
Krishna Kumar
Sr. Manager (F&A)

Siti Maurya Cable Net Private Limited
Notes to financial statements for the year ended 31st March 2019

Company Overview

1 SITI Maurya Cable Net Private Limited ("the Company") was incorporated under the provisions of the Companies Act, 1956. The Company is Multi System Operator (MSO) engaged in the distribution of television channels through digital cable distribution network, broadband services and other related services. The Company is a subsidiary of Indian Cable Network Company Limited which is subsidiary of Siti Network Limited and hence Siti Network Limited is the ultimate holding company.

2 Summary of Significant Accounting Policies

a) Basis of preparation

Statement of Compliance

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with relevant rules of the Companies (Accounts) Rules, 2014 read with companies (Indian Accounting Standard) Rules, 2015 and the provisions of the Act (to the extent notified).

Basis of Measurement

The financial statements have been prepared on historical cost basis, except for following :

- a) Financial assets and liabilities (including derivative instruments) that is measured at Fair value/ Amortised cost;
- b) Non-current assets held for sale – measured at the lower of the carrying amounts and fair value less cost to sell;
- c) Defined benefit plans – plan assets measured at fair value

Current Vs non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is classified as current when it is :

- a) Expected to be realized or intended to sold or consumed in normal operating cycle;
- b) Held primarily for the purpose of trading;
- c) Expected to be realized within twelve months after the reporting period
- d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- e) All the other assets are classified as non-current.

A liability is current when :

- a) It is expected to be settled in normal operating cycle;
- b) It is held primarily for the purpose of trading;
- c) It is due to be settled within twelve months after the reporting period; or
- d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred Tax Assets and Liabilities are classified as non-current assets and liabilities respectively.

Functional and Presentation Currency

The Financial Statements have been presented in Indian Rupees (INR), which is also the Company's functional currency. All financial information presented in INR has been rounded off to the nearest thousand as per the requirements of Schedule III, unless otherwise stated.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, unless otherwise mentioned, and are explained below-

b) Use of Estimate

The preparation of financial statements in conformity with Indian Accounting Standard (Ind AS) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities on the date of the financial statements and reported amounts of Income and Expenses during the period. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current or future periods. The most significant techniques for estimation are described in the accounting policies below. Critical accounting judgments and the key sources of estimation or uncertainty in applying the Company's accounting policies arise in relation to the following and also in relation to other accounting policies as stated elsewhere.

c) Fixed Assets and Depreciation

Tangible Assets

(i) Tangible assets are stated at their cost of acquisition including financing and associated costs and incidental expenses less accumulated depreciation and impairment losses, if any. Cost comprises of purchase price, non refundable taxes and all expenses incurred in bringing the assets to its present location and condition for its intended use and includes installation and commissioning expenses. Such indirect expenditure incurred during the pre-commencement period is allocated proportionately over the cost of the relevant assets.

(ii) Set Top Boxes (STBs) lying in the godown at the year-end are included in Capital Work in Progress. On installation, such devices are capitalized.

Intangible Assets

(i) Intangible assets comprises of VC Card, Cable Television Franchise, Bandwidth Rights and Softwares. Intangible Assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Depreciation and Amortisation

i) Depreciation on tangible assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The cost of STBs & devices at the customer location are depreciated on straight-line method over a period of eight years. Intangible assets are amortised over their respective individual estimated useful lives on straight line basis, commencing from the date the asset is available to the company for its use.

ii) Since it is not possible to transfer the STB into Fixed Assets on daily basis, hence it was capitalized on different intervals as decided by management and hence the depreciation has also been calculated on that basis.

d) Leases

Where the company is 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 monthly basis as per the lease term.

Where the company is the lessor

Leases in which the company does not transfer substantially all the risk and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on monthly rental basis, wherever applicable over the lease term.

e) Impairment of Assets

The Carrying amount of the fixed assets are reviewed at each balance sheet date in accordance with Indian Accounting Standard-36 on "Impairment of Assets" prescribed by the Companies (Indian Accounting Standard) rules, 2015, to determine whether there is any indication of impairment. Impairment test is performed for an individual asset, unless asset does not generate cash flows that are largely independent. Otherwise the assets are tested for Cash Generating Units (CGUs). An Impairment loss is recognised in the Statement of Profit and Loss if the assets or CGU's carrying amount exceeds the greater of Fair value less cost or Value in use. Reversal of Impairment are recognised (except Goodwill) through Statement of Profit and Loss except those routed through reserves.

f) Borrowing Cost

Interest and other costs incurred by the Company in connection with the borrowing of funds are recognized as an expense in the period in which they are incurred, unless the borrowings are used for acquiring qualifying assets and activities that are necessary to prepare the qualifying assets for its intended use.

g) Inventories

Inventories are valued as follows-

Stock in trade & Stores and spares valued at cost on weighted average method or at net realisable value whichever is lower.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

h) Revenue Recognition

Revenue is recognized to the extent the company considers it realizable and financial benefit of the same shall flow to the company. The itemwise significant accounting policies for recognition of revenue are as under:

(i) Subscription Income

Subscription Income from Cable Services (Net of applicable taxes and duties) are recognised on accrual basis from the date of commencement of supply at the signal injection point of the customer. The company follows billing to LCO on count basis net of commission, if any, on its best estimates.

(ii) Carriage Income

Carriage Income is recognized on accrual basis over the terms of related agreement/ negotiations provided that there is no significant uncertainty regarding the realisable amount of consideration.

(iii) Income From Activation of Services

The Company has adopted Ind As 115 with effect from 01 April 2018 and accordingly these financial results are prepared in accordance with recognition and measurement principals laid down in Ind AS 115 "Revenue from Contracts with Customers". In pursuance of the same, Income from activation of digital cable services is recognised as revenue over the initial contract period. The Impact of adoption of the recognition of activation revenue over the initial contract period under Ind AS 115 in standalone financial result has led to the following impact:

Particulars	Year ended 31.03.2019	
	Amount as per Ind AS 115 (₹ thousands)	Amount as per Ind AS 18 (₹ thousands)
Revenue from operations (including activation, subscription, advertisement and other revenue from operation)	5,30,159	5,48,300

Further under the modified retrospective approach, the following adjustments are made to the retained earnings as at April 01, 2018 pursuant to adoption of INDAS 115.

Particulars	Year ended 31.03.2019 (₹ thousands)
Other Equity	36,549

(iv) Income From Broadband Services

Income from broadband services (net of applicable taxes and duties) is recognised on time proportion basis. **(Refer note 37)**

(v) Advertisement Income

Advertisement Income is recognised on accrual basis from the date(s) of insertion of advertisements based on the terms specified in the release orders.

(vi) Other Services

Income from dark fiber leasing is recognized on accrual basis as per terms of the respective contracts. **(Refer Note 38)**

(vii) Sales of Goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The company collects sales taxes, value added taxes and Goods & Service Tax (GST) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue.

(viii) Tax on Revenue

The Company collects all indirect taxes including Goods & Service Tax (GST) on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

i) Foreign Currency Transaction

Transaction in foreign currency is recorded at the rate of exchange prevailing on the transaction date (s). Transaction remaining unsettled, is translated at the rate prevailing at the end of the financial year. The exchange rate difference arising there-from are adjusted in the Statement of Profit & Loss.

Effective April 01, 2018 the company has adopted Appendix B to Ind AS-21- Foreign currency transaction and advance consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in foreign currency. The effect on account of adoption of this amendment was booked.

j) Taxation

Tax expense comprises current and deferred tax. Current Income Tax expense is determined and provided in the accounts at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act 1961.

Deferred tax is recognized subject to the consideration of prudence, on timing difference, being the difference between taxable incomes and accounting income that originate in one year and are capable of reversal in one or more subsequent years. Deferred tax assets in respect of un-absorbed depreciation and carry forward losses are not recognized unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

k) Earnings Per Share

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the period. Diluted earnings per share are computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period, except where the results would be anti dilutive.

l) Retirement and other employee benefits

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme. For defined benefit retirement schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuation being carried out at each balance sheet date. Re-measurement gains and losses of the net defined benefit liability/ (asset) are recognised immediately in other comprehensive income. The service cost, net interest on the net defined benefit liability/ (asset) is treated as a net expense within employment costs.

Past service cost is recognised as an expense when the plan amendment or curtailment occurs or when any related restructuring costs or termination benefits are recognised, whichever is earlier.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined-benefit obligation as reduced by the fair value plan assets.

m) 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.

n) 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 but discloses its existence in the financial statements.

o) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand, cheque in hand and short-term investments with an original maturity of three months or less.

p) Segment Reporting Policies

The company is a Multi System Operator providing Cable Television Network Services, Broadband Services and allied services which is considered as the only reportable segment. The company's operations are currently based only in the State of Bihar & West Bengal.

q) Recent Amendment in Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective from April 1, 2019:

Ind AS 116 – Leases

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company will adopt Ind AS 116, effective annual reporting period beginning April 1, 2019. The Company will apply the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company will not restate comparative information, instead, the cumulative effect of initially applying this Standard will be recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019. On that date, the Company will recognise a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. In accordance with the standard, the Company will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

On transition, the Company will be using the practical expedient provided the standard and therefore, will not reassess whether a contract, is or contains a lease, at the date of initial application.

The Company is in the process of finalising changes to systems and processes to meet the accounting and reporting requirements of the standard.

With effect from April 1, 2019, the Company will recognise new assets and liabilities for its operating leases of premises and other assets. The nature of expenses related to those leases will change from lease rent in previous periods to (a) amortization change for the right-to-use asset, and (b) interest accrued on lease liability. Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. As a lessor, sublease shall be classified as an operating lease if the head lease is classified as a short term lease. In all other cases, the sublease shall be classified as a finance lease.

The Company does not expect any significant impact of the amendment on its financial statements.

Ind AS 12 – Income taxes (amendments relating to income tax consequences of uncertainty over income tax treatments)

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following:

(i) The entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty.

(ii) The entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount.

(iii) Entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability.

The Company does not expect any significant impact of the amendment on its financial statements.

Ind AS 109 – Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any impact on its financial statements.

Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.

Ind AS 28 – Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Company does not currently have any long-term interests in associates and joint ventures.

Siti Maurya Cable Net Private Limited

Notes to financial statements for the year ended 31st March 2019

Note 3 : Property, Plant & Equipment

(₹ thousands)

Particulars	Plant and equipment	Computers	Office equipment	Furniture and fixtures	Vehicles	Set top boxes	Total	Capital Work in Progress
Year ended 31 March 2018								
Gross Carrying Amount as at 01 April 2017	1,10,814	1,610	1,670	4,937	1,069	3,85,829	5,05,929	61,134
Additions	5,493	599	923	1,785	-	92,898	1,01,698	78,306
Disposals							-	1,11,005
Closing Gross Carrying Amount as on 31.3.2018	1,16,307	2,209	2,593	6,722	1,069	4,78,727	6,07,627	28,436
Accumulated Depreciation								
Opening Accumulated Depreciation	34,002	979	498	1,247	190	71,219	1,08,135	
Depreciation charge during the year	14,805	324	345	501	105	52,573	68,653	
Closing Accumulated Depreciation	48,807	1,303	842	1,749	295	1,23,792	1,76,788	-
Net Carrying Amount as on 31.03.2018	67,500	906	1,751	4,973	774	3,54,935	4,30,839	28,436
Year ended 31 March 2019								
Gross Carrying Amount as at 01 April 2018								
Opening Gross Carrying Amount	1,16,307	2,209	2,593	6,722	1,069	4,78,727	6,07,627	28,436
Additions	2,871	197	213	365	389	44,669	48,703	39,430
Disposals							-	55,557
Closing Gross Carrying Amount as on 31.03.2019	1,19,179	2,406	2,806	7,087	1,458	5,23,395	6,56,331	12,308
Accumulated Depreciation and Impairment								
Opening Accumulated Depreciation	48,807	1,303	842	1,749	295	1,23,792	1,76,788	
Depreciation change during the year	15,483	411	485	668	149	59,930	77,126	
Closing Accumulated Depreciation and Impairment	64,290	1,714	1,327	2,417	444	1,83,722	2,53,914	-
Net Carrying Amount as on 31.03.2019	54,889	691	1,479	4,670	1,014	3,39,674	4,02,417	12,308

Siti Maurya Cable Net Private Limited

Notes to financial statements for the year ended 31st March 2019

Note 4 : Intangible Assets	(₹ thousands)
Particulars	Software & VC Cards
<u>Year ended 31 March 2018</u>	
Gross Carrying Amount as at 01 April 2017	48,769
Additions	7,940
Closing	
Gross Carrying Amount as on 31st March'18	56,709
Accumulated Depreciation	13,224
Amortisation for the year	8,928
Closing Accumulated Amortisation	22,152
Closing Net Carrying Amount as on 31 st March'18	34,557
<u>Year ended 31 March 2019</u>	
Gross Carrying Amount	
Opening Gross Carrying Amount as on 01 April 2018	56,709
Additions	710
Closing Gross Carrying Amount as on 31st March'19	57,419
Opening Accumulated Amortisation	22,152
Amortisation charge for the year	9,455
Closing Accumulated Amortisation and Impairment	31,607
Closing Net Carrying Amount as on 31st March'19	25,812

Siti Maurya Cable Net Private Limited
Notes to financial statements for the year ended 31st March 2019

5 Loans

Security deposits

Unsecured, considered good

As at March 31, 2019 (₹ thousands)	As at March 31, 2018 (₹ thousands)
3,377	3,330
3,377	3,330

6 Deffered Tax Assets / (Liabilities)

Deffered tax liability

Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting

Gross deffered tax liability

Deffered tax asset

Impact of Deffered Activation Income

Impact of expenditure charged to the statement of profit and loss in earlier year but allowed for tax purposes in instalments

Provision for doubtful debts and advances

Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis

Mat Credit Entitlement

Gross deffered tax asset

Net deffered tax asset/ (liabilities)

As at March 31, 2019 (₹ thousands)	As at March 31, 2018 (₹ thousands)
10,175	14,281
10,175	14,281
-	4,916
-	-
26,940	22,218
681	542
-	3,430
27,622	31,107
17,447	16,825

7 Inventories

Stores and spares

(Valued at lower of cost or net realisable value)

As at March 31, 2019 (₹ thousands)	As at March 31, 2018 (₹ thousands)
612	1,248
612	1,248

8 Trade receivables

Trade receivables

Unsecured, considered good

- credit impaired

Less: Provision for Expected Credit Loss

As at March 31, 2019 (₹ thousands)	As at March 31, 2018 (₹ thousands)
2,35,937	1,67,268
96,837	80,640
3,32,774	2,47,909
96,837	80,640
2,35,937	1,67,268

9 Cash and bank balances

Cash and cash equivalents

Cash on hand

Cheques on hand

Balances with banks

On current accounts

As at March 31, 2019 (₹ thousands)	As at March 31, 2018 (₹ thousands)
1,286	2,317
16,655	33,153
3,784	4,917
21,726	40,388

10 Loans and advances

Unsecured, considered good

Other advances

Prepaid expenses

As at March 31, 2019 (₹ thousands)	As at March 31, 2018 (₹ thousands)
2,339	5,553
1,530	1,186
3,869	6,739

Siti Maurya Cable Net Private Limited
Notes to financial statements for the year ended 31st March 2019
11 Others - unbilled revenue and interest accrued on fixed deposits

	As at March 31, 2019 (₹ thousands)	As at March 31, 2018 (₹ thousands)
Unbilled revenue	11,537	8,771
	11,537	8,771

12 Other loans and advances (Unsecured, considered good)

	As at March 31, 2019 (₹ thousands)	As at March 31, 2018 (₹ thousands)
Advance tax	31,637	26,938
Balances with statutory authorities	54,552	37,374
	86,189	64,312

13 Share capital

	As at March 31, 2019 (₹ thousands)	As at March 31, 2018 (₹ thousands)
Authorised share capital		
90,30,000 (90,30,000) Equity Shares of Rs.10/- each	90,300	90,300
Total authorised capital	90,300	90,300
Issued share capital		
90,27,976 (90,27,976) Equity Shares of Rs. 10/- each	90,280	90,280
Total issued capital	90,280	90,280
Subscribed and fully paid up capital		
90,27,976 (90,27,976) Equity Shares of Rs. 10/- each	90,280	90,280
Total paid up capital	90,280	90,280

Disclosure pursuant to Note no. 6(A)(d) of Part I of Schedule III to the Companies Act, 2013
(i) Equity Shares

Particulars	31-Mar-19		31-Mar-18	
	No. of Shares held	Amount (Rs.)	No. of Shares held	Amount (Rs.)
Outstanding at the beginning of the year	90,27,976	902,79,760	90,27,976	902,79,760
Issued during the year	-	-	-	-
Bought back during the year	-	-	-	-
Any other movement (please specify)	-	-	-	-
Outstanding at the end of the period	90,27,976	902,79,760	90,27,976	902,79,760

Disclosure pursuant to Note no. 6(A)(e) of Part I of Schedule III to the Companies Act, 2013
Terms & rights attached to equity shares

The company has only one class of equity shares having par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Disclosure pursuant to Note no. 6(A)(f) of Part I of Schedule III to the Companies Act, 2013

Out of Equity shares issued by the Company, shares held by its holding company, ultimate holding company and their subsidiaries/ associates are as below:

Particulars	31-Mar-19		31-Mar-18	
	No. of Shares held	Amount (₹)	No. of Shares held	Amount (₹)
Equity Shares				
Indian Cable Net Company Limited, the holding company	45,23,016	452,30,160	45,23,016	452,30,160
45,23,016 (45,23,016) Equity Shares of Rs. 10 each fully paid				

Indian Cable Net Company Limited is subsidiary of Siti Network Limited and hence Siti Network Limited is ultimate holding company. Siti Network Limited do not hold any shareholding in the company.

Disclosure pursuant to Note no. 6(A)(g) of Part I of Schedule III to the Companies Act, 2013 (if more than 5%)

Name of Shareholder	Equity Shares			
	As at 31st March 2019		As at 31 st Mar 2018	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Maurya Diginet Pvt. Ltd.	45,04,960	49.90%	45,04,960	49.90%
Indian Cable Net Co Ltd.	45,23,016	50.10%	45,23,016	50.10%

Siti Maurya Cable Net Private Limited
Notes to financial statements for the year ended 31st March 2019

14 Other Equity

Securities premium account

	As at March 31, 2019 (₹ thousands)	As at March 31, 2018 (₹ thousands)
Balance at the beginning of the year	70,000	70,000
Balance at the end of the year	70,000	70,000

Deficit in the Statement of profit and loss

	As at March 31, 2019 (₹ thousands)	As at March 31, 2018 (₹ thousands)
Balance at the beginning of the year	78,406	53,721
Add/(less): Ind AS Adjustment	-	-
Change in Provision for Current Tax	(6,574)	
Deffered Activation Income	51,469	
Change in Provision for Deffered Tax	(4,916)	
Change in MAT Credit Entitlement	(3,430)	
Add: Profit / (Loss) for the year	8,410	24,685
Balance at the end of the year	1,23,364	78,406

1,93,364 **1,48,406**

15 Long-term borrowings

(a) Term loans from banks (Secured)

	As at March 31, 2019 (₹ thousands)	As at March 31, 2018 (₹ thousands)
Term loans	320	479
	320	479

The above amount includes

Secured borrowings	320	479
Amount disclosed under the head "other current liabilities" (Note 21)	(176)	(159)

Net amount

144 **320**

16 Other financial liabilities

	As at March 31, 2019 (₹ thousands)	As at March 31, 2018 (₹ thousands)
Creditors for capital goods	65,460	1,18,811
	65,460	1,18,811

17 Provisions

Provision for employee benefits (Refer Note 23)

	As at March 31, 2019 (₹ thousands)	As at March 31, 2018 (₹ thousands)
Provision for gratuity	915	650
Provision for compensated absences	601	442
	1,516	1,092

18 Other liabilities

	As at March 31, 2019 (₹ thousands)	As at March 31, 2018 (₹ thousands)
Interest free deposits from customers	25,020	27,561
Deferred Income	-	51,474
	25,020	79,035

19 Short-term borrowings

	As at March 31, 2019 (₹ thousands)	As at March 31, 2018 (₹ thousands)
Loans and Advances From Related Parties Maury Dignet Pvt. Ltd. (Repayable on demand)	16,621	26,610
	16,621	26,610

20 Trade payables

	As at March 31, 2019 (₹ thousands)	As at March 31, 2018 (₹ thousands)
- Total outstanding dues of micro enterprises and small enterprises; and - Total outstanding dues of creditors other than micro, small and medium enterprises	3,12,983	2,62,990
	3,12,983	2,62,990

Siti Maurya Cable Net Private Limited
Notes to financial statements for the year ended 31st March 2019

21 Other financial liabilities

Current maturities of finance lease obligations (Refer note 15)
 Book overdraft

	As at March 31, 2019 (₹ thousands)	As at March 31, 2018 (₹ thousands)
	176	159
	20,100	7,530
	20,276	7,689

22 Other Current Liabilities

Unearned Income
 Advances from customers
 Payable for statutory liabilities
 Payable for Contractual Liabilities

	As at March 31, 2019 (₹ thousands)	As at March 31, 2018 (₹ thousands)
	14,333	4,145
	5,848	15,288
	26,570	20,593
	481	200
	47,232	40,226

23 Provisions

Provision for Taxation

Provision for employee benefits (Refer Note 17)

Provision for gratuity
 Provision for compensated absences

	As at March 31, 2019 (₹ thousands)	As at March 31, 2018 (₹ thousands)
	48,264	27,226
	25	2
	46	26
	48,335	27,254

Siti Maurya Cable Net Private Limited
Notes to financial statements for the year ended 31st March 2019

24 Revenue from operations

	As at March 31, 2019	Year Ended March 31, 2018
	(₹ thousands)	(₹ thousands)
Sale of services		
Subscription income	3,64,700	2,80,944
Advertisement income	6,769	6,992
Carriage income	1,33,753	1,38,093
Activation and Set top boxes pairing charges	20,358	54,013
Other operating revenue		
Sale of traded goods*	4,583	2,450
Other networking and management income	-	6,472
	5,30,164	4,88,965

*** Details of sale of traded goods**

Sale of STB & VC Cards	3,972	79
Store and spares	612	2,371
	4,583	2,450

25 Other income

	As at March 31, 2019	Year Ended March 31, 2018
	(₹ thousands)	(₹ thousands)
Interest income on		
Bank deposits	164	-
Excess provisions written back	20,910	101
	21,074	101

26 Purchases of traded goods

	As at March 31, 2019	Year Ended March 31, 2018
	(₹ thousands)	(₹ thousands)
Spare Parts & Accessories	575	4,163
Card less STB with Clients	3,852	26
	4,426	4,189

27 (Increase)/ decrease in inventories

	As at March 31, 2019	Year Ended March 31, 2018
	(₹ thousands)	(₹ thousands)
Inventories at the beginning of the year - Traded goods	1,248	461
Inventories at the end of the year - Traded goods	612	1,248
(Increase)/Decrease	635	(787)

28 Carriage sharing, pay channel and related costs

	As at March 31, 2019	Year Ended March 31, 2018
	(₹ thousands)	(₹ thousands)
Pay Channel Expenses	2,24,313	1,81,972
Lease Rental of Set Top Boxes	30,002	30,415
Management Charges	30,000	30,038
Commission Charges and Incentives	15,182	14,442
Lease Rental & Right to Usage Charge	29,262	25,663
VC Card Licence/Software Fees	17,287	17,059
Other operational cost	5,074	5,306
	3,51,120	3,04,894

Siti Maurya Cable Net Private Limited
Notes to financial statements for the year ended 31st March 2019

29 Employee benefits expense

	As at March 31, 2019 (₹ thousands)	Year Ended March 31, 2018 (₹ thousands)
Salaries, allowances and bonus	19,557	18,116
Contributions to provident and other funds	1,826	1,695
Gratuity Fund Contributions	309	260
Staff welfare expenses	1,776	1,791
	23,468	21,862

30 Finance costs

	As at March 31, 2019 (₹ thousands)	Year Ended March 31, 2018 (₹ thousands)
Interest	11,047	16,430
Interest On Statutory Dues	54	232
Bank charges	245	257
Other Borrowing Costs	41	56
	11,387	16,976

31 Depreciation and amortisation expenses

	As at March 31, 2019 (₹ thousands)	Year Ended March 31, 2018 (₹ thousands)
Depreciation of tangible assets (Refer note 3)	77,126	68,653
Amortisation of intangible assets (Refer note 4)	9,455	8,928
	86,581	77,581

32 Other expenses

	As at March 31, 2019 (₹ thousands)	Year Ended March 31, 2018 (₹ thousands)
Rent	5,173	3,899
Rates and taxes	576	574
Communication expenses	566	544
Repairs and maintenance		
- Network	1,239	1,291
- Building	-	-
- Others	167	447
Electricity and water charges	2,854	2,543
Legal, professional and consultancy charges	1,139	398
Printing and stationery	283	423
Service charges	384	517
Travelling and conveyance expenses	3,136	3,714
Auditors' remuneration*	368	340
Vehicle expenses	146	92
Corporate Social Responsibility	833	1,889
Insurance expenses	190	25
Provision for doubtful debts	37,206	30,300
Advertisement and publicity expenses	602	662
Rebate & Discounts	2,242	-
Bad Debts	21,008	-
Less : Adjusted with Provision for Doubtful Debt	(21,008)	-
Business and sales promotion	574	610
Exchange fluctuation loss (net)	-	14
Miscellaneous expenses	2,054	1,301
	59,731	49,583

*Auditors' remuneration

as an auditor	242	220
Limited review fees	126	120
	368	340

33 Earnings per share

	Year Ended March 31, 2019 (₹ thousands)	Year Ended March 31, 2018 (₹ thousands)
Profit attributable to equity shareholders	8,410	24,685
Number of weighted average equity shares	9,028	9,028
Basic	0.93	2.73
Diluted	0.93	2.73

Siti Maurya Cable Net Private Limited
Notes to financial statements for the year ended 31st March 2019

34 Fair value measurements

There have been no transfers among Level 1, Level 2 and Level 3 during the period. The Company does not have any investments, derivative financial assets and liabilities. Hence, Level 1 and Level 2 hierarchy is not applicable.

Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at 31 March 2019:

	31-Mar-19			31-Mar-18		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
A. Financial instruments by category (₹ thousands)						
Financial assets (Non Current & Current)						
Amount recoverable	-	-	3,869	-	-	6,739
Security deposits	-	-	3,377	-	-	3,330
Unbilled revenues	-	-	11,537	-	-	8,771
Trade receivables	-	-	2,35,937	-	-	1,67,268
Cash and cash equivalents	-	-	21,726	-	-	40,388
Total financial assets	-	-	2,76,446	-	-	2,26,496
Financial liabilities (Non Current & Current)						
Borrowings (non-current,financial liabilities)	-	-	144	-	-	320
Borrowings (current,financial liabilities)	-	-	16,797	-	-	26,769
Security deposits received from customer	-	-	25,020	-	-	27,561
Trade payables	-	-	3,12,983	-	-	2,62,990
Other financial liabilities (current)	-	-	20,100	-	-	7,530
Total financial liabilities	-	-	3,75,044	-	-	3,25,171

**The Company has not disclosed the fair values for financial instruments such as cash & cash equivalents, short term trade receivables, short term trade payables because their carrying amounts are a reasonable approximation of fair value.

Financial risk management objectives and policies

Financial risk management

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include trade and other receivables, and cash and short-term deposits that derive directly from its operations. The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

A. Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or pay amounts due to the Company causing financial loss. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

Credit risk management

Credit risk rating

The Company assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

A: Low credit risk on financial reporting date

B: High credit risk

The Company provides for expected credit loss based on the following:

Asset group	Basis of categorisation	Provision for expected credit loss
Low credit risk	Cash and cash equivalents and other financial assets except Trade Receivable, security deposits and amount recoverable	Life time expected credit loss or fully provided for
High credit risk	Trade receivables, security deposits and amount recoverable	Life time expected credit loss or fully provided for

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Credit rating	Particulars	(₹ thousands)	
		31-Mar-19	31-Mar-18
Low credit risk	Cash and cash equivalents and other financial assets except Trade Receivable, security deposits and amount recoverable	33,263	49,159
High credit risk	Trade receivables, security deposits and amount recoverable	2,43,183	1,77,337

Concentration of trade receivables

The Company has widespread customers and there is no concentration of trade receivables.

Credit risk exposure

Provision for expected credit losses

The Company provides for 12 month expected credit losses for following financial assets.

For the purpose of computation of expected credit loss, the Company has analysed the trend of provisions for doubtful debts created in earlier years. The average rate of provision has been computed based on the adjusted sales (excluding those where the Company does not have any historical provision) and provision for doubtful debtors created against those sales.

Expected credit loss for trade receivables, security deposit and amounts recoverable under simplified approach

as at March 31, 2019

Ageing	(₹ thousands)		
	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Trade receivables	3,32,774	96,837	2,35,937
Security Deposit	3,377	-	3,377
Amounts recoverable	3,869	-	3,869

as at March 31, 2018

Ageing	(₹ thousands)		
	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Trade receivables	2,47,909	80,640	1,67,268
Security Deposit	3,330	-	3,330
Amounts recoverable	6,739	-	6,739

Reconciliation of loss allowance provision – Trade receivables

	(₹ thousands)
Loss allowance on March 31, 2018	80,640
Changes in loss allowance	16,197
Loss allowance on March 31, 2019	96,837

B.Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the Company's business activities may not be available .

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows. Short term liquidity requirements comprises mainly of trade payables and employee dues arising during normal course of business as on each balance sheet date. Long- term liquidity requirement is assessed by the management on periodical basis and is managed through internal accruals and through funding commitments from shareholders. As at each statement of financial position date, the Company's liabilities having contractual maturities (including interest payments where applicable) are summarised as follows:

(ii) Maturities of financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	31-Mar-19			31-Mar-18		
	Less than one year	One to two years	More than two years	Less than one year	One to two years	More than two years
Non-derivatives						
Borrowings (non-current, financial liabilities)	200	150	-	200	200	150
Borrowings (current, financial liabilities)	16,621	-	-	26,610	-	-
Other financial liabilities	45,120	-	-	35,091	-	-
Trade payables	3,12,983	-	-	2,62,990	-	-
Total non-derivative liabilities	3,74,924	150	-	3,24,892	200	150

C.Market Risk

Market risk is the risk that changes in market prices - such as foreign exchange rates and interest rates - will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company is not exposed to such risk as Company does not have any borrowings, foreign currency transactions and does not have any derivative transactions.

Capital management

Risk Management

The Company's objectives when managing capital is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth. The Company's overall strategy remains unchanged from previous year. The Company sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments. The funding requirements are met through a mixture of equity, internal fund generation and other non-current borrowings. The Company's policy is to use current and non-current borrowings to meet anticipated funding requirements. The Company monitors capital on the basis of the gearing ratio which is net debt divided by total capital (equity plus net debt). The Company is not subject to any externally imposed capital requirements. Net debt are non-current and current borrowings as reduced by cash and cash equivalents, other bank balances and current investments. Equity comprises all components including other comprehensive income.

Particulars	(₹ thousands)	
	31-Mar-19	31-Mar-18
Cash and cash equivalents	21,726	40,388
Total cash (A)	21,726	40,388
Borrowings (non current, financial liabilities)	144	320
Borrowings (current, financial liabilities)	16,621	26,610
Current maturities of long-term borrowings	176	159
Total borrowing (B)	16,941	27,089
Net debt (C=B-A)	(4,785)	(13,298)
Total equity	2,83,644	2,38,686
Total capital (equity + net debts) (D)	2,78,859	2,25,387
Gearing ratio (C/D)	-2%	-6%

Siti Maurya Cable Net Private Limited

Notes to financial statements for the year ended 31st March 2019

Note 35: Tax Expenses

The major components of Income Tax for the year are as under:

	(₹ thousands)	
	Mar-19	Mar-18
Income tax related to items recognised directly in the statement of profit and loss		
Current tax - current year	14,459	9,719
-earlier years	-	(5,724)
Deferred tax charge / (benefit)	(8,968)	(13,891)
Total	5,491	(9,896)
Effective tax rate	27.82%	27.55%

A reconciliation of the income tax expense applicable to the profit before income tax at statutory rate to the income tax expense at the Company's effective income tax rate for the year ended 31 March, 2019 and 31 March, 2018 is as follows:

	(₹ thousands)	
	Mar-19	Mar-18
Profit before tax	13,889	14,769
Income tax		
Statutory income tax on profit	3,864	4,069
Tax effect on non-deductible expenses	36,497	30,125
Additional allowances for tax purposes	(25,902)	(24,475)
Others / Deferred Tax effect	(8,968)	(13,891)
Tax effect for earlier years	-	(5,724)
Tax expense recognised in the statement of profit and loss	5,491	(9,896)

Deferred tax recognised in statement of other comprehensive income

	(₹ thousands)	
For the year ended 31 March	Mar-19	Mar-18
Employee retirement benefits obligation	139	208

The applicable tax rate is the standard effective corporate income tax rate in India. The tax rate is 27.82% (27.55%) for the year ended 31 March, 2019. Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. For analysis of the deferred tax balances (after offset) for financial reporting purposes.

The Company does not have any temporary differences in respect of unutilised tax losses.

Deferred tax recognised in statement of profit and loss

	(₹ thousands)	
For the year ended 31 March	Mar-19	Mar-18
Employee retirement benefits obligation	139	208
Allowances for credit losses	-	-
Depreciation and amortisation	(4,107)	(421)
Other disallowances	(84)	(13,678)
Total	(4,051)	(13,891)

	(₹ thousands)	
Reconciliation of deferred tax assets / (liabilities) net:	Mar-19	Mar-18
Opening balance	13,396	(495)
Deferred tax (charge)/credit recognised in		
-Statement of profit and loss	4,051	13,891
-Recognised in other comprehensive income	-	-
Total	17,447	13,396

Siti Maurya Cable Net Private Limited

Notes to financial statements for the year ended 31st March 2019

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

The Company has received intimation from some vendors regarding their status under the Micro, Small and Medium Enterprises Development Act 2006. The disclosures relating to amount unpaid of vendors registered under the Micro, Small and Medium Enterprises Development Act 2006 as on 31st Mar 2019 together with interest paid or payable under this Act is NIL.

37 The company is providing the broadband services / internet services to the subscribers through Indinet Service Pvt. Ltd. ("ISPL") which is wholly owned subsidiary of Indian Cable Net Company Limited ("ICNCL"). All the revenue and expenses w.r.t. internet services are collected/incurred by ISPL itself. It has been mutually agreed that a portion of income from internet services (net of expenses) would be paid to the company for which billing is done by the company to ICNCL. The agreement for sharing of above has not been executed and the Management is of the view that the necessary agreement for internet services shall be completed shortly. In the current financial year the income from internet services is less than the expenses incurred and hence no billing is done by the company and no revenue from the broadband services has been recognised during the financial year. In FY 2017-18, the company has recognised the revenue of ₹ 26,49,869 from broadband services.

38 The company has not recovered any income against STM Charges from the Local Cable Operators (LCO) during the F.Y. 2018-19 as it has been provided free of cost but in 2017-18, STM charges was recovered by the Company from Local Cable Operators (LCO) amounting to ₹ 38,22,597.

39 As per Section 135 of Companies Act 2013, a CSR Committee had been formed by the Company. The funds are utilised in the activities which are specified in Schedule VII of the Act. The utilisation is done by way of contribution towards various activities.

(a) Average net profit as prescribed under section 135 of the Companies Act 2013: ₹ 41672 Thousands

(b) Amount spent during the year ₹ 833 Thousands on activities of plantation of trees

40 Contingent liabilities (to the extent not provided for)

Claims against the Company not acknowledged as debts ₹101,897 Thousands (Previous Year ₹ 113,328 Thousands).

41 Gratuity and other employment benefit plans

Defined contribution plan

Contribution to defined contribution plan, recognised as expense for the year are as under :-

Defined benefit plan

(i) The detail of employee benefit for the period in respect of gratuity which is funded defined benefit plan is as under:

a. Present value of obligations

(₹ thousands)

PARTICULARS	As on 31st March 2019	As on 31st Mar 2018
Present Value of Obligation at the beginning of the period	652	410
Interest Cost	51	32
Current Service Cost	259	228
Benefits paid (if any)	-	-
Actuarial (gains)/loss	(22)	(18)
Present Value of Obligation at the end of the period	940	652

b. Net Asset / (Liability) recognized in the balance sheet

(₹ thousands)

PARTICULARS	As on 31st March 2019	As on 31st Mar 2018
Present Value of Obligation at the end of the period	940	652
Fair Value of plan assets at the end of the period	-	-
Net Liability/(assets) recognised in Balance Sheet and related analysis	940	652
Funded Status	(940)	(652)
Best estimate for contribution during next period	323	283

c. Expense Recognised in the statement of profit & loss account

(₹ thousands)

PARTICULARS	As on 31st March 2019	As on 31st Mar 2018
Interest Cost	51	32
Current Service Cost	259	228
Expected return on Plan Assets	-	-
Expenses to be recognised in the Profit & loss Account	309	260

d. Other comprehensive (income)/expenses(Re-measurement)

(₹ thousands)

PARTICULARS	As on 31st March 2019	As on 31st Mar 2018
Actuarial (gain)/loss-obligation	22	18
Actuarial (gain)/loss-plan assets	-	-
Total Actuarial (gain)/loss	22	18

e. Liability

(₹ thousands)

Period	As on 31st March 2019	As on 31st Mar 2018
Current Liability	25	2
Non Current Liability	915	650
Total Liability	940	652

f. The assumptions employed by actuary for the calculations are tabulated:

Period	As on 31st March 2019	As on 31st Mar 2018
Discount rate	7.75%	7.5%
Salary Growth Rate	5.00%	5.00%
Mortality	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
Expected rate of return	-	-
Withdrawal rate (Per Annum)	5.00%	5.00% / 3.00% / 2.00%

(ii) The detail of employee benefit for the period in respect of **leave encashment** which is funded defined benefit plan is as under:

a. Present value of obligations

(₹ thousands)

PARTICULARS	As on 31st March 2019	As on 31st Mar 2018
Present Value of Obligation at the beginning of the period	468	285
Interest Cost	36	22
Current Service Cost	193	171
Benefits paid (if any)	(55)	-
Actuarial (gains)/loss	4	(10)
Present Value of Obligation at the end of the period	647	468

b. Net Asset / (Liability) recognized in the balance sheet

(₹ thousands)

PARTICULARS	As on 31st March 2019	As on 31st Mar 2018
Present Value of Obligation at the end of the period	647	468
Fair Value of plan assets at the end of the period	-	-
Net Liability/(assets) recognised in Balance Sheet and related analysis	647	468
Funded Status	(647)	468
Best estimate for contribution during next period	-	-

c. Expense Recognised in the statement of profit & loss account

(₹ thousands)

PARTICULARS	As on 31st March 2019	As on 31st Mar 2018
Interest Cost	36	22
Current Service Cost	193	171
Expected return on Plan Assets	-	-
Expenses to be recognised in the Profit & loss Account	230	194

d. Other comprehensive (income)/expenses(Re-measurement)

(₹ thousands)

PARTICULARS	As on 31st March 2019	As on 31st Mar 2018
Actuarial (gain)/loss-obligation	4	(10)
Actuarial (gain)/loss-plan assets	-	-
Total Actuarial (gain)/loss	4	(10)

e. Liability

(₹ thousands)

Period	As on 31st March 2019	As on 31st Mar 2018
Current Liability	46	26
Non Current Liability	601	442
Total Liability	647	468

f. The assumptions employed by actuary for the calculations are tabulated:

Period	As on 31st March 2019	As on 31st Mar 2018
Discount rate	7.75%	7.75%
Salary Growth Rate	5.00%	5.00%
Mortality	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
Expected rate of return	-	-
Withdrawal rate (Per Annum)	5.00%	5.00% / 3.00% / 2.00%

a. Discount Rate is based on the prevailing market yield of Indian Government Securities' as the balance sheet as date for expected term of obligation.

b. Salary Escalation rate is based on estimates of future salary increases taking into consideration of inflation, seniority, promotion and other relevant factors.

42 Payment to Auditors (accrued)

(₹ thousands)

PARTICULARS	31-Mar-19	31-Mar-18
Audit Fees	160	145
Tax Audit Fees	83	75
Limited Review Fees	126	120
TOTAL	368	340

43 The company had adopted and implemented the Telecommunications (Broadcasting & Cable) Services (Eight Addressable Systems) Tariff Order 2017 w.e.f. 1st day of February 2019. The company has complied with the various provisions of Tariff Order regarding declaration of network capacity fees, manner of offering of channels to subscribers, migration of existing customers into new regime and performance of other regulatory compliances. The execution of agreement between the vendors and the company in compliance of the new regulations is under process. The implementation of Tariff Order 2017 has resulted into the negative impact of ₹ 9515 thousands on the bottom line of the company.

The management is of the opinion that the impact on the financial statements is transitional in nature and believe that the implementation of Tariff Order 2017 would have positive impact on the financial statement of future years.

44 Operating Leases (As Lessee):

The Company has taken set top boxes from Indian Cable Net Company Private Limited on irrevocable operating lease agreements. The lease rental expenses recognised in the Statement of Profit and Loss for the year is ₹3,00,02,100/- (Previous Year: ₹3,04,14,636/-)

45 Details of Pending Litigations:

(a) An appeal is filed by the company with Jt. Commissioner of Commercial Taxes (Appeal), Bihar against demand of ₹ 9914 thousands towards amusement tax for the period Oct 2013 to Mar 2014. These demands are raised regarding dispute in rate of taxation for Entertainment Tax which has been duly challenged by the management at appropriate appellate authorities. However, the Company has paid ₹ 2024 thousands during the F.Y.2018-19 as an advance for Stay of Demand

(b) The company has filed appeal with Commissioner of Income Tax (Appeal) against demand of ₹ 521 thousands towards income tax for the AY 2014-15. These demands are raised regarding dispute in rate of depreciation considered on Viewing Cards. However, the Company has paid ₹ 78 thousands as an advance for Stay of Demand.

(c) The company has filed appeal with Commissioner of Income Tax (Appeal) against demand of ₹ 1184 thousands towards income tax for the AY 2015-16. These demands are raised regarding dispute in rate of depreciation considered on Viewing Cards. However, the Company has paid ₹ 237 thousands as an advance for Stay of Demand.

46 Future Minimum Lease Payments and their Present Values are given below:

Minimum lease payments due

March 31, 2019	Within 1 year	1 to 5 years	after 5 years	Total
Lease payments	2,00,148	1,50,111		3,50,259
Finance charges	24,086	6,068		30,154
Net present value	1,76,062	1,44,043	-	3,20,105

March 31, 2018	Within 1 year	1 to 5 years	after 5 years	Total
Lease payments	2,00,148	3,50,259		5,50,407
Finance charges	40,774	30,154		70,928
Net present value	1,59,374	3,20,105	-	4,79,479

47 Net balances of Loans & Advances, Trade Receivables, Trade Payables, and other assets & liabilities are subject to confirmation.

48 In the opinion of the Board of Directors the current assets, loans and advances shown in the Balance Sheet as on 31st March 2019 are considered good and fully recoverable, except otherwise stated and provision for all known liabilities has been made in the accounts.

49 Related Party Disclosure

List of parties where control Exists

- a **Ultimate Holding Company**
Siti Network Limited
- b **Holding Company**
Indian Cable Net Company Limited
- c **Fellow Subsidiaries of Holding Company**
 - . Siticable Broadband South Limited
 - . Central Bombay Cable Network Limited
 - . Wire & Wireless Tisai Satellite Pvt Ltd
 - . Master Channel Community Network Pvt. Ltd
 - . Siti Jai Maa Durge Communications Pvt. Ltd
 - . Siti Bhatia Network Entertainment P.Ltd.
 - . Siti Krishna Digital Media Pvt. Ltd.
 - . Siti Jony Digital Cable Network Pvt. Ltd.
 - . Siti Guntur Digital Network Pvt. Ltd.
 - . Siti Faction Digital Pvt.Ltd.
 - . Siti Jind Digital Media Pvt. Ltd
 - . Siti Global Pvt. Ltd.
 - . Siti Broadband Services Pvt. Ltd.
 - . Siti Kranal Digital Media Network Pvt. Ltd.
 - . Siti Digital Network Pvt. Ltd.
 - . Siti Chhattisgarh Multimedia Pvt. Ltd.
 - . Siti Vision Digital Media Private Limited
- d **Fellow Subsidiary Companies**
 - . Indinet Service Pvt. Ltd
 - . Axom Communication & Cable Pvt. Ltd.
- e **Entities with Significant Influence**
 - . Maury Dignet Private Limited
- f **Entities in which Directors Interested**
 - . Smart Vinimay Private Limited
 - . Calcutta Communication LLP
 - . Purvi Communications LLP
 - . Statt Solution Private Limited
 - . Gurukripa Comlink Private Limited
 - . Haridwar Traders Private Limited
 - . Maxpro Tracon Private Limited
 - . Maa Laxmi Network
 - . Global Cable Network
 - . IT Agency
 - . Rai Cable Network
 - . Raja Cable
 - . Puja Cable
 - . Nice Network
 - . Maa Vaishnav Settlite Vision
 - . Maa Vaishnav Vision
 - . Shiva Vision

g Key Managerial Personnel

· Mr. Sunil Nihalani	Director
· Mr. Mukesh Ghuriani	Director
· Mr. Rajnish Kumar Dixit	Director
· Mr. Niraj Kumar Sinha	Director
· Mr. Madanjeet Kumar	Director
· Mr. Binod Kumar Rai	Director
· Mr. Muno Kumar	Director
· Mr. Nawal Kumar	Director
· Mr. Mukesh Ghuriani	Director
· Mr. Atul Kumar Singh	Director
· Mr. Suresh Kumar Sethiya	Director
· Mr. Surendra Kumar Agarwala	Director

Transactions with related parties

(₹ thousands)

Particulars	Indian Cable Net Co Ltd	Maury Dignet Pvt Ltd	Siti Networks Ltd	Binod Kr. Rai	Madanjeet Kumar	Muno Kumar	Nawal Kumar	Niraj Sinha	Rajnish Kr. Dixit
Balance as at 01-04-2018	(1,88,632)	(66,272)	(15,425)	3,474	1,583	3,153	1,889	769	455
Expense paid by	(4,062)		(2)						
Expenses paid on behalf of									
Expenses Reimbursed to									
Expenses reimbursed by									
Equity Contribution in Cash									
Issue of Equity Shares									
Payment for purchase of material and services	1,59,724	38,900							
Purchase of material & Services	(94,011)	(35,992)	(3,553)						
Interest Accrued by	(9,517)	(2,011)							
Sale of service and materials	7,907			5,601	6,044	6,483	1,490	2,300	1,805
Rebate & Discount Provided									
Payment Received for sale of services/other recoveries	(265)			(6,425)	(5,354)	(5,989)	(1,316)	(2,036)	(1,703)
Repayment of Advance	-	12,000	-	-	-	-	-	-	-
Balance as at 31-03-2019	(1,28,856)	(53,374)	(18,981)	2,650	2,273	3,648	2,062	1,033	558

50 Value of Imports calculated on CIF Basis

(₹ thousands)

Particulars	31-Mar-19	31-Mar-18
Capital Goods	138	16,084
	138	16,084

51 Expenditure in foreign currency

(₹ thousands)

Particulars	31-Mar-19	31-Mar-18
Annual Maintenance Charges	857	1,108
	857	1,108

52 Previous years figures have been regrouped and/or rearranged wherever necessary.

Notes to account referred to in our report of even date is annexed.

For **Agarwal K & Co LLP**
Chartered Accountants
ICAI Firm Registration No.: E300016

For and on behalf of the Board of Directors of
SITI Maurya Cable Net Private Limited

Sd/-
Gourav Gupta
Partner
Membership Number: 064579

Sd/-
Surendra Kumar Agarwala
Director
DIN: 00569816

Sd/-
Muno Kumar
Director
DIN: 03449709

Place - Kolkata
Date - 25th of May' 2019

Sd/-
Krishna Kumar
Sr. Manager (F&A)

Siti Maurya Cable Net Private Limited**Notes to financial statements for the year ended 31st March 2019****Note No. 53****(₹ thousands)**

OTHER COMPREHENSIVE INCOME	FY 18-19	FY 17-18
A (i) Items that will not be reclassified to Profit or Loss		
Remeasurements of the net defined benefit plans as under	17.08	28.37
Remeasurement of employee benefit obligations		
(ii) Income Tax relating to items that will not be reclassified to profit or loss	(4.75)	(7.82)
B (i) Items that will be reclassified to profit or loss	-	-
(ii) Income Tax relating to items that will be reclassified to profit or loss	-	-
TOTAL COMPREHENSIVE INCOME	12.33	20.55

Siti Maurya Cable Net Private Limited
Statement of Change in Equity for the year ended 31st March 2019

(₹ thousands)

	Attributable to owners of SITI Maurya Cable Net Private Limited				
	Equity Share Capital	Reserves and Surplus			Total
		Securities Premium Reserve	Retained Earnings	Total Other Equity	
Balance at 1 April 2017	90,280	70,000	53,721	1,23,721	2,14,000
Issued / Changes in Equity Share Capital	-				
Profit for the year			24,665	24,665	24,665
Other Comprehensive Income			21	21	21
Total Comprehensive Income for the year	-	-	24,686	24,686	24,686
Transactions with owners in their capacity as owners :					
Transfer In/Out Securities Premium Account		-	-	-	-
Balance at March 2018	90,280	70,000	78,407	1,48,407	2,38,686
Balance at 1 April 2018	90,280	70,000	78,407	1,48,407	2,38,686
Issued / Changes in Equity Share Capital				-	-
Changes as IND AS Adjustments			36,549	36,549	36,549
Profit for the year			8,397	8,397	8,397
Other Comprehensive Income			12	12	12
Total Comprehensive Income for the year	-	-	8,410	8,410	8,410
Change in Provision for Deffered Tax				-	-
Transactions with owners in their capacity as owners :					
Transfer In/Out Securities Premium Account		-		-	-
Balance at 31 March 2019	90,280	70,000	1,23,365	1,56,816	2,83,645

Statement in change in Equity referred in our report of even date.

For Agarwal K & Co LLP
Chartered Accountants
ICAI Firm Registration No.: E300016

For and on behalf of the Board of Directors of
SITI Maurya Cable Net

Sd/-
Gourav Gupta
Partner
Membership Number: 064579

Sd/-
Surendra Kumar Agarwala
Director
DIN: 00569816

Sd/-
Muno Kumar
Director
DIN: 03449709

Place - Kolkata
Date - 25th of May' 2019

Sd/-
Krishna Kumar
Sr. Manager
(F&A)