

Siti Bhatia Network Entertainment Pvt. Ltd.
Balance Sheet as at March 31, 2017

	Notes	March 31, 2017 ` millions	March 31, 2016 ` millions	April 1, 2015 ` millions
A. Assets				
1. Non-current assets				
Fixed assets				
(a) Property, plant and equipment	4	45.36	44.11	7.36
(b) Capital work-in-progress	4	13.49	0.29	-
(c) Other intangible assets	5	-	-	-
(d) Intangible assets under development	5	-	-	-
(e) Financial assets				
(i) Investments	6	8.42	8.42	8.42
(ii) Loans	7	0.28	0.28	0.28
(iii) Others	8	-	-	-
(iv) Deferred Tax	8a	0.04	0.04	0.19
(f) Other non-current assets	9	-	-	-
Sub-total of Non-current assets		67.59	53.14	16.26
2. Current assets				
(a) Inventories	10	-	-	-
(b) Financial assets				
(i) Trade receivables	12	33.50	21.84	24.73
(ii) Investments	11	-	-	-
(iii) Cash and bank balances	13	1.31	0.65	0.28
(iv) Loans	15	9.14	17.11	4.12
(v) Others	14	-	-	-
(c) Current tax assets				
(d) Other current assets	16	0.72	0.02	0.23
Sub-total of Current assets		44.67	39.62	29.37
Total assets		112.25	92.76	45.63
B. Equity and liabilities				
Equity				
(a) Equity share capital	17	0.20	0.20	0.20
(b) Other equity	18	(45.29)	(29.59)	(23.44)
(c) Non-controlling interests		-	-	-
Sub-total - Equity		(45.09)	(29.38)	(23.23)
Liabilities				
1. Non-current liabilities				
(a) Financial liabilities				
(i) Long-term borrowings	19	32.64	19.80	17.30
(ii) Other financial liabilities	21	-	-	-
(b) Provisions	20	-	-	-
(c) Deferred tax liability (net)	20a	-	-	-
(d) Other non-current liabilities	22	3.84	4.94	-
Sub-total - Non-current liabilities		36.48	24.74	17.30
2. Current liabilities				
(a) Financial liabilities				
(i) Borrowings	23	-	-	-
(ii) Trade payables	24	8.00	9.66	1.05
(iii) Other financial liabilities	25	-	-	-
(b) Other current liabilities	26	109.41	85.08	50.51
(c) Provisions	26a	3.45	2.66	-
Sub-total of current liabilities		120.86	97.41	51.56
Total equity and liabilities		112.25	92.76	45.63
Summary of significant accounting policies	3	(0.00)	(0.00)	(0.00)

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 and on behalf of the Board of Directors of
Siti Bhatia Network Entertainment Private Limited

Director
DIN:

Director
DIN

Siti Bhatia Network Entertainment Pvt. Ltd.
Statement of Profit and Loss for the year ended March 31, 2017

	Notes	March 31, 2017 ` millions	March 31, 2016 ` millions	March 31, 2015 ` millions
Revenue				
Revenue from operations	27	29.53	35.95	42.07
Other income	28	-	-	0.00
Total revenue		29.53	35.95	42.07
Expenses				
Cost of materials consumed	29	-	-	-
Purchases of traded goods	30	-	-	-
Carriage sharing, pay channel and related costs		23.71	22.07	22.32
Employee benefits expense	31	4.92	5.56	5.41
Finance costs	32	0.00	0.00	0.00
Depreciation and amortisation expenses	33	6.83	2.39	1.45
Other expenses	34	9.79	11.73	8.37
Total expenses		45.24	41.74	37.57
Loss before prior period expenses		(15.71)	(5.79)	4.50
Income Tax (Current Tax +Deferred Tax)			0.36	0.71
Prior period expenses		-	-	-
Loss before and after tax		(15.71)	(6.15)	3.79
Loss per share after tax	35			
Basic		(769.67)	(301.21)	185.83
Diluted		(769.67)	(301.21)	185.83
Summary of significant accounting policies	3			

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 and on behalf of the Board of Directors of
Siti Bhatia Network Entertainment Private Limited

Director
DIN:

Director
DIN

SITI BHATIA NETWORK ENTERTAINMENT PVT. LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED

	PARTICULARS	31st March 2016	31st March 2017
A.	CASH FLOW FROM OPERATING ACTIVITIES :		
	Net Profit before tax as per Profit & Loss Account	(5.79)	(15.71)
	Adjustment for :		
	Depreciation and Amortisation	2.39	6.83
	Operating Profit before Working Capital changes	(3.40)	(8.88)
	Adjustment for :		
	Trade and other receivable	2.89	(11.67)
	Loans and Advances	(12.99)	7.98
	Other Current Assets	0.21	(0.70)
	Current Liabilities & Provisions	50.79	22.35
		40.90	17.96
	Cash generated from Operations	37.50	9.08
	Direct Taxes (Net)	0.21	-
	Net cash from Operating Activities	37.29	9.08
B.	CASH FLOW FROM INVESTING ACTIVITIES :		
	(Purchase)/Sale of Fixed Assets including Capital WIP	(39.42)	(21.27)
	Deposits (with Maturity more than 3 month)		
	Net Cash used in Investing Activities		
C.	CASH FLOW FROM FINANCING ACTIVITIES :	2.50	12.84
	Net Cash from financing Activities		
	Net Increase/(decrease) in Cash and Cash equivalents (A+B+C)	0.37	0.65
	CASH AND CASH EQUIVALENTS AS AT 01/04/2016	0.28	0.65
	CASH AND CASH EQUIVALENTS AS AT 31/03/2017	0.65	1.31
	Increase/(decrease) in Cash and Cash equivalents	0.37	0.65

	PARTICULARS	31st March 2016	31st March 2017
Notes:			
(a)	Cash and cash equivalent include the following :		
	Cash on Hand	0.73	0.08
	Balances with banks	(0.08)	1.22
	Total	0.65	1.31

Siti Bhatia Network Entertainment Pvt. Ltd.
Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017

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Tangible assets											(` millions)	
Gross block	Building equipment	Plant and equipment	Computers	Office equipment	Furniture and fixtures	Air conditioners	Studio equipment	Vehicles	Leaschold improvements	Set top boxes	IRD boxes	Total
Balance as at April 1, 2015	-	10.10	0.36	0.16	0.09	-	-	-	-	-	-	10.71
Additions	-	0.79	0.11	0.13	0.03	-	-	-	-	38.08	-	39.14
Disposal	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2016	-	10.89	0.47	0.29	0.12	-	-	-	-	38.08	-	49.85
Additions	-	-	-	-	-	-	-	-	-	8.07	-	8.07
Disposal	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2017	-	10.89	0.47	0.29	0.12	-	-	-	-	46.15	-	57.92
Accumulated depreciation												
Balance as at April 1, 2015	-	2.99	0.29	0.04	0.02	-	-	-	-	-	-	3.35
Charge for the year	-	1.28	0.05	0.04	0.01	-	-	-	-	1.00	-	2.39
Reversal on disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2016	-	4.28	0.34	0.08	0.03	-	-	-	-	1.00	-	5.73
Charge for the year	-	1.55	0.08	0.06	0.01	-	-	-	-	5.32	-	6.83
Reversal on disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2017	-	5.63	0.42	0.15	0.04	-	-	-	-	6.32	-	12.56
Net block												
Balance as at March 31, 2016	-	6.61	0.13	0.21	0.09	-	-	-	-	37.08	-	44.11
Balance as at March 31, 2017	-	5.26	0.05	0.15	0.08	-	-	-	-	39.83	-	45.36

Note:-

Siti Bhatia Network Entertainment Pvt. Ltd.

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

5	Intangible assets				(' millions)
	Gross block	Goodwill	Program/ film/ cable rights	Software	Total
	Balance as at April 1, 2015	-	-	-	-
	Additions	-	-	-	-
	Balance as at March 31, 2016	-	-	-	-
	Additions	-	-	-	-
	Balance as at March 31, 2017	-	-	-	-
	Accumulated amortisation				
	Balance as at April 1, 2015	-	-	-	-
	Charge for the year	-	-	-	-
	Balance as at March 31, 2016	-	-	-	-
	Charge for the year	-	-	-	-
	Balance as at March 31, 2017	-	-	-	-
	Net block				
	Balance as at March 31, 2016	-	-	-	-
	Balance as at March 31, 2017	-	-	-	-

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6 Non-current investments (Trade, unquoted)
Long term investments
(Valued at cost unless stated otherwise)

	March 31, 2017 millions	March 31, 2016 millions	April 1, 2015 millions
Investment in equity instruments-subsidiaries			
Investment in Siti Chhattisgarh Multimedia Pvt. Ltd.	8.42	8.42	8.42
	8.42	8.42	8.42
Investment in equity instruments-others			
Less: Provision for diminution in the value of investments			
Investment in preference shares			
	8.42	8.42	8.42
Aggregate amount of unquoted investments	8.42	8.42	8.42
Aggregate amount of provision for diminution in the value of investments			

7 Loans

	March 31, 2017 millions	March 31, 2016 millions	April 1, 2015 millions
Security deposits			
Unsecured, considered good	0.28	0.28	0.28
Doubtful			
	0.28	0.28	0.28
Less: Provision for doubtful security deposits			
	0.28	0.28	0.28

8 Others- Fixed deposits

	March 31, 2017 millions	March 31, 2016 millions	April 1, 2015 millions
Margin money deposit (pledged) and deposit with statutory authorities			
Bank deposit with maturity upto twelve months			

8a Deferred Tax Assets

	March 31, 2017 millions	March 31, 2016 millions	April 1, 2015 millions
	0.04	0.04	0.19
	0.04	0.04	0.19

9 Other non-current assets

	March 31, 2017 millions	March 31, 2016 millions	March 31, 2015 millions
Capital advances			
Other advances			
Prepaid expenses			
Ancillary cost of arranging for borrowings			

10 Inventories

(Valued at lower of cost or net realisable value)

	March 31, 2017 millions	March 31, 2016 millions	April 1, 2015 millions
Stores and spares			

17 Share capital

Authorised share capital
2,50,000 (Previous year: 2,50,000) equity shares of ₹ 10 each

Total authorised capital

Issued share capital
20,409 (Previous year: 20,409) equity shares of ₹ 10 each

Total issued capital

Subscribed and fully paid up capital
20,409 (Previous year: 20,409) equity shares of ₹ 10 each

Total paid up capital

March 31, 2017 ` millions	March 31, 2016 ` millions	April 1, 2015 ` millions
2.5	2.5	2.5
2.50	2.50	2.50
0.20	0.20	0.20
0.20	0.20	0.20
0.20	0.20	0.20
0.20	0.20	0.20
0.20	0.20	0.20

18 Other Equity

Foreign currency monetary item translation difference account

Balance at beginning of the year
Add: Recognised during the year
Less: Amortised during the year
Balance at the end of the year

Securities premium account

Balance at the beginning of the year
Add: Received on issue of equity shares on conversion of Warrants and OFCDs (refer note 4(f))
Less: Adjustment of expenses incurred on issue of equity shares
Balance at the end of the year

Employee stock options reserve

Balance at the beginning of the year
Add: Shares based payment expenses
Balance at the end of the year

General reserve

Balance at the beginning of the year
Add: Transferred from employee stock option reserve
Balance at the end of the year

Deficit in the Statement of profit and loss

Balance at the beginning of the year
Add: Adjustment on account of depreciation charge pursuant to implementation of Schedule II of the Companies Act, 2013 (refer note 12(ii))
Add: Loss for the year
Balance at the end of the year

March 31, 2017 ` millions	March 31, 2016 ` millions	April 1, 2015 ` millions
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
(29.59)	(23.44)	(27.23)
(15.71)	(6.15)	3.79
(45.29)	(29.59)	(23.44)
(45.29)	(29.59)	(23.44)

19 Long-term borrowings

(a) Term loans from banks (Secured)

Term loans

Finance lease obligations

Unsecured loan

The above amount includes

Amount disclosed under the head "other current liabilities" (Note 8)

Net amount

March 31, 2017 ` millions	March 31, 2016 ` millions	April 1, 2015 ` millions
-	-	-
-	-	-
32.64	19.80	17.30
32.64	19.80	17.30
32.64	19.80	17.30
32.64	19.80	17.30

20 Provisions

Provision for employee benefits (Refer Note 31)

Provision for gratuity

Provision for compensated absences

March 31, 2017 ` millions	March 31, 2016 ` millions	April 1, 2015 ` millions
-	-	-
-	-	-
-	-	-

20a Deferred tax liability (net)

March 31, 2017 ` millions	March 31, 2016 ` millions	April 1, 2015 ` millions
-	-	-
-	-	-

21 Other financial liabilities

Creditors for capital goods

March 31, 2017 ` millions	March 31, 2016 ` millions	April 1, 2015 ` millions
-	-	-
-	-	-

22 Other liabilities

Interest free deposits from customers
Deferred Activation Revenue

March 31, 2017 millions	March 31, 2016 millions	April 1, 2015 millions
3,837.37	4,939.02	2,900.5
3.84	4.94	-

23 Short-term borrowings

Secured
Loans repayable on demand from banks
Unsecured
Optionally fully convertible debenture from promoter group company

March 31, 2017 millions	March 31, 2016 millions	April 1, 2015 millions
-	-	-
-	-	-
-	-	-
-	-	-

24 Trade payables

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

March 31, 2017 millions	March 31, 2016 millions	April 1, 2015 millions
8.00	9.66	1.05
8.00	9.66	1.05

25 Other financial liabilities

Current maturities of long-term borrowings (Refer note 7)
Current maturities of finance lease obligations (Refer note 7)
Interest accrued but not due on borrowings
Bank overdraft
Creditors for capital goods

March 31, 2017 millions	March 31, 2016 millions	April 1, 2015 millions
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-

26 Other Current Liabilities

Others
Deferred Activation Revenue
Advances from customers
Payable for statutory liabilities
Payable to employees

97.20	74.55	44.94
2.31	1.94	-
-	-	-
9.22	8.13	5.23
0.68	0.47	0.34
109.41	85.08	50.51

26a Provisions

Provision for employee benefits (Refer Note 31)
Provision for gratuity
Provision for expenses

March 31, 2017 millions	March 31, 2016 millions	April 1, 2015 millions
-	-	-
3.45	2.66	-
3.45	2.66	-

Siti Bhatia Network Entertainment Pvt. Ltd.

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

27 Revenue from operations

	March 31, 2017 ` millions	March 31, 2016 ` millions	March 31, 2015 ` millions
Sale of services			
Subscription income	20.49	7.21	11.45
Advertisement income	0.24	0.28	3.36
Carriage income	3.35	12.79	20.63
Activation and Set top boxes pairing charges	4.96	15.26	-
Set top box pairing charges	-	-	-
Other operating revenue			
Sale of traded goods*	-	-	-
Lease rental charges	0.50	0.41	0.63
Other networking and management income	-	-	5.99
Scrap sales	-	-	-
	29.53	35.95	42.07

* Details of sale of traded goods

Set top box and viewing cards	-	-	-
Store and spares	-	-	-
	-	-	-

28 Other income

	March 31, 2017 ` millions	March 31, 2016 ` millions	March 31, 2015 ` millions
Interest income on			
Bank deposits	-	-	-
Others	-	-	0.00
Excess provisions written back	-	-	-
Profit on sale of fixed assets	-	-	-
Other non-operating income	-	-	-
	-	-	0.00

29 Cost of materials consumed-stores and spares

	March 31, 2017 ` millions	March 31, 2016 ` millions	March 31, 2015 ` millions
Opening stock	-	-	-
Add : Purchases during the year	-	-	-
Less: Transferred to fixed assets	-	-	-
Less : Closing stock	-	-	-
	-	-	-

30 Purchases of traded goods

	March 31, 2017 ` millions	March 31, 2016 ` millions	March 31, 2015 ` millions
Set top boxes	-	-	-
Viewing cards	-	-	-
	-	-	-

Siti Bhatia Network Entertainment Pvt. Ltd.

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

31 Employee benefits expense

	March 31, 2017 ` millions	March 31, 2016 ` millions	March 31, 2015 ` millions
Salaries, allowances and bonus	4.76	5.26	4.84
Contributions to provident and other funds	-	0.07	0.33
Employee benefits expenses	0.16	0.22	0.25
Staff welfare expenses	4.92	5.56	5.41

32 Finance costs

	March 31, 2017 ` millions	March 31, 2016 ` millions	March 31, 2015 ` millions
Interest	-	-	-
Bank charges	0.00	0.00	0.00
Amortisation of borrowing and ancillary costs	-	-	-
	0.00	0.00	0.00

33 Depreciation and amortisation expenses

	March 31, 2017 ` millions	March 31, 2016 ` millions	March 31, 2015 ` millions
Depreciation of tangible assets (Refer note 12)	6.83	2.39	1.45
Amortisation of intangible assets (Refer note 13)	-	-	-
	6.83	2.39	1.45

34 Other expenses

	March 31, 2017 ` millions	March 31, 2016 ` millions	March 31, 2015 ` millions
Rent	0.77	0.73	0.64
Rates and taxes	0.34	0.48	-
Communication expenses	0.27	0.26	0.14
Repairs and maintenance	-	-	-
- Network	0.75	2.57	0.31
- Building	-	-	-
- Others	-	-	-
Electricity and water charges	0.89	0.90	0.87
Legal, professional and consultancy charges	0.78	0.95	0.95
Printing and stationery	0.06	0.03	0.06
Service charges	-	-	-
Travelling and conveyance expenses	1.46	1.92	1.07
Auditors' remuneration*	0.05	0.05	0.06
Vehicle expenses	0.65	0.66	0.39
Insurance expenses	-	-	-
Provision for doubtful debts**	-	-	-
Provision for doubtful advances	-	-	-
Advertisement and publicity expenses	-	0.18	0.06
Commission charges and incentives	-	-	-
Bad debts	-	-	-
Program production expenses	-	-	-
Other operational cost	2.71	2.19	3.44
Business and sales promotion	0.13	0.09	0.02
Exchange fluctuation loss (net)	-	-	-
Miscellaneous expenses	0.93	0.71	0.39
	9.79	11.73	8.37

*Auditors' remuneration

as an auditor	0.05	0.05	0.06
Limited review fees	-	-	-
for other services (certifications)	-	-	-
for reimbursement of expenses	-	-	-
	0.05	0.05	0.06

Siti Bhatia Network Entertainment Pvt. Ltd.

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

35 Earnings per share

	March 31, 2017 ` millions	March 31, 2016 ` millions	March 31, 2015 ` millions
Loss attributable to equity shareholders	(15.71)	(6.15)	3.79
Number of weighted average equity shares			
Basic	20,409	20,409	20,409
Diluted	20,409	20,409	20,409
Effect of dilutive potential equity shares~			
Employee stock options		=	=
Warrants		=	=
Optionally fully convertible debentures		=	=
Nominal value of per equity share (`)		0	1
Loss per share after tax (`)			
Basic	(769.67)	(301.21)	185.83
Diluted	(769.67)	(301.21)	185.83

~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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NOTE -1: SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDING 31st MARCH, 2017

1.1 CORPORATE INFORMATION:

Siti Bhatia Network Entertainment Private Limited (hereinafter referred to as the 'Company') is engaged in the business of providing cable TV services to the end consumers.

1.2 BASIS OF PREPARATION:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

These financial statements are the first financial statements of the Company under Ind AS.

The accounting policies have been consistently applied by the Company.

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Act. Based on the nature of business and the time between the acquisition of assets and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities

1.3 USE OF ESTIMATES:

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

1.4 RECOGNITION OF REVENUE:

Revenue is recognized when it is probable that the economic benefits will flow to the Company and it can be reliably measured. Revenue is measured at the fair value of the consideration received/receivable net of rebates and taxes. The Company applies the revenue recognition criteria to each separately identifiable component of the sales transaction. Service income is recognized as per the terms of contracts with customers when the related services are performed, or the agreed milestones are achieved.

Under the previous GAAP, upfront amount charged as activation was being taken to Revenue. Under IND AS, Company has deferred the activation income over the customer relationship period of 4 years and carried the deferred portion on the transition date under deferred revenue.

1.5 RECOGNITION OF INCOME AND EXPENSE:

Items of income and expenditure are recognized on accrual basis.

1.6 PLANT, PROPERTY AND EQUIPMENT:

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

Depreciation / amortization on plant, properties and equipments is provided at rates computed on the basis of useful life of assets as specified in Schedule II of the Companies Act, 2013 except in case of intangible assets and leasehold improvements on which depreciation is provided at rate as mentioned below which in view of the management represents the useful life of assets. Assets costing less than Rs 5,000 each, are depreciated in full excluding residual value as per Schedule II, in year of purchase.

Asset categoryRate of depreciation/ amortization

Intangible assets	Straight Line Method
Leasehold improvements	Over the lease term or useful life whichever is lower

1.7 INVESTMENTS:

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

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

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

1.8 INVENTORIES:

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

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

1.9 INCOME TAXES:

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

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

1.10 EVENTS OCCURRING AFTER BALANCE SHEET DATE:

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

1.11 PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES:

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

Contingent liability is disclosed for:

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

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

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

NOTE – 2: EXPLANATORY/ CLARIFICATORY NOTES:

- 2.1 No dividend has been proposed by the Directors of the Company due to nominal profits of the company.
- 2.2 Balances of sundry creditors and debtors are subject to confirmation from the respective parties.
- 2.3 In the opinion of the Board, current assets, loans & advances have a value in the ordinary course of business at least equal to that stated in Balance Sheet.
- 2.4 **Auditors Remuneration:2016-17**

<u>SL. NO.</u>	<u>PARTICULARS</u>	<u>F/Y 2016-17</u>	<u>F/Y 2015-16</u>
1.	AUDIT FEES	Rs. 50,250/-	Rs. 50,250/-

2.5 RELATED PARTY DISCLOSURES:-**Names of related parties:**

Siti Networks Limited (formerly Siti Cable Network Limited)	Holding Company
Wire And Wireless Tisai Satellite Limited, Mumbai	Fellow Subsidiary
Indian Cable Net Company Limited, Kolkata	Fellow Subsidiary
Central Bombay Cable Network Limited, Delhi	Fellow Subsidiary
Siti Cable Broadband South Limited, Bengaluru	Fellow Subsidiary
Master Channel Community Network Pvt. Ltd., Vijayawada	Fellow Subsidiary
Siti Vision Digital Media Private Limited, Delhi	Fellow Subsidiary
SitiJind Digital Media Communications Private Limited, Delhi	Fellow Subsidiary
Siti Jai MaaDurge Communications Private Limited, Delhi	Fellow Subsidiary
Siti Global Private Limited	Fellow Subsidiary
Siti Krishna Digital Media Private Limited	Fellow Subsidiary
SitiJony Digital Cable Network Private Limited	Fellow Subsidiary
Siti Guntur Digital Network Private Limited	Fellow Subsidiary
Siti Faction Digital Private Limited	Fellow Subsidiary
Siti Sagar Digital Cable Network Private Limited (formerly known as Panchsheel Digital Communication Network Private Limited)	Fellow Subsidiary
SitiKarnal Digital Media Private Limited	Fellow Subsidiary
Siti Broadband Services Private Limited	Fellow Subsidiary

SitiMaurya Cable Net Private Limited	Fellow Subsidiary
Indinet Service Private Limited	Fellow Subsidiary
Axom Communications & Cable Private Limited	Fellow Subsidiary
Siti Siri Digital Network Pvt. Ltd.	Fellow Subsidiary
Siti Godaari Digital Services Private Limited Private Limited	Fellow Subsidiary
Siti Prime Uttaranchal Communication Private Limited	Fellow Subsidiary
SitiSaistar Digital Media Pvt. Ltd. (formerly known as SaistarDigital Media Private Limited)	Fellow Subsidiary
Variety Entertainment Private Limited	Fellow Subsidiary

Other Related Parties:

Mr. Sanjay Jindal	-	Director
Mr. Rahul Vyas	-	Director
Mr. Nikesh Goyal	-	Director
Mr. Daljeet Bhatia	-	Director
Mr. Tejinder Bhatia	-	Director
Mr. Nilesh Dubey	-	Director

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

- Sale/ purchase of goods and services

	Year ended	Sale of goods and services	Purchase of goods and services	Amount owed by related parties	Amount owed to related parties
Holding Company					
Siti Networks Limited	March 31, 2017	-	77,61,308/-	-	6,26,60,991/-
	March 31, 2016	-	3,79,30,649/-	-	3,25,03,081/-

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

Particulars	31-March-2017	31-March-2016
Profit/(Loss) after Tax	(1,57,08,197)	(61,47,489)
Number of Equity Shares	20,409	20,409
Nominal Value of Equity Shares	10	10
Basics Earnings per Share	(769.67)	(301.21)

2.8 Other disclosures are made as under :

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

iv. Earnings in Foreign Currency

-

NIL

2.9 As required by the MCA notification G.S.R. 308(E) dated 30.03.2017, the details of **Specified Bank Notes (SBN)** held and transacted during the period from 8th November 2016 to 30th December 2016, the denomination wise SBNs and other notes is given below:

Particulars	SBNs*	Other Denomination Notes	Total
Closing Cash in Hand as on 8 th November 2016	5,92,000	8,75,910	14,67,910
(+) Permitted Receipts	NIL	24,87,543	24,87,543
(-) Permitted Payments	(42,000)	(19,57,810)	(19,99,810)
(-) Amount deposited in Bank	(5,50,000)	NIL	(5,50,000)
Closing Cash in Hand as on 30 th December 2016	NIL	14,05,643	14,05,643

**For the purposes of this clause, the term Specified Bank Notes shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated 8th November 2016.*

Siti Bhatia Network Entertainment Pvt Ltd.

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

3.1 Fair value measurements

A. Financial instruments by category

	millions	
	March 31, 2017	
	FVTPL	Amortised cost
Financial assets		
Bank deposits	7	0.28
Amount recoverable	15	9.14
Interest accrued and not due on fixed deposits		-
Security deposits		-
Investment (Non-current, financial assets)		-
Unbilled revenues		-
Trade receivables	12	33.50
Investment (Current, financial assets)		-
Cash and cash equivalents	13	1.31
Total financial assets		44.23
Financial liabilities		
Borrowings (non-current, financial liabilities)	19	32.64
Borrowings (current, financial liabilities)		-
Payables for purchase of property, plant and equipment		-
Security deposits received from customer		-
Trade payables	24	8.00
Other financial liabilities (current)		-
Total financial liabilities		40.63

	millions	
	March 31, 2016	
	FVTPL	Amortised cost
Financial assets		
Bank deposits		-
Amount recoverable	15	17.11
Interest accrued and not due on fixed deposits		-
Security deposits	7	0.28
Investment (Non-current, financial assets)		-
Unbilled revenues		-
Trade receivables	12	21.84
Investment (Current, financial assets)		-
Cash and cash equivalents	13	0.65
Total financial assets		39.88
Financial liabilities		
Borrowings (non-current, financial liabilities)	19	19.80
Payables for purchase of property, plant and equipment		-
Security deposits		-
Trade payables	24	9.66
Other financial liabilities (current)		-
Total financial liabilities		29.46

	millions	
	April 01, 2015	
	FVTPL	Amortised Cost
Financial assets		
Bank deposits		-
Amount recoverable	15	4.12
Interest accrued and not due on fixed deposits		-
Security deposits	7	0.28
Investment (Non-current, financial assets)	6	8.42
Unbilled revenues		-
Trade receivables	12	24.73
Investment (Current, financial assets)		-
Cash and cash equivalents	13	0.28
Total financial assets		37.83
Financial liabilities		
Borrowings (non-current, financial liabilities)	19	17.30
Borrowings (current, financial liabilities)		-
Payables for purchase of property, plant and equipment		-
Security deposits		-
Trade payables	24	1.05
Other financial liabilities (current)		-
Total financial liabilities		18.35

B. Financial instruments measured at fair value

The following tables present financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

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

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

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

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as on March 31, 2017, March 31, 2016 and April 01, 2015 as follows:

Siti Bhatia Network Entertainment Pvt Ltd.

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

March 31, 2017	Date of Valuation	Level 1	Level 2	Level 3
Financial assets				
Mutual funds	At March 31, 2017	-	-	-
Investment in optionally convertible debentures	At March 31, 2017	-	-	-
<hr/>				
March 31, 2016	Date of Valuation	Level 1	Level 2	Level 3
Financial assets				
Mutual funds	At March 31, 2016	-	-	-
Investment in optionally convertible debentures	At March 31, 2016	-	-	-
<hr/>				
April 01, 2015	Date of Valuation	Level 1	Level 2	Level 3
Financial assets				
Mutual funds	At March 31, 2015	-	-	-

Valuation technique to determine fair value

Optionally fully convertible debentures (Level 3)

The valuation of optionally fully convertible debentures has been done using the discounted cash flow method by discounting the investee Companies free cash flows for the explicit forecast period and the perpetuity value thereafter. The free cash flows are discounted by weighted average cost of capital comprising of debt and equity. The risk free rate of 7.14% is considered on the 10 year zero coupon government bond.

There have been no transfer between level 1 and level 2 during the year ended March 31, 2017, March 31, 2016 and April 01, 2015.

The following table presents the changes in level 3 items for the periods ended 31 March 2017 and 31 March 2016:

Particulars	Amount in millions
As at April 01, 2015	-
Acquired during the year	-
As at March 31, 2016	-
Additions during the year	-
Gains recognised in statement of profit and loss	-
As at March 31, 2017	-

Significant unobservable input	Estimate of the input	Sensitivity of the fair value measurement to input

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

	March 31, 2017		March 31, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Bank deposits	0.28	0.28	-	-
Amount recoverable	9.14	9.14	17.11	17.11
Interest accrued and not due on fixed deposits	-	-	-	-
Security deposits	-	-	0.28	0.28
Investment (Non-current, financial assets)	-	-	-	-
Unbilled revenue	-	-	-	-
Trade receivables	33.50	33.50	21.84	21.84
Cash and cash equivalents	1.31	1.31	0.65	0.65
Total financial assets	44.24	44.24	39.87	39.87
Financial liabilities				
Borrowings (non-current, financial liabilities)	32.64	32.64	19.80	19.80
Borrowings (current, financial liabilities)	-	-	-	-
Payables for purchase of property, plant and equipment	-	-	-	-
Security deposits	-	-	-	-
Trade payables	8.00	8.00	9.66	9.66
Other financial liabilities (current)	-	-	-	-
Total financial liabilities	40.63	40.63	29.46	29.46

	April 01, 2015	
	Carrying Amount	Fair Value
Financial assets		
Bank deposits	-	-
Amount recoverable	4.12	4.12
Interest accrued and not due on fixed deposits	-	-
Security deposits	0.28	0.28
Investment (Non-current, financial assets)	8.42	8.42
Unbilled revenue	-	-
Trade receivables	24.73	24.73
Cash and cash equivalents	0.28	0.28
Total financial assets	37.83	37.83
Financial liabilities		
Borrowings (non-current, financial liabilities)	17.30	17.30
Borrowings (current, financial liabilities)	-	-
Payables for purchase of property, plant and equipment	-	-
Security deposits	-	-
Trade payables	1.05	1.05
Other financial liabilities (current)	-	-
Total financial liabilities	18.35	18.35

Siti Bhatia Network Entertainment Pvt Ltd.

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

**3.2 First time adoption of Ind AS
Transition to Ind AS**

These are the Company's first consolidated financial statements prepared in accordance with Ind AS

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS standalone balance sheet at April 01, 2015 (the date of transition). In preparing its opening Ind AS standalone balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the group's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

Use of deemed cost for investments in subsidiaries, jointly controlled entities and associates

The balance of the investment in subsidiaries and joint controlled entities at the date of transition to Ind AS, determined in accordance with the previous GAAP as the deemed cost of the investment at initial recognition.

Exchange differences on long-term foreign currency monetary items

Under previous GAAP, the company applied paragraph 46A of AS 11 whereby exchange differences arising from translation of long-term foreign currency monetary items were capitalized/deferred. On transition to Ind AS first time adopter is permitted to continue policy adopted for accounting for such exchange differences recognised in the previous GAAP financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period. The Company has opted for this exemption and continued its previous GAAP policy for accounting of exchange differences on long-term foreign currency monetary items recognized in the previous GAAP financial statements for the year ended March 31, 2016.

Under previous GAAP foreign exchange gain/loss on long term foreign currency monetary items recognized upto March 31, 2016 has been deferred/capitalized. Such exchange differences arising on translation/settlement of long-term foreign currency monetary items and pertaining to the acquisition of a depreciable asset are amortised over the remaining useful lives of the assets.

From accounting periods commencing on or after April 01, 2016, exchange differences arising on translation/ settlement of long-term foreign currency monetary items, acquired post April 01, 2016, pertaining to the acquisition of a depreciable asset are charged to the statement of profit and loss.

B: Ind AS mandatory exceptions

Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 01, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

Investment in equity instruments carried at FVTPL or FVTOCI.

Impairment of financial assets based on expected credit loss model.

Classification and measurement of financial assets and liabilities

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess elements of modified time value of money i.e. the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

Applying a requirement is impracticable when an entity cannot apply it after making every reasonable effort to do so. It is impracticable to apply the changes retrospectively if:

- a) The effects of the retrospective application or retrospective restatement are not determinable;
- b) The retrospective application or restatement requires assumptions about what management's intent would have been in that period; The retrospective application or retrospective restatement requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that existed at that time.

C: Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

Reconciliation of previous GAAP and Ind AS impact for Balance Sheet (April 01, 2015)

	in million		
	Previous GAAP	IND AS Adjustments	Ind AS
ASSETS			
Non-current assets			
a)Property, Plant and Equipment	7.36		7.36
b)Capital work-in-progress	-		-
c)Intangibles assets			-
d)Intangibles assets under Development			-
e)Financial Assets			-
i)Trade receivable			-
ii) Investments	8.42		8.42
iii) Others	0.28		0.28
f)Other non-current assets	0.19		0.19
	16.25	-	16.25
Current assets			
a)Inventories			-
b)Financial Assets			-
i)Trade receivable	24.73		24.73
ii)Cash and cash equivalents	0.28		0.28
iii)Investments			-
iv)Others	4.12		4.12
	0.23		0.23
c)Other current assets	29.36		29.36
	45.62	-	45.62
			in million
EQUITY AND LIABILITIES			
	Previous GAAP	Adjustments	Ind AS
Equity			
a)Equity Share Capital	0.20		0.20
b)Other Equity	(23.41)		(23.41)
	(23.24)	-	(23.23)

Siti Bhatia Network Entertainment Pvt Ltd.

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

2017

LIABILITIES

Non-current liabilities

a) Financial liabilities

i) Borrowings

17.30

ii) Other financial liabilities

b) Provisions

c) Other non-current liabilities

17.30

17.30

-

17.30

Current liabilities

a) Financial liabilities

i) Borrowings

1.05

ii) Trade payables

iii) Other financial liabilities

b) Provisions

c) Other current liabilities

50.51

1.05

50.51

Total current liabilities

51.56

-

51.56

68.86

-

68.86

Total equity and liabilities

45.62

-

45.62

Reconciliation of previous GAAP and IndAS impact for Balance Sheet (March 31, 2016)

in million

	Previous GAAP	Adjustments	Ind AS
--	---------------	-------------	--------

ASSETS

Non-current assets

a) Property, Plant and Equipment

44.11

b) Capital work-in-progress

0.29

c) Intangibles assets

-

d) Intangibles assets under Development

-

d) Financial Assets

i) Trade receivable

ii) Investments

8.42

8.42

iii) Others

0.28

0.28

e) Other non current assets

0.04

0.04

53.14

-

53.14

Current assets

a) Inventories

b) Financial Assets

i) Trade receivable

21.84

21.84

ii) Cash and cash equivalents

0.65

0.65

iii) Investments

iv) Others

17.11

17.11

c) Other current assets

0.02

0.02

39.62

-

39.62

92.76

-

92.76

	Previous GAAP	Adjustments	Ind AS
--	---------------	-------------	--------

EQUITY AND LIABILITIES

Equity

a) Equity Share Capital

0.20

0.20

b) Other Equity

(22.71)

(6.88)

(29.59)

(22.51)

(6.88)

(29.39)

LIABILITIES

Non-current liabilities

a) Financial Liabilities

i) Borrowings

19.80

19.80

ii) Other Financial Liabilities

b) Provisions

c) Other non current liabilities

-

4.94

4.94

19.80

4.94

24.74

Current liabilities

a) Financial Liabilities

i) Borrowings

9.66

9.66

ii) Trade payables

iii) Other Financial Liabilities

b) Provisions

2.66

2.66

c) Other current liabilities

83.14

1.94

85.08

Total current liabilities

95.46

1.94

97.40

115.26

6.88

122.14

Total equity and liabilities

92.76

-

92.76

Siti Bhatia Network Entertainment Pvt Ltd.

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

Reconciliation of total comprehensive income for the year ended March 31, 2016.

	in million		
	Previous GAAP	Adjustments	Ind AS
Income			
Revenues from operations	42.83	(6.88)	35.95
Other income			
Total Income	42.83	(6.88)	35.95
Expenses			
Purchase of traded goods			
Carriage sharing, pay channel and related costs	22.07		22.07
Employee benefits expense	5.56		5.56
Finance costs			
Depreciation and amortisation of non-financial assets	2.39		2.39
Other expenses	11.73		11.73
Total Expenses	41.74	-	41.74
Profit before exceptional item and tax	1.09	(6.88)	(5.79)
Prior period items			
Profit/(Loss) before tax	1.09	(6.88)	(5.79)
Other Comprehensive Income			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurement of defined benefit liability			
Total comprehensive income	1.09	(6.88)	(5.79)

Reconciliation of total equity as at March 31, 2016 and April 01, 2015

	in million		
	Notes to first time adoption	March 31, 2016	April 01, 2015
Total equity (shareholder's funds) as per previous GAAP		(22.50)	(23.23)
Adjustments:			
Optionally fully convertible debentures classified to equity			
Redeemable preference shares transferred to liability			
Effect of recognising interest expense on long-term borrowings and advances as per effective interest method			
Effect of provision for expected credit loss			
Measurement of financial assets at fair value through profit and loss			
Effect of recognition of activation and set top boxes pairing charges		(6.88)	
Effects of prior period items			
Other			
Total adjustments		(6.88)	-
Total equity as per Ind AS		(29.38)	(23.23)

Reconciliation of total comprehensive income for the year ended 31 March 2016

	in million	
	Notes to first time adoption	31 March 2016
Net loss after tax as reported under previous GAAP for March 31, 2016		0.73
Effect of recognising interest expense on long term borrowings and advances as per effective interest method		
Measurement of financial assets and financial liabilities at amortise cost		
Effect of provision for expected credit loss		
Measurement of financial asset at fair value through profit and loss		
Effect of recognition of activation and set top boxes pairing charges		(6.88)
Remeasurement of employee benefit obligation to other comprehensive income		
Effects of prior period items		
Other		
Net loss after tax as reported under Ind AS for March 31, 2016		(6.15)
Other comprehensive income after tax		
Total comprehensive income		(6.15)

Note 1: Interest Free Advances and Security Deposits

Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued these security deposits and advances under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised according to the nature of the respective deposit or advance.

Note 2(a): Trade Receivables

As per Ind AS 109, the Company is required to apply expected credit loss model for recognising the allowance for doubtful debts. IND-AS 109 requires entities to recognise loss allowances on an amount equal to the lifetime expected credit loss or the 12 month expected credit loss based on the increase in the credit risk of the borrower. Lifetime expected credit losses are required to be estimated based on the present value of all expected cash shortfalls over the remaining life of the financial instrument. Lifetime expected credit losses are an expected present value measure of losses that arise if a borrower defaults on their obligation throughout the life of the financial instrument. They are the weighted average credit losses with the probability of default as the weight.

Note 2(b): Trade Receivables

In the financial year 2015-16, the Company has sold certain number of set-top boxes on deferred credit terms. The revenue is recognised on the basis of the fair value of the transaction entered.

Note 3: Fair valuation of investments

Under the previous GAAP, investments in equity instruments and mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value through profit and loss where fair value gains or losses are

Note 4: Borrowings and advances

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method. Further, long term advances are initially recognised at fair value by applying the effective interest method. Under previous GAAP, these transaction cost on long term borrowings were amortised over the term of the borrowings.

Note 5: Deferred Revenue

Under the previous GAAP, upfront amount charged as activation was being taken to Revenue. Under IND AS, company has deferred the activation income over the customer relationship period of 4 years and carried the deferred portion on the transition date under deferred revenue.

Note 6: Convertible Instruments

Siti Bhatia Network Entertainment Pvt Ltd.

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

Under IND AS 109, a financial instrument should be classified by the issuer upon initial recognition as a financial liability or an equity instrument according to the substance of the contractual arrangement rather than its actual form and the definitions of financial liability and an equity instrument. Accordingly the company has classified optionally convertible debentures and redeemable preference shares from liability to equity

Note 7: Deferred tax

Retained earnings has been adjusted consequent to the Ind AS transition adjustments with corresponding impact to deferred tax, wherever applicable

Note 8: Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the loss for the year ended March 31, 2016 increased by ₹ 0.30 million. There is no impact on the total equity as at March 31, 2016.

Note 9: Retained Earnings

Retained earnings as at April 01, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

Note 10: Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans, effective portion of gains and losses on cash flow hedging instruments and fair value gains or (losses) on FVOCI equity instruments. Comprehensive income related recognition, measurement and disclosures did not exist under previous GAAP.

3.3 Financial risk management objectives and policies

Financial risk management

The Company is exposed to various risks in relation to financial instruments. The main types of risks are credit risk, liquidity risk and market risk.

The Company's risk management is coordinated in close co-operation with the board of directors, and focuses on securing Company's short to medium term cash flows.

This note explains the sources of risk which the Company is exposed to and how the Company manages the risk and the related impact in these standalone financial statements.

A. Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or pay amounts due to the Company causing financial loss. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

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

A: Low credit risk on financial reporting date

B: High credit risk

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

Asset group	Basis of categorisation	Provision for expected credit loss
Low credit risk	Investment, Cash and cash equivalents, trade receivable and	12 month expected credit loss
High credit risk	Trade receivables, security deposits and amount recoverable	Life time expected credit loss or fully provided for

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

Credit rating	Particulars	* in million		
		March 31, 2017	March 31, 2016	April 01, 2015
A: Low credit risk	Investment, Cash and cash equivalents and other financial assets except security deposits and amount recoverable	52.65	48.30	29.41
B: High credit risk	Trade receivables, security deposits and amount recoverable	42.64	39.22	29.13

Concentration of trade receivables

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

Credit risk exposure

Provision for expected credit losses

The Company provides for 12 month expected credit losses for following financial assets:

For the purpose of computation of expected credit loss, the Company has analysed the trend of provisions for doubtful debts created in earlier years. The average rate of provision has been computed based on the adjusted sales (excluding those where the Company does not have any historical provision) and provision for doubtful debtors created against those sales. Further, the Company has analysed expected credit loss separately for carriage revenue customer and other than carriage revenue customer primarily because the characteristics and historical losses trend was different in these two streams. As per this methodology, the Company has determined the expected credit loss as 15.5% for customers other than carriage and 5.5% for carriage customers.

Expected credit loss for trade receivables under simplified approach as at March 31, 2017

Ageing	* in million		
	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Trade receivables	33.50		33.50
Security deposits			-
Advances recoverable	9.14		9.14

as at March 31, 2016

Ageing	* in million		
	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Trade receivables	21.84		21.84
Security deposits	0.28		0.28
Advances recoverable	17.11		17.11

as at April 01, 2015

Ageing	* in million		
	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Trade receivables	24.73		24.73
Security deposits	0.28		0.28
Advances recoverable	4.12		4.12

Siti Bhatia Network Entertainment Pvt Ltd.

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

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

Loss allowance on April 01, 2015	-
Changes in loss allowance	-
Loss allowance on March 31, 2016	-
Changes in loss allowance	-
Loss allowance on March 31, 2017	-

B. Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the Company's business activities may not be available

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows. Short term liquidity requirements comprises mainly of trade payables and employee dues arising during normal course of business as on each balance sheet date. Long-term liquidity requirement is assessed by the management on periodical basis and is managed through internal accruals and through funding commitments from shareholders. As at each statement of financial position date, the Company's liabilities having contractual maturities (including interest payments where applicable) are summarised as follows:

Contractual maturities of financial liabilities	in million		
	Less than one year	One to two years	More than two years
March 31, 2017			
Non-derivatives			
Borrowings (non-current, financial liabilities)			
Borrowings (current, financial liabilities)			
Other financial liabilities			
Trade payables	8.00		
Total non-derivative liabilities	8.00	-	-
March 31, 2016			
Non-derivatives			
Borrowings (non-current, financial liabilities)			
Borrowings (current, financial liabilities)			
Other financial liabilities			
Trade payables	9.66		
Total non-derivative liabilities	9.66	-	-
April 01, 2015			
Non-derivatives			
Borrowings (non-current, financial liabilities)			
Borrowings (current, financial liabilities)			
Other financial liabilities			
Trade payables	1.05		
Total non-derivative liabilities	1.05	-	-

C. Market Risk

The Company has foreign currency borrowings in the form of buyers credit and is exposed to change in the exchange rates. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (₹). The risk is measured through a forecast of highly probable foreign currency cash flows.

(i) Foreign currency risk

Foreign currency risk exposure:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

	in million		
	March 31, 2017	March 31, 2016	April 01, 2015
Financial assets (A)			
Trade receivables			
Financial liabilities (B)			
Buyer's credit			
Payable to vendors for property, plant and equipment			
Trade payables			
Net exposure (B-A)			

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

	Impact on loss after tax	
	March 31, 2017	March 31, 2016
(₹) / USD increased by 5% (previous year 5%)		
(₹) / USD decreased by 5% (previous year 5%)		

(ii) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(a) Interest rate risk exposure

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 March the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates.

	in million		
	March 31, 2017	March 31, 2016	April 01, 2015
Variable rate borrowings			
Fixed rate borrowings			
Total borrowings			

(b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates

	Impact on loss after tax	
	March 31, 2017	March 31, 2016
Interest rates – increase by 100 basis points (31 March 2016 150 bps) *		
Interest rates – decrease by 100 basis points (31 March 2016 150 bps) *		

Siti Bhatia Network Entertainment Pvt Ltd.

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

3.4 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	in million		
	March 31, 2017	March 31, 2016	April 01, 2015
Cash and cash equivalents (refer note 11)	1.31	0.65	0.28
Current investments (refer note 12)	-	-	-
Margin money (refer note 7)	-	-	-
Total cash (A)	1.31	0.64	0.28
Borrowings (non-current, financial liabilities) (refer note 16)	32.64	19.80	17.30
Borrowings (current, financial liabilities) (refer note 20)	-	-	-
Current maturities of long-term borrowings (refer note 22)	-	-	-
Current maturities of finance lease obligations (refer note 22)	-	-	-
Total borrowing (B)	32.63	19.80	17.30
Net debt (C=B-A)	31.32	19.15	17.02
Total equity	0.20	0.20	0.20
Total capital (equity + net debts) (D)	31.52	19.35	17.22
Gearing ratio (C/D)	0.99	0.99	0.99

3.5

Tax Expense	in million	
The major components of income tax for the year are as under:	March 31, 2017	April 01, 2016
Income tax related to items recognised directly in the statement of profit and		
Current tax - current year	-	0.21
Deferred tax charge / (benefit)	-	0.1
Total	-	0.4
Effective tax rate		-6.2%
A reconciliation of the income tax expense applicable to the profit before income tax at statutory rate to the income		
Loss before tax		-5.8
Effective tax rate	30.9%	30.9%*
Tax at statutory income tax rate	-	0
Tax effect on non-deductible expenses		
Additional allowances for tax purposes		
Effect of tax on group companies incurring losses		
Effect of tax rate difference of subsidiaries		
Other permanent difference	-	0.4
Tax expense recognised in the statement of profit and loss	-	0.4
	-	-
	-	0.36

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

As per our Report of even date

For and on behalf of the Board of Directors of
Siti Bhatia Network Entertainment Private Limited

Director Director
DIN: DIN: