# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF SITI GUNTUR DIGITAL NETWORK PRIVATE LIMITED

### Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **SITI GUNTUR DIGITAL NETWORK PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st 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 31st 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 13 May 2016 and 22 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 31st March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017from 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 31st 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 Siti Guntur Digital 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.

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on the verification of these assets.

(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) a) The Company has granted interest free unsecured loan of Rs. 4.06 crore (Previous Year 4.06 Crore) to one party listed in the register maintained under Section 189 of the Act.
b) In our opinion and according to information given to us the terms and conditions of such loans are not prima facie prejudicial to the interests of the Company subject to non-charging of interest.
c) No repayment schedules have been fixed for the loans taken by company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the investments made.

(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 in case service tax where there are considerable delay.*

(b) To the best of our knowledge & according to the information and explanations given to us, 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.

(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 usthe 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 11 (f) of the Independent Auditors' Report of even date to the members of Siti Guntur Digital 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 Siti Guntur Digital Network Pvt. Ltd. ("the Company") as of 31st 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$^{st}$ 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**

SITI GUNTUR DIGITAL NETWORK PVT. LTD.
Balance Sheet as at March 31, 2017

| | Notes | March 31, 2017 Rs | March 31, 2016 Rs | April 1, 2015 Rs |
|---|---|---|---|---|
| **A. Assets** | | | | |
| **1. Non-current assets** | | | | |
| **Fixed assets** | | | | |
| (a) Property, plant and equipment | 4 | 2,494,533 | 1,442,373 | 1,480,260 |
| (b) Capital work-in-progress | 4 | - | - | - |
| (c) Other intangible assets | | - | - | - |
| (d) Intangible assets under development | | - | - | - |
| (e) Financial assets | | | | |
| (i) Investments | | - | - | - |
| (ii) Loans & Advances | 5 | 335,720 | 329,000 | 316,000 |
| (iii) Others | | - | - | - |
| (iv) Deferred Tax | | 581,329 | 573,089 | 56,749 |
| (f) Other non-current assets | | - | - | - |
| **Sub-total of Non-current assets** | | 3,411,582 | 2,344,462 | 1,853,009 |
| **2. Current assets** | | | | |
| (a) Inventories | | - | - | - |
| (b) Financial assets | | | | |
| (i) Trade receivables | 6 | 26,289,625 | 35,402,248 | 23,643,180 |
| (ii) Investments | 11 | - | - | - |
| (iii) Cash and bank balances | 7 | 14,958,466 | 16,934,547 | 22,915,428 |
| (v) Others Financial Assets | 14 | - | - | - |
| (c) Current tax assets | | | | |
| (d) Other current assets | 9 | 49,826,185 | 47,644,483 | 29,286,129 |
| **Sub-total of Current assets** | | **91,074,276** | **99,981,278** | **75,844,737** |
| **Total assets** | | **94,485,858** | **102,325,740** | **77,697,746** |
| **B. Equity and liabilities** | | | | |
| **Equity** | | | | |
| (a) Equity share capital | 10 | 100,000 | 100,000 | 100,000 |
| (b) Other equity | 11 | 18,232,530 | 18,581,409 | 12,250,648 |
| (c) Non-controlling interests | | | | |
| **Sub-total - Equity** | | **18,332,530** | **18,681,409** | **12,350,648** |
| **Liabilities** | | | | |
| **1. Non-current liabilities** | | | | |
| (a) Financial liabilities | | | | |
| (i) Long-term borrowings | 12 | - | - | - |
| (ii) Other financial liabilities | 21 | - | - | - |
| (b) Provisions | 13 | 700,140 | 532,787 | 260,069 |
| (c) Deferred tax liability (net) | 20a | - | - | - |
| (d) Other non-current liabilities | 22 | - | - | - |
| **Sub-total - Non-current liabilities** | | **700,140** | **532,787** | **260,069** |
| **2. Current liabilities** | | | | |
| (a) Financial liabilities | | | | |
| (i) Borrowings | 23 | - | - | - |
| (ii) Trade payables | 15 | 70,343,999 | 64,161,226 | 40,810,943 |
| (iii) Other financial liabilities | 25 | - | - | - |
| (b) Other current liabilities | 16 | 716,625 | 12,422,166 | 14,218,845 |
| (c) Provisions | 17 | 4,392,564 | 6,528,153 | 10,057,240 |
| **Sub-total of current liabilities** | | **75,453,188** | **83,111,545** | **65,087,028** |
| **Total equity and liabilities** | | **94,485,858** | **102,325,740** | **77,697,745** |

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

Firm Regn No.-004103N

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

Place : New Delhi
Date :

For and on behalf of the Board of Directors of
**For Siti Guntur Digital Network Pvt. Ltd.**

| | |
|---|---|
| Director | Director |
| DIN | DIN |
| Name | Name |

**SITI GUNTUR DIGITAL 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 |
|---|---|---|---|---|
| **Revenue** | | | | |
| Revenue from operations | 18 | 27,046,260 | 116,283,926 | 114,739,349 |
| Other income | 19 | 972,022 | 791,421 | 928,685 |
| **Total revenue** | | **28,018,282** | **117,075,347** | **115,668,034** |
| | | | | |
| **Expenses** | | | | |
| Cost of materials consumed | | - | - | - |
| Purchases of traded goods | | - | - | - |
| Carriage sharing, pay channel and related costs | | - | 51,434,453 | 58,673,270 |
| Employee benefits expense | 21 | 8,589,143 | 7,255,474 | 6,341,049 |
| Finance costs | 22 | 94,209 | 716,475 | 189,809 |
| Depreciation and amortisation expenses | 23 | 810,743 | 552,057 | 454,295 |
| Other expenses | 24 | 18,903,446 | 46,947,057 | 40,258,293 |
| **Total expenses** | | **28,397,541** | **106,905,516** | **105,916,715** |
| | | | | |
| **Profit before prior period expenses** | | **(379,259)** | **10,169,831** | **9,751,319** |
| | | | | |
| Prior period Income/(expenses) | 47 | - | - | - |
| **Profit before tax** | | **(379,259)** | **10,169,831** | **9,751,319** |
| | | | | |
| **Tax Expenses** | | | | |
| **Current Tax** | | 23,500 | 3,887,090 | 3,072,750 |
| **Previous Year Tax** | | - | 392,348 | 162,607 |
| **Deferred Tax** | | (8,240) | (516,340) | (463) |
| **Total Profit/(Loss) for the period** | | **(394,519)** | **6,406,733** | **6,516,425** |
| | | | | |
| **Other Comprehensive income** | | | | |
| **(i) Items that will not be reclassified to profit or loss** | | | | |
| (a) Remeasurement of the defined benefit (liabilities) / assets | | **(45,641)** | **75,973** | - |
| (b) Remeasurement of the activation Income | | | - | |
| | | | | |
| **Total Comprehensive Income/(loss) for the year** | | **(348,878)** | **6,330,760** | **6,516,425** |
| Profit/(Loss) per share after tax | 25 | | | |
| Basic | | (39.45) | 640.67 | 651.64 |
| Diluted | | (39.45) | 640.67 | 651.64 |
| | | | | |
| Summary of significant accounting policies | 3 | | | |

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
**For Siti Guntur Digital Network Pvt. Ltd.**

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

Director
DIN

Place : New Delhi
Date :

Director
DIN

## SITI GUNTUR DIGITAL NETWORK PVT. LTD.

### CASH FLOW STATEMENT

| | PARTICULARS | Year ended March 31 ,2017 Amount in Rs. | Year ended March 31 ,2016 Amount in Rs. |
|---|---|---|---|
| A | **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| | Net Income / ( Loss ) before Tax | (379,259) | 10,169,831 |
| | Adjustments for : | | |
| | Depreciation | 810,743 | 552,057 |
| | Loss(profit) on sale /disposal of assets | - | - |
| | Provision for Doubtful Debts | - | 1,000,000 |
| | Interest Expense | 94,209 | 716,475 |
| | Income Tax paid | | - |
| | Provision for Taxation including Deferred Tax | (15,260) | (3,763,098) |
| | comprehensive income recognised directly in retained earnings | 45,641 | (75,973) |
| | Taxes Paid | - | - |
| | **Operating Profit before working capital changes** | **556,074** | **8,599,292** |
| | Increase in Trade Receivables | 9,112,623 | (12,759,068) |
| | Decrease(Increase) in Long Terms L&A and Other non current assets | (14,960) | (529,340) |
| | Decrease(Increase) in Short Terms L&A and Other current assets | (2,181,702) | (18,358,354) |
| | Increase(Decrease) in Long Terms liabilities and provisions | 167,353 | 272,718 |
| | Current Liabilities and Provisions | (7,658,357) | 18,024,517 |
| | **Net Cash Flow from Operating Activities** | **(18,969)** | **(4,750,235)** |
| B | **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| | Purchase of Fixed Assets | (1,862,903) | (514,170) |
| | outflow towards Investments | | - |
| | sale of Fixed Assets | | - |
| | **Net Cash utilised in Investing Activities** | **(1,862,903)** | **(514,170)** |
| C | **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| | Interest paid (Net) | (94,209) | (716,475) |
| | Proceeds from Long Term borrowings | | - |
| | Procceds from Share Application Money | | - |
| | Proceeds from Issue of Share Capital | | - |
| | **Net Cash provided by Financing Activities** | **(94,209)** | **(716,475)** |
| | Net Increase in cash and cash equivalents during the year | (1,976,081) | (5,980,880) |
| | cash and cash equivalents at beginning of year | 16,934,548 | 22,915,428 |
| | **Cash and Cash Equivalents at end of the Year** | **14,958,467** | **16,934,548** |
| | **Note :** | | |
| 1 | Component of Cash & cash Equivalents at the end of yesr | | |
| | Cash in hand | 188,385 | 2,275,575 |
| | Cheques in hand | | - |
| | Balances with Scheduled Banks in Current Accounts | 4,105,128 | 14,549,613 |
| | FDR's with Bank | 10,664,954 | 109,360 |
| | | 14,958,467 | 16,934,548 |
| | | - | - |

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

**For Siti Guntur Digital Network Pvt. Ltd.**

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

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

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

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

| 5 | Loans & Advances (Unsecured, considered good) | March 31, 2017<br>Rs | March 31, 2016<br>Rs | April 1, 2015<br>Rs |
|---|---|---|---|---|
| | Security deposits | 315,720.00 | 309,000 | 296,000 |
| | Other Receivable-NSC Deposit | 20,000.00 | 20,000.00 | 20,000 |
| | | 335,720.00 | 329,000 | 316,000 |
| | Less: Provision for doubtful security deposits | - | - | - |
| | | 335,720.00 | 329,000 | 316,000 |

| 8a | Deffered Tax Assets | March 31, 2017<br>Rs | March 31, 2016<br>Rs | April 1, 2015<br>Rs |
|---|---|---|---|---|
| | | - | - | - |
| | | - | - | - |

| 9 | Other non-current assets | March 31, 2017<br>Rs | March 31, 2016<br>Rs | March 31, 2015<br>Rs |
|---|---|---|---|---|
| | Capital advances | | | |
| | Other advances | | | |
| | Prepaid expenses | | | |
| | Ancillary cost of arranging for borrowings | - | - | - |
| | | - | - | - |

| 10 | Inventories<br>(Valued at lower of cost or net realisable value) | March 31, 2017<br>Rs | March 31, 2016<br>Rs | April 1, 2015<br>Rs |
|---|---|---|---|---|
| | Stores and spares | - | - | - |
| | | - | - | - |

| 11 | Current investments (Non trade, quoted) | March 31, 2017<br>Rs | March 31, 2016<br>Rs | April 1, 2015<br>Rs |
|---|---|---|---|---|
| | Investments in mutual funds | | | |
| | 250,404 (Previous year 250,404) units of face value of ` 10 each of ICICI Prudential Flexible Income Premium Growth | - | - | - |
| | 3,176 (Previous year 3,176) units of face value of ` 100 each of Taurus Short Term Income Fund - Growth Plan | - | - | - |
| | | - | - | - |

6 **Trade receivables (Unsecured, considered good)**

| Particulars | | March 31, 2017 | March 31, 2016 | April 1, 2015 |
|---|---|---|---|---|
| Trade Receivable - others | | 27,289,625 | 36,402,248 | 23,643,180 |
| Trade Receivable - Related parties | | - | - | - |
| | Total | 27,289,625 | 36,402,248 | 23,643,180 |
| Sub-classification | | | | |
| -Unsecured, considered good | | 26,289,625 | 35,402,248 | 23,643,180 |
| -Unsecured, considered doubtful | | 1,000,000 | 1,000,000 | - |
| | | 27,289,625 | 36,402,248 | 23,643,180 |
| Expected Credit Loss Allowance | | 1,000,000 | 1,000,000 | - |
| | Total | 26,289,625 | 35,402,248 | 23,643,180 |
| Allowance Movement for Trade Receivables | | | | |
| Balance at the beginning of the year | | 1,000,000 | - | - |
| Provision for doubtful trade receivables (net) for the year | | - | 1,000,000 | - |
| | Total | 1,000,000 | 1,000,000 | - |

7 **Cash and bank balances**

| | Current<br>March 31, 2017<br>Rs | Current<br>March 31, 2016<br>Rs | Current<br>April 1, 2015<br>Rs |
|---|---|---|---|
| Cash and cash equivalents | | | |
| Cash on hand | 188,384 | 2,275,574 | 1,720,460 |
| Cheques on hand | - | - | 2,437,123 |
| Balances with banks | | | |
| On current accounts | 4,105,128 | 14,549,613 | 12,713,974 |
| In deposit account (with maturity upto three months) | 10,664,954 | 109,360 | 6,043,871 |
| | 14,958,466 | 16,934,547 | 22,915,428 |

| 8 | Other Financial Assets | Short-term<br>March 31, 2017<br>Rs | Short-term<br>March 31, 2016<br>Rs | Short-term<br>April 1, 2015<br>Rs |
|---|---|---|---|---|
| | Unsecured, considered good | | | |
| | Unbilled Revenue | - | - | - |
| | Expenses Recoverable | - | | |
| | Advances to distribution companies | - | | |
| | Less: Provision for doubtful advances | - | | |
| | | - | - | - |

| 9 | Other Current Assets (Unsecured, considered good) | March 31, 2017<br>Rs | March 31, 2016<br>Rs | April 1, 2015<br>Rs |
|---|---|---|---|---|
| | Advance to Related Parties | 45,014,253 | 41,527,662 | 24,100,000 |
| | Advance to Employees/Others | 90,696 | 78,532 | 105,143 |
| | Advance tax | 1,132,923 | 573,638 | 2,328,903 |
| | Deposit against VAT demand | | - | - |
| | Prepaid Expenses | 22,184 | 57,252 | 75,248 |
| | Indirect Tax | 3,566,129 | 5,407,399 | 2,676,835 |
| | | 49,826,185 | 47,644,483 | 29,286,129 |

| 10 | Share capital | March 31, 2017<br>Rs | March 31, 2016<br>Rs | April 1, 2015<br>Rs |
|---|---|---|---|---|
| | Authorised share capital | | | |
| | 10,000 (Previous year: 10,000) equity shares of ` 10 each | 100,000 | 100,000 | 100,000 |

| | | | |
|---|---|---|---|
| Total authorised capital | 100,000 | 100,000 | 100,000 |
| **Issued, Subscribed and Paid up** | | | |
| 10,000 (Previous year: 10,000) equity shares of ` 10 each | 100,000 | 100,000 | 100,000 |
| Total paid up capital | 100,000 | 100,000 | 100,000 |

(i) **Reconciliation of number of shares outstanding as on 31.03.2017**

| Particulars | | March 31, 2017 | March 31, 2016 | April 1, 2015 |
|---|---|---|---|---|
| Balance at the beginning of the year | Nos | 10,000 | 10,000 | 10,000 |
| Issued during the year | Nos | - | - | - |
| Balance at the end of the year | Nos | 10,000 | 10,000 | 10,000 |

(ii) **Rights, Preferences and Restrictions attached to equity shares**

The Company has one class of equity shares having a par value of Rs 10 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

(iii) **Shares held by Holding Company, Ultimate Holding Company and their subsidiaries/associates:**

The details of equity shares held by holding company Ultimate Holding Company and their subsidiaries/associates are as under

| Particulars | | March 31, 2017 | March 31, 2016 | April 1, 2015 |
|---|---|---|---|---|
| Siti Network Ltd | Nos | 7,400 | 7,400 | 7,400 |
| | % | 74.00 | 74.00 | 74.00 |

(iv) **Shareholders holding more than 5% of total equity shares**

| Particulars | | March 31, 2017 | March 31, 2016 | April 1, 2015 |
|---|---|---|---|---|
| Siti Network Ltd | Nos | 7,400 | 7,400 | 7,400 |
| | % | 74.00 | 74.00 | 74 |
| D. Krishan Mohan Rao | Nos | 2,600 | 2,600 | 2,600 |
| | % | 26.00 | 26.00 | 26.00 |

**11 Other Equity**

| | March 31, 2017<br>Rs | March 31, 2016<br>Rs | April 1, 2015<br>Rs |
|---|---|---|---|
| **Retained Earnings** | | | |
| Balance at the beginning of the year | 18,581,409 | 12,250,649 | 5,734,224 |
| Adjustment due to change in useful life of assets | - | - | - |
| Add: Profit/(Loss) for the year | (394,519) | 6,406,733 | 6,516,425 |
| Balances as at the end of the year (A) | 18,186,889 | 18,657,382 | 12,250,648 |
| **Other Comprehensive Income** | | | |
| **Other comprehensive income recognized directly in retained earnings** | | | |
| **Deferred Activation Revenue** | | | - |
| **Gratuity/Leave Encashment** | 45,641 | (75,973) | - |
| **Balances as at the end of the year (B)** | 45,641 | (75,973) | - |
| **Balances as at the end of the year (A+B)** | 18,232,530 | 18,581,409 | 12,250,648 |

**12 Long-term borrowings**

| | March 31, 2017<br>Rs | March 31, 2016<br>Rs | April 1, 2015<br>Rs |
|---|---|---|---|
| **Loans and advances from Directors/Related parties- Unsecured** | - | - | - |
| *Terms of Repayment: Not Specified | | | |
| * Rate of Interest: Nil | | | |
| | - | - | - |
| **Total Long term Loan** | - | - | - |

**13 Provisions**

| | March 31, 2017<br>Rs | March 31, 2016<br>Rs | April 1, 2015<br>Rs |
|---|---|---|---|
| **Provision for employee benefits (Refer Note 31)** | | | |
| Provision for gratuity | 615,360 | 390,570 | 176,522 |
| Provision for compensated absences | 84,780 | 142,217 | 83,547 |
| | 700,140 | 532,787 | 260,069 |

**14 Deferred tax liability (net)**

| | March 31, 2017<br>Rs | March 31, 2016<br>Rs | April 1, 2015<br>Rs |
|---|---|---|---|
| **Deferred tax liability** | | | |
| Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting | - | 8,143 | 64,064 |
| Others | - | - | - |
| Gross deferred tax liability | - | 8,143 | 64,064 |
| **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 | 525,343 | 581,232 | 120,813 |
| Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting | 55,986 | - | - |
| Gross deferred tax Assets | 581,329 | 581,232 | 120,813 |
| **Net deferred tax asset/(Liabilities)** | (581,329) | (573,089) | (56,749) |

**15 Other Non-Current Liabilities**

| | March 31, 2017<br>Rs | March 31, 2016<br>Rs | April 1, 2015<br>Rs |
|---|---|---|---|
| Deferred Activation Revenue | - | - | - |
| | - | - | - |

**15 Trade payables**

| | Rs<br>` millions | Rs<br>` millions | Rs<br>` millions |
|---|---|---|---|
| Trade Payables - others | 11,244,955 | 6,843,974 | 4,960,272 |
| Trade payables - related parties | 59,099,044 | 57,317,252 | 35,850,671 |
| | 70,343,999 | 64,161,226 | 40,810,943 |

**16 Other Current Liabilities**

| | March 31, 2017<br>Rs | March 31, 2016<br>Rs | April 1, 2015<br>Rs |
|---|---|---|---|
| Advances from Non Related Parties | 300,000 | 2,646,131 | 1,931,954 |
| Advances from Related Parties | | - | - |
| Entertainment Tax Payable | - | 37,372 | 109,747 |
| TDS Payable | 293,955 | 3,334,121 | 2,807,140 |
| EPF/ESI Payable | 122,670 | 101,255 | 44,861 |
| Service Tax Payable | - | 4,105,219 | 4,192,536 |
| Professional Tax Payable | - | | 2,500 |
| Income received in advance | - | 2,198,068 | 5,130,107 |
| | 716,625 | 12,422,166 | 14,218,845 |

**17 Provisions**

| | March 31, 2017<br>Rs | March 31, 2016<br>Rs | April 1, 2015<br>Rs |
|---|---|---|---|
| Liability for expenses | 4,369,064 | 2,641,063 | 6,984,490 |
| Provision for gratuity | - | - | - |
| Provision for compensated absences | - | - | - |
| Provision for Taxation A/c | 23,500 | 3,887,090 | 3,072,750 |
| | 4,392,564 | 6,528,153 | 10,057,240 |

**18 Revenue from operations**

| | March 31, 2017 Rs | March 31, 2016 Rs | March 31, 2015 Rs |
|---|---|---|---|
| Sale of services | | | |
| Subscription/Other income | - | 66,400,015 | 67,185,751 |
| Advertisement income | 23,470,158 | 27,125,298 | 23,557,112 |
| Carriage income | - | 22,758,613 | 23,996,486 |
| Commission | 3,576,102 | - | - |
| | - | - | - |
| | **27,046,260** | **116,283,926** | **114,739,349** |

**19 Other income**

| | March 31, 2017 Rs | March 31, 2016 Rs | March 31, 2015 Rs |
|---|---|---|---|
| Interest income on | | | |
| Bank deposits | 617,319.00 | 677,026 | 809,377 |
| Others | - | - | - |
| Excess provisions written back | - | - | - |
| Other non-operating income | 354,703 | 114,395 | 119,308 |
| | **972,022** | **791,421** | **928,685** |

**20 Carriage Sharing, Pay Channel and Related Cost**

| | March 31, 2017 Rs | March 31, 2016 Rs | March 31, 2015 Rs |
|---|---|---|---|
| Pay Channel Subscription | - | 51,434,453 | 58,673,270 |
| | **-** | **51,434,453** | **58,673,270** |

**21 Employee benefits expense**

| | March 31, 2017 Rs | March 31, 2016 Rs | March 31, 2015 Rs |
|---|---|---|---|
| Salaries, allowances and bonus | 7,239,240 | 6,054,263 | 5,326,024 |
| Contributions to provident and other funds | 398,697 | 401,499 | 274,624 |
| Employee benefits expenses | 212,994 | 196,745 | 154,832 |
| Bonus | 436,565 | 348,223 | 319,250 |
| Staff welfare expenses | 301,647 | 254,744 | 266,319 |
| | **8,589,143** | **7,255,474** | **6,341,049** |

**22 Finance costs**

| | March 31, 2017 Rs | March 31, 2016 Rs | March 31, 2015 Rs |
|---|---|---|---|
| Interest on late deposit of TDS/Serice Tax | 88,000 | 707,666 | 183,756 |
| Bank charges | 6,209 | 8,809 | 6,053 |
| Interest on secured/unsecured Loan | - | - | - |
| | **94,209** | **716,475** | **189,809** |

**23 Depreciation and amortisation expenses**

| | March 31, 2017 Rs | March 31, 2016 Rs | March 31, 2015 Rs |
|---|---|---|---|
| Depreciation of tangible assets (Refer note 12) | 810,743 | 552,057 | 454,295 |
| Amortisation of intangible assets (Refer note 13) | - | - | - |
| | 810,743 | 552,057 | 454,295 |

SITI GUNTUR DIGITAL NETWORK PVT. LTD.

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

## 24 Other expenses

| | March 31, 2017 Rs | March 31, 2016 Rs | March 31, 2015 Rs |
|---|---|---|---|
| Rent | 1,012,066 | 894,676 | 863,353 |
| Office Expenses | 267,995 | 206,727 | 236,562 |
| Rates and Taxes | 14,583 | 3,983 | 12,495 |
| Communication Expenses | 243,506 | 230,828 | 245,652 |
| Repairs and Maintenance : | | | |
| - Building | | - | - |
| - Others | 124,982 | 52,466 | 62,217 |
| Program Production Expenses | 719,292 | 590,455 | 573,272 |
| Other Operational Cost | 268,251 | 282,605 | 428,136 |
| Repairs and Maintenance - Network | 205,348 | 960,724 | 1,015,238 |
| Management Service Charges | 7,537,500 | 33,000,000 | 26,524,324 |
| Local Shooting Expenses | 83,000 | 63,000 | 54,750 |
| Electricity Expenses & Water Charges | 919,216 | 1,495,768 | 1,372,275 |
| Legal, Professional and Consultancy Charges | 82,000 | 132,000 | 190,608 |
| Printing and Stationery | 60,066 | 55,369 | 77,038 |
| R.O.C. Filing fee | 8,100 | 23,100 | 8,648 |
| Swachh Bharat Tax | 80,505 | 252,188 | - |
| Travelling and Conveyance Expenses | 275,764 | 401,276 | 952,671 |
| Vehicle Expenses | 334,103 | 165,132 | 204,922 |
| Miscellaneous Expenses | 1,200 | 12,484 | 3,090 |
| Insurance | 17,762 | 32,725 | 34,832 |
| Books & Periodicals | 19,185 | 18,585 | 17,902 |
| Festival Charges | 30,800 | 27,768 | 22,654 |
| Provision for doubtful debts | - | 1,000,000 | - |
| Payment to auditor (Refer details below) | 34,500 | 35,000 | 30,000 |
| Commission Charges and Incentives | 6,535,477 | 6,935,598 | 7,202,587 |
| Business and Sales Promotion | 28,245 | 74,600 | 125,067 |
| | **18,903,446** | **46,947,057** | **40,258,293** |

| | | | |
|---|---|---|---|
| *Auditors' remuneration | | | |
| as an auditor | | 35,000 | 30,000 |
| Limited review fees | | | |
| for other services (certifications) | | - | |
| for reimbursement of expenses | | - | |
| | **-** | **35,000** | **30,000** |

## 25 Earnings per share

| | March 31, 2017 Rs | March 31, 2016 Rs | March 31, 2015 Rs |
|---|---|---|---|
| Loss attributable to equity shareholders | (394,519.15) | 6,406,732.76 | 6,516,424.66 |
| Number of weighted average equity shares | | | |
| Basic | 10000 | 10,000 | 10,000 |
| Diluted | 10,000 | 10,000 | 10,000 |
| Effect of dilutive potential equity shares~ | | | |
| Employee stock options | | - | - |
| Warrants | | - | - |
| Optionally fully convertible debentures | | - | - |
| Nominal value of per equity share (`) | 10 | 10 | 10 |
| Loss per share fter tax (`) | | | |
| Basic | (39,451,915.00) | 640,673,276.00 | 651,642,466.00 |
| Diluted | (39,451,915.00) | 640,673,276.00 | 651,642,466.00 |

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

*(This space has been left blank intentionally)*

SITI GUNTUR DIGITAL NETWORK PVT. LTD.

0

Amount in INR

(a) Equity share capital

| Particulars | As at March 31, 2017 No. of Shares | As at March 31, 2017 Amount | As at March 31, 2016 No. of Shares | As at March 31, 2016 Amount | As at April 1, 2015 No. of Shares | As at April 1, 2015 Amount |
|---|---|---|---|---|---|---|
| Balance at the beginning of the reporting period Balance | 10,000 | 100,000 | 10,000 | 100,000 | 10,000 | 100,000 |
| Changes in equity share capital during the year | - | - | - | - | - | - |
| Balance at the end of the reporting period | 10,000 | 100,000 | 10,000 | 100,000 | 10,000 | 100,000 |

| (b) Other equity | Attributable to the equity Shareholders | | | | | |
|---|---|---|---|---|---|---|
| | Reserves & Surplus | | | | | |
| Particulars | Retained earnings | Other items of other comprehensive income | Equity portion of OCD conversion | Total | Non-Controlling Interests | Total Equity |
| **Balance at April 1, 2015** | 12,250,649 | - | - | 12,250,649 | - | 12,250,649 |
| Changes in accounting policy / prior period errors | - | - | - | - | - | - |
| **Restated balance at the beginning of the reporting period** | 12,250,649 | - | - | 12,250,649 | - | 12,250,649 |
| Profit/(Loss) for the year | 6,406,733 | - | - | 6,406,733 | - | 6,406,733 |
| Other comprehensive income for the year | - | (75,973) | - | (75,973) | - | (75,973) |
| **Total comprehensive income for the year** | 6,330,760 | (75,973) | - | 18,581,409 | - | 18,581,409 |
| Any other charge (to be specified) | - | - | - | - | - | - |
| **Balance at March 31, 2016** | 18,581,409 | | - | 18,581,409 | - | 18,581,409 |
| Changes in accounting policy / prior period errors | - | - | - | - | - | - |
| **Restated balance at the beginning of the reporting period 01.0** | 18,581,409 | - | - | 18,581,409 | - | 18,581,409 |
| Profit/(Loss) for the year | (394,519) | - | - | (394,519) | - | (394,519) |
| Other comprehensive income for the year | | 45,641 | | 45,641 | - | 45,641 |
| **Total comprehensive income for the year** | 18,186,889 | 45,641 | - | 18,232,530 | - | 18,232,530 |
| Add : Equity portion of OCD conversion | | | - | | | |
| **Balance at March 31, 2017** | 18,232,530 | | - | 18,232,530 | | 18,232,530 |

## SITI GUNTUR DIGITAL NETWORK PVT. LTD.

### 2 Notes to the financial statements

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

The financial statements of Siti Guntur Digital 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 Reconcilliations**

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 Reconcilliation 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 |
| **ASSETS** | | | | | | |
| **I. Non-current assets** | | | | | | |
| (a) Property, plant and equipment | 1,480,260 | - | 1,480,260 | 1,442,373 | - | 1,442,373 |
| (b) Capital Work in Progress | - | - | - | - | - | - |
| (c) Investment | - | - | - | - | - | - |
| (d) Financial assets | | - | | | - | |
| (i) Other Financial assets | 316,000 | - | 316,000 | 329,000 | - | 329,000 |
| (e) Deferred Tax Assets | 56,749 | - | 56,749 | 573,089 | - | 573,089 |
| **Total Non-current assets** | 1,853,009 | - | 1,853,009 | 2,344,462 | - | 2,344,462 |
| **II. Current assets** | | | | | | |
| (a) Inventories | - | - | - | - | - | - |
| (b) Financial assets | | | | | - | |
| (i) Trade receivables | 23,643,180 | - | 23,643,180 | 35,402,248 | - | 35,402,248 |
| (ii) Cash and cash equivalents | 22,915,428 | - | 22,915,428 | 16,934,547 | - | 16,934,547 |
| (iii) Other Bank Balances | - | - | - | - | - | - |
| (iv) Other financial assets | - | - | - | - | - | - |
| (c) Other current assets | 29,286,129 | - | 29,286,129 | 47,644,483 | - | 47,644,483 |
| **Total current assets** | 75,844,737 | - | 75,844,737 | 99,981,278 | - | 99,981,278 |
| **Total Assets** | **77,697,746** | - | **77,697,746** | **102,325,740** | - | **102,325,740** |
| **EQUITY AND LIABILITIES** | | | | | | |
| **Equity** | | | | | | |
| (a) Equity Share Capital | 100,000 | - | 100,000 | 100,000 | - | 100,000 |
| (b) Other Equity | 12,250,648 | - | 12,250,648 | 18,581,409 | - | 18,581,409 |
| **Total Equity** | 12,350,648 | - | 12,350,648 | 18,681,409 | - | 18,681,409 |
| **Liabilities** | | | | | | |
| **I. Non-current liabilities** | | | | | | |
| (a) Financial Liabilities | | | | | | |
| (i) Borrowings | - | - | - | - | - | - |
| (b) Deferred Tax Liabilities | - | | - | - | - | - |
| (c) Other Non Current Liabilities | - | - | - | - | - | - |
| (b) Provisions | 260,069 | - | 260,069 | 532,787 | - | 532,787 |
| **Total non-current liabilties** | 260,069 | - | 260,069 | 532,787 | - | 532,787 |
| **II. Current Liabilities** | | | | | | |
| (a) Financial Liabilities | | | | | | |
| (i) Trade payables | 40,810,943 | - | 40,810,943 | 64,161,226 | - | 64,161,226 |
| (b) Other current liabilities | 14,218,845 | - | 14,218,845 | 12,422,166 | - | 12,422,166 |
| (c) Provisions | 10,057,240 | - | 10,057,240 | 6,528,152 | - | 6,528,153 |
| **Total current liabilties** | 65,087,028 | - | 65,087,028 | 83,111,544 | - | 83,111,545 |
| **Total equity and liabilities** | **77,697,745** | - | **77,697,745** | **102,325,740** | - | **102,325,740** |

# SITI GUNTUR DIGITAL NETWORK PVT. LTD.

## 2.2.2 Reconcilliation 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 |
| **I. Income** | | | | |
| (a) Revenue from operations | | 116,283,926 | - | 116,283,926 |
| (b) Other Income | | 791,421 | - | 791,421 |
| (c) Prior Period Income | | - | - | - |
| **Total Income** | | **117,075,347** | - | **117,075,347** |
| **II. Expenses** | | | | |
| (a) Operational Expenses | | 51,434,453 | - | 51,434,453 |
| (b) Employee benefit expense | A | 7,331,447 | 75,973 | 7,255,474 |
| (c) Financial Cost | | 716,475 | - | 716,475 |
| (d) Depreciation and amortization expense | | 552,057 | - | 552,057 |
| (e) Other expenses | | 46,947,057 | - | 46,947,057 |
| **Total Expenses** | | **106,981,489** | **75,973** | **106,905,516** |
| **III. Loss before tax (I-II)** | | **10,093,858** | **(75,973)** | **10,169,831** |
| **IV. Tax Expense** | | | | |
| -Current tax | | 4,279,438 | - | 4,279,438 |
| -Deferred tax | | (516,340) | - | (516,340) |
| **V. Loss for the year** | | **6,330,760** | **(75,973)** | **6,406,733** |
| **VI. Other Comprehensive income** | | | | - |
| (i) Items that will not be reclassified to profit or loss | | | | |
| (a) Remeasurement of the defined benefit (liabilities) / assets | A | - | (75,973) | - |
| **VII. Total Comprehensive loss for the year** | | **6,330,760** | **(75,973)** | **6,406,733** |

**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, acturial gains and losses are recognized in other comprehensive income and not reclassified to profit and loss in a subsequent period.

SITI GUNTUR DIGITAL NETWORK PVT. LTD.

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

12 **Tangible assets**

(` millions)

| Gross block | Camera | Generator | Computers | Office equipment | Furniture and fixtures | Air conditioners | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|
| Balance as at April 1, 2015 | 439,010 | 415,000 | 363,785 | 425,885 | 41,100 | 317,800 | - | 2,002,580 |
| Additions | 172,000 | - | 294,900 | 41,800 | 5,470 | | - | 514,170 |
| Disposal | - | - | - | - | - | | - | - |
| **Balance as at March 31, 2016** | **611,010.00** | **415,000** | **658,685** | **467,685** | **46,570** | **317,800** | **-** | **2,516,750** |
| Additions | 1,017,350 | - | 202,152 | 127,378 | 30,550 | - | 485,473 | 1,862,903 |
| Disposal | - | - | - | - | - | - | - | - |
| **Balance as at March 31, 2017** | **1,628,360** | **415,000** | **860,837** | **595,063** | **77,120** | **317,800** | **485,473** | **4,379,653** |
| **Accumulated depreciation** | | | | | | | | |
| Balance as at April 1, 2015 | 73,878 | 125,278 | 129,890 | 110,391 | 5,871 | 77,012 | - | 522,320 |
| Charge for the year | 121,942 | 102,271 | 151,462 | 101,825 | 4,260 | 70,297 | - | 552,057 |
| Reversal on disposal of assets | - | - | - | - | - | - | - | - |
| **Balance as at March 31, 2016** | **195,820** | **227,549** | **281,352** | **212,216** | **10,131** | **147,309** | **-** | **1,074,377** |
| Charge for the year | 246,369 | 102,271 | 233,447 | 114,846 | 6,605 | 70,296 | 36,909 | 810,743 |
| Reversal on disposal of assets | - | - | - | - | - | - | - | - |
| **Balance as at March 31, 2017** | **442,189** | **329,820** | **514,799** | **327,062** | **16,736** | **217,605** | **36,909** | **1,885,120** |
| **Net block** | | | | | | | | |
| **Balance as at March 31, 2016** | **415,190** | **187,451** | **377,333** | **255,469** | **36,439** | **170,491** | **-** | **1,442,373** |
| **Balance as at March 31, 2017** | **1,186,171** | **85,180** | **346,038** | **268,001** | **60,384** | **100,195** | **448,564** | **2,494,533** |

Note:- i) Capital work-in-progress include set top boxes, viewing cards (softwares) amounting to ` ..... million, ` ..... million and ` ..... million respectively (previous year ` 3,081.29 million,` 271.87 million and ` 262.70 million respectively) which are yet to be installed.

## SITI GUNTUR DIGITAL NETWORK PVT. LTD.

## Note: 1 Company Overview and Significant Accounting Policies

### 1.1 Company Overview

**a.** Siti Guntur Digital Network Pvt. Ltd.(hereinafter referred to as the 'Company' or 'SGDN') was incorporated in the state of Delhi, India. The Company is engaged in distribution of television channels through analogue and digital cable distribution network and allied services in Guntur, Andhra Pradesh area.

**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 (Rs.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.

**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.

| Type of assets | Useful Life (Years) |
|---|---|
| Computer | 3.00 |
| Office Equipments | 5.00 |
| Eelectrical Equipment | 5.00 |
| Furniture & Fixtures | 10.00 |
| Air Conditioners | 5.00 |
| 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 are 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 andassumptions used in preparing accompanying Financial Statements. Any revision to accounting estimates is recognizedprospectively 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.

**k. 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:**

| | 31.03.2017 | 31.03.2016 |
|---|---|---|
| a) Profit/(Loss) after Tax | (394,519) | 6,406,733 |
| b) Weighted average No. of Ordinary Shares | | |
| Basic | 10,000 | 10,000 |
| Diluted | 10,000 | 10,000 |
| c) Nominal Value of Ordinary Share | 10 | 10 |
| d) Earning per Ordinary share considering: | | |
| Basic | (39.45) | 640.67 |
| Diluted | (39.45) | 640.67 |

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

| **Particulars** | **2016-17** | **2015-16** |
|---|---|---|
| Audit fees Rs. | 30,000 | 30,000 |
| Tax Audit Fees | 5,000 | 5,000 |
| Other Matter | - | - |

(Amount are exclusive of Service Tax)

**c. Additional information**

**Contingent Liabilities not provided for on account of:**

Amount -

| | | |
|---|---|---|
| VAT department | - | - |
| Director Remuneration | - | - |
| Earning in Foreign Currency | - | - |
| Remittances in Foreign Currency | - | - |
| Expenditure in Foreign Currency | - | - |
| 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 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
Master Channel Community N/w Pvt. Ltd.
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 P. Limited
Siti Faction Digital Private Limited
Siticable Broadband South Ltd.
Wire & Wireless Tisai Satellite Ltd.
Central Bombay Cable Network Ltd

**iii Key Managerial Personnel**

Mr. Anil Kumar Malhotra
Mr.Sanjeev Tondon
Mr.Bharni Kumar Durga
Mr. Srinivasa Ramakrishna Inavolu
Mr. D. Krishan Mohan-Managing Director

**iv Other Related Parties**

M/s Future Path
M/s Tele Media Agencies

**Transactions with:**

| **Holding Company** | **2017** | **2016** |
|---|---|---|

| | | |
|---|---|---|
| Advance recd | - | 10,095,000 |
| Payment for exp.on behalf of SCNL | - | 268,212 |
| Expenses reimbursed to SCNL | 123,953 | 841,986 |
| Operational expenses paid | 7,500,000 | 33,000,000 |
| | | |
| **With Fellow Subsidiary Companies** | | |
| Master Channel Community N/w Pvt. Ltd. | | |
| Loans/Advances Received | 28,000,000 | |
| Loan/Advances Given | | 16,500,000 |
| Payment for exp.on behalf of MCCN | | 927,662 |
| Commission Received | 3,576,102 | |
| Debit Note Issued | 7,759,972 | - |
| STB activation income recd on behalf of MCCN | - | 5,523,060 |
| | | |
| **With Key Managerial Personnel** | **2017** | **2016** |
| Salary | 600,000 | 600,000 |
| Reimbursment of Expenses | - | - |
| Incentive on Collection | 2,952,415 | 3,068,844 |
| | | |
| **With Associate Persons** | | |
| Operational expenses | | - |
| Incentive on Collection | | - |
| Carriage Income Received | 3,583,062 | 3,866,754 |
| | | |
| **Balance Outstanding:** | | |
| **Sundry Creditors** | | |
| Siti Cable Network Limited | 58,204,002 | 56,605,049 |
| M/s Future Path | 711,592 | 568,294 |
| M/s Tele Media Agencies | 183,450 | 143,909 |
| Dandamudi Dhana Lakshmi | | - |
| Dandamudi Shanthi | | - |
| | | |
| **Amount Payable to** | | |
| Mr. D. Krishan Mohan | 3,786,413 | 2,010,621 |
| Others | | - |
| | | |
| **Amount Recoverable from** | | |
| Master Channel Community N/w Pvt. Ltd. | 45,014,253 | 40,838,602 |

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

| Particulars | SBN | Other denomination | Total |
|---|---|---|---|
| Closing cash in hand as on November 8,2016 | 1,885,500 | 83,777 | 1,969,277 |
| (+) Permitted receipts | 0 | 4,372,562 | 4,372,562 |
| (-) Permitted payments | 33000 | 858,595 | 891,595 |
| (-) Amount deposited in Banks | 1,852,500 | 3000946 | 4,853,446 |
| Closing cash in hand as on December 30, 2016 | 0 | 596,798 | 596,798 |

## h Tax Expense

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

| | Rs. in million | |
|---|---|---|
| | **March 31, 2017** | **April 01, 2016** |
| **Income tax related to items recognised directly in the statement of** | | |
| Current tax - current year | 0.02 | 4.28 |
| Deferred tax charge / (benefit) | | -0.52 |

| | | |
|---|---|---|
| **Total** | **0.02** | **3.76** |
| Effective tax rate | -5.27% | 37.00% |

**A reconciliation of the income tax expense applicable to the profit before income tax at statutory rate to**

| | | |
|---|---|---|
| Loss before tax | -0.38 | 10.17 |
| Effective tax rate | 30.90% | 30.90% |
| Tax at statutory income tax rate | - | 3.14 |
| Tax effect on non-deductible expenses | | |
| Additional allowances for tax purposes | | |
| Other differences | 0.02 | 0.62 |
| **Tax expense recognised in the statement of profit and loss** | **0.02** | **3.76** |

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

| | **2017** | **2016** |
|---|---|---|
| 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 | - | 8,143 |
| Deferred tax assets on account of disallowance under section 43 B or allowed on payment basis. | 525,343 | 581,232 |
| Deferred tax Assets on account of difference between book value of depreciable assets as per books of account and written down value as per Income Tax | 55,986 | - |
| **Net Deferred Tax Assets/(Liabilities)** | 581,329 | 573,089 |

**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:

| **Asset group** | **Basis of categorisation** | **Provision for expected credit loss** |
|---|---|---|
| Low credit risk | Investment, Cash and cash equivalents, trade receivable 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.

| | | | | Rs. in million |
|---|---|---|---|---|
| **Credit rating** | **Particulars** | **March 31, 2017** | **March 31, 2016** | **April 01, 2015** |
| A: Low credit risk | Investment, Cash and cash equivalents and other financial assets except security deposits and amount recoverable | 64.78 | 64.58 | 52.20 |
| B: High credit risk | Trade receivables, security deposits and amount recoverable | 26.61 | 35.71 | 23.94 |

**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 expected credit losses for following financial assets based on certain estimates.

**As at March 31, 2017**

| | | | Rs. in million |
|---|---|---|---|
| **Particular** | **Estimated gross carrying amount at default** | **Expected credit losses** | **Carrying amount net of impairment provision** |
| Trade receivables | 27.29 | -1.00 | 26.29 |
| Security deposits | 0.32 | 0 | 0.32 |
| Advances recoverable | - | - | - |

**as at March 31, 2016**

| | | | Rs. in million |
|---|---|---|---|
| **Particular** | **Estimated gross carrying amount at default** | **Expected credit losses** | **Carrying amount net of impairment provision** |
| Trade receivables | 36.40 | -1.00 | 35.40 |
| Security deposits | 0.31 | - | 0.31 |
| Advances recoverable | - | - | - |

**as at April 01, 2015**

| | | | Rs. in million |
|---|---|---|---|
| **Particular** | **Estimated gross carrying amount at default** | **Expected credit losses** | **Carrying amount net of impairment provision** |
| Trade receivables | 23.64 | - | 23.64 |
| Security deposits | 0.30 | - | 0.30 |
| Advances recoverable | - | - | - |

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

| | |
|---|---|
| **Loss allowance on April 01, 2015** | - |
| Changes in loss allowance | (1.00) |
| **Loss allowance on March 31, 2016** | **(1.00)** |
| Changes in loss allowance | - |
| **Loss allowance on March 31, 2017** | **(1.00)** |

**(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 | - | - | - |
| Trade payables | 70,343,999 | - | 70,343,999 |

2016

**Amounts in Rs**

| Particulars | Less than 1 year | 1-5 year | Total |
|---|---|---|---|
| Borrowings | - | - | - |
| Trade payables | 64,161,226 | - | 64,161,226 |

2015

**Amounts in Rs**

| Particulars | Less than 1 year | 1-5 year | Total |
|---|---|---|---|
| Borrowings | - | - | - |
| Trade payables | 40,810,943 | - | 40,810,943 |

**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 documentry 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 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 acturial valuation carried out in respect of the aforesaid defined benefit plans is based on the following assumption.

| **Acturial Assumption** | **Leave Encashment** | **Employee Gratuity Fund** |
|---|---|---|
| Discount Rate (Per annum) | 7.50% | 7.50% |
| Rate of Increase in compensation levels | 5.00% | 5.00% |
| Expected Rate of return on plan assets | - | - |
| Expected Average remaining working lives of employees | 32.20 | 23.40 |
| **Change in obligation during the year ended 31st March, 2017** | | |
| Present Value of obligation as at 1st April, 2016 | 142,217 | 390,570 |
| Acquisition adjustment | - | - |
| Interest cost | 10,666 | 29,293 |
| Past service cost | - | - |
| Current service cost | 22,766 | 150,269 |
| Curtailment cost/(Credit) | - | - |
| Settlement cost/(Credit) | - | - |
| Benefits paid | - | - |
| Actuarial (gain)/loss on obligation | (90,869) | 45,228 |
| Present value of obligation as at the end of period (31st March, 2017) | 84,780 | 615,360 |
| Change in fair value plan Assets | Nil | Nil |
| **Movement in the liability recognized in the Balance** | | |
| Opening net liability (01.04.2016) | (142,217) | (390,570) |
| Expense as above | (57,437) | 224,790 |
| Benefits paid | - | - |
| Actual return on plan assets | - | - |
| Acquisition adjustment | - | - |
| Net assets/(Liability) recognised in Balance Sheet as provision (31.03.2017) | (84,780) | (615,360) |
| **Expenses recognised in Profit and Loss Account** | | |
| Current service cost | 22,766 | 150,269 |

| | | |
|---|---|---|
| Past service cost | - | - |
| Interest cost | 10,666 | 29,293 |
| Expected return on plan assets | - | - |
| Curtailment cost / (Credit) | - | - |
| Settlement cost / (credit) | - | - |
| Net actuarial (gain)/ loss recognized in the period | (90,869) | 45,228 |
| Expenses recognized in the statement of profit & losses | 33,432 | 179,562 |
| | | |
| Other comprehensive (income) / expenses (Remeasurement) | (90,869) | 45,228 |

**Acturial Assumption.**

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

**p** Figures have been rounded off to the nearest rupee.

**q** Note 1 to 22 form an integral part of the accounts and have been duly authenticated.

**r Fair value measurements**

**A. Financial instruments by category**

| | NOTES | Rs. millions | |
|---|---|---|---|
| | | **March 31, 2017** | |
| | | **FVTPL** | **Amortised cost** |
| **Financial assets** | | | |
| Bank deposits | | - | 0.34 |
| Amount recoverable | | - | - |
| Interest accrued and not due on fixed deposits | | - | - |
| Security deposits | | - | - |
| Unbilled revenues | | - | - |
| Trade receivables | | - | 26.29 |
| Investments (Current, financial assets) | | - | - |
| Cash and cash equivalents | | - | 14.96 |
| **Total financial assets** | | **-** | **41.58** |
| **Financial liabilities** | | | |
| Borrowings (Non-current, financial liabilities) | | - | - |
| Borrowings (Current, financial liabilities) | | - | - |
| Payables for purchase of property, plant and equipment | | - | - |
| Security deposits received from customer | | - | - |
| Trade payables | | - | 70.34 |
| Other financial liabilities (current) | | - | - |
| **Total financial liabilities** | | **-** | **70.34** |

| | Rs. millions | |
|---|---|---|
| | **March 31, 2016** | |
| | **FVTPL** | **Amortised cost** |
| **Financial assets** | | |
| Bank deposits | - | 0.33 |
| Amount recoverable | - | - |
| Interest accrued and not due on fixed deposits | - | |
| Security deposits | - | |
| Unbilled revenues | - | |
| Trade receivables | - | 35.40 |
| Investment (Current, financial assets) | - | |
| Cash and cash equivalents | - | 16.93 |
| Other bank balances | - | |
| **Total financial assets** | **-** | **52.67** |

| | | |
|---|---|---|
| **Financial liabilities** | | |
| Borrowings (non-current, financial liabilities) | - | - |
| Borrowings (Current, financial liabilities) | - | - |
| Payables for purchase of property, plant and equipment | - | - |
| Security deposits | - | - |
| Trade payables | - | 64.16 |
| Other financial liabilities (current) | - | - |
| **Total financial liabilities** | **-** | **64.16** |

| | | Rs. millions |
|---|---|---|
| | April 01, 2015 | |
| | FVTPL | Amortised Cost |
| **Financial assets** | | |
| Bank deposits | - | - |
| Amount recoverable | - | - |
| Interest accrued and not due on fixed deposits | - | - |
| Security deposits | - | 0.32 |
| Investment (Non- current, financial assets) | - | - |
| Unbilled revenues | - | - |
| Trade receivables | - | 23.64 |
| Investment (Current, financial assets) | - | - |
| Cash and cash equivalents | - | 22.92 |
| Other bank balances | - | - |
| **Total financial assets** | **-** | **46.87** |
| **Financial liabilities** | | |
| Borrowings (non-current, financial liabilities) | - | - |
| Borrowings (current, financial liabilities) | - | - |
| Payables for purchase of property, plant and equipment | - | - |
| Security deposits | - | - |
| Trade payables | - | 40.81 |
| Other financial liabilities (current) | - | - |
| **Total financial liabilities** | **-** | **40.81** |

**B. Fair value of financial assets and liabilities measured at amortised cost** **Rs. in million**

| | March 31, 2017 | | March 31, 2016 | |
|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| **Financial assets** | | | | |
| Bank deposits | 0.34 | 0.34 | 0.33 | 0.33 |
| Amount recoverable | - | - | - | - |
| Interest accrued and not due on fixed d | - | - | - | - |
| Security deposits | - | - | - | - |
| Unbilled revenue | - | - | - | - |
| Trade receivables | 26.29 | 26.29 | 35.40 | 35.40 |
| Cash and cash equivalents | 14.96 | 14.96 | 16.93 | 16.93 |
| Other bank balances | | | - | - |
| **Total financial assets** | **41.58** | **41.58** | **52.67** | **52.67** |
| **Financial liabilities** | | | | |
| Borrowings (non-current, financial liabili | - | - | - | - |
| Borrowings (current, financial liabilities) | - | - | - | - |
| Payables for purchase of property, plant | - | - | - | - |
| Security deposits | - | - | - | - |
| Trade payables | 70.34 | 70.34 | 64.16 | 64.16 |
| Other financial liabilities (current) | - | - | - | - |
| **Total financial liabilities** | **70.34** | **70.34** | **64.16** | **64.16** |

| | Rs. in million | |
|---|---|---|
| | April 01, 2015 | |
| | Carrying amount | Fair value |
| **Financial assets** | | |
| Bank deposits | - | - |
| Amount recoverable | - | - |
| Interest accrued and not due on fixed deposits | - | - |
| Security deposits | 0.32 | 0.32 |
| Investment (Non- current, financial assets) | - | - |
| Unbilled revenue | - | - |
| Trade receivables | 23.64 | 23.64 |
| Cash and cash equivalents | 22.92 | 22.92 |
| Other bank balances | - | - |
| **Total financial assets** | **46.87** | **46.87** |
| Financial liabilities | | |
| Borrowings (non-current, financial liabilities) | - | - |
| Borrowings (current, financial liabilities) | - | - |
| Payables for purchase of property, plant and equipment | - | - |
| Security deposits | - | - |
| Trade payables | 40.81 | 40.81 |
| Other financial liabilities (current) | - | - |
| **Total financial liabilities** | **40.81** | **40.81** |

**As per our Report of even date**

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

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

**Place: New Delhi**

**Date:**

**For and on behalf of the Board**

**For Siti Guntur Digital Network Pvt. Ltd.**

**Director**
**DIN:**

**Director**
**DIN:**