

Sumit Gupta & Co.

Chartered Accountants

23, IInd Floor, T-565,

Pragati Complex, Chamelian Road,

Near Idgah Circle, Delhi-110006

Ph. No.09953200212, 011-23510531

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Independent Auditor's Report on Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of Siti Prime Uttarakhand Communication Private Limited

1. We have audited the accompanying statement of financial results ('Statement') of Siti Prime Uttarakhand Communication Private Limited ('the Company') for the quarter ended 31 March 2018 and the consolidated year to date results for the period 1 April 2017 to 31 March 2018, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement has been prepared from the interim financial statements, which are the responsibility of the Company's management. Our responsibility is to express an opinion on this Statement based on our audit of such interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard (Ind AS) 34 - Interim Financial Reporting specified under Section 133 of the Companies Act, 2013, and SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016 and other accounting principles generally accepted in India.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion and to the best of our information and according to the explanations given to us, this Statement:
 - (i) has been presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016 in this regard; and
 - (ii) gives a true and fair view of the net profit/loss (including other comprehensive income) and other financial information in conformity with the accounting principles generally accepted in India for the quarter ended 31 March 2018 as well as the consolidated year to date results for the period 1 April 2017 to 31 March 2018.

For Sumit Gupta & Co

Chartered Accountants

FRN: 032622N

CA Sumit Gupta

Partner

Membership No.: 513086

Place: Delhi

Date: 16 May 2018

Sumit Gupta & Co.

Chartered Accountants

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Independent Auditor's Report

To the Members of SITI PRIME UTTARANCHAL COMMUNICATIONS PRIVATE LIMITED

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Siti Prime Uttaranchal Communications Private Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the 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 that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the 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 these 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 Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2018, and its profit/loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. 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 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. Further to our comments in Annexure 1, as required by Section 143(3) of the Act, we report that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

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-
- 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 standalone financial statements dealt with by this report are in agreement with the books of account;
- d) in our opinion, the aforesaid financial statements comply with IndAS specified under Section 133 of the Act;
- e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;
- f) we have also audited the internal financial controls over financial reporting (IFCofR) of the Company as on 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 16th May 2018 as per Annexure II expressed our unmodified opinion;
- g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company, as detailed to the financial statements, has disclosed the impact of pending litigations on its financial position;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

For Sumit Gupta & Co

Chartered Accountants

PRN: 022622N

CA Sumit Gupta

Partner

Membership No.: 513086

Place: Delhi

Date: 16-May-2018

Annexure I to the Independent Auditor's Report of even date to the members of Siti Prime Uttaranchal Communications Private Limited, on the financial statements for the year ended 31 March 2018

Annexure I

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets comprising of property, plant and equipment, capital work-in-progress and other intangible assets, except for Set Top Boxes capitalized/installed at customer premises.
- (b) According to the information and explanations given to us, the fixed assets (other than Set top boxes installed at customer premises and those in transit or lying with the distributors/ cable operators and distribution equipment comprising overhead and underground cables, physical verification of which is infeasible owing to the nature and location of these assets) have been physically verified by the management during the year in a phased periodical manner which, in our opinion, is reasonable, having regard to the size of the Company and nature of the assets. No material discrepancies were noticed on such verification.
- (c) The Company does not hold any immovable property (in the nature of 'fixed assets'). Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has complied with the provisions of Section 186 in respect of investments. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of loans, guarantees and security.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii)(a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, GST, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in

Annexure I to the Independent Auditor's Report of even date to the members of Siti Prime Uttaranchal Communications Private Limited, on the financial statements for the year ended 31 March 2018

respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable except following:

| S.No. | Particulars | Amount (Rs.) |
|-------|-------------|--------------|
| 1. | TDS Payable | 30,93,444/81 |

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

For Sumit Gupta & Co
Chartered Accountants
FRN.: 022622A

CA Sumit Gupta
Partner
Membership No.: 513086
Place: Delhi
Date: 16-May-2018

Annexure I to the Independent Auditor's Report of even date to the members of Siti Prime Uttarakhal Communications Private Limited, on the standalone financial statements for the year ended 31 March 2018

Annexure II

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Annexure 1 to the Independent Auditor's Report of even date to the members of Siti Prime Uttaranchal Communications Private Limited, on the standalone financial statements for the year ended 31 March 2018

Meaning of Internal Financial Controls over Financial Reporting

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

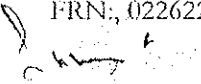
Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the respective company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Sumit Gupta & Co
Chartered Accountants
FRN: 022622N


CA Sumit Gupta
Partner
Membership No.: 513086
Place: Delhi
Date: 16-May-2018

Sumit Gupta & Co.

Chartered Accountants

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Attachment I

Mr. Rahul Gupta
Walker Chandok & Co LLP
L-41, Connaught Circus
New Delhi – 110 001
India

Acknowledgement Receipt of Audit Instructions and Independence Confirmation

In connection with your audit of the consolidated financial statements of SITI Networks Limited (Formerly SITI Cable Network Limited) ('the Company'), its subsidiaries and associates and jointly controlled entities (collectively referred to as "SITI Group") as of March 31, 2018 we confirm that we have received and reviewed the Audit Instructions as it relates to our work on **SITI PRIME UTTARANCHAL COMMUNICATION PRIVATE LIMITED**, subsidiary of the Company.

We further confirm that:

- 1) We will be able to comply with the nature and the timing of these instructions;
- 2) All members of our engagement team have confirmed that they are independent and have no financial interests in Siti Prime Uttaranchal Communication Private Limited and its related entities which are directly or indirectly controlled by Siti Prime Uttaranchal Communication Private Limited. Accordingly, we confirm our independence for the period covered by the consolidated financial statements as of and for the year ended March 31, 2018 on which we are reporting and through the date of this confirmation in accordance with the independence requirements of the International Ethics Standard Board for Accountants and the independence requirements as per the Code of Ethics issued by Institute of Chartered Accountants of India.
- 3) We are not aware of any past, existing or potential professional services or business relationships between our firm and Siti Prime Uttaranchal Communication Private Limited together with its related entities that would impair independence, including those arising from the provision of non-audit services.
- 4) We will notify you of any relationships which exist between the firm and its related entities and Siti Prime Uttaranchal Communication Private Limited and its related entities that may reasonably be thought to bear on our firm's independence and the objectivity of the audit engagement team.
- 5) We are aware that the consolidated financial statements of Siti Prime Uttaranchal Communication Private Limited as of and for the year ended March 31, 2018 that we will be

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be included in the consolidated financial statements of the Company on which you will report, and that our report thereon will be relied on by you.

For Sumit Gupta & Co
Chartered Accountants

FRN:-022622N

Date:- 16/05/2018

Place:-Delhi

CA Sumit Gupta
Partner

M.No:-513086

Sumit Gupta & Co.

Chartered Accountants

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Attachment IA

Understanding of the component auditor

In addition to the acknowledgment of the group review instructions as stated above, please provide us with some details on your audit firm.

Please describe:

Your firm in terms of its size, number of people employed and related network firms

| S.No. | Particulars | Strength |
|--------------|-------------------|-----------|
| 1. | Total Partners | 5 |
| 2. | Article | 2 |
| 3. | Retired Bankers | 2 |
| 4 | Company Secretary | 1 |
| 5 | Other Audit Staff | 6 |
| Total | | 16 |

The membership of your firm with a professional organization, and whether your profession is subject to regulatory oversight.

Registered with Institute of Chartered Accountants of India 022622N

Your firm's system of quality control to provide the firm with reasonable assurance that reports issued by your firm or its engagement partners are appropriate in the circumstances. For example, are partners subject to inspection on a cyclical basis and remedial actions taken?

- The firm is having a system of appointing teams for audit on rotational basis which is being supervised by Audit Manager and subsequently the entire working of team is analyzed by partner to maintain the quality of work.

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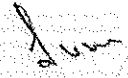
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Does your firm have internal training programs or use external training programs (such as, those provided by the professional bodies)?

- Yes we have internal training programme on fortnight basis as well attend external training programmes such as seminars/conferences organized by ICAI chapters and NIRC.

Partner in charge of the component engagement



Date: 16.05.2018

Partner in charge of the component engagement



CA Sumit Gupta
Delhi

Sumit Gupta & Co.

Chartered Accountants

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Attachment II

Report of factual findings in connection with agreed-upon procedures related to balances/transactions due to/from related parties

To,

Walker Chandiook & Co LLP

Chartered Accountants,

New Delhi

1. We have performed the procedures agreed with the management of **SITI PRIME UTTARANCHAL COMMUNICATION PRIVATE LIMITED** (the Company) and mentioned in paragraph 4 below, with respect to the Statement of Transactions with and Balances due to/from related parties (as that term is defined in Indian Accounting Standard 24, Related Party Disclosures) of the Company for the year ended March 31, 2018 (with Ind AS comparative) which are annexed to this report and signed by us for identification purposes.
2. Our engagement was undertaken in accordance with the Standard on Related Services (SRS) 4400, "Engagements to Perform Agreed-upon Procedures regarding Financial Information", issued by the Institute of Chartered Accountants of India. The sufficiency of these procedures is the sole responsibility of the management of the Company and we make no representation regarding the sufficiency of these procedures for you.
3. The procedures were performed solely to determine that the Statement of Transactions with and Balances due to/from related parties of the Company for the above mentioned period dealt with by this report are in agreement with the books of account of the Company.
4. We obtained the Statement of Transactions with and Balances due to/from related parties of the Company for the above mentioned period prepared by the management and compared the transactions/balances as per the Statement of Transactions with and Balances due to/from related parties to the related general ledger accounts.
5. Based on our aforementioned procedures, we have no exceptions to report.

Sumit Gupta & Co.

Chartered Accountants

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6. Our report is solely for the purpose set forth in paragraph 3 of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the accounts and items specified above and do not extend to any financial statements of the Company, taken as a whole.

For Sumit Gupta & Co
Chartered Accountants

FRN:-022622N

Date:- 16/05/2018

Place:- Delhi

CA Sumit Gupta
Partner

M.No:-513086

Attachment IV Summary of Audit Differences

Client: SITI PRIME UTTARANCHAL COMMUNICATION PRIVATE LIMITED
 Period: 2017-18

Objective: To accumulate identified unrecorded differences, other than differences below amounts considered inconsequential (trivial). This helps in evaluating whether unprocessed adjustments should be adjusted as differences.

PROPOSED ADJUSTING JOURNAL ENTRIES (PROPOSED BY THE AUDITORS, NOT RECORDED BY CLIENT)

| Sl # | Details of adjustments | Amounts in Rs. | | | | | | | | |
|---|------------------------|----------------|-------------|----------------------|---------|----------|-----------------------|-------------------|-----|-----|
| | | Assets | Liabilities | Shareholder's equity | Revenue | Expenses | Change in requirement | Impact on taxable | | |
| 1 | 1. Bank balance 1000 | 1000 | | | | | | | | |
| | 2. Cash balance 1000 | | 1000 | | | | | | | |
| 2 | 3. Debtors 1000 | 1000 | | | | | | | | |
| | 4. Creditors 1000 | | 1000 | | | | | | | |
| 3 | 5. Revenue 1000 | | | | 1000 | | | | | |
| | 6. Expenses 1000 | | | | | 1000 | | | | |
| 4 | 7. Total adjustments | 1000 | 1000 | | 1000 | 1000 | | | | |
| 5 | 8. Total adjustments | 1000 | 1000 | | 1000 | 1000 | | | | |
| Total adjustments | | | | | | | | | | |
| Enter amounts per statement of financial statements for the year ended March 31, 2018 | | | | | | | | | | |
| As a percentage | | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |

Signature:

We have reviewed the above summary of unadjusted differences and believe that financial statements are (materially mis-stated/ not materially mis-stated). We confirm that the above differences have been discussed and agreed with the local management.

Delhi

Client Name:SITI Networks Limited (Group)

Attachment V

MATERIALITY FOR THE AUDIT ENGAGEMENT

Please document here engagement materiality used by the audit team while performing audit of financial information.

M/S SITI PRIME UTTARANCHAL COMMUNICATION PRIVATE LIMITED

| Period | Planning Materiality (PM) | Tolerable Error (TE) | Listing scope |
|---------------------------|---------------------------|----------------------|---------------|
| Year ended March 31, 2018 | 0 | 0 | 0 |



Procedures report - Attachment VI – Audit Questionnaire

Audit procedures work program for year ending and as at March 31, 2018 financial statements

M/S SITI PRIME UTTARANCHAL COMMUNICATION PRIVATE LIMITED

| | | |
|-----|--|--|
| A. | DETAILED QUESTIONNAIRE | |
| | GENERAL | |
| 1. | Please confirm that no limitations were placed on the scope of your audit. | We do confirm the same |
| 2. | Has the audit been performed in accordance with Standards on Auditing covering the following areas: | Yes |
| | (a) planning, controlling and recording; | Yes |
| | (b) accounting systems; | |
| | (c) audit evidence; | |
| | (d) internal controls; and | |
| | (e) audit of financial statements? | |
| 3. | Have the fundamental accounting concepts of going concern, accruals, consistency and prudence been adhered to? If not, please provide details of the departures. | Yes |
| 4. | Did you obtain from company officials a letter of representation in respect of all significant matters where subjective management judgment was important? | Yes |
| 5. | In your opinion, are company's system of internal control: | Yes |
| | (a) adequate in the circumstances of the company; and | |
| | (b) effectively operated? | |
| 6. | Are there any weaknesses in the Company's systems that are so significant that in your opinion they should be brought to our attention? (A 'Yes' answer should be supported by a detailed memo listing out the weakness) | We have not come any such weakness |
| 7. | If the answer to the question outlined above is yes, have you been able to apply sufficient audit procedures to compensate for the above weaknesses? | NA |
| 8. | Did you carry out a review of events after the balance sheet date? Did this confirm that no amendments were required to the accounts and in particular that the going concern basis was appropriate? Please give the date up to which your review was carried out. | Yes |
| 9. | If the appropriateness of the going concern basis is dependent on support by other group companies, please give details. | In our opinion appropriateness is Going Concern is independent of any such support of other group companies. |
| 10. | Are the accounting policies adopted consistent with those of previous years? If not, indicate the nature of change and the impact thereof in financials, if not disclosed separately in financials. | There are consistent with those of previous year as reported in the Financial Statement. |
| 11. | Are you satisfied that all extraordinary/exceptional items have been disclosed in a manner so as to clearly reflect their impact on current year results? If not, indicate briefly the nature of such items. | Yes |

| | | |
|---------------------|---|--|
| 13. | Are you satisfied that there are no charges pending against the company for alleged violations of the constitution of the company or any regulations or laws which, if decided adversely, would have a material effect on the state of affairs or results for the year? | We are of the opinion that there are no such cases. |
| 14. | Have confirmations of the matters in 13 above been obtained from the company's legal advisers? | NA |
| 15. | In evaluating the fair presentation of the accounts, are you satisfied that the aggregate uncorrected misstatements identified during the audit is not material? | Yes |
| 16. | If the Company has entered into any unusual or exceptional transactions with its directors or the directors of any affiliated companies, or companies in which they have an interest, please give details of the same. | No such Case |
| 17. | Has there been any significant change in the nature of the business being carried on by the Company? If yes, please indicate briefly the nature of the change by way of a note. | No |
| 18. | Have you ensured that the financial statements for the year ended March 31, 2018 are appropriately recast as notified under the Companies (Accounting Standards) Rules, 2006 read with Rule 7 of the Companies (Accounts) Rules, 2014 in respect of Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015 notified by Ministry of Corporate Affairs on 16 February 2015 and other recognised accounting practices and policies. | Yes |
| FIXED ASSETS | | |
| 1. | Are you satisfied as to the existence of the assets? | Yes |
| 2. | Are you satisfied as to the ownership and title of the assets, including those not fully paid up? | Yes |
| 3. | Have the companies carried out a physical verification of Fixed assets during the year? If yes, have the discrepancies observed thereon, if material been adjusted in the books. | The company has system of physical verification of fixed assets on rotational basis. |
| 4. | Does the company have any leased assets or assets purchased under hire purchase agreements, and if so - a) Are you satisfied as to the criteria used to evaluate whether the lease is finance lease or an operating lease? b) Have leased assets been correctly accounted for as under either finance lease or operating lease? c) Have the assets acquired under finance leases and capitalized during the year been disclosed separately? | No NA NA NA |
| 5. | Have all fixed assets held for sale been disclosed separately? | NA |
| 6. | Have intangible assets under effective accounting and administrative control and can their valuation in the accounts be justified? | Yes |
| 7. | Is the basis for amortizing intangible assets appropriate? | Yes |
| 8. | Have you come across any instances whereby the title deeds in respect of assets purchased during the year have not been executed in the name of the company? If yes, please give details thereof. | No |
| 9. | Are any documents of title held by third parties other than bankers or mortgagees? If so, please give particulars and the reasons why such documents are so held? | No |
| 10. | Did the reporting entity record any impairment loss on long lived assets? If yes, has the same been disclose separately? | No |

| | | |
|-----|---|---------|
| 11. | Are you satisfied that either there are no indicators of impairment in the carrying value of fixed assets, or where indicators of impairment exist that an impairment review has been carried out, and that any resultant impairment has been correctly recorded? | Yes |
| 12. | Are you satisfied that the fixed assets are being depreciated over a reasonable estimate of their useful life? | Yes |
| 13. | Are you satisfied with the procedures & controls in place for ensuring existence of set top boxes? | Yes |
| 14. | Is there any capital work-in progress during the year? If yes, was there any movement from capital work-in progress to Fixed asset? | Yes; No |
| 15. | Is there any capitalization of borrowing cost? Further was there any capitalization of borrowing costs which was suspended during the extended periods in which active development was interrupted? | No |
| 16. | Are there project which the entity has with no corresponding active development activity, no interest is being capitalized on the same? | No |
| 17. | Was the certificate of completion for a certified expert obtained on completion of capitalization? | NA |
| 18. | Are in material in transit or any goods with third party ? | No |
| | INVESTMENTS | |
| 1. | Are you satisfied that the client has proper title to investments? If the investments of the company are held other than in the name of the company, please give details thereof. | Yes |
| 2. | Did you obtain confirmations from third parties for investments held by them on behalf of the entity? If not, indicate the aggregate carrying value of such investments. | NA |
| 3. | Are you satisfied that provisions for diminution in value of long term investments are adequate? If not, please give details. Further are you satisfied whether all current investments are valued at lower of the cost or net realizable value? | NA |
| 4. | Are any Investments pledged with third parties? If yes, indicate the nature of investments pledged and the reasons for the same by way of a note. | No |
| 5. | Are there any significant restrictions on the right of ownership, realisability of investments or remittance of income and proceeds of disposal? If yes, the details should be disclosed by way of a note. | No |

| INVENTORIES | | |
|---------------------------|--|--|
| 1. | Are you satisfied that the valuation of Inventory is consistent with the policies and methods as applied in the previous year? | NA |
| 2. | Ensure that only the costs incurred in bringing inventories to their present location and condition, e.g. those on designing a specific product been included in determining the cost of inventories. | NA |
| TRADE & OTHER RECEIVABLES | | |
| 1. | Have you obtained independent evidence of the amount of Trade Receivables, and other receivables where appropriate, by direct confirmation with the parties concerned? If yes, were confirmation results satisfactory or alternative procedures adopted with satisfactory results? If confirmations were not received, indicate briefly the nature of alternative procedures adopted. | We have sought independent confirmations from the parties but did not receive them therefore we have scrutinized the ledger with supporting documents. |
| 2. | Have you prepared reconciliation of Bill register and general ledger? | Yes |
| 3. | Did your procedures cover the following: <ul style="list-style-type: none"> ➤ Reasons for significant variations in receivable account balances. ➤ The client's procedures for determining the allowance for uncollectable accounts, that such a determination was made, whether the allowance is considered by the client to be adequate and whether the procedures were the same as in the prior period. ➤ Reasons for significant variations in the allowance for uncollectable accounts. ➤ Inquire about the client's procedures utilized to ensure a proper cutoff of recording sales transactions. | Yes |

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PREPAID & OTHER CURRENT ASSETS

| | | |
|----|---|-----|
| 1. | Are you satisfied that the Prepaid & Other Current Assets are appearing in books at a value which is not less than the minimum value which the company can reasonably expect to recover in the normal course of business? | Yes |
| 2. | In your opinion has adequate provision been booked against loans and advances recoverable, wherever required? | Yes |
| 3. | In case the company has granted loans and advances to affiliated parties during the year, are you satisfied that the rate of interest and terms of such loans are not prejudicial to the interest of the company? | NA |
| 4. | In respect of loans given by the company to affiliated parties, are the recoveries of interest and principal amounts being made as stipulated? If not, the extent of delay and the steps taken by the company for recovery of the same should be briefly indicated. | NA |

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| CASH AND BANK BALANCES | | |
|-------------------------------|---|-----|
| 1. | Did you obtain confirmation of all bank balances direct from the bank? | Yes |
| 2. | Please confirm that the bank confirmations did not contain any other information that should be brought to our attention (f.g. facility guaranteed by the parent company) | Yes |
| 3. | If there are balances that are restricted as to use or repayment, has appropriate classification and disclosure of the restricted balance been made in the Balance Sheet? If not, please provide details. | Yes |
| 4. | Verify all the bank reconciliation statements and inquire about the nature of reconciling items appearing in the statement. | Yes |
| 5. | Obtain the subsequent bank statements and verify the clearances of the outstanding items. Inquire the reasons for non-clearance of the items in the statement. | Yes |
| BORROWINGS | | |
| 1. | Have you verified the amount and terms of loans and borrowings by confirmation directly from the lenders? | NA |
| 2. | Have you verified by reference to the Articles of Association or other relevant instruments that any restrictions imposed on the client by lenders have been observed? | Yes |
| 3. | Have you ensured that the Company's borrowings are within the overall limits as laid down by Articles of Association or the shareholders, wherever applicable? | NA |
| 4. | If the Company has taken any loans, secured or unsecured, from affiliated parties, are you satisfied that the terms of such loan and the rate of interest are not prejudicial to the interests of the Company? | NA |
| 6. | Have disclosure been made in respect of each item of the following specified heads: a) The nature of security charges? b) Interest accrued and due under the appropriate sub-head? c) Loans which have been guaranteed by the director and/ or manager, together with aggregate amount of loans? | NA |
| 7. | If the Company has accepted public deposits, whether there has been any default as per the Companies Act and related rules. | NA |
| 8. | Have there been any defaults or noncompliance of the terms and covenants of new or existing loan agreements | NA |

| TRADE AND OTHER PAYABLES | | |
|---------------------------------|--|--|
| 1 | Did you test creditors' ledger balances with suppliers' statements? If not, give details of how you satisfied yourselves as to trade creditors. | We have sought independent confirmations from the parties but did not receive them therefore we have scrutinized the ledger with supporting documents. |
| 2. | Have all differences between suppliers' statements and the company's records been satisfactorily explained and correctly accounted for? | NA |
| 3. | Were satisfactory explanations received for debit balances? | Yes |
| 4. | Consider obtaining confirmations from the key suppliers/contractors. If sent, were confirmation results satisfactory or alternative procedures adopted with satisfactory results? If confirmations were not received, indicate briefly the nature of alternative procedures adopted. | We did not receive all the confirmation, therefore the party ledger was scrutinized with the supporting documents. |
| 5 | At the balance sheet date, had the company any: a) significant purchase commitments for quantities in excess of requirements or at prices in excess of market value at that date; b) agreement to repurchase items previously sold; or c) significant sales commitments at prices expected to result in a loss? | No |
| 6. | Are you satisfied that no significant liabilities have been omitted from the financial statements? | Yes |
| 7. | Are you satisfied that provisions and accruals are sufficient at the year end? If not, indicate the extent of such under accrual. | Yes |
| 8. | Is there adequate disclosure in the accounts of the nature and amount of unusual and/or substantial provisions? | Yes |
| LOANS AND ADVANCES | | |
| 1 | Did you obtain an age-wise analysis of loans and advances and carry out an examination of the relevant records to obtain assurance about the validity, accuracy and recoverability of the outstanding balances? | NA |
| 2 | Are you satisfied that no provision is required to be created in respect of any of the advances? In case provisions have been made, are you satisfied with the assumptions adopted and methodology applied by the management? | NA |
| 3 | Consider obtaining confirmations from the parties to whom significant amounts were advanced. If sent, were confirmation results satisfactory or alternative procedures adopted with satisfactory results? If confirmations were not received, indicate briefly the nature of alternative procedures adopted. | NA |

| TAXATION | | |
|---|---|-----|
| 1. | Do you agree with the company's assessment of the amount of tax payable on the profit for the year? If not, indicate the nature of differences and impact thereof on the amount of tax provision. | Yes |
| 2. | Has the company accounted for all current and deferred taxation liabilities arising from the accounts now under review? | Yes |
| 3. | Have you ensured that the deferred tax assets /liabilities have been accounted for based on the enacted tax laws & rates as at the Balance Sheet date? | Yes |
| 4. | In case the company has recognized a deferred tax asset in respect of carry forward tax losses or unabsorbed depreciation, are you satisfied as to the assumptions of virtual certainty as demonstrated by the Company on the basis of which the company expects to generate sufficient taxable income in future years? | Yes |
| 5. | Have you reconsidered the appropriateness of carry forward of deferred tax assets in the light of developments during the year under review? Does the current year tax expense include any charge on this account? | Yes |
| 6. | In case of any demands made by the revenue authorities, which are being disputed by the company, have you ensured that adequate disclosure has been made respect thereof in the financials? If not, please provide details. | Yes |
| 7. | Has the deferred tax computation been done in accordance to Ind AS 12 incorporating temporary difference between the carrying amount of an asset or liability in the statement of financial position and tax base? | Yes |
| 8. | Is the recognition of deferred tax asset and liabilities done as per Ind AS 12 recognizing the temporary difference between accounting and tax base of asset and liabilities except to the extent arising on initial recognition of asset or liability? | Yes |
| 9. | Is the computation of provision for income tax done in compliance with ICDS regulation ? | Yes |
| CAPITAL, RESERVES AND STATUTORY MATTERS | | |
| 1. | Have you satisfied yourself that all changes in the authorized and issued capital have been properly approved? | Yes |
| 2. | Are you satisfied that the accounting treatment in respect of shares issued or redeemed is correct? | Yes |
| 3. | Are there any factors, which could prevent or limit the distribution or remittance of profits and reserves to the holding company? If yes, indicate the factors by way of a brief note. | No |
| 4. | Have you examined the minutes of the board and important committees for the year under review and up to the date on which you completed your review of events after the balance sheet date ? | Yes |
| 5. | Have relevant matters included in the minutes been correctly reflected in the accounts? | Yes |
| 6. | In case of certain reserves which are required to be disclosed separately in compliance of certain statutes, ensure the presentation and disclosure of reserves. | Yes |

| STATEMENT OF PROFIT AND LOSS | | |
|------------------------------|--|--------|
| REVENUE | | |
| 1. | Have you ensured that revenue from sale of advertising time is recognised on accrual basis when advertisements are telecasted in accordance with contractual terms? | Yes |
| 2. | Have you ensured that subscription revenue is recognised on accrual basis in accordance with the terms of the contract? Also DAS subscription revenue is recognized as per Ind AS 18 on revenue recognition? | Yes |
| 3. | Have you ensured the completeness of carriage revenue recognised during the year? Have you vouched sample carriage deals in this reference? | Yes |
| 4. | Have you ensured the completeness of subscription revenue recognised under analogue and DAS regimes? | Yes |
| 5. | Have you ensured the completeness and cutoff of the revenue generated under DAS/carriage/activation? | Yes |
| 6. | Have you reconciled the activation revenue recognised during the year with the set-top boxes activated during the year? | Yes |
| 7. | Have you reconciled the revenue recognised/billed during the year with the service tax/VAT returns/records/entertainment tax/GST? | Yes/No |
| 8. | Is DAS revenues recognized at the rates agreed with the customer while executing subscriber acquisition form, if not, what evidence is available to justify the different rate of invoicing and recognizing revenue. | Yes |
| 9. | Is the reconciliation of DAS revenue done with entertainment taxes for all the applicable regions? | Yes |
| 10. | Reconciliation of active customers with active modem? | Yes |
| 11. | The subscriber application forms were also obtained to check if the billing has been done correctly & that is the customer actually exists or not? | Yes |

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| | | |
|----|--|---|
| 1. | Where material unresolved litigation or claims have been identified or where you believe they may exist, did you confirm directly with the company's solicitors? | We relied upon the information provided by the management. |
| 2. | Based on your review of the events occurring after the Balance Sheet date, have you come across any event which would confirm the existence/non existence of Contingent Liabilities as at the Balance Sheet date? If yes, has the same been appropriately disclosed? | All contingent Liability have been Extrapolated Post the Balance Sheet date upon the date of signing of Financial Statement and accordingly reported. |
| 3. | Please give details of any collaterals/guarantees (if not already disclosed in the financials); <ul style="list-style-type: none"> • Provided by the company in respect of other companies, indicating the reasons thereof. • Provided by other companies in respect of the company. | No such case No such case |
| 4. | Whether any events or conditions exist that may cast significant doubt on the entity's ability to continue as a going concern? | No |
| 5. | Determine whether it is appropriate to send a letter of inquiry to an attorney. | No |

| DIRECT COST, ADMINISTRATION AND OTHER COSTS | |
|---|---|
| <p>1. Are you satisfied that the Company has made appropriate provisions for invoices not received as at 31 March 2018 in respect of the following costs:</p> <ul style="list-style-type: none"> • Rent • Content cost • Carriage sharing expense • Distribution expense • LCO Sharing expenses • Business promotion • Legal and professional • Repairs and maintenance • Distribution, advertising and business promotion • Travel, conveyance and accommodation <p>Are you satisfied that the Company has not charged any revenue expenditure to capital or vice-versa?</p> | <p>Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes</p> <p>Yes</p> |
| <p>2. Are you satisfied with completeness of expenses? If yes, what procedures have performed on the same to ensure completeness?</p> | <p>Yes; comparison with past trend has been made.</p> |
| <p>3. Have you performed search for unrecorded liabilities by checking expenses and payment post the reporting date i.e. 31 March 2018 ?</p> | <p>Yes</p> |

| PAYROLL | |
|--|------------|
| <ul style="list-style-type: none"> • Are you satisfied that the Company has made appropriate provision in respect of bonus for the year? | <p>Yes</p> |
| <ul style="list-style-type: none"> • Are you satisfied that the Company has made appropriate provision in respect of retirement benefits for the year? | <p>Yes</p> |
| <ul style="list-style-type: none"> • Are you satisfied that the charge in respect of Employees stock options granted is in accordance with the guidance note issued in respect thereof by the Institute of Chartered Accountants of India and/or the guidelines issued by the Securities Exchange Board of India (SEBI), as applicable. | <p>NA</p> |
| <ul style="list-style-type: none"> • Are you satisfied that the basis of the allocation of the payroll related costs to/from the Company to other group companies is appropriate and is representative of the level of activity and services rendered by the employees in respective business verticals? | <p>Yes</p> |
| FINANCE COST | |
| <ul style="list-style-type: none"> • Are you satisfied that the Company has made appropriate provision in respect of interest cost for the year? | <p>Yes</p> |
| LITIGATIONS & OTHER MATTERS | |

SITI PRIME UTTARANCHAL COMMUNICATION PRIVATE LIMITED (Formerly known as Capital Digital Multimedia Pvt. Ltd.)
Balance sheet as at March 31, 2018

| | Note | As at March 31, 2018 | As at March 31, 2017 |
|--|--------|-------------------------|-------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| a) Property, plant and equipment | 4 | 113.26 | 116.26 |
| b) Capital work-in-progress | | - | 0.10 |
| c) Other intangible assets | | - | - |
| d) Intangible assets under development | | - | - |
| Financial assets | | | |
| i) Trade receivables | | - | - |
| ii) Investments | | - | - |
| iii) Others | 5 | 2.72 | 1.27 |
| iv) Deferred Tax Assets | | 2.72 | 2.94 |
| f) Other non-current assets | 6 | 0.83 | 1.01 |
| | | 119.53 | 121.58 |
| Current assets | | | |
| a) Inventories | | - | - |
| Financial assets | | | |
| i) Trade receivables | 7 | 41.91 | 17.03 |
| ii) Cash and cash equivalents | 8 | 1.98 | 6.90 |
| iii) Investments | | - | - |
| iv) Others | | - | - |
| c) Other current assets | 9 | 0.34 | 3.74 |
| | | 44.23 | 27.66 |
| Total assets | | 163.76 | 149.24 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| a) Equity share capital | 10 (a) | 0.20 | 0.20 |
| b) Other equity | 10 (b) | 18.70 | 18.69 |
| | | 18.90 | 18.88 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| i) Borrowings | | - | - |
| ii) Other financial liabilities | | - | - |
| b) Provisions | | - | - |
| c) Other non-current liabilities | 11 | 8.80 | 5.75 |
| | | 8.80 | 5.75 |
| Current liabilities | | | |
| Financial liabilities | | | |
| i) Borrowings | | - | - |
| ii) Trade payables | 12 | 128.62 | 112.78 |
| iii) Other financial liabilities | | - | - |
| b) Provisions | | - | - |
| c) Other current liabilities | 13 | 7.45 | 11.82 |
| | | 136.06 | 124.60 |
| Total equity and liabilities | | 163.76 | 149.24 |

Summary of significant accounting policies 1-3

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

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

For Sumit Gupta & Co
 Firm Registration No.022622N
 Chartered Accountants

Sd/-
 CA Sumit Gupta
 Partner
 M.No-513086

For and on behalf of the Board of Directors of SITI PRIME UTTARANCHAL
 COMMUNICATION PRIVATE LIMITED

| | |
|-----------------------|--------------------------|
| Sd/- | Sd/- |
| MAHAVEER SINGH | PRADDEEP AGGARWAL |
| Director | Director |
| DIN-07986852 | DIN- 07244041 |

Place : Delhi
 Date : 16th May 2018

SITI PRIME UTTARANCHAL COMMUNICATION PRIVATE LIMITED (Formerly known as Capital Digital Multimedia Pvt. Ltd.)

Cash flow statement for the year ended March 31, 2018

| | in million | |
|---|----------------|----------------|
| | March 31, 2018 | March 31, 2017 |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax | 0.37 | (4.40) |
| Adjustment for: | | |
| Depreciation and amortisation of non-financial assets | 18.16 | 11.49 |
| Interest income on bank deposits | | |
| Excess provisions written back | | |
| Profit on sale of property, plant and equipment | | |
| Interest expense for borrowings at amortised cost | | |
| Amortisation of ancillary borrowing costs | | |
| Unrealised foreign exchange loss | | |
| Provision for doubtful debts | | |
| Provision for doubtful advances | | |
| Employee stock compensation expense | | |
| Measurement of investment (current, financial assets) at fair value through profit and loss | | |
| Effect of recognising other expense on security deposit as per effective interest method | | |
| Interest cost on discounting of financial instruments | | |
| Measurement of financial assets and financial liabilities at amortised cost | | |
| Measurement of optionally convertible debenture at fair value through profit and loss | | |
| Exceptional item | | |
| Operating profit before working capital changes | 18.52 | 7.10 |
| Adjustments for changes in: | | |
| Increase in trade receivables | (24.88) | 13.68 |
| (Increase)/decrease in other financial assets | (1.45) | - |
| (Increase)/decrease in other current and non-current assets | 3.57 | (5.05) |
| (Increase)/decrease in inventories | | |
| (Decrease)/increase in other financial liabilities | | |
| Increase in employee benefit obligations | | |
| Increase in other current and non-current liabilities | (1.32) | 4.19 |
| Increase/(decrease) in trade payables | 15.70 | 54.11 |
| Cash (used in)/generated from operations | 10.14 | 74.02 |
| Income taxes paid | | |
| Net cash flow (used in)/generated from operating activities | 10.14 | 74.02 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment and intangibles assets | (15.06) | (68.23) |
| Proceeds from sale of property, plant and equipment | | |
| Purchase of investment (non-current, financial assets) | | |
| Sale of investment (current, financial assets) | | |
| Interest received | | |
| Investments in bank deposits | | |
| Net cash used in investing activities | (15.06) | (68.23) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from issuance of equity share capital | | |
| Proceeds received against warrants issued | | |
| Proceeds received against optionally fully convertible debentures issued | | |
| Proceeds/(repayments) from borrowings (current, financial liabilities) (net) | | |
| Proceeds from borrowings (non-current, financial liabilities) | | |
| Repayment of borrowings (non-current, financial liabilities) | | |
| Interest and ancillary borrowing costs paid | | |
| Net cash flow generated from financing activities | - | - |
| Net decrease in cash and cash equivalents | (4.92) | 5.80 |
| Cash and cash equivalents at beginning of the period | 6.90 | 1.10 |
| Cash and cash equivalents at close of the year | 1.98 | 6.90 |

SITI Networks Limited (formerly SITI Cable Network Limited)
Cash flow statement for the year ended

Notes :

a. Cash and cash equivalents include :

| | | |
|---|-------------|-------------|
| Cash on hand | 0.56 | 0.11 |
| Balances with banks - current accounts | 1.41 | 6.79 |
| Cheques and drafts in hand | - | - |
| Deposits with maturity of upto three months | - | - |
| | <u>1.98</u> | <u>6.90</u> |

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

For Sumit Gupta & Co
Firm Registration No.022622N
Chartered Accountants

Sd/-
CA Sumit Gupta
Partner
M.No:-513086

For and on behalf of the Board of Directors of SITI PRIME
UTTARANCHAL COMMUNICATION PRIVATE LIMITED

Sd/- Sd/-
MAHAVEER SINGH PRADEEP AGGARWAL
Director Director
DIN-07986852 DIN- 07244041

Place : Delhi
Date : 16th May 2018

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SITI PRIME UTTARANCHAL COMMUNICATION PRIVATE LIMITED (Formerly known as Capital Digital Multimedia Pvt. Ltd.)
Statement of profit and loss for the year ended March 31, 2018

| | Note | March 31, 2018 | March 31, 2017 |
|--|------|----------------|----------------|
| in million | | | |
| Income | | | |
| Revenue from operations | 14 | 81.56 | 68.31 |
| Other income | | | |
| Total income | | 81.56 | 68.31 |
| Expenses | | | |
| Cost of materials consumed | | | |
| Purchase of traded goods | | | |
| Carriage sharing, pay channel and related costs | | 30.15 | 26.36 |
| Employee benefits expense | 15 | 1.92 | 3.01 |
| Finance costs | 16 | 0.07 | 0.12 |
| Depreciation and amortisation of non-financial assets | 17 | 18.16 | 11.49 |
| Other expenses | 18 | 30.90 | 31.73 |
| Total expenses | | 81.19 | 72.71 |
| Profit before exceptional item and tax | | 0.37 | (4.40) |
| Exceptional item | | | |
| Profit before tax | | 0.37 | (4.40) |
| Tax expense | | | |
| Current tax | | 0.14 | |
| Deferred Tax | | 0.22 | (4.55) |
| Profit for the year | | 0.01 | 0.15 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss in subsequent periods | | | |
| Remeasurement of defined benefit liability | | | |
| Total comprehensive income | | 0.01 | 0.15 |
| Earnings (loss) per share | | | |
| Basic (loss) per share | 19 | 0.38 | 7.69 |
| Diluted (loss) per share | 19 | 0.38 | 7.69 |

Summary of significant accounting policies 1-3

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

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

For Sumit Gupta & Co
 Firm Registration No.022622N
 Chartered Accountants

Sd/-
 CA Sumit Gupta
 Partner
 M.No:-513086

For and on behalf of the Board of Directors of SITI PRIME UTTARANCHAL
 COMMUNICATION PRIVATE LIMITED

Sd/- Sd/-
MAHAVEER SINGH PRADEEP AGGARWAL
 Director Director
 DIN-07986852 DIN- 07244041

Place : Delhi
 Date : 16th May 2018

Standalone statement of changes in equity for the year ended March 31, 2018

| A. Equity share capital | in million | |
|---|------------|--------|
| | Notes | Amount |
| Balance as at April 01, 2016 | | |
| Issued on conversion of warrants | 10 | |
| Issued on conversion of Optionally Fully Convertible Debentures (OFCDs) | 10 | |
| Balance as at March 31, 2017 | | |
| Issued on conversion of warrants | 10 | |
| Issued on conversion of OFCDs | 10 | |
| Issued on exercise of employee stock options | 10 | |
| Balance as at March 31, 2018 | | |

| B. Other equity | Reserves and surplus | | | | Other Components of Equity | | | Total other equity |
|---|----------------------------|-------------------|-----------------|---|---------------------------------|----------------------------|---|--------------------|
| | Securities premium reserve | Retained earnings | General reserve | Optionally fully convertible debentures | Money received against warrants | Other comprehensive Income | Foreign currency monetary items translation difference account (FCMTDA) | |
| Balance as at April 01, 2017 | 24.88 | (6.19) | | | | | | 18.69 |
| Loss for the year | | 0.01 | | | | | | 0.01 |
| Remeasurement of defined benefit liability | | | | | | | | |
| Total comprehensive income for the year | | 0.01 | | | | | | 0.01 |
| Security premium on conversion of warrants and OFCDs into equity shares | | | | | | | | |
| Security premium on issue of shares against employee stock options | | | | | | | | |
| Conversion of OFCDs into equity shares | | | | | | | | |
| Money received against warrants issued | | | | | | | | |
| Conversion of warrants into equity shares | | | | | | | | |
| FCMTDA created during the year | | | | | | | | |
| FCMTDA amortised during the year | | | | | | | | |
| Employee shares based reserve created | | | | | | | | |
| Reversed on share option exercised during the year | | | | | | | | |
| Balance as at March 31, 2018 | 24.87 | (6.18) | | | | | | 18.70 |

* * Transactions with owner in capacity as owners

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

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

For Sumit Gupta & Co
Firm Registration No 022622N
Chartered Accountants

Sd/-
CA Sumit Gupta
Partner
M No. 513086

For and on behalf of the Board of Directors of MHI PRIME FUTURE SERVICES
COMMUNICATION PRIVATE LIMITED

Sd/- MAHAVBER SINGH Director DIN-07966852
Sd/- PRADEEP AGGARWAL Director DIN-07244041

Place: Delhi
Date: 16th May 2018

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SITI PRIME UTARANCHAL COMMUNICATION PRIVATE LIMITED (Formerly known as
Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018

4 Property, plant and equipment

| | Buildings | Plant and equipment | Computers | Office equipment and fixtures | Furniture and fixtures | Air conditioners | Studio equipment | Vehicles | Leasehold improvements | Set top boxes | IRD boxes | Total |
|---|-----------|---------------------|-----------|-------------------------------|------------------------|------------------|------------------|----------|------------------------|---------------|-----------|--------|
| Gross carrying amount: | | | | | | | | | | | | |
| Balance as at April 01, 2016 | - | - | 0.16 | 5.34 | 0.03 | - | - | 0.07 | - | 57.36 | - | 62.96 |
| Additions | - | - | - | 1.99 | - | - | - | - | - | 66.13 | - | 68.13 |
| Disposals | - | - | - | - | - | - | - | - | - | - | - | - |
| Balance as at March 31, 2017 | - | - | 0.16 | 5.34 | 2.02 | - | - | 0.07 | - | 123.49 | - | 131.08 |
| Gross carrying amount | | | | | | | | | | | | |
| Balance as at March 31, 2017 | - | - | 0.16 | 5.34 | 2.02 | - | - | 0.07 | - | 123.49 | - | 131.08 |
| Additions | - | - | 0.16 | 5.34 | 0.10 | - | - | 0.07 | - | 13.06 | - | 15.16 |
| Disposals | - | - | - | - | - | - | - | - | - | - | - | - |
| Balance as at March 31, 2018 | - | - | 0.16 | 5.34 | 2.12 | - | - | 0.07 | - | 138.55 | - | 146.25 |
| Accumulated depreciation | | | | | | | | | | | | |
| Balance as at April 01, 2016 | - | - | 0.03 | 0.39 | 0.00 | - | - | 0.00 | - | 2.91 | - | 3.33 |
| Charge for the year | - | - | 0.05 | 0.66 | 0.12 | - | - | 0.01 | - | 10.66 | - | 11.49 |
| Disposals | - | - | - | - | - | - | - | - | - | - | - | - |
| Balance as at March 31, 2017 | - | - | 0.08 | 1.05 | 0.12 | - | - | 0.01 | - | 13.57 | - | 14.83 |
| Accumulated depreciation | | | | | | | | | | | | |
| Balance as at March 31, 2017 | - | - | 0.08 | 1.05 | 0.12 | - | - | 0.01 | - | 13.57 | - | 14.83 |
| Charge for the year | - | - | 0.05 | 0.81 | 0.39 | - | - | 0.01 | - | 14.20 | - | 15.46 |
| Disposals | - | - | 0.13 | 1.85 | 0.50 | - | - | 0.02 | - | 30.47 | - | 32.98 |
| Balance as at March 31, 2018 | - | - | 0.31 | 4.95 | 0.03 | - | - | 0.06 | - | 54.41 | - | 59.62 |
| Net carrying amount as at April 01, 2016 | | | | | | | | | | | | |
| Balance as at March 31, 2017 | - | - | 0.09 | 4.29 | 1.90 | - | - | 0.05 | - | 109.92 | - | 116.26 |
| Disposals | - | - | - | - | - | - | - | - | - | - | - | - |
| Balance as at March 31, 2018 | - | - | 0.03 | 3.49 | 1.62 | - | - | 0.05 | - | 108.08 | - | 113.26 |

(The above figures are in million)

SITI PRIME UTTARANCHAL COMMUNICATION PRIVATE LIMITED (Formerly known as Capital Digital Multimedia Pvt. Ltd.)
 Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018

| | <u>As at</u> <u>31-Mar-18</u> | <u>As at</u> <u>31-Mar-17</u> |
|--|----------------------------------|----------------------------------|
| 5 | | |
| Others (non-current, financial assets) | | |
| Unsecured, considered good unless otherwise stated | | |
| Security deposits (considered good) | 2.72 | 1.27 |
| Security deposits (considered doubtful) | | |
| Less: Provision on security deposits | | |
| | <u>2.72</u> | <u>1.27</u> |
| 6 | | |
| Others (non-current, non-financial assets) | | |
| Unsecured, considered good | | |
| Prepaid expenses | 0.83 | 1.01 |
| Capital advances | | |
| Other advances | | |
| | <u>0.83</u> | <u>1.01</u> |
| 7 | | |
| Trade receivables | | |
| Unsecured, considered good | | |
| Unsecured, considered doubtful | 41.91 | 17.93 |
| Less: Allowance for expected credit losses | | |
| | <u>41.91</u> | <u>17.93</u> |
| Classified as: | | |
| Non-current trade receivables | 41.91 | 17.93 |
| Current trade receivables | <u>41.91</u> | <u>17.93</u> |
| 8 | | |
| Cash and cash equivalents | | |
| Cash on hand | 0.56 | 0.11 |
| Balances with banks | | |
| on current accounts | 1.41 | 6.79 |
| Cheques and drafts on hand | 1.98 | 6.90 |
| Other balances with banks | | |
| Deposits with maturity of upto three months | <u>1.98</u> | <u>6.90</u> |
| 9 | | |
| Other current assets | | |
| Unsecured, considered good unless otherwise stated | | |
| Balances with Government authorities | 0.34 | 3.71 |
| Taxes paid | | |
| Prepaid expenses | | |
| Amounts recoverable (considered good) | | |
| Amounts recoverable (considered doubtful) | | |
| Less: Impairment allowance | | |
| | <u>0.34</u> | <u>3.71</u> |

SITI PRIME UTTARANCHAL COMMUNICATION PRIVATE LIMITED (Formerly known as Capital)
 Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018

| | in million | |
|---|--------------------|--------------------|
| | As at 31-Mar-18 | As at 31-Mar-17 |
| 10 (a) Equity share capital | | |
| Authorized share capital | | |
| 20,000 (Previous year: 20,000) equity shares of ₹ 10 each | 0.20 | 0.20 |
| Total authorized capital | 0.20 | 0.20 |
| Issued share capital | | |
| 20,000 (Previous year: 20,000) equity shares of ₹ 10 each | 0.20 | 0.20 |
| Total issued capital | 0.20 | 0.19 |
| Subscribed and fully paid up capital | | |
| 20,000 (Previous year: 20,000) equity shares of ₹ 10 each | 0.20 | 0.20 |
| Total paid up capital | 0.20 | 0.20 |
| | 0.20 | 0.20 |

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

| Equity shares | March 31, 2018 | | March 31, 2017 | |
|---|----------------|------------|----------------|------------|
| | No. of shares | in million | No. of shares | in million |
| Balance at the beginning of the year | 20,000 | 0.20 | 20,000 | 0.20 |
| Add: | | | | |
| Issued on conversion of warrants | | | | |
| Issued on conversion of Optionally Fully Convertible Debentures | | | | |
| Issued during the year | | | | |
| Issued on exercise of employee stock options | | | | |
| Balance at the end of the year | 20,000 | 0.20 | 20,000 | 0.20 |

(B) Details of shareholders holding more than 5% shares

| Equity shares | As at March 31, 2018 | | As at March 31, 2017 | |
|---------------|-------------------------|--------------|-------------------------|--------------|
| | No. of shares | % of holding | No. of shares | % of holding |
| | | | | |

SITI PRIME UTTARANCHAL COMMUNICATION PRIVATE LIMITED (Formerly known as Capital)
 Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018

| | As at | As at |
|--|------------------|------------------|
| | 31-Mar-18 | 31-Mar-17 |
| 18 (B) Other reserve | | |
| Securities premium reserve | 24.87 | 24.87 |
| Retained earnings | (6.19) | (6.19) |
| General reserve | | |
| Other comprehensive income | | |
| Foreign currency monetary non translation difference account (FCMNTDA) | | |
| Employee share based reserve | | |
| A Notes: | | |
| Particulars | 31-Mar-18 | 31-Mar-17 |
| 1 Securities premium reserve | | |
| Opening balance | 24.87 | 24.87 |
| Addition during the year | | |
| Closing balance | 24.87 | 24.87 |
| 2 Retained earnings | | |
| Opening balance | (6.19) | (6.19) |
| Addition during the year | 0.01 | 0.15 |
| Closing balance | (6.18) | (6.19) |

SITI PRIME UTARABANCHAL COMMUNICATION PRIVATE LIMITED (Formerly known as Capital Digital Multimedia Pvt.)
 Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018

| | As at 31-Mar-18 | As at 31-Mar-17 |
|--|--------------------|--------------------|
| 11 Other (non-current, non-financial liabilities) | | |
| Defered revenue | 8.89 | 5.73 |
| 12 Trade payables | | |
| - Total outstanding dues of micro enterprises and small enterprises; and | 128.62 | 112.78 |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | 128.62 | 112.78 |
| 13 Other (current, non-financial liabilities) | | |
| Defered revenue | 6.51 | 10.59 |
| Stamp duty payable | 0.93 | (0.77) |
| Advance from customers | 7.85 | 11.82 |

SITI PRIME UTTARANCHAL COMMUNICATION PRIVATE LIMITED (Formerly known as Capital Digital Multimedia Pvt. Ltd.)
 Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018

| | in million | in million |
|---|------------------|------------------|
| | 31-Mar-18 | 31-Mar-17 |
| 14 Revenue from operations | | |
| Sale of services | | |
| Subscription income | 51.59 | 25.96 |
| Advertisement income | | |
| Carriage income | 18.55 | 16.85 |
| Activation and Set top boxes pairing charges | 11.69 | 25.31 |
| Other operating revenue | | |
| Sale of traded goods* | | |
| Management charges and other networking license | | |
| Scrap sales | | |
| | 81.56 | 68.31 |
| * Details of sale of traded goods | | |
| Set top box (STB) and viewing cards (VC) | | |
| Stores and spares | | |
| | - | - |
| 15 Employee benefits expense | 31-Mar-18 | 31-Mar-17 |
| Salaries, allowances and bonus | 1.49 | 2.93 |
| Contributions to provident and other funds | | |
| Staff welfare expenses | 0.42 | 0.09 |
| | 1.92 | 3.01 |
| 16 Finance costs | 31-Mar-18 | 31-Mar-17 |
| Interest expense for borrowings at amortised cost | | |
| Interest cost on discounting of financial instruments | | |
| Bank charges | 0.07 | 0.12 |
| Amortisation of ancillary borrowing costs | | |
| | 0.07 | 0.12 |
| 17 Depreciation and amortisation of non-financial assets | 31-Mar-18 | 31-Mar-17 |
| Depreciation of property, plant and equipment | 18.16 | 11.49 |
| Amortisation of intangible assets | | |
| | 18.16 | 11.49 |
| 18 Other expenses | 31-Mar-18 | 31-Mar-17 |
| Rest | 1.78 | 1.95 |
| Rates and taxes | 0.10 | 0.03 |
| Communication expenses | 0.03 | 0.06 |
| Repairs and maintenance | | |
| - Network | 0.39 | |
| - Buildings | | |
| - Others | | |
| Electricity and water charges | 1.02 | 0.54 |
| Legal, professional and consultancy charges | 0.10 | 0.13 |
| Printing and stationery | 0.05 | 0.01 |
| Service charges | 2.54 | 3.59 |
| Other operational cost | 23.89 | 22.63 |
| Miscellaneous expenses | 0.98 | 1.65 |
| | 30.92 | 34.75 |

SITI PRIME UTTARANCHAL COMMUNICATION PRIVATE LIMITED (formerly known as Capital Digital Multimedia Pvt. Ltd.)
 Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018

| | | in million | |
|-----------|---|------------------|------------------|
| | | 31-Mar-18 | 31-Mar-17 |
| | * Auditors' remuneration as an auditor | 0.03 | |
| | for other services (certifications) for reimbursement of expenses | 0.03 | |
| 19 | Earnings (loss) per share | 31-Mar-18 | 31-Mar-17 |
| | Loss attributable to equity shareholders | 0.01 | 0.15 |
| | Weighted average number of equity shares outstanding during the year (nos.) | 20,000 | 20,000 |
| | Weighted average number of equity shares to be issued on conversion of mandatorily convertible instruments (i.e. Share and CFCD) (nos.) | | |
| | Weighted average number of equity shares outstanding during the year for calculating basic and diluted earnings per share (nos.) | 20,000 | 20,000 |
| | Effect of dilutive potential equity shares ~ Employee stock options (nos.) | | |
| | Nominal value of per equity share (₹) | 10 | 10 |
| | Loss per share (₹) | | |
| | Basic | 0.50 | 7.69 |
| | Diluted | 0.35 | 7.69 |

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

SITI PRIME UTTARANCHAL COMMUNICATION PRIVATE LIMITED (Formerly known as Capital Digital Multimedia Pvt. Ltd.)
CIN: U64200DL2014PTC269035

NOTES : SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDING 31st MARCH, 2018

1 CORPORATE INFORMATION:

SITI Prime Uttaranchal Communication Private Limited (Formerly known as Capital Digital Multimedia Private Limited) (hereinafter referred to as 'the Company') was incorporated in the state of Delhi on 18th July, 2014 and is a subsidiary of SITI Networks Limited (hereinafter referred to as the 'Parent Company'). The Company is in the business of providing cable TV services to the end consumers.

2 BASIS OF PREPARATION:

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as prescribed by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with relevant rules of the Companies (Accounts) Rules, 2014 read with companies (Indian Accounting Standard) Rules, 2015 and the provisions of the Act (to the extent notified).

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

3.1 USE OF ESTIMATES:

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

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

3.2 RECOGNITION OF REVENUE:

Revenue is recognized when it is probable that the economic benefits will flow to the Company and it can be reliably measured. Revenue is measured at the fair value of the consideration received/receivable net of rebates and taxes. The Company applies the revenue recognition criteria to each separately identifiable component of the sales transaction.

Income from Services

- Subscription revenue and other Services revenue are recognized on completion of services.
- Carriage fees are recognized on accrual basis over the terms of related agreements.
- Activation and set top box pairing charges are recognized 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 revenue collected at the time of activation relates to future service to be provided by the company, a part of

SITI PRIME UTTARANCHAL COMMUNICATION PRIVATE LIMITED (Formerly known as Capital Digital Multimedia Pvt. Ltd.)
CIN: U64200DL2014PTC269035

activation revenue is deferred and recognized over the associated service contract period or customer life. Out of activation income during the year, 65% income is recognized in the same year and rest 35% will be recognized in next 16 quarter equally.

3.3 RECOGNITION OF INCOME AND EXPENSE:

Items of income and expenditure are recognized on accrual basis.

3.4 Cash & Cash Equivalents

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

3.5 TRADE RECEIVABLES:

Trade Receivable are recognized initially at fair value and subsequently at amortised cost using the effective intent method, loss promise for impairment

3.6 PLANT, PROPERTY AND EQUIPMENT

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

Depreciation on property, plant and equipment is provided on the straight-line method, computed on the basis of useful lives.

| Assets | Life in Years |
|---|----------------------|
| Buildings | 60 |
| Plant & Equipment | 8 |
| Computers | 3 |
| Office Equipment | 5 |
| Furniture & Fixtures | 10 |
| Air Conditioners | 5 |
| Studio Equipment | 13 |
| Vehicles | 8 |
| Set Top Boxes | 8 |
| Integrated receiver and decoder (IRD) boxes | 10 |

Leasehold improvements over the lease term or estimated useful life, whichever is less.

Leasehold land is amortised over the effective period of lease.

Plant and equipment taken over under scheme of arrangement in the earlier years are depreciated over the management's estimate of remaining useful life, a period of 5 years.

The residual values, useful lives and method of depreciation of are reviewed at each financial year end and adjusted prospectively, if appropriate.

SITI PRIME UTTARANCHAL COMMUNICATION PRIVATE LIMITED (Formerly known as Capital Digital Multimedia Pvt. Ltd.)
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Assets costing less than Rs 5,000 each, are depreciated in full excluding residual value as per Schedule II, in year of purchase.

Intangible assets are amortised using straight line method over the estimated useful life.

No depreciation has been provided on tangible assets where the remaining carrying amount is equal to the 5% of the original cost.

3.7 INVESTMENTS:

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

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

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

3.8 INVENTORIES:

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

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

3.9 INCOME TAXES:

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

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

During the current year, the company has incurred Profit and hence tax liability has been recognized in P&L statement.

3.10 EVENTS OCCURRING AFTER BALANCE SHEET DATE:

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

3.11 PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES:

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

Contingent liability is disclosed for:

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

SITI PRIME UTTARANCHAL COMMUNICATION PRIVATE LIMITED (Formerly known as Capital Digital Multimedia Pvt. Ltd.)
CIN: U64200DL2014PTC269035

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

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

3.12 FOREIGN CURRENCY TRANSACTIONS:

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018.

3.13 REVENUE FROM CONTRACTS:

Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors;
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

SITI PRIME UTTARANCHAL COMMUNICATION PRIVATE LIMITED (Formerly known as Capital Digital Multimedia Pvt. Ltd.)
CIN: U64200DL2014PTC269035

Notes to the financial statement for the year ended March 31, 2018

- A. No dividend has been proposed by the Directors of the Company due to nominal loss of the company.
- B. Balances of sundry creditors and debtors are subject to confirmation from the respective parties.
- C. 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.
- D. **Auditors Remuneration:2017-18**

| <u>SL. NO.</u> | <u>PARTICULARS</u> | <u>F/Y 2017-18</u> | <u>F/Y 2016-17</u> |
|----------------|--------------------|--------------------|--------------------|
| 1. | AUDIT FEES | Rs. 35,000/- | Rs. 35,000/- |

E. **RELATED PARTY DISCLOSURES:-**

Names of related parties:

| | |
|---|-------------------|
| Siti Networks Limited (formerly Siti Cable Network Limited) | Holding Company |
| Wire And Wireless Tisai Satellite Limited, Mumbai | Fellow Subsidiary |
| Indian Cable Net Company Limited, Kolkata | Fellow Subsidiary |
| Central Bombay Cable Network Limited, Delhi | Fellow Subsidiary |
| Siti Faction Digital Private Limited, Delhi | Fellow Subsidiary |
| Master Channel Community Network Pvt. Ltd., Vijayawada | Fellow Subsidiary |
| Siti Vision Digital Media Private Limited, Delhi | Fellow Subsidiary |
| Siti Cable Broadband South Limited, Bangalore | Fellow Subsidiary |
| C&S Mediant Private Limited, Delhi | Fellow Subsidiary |
| SitiJind Digital Media Communications Private Limited, Delhi | Fellow Subsidiary |
| Siti Jai MaaDurge Communications Private Limited, Delhi | Fellow Subsidiary |
| Siti Bhatia Network Entertainment Private Limited, Chhattisgarh | Fellow Subsidiary |
| Siti Krishna Digital Media Private Limited | Fellow Subsidiary |
| SitiJony Digital Cable Network Private Limited | Fellow Subsidiary |
| Siti Guntur Digital Network Private Limited | Fellow Subsidiary |
| Siti Global Private Limited | Fellow Subsidiary |
| SitiChhattisgarh Media Network Private Limited | Fellow Subsidiary |
| SitiKarnal Digital Media Private Limited | Fellow Subsidiary |

SITI PRIME UTTARANCHAL COMMUNICATION PRIVATE LIMITED (Formerly known as Capital Digital Multimedia Pvt. Ltd.)
CIN: U64200DL2014PTC269035

| | |
|--|-------------------|
| Siti Broadband Services Private Limited | Fellow Subsidiary |
| SitiMaurya Cable Net Private Limited | Fellow Subsidiary |
| Indinet Service Private Limited | Fellow Subsidiary |
| Axom Communications & Cable Private Limited | Fellow Subsidiary |
| Siti Siri Digital Network Pvt. Ltd. | Fellow Subsidiary |
| Siti Godaari Digital Services Private Limited (formerly known as Bargachh Digital Communication Network Private Limited) | Fellow Subsidiary |
| SitiSaistar Digital Media Pvt. Ltd. (formerly known as SaistarDigitalmedia Private Limited) | Fellow Subsidiary |
| Variety Entertainment Private Limited | Fellow Subsidiary |
| Voice Snap Services Private Limited | Fellow Associate |

Other Related Parties:

| | | |
|----------------------|---|----------|
| Mr. Mahaveer Singh | - | Director |
| Mr. Parish Aggarwal | - | Director |
| Mr. Sanjay Arya | - | Director |
| Mr. Pradeep Aggarwal | - | Director |

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

- Sale/ purchase of goods and services

| | Year ended | Amount Received | Amount Paid | Amount owed by related parties | Amount owed to related parties |
|---|----------------|-----------------|----------------|--------------------------------|--------------------------------|
| Holding Company | | | | | |
| Siti Network Limited (Formerly known as Siti Cable Network Private Limited) | March 31, 2018 | 2,50,16,216.50 | 2,79,91,832.00 | | 8,70,89,517.51/- |
| | March 31, 2017 | 9,99,45,331.40 | 4,33,67,092.74 | | 8,41,13,902.01/- |
| Variety Entertainment Private Limited | March 31, 2018 | | 1,25,00,000 | | 1,25,00,000/- |
| | March 31, 2017 | - | - | - | - |

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

| Particulars | 31-March-2018 | 31-March-2017 |
|-------------------------|---------------|---------------|
| Profit/(Loss) after Tax | (19,814.06) | 1,53,798.43 |

SITI PRIME UTTARANCHAL COMMUNICATION PRIVATE LIMITED (Formerly known as Capital Digital Multimedia Pvt. Ltd.)
CIN: U64200DL2014PTC269035

| | | |
|--------------------------------|--------|--------|
| Number of Equity Shares | 20,000 | 20,000 |
| Nominal Value of Equity Shares | 10 | 10 |
| Basics Earnings per Share | (0.99) | 7.69 |

H. Other disclosures are made as under :

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

I TAX EXPENSE

| Tax Expense | | | RS in million |
|---|--|-----------------------|-----------------------|
| The major components of income tax for the year are as under: | | | |
| | | March 31, 2018 | April 01, 2017 |
| Income tax related to items recognised directly in the statement of profit and loss | | | |
| Current tax - current year | | 0.16 | - |
| Deferred tax charge / (benefit) | | 0.22 | -4.55 |
| Total | | 0.38 | -4.55 |
| Effective tax rate | | 105.39% | 103.50% |
| 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, 2018 and 31 March, 2017 is as follows: | | | |
| Profit(Loss) before tax | | 0.37 | -4.40 |
| Effective tax rate | | 30.9% | 30.9% |
| Tax at statutory income tax rate (due to unabsorbed losses) | | 0.16 | 0 |
| Tax effect on non-deductible expenses | | | |
| Additional allowances for tax purposes | | | |
| Effect of tax on group companies incurring losses | | | |
| Effect of tax rate difference of subsidiaries | | | |
| Other permanent difference | | 0.22 | -4.55 |
| Tax expense recognised in the statement of profit and loss | | 0.38 | -4.55 |

J FAIR VALUE MEASUREMENT

| Fair value measurements | | | | RS in million |
|---|--|--------------|-----------------------|-----------------------|
| A. Financial instruments by category | | | | |
| | | NOTES | March 31, 2018 | |
| | | | FVTPL | Amortised cost |
| Financial assets | | | | |
| Bank deposits | | | - | |
| Amount recoverable | | | - | 0.34 |

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| | | | | |
|--|--|--|--------------|-----------------------|
| Interest accrued and not due on fixed deposits | | | - | |
| Security deposits | | | - | |
| Unbilled revenues | | | - | |
| Trade receivables | | | - | 41.91 |
| Investments (Current, financial assets) | | | - | |
| Cash and cash equivalents | | | - | 1.98 |
| Total financial assets | | | - | 44.23 |
| Financial liabilities | | | | |
| Borrowings (Non-current, financial liabilities) | | | - | |
| Borrowings (Current, financial liabilities) | | | - | |
| Payables for purchase of property, plant and equipment | | | - | |
| Security deposits received from customer | | | - | |
| Trade payables | | | - | 128.62 |
| Other financial liabilities (current) | | | - | |
| Total financial liabilities | | | - | 128.62 |
| | | | | Rs in million |
| | | | | March 31, 2017 |
| | | | FVTPL | Amortised cost |
| Financial assets | | | | |
| Bank deposits | | | - | |
| Amount recoverable | | | - | 3.74 |
| Interest accrued and not due on fixed deposits | | | - | |
| Security deposits | | | - | |
| Unbilled revenues | | | - | |
| Trade receivables | | | - | 17.03 |
| Investment (Current, financial assets) | | | - | |
| Cash and cash equivalents | | | - | 6.90 |
| Other bank balances | | | - | |
| Total financial assets | | | - | 27.66 |
| Financial liabilities | | | | |
| Borrowings (non-current, financial liabilities) | | | - | |
| Borrowings (Current, financial liabilities) | | | - | |
| Payables for purchase of property, plant and equipment | | | - | |
| Security deposits | | | - | |
| Trade payables | | | - | 112.78 |
| Other financial liabilities (current) | | | - | |
| Total financial liabilities | | | - | 112.78 |

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| B. Fair value of financial assets and liabilities measured at amortised cost | March 31, 2018 | | March 31, 2017 | | RS in million |
|--|-----------------|---------------|-----------------|---------------|---------------|
| | Carrying amount | Fair value | Carrying amount | Fair value | |
| Financial assets | | | | | |
| Bank deposits | - | - | - | - | |
| Amount recoverable | 0.34 | 0.34 | 3.74 | 3.74 | |
| Interest accrued and not due on fixed deposits | - | - | - | - | |
| Security deposits | - | - | - | - | |
| Unbilled revenue | - | - | - | - | |
| Trade receivables | 41.91 | 41.91 | 17.03 | 17.03 | |
| Cash and cash equivalents | 1.98 | 1.98 | 6.90 | 6.90 | |
| Other bank balances | | | | | |
| Total financial assets | 44.23 | 44.23 | 27.66 | 27.66 | |
| Financial liabilities | | | | | |
| Borrowings (non-current, financial liabilities) | - | - | - | - | |
| Borrowings (current, financial liabilities) | - | - | - | - | |
| Payables for purchase of property, plant and equipment | - | - | - | - | |
| Security deposits | - | - | - | - | |
| Trade payables | 128.62 | 128.62 | 112.78 | 112.78 | |
| Other financial liabilities (current) | - | - | - | - | |
| Total financial liabilities | 128.62 | 128.62 | 112.78 | 112.78 | |

K CREDIT RISK

| | Credit rating | Particulars | March 31, 2018 | March 31, 2017 |
|----------------------|---------------------|--|------------------------|---|
| | A: Low credit risk | Investment, Cash and cash equivalents and other financial assets except security deposits and amount recoverable | 1.98 | 6.90 |
| | B: High credit risk | Trade receivables, security deposits and amount recoverable | 42.25 | 20.76 |
| As at March 31, 2018 | | | | RS in million |
| Particular | | Estimated gross carrying amount at default | Expected credit losses | Carrying amount net of impairment provision |
| Trade receivables | | 41.91 | - | 41.91 |

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| | | | | | | |
|---|--|--|--|---|-------------------------------|--|
| Security deposits | | | | | | |
| Advances recoverable | | | | 0.34 | - | 0.34 |
| As at March 31, 2017 | | | | | | Rs in million |
| Particular | | | | Estimated gross carrying amount at default | Expected credit losses | Carrying amount net of impairment provision |
| Trade receivables | | | | 17.03 | - | 17.03 |
| Security deposits | | | | - | - | - |
| Advances recoverable | | | | 3.74 | - | 3.74 |
| Loss allowance on March 31,2017 | | | | | | - |
| Changes in loss allowance | | | | | | - |
| Loss allowance on March 31, 2018 | | | | | | - |

L. LIQUIDITY RISK

| Particulars | 2018 Rs in million | | |
|----------------|-----------------------|----------|--------|
| | Less than 1 year | 1-5 year | Total |
| Borrowings | - | - | - |
| Trade payables | 128.62 | - | 128.62 |

| Particulars | 2018 Rs in million | | |
|----------------|-----------------------|----------|--------|
| | Less than 1 year | 1-5 year | Total |
| Borrowings | - | - | - |
| Trade payables | 112.78 | - | 112.78 |

For Sumit Gupta & Co.
Chartered Accountants
Firm Regn. No. 022622N

For SITI Prime Uttaranchal Communication
Private Limited

SD/-
CA Sumit Gupta
(Partner)
Membership No 513086

SD/-
MAHAVEER SINGH
DIN-07986852
(Director)

SD/-
PRADEEP AGGARWAL
07244041
(Director)

Place- Delhi
Date- 16th May, 2018