



Independent Auditor's Report

To the Members of M/s Siti Faction Digital Private Limited

Report on the Financial Statements

1. We have audited the accompanying standalone financial statements of M/s Siti Faction Digital Private Limited, "The Company", which comprises the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the 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 that give a true and fair view of the state of affairs (financial position), profit or loss (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') specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's 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, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there-under. The standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.



5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls 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 accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31st March 2018, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure "1a" statement on the matters specified in paragraphs 3 and 4 of the Order.
9. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The financial statements dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.



AAAM & CO
CHARTERED ACCOUNTANTS
An ISO 9001: 2008 Certified Co.

- e. On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;
- f. We have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31st March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated May 08, 2018 as per Annexure 1 expressed Unqualified Opinion.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) the Company does not have any pending litigations which would impact its standalone financial position;
 - ii) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For AAAM & CO.
CHARTERED ACCOUNTANTS
FRN: 08113C

(CA RAHUL GUPTA, FCA)
PARTNER
M. NO. 419625

DATE: 08/05/2018
PLACE: NOIDA

“Annexure 1” to the Independent Auditor’s Report of even date to the members of Siti Faction Digital Private Limited, on the standalone financial statements for the year ended 31 March 2018

Independent Auditor’s report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

1. In conjunction with our audit of the standalone financial statements of Siti Faction Digital Private Limited (“the Company”) as of and for the year ended 31st March 2018, we have audited the internal financial controls over financial reporting (IFCoFR) of the company of as of that date.

Management’s Responsibility for Internal Financial Controls


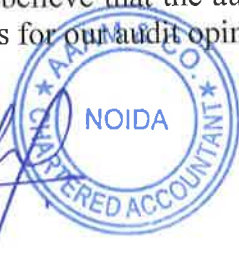
2. The Company’s Board of Directors is responsible for establishing and maintaining internal financial controls based on “the Internal Control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company’s 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 Act.

Auditors’ Responsibility

3. Our responsibility is to express an opinion on the Company’s IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

4. A company's IFCoFR 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 IFCoFR 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

5. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

6. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, 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 A A A M & CO.
CHARTERED ACCOUNTANTS
FRN NO. 08113C**



**(CA RAHUL GUPTA, FCA)
PARTNER
M NO. 419625**

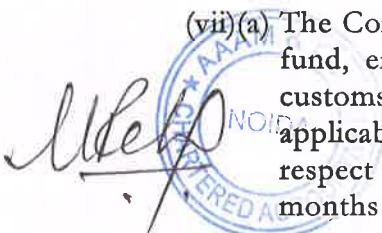
**Date: 08/05/2018
Place: NOIDA**

Annexure I to the Independent Auditor's Report of even date to the members of M/s Sita Faction Digital Private Limited, on the financial statements for the year ended 31 March 2018

Annexure I a

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, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets comprising of property, plant and equipment, capital work-in-progress and other intangible assets, except for Set Top Boxes capitalized/installed at customer premises.
- (b) According to the information and explanations given to us, the fixed assets (other than Set top boxes installed at customer premises and those in transit or lying with the distributors/ cable operators and distribution equipment comprising overhead and underground cables, physical verification of which is infeasible owing to the nature and location of these assets) have been physically verified by the management during the year in a phased periodical manner which, in our opinion, is reasonable, having regard to the size of the Company and nature of the assets. No material discrepancies were noticed on such verification.
- (c) The Company does not hold any immovable property (in the nature of 'fixed assets'). Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has complied with the provisions of Section 186 in respect of investments. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of loans, guarantees and security.
- (v) In our opinion, 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) 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 services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii)(a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, GST, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to 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.



The image shows a handwritten signature in black ink over a blue circular stamp. The stamp contains the text 'CHARTERED ACCOUNTANTS OF INDIA' around the perimeter and 'NO. 12345678' in the center. The signature is written in a cursive style.

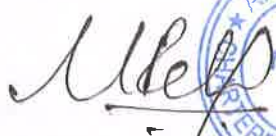

Annexure I to the Independent Auditor's Report of even date to the members of M/s SITI Faction Digital Private Limited, on the financial statements for the year ended 31 March 2018

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

Name of Statute	Nature of Dues	Amount Involved (Rs.)	Forum/ period where the dispute is pending
NIL	NIL	NIL	NIL

- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution during the year. The Company has no loans or borrowings payable to government and no dues payable to debenture-holders during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) The provisions of Section 197 of the Act read with Schedule V to the Act are not applicable to the Company since the Company is not a public company as defined under Section 2(71) of the Act. Accordingly, provisions of clause 3(xi) of the Order are not applicable.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion, all transactions with the related parties are in compliance with Section 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements, as required by the applicable accounting standards. Further, in our opinion, the Company is not required to constitute audit committee under Section 177 of the Act.
- (xiv) During the year, the Company did not make any private placement and preferential allotment of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For AAA M & CO.
CHARTERED ACCOUNTANTS
FRN: 08113C**

**(CA RAHUL GUPTA,
PARTNER
M. No. 419625**

**DATE: 08.05.2018
PLACE: NOIDA**

SITI FACTION DIGITAL PVT. LTD.
Balance sheet as at March 31, 2018

	Notes	March 31, 2018 Rs. millions	March 31, 2017 Rs. millions
ASSETS			
Non-current assets			
a) Property, plant and equipment	3	35.31	36.87
b) Capital work-in-progress	3	19.07	19.07
c) Other intangible assets		-	-
d) Intangible assets under development			
e) Financial assets			
i) Investments			
iii) Others			
f) Other non-current assets			
		54.38	55.94
Current assets			
a) Inventories			
b) Financial assets			
i) Trade receivables	4	104.50	107.89
ii) Cash and cash equivalents	5	1.57	25.67
iii) Investments			
iv) Others			
c) Other current assets	6	8.33	0.44
		114.40	133.99
Total assets		168.78	189.94
EQUITY AND LIABILITIES			
Equity			
a) Equity share capital	7 (a)	0.10	0.10
b) Other equity	7(b)	(16.91)	(13.03)
		(16.81)	(12.94)
LIABILITIES			
Non-current liabilities			
a) Financial liabilities			
i) Borrowings			
ii) Other financial liabilities			
b) Provisions			
c) Other non-current liabilities	8	-	0.78
		-	0.78
Current liabilities			
a) Financial liabilities			
i) Borrowings			
ii) Trade payables	9	185.47	186.17
iii) Other financial liabilities			
b) Provisions	10	0.11	0.17
c) Other current liabilities	11	0.02	15.73
		185.60	202.08
Total equity and liabilities		168.78	189.94
Summary of significant accounting policies	1-2.		
The accompanying notes are an integral part of these financial statements.			

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

For A A A M & Co
CHARTERED ACCOUNTANTS
FRN: 08113C

For and on behalf of the Board of Directors of
SITI FACTION DIGITAL PVT. LTD.

(CA RAHUL GUPTA, FCA)
PARTNER
M.No-419625

BRIJESH GOEL RAHUL DABAS
(DIN-07197357) (DIN-03408514)
DIRECTOR DIRECTOR

DATE : 08-05-2018
PLACE: NOIDA

SITI FACTION DIGITAL PVT. LTD.

Statement of profit and loss for the year ended March 31, 2018

	Notes	March 31, 2018 Rs.millions	March 31, 2017 Rs.millions
Income			
Revenue from operations	12	11.27	44.63
Other income	13	0.11	0.14
Total income		11.38	44.77
Expenses			
Cost of materials consumed			
Purchase of traded goods			
Carriage sharing, pay channel and related costs	14	-	7.98
Employee benefits expense	15	2.23	2.34
Finance costs	16	0.00	0.02
Depreciation and amortisation of non-financial assets	17	9.42	8.91
Other expenses	18	4.32	28.25
Total expenses		15.98	47.51
Loss before exceptional item and tax		(4.61)	(2.74)
Exceptional item		-	-
Loss before tax		(4.61)	(2.74)
Tax expense			
Deferred tax		(0.72)	(1.48)
Current tax		-	-
Loss for the year		(3.88)	(1.26)
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurement of defined benefit liability			
Total comprehensive income		(3.88)	(1.26)
Earnings (loss) per share			
Basic (loss) per share	19	(388.47)	(125.66)
Diluted (loss) per share	19	(388.47)	(125.66)
Summary of significant accounting policies	1-2.		
The accompanying notes are an integral part of these financial statements.			

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

For A A A M & Co
CHARTERED ACCOUNTANTS
FRN: 08113C

For and on behalf of the Board of Directors of
SITI FACTION DIGITAL PVT. LTD.

(CA RAHUL GUPTA, FCA)
PARTNER
M.No-419625

BRIJESH GOEL **RAHUL DABAS**
(DIN-07197357) **(DIN-03408514)**
DIRECTOR **DIRECTOR**

DATE : 08-05-2018

PLACE: NOIDA

SITI FACTION DIGITAL PVT. LTD.

Cash flow statement for the year ended March 31, 2018

	Rs. in million	
	March 31, 2018	March 31, 2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(3.88)	(2.74)
Adjustment for:		
Depreciation and amortisation of non-financial assets	9.42	8.91
Interest income on bank deposits		
Excess provisions written back		
Profit on sale of property, plant and equipment		
Interest expense for borrowings at amortised cost		
Amortisation of ancillary borrowing costs		
Unrealised foreign exchange loss		
Provision for doubtful debts		
Provision for doubtful advances		
Employee stock compensation expense		
Measurement of investment (current, financial assets) at fair value through profit and loss		
Effect of recognising other expense on security deposit as per effective interest method		
Interest cost on discounting of financial instruments		
Measurement of financial assets and financial liabilities at amortised cost		
Measurement of optionally convertible debenture at fair value through profit and loss		
Exceptional item		
Operating profit before working capital changes	5.54	6.18
Adjustments for changes in:		
Increase in trade receivables	3.39	(19.23)
(Increase)/decrease in other financial assets		
(Increase)/decrease in other current and non-current assets	(7.88)	
(Increase)/decrease in inventories		
(Decrease)/increase in other financial liabilities		
Increase in employee benefit obligations		
Increase in other current and non-current liabilities	(16.56)	(7.31)
Increase/(decrease) in trade payables	(0.71)	24.67
Cash (used in)/generated from operations	(16.22)	4.31
Income taxes paid		
Net cash flow (used in)/generated from operating activities	(16.22)	4.31
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangibles assets	(7.87)	(1.95)
Proceeds from sale of property, plant and equipment		
Purchase of investment (non- current, financial assets)		
Sale of investment (current, financial assets)		
Interest received		
Investments in bank deposits		
Net cash used in investing activities	(7.87)	(1.95)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of equity share capital		
Proceeds received against warrants issued		
Proceeds received against optionally fully convertible debentures issued		
Proceeds/(repayments) from borrowings (current, financial liabilities) (net)		
Proceeds from borrowings (non-current, financial liabilities)		
Repayment of borrowings (non-current, financial liabilities)		
Interest and ancillary borrowing costs paid		
Net cash flow generated from financing activities	-	-
Net decrease in cash and cash equivalents		
	(24.10)	2.36
Cash and cash equivalents at beginning of the period	25.67	23.31
Cash and cash equivalents at close of the year	1.57	25.67

SITI Networks Limited (formerly SITI Cable Network Limited)

Cash flow statement for the year ended

Notes :

a. Cash and cash equivalents include :

Cash on hand	0.00	0.01
Balances with banks - current accounts	0.03	24.11
Cheques and drafts in hand	-	-
Deposits with maturity of upto three months	1.54	1.54
	<u>1.57</u>	<u>25.67</u>

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

For A A A M & Co
CHARTERED ACCOUNTANTS
FRN: 08113C

For and on behalf of the Board of Directors of
SITI FACTION DIGITAL PVT. LTD.

(CA RAHUL GUPTA, FCA)
PARTNER
M.No-419625

BRIJESH GOEL
(DIN-07197357)
DIRECTOR
0

RAHUL DABAS
(DIN-03408514)
DIRECTOR
0

DATE : 08-05-2018
PLACE: NOIDA

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SITI FACTION DIGITAL PVT. LTD.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018

4	Trade receivables	March 31, 2018	March 31, 2017
		` millions	` millions
	Unsecured, considered good	104.50	107.89
	Unsecured, considered doubtful		
	Less: Allowance for expected credit losses		
		104.50	107.89
	Classified as:		
	Non-current trade receivables		
	Current trade receivables	104.50	107.89
		104.50	107.89
	For amounts due and terms and conditions relating to related party receivables see note 38.		
	No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. No trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.		
5	Cash and cash equivalents	March 31, 2018	March 31, 2017
		` millions	` millions
	Cash on hand	0.00	0.01
	Balances with banks		
	on current accounts	0.03	24.11
	Cheques and drafts on hand		
		0.03	24.12
	Other balances with banks		
	Deposits with maturity of upto three months	1.54	1.54
		1.57	25.67
6	Other current assets	March 31, 2018	March 31, 2017
		` millions	` millions
	Unsecured, considered good unless otherwise stated		
	Balances with Government authorities	5.38	
	Taxes paid	0.72	0.44
	Prepaid expenses		
	Amounts recoverable (considered good)	2.23	
	Amounts recoverable (considered doubtful)		
	Less : Impairment allowance		
		8.33	0.44

SITI FACTION DIGITAL PVT. LTD.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018

7 (a) Equity share capital	March 31, 2018 ` millions	March 31, 2017 ` millions
Authorised share capital		
10,000 (Previous year: 10,000) equity shares of Rs. 10/- each	0.10	0.10
10,000 (Previous year: 10,000) equity shares of Rs. 10/- each		
Total authorised capital	0.10	0.10
Issued share capital		
10,000 (Previous year: 10,000) equity shares of Rs. 10/- each	0.10	0.10
Total issued capital	0.10	0.10
Subscribed and fully paid up capital		
10,000 (Previous year: 10,000) equity shares of Rs. 10/- each	0.10	0.10
Total paid up capital	0.10	0.10
	0.10	0.10
7(b) Other reserve	March 31, 2018 ` millions	March 31, 2017 ` millions
Securities premium reserve	-	-
Retained earnings	(3.88)	(13.03)
General reserve	-	-
Other comprehensive Income	-	-
Foreign currency monetary item translation difference account (FCMTDA)	-	-
Employee shares based reserve	-	-
A Notes:		
Particulars	March 31, 2018 ` millions	March 31, 2017 ` millions
1 Securities premium reserve		
Opening balance		
Addition during the year		
Closing balance	-	-
2 Retained earnings		
Opening balance	(13.03)	(13.03)
Addition during the year	(3.88)	
Closing balance	(16.91)	(13.03)

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SITI FACTION DIGITAL PVT. LTD.

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

8 Other (non-current, non-financial liabilities)

Deferred revenue (refer note 3(d))

March 31, 2018	March 31, 2017
Rs. millions	Rs. millions
-	0.78
-	0.78

9 Trade payables

- Total outstanding dues of micro enterprises and small enterprises; and
- Total outstanding dues of creditors other than micro enterprises and small enterprises

March 31, 2018	March 31, 2017
Rs. millions	Rs. millions
185.47	186.17
185.47	186.17

10 Provisions (current) (refer note 34)

Provision for gratuity
Provision for compensated absences

March 31, 2018	March 31, 2017
Rs. millions	Rs. millions
0.11	0.17
0.11	0.17

11 Other (current, non-financial liabilities)

Deferred revenue
Statutory dues payable
Advance from customers

March 31, 2018	March 31, 2017
Rs. millions	Rs. millions
0.02	11.45
	4.28
0.02	15.73

SITI FACTION DIGITAL PVT. LTD.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018

12	Revenue from operations	March 31, 2018	March 31, 2017
		Rs. millions	Rs. millions
	Sale of services		
	Subscription income	7.42	40.99
	Advertisement income		
	Carriage income		
	Activation and Set top boxes pairing charges	1.62	3.64
	Other operating revenue		
	Sale of traded goods*		
	Management charges and other networking income	2.23	
	Scrap sales		
		11.27	44.63
	* Details of sale of traded goods		
	Set top box (STB) and viewing cards (VC)		
	Stores and spares		
		-	-
		-	-
13	Other income	March 31, 2018	March 31, 2017
		Rs. millions	Rs. millions
	Interest income on		
	Bank deposits		
	Others		
	Excess provisions written back		
	Net gain arising on financial assets designated as at fair value through profit or loss		
	Profit on sale of property, plant and equipment		
	Other non-operating income	0.11	0.14
		0.11	0.14
14	Carriage sharing, pay channel and related costs	March 31, 2018	March 31, 2017
		Rs. millions	Rs. millions
	Carriage sharing, pay channel and related costs		7.98
	Viewing cards		
		-	7.98
15	Employee benefits expense	March 31, 2018	March 31, 2017
		Rs. millions	Rs. millions
	Salaries, allowances and bonus	2.17	2.24
	Contributions to provident and other funds		
	Staff welfare expenses	0.06	0.10
		2.23	2.34
16	Finance costs	March 31, 2018	March 31, 2017
		Rs. millions	Rs. millions
	Interest expense for borrowings at amortised cost		
	Interest cost on discounting of financial instruments		
	Bank charges	0.00	0.02
	Amortisation of ancillary borrowing costs		
		0.00	0.02
17	Depreciation and amortisation of non-financial assets	March 31, 2018	March 31, 2017
		Rs. millions	Rs. millions
	Depreciation of property, plant and equipment	9.42	8.91
	Amortisation of intangible assets		
		9.42	8.91
18	Other expenses	March 31, 2018	March 31, 2017
		Rs. millions	Rs. millions
	Rent	0.72	0.72
	Rates and taxes	2.70	4.98
	Communication expenses	0.02	0.04
	Repairs and maintenance		-
	- Network		-
	- Buildings		-
	- Others		0.02
	Electricity and water charges	0.12	0.12
	Legal, professional and consultancy charges	0.53	0.09
	Printing and stationery	0.03	0.06
	Service charges		-
	Travelling and conveyance expenses	0.04	-

SITI FACTION DIGITAL PVT. LTD.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018

Auditors' remuneration*	0.06	0.04
Vehicle expenses	-	-
Insurance expenses	-	-
Provision for doubtful debts	-	-
Provision for doubtful advances	-	-
Advertisement and publicity expenses	-	-
Commission charges and incentives	-	-
Bad debts written off	-	-
Program production expenses	-	-
Other operational cost	0.04	22.04
Business and sales promotion	0.03	0.06
Exchange fluctuation loss (net)	-	-
Net loss arising on financial assets designated as at fair value through profit or loss	-	-
Miscellaneous expenses	0.04	0.10
	4.32	28.25

*Auditors' remuneration
as an auditor
for other services (certifications)
for reimbursement of expenses

March 31, 2018	March 31, 2017
Rs. millions	Rs. millions
0.06	0.04
0.06	0.04

19 Earnings (loss) per share

	March 31, 2018	March 31, 2017
	Rs. millions	Rs. millions
Loss attributable to equity shareholders	(3.88)	(1.26)
Weighted average number of equity shares outstanding during the year (nos.)	10,000	10,000
Weighted average number of equity shares to be issued on conversion of mandatorily convertible instruments (i.e. share and OFCD) (nos.)	-	-
Weighted average number of equity shares outstanding during the year for calculating basic and diluted earnings per share (nos.)	10,000	10,000
Effect of dilutive potential equity shares ~	-	-
Employee stock options (nos.)	-	-
Nominal value of per equity share (`)	10	10
Loss per share (`)		
Basic	(388.47)	(125.66)
Diluted	(388.47)	(125.66)

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

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SITI FACTION DIGITAL PVT. LTD.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018

4 Property, plant and equipment

Rs. millions

	Buildings	Plant and equipment	Computers	Office equipment	Furniture and fixtures	Air conditioners	Studio equipment	Vehicles	Leasehold improvements	Set top boxes	IRD boxes	Total
Gross carrying amount												
Balance as at April 01, 2016		13.66			0.45					59.28		73.39
Additions		0.23								1.72		1.95
Disposals												-
Balance as at March 31, 2017	-	13.89	-	-	0.45	-	-	-	-	61.00	-	75.34
Gross carrying amount												
Balance as at March 31, 2017		13.89			0.45					61.00		75.34
Additions		0.83								7.04		7.87
Balance as at March 31, 2018	-	14.71	-	-	0.45	-	-	-	-	68.04	-	83.20
Accumulated depreciation												
Balance as at April 01, 2016		4.51			0.13					24.91		29.55
Charge for the year		1.38			0.03					7.51		8.91
Disposals												-
Balance as at March 31, 2017	-	5.89	-	-	0.16	-	-	-	-	32.42	-	38.47
Accumulated depreciation												
Balance as at March 31, 2017		5.89			0.16					32.42		38.47
Charge for the year		1.43			0.03					7.97		9.42
Balance as at March 31, 2018	-	7.32	-	-	0.19	-	-	-	-	40.39	-	47.89
Net carrying amount as at April 01, 2016	-	9.15	-	-	0.32	-	-	-	-	34.37	-	43.84
Net carrying amount as at March 31, 2017	-	8.00	-	-	0.29	-	-	-	-	28.58	-	36.87
Net carrying amount as at March 31, 2018	-	7.40	-	-	0.26	-	-	-	-	27.65	-	35.31

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SITI FACTION DIGITAL PVT. LTD.

A Equity share capital

Rs. in million

	Notes	Amount
Balance as at April 01, 2016		0.10
Issued on conversion of warrants	15	-
Issued on conversion of Optionally Fully Convertible Debentures (OFCD)	15	-
Balance as at March 31, 2017		0.10
Issued on conversion of warrants	15	-
Issued on conversion of OFCD	15	-
Issued on exercise of employee stock options	15	-
Balance as at March 31, 2018		0.10

B Other equity

Rs. in million

	Reserves and surplus			Other Components of Equity			Total other equity	
	Securities premium reserve (refer note 15(c))	Retained earnings (refer note 15(c))	General reserve (refer note 15(c))	Optionally fully convertible debentures (refer note 15(b))	Money received against warrants	Other comprehensive Income (refer note 15(c))		Foreign currency monetary item translation difference account (FCMITDA) (refer note 15(c))
Balance as at April 01, 2017								(13.03)
Loss for the year	-	(3.88)	-	-	-	-	-	(3.88)
Remeasurement of defined benefit liability	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	(3.88)	-	-	-	-	-	(3.88)
Security premium on conversion of warrants and OFCDs into equity shares	-	-	-	-	-	-	-	-
Security premium on issue of shares against employee stock options	-	-	-	-	-	-	-	-
Conversion of OFCDs into equity shares	-	-	-	-	-	-	-	-
Money received against warrants issued	-	-	-	-	-	-	-	-
Conversion of warrants into equity shares	-	-	-	-	-	-	-	-
FCMITDA created during the year	-	-	-	-	-	-	-	-
FCMITDA amortised during the year	-	-	-	-	-	-	-	-
Employee shares based reserve created	-	-	-	-	-	-	-	-
Reversed on share options exercised during the year	-	-	-	-	-	-	-	-
Balance as at March 31, 2018	-	(3.88)	-	-	-	-	-	(16.91)

** Transaction with owner in capacity as owners

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

This is the statement of changes in equity referred to in our report of even date

For A A A M & Co
 CHARTERED ACCOUNTANTS
 FRN: 08113C

For and on behalf of the Board of Directors of
 SITI FACTION DIGITAL PVT. LTD.

(CA RAHUL GUPTA, FCA)
 PARTNER
 M.No-419625

BRIJESH GOEL
 (DIN-07197357)
 DIRECTOR

RAHUL DABAS
 (DIN-03408514)
 DIRECTOR

DATE : 08-05-2018
 PLACE: NOIDA

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NOTE –1 :SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDING31st MARCH, 2018

1.1 CORPORATE INFORMATION:

SITI Faction Digital Private Limited (hereinafter referred to as the ‘Company’) is registered in New Delhi, India. The Company is a Multiple Service Operator (MSO) engaged in distribution of television channels through analogue and digital cable distribution network, primary internet and allied services.

1.2 BASIS OF PREPARATION:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended 31 March 2018, the Company prepared its financial statements in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

The accounting policies have been consistently applied by the Company.

All assets and liabilities have been classified as current and non- current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Act. Based on the nature of business and the time between the acquisition of assets and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities

1.3 USE OF ESTIMATES:

The preparation of the financial statements in conformity with Ind AS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and reported amounts of revenues and expenses for the year. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in the current and future periods.

Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized.

1.4 RECOGNITION OF REVENUE:

Revenue is recognized when it is probable that the economic benefits will flow to the Company and it can be reliably measured. 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. Subscription income is recognized on completion of services and when no significant uncertainty exists regarding the amount of consideration that will be derived. Carriage Income receivable from SCNL is not recognized as revenue and no effect of Carriage sharing, pay channel and related costs payable to SCNL is given in the books of accounts.

1.5 RECOGNITION OF INCOME AND EXPENSE:

Items of income and expenditure are recognized on accrual basis.

1.6 PLANT, PROPERTY AND EQUIPMENT

Plant, properties and equipments are carried at the cost of acquisition or construction less accumulated depreciation. The cost includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.

Depreciation / amortization on plant, properties and equipments is provided at rates computed on the basis of useful life of assets as specified in Schedule II of the Companies Act, 2013 except in case of intangible assets and leasehold improvements on which depreciation is provided at rate as mentioned below which in view of the management represents the useful life of assets. Assets costing less than Rs 5,000 each, are depreciated in full excluding residual value as per Schedule II, in year of purchase.

Asset category Rate of depreciation/ amortization

Intangible assets	Straight Line Method
Leasehold improvements	Over the lease term or useful life whichever is lower

1.7 INVESTMENTS:

Non-current investments are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment.

1.8 INVENTORIES:

Inventories are valued at the lower of cost and net realizable value. Cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

However, the company does not have any inventory during the current year.

1.9 INCOME TAXES:

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

1.10 EVENTS OCCURRING AFTER BALANCE SHEET DATE:

Events occurring after balance sheet date which affect the financial position to a material extent are taken into cognizance, if any.

1.11 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 Group 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 Liabilities are generally not provided for in the accounts are shown separately under notes to the accounts if any.

Contingent assets are neither recognized nor disclosed. However, when realization of income is virtually certain, related asset is recognized.

NOTE – 2: EXPLANATORY/ CLARIFICATORY NOTES:

- 2.1 No dividend has been proposed by the Directors of the Company due to nominal profits of the company.
- 2.2 Balances of sundry creditors and debtors are subject to confirmation from the respective parties.
- 2.3 In the opinion of the Board, current assets, loans & advances have a value in the ordinary course of business at least equal to that stated in Balance Sheet.
- 2.4 **Auditors Remuneration: 2017-18**

<u>SL. NO.</u>	<u>PARTICULARS</u>	<u>F/Y 2017-18</u>	<u>F/Y 2016-17</u>
1.	AUDIT FEES	Rs. 60,000/-	Rs. 40,000/-

2.5 **RELATED PARTY DISCLOSURES:-**

Names of related parties:

Siti Networks Limited	Holding Company
Indian Cable Net Company Limited	Fellow Subsidiary
Siti Maurya Cable Net Private Limited	Fellow Subsidiary
Indinet Service Private Limited	Fellow Subsidiary
Axom Communications & Cable Private Limited	Fellow Subsidiary
Master Channel Community Network Private Limited	Fellow Subsidiary
Siti Vision Digital Media Private Limited	Fellow Subsidiary
Siti Guntur Digital Network Private Limited	Fellow Subsidiary
Siti Siri Digital Network Private Limited	Fellow Subsidiary
Siti Godaari Digital Services Pvt. LTD.	Fellow Subsidiary
Siti Bhatia Network Entertainment Private Limited	Fellow Subsidiary
Siti Sagar Digital Cable Network Private Limited	Fellow Subsidiary
Siti Global Private Limited	Fellow Subsidiary
Siti Broadband Services Private Limited	Fellow Subsidiary
Siti Prime Uttaranchal Communication Private Limited	Fellow Subsidiary
Siti Saistar Digital Media Private Limited)	Fellow Subsidiary
Variety Entertainment Private Limited	Fellow Subsidiary

Central Bombay Cable Network Limited	Fellow Subsidiary
Siticable Broadband South Limited	Fellow Subsidiary
Wire and Wireless Tisai Satellite Limited	Joint Venture
Siti Jind Digital Media Communications Private Limited	Fellow Subsidiary
Siti Jai Maa Durgee Communications Private Limited	Fellow Subsidiary
Siti Karnal Digital Media Network Private Limited	Subsidiary Company
Siti Krishna Digital Media Private Limited	Fellow Subsidiary y
Siti Jony Digital Cable Network Private Limited	Fellow Subsidiary
Voice Snap Services Private Limited	Associate Company (w.e.f. 19.09.2016)
C&S Medianet Private Limited	Joint Venture (w.e.f. 12.05.2016)
Siti Chhattisgarh Multimedia Private Limited	Associate Company

Other Related Parties:

Mr. Rahul Dabas	-	Director
Mr. Sudhir Mongia	-	Director
Ms. Amarjeet Dabas	-	Director
Mr. Brijesh Goel	-	Director
Mr Pushpinder Singh Chahal	-	Director
Mr. Abhishek Tiwary	-	Director

2.6 Transactions entered into by the Company with its holding company during the relevant Financial Year are as under:

- Sale/ purchase of goods and services

	Year ended	Sale of goods and services	Purchase of goods and services	Amount owed by related parties	Amount owed to related parties
Holding Company					
SitiNetwork Limited	March 31, 2018	22,28,810	71,95,560	-	12,72,52,878
	March 31, 2017	-	19,48,667	-	11,04,88,651

2.7 The basic earnings per share (“EPS”) is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year.

Particulars	31-March-2018	31-March-2017
Profit/(Loss) after Tax	(61,13,538)	(12,57,876)
Number of Equity Shares	10,000	10,000
Nominal Value of Equity Shares	10	10
Basic Earnings per Share	(611.35)	(125.66)

2.8 Other disclosures are made as under :

i.	Value of Import on CIF Basis	-	NIL
ii.	Expenses in Foreign Currency	-	NIL
iii.	Amount remitted in Foreign Currency	-	NIL
iv.	Earnings in Foreign Currency	-	NIL

**For AAA M & CO.,
CHARTERED ACCOUNTANTS
FRN: 08113C**

**For & on the Behalf of Board of Directors of
SITI FACTION DIGITAL PRIVATE LIMITED**

**(CA RAHUL GUPTA, FCA)
PARTNER
M.No.419625**

**MR. BRIJESH GOEL
DIRECTOR
DIN No. 07197357**

**MR. RAHUL DABAS
DIRECTOR
DIN No. 03408514**

**Date: 08/05/2018
Place: NOIDA**