

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF MASTER CHANNEL COMMUNITY NETWORK PRIVATE LIMITED**

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

1. We have audited the accompanying standalone financial statements of **MASTER CHANNEL COMMUNITY NETWORK PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2017, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements to give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued thereunder. 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.

#### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require

that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the company as at 31<sup>st</sup> March 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### **Other Matter(s)**

9. The Company had prepared separate sets of statutory financial statements for the year ended 31 March 2016 and 31 March 2015 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditor's reports to the shareholders of the Company dated 20 May 2016 and 20 May 2015 respectively. These financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

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

10. As required by 'the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the **Annexure A** a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of accounts 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, the Statement of Cash Flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

(e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure B**.

(g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

- i. The Company has disclosed the impact, if any, of pending litigations as at 31<sup>st</sup> March 2017 on its financial position in its standalone financial statements – Refer Note no.1.2.c of the notes to the financial statements;
- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided disclosures in Note 1.2.g to the financial statements regarding holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on the audit procedures performed and taking into consideration the information and explanations given to us, in our opinion, the total receipts, total payments and total amount deposited in banks are in accordance with the books of account maintained by the company. However, in the absence of sufficient appropriate audit evidence, we are unable to comment upon the appropriateness of classification between Specified Bank Notes and other denomination notes of 'Permitted receipts', 'Non-permitted receipts', 'Permitted payments' and 'Amount deposited in banks' as disclosed under such Note.

**For Subhash C. Gupta & Co.**  
**Chartered Accountants**  
**Firm's Registration No.: 004103N**

**Manoj Kumar**  
**(Partner)**  
**Membership No.: 504435**

**Place : New Delhi**  
**Date :20.05.2017**

## **Annexure A to Independent Auditors' Report**

**Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Master Channel Community Network Pvt. Ltd. on the standalone financial statements for the year ended 31st March 2017**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets *except for Set Top Boxes capitalized/installed at customer premises.*
  - (b) According to the information and explanations given to us the fixed assets (*other than Set top boxes installed at customer premises and those in transit or lying with the distributors/cable operators and distribution equipment comprising overhead and underground cables physical verification of which is infeasible owing to the nature and location of these assets*) have been physically verified by the management during the year in a phased periodical manner which, in our opinion, is reasonable, having regard to the size of the Company and nature of the assets. No material discrepancies were noticed on such verification.
  - (c) Since the company does not own any immovable properties the provisions of the said clause of the Order are not applicable.
- (ii) The company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act.
- (iv) The Company has not granted any loans, made any investments nor provided any guarantee or security during the year accordingly the provisions of the said clause of the Order are not applicable.
- (v) To the best of our knowledge & according to the information and explanations given to us the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and belief, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products/ services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii) (a) To the best of our knowledge and according to the information and explanations given to us the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable *except the following:*

Name of Statute	Nature of Dues	Amount Involved Rs.	Period
Entertainment Tax	Entertainment Tax	168264/-	August and September, 2016

(b) There are no dues in respect of income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess that have not been deposited with the appropriate authorities on account of any dispute except for:-

Name of Statute	Nature of Dues	Amount Involved Rs.	Forum/period where the dispute is pending
AP-VAT	AP Vat Demand	1,45,72,765/-	VAT Department, Vijaywada, AP

- (viii) The Company has no dues payable to a financial institution or a bank or debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.
- (ix) The company has not raised any funds during the year from initial public offer or further public offer or by way of term loans. Accordingly, the provisions of said clause of the Order are not applicable.
- (x) Based upon the audit procedures performed for the purpose of reporting true and fair view of the financial statement and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.
- (xi) Managerial remuneration has been paid or provided by the company during the year in accordance with the requisite approvals mandate by the provisions of Section 197 read with Schedule V of the Companies Act, 2013.
- (xii) Since the company is not a Nidhi company the provisions of clause 3(xii) of the order are not applicable.

- (xiii) As per the information and explanation provided to us, all the transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) The company has not made any preferential allotment/private placement of shares or convertible debentures during the year. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable.
- (xv) According to the information and explanation provided to us the company has not entered into any non-cash transactions with directors or persons connected with him during the year accordingly the provisions of clause 3(xv) of the order are not applicable.
- (xvi) In our opinion and according to the information and explanation provided to us the company is not required to be registered u/s 45-IA of the Reserve Bank of India Act, 1934.

**For Subhash C. Gupta & Co.**  
**Chartered Accountants**  
**Firm's Registration No.: 004103N**

**Manoj Kumar**  
**(Partner)**  
**Membership No.: 504435**

**Place : New Delhi**  
**Date : 20.05.2017**

## **Annexure B to Independent Auditors' Report**

Referred to in paragraph 10 (f) of the Independent Auditors' Report of even date to the members of Master Channel Community Network Pvt. Ltd. on the standalone financial statements for the year ended 31st March 2017.

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act**

1. We have audited the internal financial controls over financial reporting of Master Channel Community Network Pvt. Ltd. ("the Company") as of 31<sup>st</sup> March, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit conducted in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. 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**

6. 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**

7. 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**

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

**For Subhash C. Gupta & Co.**  
**Chartered Accountants**  
**Firm's Registration No.: 004103N**

**Manoj Kumar**  
**(Partner)**  
**Membership No.: 504435**

**Place : New Delhi**  
**Date : 20.05.2017**



MASTER CHANNEL COMMUNITY NETWORK PVT. LTD.  
Balance Sheet as at March 31, 2017

	Notes	March 31, 2017 Rs.	March 31, 2016 Rs.	April 1, 2015 Rs.
<b>A. Assets</b>				
<b>1. Non-current assets</b>				
<b>Fixed assets</b>				
(a) Property, plant and equipment	2	383,246,398	351,837,704	166,934,761
(b) Capital work-in-progress		37,854,571	41,272,413	53,137,649
(c) Other intangible assets		-	-	-
(d) Financial assets		-	-	-
(i) Investments		-	-	-
(ii) Loans & Advances	3	1,903,074	1,369,924	1,004,695
<b>Sub-total of Non-current assets</b>		<b>423,004,043</b>	<b>394,480,041</b>	<b>221,077,105</b>
<b>2. Current assets</b>				
(a) Financial assets		-	-	-
(i) Trade receivables	4	124,985,914	33,471,930	19,838,895
(ii) Investments		-	-	-
(iii) Cash and bank balances	5	16,207,526	31,364,953	31,327,329
(v) Others Financial Assets	6	1,150,000	72,793	-
(b) Other current assets	7	42,621,816	87,547,028	38,924,078
<b>Sub-total of Current assets</b>		<b>184,965,256</b>	<b>152,456,704</b>	<b>90,090,303</b>
<b>Total assets</b>		<b>607,969,299</b>	<b>546,936,745</b>	<b>311,167,407</b>
<b>B. Equity and liabilities</b>				
<b>Equity</b>				
(a) Equity share capital	8	500,000	500,000	500,000
(b) Other equity	9	39,178,560	37,603,973	38,939,305
(c) Non-controlling interests		-	-	-
<b>Sub-total - Equity</b>		<b>39,678,560</b>	<b>38,103,973</b>	<b>39,439,305</b>
<b>Liabilities</b>				
<b>1. Non-current liabilities</b>				
(a) Financial liabilities		-	-	-
(i) Long-term borrowings	10	8,576,557	8,576,557	8,576,557
(ii) Other financial liabilities		-	-	-
(b) Provisions	11	2,907,197	2,256,373	1,288,652
(c) Deferred tax liability (net)	12	5,520,696	4,745,858	3,411,055
(d) Other non-current liabilities	13	37,438,938	45,490,210	19,497,479
<b>Sub-total - Non-current liabilities</b>		<b>54,443,388</b>	<b>61,068,998</b>	<b>32,773,743</b>
<b>2. Current liabilities</b>				
(a) Financial liabilities		-	-	-
(i) Borrowings		-	-	-
(ii) Trade payables	14	399,498,495	288,438,261	148,887,780
(iii) Other financial liabilities		-	-	-
(b) Other current liabilities	15	100,000,190	139,142,306	76,914,130
(c) Provisions	16	14,348,666	20,183,208	13,152,449
<b>Sub-total of current liabilities</b>		<b>513,847,351</b>	<b>447,763,775</b>	<b>238,954,359</b>
<b>Total equity and liabilities</b>		<b>607,969,299</b>	<b>546,936,745</b>	<b>311,167,407</b>
Summary of significant accounting policies	1	-	-	-

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 Subhash C. Gupta & Co.  
Chartered Accountants

For and on behalf of the Board of Directors of  
Master Channel Community Pvt. Ltd.

Firm Regn No.-004103N

Manoj Kumar  
Partner  
M. No-504435

Director  
DIN

Director  
DIN

Place : Vijayawada  
Date :

**MASTER CHANNEL COMMUNITY NETWORK PVT. LTD.**  
**Statement of Profit and Loss for the year ended March 31, 2017**

	Notes	March 31, 2017 Rs.	March 31, 2016 Rs.	March 31, 2015 Rs.
<b>Revenue</b>				
Revenue from operations	17	356,606,729	255,437,176	211,879,406
Other income	18	852,926	1,103,090	4,800
<b>Total revenue</b>		<b>357,459,655</b>	<b>256,540,266</b>	<b>211,884,206</b>
<b>Expenses</b>				
Carriage sharing, pay channel and related costs	19	149,836,953	68,814,702	55,304,171
Employee benefits expense	20	7,600,502	6,951,817	5,810,815
Finance costs	21	714,899	1,286,160	172,400
Depreciation and amortisation expenses	22	56,077,072	32,246,585	18,939,418
Other expenses	23	138,025,774	126,508,786	88,000,251
<b>Total expenses</b>		<b>352,255,200</b>	<b>235,808,050</b>	<b>168,227,056</b>
<b>Profit before prior period expenses</b>		<b>5,204,455</b>	<b>20,732,216</b>	<b>43,657,151</b>
Prior period Income/(expenses)		-	-	186,862
<b>Profit before tax</b>		<b>5,204,455</b>	<b>20,732,216</b>	<b>43,844,012</b>
<b>Tax Expenses</b>				
<b>Current Tax</b>		842,000	19,496,645	12,515,494
<b>Previous Year Tax</b>		1,821,167	581,772	1,050,777
<b>Deferred Tax</b>		774,838	1,334,803	1,388,015
<b>Total Profit/(Loss) for the period</b>		<b>1,766,450</b>	<b>(681,004)</b>	<b>28,889,726</b>
<b>Other Comprehensive income</b>				
<b>(i) Items that will not be reclassified to profit or loss</b>				
(a) Remeasurement of the defined benefit (liabilities) / assets		191,862	654,329	-
<b>Total Comprehensive Income/(loss) for the year</b>		<b>1,574,588</b>	<b>(1,335,333)</b>	<b>28,889,726</b>
Earning per share after tax	24			
Basic		353.29	(136.20)	5,777.95
Diluted		353.29	(136.20)	5,777.95
Summary of significant accounting policies	1			

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 **Subhash C. Gupta & Co.**  
Chartered Accountants  
Firm Regn No.-004103N

For and on behalf of the Board of Directors of  
**Master Channel Community Pvt. Ltd.**

**Manoj Kumar**  
Partner  
M. No-504435

Director  
DIN

Director  
DIN

Place : New Delhi  
Date :

**MASTER CHANNEL COMMUNITY NETWORK PVT LIMITED**

**CASH FLOW STATEMENT**

PARTICULARS	Year ended Mar 31, 2017 Amount in Rs.	Year ended Mar 31, 2016 Amount in Rs.
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Income / ( Loss ) before Tax	5,204,455	20,732,216
Adjustments for :		
Depreciation	56,077,072	32,246,585
Loss(profit) on sale /disposal of assets	-	-
Provision for Doubtful Debts	-	540,124
Interest Expense/(Income)	-	-
Sundry Balance Expense W/back	-	-
Income Tax paid	(1,821,167)	(581,772)
comprehensive income recognised directly in retained earnings	(191,862)	(654,329)
Provision for Income Taxes(including deferred tax)	(1,616,838)	(20,831,448)
<b>Operating Profit before working capital changes</b>	<b>57,651,660</b>	<b>31,451,375</b>
Increase Inventories	-	-
Decrease (increase) in Trade Receivables	(91,513,984)	(14,173,158)
Decrease(increase) in Long Terms L&A and non Current Assets	(533,150)	(365,229)
Decrease(increase) in Loans and Advances and Other Current Assets	43,848,005	(48,695,743)
Increase in Long term provisions	(6,625,610)	28,295,255
Increase/(Decrease) in Current Liabilities and Provisions	66,083,577	208,809,416
<b>Net Cash Flow from Operating Activities</b>	<b>68,910,497</b>	<b>205,321,915</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(87,485,766)	(217,149,528)
Capital W.I.P.	3,417,842	11,865,236
sale of Fixed Assets	-	-
<b>Net Cash utilised in Investing Activities</b>	<b>(84,067,924)</b>	<b>(205,284,292)</b>
<b>C CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest Received/(paid) (Net)	-	-
Proceeds from Share Capital	-	-
Repayment of long term borrowing	-	-
<b>Net Cash provided by Financing Activities</b>	<b>-</b>	<b>-</b>
Net Increase in cash and cash equivalents during the year	(15,157,427)	37,623
cash and cash equivalents at beginning of year	31,364,953	31,327,329
<b>Cash and Cash Equivalents at end of the Year</b>	<b>16,207,526</b>	<b>31,364,953</b>

**Note :**

- 1 Previous year figures have been regrouped / rearranged wherever necessary  
 2 Component of Cash & cash Equivalents at the end of year

Cash in hand	6,820,218	2,905,586
Cheques in Hand	-	-
FDR's	-	-
Balances with Scheduled Banks in Current Accounts	9,387,308	28,459,366
	<u>16,207,526</u>	<u>31,364,953</u>
	(0.00)	0.00

**As per our Report of even date**

**For Subhash C. Gupta & Co.**  
**Firm Regn. No. 004103N**  
**Chartered Accountants**

**Manoj Kumar**  
**Partner**  
**M. No. 504435**

**Place: Vijaywada**

**Date:**

**For and on behalf of the Board of**  
**Directors of**  
**Master Channel Community Pvt. Ltd.**

**Director**  
**DIN**  
**Name**

**Director**  
**DIN**  
**Name**

MASTER CHANNEL COMMUNITY NETWORK PVT. LTD.  
Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017

Gross block	Tangible assets										Total	
	Building	Plant and equipment	Computers	Office equipment	Furniture and fixtures	Air conditioners	Studio equipment	Vehicles	Leasehold improvements	Set top boxes		Electrical Equipments
Balance as at April 1, 2015	479,900	44,327,847	1,893,226	3,110,154	1,399,042	-	8,068,782	1,985,680	1,996,797	141,726,368	291,136	205,278,932
Additions	-	400,700.00	-	11,000.00	-	-	-	64,306.00	-	216,673,522.00	-	217,149,528.00
Disposal	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2016</b>	<b>479,900.00</b>	<b>44,728,547</b>	<b>1,893,226</b>	<b>3,121,154</b>	<b>1,399,042</b>	<b>-</b>	<b>8,068,782</b>	<b>2,049,986</b>	<b>1,996,797</b>	<b>358,399,890</b>	<b>291,136</b>	<b>422,428,460</b>
Additions	-	1,220,588	186,100	56,250	47,520	-	105,000	-	-	85,870,308	-	87,485,766
Disposal	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2017</b>	<b>479,900</b>	<b>45,949,135</b>	<b>2,079,326</b>	<b>3,177,404</b>	<b>1,446,562</b>	<b>-</b>	<b>8,173,782</b>	<b>2,049,986</b>	<b>1,996,797</b>	<b>444,270,198</b>	<b>291,136</b>	<b>509,914,226</b>
<b>Accumulated depreciation</b>												
Balance as at April 1, 2015	392,050	14,871,862	1,631,562	1,524,432	1,084,155	-	6,652,112	376,654	798,718	10,856,389	156,237	38,344,171
Charge for the year	23,995	6,782,115	155,719	484,232	48,405	-	215,460	223,545	399,359	23,886,639	27,116	32,246,585
Reversal on disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2016</b>	<b>416,045</b>	<b>21,653,977</b>	<b>1,787,281</b>	<b>2,008,664</b>	<b>1,132,560</b>	<b>-</b>	<b>6,867,572</b>	<b>600,199</b>	<b>1,198,077</b>	<b>34,743,028</b>	<b>183,353</b>	<b>70,590,756</b>
Charge for the year	23,995	4,243,601	102,415	467,569	48,536	-	221,451	229,185	399,359	50,313,845	27,116	56,077,072
Reversal on disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2017</b>	<b>440,040</b>	<b>25,897,578</b>	<b>1,889,696</b>	<b>2,476,233</b>	<b>1,181,096</b>	<b>-</b>	<b>7,089,023</b>	<b>829,384</b>	<b>1,597,436</b>	<b>85,056,873</b>	<b>210,469</b>	<b>126,667,828</b>
<b>Net block</b>												
Balance as at March 31, 2016	63,855	23,074,570	105,945	1,112,490	266,482	-	1,201,210	1,449,787	798,720	323,656,862	107,783	351,837,704
Balance as at March 31, 2017	39,860	20,051,557	189,630	701,171	265,466	-	1,084,759	1,220,602	399,361	359,213,325	80,667	383,246,398

MASTER CHANNEL COMMUNITY NETWORK PVT. LTD.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017

	March 31, 2017	March 31, 2016	April 1, 2015
	Rs.	Rs.	Rs.
<b>3 Loans &amp; Advances (Unsecured, considered good)</b>			
Security deposits	1,903,074	1,369,924	782,194
Other Receivable			222,500
	1,903,073.99	1,369,924	1,004,694
Less: Provision for doubtful security deposits			
	<b>1,903,073.99</b>	<b>1,369,924</b>	<b>1,004,694</b>
<b>4 Trade receivables (Unsecured, considered good)</b>			
<b>Particulars</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>April 1, 2015</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
Trade Receivable - others	126,664,086	35,150,102	20,976,944
Trade Receivable - Related parties			
Less: Expected Credit Loss Allowance			
<b>Total</b>	<b>126,664,086</b>	<b>35,150,102</b>	<b>20,976,944</b>
<b>Sub-classification</b>			
-Unsecured, considered good	124,985,914	33,471,930	19,838,895
-Unsecured, considered doubtful	1,678,172	1,678,172	1,138,049
Expected Credit Loss Allowance	1,678,172	1,678,172	1,138,049
<b>Total</b>	<b>124,985,914</b>	<b>33,471,930</b>	<b>19,838,895</b>
<b>Allowance Movement for Trade Receivables</b>			
Balance at the beginning of the year	1,678,172	1,138,049	-
Provision for doubtful trade receivables (net) for the year		540,124	1,138,049
<b>Total</b>	<b>1,678,172</b>	<b>1,678,172</b>	<b>1,138,049</b>
<b>5 Cash and bank balances</b>			
<b>Cash and cash equivalents</b>			
Cash on hand	6,820,218	2,905,586	4,333,537
Cheques on hand			
Balances with banks			
On current accounts	9,387,308	28,459,366	26,993,792
In deposit account (with maturity upto three months)			
	<b>16,207,526</b>	<b>31,364,953</b>	<b>31,327,329</b>
<b>6 Other Financial Assets</b>			
<b>Unsecured, considered good</b>			
Unbilled Revenue	1,150,000	72,793	
Expenses Recoverable			
	<b>1,150,000</b>	<b>72,793</b>	
<b>7 Other Current Assets (Unsecured, considered good)</b>			
Advance to suppliers	2,857,194	45,800	26,325
Advance to Employees	149,692	170,802	284,638
Advance tax	9,235,462	5,979,350	5,869,381
Deposit against VAT demand	2,290,018	1,831,600	1,831,600
Prepaid Expenses	84,646	45,476	215,253
Indirect Tax	28,004,804	79,474,000	30,696,881
	<b>42,621,816</b>	<b>87,547,028</b>	<b>38,924,078</b>
<b>8 Share capital</b>			
<b>Authorised share capital</b>			
5,000 (Previous year: 5,000) equity shares of ₹ 100 each	500,000	500,000	500,000
<b>Total authorised capital</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>
<b>Issued, Subscribed and Paid up</b>			
5,000 (Previous year: 5,000) equity shares of ₹ 100 each	500,000	500,000	500,000
<b>Total paid up capital</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>
<b>(i) Reconciliation of number of shares outstanding as on 31.03.2017</b>			
<b>Particulars</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>April 1, 2015</b>
Balance at the beginning of the year	Nos. 5,000	5,000	5,000 (00)
Issued during the year	Nos.		
<b>Balance at the end of the year</b>	<b>Nos. 5,000</b>	<b>5,000</b>	<b>5,000</b>
<b>(ii) Rights, Preferences and Restrictions attached to equity shares</b>			
The Company has one class of equity shares having a par value of Rs. 100 per share. Each shareholder is eligible for one vote per share held. The dividend, if any proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, if any, in proportion to their shareholding.			
<b>(iii) Shares held by Holding Company, Ultimate Holding Company and their subsidiaries/associates:</b>			
The details of equity shares held by holding company, Ultimate Holding Company and their subsidiaries/associates are as under:			
<b>Particulars</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>April 1, 2015</b>
Central Bombay Cable Network Ltd	Nos. 3,300	3,300	3,300
	% 66.00	66.00	66.00
<b>(iv) Shareholders holding more than 5% of total equity shares</b>			
<b>Particulars</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>April 1, 2015</b>
Central Bombay Cable Network Ltd	Nos. 3,300	3,300	3,300
	% 66.00	66.00	66.00
Poduri Kiranmayee	Nos. 754	754	754
	% 15.08	15.08	15.08
Poduri Sai Balu	Nos. 376	376	376
	% 7.52	7.52	7.52
<b>9 Other Equity</b>			
<b>Retained Earnings</b>			
Balance at the beginning of the year	37,603,973	38,939,306	36,277,401
Prior Period Adjustment			2,783,296
Add: Profit/(Loss) for the year	1,766,450	(681,000)	28,089,726
<b>Balances as at the end of the year (A)</b>	<b>39,370,422</b>	<b>38,258,302</b>	<b>67,050,422</b>

Other Comprehensive Income				
Other comprehensive income recognised directly in retained earnings				(29,011,118)
Deferred Activation Revenue				
Gratuity/Leave Encashment				
Balances as at the end of the year (B)		(191,862)	(654,329)	(29,011,118)
Balances as at the end of the year (A+B)		39,178,560	37,603,973	38,939,305
10	Long-term borrowings	March 31, 2017 Rs.	March 31, 2016 Rs.	April 1, 2015 Rs.
	Loans and advances from Directors/Related parties- Unsecured	8,576,557	8,576,557	8,576,557
	*Terms of Repayment: Not Specified			
	* Rate of Interest: Nil			
	Total Long term Loan	8,576,557	8,576,557	8,576,557
11	Provisions	March 31, 2017 Rs.	March 31, 2016 Rs.	April 1, 2015 Rs.
	Provision for employee benefits (Refer Note 31)			
	Provision for gratuity	2,320,914	1,810,872	1,049,259
	Provision for compensated absences	586,283	445,500	230,333
		2,907,197	2,256,373	1,288,652
12	Deferred tax liability (net)	March 31, 2017 Rs.	March 31, 2016 Rs.	April 1, 2015 Rs.
	Deferred tax liability			
	Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	7,211,035	6,192,770	4,223,015
	Others			
	Gross deferred tax liability	7,211,035	6,192,770	4,223,015
	Deferred tax asset			
	Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	1,690,339	1,446,912	811,960
	Others			
	Gross deferred tax Assets	1,690,339	1,446,912	811,960
	Net deferred tax asset/(Liabilities)	5,520,696	4,745,858	3,411,055
13	Other Non-Current Liabilities	March 31, 2017 Rs.	March 31, 2016 Rs.	April 1, 2015 Rs.
	Deferred Activation Revenue	37,438,938	45,490,210	19,497,479
		37,438,938	45,490,210	19,497,479
14	Trade payables	March 31, 2017 Rs.	March 31, 2016 Rs.	April 1, 2015 Rs.
	Trade Payables - others	89,538,581	112,900,671	148,887,780
	Trade payables - related parties	309,959,915	175,537,500	
		399,498,495	288,438,261	148,887,780
15	Other Current Liabilities	March 31, 2017 Rs.	March 31, 2016 Rs.	April 1, 2015 Rs.
	Advances from Non Related Parties	9,306,427	4,407,261	5,950,971
	Advances from Related Parties	44,086,591	40,600,000	24,100,000
	Entertainment Tax Payable	3,666,848	179,160	179,360
	TDS Payable	5,051,571	11,604,690	7,484,241
	Service Tax Payable	5,532,311	55,876,176	22,186,968
	Others - Employee dues	1,000	-	-
	Deferred Activation Revenue	29,776,070	23,951,132	9,513,639
	Income received in advance	2,579,372	2,523,887	7,498,951
		100,000,190	139,142,306	76,914,130
16	Provisions	March 31, 2017 Rs.	March 31, 2016 Rs.	April 1, 2015 Rs.
	Liability for expenses	13,445,281	634,956	636,955
	Provision for gratuity	61,385	51,607	-
	Provision for compensated absences	-	-	-
	Provision for Taxation A/c	842,000	19,496,645	12,515,494
		14,348,666	20,183,208	13,152,449

MASTER CHANNEL COMMUNITY NETWORK PVT. LTD.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017

17 Revenue from operations	March 31, 2017	March 31, 2016	March 31, 2015
	Rs.	Rs.	Rs.
Sale of services			
Subscription/Other income	203,837,403	67,939,979	67,512,852
Advertisement income	29,396,436	31,923,408	24,214,259
Carriage income	50,561,417	31,004,093	27,590,032
Activation and Set top boxes pairing charges	72,811,473	124,569,696	92,562,264
	<b>356,606,729</b>	<b>255,437,176</b>	<b>211,879,406</b>

  

18 Other income	March 31, 2017	March 31, 2016	March 31, 2015
	Rs.	Rs.	Rs.
Interest income on			
Bank deposits	-	-	-
Others	12,868	-	-
Excess provisions written back	5,336	-	-
Other non-operating income	834,722	1,103,090	4,800
	<b>852,926</b>	<b>1,103,090</b>	<b>4,800</b>

  

19 Carriage Sharing, Pay Channel and Related Cost	March 31, 2017	March 31, 2016	March 31, 2015
	Rs.	Rs.	Rs.
Pay Channel Subscription	149,836,953	64,814,702	49,304,171
Carriage Sharing Fee	-	4,000,000	6,000,000
	<b>149,836,953</b>	<b>68,814,702</b>	<b>55,304,171</b>

  

20 Employee benefits expense	March 31, 2017	March 31, 2016	March 31, 2015
	Rs.	Rs.	Rs.
Salaries, allowances and bonus	5,882,563	5,397,577	4,926,537
Contributions to provident and other funds	658,313	656,297	428,017
Employee benefits expenses	468,740	364,999	128,830
Bonus	411,800	348,205	201,000
Staff welfare expenses	179,086	184,739	126,431
	<b>7,600,502</b>	<b>6,951,817</b>	<b>5,810,815</b>

  

21 Finance costs	March 31, 2017	March 31, 2016	March 31, 2015
	Rs.	Rs.	Rs.
Interest on late deposit of TDS/Service Tax	680,959	1,219,778	149,196
Bank charges	33,940	66,382	23,204
Interest on secured/unsecured Loan	-	-	-
	<b>714,899</b>	<b>1,286,160</b>	<b>172,400</b>

  

22 Depreciation and amortisation expenses	March 31, 2017	March 31, 2016	March 31, 2015
	Rs.	Rs.	Rs.
Depreciation of tangible assets (Refer note 12)	56,077,072	32,246,585	18,939,418
Amortisation of intangible assets (Refer note 13)	-	-	-
	<b>56,077,072</b>	<b>32,246,585</b>	<b>18,939,418</b>

MASTER CHANNEL COMMUNITY NETWORK PVT. LTD.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017

23 Other expenses	March 31, 2017	March 31, 2016	March 31, 2015
	Rs.	Rs.	Rs.
Rent	1,632,000	1,532,000	1,452,000
Office Expenses	300,703	284,234	250,957
Rates and Taxes	76,660	26,960	28,586
Communication Expenses	549,046	247,622	194,014
Repairs and Maintenance :			
- Building	16,800	16,800	34,300
- Others	350,609	331,285	324,328
Program Production Expenses	770,126	1,447,230	908,658
Other Operational Cost	12,057,247	1,407,746	2,636,530
Repairs and Maintenance - Network	2,538,882	872,353	1,198,056
Management Service Charges	102,510,000	106,181,812	67,500,000
Licence & Taxes	-	9,474	202,550
Electricity Expenses & Water Charges	2,161,979	2,074,617	2,013,566
Loss on sale of vehicle	-	-	413,168
Swachh Bharat Cess	699,229	706,754	-
Legal, Professional and Consultancy Charges	932,333	925,000	653,536
Printing and Stationery	353,404	520,052	279,540
R.O.C. Filing fee	5,900	33,100	4,700
Service Charges	38,100	155,535	187,500
Travelling and Conveyance Expenses	676,897	626,408	781,670
Insurance expenses	126,258	220,099	185,972
Miscellaneous Expenses	425	2,000	1,180
Penalties	-	30,619	-
Sundry balances writtn off	-	222,500	389,491
Payment to auditor (Refer details below)	55,000	35,000	35,000
Commission Charges and Incentives	11,840,150	7,578,605	6,808,513
Provision for Doubtful debts	-	540,124	1,138,049
Foreign Currency Fluctuation	-	174,780	112,086
Business and Sales Promotion	251,225	224,077	211,976
Donation	12,000	10,000	1,100
Security Service Charges	70,800	72,000	53,225
	<b>138,025,774</b>	<b>126,508,786</b>	<b>88,000,251</b>
*Auditors' remuneration			
as an auditor	55,000	35,000	35,000
Limited review fees			
for other services (certifications)			
for reimbursement of expenses			
	<b>55,000</b>	<b>35,000</b>	<b>35,000</b>

\*\* Provision for doubtful debts is net of write-back of liability in relation to specifically corresponding revenue sharing costs aggregating 20.52 million (Previous year ` 24.95 million).



MASTER CHANNEL COMMUNITY NETWORK PVT. LTD.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017

24 Earnings per share

	March 31, 2017	March 31, 2016	March 31, 2015
	Rs.	Rs.	Rs.
Profit attributable to equity shareholders	1,766,450	(681,004)	28,889,726
Number of weighted average equity shares			
Basic	5,000	5,000	5,000
Diluted	5,000	5,000	5,000
Effect of dilutive potential equity shares~			
Employee stock options		-	-
Warrants		-	-
Optionally fully convertible debentures		-	-
Nominal value of per equity share (₹)	100	100	100
Earning per share after tax (₹)			
Basic	353.29	(136.20)	5,777.95
Diluted	353.29	(136.20)	5,777.95

~Effect of potential equity shares being anti-dilutive has not been considered while calculating diluted weighted average equity shares and earnings per share.

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## **MASTER CHANNEL COMMUNITY NETWORK PVT. LTD.**

### **Note: 1 Company Overview and Significant Accounting Policies**

#### **1.1 Company Overview**

- a. Master Channel Community Network Pvt. Ltd. (hereinafter referred to as the 'Company' or 'MCCN') was incorporated in the state of Andhra Pradesh, India. The Company is engaged in distribution of television channels through analogue and digital cable distribution network and allied services.

b. **Basis of preparation**

These financial statements are prepared on going concern basis in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial instruments which are measured at fair values as per the provisions of the Companies Act, 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period as at and for the year ended 31 March 2016. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

#### **1.2 Summary of Accounting Policies**

a. **Use of estimate**

The preparation of Company's standalone financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

b. **Foreign Currency Translation**

Functional and presentation currency

The standalone financial statements are presented in currency INR, which is also the functional currency of the Company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions (spot exchange rate).

Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

c. **Revenue recognition**

i.) Revenue is recognised when it is probable that the economic benefits will flow to the Company and it can be reliably measured.

ii.) Revenue is measured at the fair value of the consideration received/receivable net of rebates and taxes. The Company applies the revenue recognition criteria to each separately identifiable component of the sales transaction as set out below.

**Revenue from rendering of Services**

Subscription income is recognised on completion of services and when no significant uncertainty exists regarding the amount of consideration that will be derived.

Other networking and management income and carriage income are recognised on accrual basis over the terms of related agreements and when no significant uncertainty exists regarding the amount of consideration that will be derived. Carriage revenue recognition is done basis negotiations/formal agreement with broadcasters.

Advertisement income is recognised when the related advertisement gets telecasted and when no significant uncertainty exists regarding the amount of consideration that will be derived. Other advertisement revenue for slot sale is recognised on period basis.

Activation and set top boxes pairing charges are recognised as revenue to the extent it relates to pairing and transfer of the related boxes and when no significant uncertainty exists regarding the amount of consideration that will be derived and the upfront obligation is discharged. Where part of the revenues collected at the time of activation relates to future services to be provided by the Company, a part of activation revenue is deferred and recognized over the associated service contract period or customer life

#### **d. Borrowing Costs**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Capitalization of borrowing costs is suspended in the period during which the active development is delayed due to, other than temporary, interruption. All other borrowing costs are charged to the Statement of Profit and Loss as incurred.

#### **e. Property, Plant and Equipment Recognition and initial measurement**

Properties plant and equipment are stated at their cost of acquisition. The cost comprises purchase price (net of CENVAT Credit availed), borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

Set top boxes are treated as part of capital work in progress till at the end of the month of activation thereof.

#### **f. Subsequent measurement (depreciation and useful lives)**

i.) Depreciation on property, plant and equipment is provided on the straight-line method, computed on the basis of useful lives prescribed in Schedule II to the Companies Act, 2013.

<b>Type of assets</b>	<b>Useful Life (Years)</b>
Computer	3.00
Office Equipments	5.00
Electrical Equipments	5.00
Studio Equipments	13.00
Furniture & Fixtures	10.00
Set Top Boxes	8.00
Vehicles	8 to 10

ii.) Leasehold Improvements is amortised over the effective period of lease.

iii.) The residual values, useful lives and method of depreciation of are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### **De-recognition**

An item of property, plant and equipment and any significant part initially recognised is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

#### **g. Intangible Assets**

Intangible assets acquired separately are stated at their cost of acquisition.

##### **Subsequent measurement (Amortisation)**

Cost of Intangible Assets are amortised under straight line method over the period of life.

#### **h. Impairment of non-financial Assets**

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss.

If at the reporting date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and the same is accordingly reversed in the Statement of Comprehensive Income.

#### **i. Investments and Other Financial Assets**

##### **Financial assets**

##### **Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs.

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

All other debt instruments are measured at Fair Value through other comprehensive income or Fair value through profit and loss based on Company's business model.

##### **De-recognition of financial liabilities**

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

##### **Impairment of Financial Assets**

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss for Financial Assets.

#### **j. Post-employment, long term and short term employee benefits**

Defined contribution plans

Provident Fund

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Gratuity (Funded)

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of other comprehensive income in the year in which such gains or losses are determined.

#### Other Employee Benefits

##### Compensated absences

Liability in respect of compensated absences becoming due or expected to be availed within one year from the pr date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the Balance Sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to statement of profit and loss in the year in which such gains or losses are determined.

### **k. Taxation on Income**

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are generally recognised in full, although IAS 12 'Income Taxes' specifies limited exemptions. As a result of these exemptions the Company does not recognise deferred tax on temporary differences relating to goodwill, or to its investments in subsidiaries.

### **l. Provisions, contingent assets and contingent liabilities**

Provisions are recognized only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
  
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent Assets are disclosed when probable and recognised when realization of income is virtually certain.

### **m. Earning Per Share:**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### **n. Leases**

#### **Finance leases**

Finance leases, which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized.

#### **Operating leases**

Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Associated costs, such as maintenance and insurance, are expensed as incurred.

#### **Significant management judgement in applying accounting policies and estimation uncertainty**

Financial Statements are prepared in accordance with GAAP in India which require management to make estimates and assumptions that affect the reported balances of assets, liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of income & expenses during the periods. Although these estimates and assumptions used in accompanying Financial Statements are based upon management's evaluation of relevant facts and circumstances as of date of Financial Statements which in management's opinion are prudent and reasonable, actual results may differ from estimates and assumptions used in preparing accompanying Financial Statements. Any revision to accounting estimates is recognized prospectively from the period in which results are known/ materialise in accordance with applicable Accounting Standards.

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

#### **Significant Management Judgements**

The following are significant management judgements in applying the Accounting Policies of the Company that have the most significant effect on the Financial Statements.

**Recognition of Deferred Tax Assets** - The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized.

**Evaluation of indicators for Impairment of Assets** - The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

**Property, Plant and Equipment** - Management assess the remaining useful lives and residual value of property, Plant and Equipment and believes that the assigned useful lives and residual value are reasonable

**Estimation Uncertainty**- Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

#### **o. Standards issued but not yet effective**

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' The amendments are applicable to the Company from 1 April

#### **Amendment to Ind AS 7:**

Amendment to Ind AS 7

The amendment to Ind AS 7 requires the entities to provide certain additional disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from financing cash flows and non-cash transactions. The amendment suggests entities to include a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirements. The Company is currently evaluating the requirements of the amendment and the effect of the disclosure on the financial statements is being evaluated.

## **1.2 ADDITIONAL NOTES TO THE FINANCIAL STATEMENTS**

**a. Earning per share:**

	<b>31.03.2017</b>	<b>31.03.2016</b>
a) Profit/(Loss) after Tax	1,766,450	(681,004)
b) Weighted average No. of Ordinary Shares		
Basic	5,000	5,000
Diluted	5,000	5,000
c) Nominal Value of Ordinary Share	100	100
d) Earning per Ordinary share considering:		
Basic	353.29	(136.20)
Diluted	353.29	(136.20)

**b. Auditor's Remuneration (Including Legal & professional Charges)**

<b>Particulars</b>	<b><u>2016-17</u></b>	<b><u>2015-16</u></b>
Audit fees Rs.	55,000	35,000
Tax Audit Fees		
Other Matter	-	-
(Amount are exclusive of Service Tax)		

**c. Additional information****Contingent Liabilities not provided for on account of:**

	Amount	
VAT department	14,572,765	14,572,765
Director Remuneration	-	-
Earning in Foreign Currency	-	-
Remittances in Foreign Currency	-	-
Expenditure in Foreign Currency	41,694,863	146,245,500
CIF Value of Import	-	-

**d. Commitments**

Future commitments towards capital contributions - NIL

**e. Segment Reporting**

Segment Reporting as required by Accounting Standard -17 issued by the Institute of Chartered Accountant of India is not applicable since the Company is in the business of providing Cable TV Services in one segment and there is no Geographical Segment.

**f. Related Parties Disclosure:****List of Parties where control exists****i Ultimate Holding Company**

Siti Networks Limited (Formerly known as Siti Cable Networks Limited)

**ii Holding Company**

Central Bombay Cable Network Limited. (Extent of holding: 66%)

**iii Fellow Subsidiary Companies**

Indinet Service Pvt. Ltd. (100% Subsidiary of ICNCL)  
 SITI KARNAL DIGITAL MEDIA NETWORK PRIVATE LIMITED  
 Siti Prime Uttaranchal Communication Pvt. Ltd.  
 Central Bombay Cable Network Limited.  
 Panchsheel Digital Communication Network Pvt. Ltd.  
 Bargachh Digital Communication Network Pvt. Ltd.  
 Siti Jai Maa Durge Communications Pvt. Ltd.  
 Siti Bhatia Network Entertainment Private Limited  
 Siti Krishna Digital Media Private Limited  
 Siti Jony Digital Cable Network Private Limited  
 Siti Guntur Digital Network Private Limited  
 Siti Maurya Cable Net Pvt. Ltd. (Subsidiary of ICNCL)

SITI GLOBAL PVT. LTD.  
 Indian Cable Net Company Ltd.  
 Siti Jind Digital Network Pvt. Ltd.  
 Siti Vroadband Services Pvt. Ltd.  
 Sai Star Digital Media Pvt. Ltd.  
 Siti Vision Digital Media Pvt. Ltd.  
 Variety Entertainment Pvt. Ltd.  
 Siti Siri Digital Network Pvt. Ltd.  
 Siti Faction Digital Private Limited  
 Siticable Broadband South Ltd.  
 Wire & Wireless Tisai Satellite Ltd.

**iv Key Managerial Personnel**

P. Kiranmayee  
 SAI BABU POTLURI  
 ANIL KUMAR Malhotra

SANJEEV TONDON  
 VINAY CHANDOK

**v Other Related Parties**

Mega Satellite Services Private Limited  
 S. Guduru  
 P. Jayant  
 P. Meghna

Lotus Broadband Private Limited  
 Divya Cable Network  
 P. Bharti

**Transactions with:**

**Holding Company- Siti Network Ltd.**

	<b><u>2017</u></b>	<b><u>2016</u></b>
Operational Expenses Paid	6,208,453	190,600
Management Charges	102,000,000	100,000,000
Purchase of STB	35,639,953	31,824,000
Reimbursement of expenses	4,146,469	60,540

**Subsidiary Companies**

**Siti Guntur Digital Network Pvt Ltd**

Commission Paid	3,576,102.00	0
Reimbursement of expenses-Net	7,759,972.00	927662
Advance received	-	16500000
STB Activation Income	-	5523060
Advance Paid	28,000,000.00	
Advance Received back	28,000,000.00	

**With Key Managerial Personnel**

	<b><u>2017</u></b>	<b><u>2016</u></b>
Salary	660,000	660,000
Incentive on collection	1,364,992	1,147,424
Others	-	-



**With other related parties**

Rent	696,000	660,000
Incentive on collection	2,729,980	2,294,850
Management Charges Paid	-	6,181,812
Internet Charges	300,000	121,595
Other Operational Exp Paid	375,000	4,000,000
Commission	4,169,074	4,136,333
STB Activation Income	-	2,622,526

**Outstanding as on 31.3.2017****Unsecured Loan**

Siti Cable Network Limited	8,576,557	8,576,557
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**Sundry Creditors**

Siti Guntur Digital Network Pvt. Ltd.	45,014,253	41,527,662
Siti Cable Network Limited	303,314,852	170,240,387
M/s Mega Setelite Services	727,076	769,541
M/s Divya Digital Network	3,600,000	3,600,000

**Incentive/Other Payable:**

Mr. Jayant P.	85,438	-
Mrs. P. Meghna	136,437	-
Mrs. Bharti P.	121,437	-
Lotus Broadband Private Limited	28,250	-
S. Guduru	337,500	-

**Amount Payable to**

Mr. P. Sai Babu	120,401	-
P. Kiranmayee	15,000	-

**Amount recoverable from**

Siti Guntur Digital Network Pvt. Ltd.	-	689,060
M/s Sri Durga Communication	-	2,247,278

**g. Disclosure for SBN (Specified Bank Notes)**

Particulars	SBN	Other denomination	Total
Closing cash in hand as on November 8, 2016	1,806,500	3,243,780	5,050,280
(+) Permitted receipts	0	9,631,844	9,631,844
(-) Permitted payments	202000	492,322	694,322
(-) Amount deposited in Banks	1,604,500	6674880	8,279,380
Closing cash in hand as on December 30, 2016	0	5,708,422	5,708,422

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**h. Tax Expense**

The major components of income tax for the year are as under:

	Rs. in million	
	Mar 31, 2017	April 01, 2016
<b>Income tax related to items recognised directly in the statement of profit and loss</b>		
Current tax - current year	0.84	19.50
Current tax - Previous year	1.82	0.58
Deferred tax charge / (benefit)	0.77	1.33
Total	3.44	21.41
Effective tax rate	66.06%	103.28%

**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, 2017 and 31 March, 2016 is as follows:**

Profit before tax	5.20	20.73
Effective tax rate	30.90%	30.90%
Tax at statutory income tax rate	-	-
Tax effect on non-deductible expenses	-	-
Additional allowances for tax purposes	-	-
Effect of tax on group companies incurring losses	-	-
Effect of tax rate difference of subsidiaries	-	-
Other differences	3.44	21.41
<b>Tax expense recognised in the statement of profit and loss</b>	<b>3.44</b>	<b>21.41</b>

- i. Pursuant to the Accounting Standard for ' Taxes on Income' (AS-22), deferred tax liability/assets at the balance sheet date is:

	<u>2017</u>	<u>2016</u>
Deferred tax liability on account of difference between book value of depreciable assets as per books of account and written down value as per Income Tax	7,211,035	6,192,770
Deferred tax assets on account of disallowance under section 43 B or allowed on payment basis.	1,690,339	1,446,912
<b>Net Deferred Tax Assets/(Liabilities)</b>	<b>(5,520,696)</b>	<b>(4,745,858)</b>

**j. Financial risk management objectives and policies**

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's primary risk management focus is to minimize potential adverse effects of market risk on its financial performance. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors is responsible for overseeing the Company's risk assessment and management policies and processes.

**a. Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

**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:

<b>Asset group</b>	<b>Basis of categorisation</b>	<b>Provision for expected credit loss</b>
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Low credit risk	Investment, Cash and cash equivalents and other financial assets	12 month expected credit loss
High credit risk	Trade receivables, security deposits and amount recoverable	Based on estimates

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	March 31, 2017	March 31, 2016	31-Mar-15
A: Low credit risk	Investment, Cash and cash equivalents and other financial assets except security deposits and amount recoverable	58.83	118.91	70.25
B: High credit risk	Trade receivables, security deposits and amount recoverable	128.04	34.91	20.84

as at March 31, 2017

Particular	Rs. in million		
	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Trade receivables	126.66	1.68	124.99
Security deposits	1.90	-	1.90
Advances recoverable	1.15	-	1.15

as at March 31, 2016

Particular	Rs. in million		
	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Trade receivables	35.15	1.68	33.47
Security deposits	1.37	-	1.37
Advances recoverable	0.07	-	0.07

as at March 31, 2015

Particular	Rs. in million		
	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Trade receivables	20.98	1.14	19.84
Security deposits	1.00	-	1.00
Advances recoverable	-	-	-

Reconciliation of loss allowance provision – Trade receivable, security deposit and accounts receivable

Loss allowance on April 01, 2015	1.14
Changes in loss allowance	0.54
Loss allowance on March 31, 2016	1.68
Changes in loss allowance	-
Loss allowance on March 31, 2017	1.68

**(i) Trade and other receivables**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. An impairment analysis is performed at each reporting date on an individual basis for major customers.

**(ii) Financial assets that are neither past due nor impaired**

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's assessment of credit risk about particular financial institution. None of the Company's cash equivalents, including term deposits (i.e., certificates of deposit) with banks, were past due or impaired as at 31 March 2017.

**b. Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

2017

Amounts in Rs

Particulars	Less than 1 year	1-5 year	Total
Borrowings	-	8,576,557	8,576,557
Trade payables	399,498,495	-	399,498,495

2016

Amounts in Rs

Particulars	Less than 1 year	1-5 year	Total
Borrowings	-	8,576,557	8,576,557
Trade payables	288,438,261	-	288,438,261

2015

Amounts in Rs

Particulars	Less than 1 year	1-5 year	Total
Borrowings	-	8,576,557	8,576,557
Trade payables	148,887,780	-	148,887,780

**c. Market risk**

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates and commodity prices) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short term and long-term debt. The Company is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of its investments. Thus, the Company's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

**d. Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Long-term borrowings do not expose the company to risk of changes in interest rates as the Company had issued the same at 0%

**k.** In view of the nature of business, where the necessary documentary evidence does not support the payment made/expenses incurred, the same are accounted for on the basis of certification of the Management.

**l.** Figures for the previous year have been regrouped / rearranged / recast whenever necessary to confirm for comparison purpose.

- m. Trade receivables, Trade payables, Current liabilities, Expenses Recoverable/payable & other loans & Advances are subject to confirmation and reconciliation from the parties.
- n. Information required as per the Micro, Small and Medium Enterprises Development Act, 2006 small Scale Industries.  
The Company has identified Micro, Small and Medium Enterprises on the basis of information available. As at March 31, 2017 there are no dues to Micro, Small and Medium Enterprises that are reportable under the MSMED Act, 2006.
- o. In view of mandatory digital addressable system (DAS) regulation announced by the Ministry of Information and Broadcasting, Government of India, digitalisation of cable network has been implemented in the cities notified for phase 1 & 2. The company has activated Set top boxes in Vijayawara and adjoining region under Digital Addressable cable TV System (DAS) in accordance with TRAI mandate for phase 2 cities. Owing to the initial delays in implementation of DAS in Jind, Haryana region and challenges faced by all the MSO's during transition from analog business to DAS, the company is in the process of executing contracts with the subscribers and implementation of revenue sharing contracts entered into with the local cable operators. Accordingly company has invoiced and recognised subscription revenue under the new DAS regime w.e.f .....
- p. The company has calculated the benefits provided to employees as per accounting standards 15, are as under

#### Defined Benefit Plans

- a.) Gratuity Plan  
b.) Leave Encashment

In accordance with Accounting Standards 15 (Revised), the actuarial valuation carried out in respect of the aforesaid defined benefit plans is based on the following assumption.

Actuarial Assumption	Leave Encashment	Employee Gratuity Fund
Discount Rate (Per annum)	7.50%	7.50%
Rate of Increase in compensation levels	6.00%	6.00%
Expected Rate of return on plan assets	-	-
Expected Average remaining working lives of employees	22.30	22.00
<b>Change in obligation during the year ended 31st March, 2017</b>		
Present Value of obligation as at 1st April, 2016	445,500.00	1,862,479.00
Acquisition adjustment	-	-
Interest cost	33,413.00	139,686.00
Past service cost	-	-
Current service cost	100,385.00	195,257.00
Curtailment cost/(Credit)	-	-
Settlement cost/(Credit)	-	-
Benefits paid	-	-
Actuarial (gain)/loss on obligation	6,985.00	184,877.00
Present value of obligation as at the end of period (31st March, 2017)	586,283.00	2,382,299.00
Change in fair value plan Assets	Nil	Nil
<b>Movement in the liability recognized in the Balance</b>		
Opening net liability (01.04.2016)	(445,500)	(1,862,479)
Expense as above	140,783	519,820
Benefits paid	-	-

Actual return on plan assets	-	-
Acquisition adjustment	-	-
Net assets/(Liability) recognised in Balance Sheet as provision (31.03.2017)	(586,283)	(2,382,299)

#### Expenses recognised in Profit and Loss Account

Current service cost	100,385	195,257
Past service cost	-	-
Interest cost	33,413	139,686
Expected return on plan assets	-	-
Curtailment cost / (Credit)	-	-
Settlement cost / (credit)	-	-
Net actuarial (gain)/ loss recognized in the period	6,985	184,877
Expenses recognized in the statement of profit & losses	140,783	519,820

#### Actuarial Assumption.

The discount rate is generally based upon the market yields available on Government Bonds and salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis.

q. Figures have been rounded off to the nearest rupee.

r. Note 1 to 23 form an integral part of the accounts and have been duly authenticated.

#### s. Fair value measurements

##### A. Financial instruments by category

	NOTES	Rs. millions	
		March 31, 2017	
		FVTPL	Amortised cost
<b>Financial assets</b>			
Bank deposits		-	-
Amount recoverable		-	-
Interest accrued and not due on fixed deposits		-	-
Security deposits		-	1.90
Unbilled revenues		-	1.15
Trade receivables		-	124.99
Investments (Current, financial assets)		-	-
Cash and cash equivalents		-	16.21
<b>Total financial assets</b>		-	<b>144.25</b>
<b>Financial liabilities</b>			
Borrowings (Non-current, financial liabilities)		-	8.58
Borrowings (Current, financial liabilities)		-	-
Payables for purchase of property, plant and equipment		-	-
Security deposits received from customer		-	-
Trade payables		-	399.50
Other financial liabilities (current)		-	-
<b>Total financial liabilities</b>		-	<b>408.08</b>

	NOTES	Rs. millions	
		March 31, 2016	
		FVTPL	Amortised cost
<b>Financial assets</b>			
Bank deposits		-	-

Amount recoverable	-	-
Interest accrued and not due on fixed deposits	-	-
Security deposits	-	1.37
Unbilled revenues	-	0.07
Trade receivables	-	33.47
Investment (Current, financial assets)	-	-
Cash and cash equivalents	-	31.36
Other bank balances	-	-
<b>Total financial assets</b>	-	<b>66.28</b>
<b>Financial liabilities</b>		
Borrowings (non-current, financial liabilities)	-	8.58
Borrowings (Current, financial liabilities)	-	-
Payables for purchase of property, plant and equipment	-	-
Security deposits	-	-
Trade payables	-	288.44
Other financial liabilities (current)	-	-
<b>Total financial liabilities</b>	-	<b>297.01</b>

	Rs. millions	
	April 01, 2015	
	FVTPL	Amortised Cost
<b>Financial assets</b>		
Bank deposits	-	-
Amount recoverable	-	-
Interest accrued and not due on fixed deposits	-	-
Security deposits	-	1.00
Investment (Non- current, financial assets)	-	-
Unbilled revenues	-	-
Trade receivables	-	19.84
Investment (Current, financial assets)	-	-
Cash and cash equivalents	-	31.33
Other bank balances	-	-
<b>Total financial assets</b>	-	<b>52.17</b>
<b>Financial liabilities</b>		
Borrowings (non-current, financial liabilities)	-	8.58
Borrowings (current, financial liabilities)	-	-
Payables for purchase of property, plant and equipment	-	-
Security deposits	-	-
Trade payables	-	148.89
Other financial liabilities (current)	-	-
<b>Total financial liabilities</b>	-	<b>157.46</b>

#### C. Fair value of financial assets and liabilities measured at amortised cost

	March 31, 2017	
	Carrying amount	Fair value
<b>Financial assets</b>		
Bank deposits	-	-
Amount recoverable	-	-
Interest accrued and not due on fixed deposits	-	-
Security deposits	1.90	1.90

Unbilled revenue	1.15	1.15
Trade receivables	124.99	124.99
Cash and cash equivalents	16.21	16.21
Other bank balances	-	-
<b>Total financial assets</b>	<b>144.25</b>	<b>144.25</b>
<b>Financial liabilities</b>		
Borrowings (non-current, financial liabilities)	8.58	8.58
Borrowings (current, financial liabilities)	-	-
Payables for purchase of property, plant and equipment	-	-
Security deposits	-	-
Trade payables	399.50	399.50
Other financial liabilities (current)	-	-
<b>Total financial liabilities</b>	<b>408.08</b>	<b>408.08</b>

	<b>March 31, 2016</b>	
	<b>Carrying amount</b>	<b>Fair value</b>
<b>Financial assets</b>		
Bank deposits	-	-
Amount recoverable	-	-
Interest accrued and not due on fixed deposits	-	-
Security deposits	1.37	1.37
Unbilled revenue	0.07	0.07
Trade receivables	33.47	33.47
Cash and cash equivalents	31.36	31.36
Other bank balances	-	-
<b>Total financial assets</b>	<b>66.28</b>	<b>66.28</b>
<b>Financial liabilities</b>		
Borrowings (non-current, financial liabilities)	8.58	8.58
Borrowings (current, financial liabilities)	-	-
Payables for purchase of property, plant and equipment	-	-
Security deposits	-	-
Trade payables	288.44	288.44
Other financial liabilities (current)	-	-
<b>Total financial liabilities</b>	<b>297.01</b>	<b>297.01</b>

	<b>March 31, 2015</b>	
	<b>Carrying amount</b>	<b>Fair value</b>
<b>Financial assets</b>		
Bank deposits	-	-
Amount recoverable	-	-
Interest accrued and not due on fixed deposits	-	-
Security deposits	1.00	1.00
Unbilled revenue	-	-
Trade receivables	19.84	19.84
Cash and cash equivalents	31.33	31.33
Other bank balances	-	-
<b>Total financial assets</b>	<b>52.17</b>	<b>52.17</b>
<b>Financial liabilities</b>		
Borrowings (non-current, financial liabilities)	8.58	8.58
Borrowings (current, financial liabilities)	-	-
Payables for purchase of property, plant and equipment	-	-



Security deposits	-	-
Trade payables	148.89	148.89
Other financial liabilities (current)	-	-
<b>Total financial liabilities</b>	<b>157.46</b>	<b>157.46</b>

**As per our Report of even date  
For Subhash C. Gupta & Co.  
Chartered Accountants  
Firm Regn. No. 004103N**

**For and on behalf of the Board  
For Master Channel Community  
Network Pvt. Ltd.**

**Manoj Kumar  
Partner  
M. No. 504435**

**Director  
DIN:**

**Director  
DIN:**

**Place: New Delhi**

**Date:**



**MASTER CHANNEL COMMUNITY NETWORK PVT. LTD.**

**2 Notes to the financial statements**

**2.1 First-time adoption of Ind-AS**

The financial statements of Master Channel Community Network Pvt Ltd for the year ended 31 March 2017 have been prepared in accordance with Ind-AS. For the purpose of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard, with 1 April 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 1 have been applied in preparing the standalone financial statements for the year ended 31 March 2017 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet, Statement of Profit and Loss, is set out in note 2.2 and 2.2.2.

**2.2 Reconciliations**

The following reconciliations provides the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101

1. Equity as at 1 April 2015 and 31 March 2016
2. Net profit for the year ended 31 March 2016

**2.2.1 Reconciliation of equity as previously reported under IGAAP to Ind AS**

(Amounts in Rupees)

Particulars	Opening Balances as at 1 April 2015			Balance Sheet as at 31 March 2016		
	IGAAP	Effects of transition to Ind-AS	Ind AS	IGAAP	Effects of transition to Ind-AS	Ind AS
<b>ASSETS</b>						
<b>I. Non-current assets</b>						
(a) Property, plant and equipment	166,934,761	-	166,934,761	351,837,704	-	351,837,704
(b) Capital Work in Progress	53,137,649	-	53,137,649	41,272,413	-	41,272,413
(c) Investment	-	-	-	-	-	-
(d) Financial assets						
(i) Other Financial assets	1,004,694	-	1,004,695	1,369,924	-	1,369,924
(e) Income tax assets	-	-	-	-	-	-
<b>Total Non-current assets</b>	<b>221,077,105</b>	<b>-</b>	<b>221,077,105</b>	<b>394,480,041</b>	<b>-</b>	<b>394,480,041</b>
<b>II. Current assets</b>						
(a) Inventories	-	-	-	-	-	-
(b) Financial assets						
(i) Trade receivables	17,055,599	2,783,296	19,838,895	33,471,930	-	33,471,930
(ii) Cash and cash equivalents	31,327,329	-	31,327,329	31,364,953	-	31,364,953
(iii) Other Bank Balances	-	-	-	-	-	-
(iv) Other financial assets	37,092,478	-	37,092,478	85,788,221	-	85,788,221
(c) Other current assets	1,831,600	-	1,831,600	1,831,600	-	1,831,600
<b>Total current assets</b>	<b>87,307,006</b>	<b>2,783,296</b>	<b>90,090,303</b>	<b>152,456,704</b>	<b>-</b>	<b>152,456,704</b>
<b>Total Assets</b>	<b>308,384,111</b>	<b>2,783,296</b>	<b>311,167,407</b>	<b>546,936,745</b>	<b>-</b>	<b>546,936,745</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
(a) Equity Share Capital	500,000	-	500,000	500,000	-	500,000
(b) Other Equity	65,167,127	26,227,822	38,939,305	107,045,314	69,441,341	37,603,973
<b>Total Equity</b>	<b>65,667,127</b>	<b>26,227,822</b>	<b>39,439,305</b>	<b>107,545,314</b>	<b>69,441,341</b>	<b>38,103,973</b>
<b>Liabilities</b>						
<b>I. Non-current liabilities</b>						
(a) Financial Liabilities						
(i) Borrowings	8,576,557	-	8,576,557	8,576,557	-	8,576,557
(b) Deferred Tax Liabilities	3,411,055	-	3,411,055	4,745,858	-	4,745,858
(c) Other Non Current Liabilities	-	(19,497,479)	19,497,479	-	(45,490,210)	45,490,210
(b) Provisions	1,288,652	-	1,288,652	2,256,373	-	2,256,373
<b>Total non-current liabilities</b>	<b>13,276,264</b>	<b>(19,497,479)</b>	<b>32,773,743</b>	<b>15,578,788</b>	<b>(45,490,210)</b>	<b>61,068,998</b>
<b>II. Current Liabilities</b>						
(a) Financial Liabilities						
(i) Trade payables	148,887,780	-	148,887,780	288,438,261	-	288,438,261
(b) Other current liabilities	67,400,491	(9,513,639)	76,914,130	115,191,174	(23,951,132)	139,142,306
(c) Provisions	13,152,449	-	13,152,449	20,183,208	-	20,183,208
<b>Total current liabilities</b>	<b>229,440,720</b>	<b>(9,513,639)</b>	<b>238,954,359</b>	<b>423,812,643</b>	<b>(23,951,132)</b>	<b>447,763,775</b>
<b>Total equity and liabilities</b>	<b>308,384,111</b>	<b>0</b>	<b>311,167,407</b>	<b>546,936,745</b>	<b>(0)</b>	<b>546,936,745</b>

**MASTER CHANNEL COMMUNITY NETWORK PVT. LTD.**

(Formerly known as Zee Sports Limited)

**2.2.2 Reconciliation Statement of Profit and Loss as previously reported under IGAAP to Ind AS**

(Amounts in Rupees)

Particulars	Note	Year ended 31 March 2016		
		IGAAP	Effects of transition to Ind-AS	Ind AS
<b>I. Income</b>				
(a) Revenue from operations		295,867,400	40,430,224	255,437,176
(b) Other Income		1,103,090	-	1,103,090
(c) Prior Period Income		2,783,296	2,783,296	-
<b>Total Income</b>		<b>299,753,786</b>	<b>43,213,520</b>	<b>256,540,266</b>
<b>II. Expenses</b>				
(a) Operational Expenses		68,814,702	-	68,814,702
(b) Employee benefit expense	A	7,606,146	654,329	6,951,817
(c) Financial Cost		1,286,160	-	1,286,160
(d) Depreciation and amortization expense		32,246,585	-	32,246,585
(e) Other expenses		126,508,786	-	126,508,786
<b>Total Expenses</b>		<b>236,462,379</b>	<b>654,329</b>	<b>235,808,050</b>
<b>III. Loss before tax (I-II)</b>		<b>63,291,407</b>	<b>42,559,191</b>	<b>20,732,216</b>
<b>IV. Tax Expense</b>				
-Current tax		20,078,417	-	20,078,417
-Deferred tax		1,334,803	-	1,334,803
<b>V. Loss for the year</b>		<b>41,878,187</b>	<b>42,559,191</b>	<b>(681,004)</b>
<b>VI. Other Comprehensive income</b>				
(i) Items that will not be reclassified to profit or loss				
(a) Remeasurement of the defined benefit (liabilities) / assets	A	-	(654,329)	654,329
<b>VII. Total Comprehensive Profit/(Loss) for the year</b>		<b>41,878,187</b>	<b>43,213,520</b>	<b>(1,335,333)</b>

**Explanations for reconciliation of Statement of Profit and loss as previously reported under IGAAP to Ind AS****A. Employee benefit expenses**

i) As per Ind AS-19 Employee Benefits, actuarial gains and losses are recognized in other comprehensive income and not reclassified to profit and loss in a subsequent period.