

Sumit Gupta & Co.

Chartered Accountants

23, IInd Floor, T-565,

Pragati Complex, Chamelian Road,
Near Idgah Circle, Delhi-110006

Ph. No.09953200212, 011-23510531

E-mail: sumitgca@gmail.com emailsgco@gmail.com

Independent Auditor's Report

To the Members of SITI BROADBAND SERVICES PRIVATE LIMITED

Report on the Financial Statement

We have audited the accompanying Financial Statements of M/s SITI BROADBAND SERVICES PRIVATE LIMITED ("the Company") which comprises the Balance Sheet as at 31st March, 2016, the Statement of Profit & Loss, the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information annexed.

Management's Responsibility for the Financial Statements

1. 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 financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; 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

Auditor's Responsibility

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



4. 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.
5. 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 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.;
6. 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:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2016;
 - b) In the case of statement of Profit & Loss, of the Profit for the year ended on that date; and
 - c) In the case of cash flow statement of the cash flows 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 I** a statement on the matters specified in paragraphs 3 and 4 of the Order.



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9. Further to our comments in the Annexure referred to above, 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 as required by law have been kept by the Company so far as appears from our examination of those books.
 - c. The Financial Statement and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d. In our opinion, the Financial Statement and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 133 of the Companies Act, 2013, to the extent applicable.
 - e. On the basis of written representations received from the directors as on 31st March, 2016 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of provisions of section 164 of the Companies Act, 2013.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the accounting policies and notes of schedule 16 thereon give the information in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.-:
 - i) In the case of the Financial Statement, of the state of affairs of the Company as at 31st March, 2016 and;
 - ii) In the case of the cash flow statement of the cash flows of the Company for the year ended on that date.
 - g. We have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 21th May,2016 as per **Annexure II** expressed unqualified opinion; and



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- h. 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. as detailed in financial statements, the Company has disclosed the impact of pending litigations on its 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company(if any)

For Sumit Gupta & Co.
Chartered Accountants

FRN. 0226220

Delhi

CA. Sumit Gupta

(Partner)

Membership No 513086

Place- Delhi

Date- 21th May, 2016

Annexure I to the Independent Auditor's Report of even date to the members of SITI BROADBAND SERVICES PRIVATE LIMITED, on the financial statements for the year ended 31-March-2016

Annexure-I

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 have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The Company has not any immovable properties.
- II. The physical verification of inventory of Consumables has been conducted at reasonable intervals by the management during the year and no discrepancies were notice on such verification of the inventory is reasonable having regard to the size of the Company and the nature of its inventory.
- III. The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act Accordingly, the provision of the clause 3(iii)(a), 3(iv)(b) and 3(iii)(c) of the Order are not applicable
- IV. In our opinion, the company has complied with the provisions of sections 185 and 186 of the Act in respect of loans, investments, guarantees and security
- V. The Company has not accepted deposits within the meaning of sections 73 to 76 the Act and the Companies (Acceptance of Deposits) Rule, 2014 (as amended). Accordingly the provision 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) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have not been regularly deposited 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.
- (b) There are no dues in respect of income-tax, sales-tax, wealth-tax, service-tax, duty of custom, duty of excise, value added tax and cess that have not been disputed with the appropriates authorities on account of any dispute.



Annexure I to the Independent Auditor's Report of even date to the members of SITI BROADBAND SERVICES PRIVATE LIMITED, on the financial statements for the year ended 31-March-2016

- VIII. The Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable
- IX. The Company did not raised moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loan outstanding during the year Accordingly, the provision of clause 3(ix) of the Order are not applicable.
- 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. In our opinion, the provisions of section 197 of the Act read with Schedule V to the Act is not applicable to the Company as the Company does not pay any remuneration to its directors. Accordingly, the provisions of clause 3(xi) of the Order are not applicable.
- XII. In our opinion, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- XIII. In our opinion, all transactions with the related parties are in compliance with sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standard.
- XIV. During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year
- XV. The Company has issue Optional Convertible debenture to Siti Cable Network Limited(Holding Company) for Management Charges and other expenses related to company
- XVI. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act,1934

For **Sumit Gupta & Co.**
Chartered Accountants

FRN/022622N

Delhi

CA **Sumit Gupta**
(Partner)
Membership No 513086
Place- Delhi

Date- 21th May, 2016

Annexure II to the Independent Auditor's Report of even date to the members of SITI BROADBAND SERVICES PRIVATE LIMITED on the financial statements for the year ended 31 March 2016

Annexure II

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 financial statements of **SITI BROADBAND SERVICES PRIVATE LIMITED** (the 'Company') as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company 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 IFCoFR criteria established by the Company considering the essential components of internal financial controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') 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 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 ('Standards'), issued by the 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 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.
4. 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.
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 IFCoFR.



Annexure II to the Independent Auditor's Report of even date to the members of SITI BROADBAND SERVICES PRIVATE LIMITED on the financial statements for the year ended 31 March 2016

Meaning of Internal Financial Controls over Financial Reporting

6. 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

7. 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

8. 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 31 March 2016, based on the IFCoFR criteria established by the Company considering the essential components of internal financial controls stated in the Guidance Note issued by the ICAI.

For **Sumit Gupta & Co.**
Chartered Accountants
Firm Regn. No. 022622N
Delhi
Sumit Gupta
Partner
Accountants
Membership No 513086

Place- Delhi
Date- 21th May 2016

SITI BROABAND SERVICES PRIVATE LIMITED

Balance Sheet as at March 31, 2016

CIN No. U64100DL2014PTC267911

	Notes	March 31, 2016 INR	March 31, 2015 INR
EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	1	100,000	100,000
Reserves and surplus	2	4,481,848	(43,372)
		<u>4,581,848</u>	<u>56,628</u>
Non-current liabilities			
Long-term borrowings	3	136,400,000	-
Other non-current liabilities		-	-
Long-term provisions		-	-
		<u>136,400,000</u>	<u>-</u>
Current liabilities			
Short-term borrowings		-	-
Trade payables	4	37,088,642	-
Other current liabilities	5	53,171,990	43,372
Short-term provisions	6	2,023,579	-
		<u>92,284,211</u>	<u>43,372</u>
Total		<u>233,266,059</u>	<u>100,000</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets			
Intangible assets			
Capital work-in-progress		145,761,374	-
Non-current investments		-	-
Long-term loans and advances	7	183,000	-
Other non-current assets	8	280,000	-
		<u>146,224,374</u>	<u>-</u>
Current assets			
Current investments		-	-
Inventories	9	506,422	-
Trade receivables	10	156,569	-
Cash and bank balances	8	42,716,098	100,000
Short-term loans and advances	7	2,360,458	-
Other current assets	11	41,302,137	-
		<u>87,041,685</u>	<u>100,000</u>
Total		<u>233,266,059</u>	<u>100,000</u>

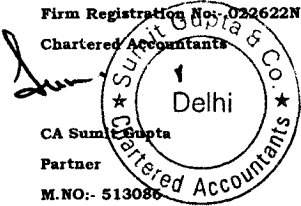
Significant Accounting Policies and Notes on Accounts - As per Note "16"

As per our attached report of even date

For Sumit Gupta & Co.

Firm Registration No. 022622N

Chartered Accountants



CA Sumit Gupta

Partner

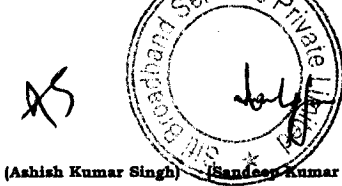
M.NO:- 513086

Place:- Delhi

Date:- 21.05.2016

For and on behalf of the Board of Directors of

SITI Broaband Services Pvt Ltd



(Ashish Kumar Singh)

(Sandeep Kumar Jain)

Director

Director

DIN-07193735

DIN-00011667

SITI BROABAND SERVICES PRIVATE LIMITED
Statement of Profit and Loss for the year ended March 31, 2016

CIN No. U64100DL2014PTC267911

	Notes	March 31,2016 INR	March 31, 2015 INR
Revenue			
Revenue from operations	12	396,314,576	-
Other income			
Total revenue		396,314,576	-
Expenses			
Operating Cost	13	365,615,525	-
Employee benefit expenses			
Finance costs			
Depreciation and amortisation expenses			
Other Expenses	14	24,150,253	43,372.00
Total expenses		389,765,777	43,372.00
Profit Before Tax		6,548,799	(43,372.00)
Exceptional item			-
Profit Before Tax		6,548,799	(43,372.00)
Tax expenses			
Current tax		2,023,579	-
Profit /Loss for the year		4,525,220	(43,372.00)
Earning per share after tax	15		
Basic		453	(4.34)
Diluted		453	(4.34)

Significant Accounting Policies and Notes on Accounts - As per Note"16"
As per our attached report of even date

For Sumit Gupta & Co.
Firm Registration No:- 022622N
Chartered Accountants
Delhi
CA Sumit Gupta
Partner
M.NO:- 513086
Place:- Delhi
Date:-21.05.2016

For and on behalf of the Board of Directors of
SITI Broadband Services Pvt Ltd

(Ashish Kumar Singh) (Sandeep Kumar Jain)
Director Director
DIN-07193735 DIN-00011667

SITI BROABAND SERVICES PRIVATE LIMITED
Cash flow statement for the year ended March 31,2016

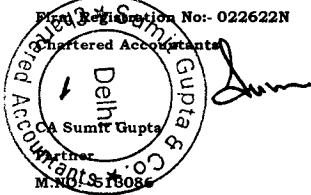
CIN No. U64100DL2014PTC267911

Cash flow from operating Activities		Amount in Rs.	Amount in Rs.
Profit after tax from continuing operations		4,525,220	(43,372)
Non Cash adjustment to reconcile profit before tax to net cash flows			
Depreciation/Amortisation on continuing operations		-	-
Operating Profits before working capital changes			
Movement in working capital:			
Increase/(Decrease) in trade payables		37,088,642	-
Increase/(Decrease) in other current liabilities		55,152,197	43,372
Decrease/(Increase) in trade receivables		(156,569)	-
Decrease/(Increase) in short terms loans and advances & Other current assets		(44,169,018)	-
Cash generated from/(used) in operations		52,440,472	-
Direct tax paid(net of refunds)			
Net Cash flow from/(used) in operating activities (A)		52,440,472	-
Cash Flow from investing activities			
Purchase of fixed assets, including CWIP and capital advances		(145,761,374)	-
Proceeds of non current investments		(280,000)	-
Long-term loans and advances		(183,000)	-
Net Cash flow from/(used) in investing activities (B)		(146,224,374)	-
Cash Flow from Financing activities (C)			
Proceeds from issuance of equity share capital		-	100,000
Proceeds from issuance of OCD		136,400,000	-
Net Cash flow from/(used) in Financing activities (C)		136,400,000	-
Net Increase/(Decrease) in cash and cash equivalent (A+B+C)		42,616,098	100,000
Effect of exchange difference in cash and cash equivalents held in foreign currency			
Cash and cash equivalent at the beginning of the year		100,000	-
Cash and cash equivalent at the end of the year		42,716,098	100,000
Components of cash and cash equivalents			
Cash on hand		7,384,623	-
With Bank-on current account		35,331,475	100,000
Total Cash and cash equivalent(Notes 18)		42,716,098	100,000

For Sumit Gupta & Co.

Practising Certificate No- 022622N

Chartered Accountants



Place:- Delhi

Date:-21.05.2016

For and on behalf of the Board of Directors of
SITI Broadband Services Pvt Ltd

(Ashish Kumar Singh)

Director

DIN-07193735

(Sandeep Kumar Jain)

Director

DIN-00011667

SITI BROABAND SERVICES PRIVATE LIMITED

Summary of significant accounting policies and other explanatory information for the period ended March 31, 2016

1 Share Capital

	March 31, 2016 INR	March 31, 2015 INR
Authorised share capital (10,000 equity shares of Rs.10 each, previous year 10,000 equity shares of Rs 10 each)	100,000	100,000
Total authorised capital	100,000	100,000
Issued share capital (10,000 equity shares of Rs.10 each, previous year 10,000 equity shares of Rs 10 each)	100,000	100,000
Total issued capital	100,000	100,000
Subscribed and fully paid up capital (10,000 equity shares of Rs.10 each, previous year 10,000 equity shares of Rs 10 each)	100,000	100,000
Total paid up capital	100,000	100,000
Forfeited shares	-	-
	100,000	100,000

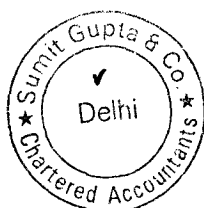
(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares

	March 31, 2016		March 31, 2015	
	No. of shares	INR	No. of shares	INR
Outstanding at the beginning of the year	10,000	100,000	-	-
Add:				
Issued on conversion of share warrants	-	-	-	-
Issued during the year	-	-	10,000	100,000
Issued on exercise of employee stock options	-	-	-	-
Outstanding at the end of the year	10,000	100,000.00	10,000	100,000.00

(b) Details of shareholders holding more than 5% shares in the Company

	March 31, 2016		March 31, 2015	
	No. of shares	% of holding	No. of shares	% of holding
Equity shares				
Siti Cable Network Limited	9,990	99.90%	9,990	99.90%



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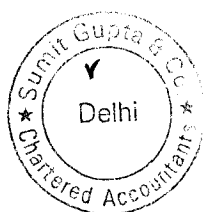
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2 Reserves and Surplus

	March 31, 2016	March 31, 2015
	INR	INR
Profit/ Loss in the Statement of profit and loss		
Balance at the beginning of the year	(43,372)	
Add:- Adjustment on account of depreciation charge pursuant to implementation of Schedule II of the Companies Act, 2013.		
Profit/Loss for the year	4,525,220	(43,372)
Balance at the end of the year	4,481,848	(43,372)
	4,481,848	(43,372)

3 Long-term borrowings

	Non-current	Current	Non-current portion	Current
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
(a) Bonds/debentures (Unsecured and Unconfirmed)				
Optionally Convertible Debentures (OCD)	136,400,000		-	-
136,400,000 no of OCD of Rs 1/- each			-	-
Terms & Conditions:				
The term of OCD shall be 20 years from the date of issue or option exercised by Debenture Holders ,whichever is earlier.				
The Debenture holder have an option either to redeem or to convert the one OCD into Equity shares of such no. within a period of 20 Years.				
Each OCD shall be converted into such number of equity shares/preference shares of the face value of Rs.10 each calculated at fair market value as on the date of issue of OCDs.				
The OCDs issued are Unsecured Debentures and are non marketable.				
The OCDs would carry an interest @0.01% p.a. Which shall be cumulative and payable only at the time of conversion and/or redemption.				
	136,400,000	-	-	-

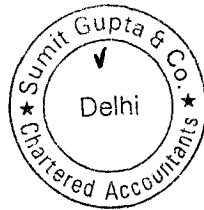


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4 Trade Payables

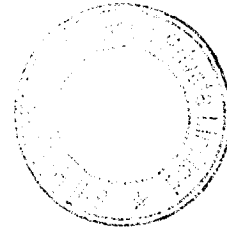
	March 31, 2016	March 31, 2015
	INR	INR
Dues to micro and small enterprises (Refer note below)	-	-
Dues to others	37,088,642	-
	<u>37,088,642</u>	<u>-</u>

The Company had requested its vendors to confirm their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED). Based on confirmations received, there are no amounts due to any micro or small enterprise under the MSMED Act, 2006.



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SITI BROABAND SERVICES PRIVATE LIMITED

Summary of significant accounting policies and other explanatory information for the period ended March 31, 2016

5 Other Liabilities

	Non-current	Current	Non-current	Current
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
	INR	INR	INR	INR
Book overdraft	-	-	-	-
Advances from customers	-	7,130,430	-	-
Others				
Payable to others	-	125,000	-	43,372
Payable for statutory liabilities	-	45,916,561	-	-
	-	53,171,990	-	43,372



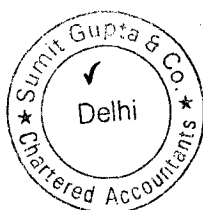
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6 Provisions

	Long-term March 31, 2016 INR	Short-term March 31, 2016 INR	Long-term March 31, 2015 INR	Short-term March 31, 2015 INR
Provision for Income Tax	-	2,023,579	-	-
	-	-	-	-
	-	2,023,579	-	-

7 Loans and advances

	Long-term March 31, 2016 INR	Short-term March 31, 2016 INR	Long-term March 31, 2015 INR	Short-term March 31, 2015 INR
Capital advances				
Unsecured, considered good	-	-	-	-
Unsecured, considered doubtful	-	-	-	-
Less: Provision for doubtful capital advances	-	-	-	-
Advance given to Indian Cable Net Company Limited (Subsidiary) for allotment of shares	-	-	-	-
Security deposits				
Unsecured, considered good	183,000	-	-	-
Doubtful	183,000	-	-	-
Less: Provision for doubtful security deposits	-	-	-	-
	183,000	-	-	-
Advances recoverable in cash or kind				
Unsecured, considered good	-	2,060,141	-	-
Other advances	-	2,060,141	-	-
Other loans and advances (Unsecured, considered good)				
Advance tax	-	300,317	-	-
	-	300,317	-	-
	183,000	2,360,458	-	-



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SITI BROABAND SERVICES PRIVATE LIMITED

Summary of significant accounting policies and other explanatory information for the period ended March 31, 2016

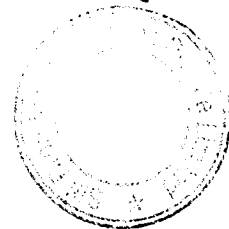
8 Cash and bank balances

	Non-current March 31, 2016 INR	Current March 31, 2016 INR	Non-current March 31, 2015 INR	Current March 31, 2015 INR
Cash and cash equivalents				
Cash on hand	-	7,384,623	-	-
Cheques on hand	-	31,687,487	-	-
Balances with banks				
On current accounts	-	3,643,988	-	100,000
In deposit account (with maturity upto three months)	-	-	-	-
	-	42,716,098	-	100,000
Other bank balances				
Margin money deposit and deposit with statutory authorities	280,000	-	-	-
Bank deposit with maturity upto twelve months	-	-	-	-
	280,000	-	-	-
Amount disclosed under non-current assets (note 16)	-	-	-	-
	280,000	42,716,098	-	100,000



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SITI BROABAND SERVICES PRIVATE LIMITED

Summary of significant accounting policies and other explanatory information for the period ended March 31, 2016

9 Inventories

(valued at lower of cost or net realisable value)

March 31, 2016	March 31, 2015
INR	INR
506,422	-
506,422	-

Stores and spares

10 Trade Receivables

March 31, 2016	March 31, 2015
INR	INR
156,569	-
-	-
156,569	-
-	-
156,569	-
156,569	-

Outstanding for a period exceeding six months from the date they are due for payment

Unsecured, considered good

Unsecured, considered doubtful

Less: Provision for doubtful debts



SITI BROABAND SERVICES PRIVATE LIMITED

Summary of significant accounting policies and other explanatory information for the period ended March 31, 2016

11 Other assets (unsecured, considered good)

Non-current bank balances (refer note 20)

Unamortised expenditure

Ancillary cost of arranging the borrowings

Others

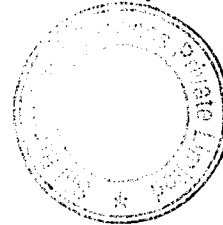
Balances with statutory authorities

Unbilled revenue

	Non-current March 31, 2016	Current March 31, 2016	Non-current March 31, 2015	Current March 31, 2015
Non-current bank balances (refer note 20)	-	-	-	-
Unamortised expenditure				
Ancillary cost of arranging the borrowings	-	-	-	-
Others				
Balances with statutory authorities	-	41,302,137	-	-
Unbilled revenue	-	-	-	-
	-	41,302,137	-	-
	-	41,302,137	-	-



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SITI BROABAND SERVICES PRIVATE LIMITED

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2016

12 Revenue from Operations

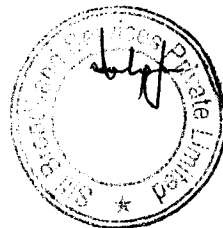
	March 31, 2016	March 31, 2015
	INR	INR
Sale of services		
Income from Broadband Services	396,314,576	-
	<u>396,314,576</u>	<u>-</u>

13 Operating Cost

	March 31, 2016	March 31, 2015
	INR	INR
Distribution Charges	1,177,948	-
Commission - Broadband	173,012,353	-
Bandwidth Charges-ISP	73,982,514	-
Consumables & Store	7,042,799	-
Electricity Expenses-Control Room/Units	319,688	-
Freight & Octroi Expenses	148,261	-
Licence Fees-Operating	10,100	-
Other Operational Charges	1,421,375	-
Technical Service Charges	74,266,585	-
Cabling Expenses	2,152,624	-
Fibre Lease Charges	376,272	-
Licence & Permission Fees	31,705,006	-
	<u>365,615,525</u>	<u>-</u>



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SITI BROABAND SERVICES PRIVATE LIMITED

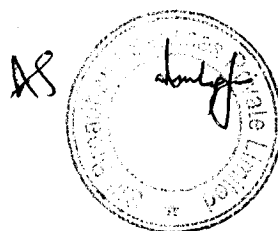
Summary of significant accounting policies and other explanatory information for the year ended March 31, 2016

14 Other Expenses

	March 31, 2016	March 31, 2015
	INR	INR
Rent	2,026,306	-
Rates and taxes	2,010,350	-
Communication expenses	219,171	-
Repairs and maintenance		
- Network	11,152,035	-
- Others	10,644	-
Bank Charges	493,844	-
Legal, professional and consultancy charges	1,085,238	20,900
Printing and stationery	741,294	-
Service charges	1,131,516	-
Travelling and conveyance expenses	755,813	-
Payment to auditors*	125,000	22,472
Advertisement and publicity expenses	150,806	-
Commission charges and incentives	38,233	-
Business and sales promotion	1,123,944	-
Miscellaneous expenses	3,086,060	-
	24,150,253	43,372
*Payment to auditors		
As an auditor	100,000	22,472.00
for other services	25,000	-
	125,000	22,472.00

15 Earnings Per Share

	March 31, 2016	March 31, 2015
Profit /Loss attributable to equity shareholders	4,525,219.84	(43,372.00)
Number of weighted average equity shares		
Basic	10,000	10,000
Diluted	10,000	10,000
Nominal value of per equity share (INR)	10	10
Loss per share after exceptional item and after tax (INR)		
Basic	452.52	(4.34)
Diluted	452.52	(4.34)



Siti Broadband Services Private Limited

CIN- U64100DL2014PTC267911

NOTE:-16

Significant Accounting Policies and Notes to Accounts:

1. Background

Siti Broadband Services Private Limited (hereinafter referred to as 'the Company') was incorporated in the state of Delhi on 9th June, 2014.

The Company is a subsidiary of Siti Cable Network Limited having 100% equity in the Company.

2. Basis of Preparation

The financial statement have been prepared under Historical cost convention, on accrual basis, in accordance with the generally accepted accounting principles(GAAP) in India and comply with accounting standards prescribed under Section 133 of Companies Act,2013('the Act') read with Rule 7 of companies(Accounts)Rules,2014(as amended).The accounting policies have been consistently applied by Company.

All are 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 nature of business & time between acquisition of assets & 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 & liabilities.

3. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

4. Fixed Assets:

Tangible

Tangible Fixed Assets are stated at cost less depreciation. Cost comprises of the purchase price and any allied cost such as Freight, Commissioning cost, Custom etc., including interest, attributable to bringing the asset to its working condition for its intended use.

Intangible Assets and Amortization

a) Intangible assets are recognized as per the criteria specified in Accounting Standard (AS) 26 "Intangible Assets" as specified in the Companies (Accounting Standards) Rule, 2006 and are amortized as follows:

- a. Preliminary Expenses are written off in terms of AS-26.
- b. Goodwill on acquisition is amortized using the straight-line method over a period of five years.

5. Depreciation:

Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management or at the rates prescribed under the Schedule XIV of the Companies Act, 2013.



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Siti Broadband Services Private Limited

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whichever is higher. Depreciation of additions/deductions is calculated pro rata from/ to the month of additions/ deductions.

6. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Income from Services

- Subscription revenue and other Services revenue are recognized on completion of services.
- Carriage fees are recognized on accrual basis over the terms of related agreements.
- Advertisement revenue is recognized when the related advertisement appears before the public. Other Advertisement revenue for slot sale is recognized on period basis

7. Provisions and Contingent Liabilities:

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if:-

- a. The company has a present obligation as a result of a past event
- b. A probable outflow of resources is expected to settle the obligation and
- c. The amount of the obligation can be reliably estimated

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received

Contingent Liability is disclosed in the case of

- a. A present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- b. A possible obligation, unless the probability of outflow of resources is remote

Contingent Assets are neither recognized, not disclosed

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet Date.

8. Cash & Cash Equivalents

Cash & Cash equivalents are comprise cash at bank and in hand, cheques in hand and short term investments with an original maturity of three months or less.

9. Income Tax

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 Indian Income Tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year 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 balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists set off current tax assets against current tax liabilities and deferred tax liabilities relate to the taxes



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Siti Broadband Services Private Limited

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on income levied by same governing taxation laws. Deferred tax assets are recognized 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 company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

10. Impairment of Assets

As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:

- a. The provision for impairment loss, if any required; or
- b. The reversal, if any, required of impairment loss recognized in previous period.

Impairment loss is recognized when the carrying amount of assets exceeds its recoverable amount.

Recoverable amount is determined:

- i) In the case of individual assets, at the higher of the net selling price and the value in use;
- ii) In the cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of cash generating unit's net selling price and the value in use;

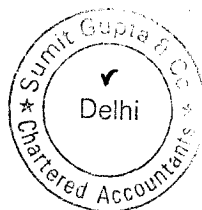
(Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset from its disposal at the end of its useful life)

11. Earning Per Share

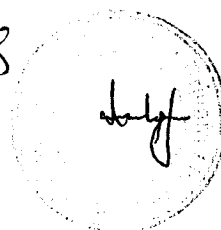
In accordance with AS-20 "Earning Per Share" as notified by the Companies (Accounting Standards) Rules, 2006, (as amended) basis earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the number of shares outstanding during the year.

12. Provisions

A Provision is recognized when the company has a present obligation (legal or constructive) as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expenses relating to any provision is presented in the income statement net of any reimbursement. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet Date and adjusted to reflect the current best estimates.



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Siti Broadband Services Private Limited

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13. There is no amount due to Micro, Small and Medium Enterprises as per the Micro, Small and Medium enterprises Development Act, 2006.

The above information regarding Micro, Small and Medium Enterprises have been determined to the extent to which parties have been identified on the basis of information available with the Company.

14. The Company is a service company and accordingly information required under paragraph 4(C) of Part II of Schedule VI to the Companies Act 2013 is not applicable to the Company.

15. Auditor's Remuneration:

Particulars	Amount in `	
	As At March 31,2016	As At March 31,2015
Statutory Audit Fees	1,00,000	20,000
Tax Audit Fees	25,000	
TOTAL	125,000	20000

16. Disclosure of Related Parties / Related Party Transactions.

List of Related Parties

Name of the Related Party	Relationship
Siti Cable Network Limited	Holding Company
Indian Cable Network Limited	Subsidiary of Holding Company
Siticable Broadband South ltd	Subsidiary of Holding Company
Ashish Kumar Singh	Director of Company

Key Management Personnel :

S. No.	Name of Director	Designation
1	Sandeep kumar Jain	Director
2	Sanjay Jindal	Director
3	Sanjay Arya	Director
4	Ashish Kumar Singh	Director



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Siti Broadband Services Private Limited

CIN:- U64100DL2014PTC267911

Transactions with related parties:

(Figures in Rs.)

S. No	Nature of Transaction	Amount of Transaction	Amount Due To	Amount Due From
1	Siti Cable Network Limited Management Charges Reimbursement of Exp 0.01% Optional Convertible Debentures	13,19,35,475/- 45,13,420/-	48,895/- 13,64,00,000/- (Payable for debentures issued)	Nil
2	Indian Cable Net Company Ltd Technical Services Charges	74,266,585/-		2,09,46,799/-
3	Ashish Kumar Singh Reimbursement of expenses	55,834/-	Nil	Nil
4	Siticable Broadband South Ltd Reimbursement of Tax	3,00,000/-	Nil	Nil

17. In the opinion of the management, there is no impairment of assets requiring provisions in accordance with AS-28 relating to Impairment of Assets.

18. Balances of Debtors/Creditors are subject to confirmation.

19. Earnings Per Share is calculated as under:



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Siti Broadband Services Private Limited

CIN- U64100DL2014PTC267911

The basic earning per share is calculated according to the number of shares during the period for financial statement i.e. for 31st March'2016.


The diluted earnings per share is calculated as described above, after taking into account, where applicable, diluting instruments in the earnings calculation.


Particulars	31 st March'2016	31 st March'2015
Net Profit / (Loss) as disclosed in Profit and Loss Account (Rupees Lacs)	45,25,220	(43372)
Number of Equity Shares	10,000	10,000
Nominal Value of Shares (Rupees)	10.00	10.00
Basic and Diluted Earnings per share (Rupees)	452.52	(4.33)

For Sumit Gupta & Co.
Chartered Accountants
Firm Regn. No. 022622N
Sumit Gupta
(Partner)
Delhi
Chartered Accountants
Membership No. 513086

Place- Delhi
Date- 21.05.2016

For Siti Broadband Services Private Limited


Sandeep Kumar Jain
(Director)
DIN-00011667


Ashish Kumar Singh
(Director)
DIN-07193735

