

# Subhash C. Gupta & Co.

CHARTERED ACCOUNTANTS

B-3/1, First Floor, Rajouri Garden, New Delhi-110027

Tel. : 45112473, 25458346

E-mail : scgupta@scgco.in

lokesh@scgco.in

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF SITI SIRI DIGITAL NETWORK PRIVATE LIMITED

#### Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **SITI SIRI DIGITAL NETWORK PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

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

#### Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made there under including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



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

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

#### **Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the company as at 31<sup>st</sup> March 2018, and its 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, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the **Annexure A** a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

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

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

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

(e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.



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

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

- i. The Company has disclosed the impact, if any, of pending litigations as at 31<sup>st</sup> March 2018 on its financial position in its standalone financial statements – Refer Note no. 1.3.c. of the notes to the financial statements;
- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For Subhash C. Gupta & Co.**

**Chartered Accountants**

**Firm's Registration No.: 004103N**

  
**Manoj Kumar**  
**(Partner)**

**Membership No.: 504435**

**Place : New Delhi**

**Date :14.05.2018**

## Annexure A to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Siti Siri Digital Network Pvt. Ltd. on the standalone financial statements for the year ended 31st March 2018

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets *except for Set Top Boxes capitalized/installed at customer premises.*
- (b) According to the information and explanations given to us the fixed assets (*other than Set Top Boxes installed at customer premises and those in transit or lying with the distributors/cable operators and distribution equipments 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 manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on the verification of these assets.
- (c) Since the company does not own any immovable properties the provisions of the said clause of the Order are not applicable.
- (ii) The company does not have inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the investments made.
- (v) To the best of our knowledge & according to the information and explanations given to us the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and belief, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products/ services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.



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

Name of Statute	Nature of Dues	Amount Involved Rs.	Period
Service Tax	Service Tax, Ed. Cess and SBC	961487	Upto June, 2017

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

Name of Statute	Nature of Dues	Amount Involved Rs.	Forum/period where the dispute is pending
Andhra Pradesh VAT Department	VAT	46919520	Appeal pending in Tribunal VAT Department, Visakhapatnam.
Andhra Pradesh VAT Department	VAT	11729880	Appeal pending in Tribunal VAT Department, Visakhapatnam.
Andhra Pradesh VAT Department	VAT	9245835	Appeal pending in VAT Department, Andhra Pradesh/Telangana.

- (viii) The Company has not defaulted in repayment of dues payable to a financial institution or a bank or debenture-holders during the year.
- (ix) The company has not raised any funds during the year from initial public offer or further public offer or by way of term loan. Accordingly, the provisions of said clause of the Order are not applicable.
- (x) Based upon the audit procedures performed for the purpose of reporting true and fair view of the financial statement and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.



- (xi) No managerial remuneration has been paid or provided by the company during the year accordingly the provisions of clause 3(xi) of the order are not applicable.
- (xii) Since the company is not a Nidhi company the provisions of clause 3(xii) of the order are not applicable.
- (xiii) As per the information and explanation provided to us, all the transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) The company has not made preferential allotment/private placement of share or convertible debentures during the year. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable.
- (xv) According to the information and explanation provided to us the company has not entered into any non-cash transactions with directors or persons connected with him during the year accordingly the provisions of clause 3(xv) of the order are not applicable.
- (xvi) In our opinion and according to the information and explanation provided to us the company is not required to be registered u/s 45-1A of the Reserve Bank of India Act, 1934.

**For Subhash C. Gupta & Co.**

**Chartered Accountants**

**Firm's Registration No.: 004103N**

  
**Manoj Kumar**  
**(Partner)**

**Membership No.: 504435**

**Place : New Delhi**

**Date : 14.05.2018**

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

Referred to in paragraph 10 (f) of the Independent Auditors' Report of even date to the members of Siti Siri Digital Network Pvt. Ltd. on the standalone financial statements for the year ended 31st March 2018.

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

1. We have audited the internal financial controls over financial reporting of Siti Siri Digital Network Pvt. Ltd. ("the Company") as of 31<sup>st</sup> March, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

### **Auditors' Responsibility**

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



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

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

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

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

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

#### **Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2018, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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

  
**Manoj Kumar**  
**(Partner)**

**Membership No.: 504435**

**Place : New Delhi**  
**Date : 14.05.2018**



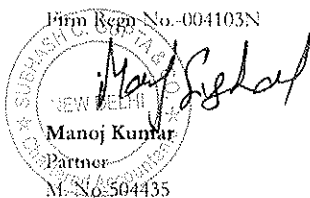
**SITI SIRI DIGITAL NETWORK PVT LTD.,**  
Balance sheet as at March 31, 2018

	Notes	March 31, 2018 Rs.	March 31, 2017 Rs.
<b>A. Assets</b>			
<b>1. Non-current assets</b>			
<b>Fixed assets</b>			
(a) Property, plant and equipment	2	1,11,94,48,789	1,06,06,72,847
(b) Capital work-in-progress		2,85,86,129	3,18,18,620
(c) Financial assets			
(i) Loans & Advances	3	7,27,840	5,18,500
<b>Sub-total of Non-current assets</b>		<b>1,14,87,62,758</b>	<b>1,09,30,09,967</b>
<b>2. Current assets</b>			
(a) Financial assets			
(i) Trade receivables	4	11,56,73,737	14,55,74,780
(ii) Cash and bank balances	5	5,31,91,585	2,22,88,783
(iii) Others Financial Assets	6	3,76,09,050	1,59,82,806
(b) Other current assets	7	15,90,85,540	9,98,63,498
<b>Sub-total of Current assets</b>		<b>36,55,59,912</b>	<b>28,37,09,868</b>
<b>Total assets</b>		<b>1,51,43,22,669</b>	<b>1,37,67,19,835</b>
<b>B. Equity and liabilities</b>			
<b>Equity</b>			
(a) Equity share capital	8	1,00,000	1,00,000
(b) Other equity	9	(6,29,85,775)	(6,79,62,378)
<b>Sub-total - Equity</b>		<b>(6,28,85,775)</b>	<b>(6,78,62,378)</b>
<b>Liabilities</b>			
<b>1. Non-current liabilities</b>			
(a) Financial liabilities			
(i) Long-term borrowings	10	74,77,68,212	75,58,86,208
(b) Provisions	11	3,14,818	2,18,062
(c) Deferred tax liability (net)	12	2,46,41,200	2,46,70,225
(d) Other non-current liabilities	13	3,01,61,817	6,77,07,266
<b>Sub-total - Non-current liabilities</b>		<b>80,28,86,047</b>	<b>84,84,81,760</b>
<b>2. Current liabilities</b>			
(a) Financial liabilities			
(i) Trade payables	14	70,51,37,565	51,99,73,603
(b) Other current liabilities	15	6,86,10,484	7,55,30,846
(c) Provisions	16	5,74,349	5,96,003
<b>Sub-total of current liabilities</b>		<b>77,43,22,397</b>	<b>59,61,00,453</b>
<b>Total equity and liabilities</b>		<b>1,51,43,22,669</b>	<b>1,37,67,19,835</b>
Summary of significant accounting policies	1	-	-

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

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

For Subhash C. Gupta & Co.  
Chartered Accountants

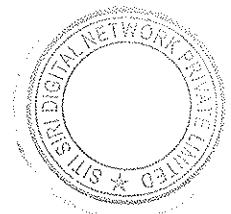


Place : New Delhi  
Date : 14.05.2018

For and on behalf of the Board of Directors of  
Siti Siri Digital Network Pvt. Ltd.

Director  
DIN:08100969  
Ankit Kumar Arya

Managing Director  
DIN:00098362  
Krishna Mohan Rao D



**SITI SIRI DIGITAL NETWORK PVT LTD.,**  
Statement of profit and loss for the year ended March 31, 2018

	Notes	March 31, 2018 Rs.	March 31, 2017 Rs.
<b>Revenue</b>			
Revenue from operations	17	68,06,52,900	44,40,21,085
Other income	18	79,81,342	84,71,125
<b>Total revenue</b>		<b>68,86,34,242</b>	<b>45,24,92,210</b>
<b>Expenses</b>			
Purchases of traded goods	19	38,84,440	-
Carriage sharing, pay channel and related costs	20	30,79,61,111	21,11,75,643
Employee benefits expense	21	38,47,943	35,68,473
Finance costs	22	8,41,193	30,07,581
Depreciation and amortisation expenses	23	17,21,65,620	13,07,14,513
Other expenses	24	12,38,68,937	11,11,06,921
<b>Total expenses</b>		<b>61,25,69,243</b>	<b>45,95,73,132</b>
<b>Profit before Exceptional items expenses</b>		<b>7,60,64,999</b>	<b>(70,80,922)</b>
Exceptional items		7,06,23,536	-
<b>Profit before tax</b>		<b>54,41,463</b>	<b>(70,80,922)</b>
<b>Tax Expenses</b>			
Current Tax		5,62,600	5,72,600
Previous Year Tax		-	-
Deferred Tax		(29,025)	82,42,248
<b>Total Profit/(Loss) for the period</b>		<b>49,07,888</b>	<b>(1,58,95,770)</b>
<b>Other Comprehensive income</b>			
<b>(i) Items that will not be reclassified to profit or loss</b>			
(a) Remeasurement of the defined benefit (liabilities) / assets		(68,715)	11,869
<b>Total Comprehensive Income/(loss) for the year</b>		<b>49,76,603</b>	<b>(1,59,07,639)</b>
Profit/(Loss) per share after tax	25		
Basic		491	(1,590)
Diluted		491	(1,590)
Summary of significant accounting policies	1		
The accompanying notes are an integral part of these financial statements.			

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

For Subhash C. Gupta & Co.  
Chartered Accountants

Firm Regn No. 004103N


  
Manoj Kumar  
Partner  
Chartered Accountant

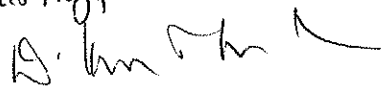
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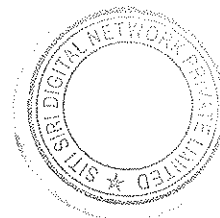
Place : New Delhi

Date : 14.05.2018

For and on behalf of the Board of Directors of  
Siti Siri Digital Network Pvt. Ltd.

  
Director  
DIN 08100969  
Ankit Kumar

  
Managing Director  
DIN 00098362  
Krishna Mohan Rao D



**SITI SIRI DIGITAL NETWORK PVT. LTD.  
FORMERLY KNOWN AS SIRI DIGITAL NETWORK PVT. LTD.  
CASH FLOW STATEMENT**

PARTICULARS	Year ended	Year ended
	March 31, 2018	March 31, 2017
	Amount in Rs.	Amount in Rs.
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Income / ( Loss ) before Tax	54,41,463	(70,80,922)
Adjustments for :		
Depreciation	17,21,65,620	13,07,14,513
Loss(profit) on sale /disposal of assets	2,55,764	-
Provision for Doubtful Debts	-	-
Interest Expense	8,41,193	30,07,581
Income Tax paid	-	-
Provision for Taxation including Deferred Tax	(5,33,575)	(88,14,848)
Prior period Adjustment	-	-
comprehensive income recognised directly in retained earnings	68,715	(11,869)
<b>Operating Profit before working capital changes</b>	<b>17,82,39,180</b>	<b>11,78,14,455</b>
Decrease in Trade Receivables	2,99,01,044	(14,16,72,462)
Decrease(Increase) in Long Terms L&A and Other non current assets	(2,09,340)	(60,000)
Decrease(Increase) in Short Terms L&A and Other current assets	(8,08,48,286)	(1,32,55,030)
Increase(Decrease) in Long Terms liabilities and provisions	(3,74,77,718)	1,17,95,372
Current Liabilities and Provisions	17,82,21,944	29,46,28,770
<b>Net Cash Flow from Operating Activities</b>	<b>26,78,26,824</b>	<b>26,92,51,106</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(23,24,97,326)	(24,66,21,425)
Capital Work in progress	32,32,491	(24,53,551)
sale of Fixed Assets	13,00,000	-
<b>Net Cash utilised in Investing Activities</b>	<b>(22,79,64,834)</b>	<b>(24,90,74,976)</b>
<b>C CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid (Net)	(8,41,193)	(30,07,581)
Proceeds from Long Term borrowings	(81,17,996)	(84,74,388)
Proceeds from Share Application Money	-	-
Proceeds from Issue of Share Capital	-	-
<b>Net Cash provided by Financing Activities</b>	<b>(89,59,188)</b>	<b>(1,14,81,969)</b>
Net Increase in cash and cash equivalents during the year	3,09,02,801	86,94,161
cash and cash equivalents at beginning of year	2,22,88,784	1,35,94,622
<b>Cash and Cash Equivalents at end of the Year</b>	<b>5,31,91,585</b>	<b>2,22,88,783</b>

**Note :**

<b>1</b> Component of Cash & cash Equivalents at the end of year		
Cash in hand	1,40,025	4,80,030
Cheques in hand	1,91,10,906	-
Balances with Scheduled Banks in Current Accounts	3,39,40,654	2,18,08,753
FDR's with Bank	-	-
	<u>5,31,91,585</u>	<u>2,22,88,783</u>

As per our report of even date  
For Subhash C. Gupta & Co.  
Firm Regn No. 004103N  
Chartered Accountants

Manoj Kumar  
Partner  
Membership No.: 504435

Place : Vijayawada

Date : 14.05.2018

For Siti Siri Digital Network Pvt. Ltd.

Director  
DIN 8100969  
Name

Ankit Kumar Nayya

Mangyij

Director  
DIN 00098362  
Name

Mohan Rao D



# **SITI SIRI DIGITAL NETWORK PVT. LTD.**

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

### **1.1 Company Overview**

a. Siti Siri Digital Network Pvt. Ltd. (hereinafter referred to as the 'Company' or 'SSDN') was incorporated in the state of Andhra Pradesh, India. The Company is engaged in distribution of television channels through analogue and digital cable distribution network and allied services.

### **b. Basis of preparation**

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

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2018, together with the comparative period as at and for the year ended 31 March 2017. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

### **1.2 Summary of Accounting Policies**

#### **a. Use of estimate**

The preparation of Company's standalone financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

#### **b. Foreign Currency Translation**

Functional and presentation currency

The standalone financial statements are presented in currency INR, which is also the functional currency of the Company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions (spot exchange rate).

Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

#### **c. Revenue recognition**

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

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

#### **Revenue from rendering of Services**

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

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

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



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

#### d. Borrowing Costs

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

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

#### e. Property, Plant and Equipment

##### Recognition and initial measurement

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

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

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

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

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

Type of assets	Useful Life (Years)
Computer	3.00
Office Equipments	5.00
Digital Equipment	8.00
Furniture & Fixtures	10.00
Set Top Boxes	8.00
Vehicles	8 to 10

ii.) Leasehold Improvements is amortised over the effective period of lease.

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

##### De-recognition

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

#### g. Intangible Assets

Intangible assets acquired separately are stated at their cost of acquisition.

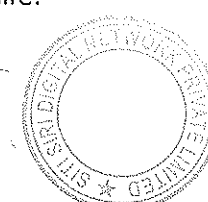
##### Subsequent measurement (Amortisation)

Cost of Intangible Assets are amortised under straight line method over the period of life.

#### h. Impairment of non-financial Assets



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

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

## **i. Investments and Other Financial Assets**

### **Financial assets**

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

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

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

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

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

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

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

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

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

## **j. Post-employment, long term and short term employee benefits**

Defined contribution plans

Provident Fund

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Gratuity (Funded)

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of other comprehensive income in the year in which such gains or losses are determined.

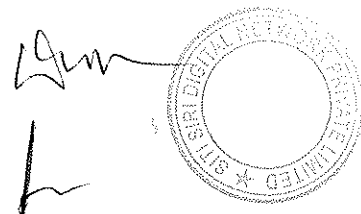
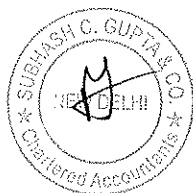
Other Employee Benefits

Compensated absences

Liability in respect of compensated absences becoming due or expected to be availed within one year from the pr date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the Balance Sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to statement of profit and loss in the year in which such gains or losses are determined.

## **k. Taxation on Income**



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

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

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

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

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

Contingent liability is disclosed for:

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

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

#### **m. Earning Per Share:**

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

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

#### **n. Leases**

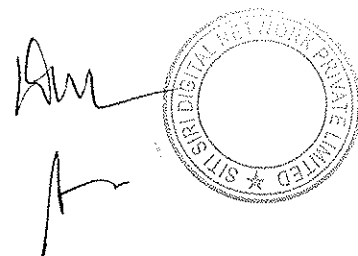
##### **Finance leases**

Finance leases, which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized.

##### **Operating leases**

Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Associated costs, such as maintenance and insurance, are expensed as incurred.

#### **o. Significant management judgement in applying accounting policies and estimation uncertainty**



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

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

**Significant Management Judgements**

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

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

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

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

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

**p. Standards issued but not yet effective**

**Ind AS 21:**

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.

**Ind AS 115:**

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 recognise 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.

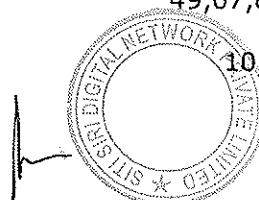
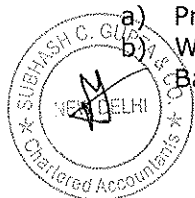
**The standard permits two possible methods of transition:**

- 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.

**1.3 ADDITIONAL NOTES TO THE FINANCIAL STATEMENTS**

**a. Earning per share:**

	<b>31.03.2018</b>	<b>31.03.2017</b>
a) Profit/(Loss) after Tax	49,07,888	(1,58,95,770)
b) Weighted average No. of Ordinary Shares		
Basic	10,000	10,000



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Diluted	10,000	10,000
c) Nominal Value of Ordinary Share	10	10
d) Earning per Ordinary share considering:		
Basic	490.79	(1,589.58)
Diluted	490.79	(1,589.58)

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

<b>Particulars</b>	<b>2017-18</b>	<b>2016-17</b>
Audit fees Rs.	90,000	75,000
Tax Audit Fees	-	-
Other Matter	-	-
(Amount are exclusive of Service Tax)		

**c. Additional information**

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

	Amount	
VAT department	6,78,95,235	6,78,95,235
Director Remuneration	-	-
Earning in Foreign Currency	-	-
Remittances in Foreign Currency	-	-
Expenditure in Foreign Currency	-	-
CIF Value of Import	2,18,51,546	16,14,993

**d. Commitments**

Future commitments towards capital contributions - NIL

**e. Segment Reporting**

Segment Reporting as required by Accounting Standard -17 issued by the Institute of Chartered Accountant of India is not applicable since the Company is in the business of providing Cable TV Services in one segment and there is no Geographical Segment.

**f. Related Parties Disclosure:**

**List of Parties where control exists**

**i Ultimate Holding Company**

Siti Networks Limited (Formerly known as Siti Cable Networks Limited)

**ii Fellow Subsidiary Companies**

Indinet Service Pvt. Ltd. (100% Subsidiary of ICNCL)	SITI GLOBAL PVT. LTD.
SITI KARNAL DIGITAL MEDIA NETWORK PRIVATE LIMITED	Indian Cable Net Company Ltd.
Siti Prime Uttaranchal Communication Pvt. Ltd.	Siti Jind Digital Network Pvt. Ltd.
Central Bombay Cable Network Limited.	Siti Vroadband Services Pvt. Ltd.
Panchsheel Digital Communication Network Pvt. Ltd.	Sai Star Digital Media Pvt. Ltd.
Bargachh Digital Communication Network Pvt. Ltd.	Siti Vision Digital Media Pvt. Ltd.
Siti Jai Maa Durge Communications Pvt. Ltd.	Variety Entertainment Pvt. Ltd.
Siti Bhatia Network Entertainment Private Limited	Siti Guntur Digital Network P. Limited
Siti Krishna Digital Media Private Limited	Siti Faction Digital Private Limited
Siti Jony Digital Cable Network Private Limited	Siticable Broadband South Ltd.
Master Channel Community N/w Pvt. Ltd.	Wire & Wireless Tisai Satellite Ltd.
Siti Maurya Cable Net Pvt. Ltd. (Subsidiary of ICNCL)	Central Bombay Cable Network Ltd

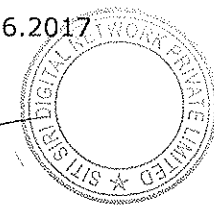
**iii Key Managerial Personnel**

SRK Hanuman Vedula (From 02.11.2017 to 31.03.2018)	ANIL KUMAR JAIN-till 21.08.2017
SURESH KUMAR	VINAY CHANDOK-Till 06.07.2017
KRISHAN MOHAN RAO DANDAMUDI-MANAGING DIRECTOR	SAI BABU POTLURI
Vasudevan Sridhar (From 21.11.2017 to 10.02.2018)	SANJEEV TONDON-till 19.06.2017
POTLURI JAYANTH	Sanjay Arya



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Ankit Kumar Arya  
Vjay Kalur

SURYANARAYANA GUDURU

**iv Other Related Parties**

Mega Satellite Services Private Limited  
3 Way Cable Communication Pvt. Ltd.  
Singareni Home Entertainment Pvt. Ltd.

Lotus Broadband Private Limited  
Divya Cable Network  
City Cable Network

**Transactions with:**

**Holding Company- Siti Network Ltd.**

	<u>2018</u>	<u>2017</u>
Operational Expenses Paid	1,58,031	-
Management/Usage Charges	9,70,54,809	8,61,79,917
Purchase of STB	16,75,27,496	24,65,23,592
Reimbursement of expenses	10,200	1,08,54,188
Feed Charges Received	95,43,356	-
Debit Note Issued	7,50,000	39,98,455

**Fellow Subsidiary Companies**

**Master Channel Community N/w Pvt. Ltd.**

Sale of STB	39,23,284	-
Purchase of STB	3,19,44,924	
Feed Charges Received	17,32,500	

**With Key Managerial Personnel**

	<u>2018</u>	<u>2017</u>
Professional Charges Paid	3,75,000	-
Rent Paid	48,000	7,20,000
Loan Received	-	-
Loan Repaid	60,00,000	-
Reimbursement of expenses	46,954	30,895

**With other related parties**

Digital Service Charges received	23,97,92,747	11,31,70,742
Advance Received	-	-
Advance repaid	50,00,000	-
Internet Charges	80,100	1,06,800
Bandwidth/other Charges received	-	5,62,500

**Outstanding as on 31.3.2018**

**Unsecured Loan**

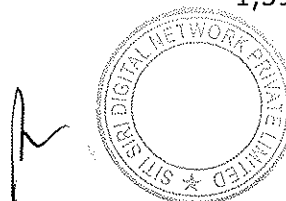
Siti Cable Network Limited	39,07,11,200	23,73,69,974
Variety Entertainment Pvt. Ltd.	20,65,50,000	20,65,50,000
POTLURI JAYANTH	40,02,500	1,00,02,500
D.K. Mohan	79,00,000	79,00,000

**Sundry Creditors**

OCD amount payable to SCNL	73,58,65,712	73,69,12,140
Divya Digital Network	29,00,000	29,00,000
Singareni Home Entertainment Pvt. Ltd.	-	50,16,032

**Amount recoverable from**

Mega Satellite Services Private Limited	3,22,727	32,71,544
3 Way Cable Communication Pvt. Ltd.	1,25,48,219	1,56,49,235
Singareni Home Entertainment Pvt. Ltd.	1,39,27,042	1,07,72,250



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g. Optionally Convertible Debentures (OCD) has been fair valued as on 31st March, 2018 by the management and fair value income for the year of Rs.1046428/- has been booked through profit and loss.

h. Pursuant to the Accounting Standard for ' Taxes on Income' (AS-22), deferred tax liability/assets at the balance sheet date is:

	<u>2018</u>	<u>2017</u>
Deferred tax liability on account of difference between book value of depreciable assets as per books of account and written down value as per Income Tax	2,48,09,348	2,47,87,837
Deferred tax assets on account of disallowance under section 43 B or allowed on payment basis.	1,68,148	1,17,612
<b>Net Deferred Tax Assets/(Liabilities)</b>	<b>(2,46,41,200)</b>	<b>(2,46,70,225)</b>

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

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

**a. Credit risk**

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

**Credit risk management**

**Credit risk rating**

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

- A: Low credit risk on financial reporting date
- B: High credit risk

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

<b>Asset group</b>	<b>Basis of categorisation</b>	<b>Provision for expected credit loss</b>
Low credit risk	Investment, Cash and	12 month expected credit loss
High credit risk	Trade receivables, security	Based on estimates

Based on business environment in which the Company operates, a default on a financial asset is considered

<b>Credit rating</b>	<b>Particulars</b>	<b>31-Mar-18</b>		<b>31-Mar-17</b>	
A: Low credit risk	Investment, Cash and cash equivalents and other financial assets except security deposits and amount recoverable	212.28		122.15	
B: High credit risk	Trade receivables, security deposits and amount recoverable	154.01		162.08	

as at March 31, 2018

<b>Particular</b>	<b>Estimated gross carrying amount at default</b>	<b>Expected credit losses</b>	<b>Rs. in million</b>	
			<b>Carrying amount net of impairment provision</b>	
Trade receivables	115.67			115.67



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Security deposits	0.73	-	0.73
Advances recoverable	37.61	-	37.61

as at March 31, 2017

Particular	Rs. in million		
	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Trade receivables	145.57	-	145.57
Security deposits	0.52	-	0.52
Advances recoverable	15.98	-	15.98

Reconciliation of loss allowance provision – Trade receivable, security deposit and accounts receivable

Loss allowance on April 01, 2016	-
Changes in loss allowance	-
Loss allowance on March 31, 2017	-
Changes in loss allowance	-
Loss allowance on March 31, 2018	-

#### (i) Trade and other receivables

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

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

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's assessment of credit risk about particular financial institution. None of the Company's cash equivalents, including term deposits (i.e., certificates of deposit) with banks, were past due or impaired as at 31 March 2018.

#### b. Liquidity risk

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

as at March 31, 2018

Amounts in Rs

Particulars	Less than 1 year	1-5 year	Total
Borrowings	-	74,77,68,212	74,77,68,212
Trade payables	49,85,87,565	20,65,50,000	70,51,37,565

as at March 31, 2017

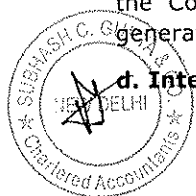
Amounts in Rs

Particulars	Less than 1 year	1-5 year	Total
Borrowings	-	75,58,86,208	75,58,86,208
Trade payables	51,81,76,935	-	51,81,76,935

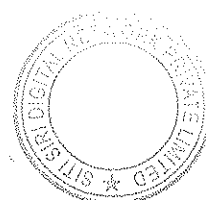
#### c. Market risk

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

#### d. Interest rate risk



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Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Long-term borrowings do not expose the company to risk of changes in interest rates as the Company had issued the same at 0%

- j. In view of the nature of business, where the necessary documentary evidence does not support the payment made/expenses incurred, the same are accounted for on the basis of certification of the Management.
- k. Figures for the previous year have been regrouped / rearranged / recast whenever necessary to confirm for comparison purpose.
- l. Trade receivables, Trade payables, Current liabilities, Expenses Recoverable/payable & other loans & Advances are subject to confirmation and reconciliation from the parties.
- m. Information required as per the Micro, Small and Medium Enterprises Development Act, 2006 small Scale Industries.  
The Company has identified Micro, Small and Medium Enterprises on the basis of information available. As at March 31, 2018 there are no dues to Micro, Small and Medium Enterprises that are reportable under the MSMED Act, 2006.
- n. In view of mandatory digital addressable system (DAS) regulation announced by the Ministry of Information and Broadcasting, Government of India, digitalisation of cable network has been implemented in the cities notified for phase 3 & 4. The company has activated Set top boxes in Vijayawara and adjoining region under Digital Addressable cable TV System (DAS) in accordance with TRAI mandate for phase 3 & 4 cities. Owing to the initial delays in implementation of DAS in vijayawada, Andhra Pradesh region and challenges faced by all the MSO's during transition from analog business to DAS, the company is in the process of executing contracts with the subscribers and implementation of revenue sharing contracts entered into with the local cable operators. Accordingly company has invoiced and recognised subscription revenue on the basis of certain estimates under the new DAS regime for the year ended 31st March 2018 based on certain estimates derived from market trends and ongoing discussion with the LCOs
- o. The company has calculated the benefits provided to employees as per Indian Accounting Standards (Ind AS) 19, are as under  
**Defined Benefit Plans**  
a.) Gratuity Plan  
b.) Leave Encashment

In accordance with Indian Accounting Standards (Ind AS) 19, the actuarial valuation carried out in respect of the aforesaid defined benefit plans is based on the following assumption.

<b>Actuarial Assumption</b>	<b>Leave Encashment</b>	<b>Employee Gratuity Fund</b>
Discount Rate (Per annum)	7.75%	7.75%
Rate of Increase in compensation levels	5.00%	5.00%
Expected Rate of return on plan assets	-	-
Expected Average remaining working lives of employees	30.80	30.80
<b>Change in obligation during the year ended 31st March, 2018</b>		
Present Value of obligation as at 1st April, 2017	1,16,311	1,25,154
Acquisition adjustment	-	-
Interest cost	9,014	9,699
Past service cost	-	-
Current service cost	64,815	70,289
Curtailement cost/(Credit)	-	-
Settlement cost/(Credit)	-	-
Benefits paid	-	-
Actuarial (gain)/loss on obligation	(35,525)	(33,190)
Present value of obligation as at the end of period (31st March, 2018)	1,54,615	1,71,952



h.

Change in fair value plan Assets	Nil	Nil
<b>Movement in the liability recognized in the Balance</b>		
Opening net liability (01.04.2017)	(1,16,311)	(1,25,154)
Expense as above	38,304	46,798
Benefits paid	-	-
Actual return on plan assets	-	-
Acquisition adjustment	-	-
Net assets/(Liability) recognised in Balance Sheet as provision (31.03.2018)	(1,54,615)	(1,71,952)
<b>Expenses recognised in Profit and Loss Account</b>		
Current service cost	64,815	70,289
Past service cost	-	-
Interest cost	9,014	9,699
Expected return on plan assets	-	-
Curtailment cost / (Credit)	-	-
Settlement cost / (credit)	-	-
Expenses recognized in the statement of profit & losses	73,829	79,988
<b>Other comprehensive (income) / expenses (Remeasurement)</b>		
Actuarial (gain)/loss - obligation	(35,525)	(33,190)
Actuarial (gain)/loss - plan assets	-	-
Total Actuarial (gain)/loss	(35,525)	(33,190)

#### Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. Effect of change in mortality rate is negligible. Please note that the sensitivity analysis presented below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated

#### Sensitivity Analysis for Gratuity

Period	As on: 31/03/2018
Defined Benefit Obligation (Base)	1,71,952 @ Salary Increase Rate : 5%, and discount rate : 7.75%
Liability with x% increase in Discount Rate	1,55,129; x=1.00% [Change (10)% ]
Liability with x% decrease in Discount Rate	1,92,295; x=1.00% [Change 12% ]
Liability with x% increase in Salary Growth Rate	1,92,664; x=1.00% [Change 12% ]
Liability with x% decrease in Salary Growth Rate	1,54,575; x=1.00% [Change (10)% ]
Liability with x% increase in Withdrawal Rate	1,73,686; x=1.00% [Change 1% ]
Liability with x% decrease in Withdrawal Rate	1,68,955; x=1.00% [Change (2)% ]

#### Sensitivity Analysis for Leave Encashment

Period	As on: 31/03/2018
Defined Benefit Obligation (Base)	1,54,615
Liability with x% increase in Discount Rate	1,39,292; x=1.00% [Change (10)% ]
Liability with x% decrease in Discount Rate	1,73,183; x=1.00% [Change 12% ]
Liability with x% increase in Salary Growth Rate	1,73,520; x=1.00% [Change 12% ]
Liability with x% decrease in Salary Growth Rate	1,38,788; x=1.00% [Change (10)% ]
Liability with x% increase in Withdrawal Rate	1,60,010; x=1.00% [Change 3% ]
Liability with x% decrease in Withdrawal Rate	1,48,282; x=1.00% [Change (4)% ]

#### Tax Expense

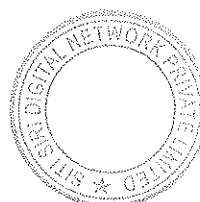
The major components of income tax for the year are as under:

#### Income tax related to items recognised directly in the

	Rs. in million	
	Mar 31,2018	Mar 31,2017
Current tax - current year	0.56	0.57
Current tax - Previous year	-	-
Deferred tax charge / (benefit)	-0.03	8.25
Total	0.53	8.82
Effective tax rate	9.81%	-124.56%



*[Handwritten signature]*



*[Handwritten signature]*

**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 before tax	5.44	-7.08
Effective tax rate	27.55%	30.90%
Tax at statutory income tax rate	-	-
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 differences	0.53	8.82
<b>Tax expense recognised in the statement of profit and loss</b>	<b>0.53</b>	<b>8.82</b>

**p. Fair value measurements**

**A. Financial instruments by category**

**Financial assets**

Bank deposits	-	-
Amount recoverable	-	11.68
Interest accrued and not due on fixed deposits	-	-
Security deposits	-	0.73
Unbilled revenues	-	25.92
Trade receivables	-	115.67
Investments (Current, financial assets)	-	-
Cash and cash equivalents	-	53.19

**Total financial assets**

**Financial liabilities**

Borrowings (Non-current, financial liabilities)	1.05	747.77
Borrowings (Current, financial liabilities)	-	-
Payables for purchase of property, plant and equipment	-	-
Security deposits received from customer	-	-
Trade payables	-	705.14
Other financial liabilities (current)	-	-

**Total financial liabilities**

**Financial assets**

Bank deposits	-	-
Amount recoverable	-	15.98
Interest accrued and not due on fixed deposits	-	-
Security deposits	-	0.52
Unbilled revenues	-	-
Trade receivables	-	145.57
Investment (Current, financial assets)	-	-
Cash and cash equivalents	-	22.29
Other bank balances	-	-

**Total financial assets**

**Financial liabilities**

Borrowings (non-current, financial liabilities)	7.98	755.89
Borrowings (Current, financial liabilities)	-	-
Payables for purchase of property, plant and equipment	-	-
Security deposits	-	-
Trade payables	-	518.18
Other financial liabilities (current)	-	-

**Total financial liabilities**

		Rs. millions	
		31-Mar-18	
NOTES		FVTPL	Amortised cost
<b>Financial assets</b>			
Bank deposits		-	-
Amount recoverable		-	11.68
Interest accrued and not due on fixed deposits		-	-
Security deposits		-	0.73
Unbilled revenues		-	25.92
Trade receivables		-	115.67
Investments (Current, financial assets)		-	-
Cash and cash equivalents		-	53.19
<b>Total financial assets</b>		-	<b>207.20</b>
<b>Financial liabilities</b>			
Borrowings (Non-current, financial liabilities)		1.05	747.77
Borrowings (Current, financial liabilities)		-	-
Payables for purchase of property, plant and equipment		-	-
Security deposits received from customer		-	-
Trade payables		-	705.14
Other financial liabilities (current)		-	-
<b>Total financial liabilities</b>		<b>1.05</b>	<b>1,452.91</b>

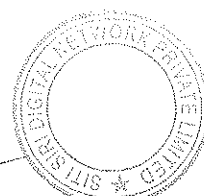
		Rs. millions	
		31-Mar-17	
NOTES		FVTPL	Amortised cost
<b>Financial assets</b>			
Bank deposits		-	-
Amount recoverable		-	15.98
Interest accrued and not due on fixed deposits		-	-
Security deposits		-	0.52
Unbilled revenues		-	-
Trade receivables		-	145.57
Investment (Current, financial assets)		-	-
Cash and cash equivalents		-	22.29
Other bank balances		-	-
<b>Total financial assets</b>		-	<b>184.36</b>
<b>Financial liabilities</b>			
Borrowings (non-current, financial liabilities)		7.98	755.89
Borrowings (Current, financial liabilities)		-	-
Payables for purchase of property, plant and equipment		-	-
Security deposits		-	-
Trade payables		-	518.18
Other financial liabilities (current)		-	-
<b>Total financial liabilities</b>		<b>7.98</b>	<b>1,274.07</b>

**C Fair value of financial assets and liabilities measured at amortised cost**



*[Handwritten signature]*

*[Handwritten signature]*



	March 31, 2018	
	Carrying amount	Fair value
<b>Financial assets</b>		
Bank deposits	-	-
Amount recoverable	11.68	11.68
Interest accrued and not due on fixed deposits	-	-
Security deposits	0.73	0.73
Unbilled revenue	25.92	25.92
Trade receivables	115.67	115.67
Cash and cash equivalents	53.19	53.19
Other bank balances	-	-
<b>Total financial assets</b>	<b>207.20</b>	<b>207.20</b>
<b>Financial liabilities</b>		
Borrowings (non-current, financial liabilities)	747.77	747.77
Borrowings (current, financial liabilities)	-	-
Payables for purchase of property, plant and equipment	-	-
Security deposits	-	-
Trade payables	705.14	705.14
Other financial liabilities (current)	-	-
<b>Total financial liabilities</b>	<b>1,452.91</b>	<b>1,452.91</b>
	March 31, 2017	
	Carrying amount	Fair value
<b>Financial assets</b>		
Bank deposits	-	-
Amount recoverable	15.98	15.98
Interest accrued and not due on fixed deposits	-	-
Security deposits	0.52	0.52
Unbilled revenue	-	-
Trade receivables	145.57	145.57
Cash and cash equivalents	22.29	22.29
Other bank balances	-	-
<b>Total financial assets</b>	<b>184.36</b>	<b>184.36</b>
<b>Financial liabilities</b>		
Borrowings (non-current, financial liabilities)	755.89	755.89
Borrowings (current, financial liabilities)	-	-
Payables for purchase of property, plant and equipment	-	-
Security deposits	-	-
Trade payables	518.18	518.18
Other financial liabilities (current)	-	-
<b>Total financial liabilities</b>	<b>1,274.07</b>	<b>1,274.07</b>

q. Figures have been rounded off to the nearest rupee.

r. Note 1 to 23 form an integral part of the accounts and have been duly authenticated.

**s. Leases**

**Finance lease: Company as lessee**

**2018**

Amounts in Rs

Particulars	Less than 1 year	1-5 year	Total
Lease payments	-	-	-
Finance charges	-	-	-

**Operating lease : Company as a lessee**

The Company has taken various commercial premises under operating leases. These leases have varying terms, escalation clauses and renewal rights. On renewal the terms of the leases are renegotiated. Rent amounting to Rs.1760000 (March 31, 2017- Rs.1625000) has been debited to standalone statement of profit and loss during the year.

**t. Capital management  
Risk Management**





The Company's objectives when managing capital is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth. The Company's overall strategy remains unchanged from previous year. The Company sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments. The funding requirements are met through a mixture of equity, internal fund generation and other non-current borrowings. The Company's policy is to use current and non-current borrowings to meet anticipated funding requirements. The Company monitors capital on the basis of the gearing ratio which is net debt divided by total capital (equity plus net debt). The Company is not subject to any externally imposed capital requirements. Net debt are non-current and current borrowings as reduced by cash and cash equivalents, other bank balances and current investments. Equity comprises all components including other comprehensive income.

Particular	March 31, 2018	March 31, 2017
Cash and cash equivalents (refer note 5)	5,31,91,585	2,22,88,783
Current investments	-	-
Margin money	-	-
<b>Total cash (A)</b>	<b>5,31,91,585</b>	<b>2,22,88,783</b>
Borrowings (non-current, financial liabilities) (refer note 10)	74,77,68,212	75,58,86,208
Borrowings (current, financial liabilities) (refer note 15)	-	-
Current maturities of long-term borrowings (refer note 22)	-	-
Current maturities of finance lease obligations (refer note 22)	-	-
<b>Total borrowing (B)</b>	<b>74,77,68,212</b>	<b>75,58,86,208</b>
<b>Net debt (C=B-A)</b>	<b>69,45,76,627</b>	<b>73,35,97,425</b>
Total equity		
<b>Total capital (equity + net debts) (D)</b>	<b>63,16,90,852</b>	<b>66,57,35,046</b>
<b>Gearing ratio (C/D)</b>	<b>1.10</b>	<b>1.10</b>

u. The accumulated losses as on 31st March, 2018 have exceeded the paid up capital of the Company. In view of mandatory digitalisation and expansion in Vijayawada Region which yield substantial subscription revenue, increase in efficiency and assurance to extend all support in foreseeable future from holders of majority of equity shares of the company, these financial statement are prepared on going concern basis.

**v. Exceptional items**

Exceptional items amounting to Rs.7,06,23,536 represents the reversal of accrued/ billed subscription revenue booked in financial year 2016-17


**As per our Report of even date  
For Subhash C. Gupta & Co.  
Chartered Accountants  
Firm Regn. No. 004103N**

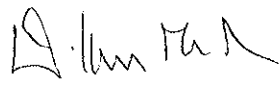
  
**Manoj Kumar  
Partner  
M. No. 504435**

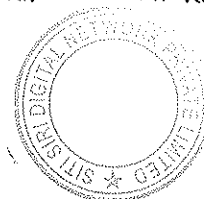
**Place: New Delhi**

**Date: 17.05.2018**

**For and on behalf of the Board  
For Siti Siri Digital Network  
Pvt. Ltd.**

  
**Director  
DIN:08100969  
Ankit Kumar Arya**

  
**Managing Director  
DIN:00098362  
Krishni Mohan Rao D**



**SITI SIRI DIGITAL NETWORK PVT LTD.,**

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

**Note - 2 : Property Plant and Equipment**

(Amounts in Rupees)

Tangible Assets	Computer	Digital Equipment	Office Equipment	Vehicle	Furniture and Fixtures	Set Top Boxes	Leasehold Improvement	Total
<b>For year ended 31 March 2016</b>								
Deemed Cost as at 1 April 2015	52,500	2,41,66,360	7,56,800	-	66,200	10,49,56,443	-	12,99,98,303
Additions during the year*	1,42,300	42,85,417	10,150	18,41,440	-	86,05,55,974	-	86,68,35,281
<b>Gross carrying amount as at 31 March 2016</b>	<b>1,94,800</b>	<b>2,84,51,776</b>	<b>7,66,950</b>	<b>18,41,440</b>	<b>66,200</b>	<b>96,55,12,417</b>	-	<b>99,68,33,583</b>
<b>Accumulated depreciation</b>								
Opening as at 1 April 2015	719	15,14,092	78,982	-	581	35,944	-	16,30,228
Depreciation charge during the year	34,357	33,42,292	1,53,162	31,532	6,620	4,68,69,457	-	5,04,37,420
Deferred Government Grant	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Elimination on re-classification of assets as held for sale	-	-	-	-	-	-	-	-
<b>Accumulated depreciation as at 31 March 2016</b>	<b>35,076</b>	<b>48,56,294</b>	<b>2,32,144</b>	<b>31,532</b>	<b>7,201</b>	<b>4,69,05,401</b>	-	<b>5,20,67,648</b>
<b>Net carrying amount</b>	<b>1,59,724</b>	<b>2,35,95,482</b>	<b>5,34,806</b>	<b>18,09,908</b>	<b>58,999</b>	<b>91,86,07,016</b>	-	<b>94,47,65,935</b>
<b>For year ended 31 March 2017</b>								
<b>Gross carrying amount</b>								
Gross carrying amount as at 1 April 2016	1,94,800	2,84,51,776	7,66,950	18,41,440	66,200	96,55,12,417	-	99,68,33,583
Additions during the year	-	1,33,875	54,210	-	82,503	24,63,50,837	-	24,66,21,425
Deferred Government Grant	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
<b>Gross carrying amount as at 31 March 2017</b>	<b>1,94,800</b>	<b>2,85,85,651</b>	<b>8,21,160</b>	<b>18,41,440</b>	<b>1,48,703</b>	<b>1,21,18,63,254</b>	-	<b>1,24,34,55,008</b>
<b>Accumulated depreciation</b>								
Accumulated depreciation as at 1 April 2016	35,076	48,56,294	2,32,144	31,532	7,201	4,69,05,401	-	5,20,67,648
Depreciation charge during the year	64,934	35,67,183	1,63,608	2,30,180	6,813	12,66,81,795	-	13,07,14,513
Deferred Government Grant	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
<b>Accumulated depreciation as at 31 March 2017</b>	<b>1,00,010</b>	<b>84,23,477</b>	<b>3,95,752</b>	<b>2,61,712</b>	<b>14,014</b>	<b>17,35,87,196</b>	-	<b>18,27,82,161</b>
<b>Net carrying amount</b>	<b>94,790</b>	<b>2,01,62,174</b>	<b>4,25,408</b>	<b>15,79,728</b>	<b>1,34,689</b>	<b>1,03,82,76,058</b>	-	<b>1,06,06,72,847</b>
<b>For year ended 31 March 2018</b>								
<b>Gross carrying amount</b>								
Gross carrying amount as at 1 April 2017	1,94,800	2,85,85,651	8,21,160	18,41,440	1,48,703	1,21,18,63,254	-	1,24,34,55,008
Additions during the year	1,15,597	35,69,553	10,02,824	-	1,10,790	22,60,16,923	16,81,639	23,24,97,326
Deferred Government Grant	-	-	-	-	-	-	-	-
Disposals	-	-	-	(18,41,440)	-	-	-	(18,41,440)
<b>Gross carrying amount as at 31 March 2018</b>	<b>3,10,397</b>	<b>3,21,55,204</b>	<b>18,23,984</b>	<b>-</b>	<b>2,59,493</b>	<b>1,43,78,80,177</b>	<b>16,81,639</b>	<b>1,47,41,10,894</b>
<b>Accumulated depreciation</b>								
Accumulated depreciation as at 1 April 2017	1,00,010	84,23,477	3,95,752	2,61,712	14,014	17,35,87,196	-	18,27,82,161
Depreciation charge during the year	93,369	38,36,927	3,12,360	23,964	24,889	16,75,67,392	3,06,719	17,21,65,620
Deferred Government Grant	-	-	-	-	-	-	-	-
Disposals	-	-	-	(2,85,676)	-	-	-	(2,85,676)
<b>Accumulated depreciation as at 31 March 2018</b>	<b>1,93,379</b>	<b>1,22,60,404</b>	<b>7,08,112</b>	<b>-</b>	<b>38,903</b>	<b>34,11,54,588</b>	<b>3,06,719</b>	<b>35,46,62,105</b>
<b>Net carrying amount</b>	<b>1,17,018</b>	<b>1,98,94,800</b>	<b>11,15,872</b>	<b>-</b>	<b>2,20,590</b>	<b>1,09,67,25,589</b>	<b>13,74,920</b>	<b>1,11,94,48,789</b>



Handwritten initials 'KM' and 'A'.



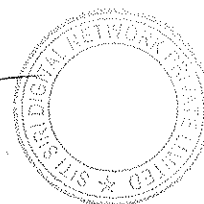
SITI SIRI DIGITAL NETWORK PVT LTD.,  
Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018

		March 31, 2018	March 31, 2017
		Rs.	Rs.
<b>3</b>	<b>Loans &amp; Advances</b>		
	<b>Security deposits</b>		
	Unsecured, considered good	7,27,840	5,18,500
	Doubtful	7,27,840	5,18,500
	Less: Provision for doubtful security deposits		
		<u>7,27,840</u>	<u>5,18,500</u>
<b>4</b>	<b>Trade receivables</b>		
	<b>Particulars</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
		Rs.	Rs.
	Trade Receivable - others	11,56,73,737	14,55,74,780
	Trade Receivable - Related parties	-	-
	Less: Expected Credit Loss Allowance	-	-
	<b>Total</b>	<b>11,56,73,737</b>	<b>14,55,74,780</b>
	<b>Sub-classification</b>		
	-Unsecured, considered good	11,56,73,737	14,55,74,780
	-Unsecured, considered doubtful	-	-
	Expected Credit Loss Allowance	-	-
	<b>Total</b>	<b>11,56,73,737</b>	<b>14,55,74,780</b>
	<b>Allowance Movement for Trade Receivables</b>		
	Balance at the beginning of the year	-	-
	Provision for doubtful trade receivables (net) for the year	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>
<b>5</b>	<b>Cash and bank balances</b>		
	<b>March 31, 2018</b>	<b>March 31, 2017</b>	
	Rs.	Rs.	
	<b>Cash and cash equivalents</b>		
	Cash on hand	1,40,025	4,80,030
	Cheques on hand	1,91,10,906	-
	<b>Balances with banks</b>		
	On current accounts	3,39,40,654	2,18,08,753
	In deposit account (with maturity upto three months)	-	-
		<u>5,31,91,585</u>	<u>2,22,88,783</u>
<b>6</b>	<b>Other Financial Assets</b>		
	<b>March 31, 2018</b>	<b>March 31, 2017</b>	
	Rs.	Rs.	
	<b>Unsecured, considered good</b>		
	Unbilled Revenue	2,59,24,094	-
	Expenses Recoverable	1,16,84,956	1,59,82,806
	Less: Provision for doubtful advances	-	-
		<u>3,76,09,050</u>	<u>1,59,82,806</u>
<b>7</b>	<b>Other Current Assets (Unsecured, considered good)</b>		
	<b>March 31, 2018</b>	<b>March 31, 2017</b>	
	Rs.	Rs.	
	Advance to suppliers	5,00,000	8,02,688
	Advance to Employees	-	-
	Advance tax	1,94,64,029	71,84,421
	Deposit against VAT demand	3,16,36,159	1,55,07,574
	Prepaid Expenses	14,43,796	10,65,338
	Balances with statutory authorities	10,60,41,556	7,53,03,477
		<u>15,90,85,540</u>	<u>9,98,63,498</u>
<b>8</b>	<b>Share capital</b>		
	<b>March 31, 2018</b>	<b>March 31, 2017</b>	
	Rs.	Rs.	
	<b>Authorised share capital</b>		
	10,000 (Previous year: 10,000) equity shares of ₹ 10 each	1,00,000	1,00,000
	<b>Total authorised capital</b>	<b>1,00,000</b>	<b>1,00,000</b>
	<b>Issued, Subscribed and Paid up</b>		
	10,000 (Previous year: 10,000) equity shares of ₹ 10 each	1,00,000	1,00,000
	<b>Total paid up capital</b>	<b>1,00,000</b>	<b>1,00,000</b>

(i) Reconciliation of number of shares outstanding as on 31.03.2018

		March 31, 2018	March 31, 2017
Particulars		Nos.	Nos.
	Balance at the beginning of the year	10,000	10,000
	Issued during the year	-	-
	Balance at the end of the year	<u>10,000</u>	<u>10,000</u>

(ii) Rights, Preferences and Restrictions attached to equity shares



The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend, if any proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, if any, in proportion to their shareholding.

(iii) Shares held by Holding Company:

The details of equity shares held by holding company are as under :

Particulars		March 31, 2018	March 31, 2017
Siti Networks Limited	Nos	5,100	5,100
	%	51.00	51.00

(iv) Shareholders holding more than 5% of total equity shares

Particulars		March 31, 2018	March 31, 2017
Siti Networks Limited	Nos	5,100	5,100
	%	51.00	51.00
Krishan Mohan Rao Dandamudi	Nos	2,450	2,450
	%	24.50	24.50
Potturi Sai Babu	Nos	2,450	2,450
	%	24.50	24.50

9 Other Equity

	March 31, 2018	March 31, 2017
	Rs.	Rs.
<b>Retained Earnings</b>		
Balance at the beginning of the year	(6,79,62,378)	(5,20,54,739)
Adjustment due to change in useful life of assets	-	-
Change in Equity		
Add: Profit/(Loss) for the year	49,07,888	(1,58,95,770)
<b>Balances as at the end of the year (A)</b>	<b>(6,30,54,490)</b>	<b>(6,79,50,509)</b>
<b>Others</b>		
Transfer from OCD	-	-
<b>Balances as at the end of the year (B)</b>	<b>-</b>	<b>-</b>
<b>Other Comprehensive income</b>		
Other comprehensive income recognised directly in retained earnings-Gratuity/Leave Encashment	68,715	(11,869)
Other comprehensive income recognised directly in retained earnings-Deferred Activation Revenue	-	-
<b>Balances as at the end of the year (C)</b>	<b>68,715</b>	<b>(11,869)</b>
<b>Balances as at the end of the year (A+B+C)</b>	<b>(6,29,85,775)</b>	<b>(6,79,62,378)</b>

10 Long-term borrowings

	March 31, 2018	March 31, 2017
	Rs.	Rs.
<b>(a) Term loans from banks (Secured)</b>		
HDFC Bank Car Loan	-	10,71,568
* Terms of Repayment: 36 Monthly Installments	-	-
* Rate of Interest: 9.50%	-	-
<b>Total</b>	<b>-</b>	<b>10,71,568</b>
<b>(b) Unsecured Optionally Convertible Debentures (OCD) issued to holding company</b>		
744960000 (744960000) No. of OCDs of Rs 1/- each	73,58,65,712	73,69,12,140
Less: Transfer to equity (Refer note 32)	-	-
Add: Interest Accrued for the year (Refer note 32)	-	-
<b>At the end of the year</b>	<b>73,58,65,712</b>	<b>73,69,12,140</b>

**Terms & Conditions:**

The term of OCD shall be 20 years from the date or option exercised by company /Debenture Holders ,whichever is earlier.

- The Company or the Debenture holder have an option either to redeem or to convert the one OCD into Equity shares of such no. within a period of 20 Years.

Each OCD shall be converted into such number of equity shares/preference shares of the face value of Rs.10 each calculated at fair market value as on the date of issue of OCDs.

-The OCDs issued are Unsecured Debentures and are non marketable.

The OCDs would carry an interest @0.01% p.a. Which shall be cumulative and payable only at the time of conversion and/or redemption.

**(c) Loans and advances from Directors/Related parties- Unsecured**

\* Terms of Repayment: Not Specified

\* Rate of interest: Nil

**Total Long term Loan (A+B+C)**

	1,19,02,500	1,79,02,500
	1,19,02,500	1,79,02,500
<b>Total Long term Loan (A+B+C)</b>	<b>74,77,68,212</b>	<b>75,58,86,208</b>

11 Provisions

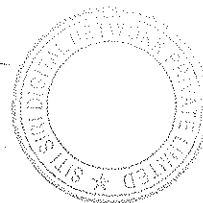
**Provision for employee benefits (Refer Note 31)**

Provision for gratuity  
Provision for compensated absences

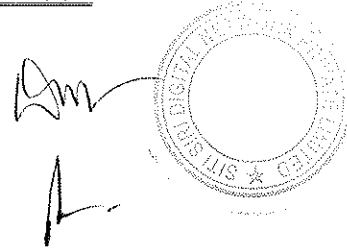
	March 31, 2018	March 31, 2017
	Rs.	Rs.
	1,71,414	1,24,750
	1,43,404	93,312
	3,14,818	2,18,062



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12 Deferred tax liability (net)		March 31, 2018	March 31, 2017
		Rs.	Rs.
<b>Deferred tax liability</b>			
Fixed assets - Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting		2,23,20,402	2,47,87,837
Others		21,88,946	-
Gross deferred tax liability		<u>2,48,09,348</u>	<u>2,47,87,837</u>
<b>Deferred tax asset</b>			
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for Others		1,68,148	1,17,612
Gross deferred tax Assets		<u>1,68,148</u>	<u>1,17,612</u>
<b>Net deferred tax asset/(Liabilities)</b>		<u>2,46,41,200</u>	<u>2,46,70,225</u>
<b>13 Other Non-Current Liabilities</b>			
		March 31, 2018	March 31, 2017
		Rs.	Rs.
Deferred Activation Revenue		3,01,61,817	6,77,07,266
		<u>3,01,61,817</u>	<u>6,77,07,266</u>
<b>14 Trade payables</b>			
		March 31, 2018	March 31, 2017
		Rs.	Rs.
Trade Payables - others		9,54,49,554	7,60,53,629
Trade payables - related parties		60,96,88,010	44,39,19,974
		<u>70,51,37,565</u>	<u>51,99,73,603</u>
<b>15 Other Current Liabilities</b>			
		March 31, 2018	March 31, 2017
		Rs.	Rs.
Advances from customers		82,75,513	1,65,27,794
Payable for statutory liabilities (refer note 8 (i) below)		1,98,85,039	1,37,03,501
ESIC/PPF Payable		49,435	51,761
Bonus Payable		2,83,770	2,50,400
Others - Employee dues		-	-
Income received in advance		25,71,278	14,63,238
Deferred Activation Revenue		3,75,45,449	3,85,34,153
Interest free advance received against STB		-	50,00,000
		<u>6,86,10,484</u>	<u>7,55,30,846</u>
<b>16 Provisions</b>			
		March 31, 2018	March 31, 2017
		Rs.	Rs.
Liability for expenses		-	-
Liability for Gratuity		538	404
Liability for Leave Encashment		11211	22,999
Provision for Taxation A/c		5,62,600	5,72,600
		<u>5,74,349</u>	<u>5,96,003</u>



SITI SIRI DIGITAL NETWORK PVT LTD.,

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

17 Revenue from operations

	March 31, 2018	March 31, 2017
	Rs.	Rs.
Sale of services		
Digital income	62,01,15,431	41,43,06,060
Advertisement income		
Carriage income	5,66,14,185	2,97,15,025
Sale of STB	39,23,284	
	<b>68,06,52,900</b>	<b>44,40,21,085</b>

18 Other income

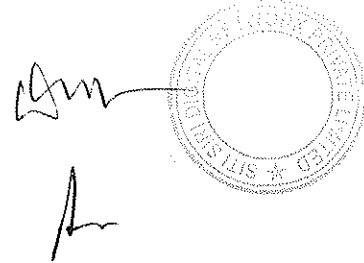
	March 31, 2018	March 31, 2017
	Rs.	Rs.
Interest income on Bank deposits and other	-	-
Misc. Income on fair valuation of OCD	10,46,428	79,87,860
Excess provisions written back	5,74,100	10,565
Prior Period Income	-	4,52,500
STB Repairing Charges Income AP	7,27,625	
Digital Feed & Installation Charges	56,33,188	
Other non-operating income	1	20,200
	<b>79,81,342</b>	<b>84,71,125</b>

19 Carriage Sharing, Pay Channel and Related Cost

	March 31, 2018	March 31, 2017
	Rs.	Rs.
Purchase of STB	38,84,440	
	<b>38,84,440</b>	<b>-</b>

20 Carriage Sharing, Pay Channel and Related Cost

	March 31, 2018	March 31, 2017
	Rs.	Rs.
Pay Channel Expenses	30,79,61,111	21,11,75,643
	<b>30,79,61,111</b>	<b>21,11,75,643</b>



SITI SIRI DIGITAL NETWORK PVT LTD.,

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

21 Employee benefits expense

	March 31, 2018	March 31, 2017
	Rs.	Rs.
Salaries, allowances and bonus	29,81,907	28,80,758
Contributions to provident and other funds	3,19,394	2,53,839
Employee benefits expenses	1,53,817	1,38,602
Bonus	2,59,270	2,50,400
Staff welfare expenses	1,53,535	44,874
	<b>38,47,943</b>	<b>35,68,473</b>

22 Finance costs

	March 31, 2018	March 31, 2017
	Rs.	Rs.
Interest on late deposit of TDS/Service Tax/GST	7,07,001	28,74,099
Bank charges	34,437	6,283
Interest on secured/unsecured Loan	99,754	1,27,200
	<b>8,41,193</b>	<b>30,07,581</b>

23 Depreciation and amortisation expenses

	March 31, 2018	March 31, 2017
	Rs.	Rs.
Depreciation of tangible assets (Refer note 12)	17,21,65,620	13,07,14,513
Amortisation of intangible assets (Refer note 13)	-	-
	<b>17,21,65,620</b>	<b>13,07,14,513</b>

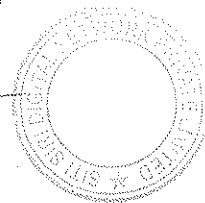
24 Other expenses

	March 31, 2018	March 31, 2017
	Rs.	Rs.
Rent	17,60,000	16,25,000
Rates and taxes	4,47,707	12,65,677
Communication expenses	1,99,082	1,46,806
Repairs and maintenance		
- Network	16,18,277	20,72,303
- Others	8,66,585	60,250
Bandwidth Charges	1,79,15,564	1,65,42,330
Repair and Maintenance -Network	-	-
Other Operational Expenses	70,54,809	61,79,917
Business Promotion	52,269	-
Management Charges	9,00,000,000	8,04,000,000
Electricity and water charges	16,33,724	12,47,590
Legal, professional and consultancy charges	8,93,450	6,15,500
Printing and stationery	3,50,998	4,81,671
Travelling and conveyance expenses	1,67,514	83,019
Auditors' remuneration*	90,000	75,000
Vehicle expenses	-	35,533
Insurance expenses	1,12,444	85,947
Office Expenses	1,74,302	1,33,769
Other operational cost	1,95,896	48,983
Loss on Sale of Fixed Asset	2,53,764	-
Donation	5,000	-
Exchange fluctuation loss (net)	30,545	-
Miscellaneous expenses	45,007	7,426
	<b>12,38,68,937</b>	<b>11,11,06,921</b>

*Auditors' remuneration as an auditor	90,000	75,000
Limited review fees for other services (certifications)	-	-
for reimbursement of expenses	-	-
	<b>90,000</b>	<b>75,000</b>



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SITI SIRI DIGITAL NETWORK PVT LTD.,

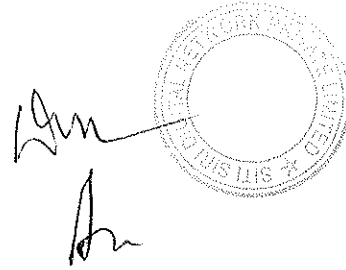
Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018

25 Earnings per share

	March 31, 2018	March 31, 2017
	Rs.	Rs.
Loss attributable to equity shareholders	49,07,888	(1,58,95,770)
Number of weighted average equity shares		
Basic	10,000	10,000
Diluted	10,000	10,000
Effect of dilutive potential equity shares~		
Employee stock options		-
Warrants		-
Optionally fully convertible debentures		-
Nominal value of per equity share (₹)	10	10
Profit/Loss per share after tax (₹)		
Basic	490.79	(1,589.58)
Diluted	490.79	(1,589.58)

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

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## SITI SIRI DIGITAL NETWORK PVT LTD.,

	Amount In INR					
	As at March 31, 2018		As at March 31, 2017			
	No. of Shares	Amount	No. of Shares	Amount		
<b>(a) Equity share capital</b>						
Balance at the beginning of the reporting period	10,000	1,00,000	10,000	1,00,000		
Changes in equity share capital during the year	-	-	-	-		
Balance at the end of the reporting period	10,000	1,00,000	10,000	1,00,000		
<b>(b) Other equity</b>	<b>Attributable to the equity holders of the parent</b>					
Particulars	Reserves & Surplus		Equity portion of OCD conversion	Total	Non- Controlling interests	Total Equity
	Retained earnings	Other items of other comprehensive income				
Balance at April 1, 2016	(5,20,54,739)	-	-	(5,20,54,739)	-	(5,20,54,739)
Changes in accounting policy / prior period errors	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	(5,20,54,739)	-	-	(5,20,54,739)	-	(5,20,54,739)
Profit/(Loss) for the year	(1,58,95,770)	-	-	(1,58,95,770)	-	(1,58,95,770)
Other comprehensive income for the year	-	(11,869)	-	(11,869)	-	(11,869)
Total comprehensive income for the year	(1,59,07,639)	(11,869)	-	(6,79,62,378)	-	(6,79,62,378)
Any other charge (to be specified)	-	-	-	-	-	-
Balance at March 31, 2017	(6,79,62,378)	-	-	(6,79,62,378)	-	(6,79,62,378)
Changes in accounting policy / prior period errors	(7,06,23,536)	-	-	(7,06,23,536)	-	(7,06,23,536)
Restated balance at the beginning of the reporting period 01.04	(13,85,85,914)	-	-	(13,85,85,914)	-	(13,85,85,914)
Profit/(Loss) for the year	7,55,31,424	-	-	7,55,31,424	-	7,55,31,424
Other comprehensive income for the year	-	68,715	-	68,715	-	68,715
Total comprehensive income for the year	(6,30,54,490)	68,715	-	(6,29,85,775)	-	(6,29,85,775)
Any other charge (to be specified)	-	-	-	-	-	-
Balance at March 31, 2018	(6,29,85,775)	-	-	(6,29,85,775)	-	(6,29,85,775)

