

### INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF SitiJind Digital Media Communication Pvt. Ltd.**

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

1. We have audited the accompanying standalone financial statements of **SitiJind Digital Media Communication Pvt. Ltd.** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### **Management's Responsibility for the 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 and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

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

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

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



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

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

### **Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2016, and its profit and its cash flows 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 Aa** 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 account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement 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 Rule 7 of the Companies (Accounts) Rules, 2014.



(e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2016 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 2016 on its financial position in its standalone financial statements – Refer Note no. 1.2- c of the additional 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**



**Lokesh Gupta**

**(Partner)**

**Membership No.: 503853**

**Place : New Delhi**

**Date :17/05/2016**

## Annexure A to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of SitiJind Digital Media Communication Pvt. Ltd. on the standalone financial statements for the year ended 31st March 2016

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

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



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

- (vii)(a) To the best of our knowledge and according to the information and explanations given to us the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable *except in case service tax & tds where there are significant delays*.
- (b) There are no dues in respect of income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess that have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company has no dues payable to a financial institution or a bank or debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.
- (ix) The company has not raised any funds during the year from initial public offer or further public offer or by way of term loans. Accordingly, the provisions of said clause of the Order are not applicable.
- (x) Based upon the audit procedures performed for the purpose of reporting true and fair view of the financial statement and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.
- (xi) No managerial remuneration has been paid or provided by the company during the year accordingly the provisions of clause 3(xi) of the order are not applicable.
- (xii) Since the company is not a Nidhi company the provisions of clause 3(xii) of the order are not applicable.
- (xiii) As per the information and explanation provided to us, all the transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.



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

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



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

**Place : New Delhi**  
**Date :17/05/2016**

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

Referred to in paragraph 10 (f) of the Independent Auditors' Report of even date to the members of **SitiJind Digital Media Communication Pvt. Ltd.** on the standalone financial statements for the year ended 31st March 2016.

### **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 **SitiJind Digital Media Communication Pvt. Ltd.** ("the Company") as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

#### **Auditors' Responsibility**

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



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

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

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

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

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

#### **Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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

**Chartered Accountants**

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

**Lokesh Gupta**

**(Partner)**

**Membership No.: 503853**

**Place : New Delhi**

**Date :17/05/2016**



**SITI JIND DIGITAL MEDIA COMMUNICATION PVT. LTD.**  
(Formerly known as Lemon IT Solutions Private Limited)  
**BALANCE SHEET AS AT MARCH 31, 2016**

AMOUNTS IN INR

| Particulars  | Notes | 31-Mar-16         | 31-Mar-15         |
|--|-------|-------------------|-------------------|
| <b>I. EQUITY AND LIABILITIES</b>                             |       |                   |                   |
| <b>(1) Shareholder's Funds</b>                               |       |                   |                   |
| (a) Share Capital  | 2     | 2,000,000         | 2,000,000         |
| (b) Reserves and Surplus                                     | 3     | 2,939,360         | 2,737,369         |
| <b>(2) Non-Current Liabilities</b>                           |       |                   |                   |
| (a) Deferred Tax Liability                                   | 4     | 886,936           | 473,116           |
| <b>(3) Current Liabilities</b>                               |       |                   |                   |
| (a) Trade payables   | 5     | 66,639,727        | 36,764,486        |
| (b) Other current liabilities                                | 5     | 9,513,113         | 3,272,204         |
| (c) Short term provisions                                    | 6     | 1,397,615         | 8,620,926         |
| <b>Total</b>   |       | <b>83,376,751</b> | <b>53,868,101</b> |
| <b>II. ASSETS</b>  |       |                   |                   |
| <b>(1) Non-current assets</b>                                |       |                   |                   |
| <b>(a) Fixed assets</b>                                      |       |                   |                   |
| (i) Tangible assets  | 7     | 41,861,290        | 22,550,145        |
| (b) Capital Work in Progress                                 |       | 262,188           | 1,541,358         |
| <b>(2) Current assets</b>                                    |       |                   |                   |
| (a) Trade receivables  | 8     | 22,805,305        | 16,983,922        |
| (b) Cash and cash equivalents                                | 9     | 5,382,581         | 473,528           |
| (c) Short-term loans and advances                            | 10    | 13,065,387        | 12,319,148        |
| <b>Total</b>   |       | <b>83,376,751</b> | <b>53,868,101</b> |
|  |       | 0                 |                   |
| Significant Accounting Policies                              | 1     |                   |                   |
| Notes referred above form integral part of the Balance Sheet |       |                   |                   |

As per our Report of even date attached  
For Subhash C. Gupta & Co.  
Chartered Accountants  
Firm Regn. No. 00410311



(Lokesh Gupta)  
Partner

M. No. FCA - 503853

Dated: 17 MAY 2016

Place: New Delhi

For & on behalf of Board of Directors  
For Siti Jind Digital Media Communication Pvt. Ltd.

Director  
DIN

Director  
DIN

**SITI JIND DIGITAL MEDIA COMMUNICATION PVT. LTD.**  
(Formerly known as Lemon IT Solutions Private Limited)  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016**

AMOUNTS IN INR

| Particulars   | Notes    | 31-Mar-16         | 31-Mar-15         |
|---|----------|-------------------|-------------------|
| <b>Continuing Operations</b>  |          |                   |                   |
| <b>Income</b>   |          |                   |                   |
| Revenue from operations   | 11       | 55,238,399        | 54,402,628        |
| Other Income  |          | 3,272,438         | 80,000            |
| <b>Total Revenue (I)</b>  |          | <b>58,510,837</b> | <b>54,482,628</b> |
| <b>Expenses</b>   |          |                   |                   |
| Carriage Sharing, Paychannel & other related costs                                      |          | 18,908,114        | 19,499,986        |
| Financial costs   | 12       | 143,474           | 7,386             |
| Depreciation and amortization expense   | 13       | 3,804,325         | 1,658,232         |
| Other expenses  | 14       | 35,690,854        | 28,835,740        |
| <b>Total Expenses (II)</b>  |          | <b>58,546,766</b> | <b>50,001,345</b> |
| Profit before exceptional and extraordinary items and tax                               | (I - II) | (35,929)          | 4,481,283         |
| Prior Period Income/ (Exp)  |          | 651,740           | -                 |
| <b>Profit before tax</b>  |          | <b>615,811</b>    | <b>4,481,283</b>  |
| Tax expense:  |          |                   |                   |
| (1) Current tax   |          | 125,610           | 940196            |
| (2) Deferred tax  |          | 413,820           | 294,449           |
| (3) Mat Credit Entitlement  |          | (125,610)         | (940,196)         |
| <b>Total Profit/(Loss) for the period</b>   |          | <b>201,991</b>    | <b>4,186,834</b>  |
| Earning per equity share:   |          |                   |                   |
| (1) Basic   |          | 1.01              | 20.93             |
| (2) Diluted   |          | 1.01              | 20.93             |
| <b>Significant Accounting Policies</b>  | 1        |                   |                   |
| <b>Notes referred to above form integral part of the Statement of Profit &amp; Loss</b> |          |                   |                   |

As per our Report of even date attached

For Subhash C. Gupta & Co.

Chartered Accountants

Firm Regn. No. 004103N



(Lokesh Gupta)

Partner

M. No: FCA - 503853

Dated: 17 MAY 2016

Place: New Delhi

For & on behalf of Board of Directors

For Siti Jind Digital Media Communication Pvt. Ltd.

Director  
DIN

Director  
DIN

**SITI JIND DIGITAL MEDIA COMMUNICATION PVT. LTD.**  
(Formerly known as Lemon IT Solutions Private Limited)  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016**

| PARTICULARS  | 31-Mar-16           | 31-Mar-15           |
|--|---------------------|---------------------|
|  | AMOUNT IN (Rs.)     | AMOUNT IN (Rs.)     |
| <b>A. Cash Flow from Operating Activities</b>                  |                     |                     |
| Net Profit, before taxation, after exceptional Items           | 615811              | 4,481,283           |
| Adjustments for :  |                     |                     |
| Depreciation   | 3804325             | 1,658,232           |
| Provision for doubtful debts                                   | -                   | 452,835             |
| Provision for taxation   | 413820              | 294,449             |
| Operating expenses before working capital changes              | <b>4,833,956</b>    | <b>6,886,799</b>    |
| Adjustments for :  |                     |                     |
| Increase In Current assets /loans & advances/trade receivables | (6,567,622)         | (20,784,992)        |
| Increase In trade and other payables                           | 28,479,019          | 34,537,376          |
| Cash generated from operations                                 | <b>26,745,353</b>   | <b>20,639,183</b>   |
| Taxes Paid/Refund  |                     |                     |
| <b>Net Cash Flow from Operating Activities</b>                 | <b>26,745,353</b>   | <b>20,639,183</b>   |
| <b>B. Cash Flow from Investing Activities</b>                  |                     |                     |
| Purchase of fixed assets & CWIP                                | (21,836,300)        | (23,288,048)        |
| <b>Net Cash Flow from Investing Activities</b>                 | <b>(21,836,300)</b> | <b>(23,288,048)</b> |
| <b>C. Cash Flow from Financing Activities</b>                  |                     |                     |
| Increase In Share Capital                                      | -                   | -                   |
| <b>Net Cash Flow from Financing Activities</b>                 | -                   | -                   |
| <b>Net Cash Flow during the year</b>                           | <b>4,909,053</b>    | <b>(2,648,865)</b>  |
| Cash and Cash Equivalents at the beginning of the year         | 473,528             | 3,122,393           |
| <b>Cash and Cash Equivalents at the end of the year</b>        | <b>5,382,581</b>    | <b>473,528</b>      |

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

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

(Lokesh Gupta)  
Partner  
M. No. FCA - 503859

Dated: **17 MAY 2016**  
Place: *New Delhi*

For & on behalf of Board of Directors  
For Siti Jind Digital Media Communication Pvt. Ltd.

*[Signature]*  
Director  
DIN

Director  
DIN

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

**Note: 1 SIGNIFICANT ACCOUNTING POLICIES**

**1.1 ACCOUNTING POLICIES**

**a. Accounting Convention**

The financial statements are prepared on going concern basis in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 (Act) read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified). The financial statements have been prepared on accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those of previous year.

**b. Tangible Fixed Assets**

Fixed Assets are stated at cost of acquisitions less depreciation and impairment losses if any. Cost of acquisitions comprises the purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

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

**c. Depreciation**

The company has adopted Schedule II to the Companies Act, 2013, for depreciation purposes, from 1 April 2014. The company was previously not identifying components of fixed assets separately for depreciation purposes; rather, a single useful life/ depreciation rate was used to depreciate each item of fixed asset.

Consequent to the enactment of the Companies Act, 2013 (the Act) and its applicability for accounting periods commencing after April 1, 2014, the Company has reworked depreciation with reference to the estimated economic lives of fixed assets prescribed by Schedule II to the Act or actual useful life of assets, whichever is lower as mentioned below. In case of any assets whose life has completed as above, the carrying value, net of residual value as at April 1, 2014 has been adjusted to the Reserves and in other cases the carrying value has been depreciated over the remaining of the revised life of the asset and recognised in the Statement of Profit and Loss.

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

**d. Taxation on Income**

Provision for current tax is made in accordance with the provisions of Income Tax Act, 1961. Deferred Tax is recognised for timing differences between taxable income and accounting Income that originate in one period and capable of reversal in one or more subsequent period.

**e. Revenue recognition**

a.) Subscription revenue and other service revenue are recognised on completion of services.

b.) Advertisement revenue is recognised when the related advertisement appears before the public. Other Advertisement revenue for slot sale is recognised on period basis.

c.) Carriage fees are recognised on accrual basis over the terms of related agreements.

d.) Activation fees on Set top boxes (STB) is recognised as revenue on activation of the related boxes.

**f. Impairment of Assets**

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

**g. Earning Per Share:**



The Basic earning per share is computed by dividing the net profit or loss attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earning per share comprises the weighted average number of shares considered for deriving basic earning share, and also the weighted average number of equity shares, which may be issued on the conversion of all dilutive potential shares, unless the results would be anti dilutive.

#### **h. Provisions**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

### **1.2 ADDITIONAL NOTES TO THE FINANCIAL STATEMENTS**

#### **a. Earning per share:**

|  | <b>31.03.2016</b> | <b>31.03.2015</b> |
|--|-------------------|-------------------|
| a) Profit/(Loss) after Tax                 | 201,991           | 4,186,834         |
| b) Weighted average No. of Ordinary Shares |                   |                   |
| Basic                                      | 200,000           | 200,000           |
| Diluted                                    | 200,000           | 200,000           |
| c) Nominal Value of Ordinary Share         | 10                | 10                |
| d) Earning per Ordinary share considering: |                   |                   |
| Basic                                      | 1.01              | 20.93             |
| Diluted                                    | 1.01              | 20.93             |

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

| <b>Particulars</b>                    | <b><u>2015-16</u></b> | <b><u>2014-15</u></b> |
|---------------------------------------|-----------------------|-----------------------|
| Audit fees Rs.                        | 40,000                | 30,000                |
| Tax Audit Fees                        |                       |                       |
| Other Matter                          | 10,973                | 21,292                |
| (Amount are exclusive of Service Tax) |                       |                       |

#### **c. Additional information**

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

|                                 | Amount        |   |
|---------------------------------|---------------|---|
| VAT department                  | Unascertained | - |
| Director Remuneration           | -             | - |
| Earning in Foreign Currency     | -             | - |
| Remittances in Foreign Currency | -             | - |
| Expenditure in Foreign Currency | -             | - |
| CIF Value of Import             | -             | - |

#### **d. 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.

#### **e. Related Parties Disclosure:**

##### **List of Parties where control exists**

##### **i Holding Company**

Siti Cable Network Limited (Formerly known as Wire & Wireless ( India ) Limited)

##### **ii Fellow Subsidiary Companies**



Siticable Broadband South Ltd.  
Wire & Wireless Tisai Satellite Ltd.  
Indian Cable Net Company Ltd.  
Central Bombay Cable Network Limited.  
Master Channel Community Network Pvt. Ltd.  
Siti Vision Digital Media Pvt. Ltd.  
Siti Jai Maa Durge Communications Pvt. Ltd.  
Siti Bhatia Network Entertainment Private Limited  
Siti Krishna Digital Media Private Limited  
Siti Jony Digital Cable Network Private Limited  
Siti Guntur Digital Network Private Limited  
Siti Faction Digital Private Limited

SITI GLOBAL PVT. LTD.  
SITI BROADBAND SERVICES PRIVATE LIMITED  
SITI PRIME UTTARANCHAL COMMUNICATION PRIVATE LIMITED  
PANCHSHEEL DIGITAL COMMUNICATION NETWORK PRIVATE LIMITED  
SAI STAR DIGITAL MEDIA PRIVATE LIMITED  
BARGACHH DIGITAL COMMUNICATION NETWORK PRIVATE LIMITED  
VARIETY ENTERTAINMENT PRIVATE LIMITED  
Siti Siri Digital Network Pvt. Ltd.  
SITI MAURYA CABLE NET PRIVATE LIMITED (Subsidiary of ICNCL)  
INDINET SERVICE PRIVATE LIMITED (100% Subsidiary of ICNCL)  
SITI KARNAL DIGITAL MEDIA NETWORK PRIVATE LIMITED

**iii Key Managerial Personnel**

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

**iv Other Related Parties**

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

**Transactions with:**

**Holding Company- Siti Cable Network Ltd. (SCNL)**

|  | <b>2016</b> | <b>2015</b> |
|--|-------------|-------------|
| Payment on account of Management Charges | 30,150,000  | 1,600,000   |
| Lease line charges                       | -           | 325,000     |
| Digital Headend feed charges             | 1,452,414   | 1,812,498   |
| Purchase of STB                          | 23,802,720  | 20,629,808  |
| STB repair charges/operation expenses    | 12,327      | 22,354      |
| Reimbursement of expenses                | 76,640      | -           |
| Advance recd                             | 2044281     | 458,716     |
| Advance repaid back                      |             | 730,516     |

**With Key Managerial Personnel**

|                       | <b>2016</b> | <b>2015</b> |
|-----------------------|-------------|-------------|
| Salary                | -           | -           |
| Advance given/ recd   | -           | -           |
| Advance received back | -           | -           |

**With other related parties**

|                    |   |            |
|--------------------|---|------------|
| Purchase of Assets | - | -          |
| Carriage Income    | - | 11,094,215 |

**Outstanding as on 31.3.2016**

|   |            |            |
|---|------------|------------|
| SCNL- Current Account (Cr)              | 49,525,172 | 20,506,929 |
| Mr. Ram Phool (Cr.)                     | -          | -          |
| M/s. Versatile Strategies Pvt. Ltd. Dr. | 4,108,904  | 4,108,904  |

f. 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.

g. Figures for the previous year have been regrouped / rearranged / recast whenever necessary to confirm for comparison purpose.

h. Trade receivables, Trade payables, Current liabilities, Expenses Recoverable/payable & other loans & Advances are subject to confirmation and reconciliation from the parties.

i. 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, 2016 there are no dues to Micro, Small and Medium Enterprises that are reportable under the MSMED Act, 2006.



- j. 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. The company has activated Set top boxes in Jind region under Digital Addressable cable TV System (DAS) in accordance with TRAI mandate for phase 3 cities. Owing to the initial delays in implementation of DAS in Jind, Haryana region and challenges faced by all the MSOs 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 involved and recognised subscription revenue under the new DAS regime w.e.f 01.01.2016.
- k. Since there are no employees on the payroll of the company the company has not provided for long term and short term employee benefits as per Accounting standards 15. Accordingly no provision has been made for gratuity and leave encashment during the year.
- l. Figures have been rounded off to the nearest rupee.
- m. Note 1 to 14 form an integral part of the accounts and have been duly authenticated.

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



**Place: New Delhi**

**Date: 17 MAY 2016**

**For and on behalf of the Board  
For Siti Jind Digital Media Communication Pvt. Ltd.**

**Director**

**Director**

**SITI JIND DIGITAL MEDIA COMMUNICATION PVT. LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

**Note 2. SHARE CAPITAL**

**2015-16**

**2014-15**

**Authorised Shares**

200000 Nos.(PY 200000) Equity Shares of Rs.10 each

|                  |                  |
|------------------|------------------|
| 2,000,000        | 2,000,000        |
| <u>2,000,000</u> | <u>2,000,000</u> |

**Issued , Subscribed and Fully Paid up**

200000 No.s (PY 200000) Equity Shares of Rs. 10 each fully paid up

|           |           |
|-----------|-----------|
| 2,000,000 | 2,000,000 |
|-----------|-----------|

**Total Issued, Subscribed and paid up Share Capital**

|                  |                  |
|------------------|------------------|
| <u>2,000,000</u> | <u>2,000,000</u> |
|------------------|------------------|

**a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

| Share Capital Schedule (No. of Shares Outstanding)            | 31-Mar-16      |                  | 31-Mar-15      |                  |
|---|----------------|------------------|----------------|------------------|
|   | Nos.           | Amount           | Nos.           | Amount           |
| Opening number of Shares outstanding                          | 200,000        | 2,000,000        | 200,000        | 2,000,000        |
| Add : Issued during the year                                  | -              | -                | -              | -                |
| Less: Bought back during the year                             | -              | -                | -              | -                |
| Closing number of outstanding shares at the end of the period | <b>200,000</b> | <b>2,000,000</b> | <b>200,000</b> | <b>2,000,000</b> |

**b. Out of Equity and Preference shares issued by the Company, shares held by its holding company, ultimate holding company and their subsidiaries/associates are as below:**

| Particulars   | Nature of relationship | 3/31/2016                  | 3/31/2015                  |
|---|------------------------|----------------------------|----------------------------|
| Siti Cable Network Limited ( Formerly known as Wire and Wireless India Limited) | Holding Company        | 102000 Equity Shares (51%) | 102000 Equity Shares (51%) |

**c. Terms/Rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity share will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity share held by the shareholders.

**d. Details of Shareholders holding more than 5 percent shares**

| Name of Shareholders  | March 2016   |                | March 2015    |                |
|---|--------------|----------------|---------------|----------------|
|   | No. of Share | % Shareholding | No. of Shares | % Shareholding |
| Siti Cable Network Limited ( Formerly known as Wire and Wireless India Limited) | 102000       | 51.00%         | 102000        | 51.00%         |
| Mr. Piyush Sama   | 13000        | 6.50%          | 13,000        | 6.50%          |
| Mr. Ram Phool   | 85000        | 42.50%         | 85000         | 42.50%         |



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**SITI JIND DIGITAL MEDIA COMMUNICATION PVT. LTD.  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

**Note 3. Reserves and Surplus**

|  | 2015-16<br>Rs.   | 2014-15<br>Rs.   |
|--|------------------|------------------|
| <b>Surplus in the statement of Profit &amp; Loss Account</b> |                  |                  |
| As per last Balance Sheet                                    | 2,737,369        | (1,449,465)      |
| Add : Profit/ (Loss) for the year                            | 201,991          | 4,186,834        |
| Less : Appropriations  | -                | -                |
| Proposed Dividend  | -                | -                |
| <b>Net surplus in the statement of profit and loss</b>       | <b>2,939,360</b> | <b>2,737,369</b> |
| Less: Appropriations   | -                | -                |
| <b>Total Reserves and Surplus</b>                            | <b>2,939,360</b> | <b>2,737,369</b> |



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**SITI JIND DIGITAL MEDIA COMMUNICATION PVT. LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

|  | 31-Mar-16<br>Rs. | 31-Mar-15<br>Rs. |
|--|------------------|------------------|
| <b>Note: 4</b>   |                  |                  |
| <b>Deferred tax asset (net)</b>  |                  |                  |
| <b>Deferred tax liability</b>  |                  |                  |
| Fixed assets: Impact of difference between tax depreciation and depreciation/<br>amortization charged for the financial reporting        | 1,026,862        | 613,042          |
| Others   | -                | -                |
| <b>Gross deferred tax liability</b>  | <b>1,026,862</b> | <b>613,042</b>   |
| <b>Deferred tax asset</b>  |                  |                  |
| Impact of expenditure charged to the statement of profit and loss in the current 0<br>year but allowed for tax purposes on payment basis | 139,926          | 139,926          |
| Others   | 139,926          | 139,926          |
| <b>Gross deferred tax asset</b>  | <b>139,926</b>   | <b>139,926</b>   |
| <b>Net deferred tax asset/(Liabilities)</b>  | <b>(886,936)</b> | <b>(473,116)</b> |



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**SITI JIND DIGITAL MEDIA COMMUNICATION PVT. LTD.  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

**Note: 5 Other current liabilities**

| Particulars                            | 31-Mar-16<br>Rs.  | 31-Mar-15<br>Rs.  |
|--|-------------------|-------------------|
| Trade payables (including acceptances) | 66,639,727        | 36,764,486        |
| <b>Other liabilities</b>               |                   |                   |
| Advance from debtors                   | 2,813,878         | -                 |
| Others                                 | 2,984,040         | -                 |
| Service tax payable                    | 3,715,194         | 3,272,204         |
| TDS payable                            | -                 | -                 |
| Other liabilities                      | -                 | -                 |
|  | <b>9,513,113</b>  | <b>3,272,204</b>  |
|  | <b>76,152,840</b> | <b>40,036,690</b> |

**Note: 6 Short Term Provisions**

| Particulars               | 31-Mar-16<br>Rs. | 31-Mar-15<br>Rs. |
|---------------------------|------------------|------------------|
| Income billed but not due | 108,041          | 402,990          |
| Liability for Expenses    | 1,163,964        | 6,876,898        |
| Provision for Taxation    | 125,610          | 134,1038         |
| <b>Total</b>              | <b>1,397,615</b> | <b>8,620,926</b> |

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**SITI JIND DIGITAL MEDIA COMMUNICATION PVT. LTD.  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

Note 7

**Tangible and Intangible Assets**

| Description            | Gross Block         |                   |            |                      | Depreciation        |                  |            | Net Block           |                      |                      |
|------------------------|---------------------|-------------------|------------|----------------------|---------------------|------------------|------------|---------------------|----------------------|----------------------|
|                        | As at April 1, 2015 | Additions         | Deductions | As at March 31, 2016 | As at April 1, 2015 | For the Year     | Deductions | Upto March 31, 2016 | As at March 31, 2016 | As at March 31, 2015 |
| <b>Tangible Assets</b> |                     |                   |            |                      |                     |                  |            |                     |                      |                      |
| Plant and Machinery    | 2,805,243           | 292,612           | -          | 3,097,855            | 736,854             | 454,533          | -          | 1,191,387           | 1,906,468            | 2,068,389            |
| Set top Box            | 21,695,282          | 22,822,858        | -          | 44,518,140           | 1,213,526           | 3,349,792        | -          | 4,563,318           | 39,954,822           | 20,481,756           |
| <b>Total</b>           | <b>24,500,525</b>   | <b>23,115,470</b> | <b>-</b>   | <b>47,615,995</b>    | <b>1,950,380</b>    | <b>3,804,325</b> | <b>-</b>   | <b>5,754,705</b>    | <b>41,861,290</b>    | <b>22,550,145</b>    |
| Previous Year          | 2,753,835           | 21,746,690        | -          | 24,500,525           | 292,148             | 1,658,232        | -          | 1,950,380           | 22,550,145           |                      |



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**SITI JIND DIGITAL MEDIA COMMUNICATION PVT. LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

Note: 8

**Trade receivables**

| Particulars  | 31-Mar-16         | 31-Mar-15         |
|--|-------------------|-------------------|
|  | Rs.               | Rs.               |
| Trade receivables outstanding for a period less than six months from the date they are due for payment |                   |                   |
| Secured, considered good   | 12,630,252        | 12,585,631        |
| Unsecured, considered good   |                   |                   |
| Unsecured, considered doubtful   |                   |                   |
| Less: Provision for doubtful debts   | 12,630,252        | 12,585,631        |
| Trade receivables outstanding for a period exceeding six months from the date they are due for payment |                   |                   |
| Secured, considered good   | 10,627,888        | 4,851,126         |
| Unsecured, considered good   |                   |                   |
| Unsecured, considered doubtful   |                   |                   |
| Less: Provision for doubtful debts   | 452,835           | 452,835           |
|  | 10,175,053        | 4,398,291         |
| <b>Total</b>   | <b>22,805,305</b> | <b>16,983,922</b> |

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

| Note : 9 | Cash & Bank Balances               | 31-Mar-16<br>Rs. | 31-Mar-15<br>Rs. |
|----------|------------------------------------|------------------|------------------|
|          | <b>Cash &amp; Cash Equivalents</b> |                  |                  |
|          | Cash in Hand                       | 2,424,671        | 100,000          |
|          | <u>Balances with banks</u>         |                  |                  |
|          | - On current accounts              | 2,957,910        | 373,528          |
|          | - Cheques in hand                  |                  | -                |
|          | <b>TOTAL</b>                       | <b>5,382,581</b> | <b>473,528</b>   |

| Note : 10 | Short Term Loans & Advances         | 31-Mar-16<br>Rs.  | 31-Mar-15<br>Rs.  |
|-----------|-------------------------------------|-------------------|-------------------|
|           | <b>Other advances</b>               |                   |                   |
|           | Advances, unsecured considered good | -                 | -                 |
|           | Advance to creditors                | 388,576           | 3,993,082         |
|           | Accrued income                      | 537,067           |                   |
|           | Prepaid Expenses                    | 7,537             |                   |
|           | Advances to staff                   | -                 | -                 |
|           | Advance Direct Taxes                | 1,966,340         | 3,279,825         |
|           | MAT credit                          | 1,466,648         | 1,341,038         |
|           | Advance Indirect Taxes              | 8,699,219         | 3,705,203         |
|           | <b>TOTAL</b>                        | <b>13,065,387</b> | <b>12,319,148</b> |



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**SITI JIND DIGITAL MEDIA COMMUNICATION PVT. LTD.  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

**Note: 11**

**Revenue from operations**

| Particulars                          | 31-Mar-16<br>Rs.     | 31-Mar-15<br>Rs.  |
|--------------------------------------|----------------------|-------------------|
| <b>Revenue from operations</b>       |                      |                   |
| <b>Sale of services</b>              |                      |                   |
| Subscription Income                  | 14,617,744           | 19,490,322        |
| Advertisement Income                 | 3,807,792            | 3,807,792         |
| Carriage Income                      | 9,078,624            | 13,458,557        |
| STB Activation charges income        | 20,896,292           | 17,645,957        |
| Subscription Income-DAS              | 6,837,947            |                   |
| <b>Revenue from operations (net)</b> | <b>55,238,399.07</b> | <b>54,402,628</b> |

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SITI JIND DIGITAL MEDIA COMMUNICATION PVT. LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

**Note: 12** **Finance costs**

|                                      | 31-Mar-16<br>Rs. | 31-Mar-15<br>Rs. |
|--------------------------------------|------------------|------------------|
| Interest/late fee on service tax/TDS | 121,729          | 7,274            |
| Bank charges                         | 21,745           | 112              |
| <b>Total</b>                         | <b>143,474</b>   | <b>7,386</b>     |

**Note : 13** **Depreciation and amortization expense**

|   | 31-Mar-16<br>Rs. | 31-Mar-15<br>Rs. |
|---|------------------|------------------|
| Depreciation of tangible assets           | 3,804,325        | 1,658,232        |
|   | <b>3,804,325</b> | <b>1,658,232</b> |
| Less: recoupment from revaluation reserve | -                | -                |
| <b>Total</b>                              | <b>3,804,325</b> | <b>1,658,232</b> |



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