



## **Independent Auditor's Report**

**To the Members of M/s Siti Faction Digital Private limited**

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

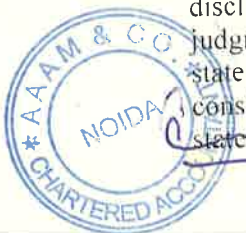
1. We have audited the accompanying standalone financial statements of M/s Siti Faction Digital Private Limited, "The Company" which comprises the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting 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 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 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 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. 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. Those 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.
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



Continued to Page 2



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, except for the effects the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
  - in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
  - in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

- 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 "A" statement on the matters specified in paragraphs 3 and 4 of the Order.
- As required by Section 143(3) of the Act, we report that:
  - 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.
  - 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.
  - The financial statements dealt with by this report are in agreement with the books of account.
  - In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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 2016 from being appointed as a director in terms of Section 164(2) of the Act;





- (e) On the basis of the written representations received from the directors as on 31 March 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over the financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) With respect to the other matters to be included in the 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 A A A M & CO.**

**CHARTERED ACCOUNTANTS**



**(CA ATUL AGRAWAL, FCA)**  
**PARTNER**  
**M.No.077293**  
**FRN.NO. 08113C**

**Date: 06<sup>th</sup> May, 2016**

**Place: NOIDA**

**M/S SITI FACTION DIGITAL PRIVATE LIMITED.**

Annexure to the Auditors Report

The Annexure referred to in our report to the members of the Company for the year ended on 31 March 2016, We report that:

|      |  |   |
|------|--|---|
| i    | Whether the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;  | YES   |
|      | Whether these fixed assets have been physically verified by the management at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account;  | YES   |
|      | Whether the title deeds of immovable properties are held in the name of the company. If not, provide the details thereof.  | NA  |
| ii   | Whether physical verification of inventory has been conducted at reasonable intervals by the management and whether any material discrepancies were noticed and if so, whether they have been properly dealt with in the books of account;   | NA  |
| iii  | Whether the company has granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. If so,   | NO  |
|      | Whether the terms and conditions of the grant of such loans are not prejudicial to the company's interest;   | NA  |
|      | Whether the schedule of repayment of principal and payment of interest has been stipulated and whether the repayments or receipts are regular;   | NA  |
|      | If the amount is overdue state the total amount overdue for more than ninety days, and whether reasonable steps have been taken by the company for recovery of the principal and interest;   | NA  |
| iv   | In respect of loans, investments, guarantees, and security whether provisions of section 185 and 186 of the Companies Act, 2013 have been complied with. If not, provide the details thereof.  | NA  |
| v    | In case, the company has accepted deposits, whether the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder, where applicable, have been complied with? If not, the nature of such contraventions be stated; If an order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, whether the same has been complied with or not? | NA  |
| vi   | Whether maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and whether such accounts and records have been so made and maintained.   | NA  |
| vii  | (a) Whether the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities and if not, the extent of the arrears of outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable, shall be indicated;                                 | Amount of Rs. 82,97,478/- due towards service tax, Rs. 1,50,03,897/- towards Entertainment Tax and Rs. 6,000/- towards TDS is still unpaid. |
|      | (b) Where dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be mentioned. (A mere representation to the concerned Department shall not be treated as a dispute).  | NA  |
| viii | Whether the company has defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders? If yes, the period and the amount of default to be reported (in case of defaults to banks, financial institutions, and Government, lender wise details to be provided).  | NO  |



|      |  |     |
|------|--|-----|
| ix   | Whether money is raised by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purposes for which those are raised. If not, the details together with delays or default and subsequent rectification, if any, as may be applicable, be reported;  | NA  |
| x    | Whether any fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year; If yes, the nature and the amount involved is to be indicated;   | NO  |
| xi   | Whether managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act? If not, state the amount involved and steps taken by the company for securing refund of the same;  | NA  |
| xii  | Whether the Nidhi Company has complied with the Net Owned Funds to Deposits in the ratio of 1: 20 to meet out the liability and whether the Nidhi Company is maintaining ten per cent unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability;  | NA  |
| xiii | Whether all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards;  | YES |
| xiv  | Whether the company has made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and if so, as to whether the requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised. If not, provide the details in respect of the amount involved and nature of non-compliance. | NA  |
| xv   | Whether the company has entered into any non-cash transactions with directors or persons connected with him and if so, whether the provisions of section 192 of Companies Act, 2013 have been complied with;   | NA  |
| xvi  | Whether the company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and if so, whether the registration has been obtained.   | NA  |

As per our report of even date  
For A A M & CO.  
CHARTERED ACCOUNTANTS  
FRN: 08113C

(CA ATUL AGRAWAL, FCA)  
PARTNER  
M.NO. 077293



Date: 06th May, 2016  
Place: NOIDA



**“Annexure B” to the Independent Auditor’s Report of even date on the Standalone Financial Statements of Siti Faction Digital Private Limited**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”).**

We have audited the internal financial controls over financial reporting of Siti Faction Digital Private Limited as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

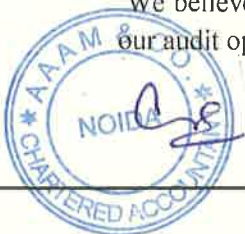
The Company’s management is responsible for establishing and maintaining internal financial controls based on “the Internal Control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial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

**Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.





### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, 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 ATUL AGRAWAL, FCA)**  
**PARTNER**  
**M NO. 077293**



**Date: 06<sup>th</sup> May, 2016**  
**Place: NOIDA**

M/S SITI FACTION DIGITAL PRIVATE LIMITED.  
B - 10, Lawrence Road, Industrial Area, Delhi -110035

Balance Sheet as at March 31, 2016

|  | Notes | March 31, 2016<br>Rs. | March 31, 2015<br>Rs. |
|--|-------|-----------------------|-----------------------|
| <b>EQUITY AND LIABILITIES</b>              |       |                       |                       |
| Shareholders' funds                        |       |                       |                       |
| Share capital                              | 2     | 100,000               | 100,000               |
| Reserves and surplus                       | 3     | (9,477,422)           | (7,725,123)           |
|  |       | (9,377,422)           | (7,625,123)           |
| <b>Non-current liabilities</b>             |       |                       |                       |
| Long-term borrowings                       | 4     | 1,040,142             | 650,690               |
| Deferred Tax liability                     |       | 1,040,142             | 650,690               |
| <b>Current liabilities</b>                 |       |                       |                       |
| Other current liabilities                  | 5     | 21,801,914            | 32,614,396            |
| Short-term provisions                      | 6     | 257,375               | 392,067               |
| Trade payables                             | 7     | 161,500,001           | 129,644,099           |
|  |       | 183,559,290           | 1,62,650,562          |
| <b>Total</b>                               |       | <b>175,222,010</b>    | <b>155,676,130</b>    |
| <b>ASSETS</b>                              |       |                       |                       |
| <b>Non-current assets</b>                  |       |                       |                       |
| Fixed assets                               |       |                       |                       |
| Tangible assets                            | 8     | 43,835,871            | 51,347,167            |
| Intangible assets                          |       |                       |                       |
| Capital work-in-progress                   | 9     | 19,074,550            | 19,074,550            |
| Other non-current assets                   |       | 339,784               | 103,700               |
|  |       | 63,250,205            | 70,525,417            |
| <b>Current assets</b>                      |       |                       |                       |
| Trade receivables                          | 10    | 88,664,934            | 67,751,650            |
| Cash and bank balances                     | 11    | 23,306,871            | 16,152,397            |
| Short-term loans and advances              | 12    | -                     | 1,240,667             |
|  |       | 111,971,805           | 85,150,714            |
| <b>Total</b>                               |       | <b>175,222,010</b>    | <b>155,676,130</b>    |
| Summary of significant accounting policies | 1     |                       |                       |

The accompanying notes are an integral part of the financial statements.  
This is the balance sheet referred to in our report of even date.

FOR A.A.M & CO.  
CHARTERED ACCOUNTANTS  
FRN NO. 08113C

FOR SITI FACTION DIGITAL PRIVATE LIMITED

(CA ATUL AGRAWAL, FCA )

Partner  
M.No. - 077293

Date: 06.05.2016  
Place: Noida

JVOTI DABAS  
Director  
DIN No. : 06377522

AS

ASHISH KUMAR SINGH  
Additional Director  
DIN No. : 07893735



**M/S SITI FACTION DIGITAL PRIVATE LIMITED.**  
**B - 10, Lawrence Road, Industrial Area, Delhi - 110035**  
**Statement of Profit and Loss for the period ended March 31, 2016**

| Particulars  | Notes | March 31, 2016<br>RS. | March 31, 2015<br>RS. |
|--|-------|-----------------------|-----------------------|
| Revenue  |       |                       |                       |
| Revenue from operations                                  | 13    | 59,267,708            | 60,922,753            |
| Other income   | 14    | 112,515               | 103,700               |
| <b>Total revenue</b>                                     |       | <b>59,380,223</b>     | <b>61,026,453</b>     |
| Expenses   |       |                       |                       |
| Carriage sharing, pay channel and related costs          | 15    | 24,975,156            | 28,162,440            |
| Employee benefit expenses                                | 16    | 2,121,961             | 1,916,200             |
| Finance costs  | 17    | 1,159                 | 899                   |
| Depreciation and amortisation expenses                   | 18    | 8,723,589             | 8,784,311             |
| Other expenses   | 19    | 24,813,898            | 21,654,132            |
| <b>Total expenses</b>                                    |       | <b>60,635,763</b>     | <b>60,517,982</b>     |
| <b>Profit before and after tax</b>                       |       | <b>(1,255,540)</b>    | <b>508,471</b>        |
| Exceptional item   |       |                       |                       |
| <b>Profit before tax</b>                                 | 20    | <b>(1,255,540)</b>    | <b>508,471</b>        |
| Tax expenses   |       |                       |                       |
| Current tax (Income taxes for earlier years written off) |       | 107,308               | 60,005                |
| Deferred Tax   |       | 389,452               | 650,690               |
| <b>Profit for the year</b>                               |       | <b>(1,752,300)</b>    | <b>448,466</b>        |
| Earning Per equity Share                                 | 21    |                       |                       |
| 1. Basic   |       | (175.23)              | 44.85                 |
| 2. Diluted   |       | (175.23)              | 44.85                 |

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements.  
 This is the Statement of Profit and Loss referred to in our report of even date

FOR A A M & CO.  
 CHARTERED ACCOUNTANTS  
 FRN NO. 08119C

FOR SITI FACTION DIGITAL PRIVATE LIMITED

(CA) ATUL AGRAWAL, FCA )  
 Partner  
 M.J.No. - 077293

JYOTI DABAS  
 Director  
 DIN No. : 06377522

ASHISH KUMAR SINGH  
 Additional Director  
 DIN No. : 07193735

Date: 06.05.2016  
 Place: Noida

**M/S SITI FACTION DIGITAL PRIVATE LIMITED.**

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

|  |  |                       |                       |
|--|--|-----------------------|-----------------------|
| <b>2 Share capital</b>   |  | <u>March 31, 2016</u> | <u>March 31, 2015</u> |
|  |  | <u>Rs.</u>            | <u>Rs.</u>            |
| <b>Authorised share capital</b>  |  |                       |                       |
| 10,000 (Previous year: 10,000) equity shares of Rs. 10/- each  |  | 100,000               | 100,000               |
| <b>Total authorised capital</b>  |  | <u>100,000</u>        | <u>100,000</u>        |
| <b>Subscribed capital</b>  |  |                       |                       |
| 10,000 Equity Shares of Rs.10/- each   |  | 100,000               | 100,000               |
| <b>Total Subscribed capital</b>  |  | <u>100,000</u>        | <u>100,000</u>        |
| <b>Issued and fully paid-up share capital</b>  |  |                       |                       |
| 10,000 (Previous year 10,000) equity shares of Rs. 10/- each   |  | 100,000               | 100,000               |
| <b>Total paid-up capital</b>   |  | <u>100,000</u>        | <u>100,000</u>        |
| <b>3 Reserves and surplus</b>  |  | <u>March 31, 2016</u> | <u>March 31, 2015</u> |
|  |  | <u>Rs.</u>            | <u>Rs.</u>            |
| <b>Deficit in the Statement of profit and loss</b>   |  |                       |                       |
| Balance at the beginning of the year   |  | (7,725,123)           | (8,173,589)           |
| Add:- Adjustment on account of depreciation charge pursuant to implementation of Schedule II of the Companies Act, 2013. |  |                       |                       |
| Loss for the year  |  | (1,752,300)           | 448,466               |
| Balance at the end of the year   |  | <u>(9,477,422)</u>    | <u>(7,725,123)</u>    |
|  |  | <u>(9,477,422)</u>    | <u>(7,725,123)</u>    |
| <b>4 Deferred Tax Liability</b>  |  | <u>March 31, 2016</u> | <u>March 31, 2015</u> |
|  |  | <u>Rs.</u>            | <u>Rs.</u>            |
| Opening Balance  |  | 650,690               | -                     |
| Add : Deffered Tax Liability incurred during the year  |  | 389,452               | 650,690               |
|  |  | <u>1,040,142</u>      | <u>650,690</u>        |
| <b>The above amount includes</b>   |  |                       |                       |
| Secured borrowings   |  | 1,040,142             | 650,690               |
| Amount disclosed under the head "other liabilities" (Note 8)   |  | -                     | (650,690)             |
| <b>Net amount</b>  |  | <u>1,040,142</u>      | <u>-</u>              |
| <b>5 Other liabilities</b>   |  | <u>Non-current</u>    | <u>Current</u>        |
|  |  | <u>March 31, 2016</u> | <u>March 31, 2016</u> |
|  |  | <u>Rs.</u>            | <u>Rs.</u>            |
| Interest free deposits from customers  |  | -                     | -                     |
| Payable for statutory liabilities  |  | -                     | 21,801,914            |
|  |  | <u>-</u>              | <u>21,801,914</u>     |
|  |  | <u>Non-current</u>    | <u>Current</u>        |
|  |  | <u>March 31, 2015</u> | <u>March 31, 2015</u> |
|  |  | <u>Rs.</u>            | <u>Rs.</u>            |
|  |  | -                     | -                     |
|  |  | -                     | 32,614,396            |
|  |  | <u>-</u>              | <u>32,614,396</u>     |

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M/S SITI FACTION DIGITAL PRIVATE LIMITED.

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

6 Short Term Provisions

|                   | Long-term<br>March 31, 2016 | Short-term<br>March 31, 2016 | Long-term<br>March 31, 2015 | Short-term<br>March 31, 2015 |
|-------------------|-----------------------------|------------------------------|-----------------------------|------------------------------|
| Provision for Tax |                             | 257,375                      |                             | 392,067                      |
|                   |                             | 257,375                      |                             | 392,067                      |

7 Trade payables

|                | March 31, 2016<br>Rs. | March 31, 2015<br>Rs. |
|----------------|-----------------------|-----------------------|
| Due to SCNL    | 105,446,852           | 87,071,746            |
| Dues to others | 56,053,149            | 42,572,353            |
|                | 161,500,001           | 129,644,099           |

9 Other assets (unsecured, considered good)

|  | Non-current<br>March 31, 2016<br>Rs. | Current<br>March 31, 2016<br>Rs. | Non-current<br>March 31, 2015<br>Rs. | Current<br>March 31, 2015<br>Rs. |
|--|--------------------------------------|----------------------------------|--------------------------------------|----------------------------------|
| Non-current bank balances                  | -                                    | -                                | -                                    | -                                |
| Unamortised expenditure                    | -                                    | -                                | -                                    | -                                |
| Ancillary cost of arranging the borrowings | -                                    | -                                | -                                    | -                                |
| Others                                     |                                      |                                  |                                      |                                  |
| Interest accrued on fixed deposits (Gross) | 339,784                              | -                                | 103,700                              | -                                |
| Unbilled revenue                           | -                                    | -                                | -                                    | -                                |
|  | 339,784                              | -                                | 103,700                              | -                                |
|  | 339,784                              | -                                | 103,700                              | -                                |

10 Trade receivables

|   | March 31, 2016<br>Rs. | March 31, 2015<br>Rs. |
|---|-----------------------|-----------------------|
| Debtors having outstanding balance for more than 6 months | 56,919,717            | 67,757,650            |
| Debtors having outstanding balance for less than 6 months | 31,745,217            |                       |
|   | 88,664,934            | 67,757,650            |
| Less: Provision for doubtful debts                        |                       |                       |
|   | 88,664,934            | 67,757,650            |
| Other receivables   |                       |                       |
| Unsecured, considered good                                |                       |                       |
|   | 88,664,934            | 67,757,650            |

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**M/S SITI FACTION DIGITAL PRIVATE LIMITED.**  
**Notes Forming Integral Part of the Balance Sheet as at the end of 31st March, 2016**  
*Notes Forming Integral Part of the Balance Sheet as at the end of 31st March, 2016*

| Sr. No | Particulars         | Rate   | Gross Block            |                          |                           | Depreciation     |                        |                          | Net Block                 |                  |                      |                      |
|--------|---------------------|--------|------------------------|--------------------------|---------------------------|------------------|------------------------|--------------------------|---------------------------|------------------|----------------------|----------------------|
|        |                     |        | Value at the beginning | Addition during the year | Deduction during the year | Value at the end | Value at the beginning | Dep for the year 2015-16 | Deduction during the year | Value at the end | WDV as on 31.03.2015 | WDV as on 31.03.2016 |
| 1      | Tangible Assets     |        |                        |                          |                           |                  |                        |                          |                           |                  |                      |                      |
| A      | Office Equipments   | 10.00% | 13,061,856             | 594,914                  | -                         | 13,656,770       | 3,184,725              | 1,325,018.60             | 4,509,744                 | 9,877,131        | 9,147,026            |                      |
|        | Network Equipment   | 12.50% | 58,665,625             | 617,380                  | -                         | 59,283,005       | 17,542,817             | 7,370,161                | 24,912,978                | 41,122,808       | 34,370,027           |                      |
|        | Set top box         |        | 71,727,481             | 1,212,294                | -                         | 72,939,775       | 20,727,542             | 8,695,180                | 29,422,722                | 30,999,939       | 43,317,053           |                      |
|        | Sub Total           | (A)    |                        |                          |                           |                  |                        |                          |                           |                  |                      |                      |
| B      | Furniture & Fixture | 6.33%  | 448,805                | -                        | -                         | 448,805          | 101,577                | 28,409                   | 129,986                   | 347,228          | 318,819              |                      |
|        | Furniture           |        | 448,805                | -                        | -                         | 448,805          | 101,577                | 28,409                   | 129,986                   | 347,228          | 318,819              |                      |
|        | Sub Total           | (B)    |                        |                          |                           |                  |                        |                          |                           |                  |                      |                      |
|        | Total               | (A+B)  | 72,176,286             | 1,212,294                | -                         | 73,388,580       | 20,829,110             | 8,723,589                | 29,552,708                | 51,347,167       | 43,835,871           |                      |

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M/S SITI FACTION DIGITAL PRIVATE LIMITED.  
STATEMENT OF FIXED ASSETS AS ON 31st March, 2016

AS PER INCOME TAX ACT

| Particulars          | Rate %       | WDV as on 01.04.2015 | Addition Before 180 days | Addition After 180 days | sale/deletion during the year | Gross WDV as on 31.03.2016 | Depreciation during the year | WDV as on 31.03.2016 |
|----------------------|--------------|----------------------|--------------------------|-------------------------|-------------------------------|----------------------------|------------------------------|----------------------|
|                      |              | ₹                    | ₹                        | ₹                       | ₹                             | ₹                          | ₹                            | ₹                    |
| Network Equipment    | 15%          | 8,141,227            |                          | 594,914                 | -                             | 8,736,141                  | 1,265,803                    | 7,470,338            |
| Set top Box          | 15%          | 40,777,234           |                          | 617,380                 | -                             | 41,394,614                 | 6,162,889                    | 35,231,725           |
| <b>Total</b>         | <b>(A)</b>   | <b>48,918,461</b>    |                          | <b>1,212,294</b>        |                               | <b>50,130,755</b>          | <b>7,428,691</b>             | <b>42,702,063</b>    |
| Furniture & Fittings | 10%          | 345,355              |                          | -                       | -                             | 345,355                    | 34,536                       | 310,820              |
| Furniture & Fixture  |              |                      |                          |                         |                               |                            |                              |                      |
| <b>Total</b>         | <b>(B)</b>   | <b>345,355</b>       |                          |                         |                               | <b>345,355</b>             | <b>34,536</b>                | <b>310,820</b>       |
| <b>Total</b>         | <b>(A+B)</b> | <b>49,263,816</b>    |                          | <b>1,212,294</b>        |                               | <b>50,476,110</b>          | <b>7,463,227</b>             | <b>43,012,883</b>    |

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M/S SITI FACTION DIGITAL PRIVATE LIMITED.

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

|  | Non-current    |                | Current        |                |
|--|----------------|----------------|----------------|----------------|
|  | March 31, 2016 | March 31, 2016 | March 31, 2015 | March 31, 2015 |
|  | Rs.            | Rs.            | Rs.            | Rs.            |
| <b>11 Cash and bank balances</b>                             |                |                |                |                |
| Cash and cash equivalents                                    |                |                |                |                |
| Cash on hand   | -              | 4,222,118      | -              | 4,117,722      |
| Cheques on hand  | -              | -              | -              | -              |
| Balances with banks  | -              | -              | -              | -              |
| On current accounts  | -              | -              | -              | -              |
| In deposit account (with maturity upto three months)         | -              | 17,864,753     | -              | 10,814,675     |
| <b>Other bank balances</b>                                   |                |                |                |                |
| Margin money deposit and deposit with statutory authorities  | -              | 22,086,871     | -              | 14,932,397     |
| Bank deposit with maturity upto twelve months                | -              | 1,220,000      | -              | 1,220,000      |
| Amount disclosed under non-current assets                    | -              | 1,220,000      | -              | 1,220,000      |
|  | -              | 23,306,871     | -              | 16,152,397     |
| <b>12 Loans and advances</b>                                 |                |                |                |                |
| <b>Capital advances</b>                                      |                |                |                |                |
| Unsecured, considered good                                   | -              | -              | -              | -              |
| Unsecured, considered doubtful                               | -              | -              | -              | -              |
| Less: Provision for doubtful capital advances                | -              | -              | -              | -              |
| <b>Other loans and advances (Unsecured, considered good)</b> |                |                |                |                |
| Advance tax  | -              | -              | -              | 1,240,667      |
| Balances with statutory authorities                          | -              | -              | -              | -              |
| Prepaid expenses   | -              | -              | -              | 1,240,667      |
|  | -              | -              | -              | 1,240,667      |

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M/S SITI FACTION DIGITAL PRIVATE LIMITED.

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

| 13 Revenue from operations                                | March 31, 2016<br>Rs.         | March 31, 2015<br>Rs.         |
|---|-------------------------------|-------------------------------|
| Sale of services  | 58,577,321                    | 84,649,619                    |
| Subscription income                                       | 690,387                       | 1,491,924                     |
| Activation income   | 59,267,708                    | 86,141,543                    |
| <b>14 Other income</b>                                    | <b>March 31, 2016<br/>Rs.</b> | <b>March 31, 2015<br/>Rs.</b> |
| Interest income on  |                               |                               |
| Bank deposits   | 112,515                       | 103,700                       |
| Others  | 112,515                       | 103,700                       |
| <b>15 Carriage sharing, pay channel and related costs</b> | <b>March 31, 2016<br/>Rs.</b> | <b>March 31, 2015<br/>Rs.</b> |
| LCO charges   | 24,975,156                    | 28,162,440                    |
|   | 24,975,156                    | 28,162,440                    |
| <b>16 Employee benefit expenses</b>                       | <b>March 31, 2016<br/>Rs.</b> | <b>March 31, 2015<br/>Rs.</b> |
| Salaries, allowances and bonus                            | 2,025,961                     | 1,771,200                     |
| Contributions to provident and other funds                | -                             | -                             |
| Employee benefits expenses                                | 96,000                        | 145,000                       |
| Staff welfare expenses                                    | 2,121,961                     | 1,916,200                     |
| <b>17 Finance costs</b>                                   | <b>March 31, 2016<br/>Rs.</b> | <b>March 31, 2015<br/>Rs.</b> |
| Interest  | 1,159                         | 899                           |
| Bank charges  | -                             | -                             |
| Amortisation of ancillary borrowing costs                 | 1,159                         | 899                           |

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M/S SITI FACTION DIGITAL PRIVATE LIMITED.

18 Depreciation and amortisation expenses

|                                   | March 31, 2016   | March 31, 2015   |
|-----------------------------------|------------------|------------------|
|                                   | Rs.              | Rs.              |
| Depreciation of tangible assets   | 8,723,589        | 8,784,311        |
| Amortisation of intangible assets | -                | -                |
|                                   | <u>8,723,589</u> | <u>8,784,311</u> |

19 Other expenses

|   | March 31, 2016    | March 31, 2015    |
|---|-------------------|-------------------|
|   | Rs.               | Rs.               |
| Rent  | 720,000           | 720,000           |
| Communication expenses                      | 36,000            | 87,000            |
| - Others                                    | -                 | 564,553           |
| Electricity and water charges               | 120,000           | 302,655           |
| Legal, professional and consultancy charges | 14,337            | 14,629            |
| Printing and stationery                     | 60,000            | 26,000            |
| Travelling and conveyance expenses          | 72,000            | 162,000           |
| Payment to auditors*                        | 30,000            | 20,000            |
| Other operational cost                      | 18,090,000        | 18,064,000        |
| Business and sales promotion                | 60,000            | 55,000            |
| Miscellaneous expenses *                    | 5,611,561         | 1,638,295         |
|   | <u>24,813,898</u> | <u>21,654,132</u> |

\*Payment to auditors

|                               |               |               |
|-------------------------------|---------------|---------------|
| As an auditor                 | 30,000        | 20,000        |
| Limited review fees           |               |               |
| for other services            |               |               |
| for reimbursement of expenses |               |               |
|                               | <u>30,000</u> | <u>20,000</u> |

\*Miscellaneous Expenses

|                               |           |         |
|-------------------------------|-----------|---------|
| Office Expenses               | 49,400    | 55,000  |
| Interest on Income tax        | 267,221   | 258,784 |
| Interest on service tax       | 10,303    | 940,410 |
| Interest on Entertainment Tax | 5,236,637 | 384,101 |

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M/S SITI FACTION DIGITAL PRIVATE LIMITED.

21 Earnings per share

|   | <u>March 31, 2016</u> | <u>March 31, 2015</u> |
|---|-----------------------|-----------------------|
|   | Rs.                   | Rs.                   |
| Profit attributable to equity shareholders          | (1,752,300)           | 448,466               |
| Number of weighted average equity shares            |                       |                       |
| Basic   | 10,000                | 10,000                |
| Diluted   |                       |                       |
| Nominal value of per equity share                   | 10                    | 10                    |
| Loss per share after exceptional item and after tax |                       |                       |
| Basic   | <u>(175.23)</u>       | <u>44.85</u>          |
| Diluted   | <u>(175.23)</u>       | <u>44.85</u>          |

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# SITI FACTION DIGITAL PVT. LTD.

Regd. B-10, Industrial Area, Lawrence Road, New Delhi-110035  
CIN.U64200DL2012PTC244184

## SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDING 31<sup>st</sup> MARCH, 2016

### 1. SIGNIFICANT ACCOUNTING POLICIES:

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

### 2. USE OF ESTIMATES:

The preparation of the financial statements in conformity with GAAP 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.

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

#### Depreciation/ amortization

Depreciation / amortization on fixed assets 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.

| <u>Asset category</u>  | <u>Rate of depreciation/ amortization</u>             |
|------------------------|---|
| Intangible assets      | WDV Method  |
| Leasehold improvements | Over the lease term or useful life whichever is lower |

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# SITI FACTION DIGITAL PVT. LTD.

Regd. B-10, Industrial Area, Lawrence Road, New Delhi-110035  
CIN.U64200DL2012PTC244184

## 3. 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.

## 4. 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.

## 5. SERVICE INCOME:

Service income is recognized as per the terms of contracts with customers when the related services are performed, or the agreed milestones are achieved. 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.

## 6. RECOGNITION OF INCOME AND EXPENSE:

Items of income and expenditure are recognized on accrual basis.

## 9. 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.

## 10 CONTINGENT LIABILITIES:

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

## NOTES TO ACCOUNTS:

- No dividend has been proposed by the Directors of the Company due to nominal profits of the company.
- Balances of sundry creditors and debtors are subject to confirmation from the respective parties.
- There is no contingent liability existing on date of Balance Sheet.
- 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.
- Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates applicable for the current year.

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# SITI FACTION DIGITAL PVT. LTD.

Regd. B-10, Industrial Area, Lawrence Road, New Delhi-110035  
CIN.U64200DL2012PTC244184

• Auditors Remuneration: 2015-16

Audit Fees

Rs.30,000/-

RELATED PARTY DISCLOSURES:-

Names of related parties

|                            |                 |
|----------------------------|-----------------|
| Siti Cable Network Limited | Holding Company |
|----------------------------|-----------------|

**Other Related Parties :**

|                         |   |                     |
|-------------------------|---|---------------------|
| Mr. Anil Kumar Malhotra | - | Director            |
| Mr. Anil Kumar Jain     | - | Director            |
| Mr. Manish              | - | Director            |
| Ms. Jyoti Dabas         | - | Director            |
| Mr. Rajeev Sharma       | - | Additional Director |
| Mr. Ashish Kumar Singh  | - | Additional Director |

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

**a. 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            |                |                            |                                |                                |                                |
| Siti Cable Network Limited | March 31, 2016 |                            | 2,34,49,136                    |                                | -                              |
|                            | March 31, 2015 |                            | 8,70,71,746                    |                                | -                              |

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# SITI FACTION DIGITAL PVT. LTD.

Regd. B-10, Industrial Area, Lawrence Road, New Delhi-110035  
CIN.U64200DL2012PTC244184

- 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-2016 | 31-March-2015 |
|--------------------------------|---------------|---------------|
| Profit/(Loss) after Tax        | (17,52,300)   | 448,466       |
| Number of Equity Shares        | 10,000        | 10,000        |
| Nominal Value of Equity Shares | 10            | 10.00         |
| Basics Earnings per Share      | (175.23)      | 44.85         |

Other disclosures are made as under :

|                                     |     |
|-------------------------------------|-----|
| Value of Import on CIF Basis        | NIL |
| Expenses in Foreign Currency        | NIL |
| Amount remitted in Foreign Currency | NIL |
| Earnings in Foreign Currency        | NIL |

For AAA M & CO.  
CHARTERED ACCOUNTANTS

(CA ATUL AGARWAL, FCA )  
Partner  
M.No. 077293

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

*Self*  
MS. JYOTI DABAS  
Director  
DIN No. 06377522

*AS*  
MR. ASHISH KUMAR SINGH  
Additional Director  
DIN No. 07193735

Date: 06.05.2016  
Place: Noida