

**INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF SITI JIND DIGITAL MEDIA COMMUNICATION PVT.  
LTD.**

**Report on the Standalone Financial Statements**

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

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

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements to give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

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

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

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



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

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

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

#### **Opinion**

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

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

9. The Company had prepared separate sets of statutory financial statements for the year ended 31 March 2016 and 31 March 2015 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditor's reports to the shareholders of the Company dated 17 May 2016 and 21 May 2015 respectively. These financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

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

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

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

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

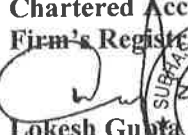


(e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

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

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

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

**For Subhash C. Gupta & Co.**  
**Chartered Accountants**  
Firm's Registration No.: 004103N  
  
**Lokesh Gupta**  
**(Partner)**  
Membership No.: 503853

Place : New Delhi  
Date : 20/05/2017

## Annexure A to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of SITI JIND DIGITAL MEDIA COMMUNICATION PVT. LTD. (Formerly known as Lemon IT Solutions Pvt. Ltd.) on the standalone financial statements for the year ended 31st March 2017.

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

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



Company's products/ services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

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

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

Name of Statute	Nature of Dues	Amount Involved Rs.	Forum/ period where the dispute is pending
Haryana Value Added Tax Act, 2003	VAT	42,31,394/-	Appeal pending in VAT department, Haryana

(viii) The Company has no dues payable to a financial institution or a bank or debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.

(ix) The company has not raised any funds during the year from initial public offer or further public offer or by way of term loans. Accordingly, the provisions of said clause of the Order are not applicable.

(x) Based upon the audit procedures performed for the purpose of reporting true and fair view of the financial statement and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

(xi) No managerial remuneration has been paid or provided by the company during the year accordingly the provisions of clause 3(xi) of the order are not applicable.

(xii) Since the company is not a Nidhi company the provisions of clause 3(xii) of the order are not applicable.

(xiii) As per the information and explanation provided to us, all the transactions with the related parties are in compliance with section 177 and 188 of Companies



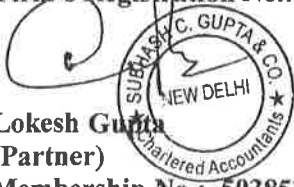
Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

- (xiv) The company has not made any preferential allotment/private placement of shares or convertible debentures during the year. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable.
- (xv) According to the information and explanation provided to us the company has not entered into any non-cash transactions with directors or persons connected with him during the year accordingly the provisions of clause 3(xv) of the order are not applicable.
- (xvi) In our opinion and according to the information and explanation provided to us the company is not required to be registered u/s 45-IA of the Reserve Bank of India Act, 1934.

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

**Lokesh Gupta**  
**(Partner)**  
**Membership No.: 503853**

**Place : New Delhi**  
**Date : 20/05/2017**



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

Referred to in paragraph 11 (f) of the Independent Auditors' Report of even date to the members of SITI JIND DIGITAL MEDIA COMMUNICATION PVT. LTD. on the standalone financial statements for the year ended 31st March 2017.

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

1. We have audited the internal financial controls over financial reporting of SITI JIND DIGITAL MEDIA COMMUNICATION PVT. LTD. ("the Company") as of 31<sup>st</sup> March, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

#### **Auditors' Responsibility**

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

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

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

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

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

#### **Opinion**

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

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

  
**Lokesh Gupta**  
**(Partner)**  
**Membership No.: 563853**

**Place : New Delhi**  
**Date : 20/05/2017**



**SITI JIND DIGITAL MEDIA COMMUNICATION PVT LTD.**  
Balance Sheet as at March 31, 2017

		(Amount in Rs.)		
	Notes	March 31, 2017	March 31, 2016	April 1, 2015
<b>A. Assets</b>				
<b>1. Non-current assets</b>				
<b>Fixed assets</b>				
(a) Property, plant and equipment	2	56,689,910	41,861,290	22,550,145
(b) Capital work-in-progress	3	3,564,312	262,188	1,541,358
<b>Sub-total of Non-current assets</b>		<b>60,254,222</b>	<b>42,123,478</b>	<b>24,091,503</b>
<b>2. Current assets</b>				
(b) Financial assets				
(i) Trade receivables	4	29,633,589	22,805,305	17,635,662
(ii) Cash and bank balances	5	7,972,689	5,382,581	473,528
(iv) Loans and Advances	6	1,874,482	933,180	3,993,082
(c) Current tax assets				
(d) Other current assets	7	15,581,056	12,132,207	8,326,066
<b>Sub-total of Current assets</b>		<b>55,061,816</b>	<b>41,253,273</b>	<b>30,428,338</b>
<b>Total assets</b>		<b>115,316,038</b>	<b>83,376,751</b>	<b>54,519,841</b>
<b>B. Equity and liabilities</b>				
<b>Equity</b>				
(a) Equity share capital	8	2,000,000	2,000,000	2,000,000
(b) Other equity	9	(8,784,500)	(7,318,679)	(1,841,569)
<b>Sub-total - Equity</b>		<b>(6,784,500)</b>	<b>(5,318,679)</b>	<b>158,431</b>
<b>Liabilities</b>				
<b>1. Non-current liabilities</b>				
(c) Deferred tax liability (net)	10	1,198,746	886,936	473,116
(d) Other non-current liabilities	11	7,454,124	6,885,592	3,686,657
<b>Sub-total - Non-current liabilities</b>		<b>8,652,870</b>	<b>7,772,528</b>	<b>4,159,773</b>
<b>2. Current liabilities</b>				
(a) Financial liabilities				
(i) Trade payables	12	100,974,889	66,639,727	36,764,486
(b) Other current liabilities	13	11,338,480	12,885,560	4,816,225
(c) Provisions	14	1,134,298	1,397,615	8,620,926
<b>Sub-total of current liabilities</b>		<b>113,447,667</b>	<b>80,922,902</b>	<b>50,201,637</b>
<b>Total equity and liabilities</b>		<b>115,316,038</b>	<b>83,376,751</b>	<b>54,519,841</b>

Summary of significant accounting policies

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

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

For Subhash C. Gupta & Co.  
Chartered Accountants  
Firm Regn NO. -004103N

For and on behalf of the Board of Directors of  
SITI JIND DIGITAL MEDIA COMMUNICATION PVT. LTD.

Lokesh Gupta  
Partner  
M.No. 503853

Director  
DIN

Director  
DIN

Place : New Delhi  
Date :

**SITI JIND DIGITAL MEDIA COMMUNICATION PVT LTD.,**  
**Statement of Profit and Loss for the year ended March 31, 2017**

	Notes	March 31, 2017	(Amount in Rs.) March 31, 2016
<b>Revenue</b>			
Revenue from operations	15	49,851,766	50,211,039
Other income	16	312,244	3,272,438
<b>Total revenue</b>		<b>50,164,010</b>	<b>53,483,477</b>
<b>Expenses</b>			
Carriage sharing, pay channel and related costs		28,195,249	18,908,114
Finance costs	17	754,820	143,474
Depreciation and amortisation expenses	18	7,194,447	3,804,325
Other expenses	19	15,173,505	35,690,854
<b>Total expenses</b>		<b>51,318,021</b>	<b>58,546,766</b>
<b>Profit before Tax</b>		<b>(1,154,011)</b>	<b>(5,063,289)</b>
<b>Income tax expense</b>			
Current Tax		170,000	125,610
Deferred Tax		311,810	413,820
MAT Credit Entitlementmt		(170,000)	(125,610)
<b>Total Tax Expense</b>		<b>311,810</b>	<b>413,820</b>
Total Profit/(Loss) for the period		<b>(1,465,821)</b>	<b>(5,477,109)</b>
<b>Profit per share after tax</b>			
Basic	20	(7.33)	(27.39)
Diluted	20	(7.33)	(27.39)

Summary of significant accounting policies 1

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

This is the statement of profit and loss referred to in our report of even date

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

**For and on behalf of the Board of Directors of**  
**SITI JIND DIGITAL MEDIA COMMUNICATION PVT. LTD.**

**Lokesh Gupta**  
**Partner**  
**M.No. 503853**

**Director**  
**DIN**

**Director**  
**DIN**

Place : New Delhi

Date :

**SITI JIND DIGITAL MEDIA COMMUNICATION PVT. LTD.**

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017**

PARTICULARS	31-Mar-17	31-Mar-16
	AMOUNT IN (Rs.)	AMOUNT IN (Rs.)
<b>A. Cash Flow from Operating Activities</b>		
Net Profit, before taxation, after exceptional items	(1,465,821)	-5477109
Adjustments for :		
Depreciation	7,194,447	3804325
Provision for doubtful debts		-
Provision for taxation	311,810	413820
Operating expenses before working capital changes	<b>6,040,436</b>	<b>(1,258,964)</b>
Adjustments for :		
Increase in Current assets /loans & advances/trade receivables	(11,218,435)	(5,915,882)
Increase in trade and other payables	32,524,765	30,721,265
Increase in non current liabilities	568,532	3198934.45
Cash generated from operations	<b>27,915,299</b>	<b>26,745,353</b>
Taxes Paid/Refund		
<b>Net Cash Flow from Operating Activities</b>	<b>27,915,299</b>	<b>26,745,353</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of fixed assets & CWIP	(25,325,191)	(21,836,300)
<b>Net Cash Flow from Investing Activities</b>	<b>(25,325,191)</b>	<b>(21,836,300)</b>
<b>C. Cash Flow from Financing Activities</b>		
Increase in Share Capital	-	-
<b>Net Cash Flow from Financing Activities</b>	<b>-</b>	<b>-</b>
Net Cash Flow during the year	2,590,108	4,909,053
Cash and Cash Equivalents at the beginning of the year	5,382,581	473,528
<b>Cash and Cash Equivalents at the end of the year</b>	<b>7,972,689</b>	<b>5,382,581</b>

Cash and Cash Equivalents consists of balance with Banks.  
Previous year figures have been regrouped/recast wherever necessary.

As per our Report of even date attached

For Subhash C. Gupta & Co.

Chartered Accountants

Firm Regn NO. -004103N

For and on behalf of the Board of Directors of

SITI JIND DIGITAL MEDIA COMMUNICATION PVT. LTD.

Lokesh Gupta  
Partner  
M.No. 503853

Director  
DIN

Director  
DIN

Place : New Delhi

Date :

SITI JIND DIGITAL MEDIA COMMUNICATION PVT LTD.

Statement of changes in Equity

(I) Equity Share Capital

(Amounts in Rupees)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Balance at the beginning of the year	2,000,000	2,000,000	2,000,000
Changes in equity share capital during the year	-	-	-
<b>Balance at the end of the year</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>

(II) Other equity

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>Retained Earnings</b>			
Balance at the beginning of the year	(2,088,000)	3,389,109	2,737,369
Add: Prior Period Adjustment			651,740
Profit /Loss for the year	(1,465,821)	(5,477,109)	-
Adjustment due to change in useful life of assets	-	-	-
<b>Balances as at the end of the year (A)</b>	<b>(3,553,821)</b>	<b>(2,088,000)</b>	<b>3,389,109</b>
<b>Others</b>			
Equity portion of OCD conversion	-	-	-
<b>Balances as at the end of the year (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Comprehensive income</b>			
Other comprehensive income recognised directly in retained earnings	(5,230,679)	(5,230,679)	(5,230,679)
<b>Balances as at the end of the year (C)</b>	<b>(5,230,679)</b>	<b>(5,230,679)</b>	<b>(5,230,679)</b>
<b>Other Equity Balances as at the end of the year (A+B+C)</b>	<b>(8,784,500)</b>	<b>(7,318,679)</b>	<b>(1,841,570)</b>
<b>Total Equity Balances as at the end of the year (I+II)</b>	<b>(6,784,500)</b>	<b>(5,318,679)</b>	<b>158,430</b>

SITI JIND DIGITAL MEDIA COMMUNICATION PVT LTD.,  
Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017

		Amount in Rs.		
4	Trade receivables	March 31, 2017	March 31, 2016	April 1, 2015
	Unsecured, considered good	30,086,424	23,258,140	18,088,497
	Unsecured, considered doubtful	<u>30,086,424</u>	<u>23,258,140</u>	<u>18,088,497</u>
	Less: Provision for doubtful debts	452,835	452,835	452,835
		<u>29,633,589</u>	<u>22,805,305</u>	<u>17,635,662</u>
	Other receivables			
	Unsecured, considered good			
		<u>29,633,589</u>	<u>22,805,305</u>	<u>17,635,662</u>
5	Cash and bank balances	Current March 31, 2017	Current March 31, 2016	Current April 1, 2015
	Cash and cash equivalents			
	Cash on hand	1,311,852	2,424,671	100,000
	Balances with banks			
	On current accounts	6,660,837	2,957,910	373,528
	In deposit account (with maturity upto three months)			
		<u>7,972,689</u>	<u>5,382,581</u>	<u>473,528</u>
6	Loans and advances	March 31, 2017	Short-term March 31, 2016	Short-term April 1, 2015
	Advances recoverable in cash or kind			
	Unsecured, considered good			
	Advance to creditors	-	388,576	3,993,082
	Accrued Income	1,874,482	537,067	-
	Prepaid Expenses	-	7,537	-
		<u>1,874,482</u>	<u>933,180</u>	<u>3,993,082</u>
		<u>1,874,482</u>	<u>933,180</u>	<u>3,993,082</u>
7	Other loans and advances (Unsecured, considered good)	March 31, 2017	March 31, 2016	April 1, 2015
	Advance tax	-	1,966,340	3,279,825
	Balances with statutory authorities	13,944,408	8,699,219	3,705,213
	MAT Credit	1,636,648	1,466,648	1,341,938
		<u>15,581,056</u>	<u>12,132,207</u>	<u>8,326,976</u>
8	Share capital	March 31, 2017	March 31, 2016	April 1, 2015
	Authorised share capital			
	200000 (Previous year: 200000) equity shares of Rs.10 each	2000000	2000000	2000000
	Total authorised capital	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
	Issued share capital			
	200000 (Previous year: 200000) equity shares of Rs.10 each	2000000	2000000	2000000
	Total issued capital	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
	Subscribed and fully paid up capital			
	200000 (Previous year: 200000) equity shares of Rs.10 each	2000000	2000000	2000000
	Total paid up capital	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
	Forfeited equity shares	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
9	Other Equity	March 31, 2017	March 31, 2016	April 1, 2015
	Retained Earnings			
	Balance at the beginning of the year	(7,318,679)	(1,841,569)	(1,449,465)
	Add: Prior period adjustment	-	-	651,740
	Add: Profit/Loss for the year	(1,465,821)	(5,477,109)	4,186,834
	Adjustment due to change in useful life of assets			
	Balances as at the end of the year (A)	<u>(8,784,500)</u>	<u>(7,318,679)</u>	<u>3,389,109</u>
	Other Comprehensive Income			
	Other comprehensive income recognised directly in retained earnings			(5,230,678.56)
	Balances as at the end of the year (C)			<u>(5,230,678.56)</u>
	Balances as at the end of the year (A+B+C)	<u>(8,784,499.63)</u>	<u>(7,318,678.53)</u>	<u>(1,841,569.30)</u>
10	Deferred tax liability (net)	March 31, 2017	March 31, 2016	April 1, 2015
	Deferred tax liability(Net)	1,198,746	886,936	473,116
		<u>1,198,746</u>	<u>886,936</u>	<u>473,116</u>

11 Other liabilities

Deferred Activation revenue

March 31, 2017	March 31, 2016	April 1, 2015
Rs.	Rs.	Rs.
7,454,124	6,885,592	3,686,657
<b>7,454,124</b>	<b>6,885,592</b>	<b>3,686,657</b>

12 Trade payables

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

March 31, 2017	March 31, 2016	April 1, 2015
100,974,889	66,639,727	36,764,486
<b>100,974,889</b>	<b>66,639,727</b>	<b>36,764,486</b>

13 Other Current Liabilities

Advances from customers  
 Payable for statutory liabilities  
 Deferred Activation revenue

2,681,357	2,813,878	-
3,820,686	6,699,235	3,272,294
<b>4,837,437</b>	<b>3,372,447</b>	<b>1,544,021</b>
<b>11,338,480</b>	<b>12,885,560</b>	<b>4,816,225</b>

14 Provisions

Paychannel Expense Payable  
 Provision for Taxation M/c  
 Income Billed but not Due  
 Expense Payable  
 Audit Fees Payable

March 31, 2017	March 31, 2016	April 1, 2015
-	1,163,964	5,376,013
170,000	125,610	1,341,038
897,518	108,041	402,990
26,250	-	1,473,885
40,500	-	27,000
<b>1,134,298</b>	<b>1,397,615</b>	<b>8,620,926</b>

## SITI JIND DIGITAL MEDIA COMMUNICATION PVT LTD.,

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

15 Revenue from operations		
	March 31, 2017	March 31, 2016
Sale of services		
Subscription income	3,130,440	14,617,744
Advertisement income	-	3,807,792
Carriage income	4,207,558	9,078,624
Activation and Set top boxes pairing charges	14,600,522	15,868,932
Subscription Income-DAS	27,913,246	6,837,947
	<b>49,851,766</b>	<b>50,211,039</b>
16 Other income		
	March 31, 2017	March 31, 2016
Interest income on		
Bank deposits		
Others	35,325	-
Other non-operating income	276,919	3,272,438
	<b>312,244</b>	<b>3,272,438</b>
17 Finance costs		
	March 31, 2017	March 31, 2016
Interest/late fee on service tax/TDS	728,975	121,729
Bank charges	25,845	21,745
	<b>754,820</b>	<b>143,474</b>
18 Depreciation and amortisation expenses		
	March 31, 2017	March 31, 2016
Depreciation of tangible assets	7,194,447	3,804,325
Amortisation of intangible assets	-	-
	<b>7,194,447</b>	<b>3,804,325</b>
19 Other expenses		
	March 31, 2017	March 31, 2016
Rent	360,000	504,000
Digital Headend Feed Charges	1,539,781	1,452,414
Legal, professional and consultancy charges	120,513	56,333
Auditors' remuneration*	45,000	50,973
ROC Filing Fees	5,529	8,000
Sundry Balance w/off	122,778	-
Other operational cost	3,795,653	3,469,133
Management Service Charges	9,045,000	30,150,000
STB Repair Expenses	139,251	-
	<b>15,173,505</b>	<b>35,690,854</b>
*Auditors' remuneration		
as an auditor	45,000	40,000
Limited review fees		
for other services (certifications)		10,973
for reimbursement of expenses		
	<b>45,000</b>	<b>50,973</b>
20 Earnings per share		
	March 31, 2017	March 31, 2016
Profit attributable to equity shareholders	(1,465,821)	(5,477,109)
Number of weighted average equity shares		
Basic	200,000	200,000
Diluted	200,000	200,000
Nominal value of per equity share (₹)	10	10
Loss per share after tax (₹)		
Basic	(7.33)	(27.39)
Diluted	(7.33)	(27.39)

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

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SITI JIND DIGITAL MEDIA COMMUNICATION PVT LTD.,  
 Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017

13	Intangible assets	(Amount in Rs.)			
Gross block	Goodwill	Program/ film/ cable rights	Software	Total	
Balance as at April 1, 2015				-	
Additions				-	
<b>Balance as at March 31, 2016</b>	-	-	-	-	
Additions				-	
<b>Balance as at March 31, 2017</b>	-	-	-	-	
<b>Accumulated amortisation</b>					
Balance as at April 1, 2015				-	
Charge for the year				-	
<b>Balance as at March 31, 2016</b>	-	-	-	-	
Charge for the year				-	
<b>Balance as at March 31, 2017</b>	-	-	-	-	
<b>Net block</b>					
<b>Balance as at March 31, 2016</b>	-	-	-	-	
<b>Balance as at March 31, 2017</b>	-	-	-	-	

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Note 2 & 3

SITI JIND DIGITAL MEDIA COMMUNICATION PVT LTD.,

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

Tangible assets					(Amount in Rs.)
Gross block	Building	Plant and equipment	Set top boxes	CWIP	Total
Balance as at April 1, 2015	-	2,805,243	21,695,282	1,541,358	24,500,525
Additions	-	292,612	22,822,858		23,115,470
Disposal				1,279,170.00	-
<b>Balance as at March 31, 2016</b>	<b>-</b>	<b>3,097,855</b>	<b>44,518,140</b>	<b>262,188</b>	<b>47,615,995</b>
Additions			22,023,067	3,464,430	22,023,067
Disposal				162,306	-
<b>Balance as at March 31, 2017</b>	<b>-</b>	<b>3,097,855</b>	<b>66,541,207</b>	<b>3,564,312</b>	<b>69,639,062</b>
Accumulated depreciation					
Balance as at April 1, 2015		736,854	1,213,526	-	1,950,380
Charge for the year		454,533	3,349,792	-	3,804,325
Reversal on disposal of assets				-	-
<b>Balance as at March 31, 2016</b>	<b>-</b>	<b>1,191,387</b>	<b>4,563,318</b>	<b>-</b>	<b>5,754,705</b>
Charge for the year		473,585	6,720,862	-	7,194,447
Reversal on disposal of assets				-	-
<b>Balance as at March 31, 2017</b>	<b>-</b>	<b>1,664,972</b>	<b>11,284,180</b>	<b>-</b>	<b>12,949,152</b>
Net block					
<b>Balance as at March 31, 2016</b>	<b>-</b>	<b>1,906,468</b>	<b>39,954,822</b>	<b>262,188</b>	<b>41,861,290</b>
<b>Balance as at March 31, 2017</b>	<b>-</b>	<b>1,432,883</b>	<b>55,257,027</b>	<b>3,564,312</b>	<b>56,689,910</b>

Note:- I Capital work-in-progress include set top boxes, viewing cards (softwares) amounting to Rs. 3564312/- and (previous year Rs.262188) which are yet to be installed.

**SITI JIND DIGITAL MEDIA COMMUNICATION PVT LTD.**
**21 Notes to the financial statements**
**21.1 First-time adoption of Ind-AS**

The financial statements of Siti Jind Digital Media Communication Private Limited for the year ended 31 March 2017 have been prepared in accordance with Ind-AS. For the purpose of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard, with 1 April 2015 as the transition date and IGAAP as the previous GAAP.

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

**21.2 Reconciliations**

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

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

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

(Amounts in Rupees)

Particulars	Opening Balances as at 1 April 2015			Balance Sheet as at 31 March 2016		
	IGAAP	Effects of transition to Ind-AS	Ind AS	IGAAP	Effects of transition to Ind-AS	Ind AS
<b>ASSETS</b>						
<b>I. Non-current assets</b>						
(a) Property, plant and equipment	22,550,145	-	22,550,145	41,861,290	-	41,861,290
(b) Capital Work in Progress	1,541,358	-	1,541,358	262,188	-	262,188
(c) Investment	-	-	-	-	-	-
(d) Financial assets	-	-	-	-	-	-
(i) Other Financial assets	-	-	-	-	-	-
(e) Income tax assets	-	-	-	-	-	-
<b>Total Non-current assets</b>	<b>24,091,503</b>	<b>-</b>	<b>24,091,503</b>	<b>42,123,478</b>	<b>-</b>	<b>42,123,478</b>
<b>II. Current assets</b>						
(a) Inventories	-	-	-	-	-	-
(b) Financial assets						
(i) Trade receivables	16,983,922	651,740	17,635,662	22,805,305	-	22,805,305
(ii) Cash and cash equivalents	100,000	-	100,000	2,424,671	-	2,424,671
(iii) Other Bank Balances	373,528	-	373,528	2,957,910	-	2,957,910
(iv) Other financial assets	3,993,082	-	3,993,082	388,576	-	388,576
(c) Other current assets	8,326,066	-	8,326,066	12,676,811	-	12,676,811
<b>Total current assets</b>	<b>29,776,598</b>	<b>651,740</b>	<b>30,428,338</b>	<b>41,253,273</b>	<b>-</b>	<b>41,253,273</b>
<b>Total Assets</b>	<b>53,868,101</b>	<b>651,740</b>	<b>54,519,841</b>	<b>83,376,751</b>	<b>-</b>	<b>83,376,751</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
(a) Equity Share Capital	2,000,000	-	2,000,000	2,000,000	-	2,000,000
(b) Other Equity	2,737,369	(4,578,939)	(1,841,570)	2,939,360	(10,258,039)	(7,318,679)
<b>Total Equity</b>	<b>4,737,369</b>	<b>(4,578,939)</b>	<b>158,430</b>	<b>4,939,360</b>	<b>(10,258,039)</b>	<b>(5,318,679)</b>
<b>Liabilities</b>						
<b>I. Non-current liabilities</b>						
(a) Financial Liabilities						
(i) Borrowings	-	-	-	-	-	-
(b) Deferred Tax Liability	473,116	-	473,116	886,936	-	886,936
(c) Other non current liabilities	-	3,686,657	3,686,657	-	6,885,592	6,885,592
<b>Total non-current liabilities</b>	<b>473,116</b>	<b>3,686,657</b>	<b>4,159,773</b>	<b>886,936</b>	<b>6,885,592</b>	<b>7,772,528</b>
<b>II. Current Liabilities</b>						
(a) Financial Liabilities						
(i) Trade payables	36,764,486	-	36,764,486	66,639,727	-	66,639,727
(b) Other current liabilities	3,272,204	1,544,021	4,816,225	9,513,113	3,372,447	12,885,560
(c) Provisions	8,620,926	-	8,620,926	1,397,615	-	1,397,615
<b>Total current liabilities</b>	<b>48,657,616</b>	<b>1,544,021</b>	<b>50,201,637</b>	<b>77,550,455</b>	<b>3,372,447</b>	<b>80,922,902</b>
<b>Total equity and liabilities</b>	<b>53,868,101</b>	<b>651,740</b>	<b>54,519,841</b>	<b>83,376,751</b>	<b>0</b>	<b>83,376,751</b>

SITI JIND DIGITAL MEDIA COMMUNICATION PVT LTD.

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

(Amounts in Rupees)

Particulars	Note	Year ended 31 March 2016		
		IGAAP	Effects of transition to Ind-AS	Ind AS
<b>I. Income</b>				
(a) Revenue from operations		55,238,399	(5,027,360)	50,211,039
(b) Other Income		3,272,438	-	3,272,438
<b>Total Income</b>		<b>58,510,837</b>	<b>(5,027,360)</b>	<b>53,483,477</b>
<b>II. Expenses</b>				
(a) Carriage sharing, Paychannel & other related costs		18,908,114	-	18,908,114
(b) Financial costs	A	143,474	-	143,474
(c) Depreciation and amortization expense		3,804,325	-	3,804,325
(e) Other expenses		35,690,854	-	35,690,854
<b>Total Expenses</b>		<b>58,546,766</b>	<b>-</b>	<b>58,546,766</b>
<b>III. Loss before tax (I-II)</b>		<b>(35,929)</b>	<b>(5,027,360)</b>	<b>(5,063,289)</b>
<b>IV. Tax Expense</b>				
-Current tax		-	-	-
-Deferred tax		-	-	-
<b>V. Loss for the year</b>		<b>(35,929)</b>	<b>(5,027,360)</b>	<b>(5,063,289)</b>
<b>VI. Other Comprehensive income</b>				
(i) Items that will not be reclassified to profit or loss				
(a) Remeasurement of the defined benefit (liabilities) / assets	A	-	-	-
<b>VII. Total Comprehensive loss for the year</b>		<b>(35,929)</b>	<b>(5,027,360)</b>	<b>(5,063,289)</b>

Explanations for reconciliation of Statement of Profit and loss as previously reported under IGAAP to Ind AS

Deferred revenue:

Under the previous GAAP, upfront amount charged as activation was being taken to revenue. Under Ind AS, Company has deferred the activation income over the average customer relationship period and carried the deferred portion on the transition date under deferred revenue.

**SITI JIND DIGITAL MEDIA COMMUNICATION PVT. LTD.**  
**(Formerly known as Lemon IT Solutions Private Limited)**

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

**1.1 Company Overview**

a. Siti Jind Digital Media Communication Pvt. Ltd.(hereinafter referred to as the 'Company' or 'SJDMC') was incorporated in the state of Delhi, India. The Company is engaged in distribution of television channels through analogue and digital cable distribution network and allied services.

**b. Accounting Convention**

**Basis of preparation**

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

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

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

**1.2 Summary of Accounting Policies**

**a. Use of estimate**

The preparation of financial statements requires management to exercise judgment in applying the Company's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures including disclosure of contingent liabilities . Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the period in which the estimates are revised and in any future periods affected.

**b. Critical accounting estimates**

**(i) Contingencies and commitments**

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that have a low probability of crystallising or are very difficult to quantify reliably, are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements. There can be no assurance regarding the final outcome of the contingent liabilities.

**(ii) Useful lives and residual values**

The Company reviews the useful lives and residual values of property, plant and equipment, and intangible assets at each financial year end.

**(iii) Fair value measurement**

A number of company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

-Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

-Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly(i.e. prices) or indirectly (i.e. derived from prices).

-Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of a fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The company recognizes transfers between levels of the fair value hierarchy at the end of reporting year during which the change has occurred.

**d. Property, Plant and Equipment**

**Recognition and initial measurement**

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

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

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

#### e. Subsequent measurement (depreciation and useful lives)

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

Type of assets	Useful Life (Years)
Plant & Machinery	8.00
Set Top Boxes	8.00

#### De-recognition

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

#### Impairment of non-financial Assets

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

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

#### f. Taxation on Income

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

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

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

#### g. Revenue recognition

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

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

#### Revenue from rendering of Services

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

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

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

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

#### **Borrowing Costs**

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

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

### **Investments and Other Financial Assets**

#### **Financial assets**

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

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

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

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

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

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

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

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

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

### **h. Impairment of Assets**

The carrying amounts of assets are reviewed at each balance sheet date. Impairment of Assets is recognised when there is an indication of Impairment and on such indication the recoverable amount of the assets is estimated and if such estimation is less than its carrying amount, the carrying amount is reduced to its recoverable amount.

### **i. Earning Per Share:**

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

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

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

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

Contingent liability is disclosed for:

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

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

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

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

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

#### Significant Management Judgements

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

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

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

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

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

#### k. Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the company from April 1, 2017.

##### Amendment to Ind AS 7:

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

##### Amendment to Ind AS 102

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement. The company is evaluating the requirements of the amendment and the impact on the financial statements is being evaluated.

## 1.2 ADDITIONAL NOTES TO THE FINANCIAL STATEMENTS

### a. Earning per share:

	31.03.2017	31.03.2016
a) Profit/(Loss) after Tax	(1,465,821)	(5,477,109)

b) Weighted average No. of Ordinary Shares		
Basic	200,000	200,000
Diluted	200,000	200,000
c) Nominal Value of Ordinary Share	10	10
d) Earning per Ordinary share considering:		
Basic	(7.33)	(27.39)
Diluted	(7.33)	(27.39)

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

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
Audit fees Rs.	45,000	40,000
Tax Audit Fees		
Other Matter	12,023	10,973
(Amount are exclusive of Service Tax)		

**c. Additional information**

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

VAT department	4,231,394	-
Director Remuneration	-	-
Earning in Foreign Currency	-	-
Remittances in Foreign Currency	-	-
Expenditure in Foreign Currency	-	-
CIF Value of Import	-	-

**d. Commitments**

Future commitments towards capital contributions - NIL

**e. Segment Reporting**

The Company operates in single business segment of cable distribution in India only. Hence there are no separate reportable business or geographical segments as per Indian Accounting Standard (Ind AS-108) on Segment Reporting.

**f. Related Parties Disclosure:**

**List of Parties where control exists**

**i Holding Company**

Siti Networks Limited (Siti Cable Network Limited)

**ii Fellow Subsidiary Companies**

Siticable Broadband South Ltd.	SITI GLOBAL PVT. LTD.
Wire & Wireless Tisai Satellite Ltd.	SITI BROADBAND SERVICES PRIVATE LIMITED
Indian Cable Net Company Ltd.	SITI PRIME UTTARANCHAL COMMUNICATION PRIVATE L
Central Bombay Cable Network Limited.	PANCHSHEEL DIGITAL COMMUNICATION NETWORK PRIV
Master Channel Community Network Pvt. Ltd.	SAI STAR DIGITAL MEDIA PRIVATE LIMITED
Siti Vision Digital Media Pvt. Ltd.	BARGACHH DIGITAL COMMUNICATION NETWORK PRIVA
Siti Jai Maa Durghe Communications Pvt. Ltd.	VARIETY ENTERTAINMENT PRIVATE LIMITED
Siti Bhatia Network Entertainment Private Limited	Siti Siri Digital Network Pvt. Ltd.
Siti Krishna Digital Media Private Limited	SITI MAURYA CABLE NET PRIVATE LIMITED (Subsidiary c
Siti Jony Digital Cable Network Private Limited	INDINET SERVICE PRIVATE LIMITED (100% Subsidiary c
Siti Guntur Digital Network Private Limited	SITI KARNAL DIGITAL MEDIA NETWORK PRIVATE LIMITE
Siti Faction Digital Private Limited	

**iii Key Managerial Personnel**

Mr. Ram Phool -Managing Director  
 Mr. Piyush Sama  
 Mr. Anil Kumar Jain  
 Mr. Rajeev Sharma  
 Mr. Anil Kumar Malhotra

**iv Other Related Parties**

M/s. Digital Advanced Transmission 9  
 M/s. Versatile Strategics Pvt. Ltd.

**Transactions with:**

<b>Holding Company- Siti Cable Network Ltd. (SCNL)</b>	<b>2017</b>	<b>2016</b>
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Payment on account of Content cost	28,139,715	-
Management Charges	9,045,000	30,150,000
Digital Headend feed charges	1,539,781	1,452,414
SMS Usage Charges	325,253	-
Purchase of STB	21,543,061	23,802,720
STB repair charges/operation expenses	139,251	12,327
Reimbursement of expenses	35,469	76,640
Advance recd	10565361	2044281

**Outstanding as on 31.3.2017**

SCNL- Current Account (Cr)	89,366,078	49,525,172
Mr. Ram Phool (Cr.)	-	-
M/s. Versatile Strategics Pvt. Ltd. Dr.	4,108,904	4,108,904

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

Particulars	SBN	Other denomination	Total
Closing cash in hand as on November 8,2016	2,520,000	1,011,498	3,531,498
(+) Permitted receipts	0	539,720	539,720
(-) Permitted payments	0	0	0
(-) Amount deposited in Banks	2,520,000	8500	2,528,500
Closing cash in hand as on December 30, 2016	0	1542718	1,542,715

**h. Reconciliation of Tax Expense**

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

	Rs. in million	
	March 31, 2017	April 01, 2016
<b>Income tax related to items recognised directly in the statement of profit and loss</b>		
Current tax - current year	-	-
Deferred tax charge / (benefit)	0.3	0.4
<b>Total</b>	<b>0.3</b>	<b>0.4</b>
Effective tax rate	-26.9%	-8.2%
<b>A reconciliation of the income tax expense applicable to the profit before income tax at statutory rate to the income tax expense at the Company's effective income tax rate for the year ended 31 March, 2017 and 31 March, 2016 is as follows:</b>		
Loss before tax	-1.2	-5.1
Effective tax rate	30.9%	30.9%
Tax at statutory income tax rate	0	0
Tax effect on non-deductible expenses		
Additional allowances for tax purposes		
Other difference	0.3	0.4
<b>Tax expense recognised in the statement of profit and loss</b>	<b>0.3</b>	<b>0.4</b>

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

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

#### a. Credit risk

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

#### Credit risk management

##### Credit risk rating

The Company assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

A: Low credit risk on financial reporting date

B: High credit risk

The Company provides for expected credit loss based on the following:

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

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Credit rating	Particulars	Rs. in million		
		March 31, 2017	March 31, 2016	April 01, 2015
A: Low credit risk	Investment, Cash and cash equivalents and other financial assets except security deposits and amount recoverable	25.43	18.45	12.79
B: High credit risk	Trade receivables, security deposits and amount recoverable	29.63	22.81	17.64

#### Concentration of trade receivables

The Company has widespread customers and there is no concentration of trade receivables.

#### Credit risk exposure

##### Provision for expected credit losses

The Company provides expected credit losses for following financial assets based on certain estimates.

#### As at March 31, 2017

Particular	Rs. in million		
	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Trade receivables	30.09	-0.45	29.63
Security deposits	-	-	-
Advances recoverable	-	-	-

#### as at March 31, 2016

Particular	Rs. in million		
	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Trade receivables	23.26	-0.45	22.81
Security deposits	-	-	-
Advances recoverable	0.39	-	0.39

#### as at April 01, 2015

Rs. in million

Particular	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Trade receivables	18.09	(0.45)	17.64
Security deposits	-	-	-
Advances recoverable	3.99	-	3.99
Reconciliation of loss allowance provision – Trade receivable, security deposit and accounts receivable			
<b>Loss allowance on April 01, 2015</b>			<b>(0.45)</b>
Changes in loss allowance			-
<b>Loss allowance on March 31, 2016</b>			<b>(0.45)</b>
Changes in loss allowance			-
<b>Loss allowance on March 31, 2017</b>			<b>(0.45)</b>

#### (i) Trade and other receivables

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

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

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

#### b. Liquidity risk

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

Particulars	2017		
	Amounts in Rs		
	Less than 1 year	1-5 year	Total
Borrowings	0	0	0
Trade payables	100,974,889	-	100,974,889

Particulars	2016		
	Amounts in Rs		
	Less than 1 year	1-5 year	Total
Borrowings	0	0	0
Trade payables	66,639,727	-	66,639,727

Particulars	2015		
	Amounts in Rs		
	Less than 1 year	1-5 year	Total
Borrowings	0	0	0
Trade payables	36,764,486	-	36,764,486

#### c. Market risk

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

#### d. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.



Cash and cash equivalents	-	0.47
<b>Total financial assets</b>	-	<b>22.10</b>
<b>Financial liabilities</b>		
Trade payables	-	36.76
<b>Total financial liabilities</b>	-	<b>36.76</b>

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

	March 31, 2017		March 31, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Amount recoverable	1.87	1.87	0.93	0.93
Trade receivables	29.63	29.63	22.81	22.81
Cash and cash equivalents	7.97	7.97	5.38	5.38
<b>Total financial assets</b>	<b>39.48</b>	<b>39.48</b>	<b>29.12</b>	<b>29.12</b>
<b>Financial liabilities</b>				
Trade payables	100.97	100.97	66.64	66.64
Other financial liabilities (current)	-	-	-	-
<b>Total financial liabilities</b>	<b>100.97</b>	<b>100.97</b>	<b>66.64</b>	<b>66.64</b>

Rs. in million

April 01, 2015

	Carrying amount	Fair value
<b>Financial assets</b>		
Amount recoverable	3.99	3.99
Trade receivables	17.64	17.64
Cash and cash equivalents	0.47	0.47
<b>Total financial assets</b>	<b>22.10</b>	<b>22.10</b>
Trade payables	36.76	36.76
<b>Total financial liabilities</b>	<b>36.76</b>	<b>36.76</b>

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

**Lokesh Gupta**  
**Partner**  
**M. No. 503853**

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