

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

	Notes	March 31, 2017 Rs.	March 31, 2016 Rs.	April 1, 2015 Rs.
<b>A. Assets</b>				
<b>1. Non-current assets</b>				
<b>Fixed assets</b>				
(a) Property, plant and equipment	3	402,810,729	385,340,505	370,178,116
(b) Capital work-in-progress		27,261,498	24,146,960	2,294,287
(c) Other intangible assets	4	12,982,018	15,985,593	7,715,130
(d) Financial assets				
(i) Loans	5	862,000	137,000	143,000
<b>Sub-total of Non-current assets</b>		<b>443,916,245</b>	<b>425,610,058</b>	<b>380,330,533</b>
<b>2. Current assets</b>				
(a) Financial assets				
(i) Trade receivables	6	168,469,653	192,442,499	158,215,037
(ii) Cash and bank balances	7	24,157,634	42,216,513	24,148,974
(iii) Loans	8	34,930,580	40,917,868	27,974,589
(iv) Others	9	7,165,569	507,767	4,181,498
(b) Other current assets	10	-	78,202	19,353,330
<b>Sub-total of Current assets</b>		<b>234,723,436</b>	<b>276,162,849</b>	<b>233,873,428</b>
<b>Total assets</b>		<b>678,639,682</b>	<b>701,772,907</b>	<b>614,203,961</b>
<b>B. Equity and liabilities</b>				
<b>Equity</b>				
(a) Equity share capital	11	14,776,210	14,776,210	14,776,210
(b) Other equity	12	(178,095,335)	(129,197,921)	(80,852,422)
<b>Sub-total - Equity</b>		<b>(163,319,125)</b>	<b>(114,421,711)</b>	<b>(66,076,212)</b>
<b>Liabilities</b>				
<b>1. Non-current liabilities</b>				
(a) Financial liabilities				
(i) Long-term borrowings	13	145,330,102	132,317,102	107,092,102
(b) Provisions	14	2,199,578	1,642,180	898,981
(c) Deferred tax liability (net)	15	2,050,861	2,050,861	5,129,067
(d) Other non-current liabilities	16	98,529,081	104,756,929	108,779,587
<b>Sub-total - Non-current liabilities</b>		<b>248,109,622</b>	<b>240,767,072</b>	<b>221,899,737</b>
<b>2. Current liabilities</b>				
(a) Financial liabilities				
(i) Trade payables	17	518,130,455	484,608,437	363,967,710
(ii) Other financial liabilities	18	3,934,197	37,348,151	16,771,119
(b) Other current liabilities	19	47,591,591	38,294,735	37,440,121
(c) Provisions	20	24,192,941	15,176,223	40,201,485
<b>Sub-total of current liabilities</b>		<b>593,849,184</b>	<b>575,427,546</b>	<b>458,380,435</b>
<b>Total equity and liabilities</b>		<b>678,639,682</b>	<b>701,772,907</b>	<b>614,203,961</b>

Summary of significant accounting policies 3

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 Vision Digital Media Private Limited**

For

SD/-

Director

SD/-

Director

Place : New Delhi

Date :



**SITI VISION DIGITAL MEDIA PVT LTD**

**CASH FLOW STATEMENT 2016-2017**

PARTICULARS	Year ended March 31 ,2017	Year ended March 31 ,2016
	Amount in Rs.	Amount in Rs.
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Income / ( Loss ) before Tax	(27,040,942.32)	(52,506,619.00)
Adjustments for :		
Depreciation	81,356,543.00	70,028,671.00
Loss(profit) on sale /disposal of assets	-	
Provision for Doubtful Debts	-	
Interest Expense	-	
Income Tax paid	-	
Provision for Taxation including Deferred Tax	-	3,078,206
Prior period Adjustment	-	
comprehensive income recognised directly in retained earnings	-	
<b>Operating Profit before working capital changes</b>	<b>54,315,600.68</b>	<b>20,600,258.00</b>
(Increase) in Trade Receivables	23,972,844.15	(34,227,459.80)
Decrease(Increase) in Long Terms L&A and Other non current assets	(725,000.00)	6,000.00
Decrease(Increase) in Short Terms L&A and Other current assets	(592,311.82)	10,005,580.00
Increase(Decrease) in Long Terms liabilities and provisions	(11,001,871.99)	(2,335,007.00)
Current Liabilities and Provisions	1,896,591.10	114,107,366.00
<b>Net Cash Flow from Operating Activities</b>	<b>67,865,852.13</b>	<b>108,156,737.20</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(98,937,730.00)	(115,314,196.30)
Capital Work in progress		
sale of Fixed Assets		
<b>Net Cash utilised in Investing Activities</b>	<b>(98,937,730.00)</b>	<b>(115,314,196)</b>
<b>C CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid (Net)		
Proceeds from Long Term borrowings	13,013,000.00	25,225,000.00
Proceeds from Share Application Money		
Proceeds from Issue of Share Capital		
<b>Net Cash provided by Financing Activities</b>	<b>13,013,000.00</b>	<b>25,225,000</b>
Net Increase in cash and cash equivalents during the year	(18,058,877.88)	18,067,540.90
cash and cash equivalents at beginning of year	42,216,513.00	24,148,974.00
<b>Cash and Cash Equivalents at end of the Year</b>	<b>24,157,635.12</b>	<b>42,216,514.90</b>
<b>Note :</b>		
<b>1 Component of Cash &amp; cash Equivalents at the end of year</b>		
Cash in hand	5,922,338.44	4,368,728.00
Cheques in hand	16,284,984.00	34,063,003.00
Balances with Scheduled Banks in Current Accounts	1,750,311.76	3,784,782.00
FDR's with Bank	200,000.00	-
	<u>24,157,635</u>	<u>42,216,515</u>

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

3

Tangible assets										
Gross block	Plant and equipment	Computers	Office equipment	Furniture and fixtures	Air conditioners	Studio equipment	Vehicles	Electrical Equipments	Set top boxes	Total
Balance as at April 1, 2015	108,454,777	226,350	2,045,681	498,688	944,032	2,849,883	559,312	312,600	400,596,748	516,488,071
Additions	907,006	-	17,990	-	42,500	71,800	-	-	82,754,982	83,794,278
Disposal	-	-	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2016</b>	<b>109,361,783</b>	<b>226,350</b>	<b>2,063,671</b>	<b>498,688</b>	<b>986,532</b>	<b>2,921,683</b>	<b>559,312</b>	<b>312,600</b>	<b>483,351,730</b>	<b>600,282,349</b>
Additions	1,351,065	143,000	49,555	96,000	-	-	-	-	94,183,572	95,823,192
Disposal	-	-	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2017</b>	<b>110,712,848</b>	<b>369,350</b>	<b>2,113,226</b>	<b>594,688</b>	<b>986,532</b>	<b>2,921,683</b>	<b>559,312</b>	<b>312,600</b>	<b>577,535,302</b>	<b>696,105,541</b>
Accumulated depreciation										
Balance as at April 1, 2015	53,305,841	125,776	1,507,730	158,708	533,696	719,583	246,852	79,008	89,632,761	146,309,955
Charge for the year	15,492,788	91,611	416,055	59,004	336,123	254,276	80,839	42,203	51,858,990	68,631,889
Reversal on disposal of assets	-	-	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2016</b>	<b>68,798,629</b>	<b>217,387</b>	<b>1,923,785</b>	<b>217,712</b>	<b>869,819</b>	<b>973,859</b>	<b>327,691</b>	<b>121,211</b>	<b>141,491,751</b>	<b>214,941,844</b>
Charge for the year	15,662,982	38,843	63,331	64,882	82,736	255,333	80,839	42,204	62,061,818	78,352,968
Reversal on disposal of assets	-	-	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2017</b>	<b>84,461,611</b>	<b>256,230</b>	<b>1,987,116</b>	<b>282,594</b>	<b>952,555</b>	<b>1,229,192</b>	<b>408,530</b>	<b>163,415</b>	<b>203,553,569</b>	<b>293,294,812</b>
Net block										
Balance as at March 31, 2016	40,563,154	8,963	139,886	280,976	116,713	1,947,824	231,621	191,389	341,859,979	385,340,505
Balance as at March 31, 2017	26,251,237	113,120	126,110	312,094	33,977	1,692,491	150,782	149,185	373,981,733	402,810,729

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

4	Intangible assets		
	Gross block	Software	Total
	Balance as at April 1, 2015	8,354,207.00	8,354,207.00
	Additions	9,667,245.00	9,667,245.00
	<b>Balance as at March 31, 2016</b>	<b>18,021,452.00</b>	<b>18,021,452.00</b>
	Additions		
	Balance as at March 31, 2017	18,021,452.00	18,021,452.00
	Accumulated amortisation		
	Balance as at April 1, 2015	639,077.00	639,077.00
	Charge for the year	1,396,782.00	1,396,782.00
	<b>Balance as at March 31, 2016</b>	<b>2,035,859.00</b>	<b>2,035,859.00</b>
	Charge for the year	3,003,575.00	3,003,575.00
	<b>Balance as at March 31, 2017</b>	<b>5,039,434.00</b>	<b>5,039,434.00</b>
	Net block		
	<b>Balance as at March 31, 2016</b>	<b>15,985,593.00</b>	<b>15,985,593.00</b>
	<b>Balance as at March 31, 2017</b>	<b>12,982,018.00</b>	<b>12,982,018.00</b>

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**SITI VISION DIGITAL MEDIA PVT LTD.,**

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

<b>5</b>	<b>Loans</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>April 1, 2015</b>
		<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
	Security deposits			
	Unsecured, considered good	862,000	137,000	143,000
	Doubtful	-	-	-
		862,000	137,000	143,000
	Less: Provision for doubtful security deposits	-	-	-
		862,000	137,000	143,000
<b>6</b>	<b>Trade receivables</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>April 1, 2015</b>
		<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
	Unsecured, considered good	177,437,106	192,442,499	158,215,037
	Unsecured, considered doubtful	-	8,967,453	8,967,453
		177,437,106	201,409,952	167,182,490
	Less: Provision for doubtful debts	8,967,453	8,967,453	8,967,453
		168,469,653	192,442,499	158,215,037
		168,469,653	192,442,499	158,215,037
<b>7</b>	<b>Cash and bank balances</b>	<b>Current</b>	<b>Current</b>	<b>Current</b>
		<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>April 1, 2015</b>
		<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
	<b>Cash and cash equivalents</b>			
	Cash on hand	5,922,338	4,368,728	2,226,241
	Cheques on hand	16,284,984	34,063,003	14,916,150
	Balances with banks			
	On current accounts	1,750,312	3,784,782	7,006,583
	In deposit account (with maturity upto three months)	-	-	-
	Fixed Deposit	200,000	-	-
		24,157,634	42,216,513	24,148,974
<b>8</b>	<b>Loans and advances</b>	<b>Short-term</b>	<b>Short-term</b>	<b>Short-term</b>
		<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>April 1, 2015</b>
		<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
	<b>Advances recoverable in cash or kind</b>			
	Unsecured, considered good			
	Other advances	64,931	-	-
	Advance to staff	10,300	10,000	51,622
	Advance Direct Tax	3,731,284	10,317,608	6,062,716
	Advance Indirect Tax	21,738,860	21,166,601	12,442,774
	MAT Credit	9,346,523	9,346,523	9,346,523
	Prepaid Expenses	38,682	77,136	70,954
		34,930,580	40,917,868	27,974,589
		34,930,580	40,917,868	27,974,589
<b>9</b>	<b>Others - unbilled revenue and interest accrued on fixed deposits</b>	<b>Non-current</b>	<b>Non-current</b>	<b>Non-current</b>
		<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>April 1, 2015</b>
		<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
	<b>Others</b>			
	Unbilled revenue	7,165,569	507,767	4,181,498
		7,165,569	507,767	4,181,498
<b>10</b>	<b>Other Current Assets</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>April 1, 2015</b>
		<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
	Advance to Suppliers	-	50,047	19,337,415
	Recoverable from others	-	28,155	15,915
		-	78,202	19,353,330
<b>11</b>	<b>Share capital</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>April 1, 2015</b>
		<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
	<b>Authorised share capital</b>			
	1500000 (Previous year: 1500000) equity shares of ₹ 10 each	15,000,000	15,000,000	15,000,000
	<b>Total authorised capital</b>	<b>15,000,000</b>	<b>15,000,000</b>	<b>15,000,000</b>
	<b>Issued, Subscribed and Paid up</b>			
	1477621 (Previous year: 1477621) equity shares of ₹ 10 each	14,776,210	14,776,210	14,776,210
	<b>Total paid up capital</b>	<b>14,776,210</b>	<b>14,776,210</b>	<b>14,776,210</b>
	Forfeited equity shares	-	-	-
		14,776,210	14,776,210	14,776,210

12 Other Equity	March 31, 2017 Rs.	March 31, 2016 Rs.	April 1, 2015 Rs.
<b>Retained Earnings</b>			
Balance at the beginning of the year	(275,783,095)	(227,614,522)	(172,683,393)
Impact of depreciation on assets due to change in useful life	-	(56,377,053)	(1,190,945)
Add: Profit/(Loss) for the year	(49,074,540)	(48,168,575)	(10,805,829)
<b>Balances as at the end of the year (A)</b>	<b>(324,857,435)</b>	<b>(275,783,095)</b>	<b>(184,770,167)</b>
<b>Other Comprehensive income</b>			
<b>Other comprehensive income recognised directly in retained earnings</b>			
Deferred Activation Revenue	-	-	(42,844,355)
Gratuity/Leave Encashment	-	(176,926)	-
<b>Balances as at the end of the year (B)</b>	<b>-</b>	<b>(176,926)</b>	<b>(42,844,355)</b>
<b>Securities premium account</b>			
Balance at the beginning of the year	146,762,100	146,762,100	146,762,100
Less: Adjustment of expenses incurred on issue of equity shares	-	-	-
<b>Balances as at the end of the year (C)</b>	<b>146,762,100</b>	<b>146,762,100</b>	<b>146,762,100</b>
<b>Balances as at the end of the year (A+B+C)</b>	<b>(178,095,335)</b>	<b>(129,197,921)</b>	<b>(80,852,422)</b>
<b>13 Long-term borrowings</b>			
<b>(a) Term loans from banks (Secured)</b>			
Term loans	-	-	-
Buyer's credits	-	-	-
Finance lease obligations	-	-	-
Unsecured loan	-	-	-
<b>(b) Unsecured and unconfirmed</b>			
Loans and advances from Directors/related parties	29,700,620	31,777,620	28,112,620
Loans and advances from others	115,629,482	100,539,482	78,979,482
	<b>145,330,102</b>	<b>132,317,102</b>	<b>107,092,102</b>
<b>The above amount includes</b>			
Secured borrowings	145,330,102	-	-
Unsecured borrowings	-	132,317,102	107,092,102
Amount disclosed under the head "other current liabilities" (Note 8)	-	-	-
<b>Net amount</b>	<b>145,330,102</b>	<b>132,317,102</b>	<b>107,092,102</b>
<b>14 Provisions</b>			
<b>Provision for employee benefits</b>			
Provision for gratuity	1,870,468	1,401,636	776,526
Provision for Leave Encashment	329,110	240,544	122,455
	<b>2,199,578</b>	<b>1,642,180</b>	<b>898,981</b>
<b>15 Deferred tax liability (net)</b>			
<b>Deferred tax liability (Net)</b>			
	2,050,861	2,050,861	5,129,067
	<b>2,050,861</b>	<b>2,050,861</b>	<b>5,129,067</b>
<b>16 Other non-current liabilities</b>			
<b>Deposit from operators</b>			
	200,000	300,000	300,000
<b>Deferred Activation Income</b>			
	13,518,081	19,645,929	23,668,587
<b>Others</b>			
	84,811,000	84,811,000	84,811,000
	<b>98,529,081</b>	<b>104,756,929</b>	<b>108,779,587</b>
<b>17 Trade payables</b>			
<b>- Total outstanding dues of micro enterprises and small enterprises; and</b>			
<b>- Total outstanding dues of creditors other than micro enterprises and small enterprises</b>			
	518,130,455	484,608,437	363,967,710
	<b>518,130,455</b>	<b>484,608,437</b>	<b>363,967,710</b>

18 Other financial liabilities

	March 31, 2017 Rs.	March 31, 2016 Rs.	April 1, 2015 Rs.
Book overdraft	3,934,197	37,348,151	16,771,119
	<b>3,934,197</b>	<b>37,348,151</b>	<b>16,771,119</b>

19 Other Current Liabilities

Advances from customers	4,211,828	2,706,229	3,641,107
Payable for statutory liabilities	15,218,518	12,282,049	14,623,246
Advance Activation Income	28,161,246	23,306,457	19,175,768
	<b>47,591,591</b>	<b>38,294,735</b>	<b>37,440,121</b>

20 Provisions

	March 31, 2017 Rs.	March 31, 2016 Rs.	April 1, 2015 Rs.
Provision for Taxation A/c			
Expense Payable	24,152,441	15,176,223	40,201,485
Audit Fees Payable	40,500	-	-
	<b>24,192,941</b>	<b>15,176,223</b>	<b>40,201,485</b>

## SITI VISION DIGITAL MEDIA PVT LTD.,

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

## 21 Revenue from operations

	March 31, 2017	March 31, 2016	March 31, 2015
	Rs.	Rs.	Rs.
Sale of services			
Subscription income	85,097,350	84,464,246	77,616,109
Advertisement income	8,438,259	7,131,021	5,948,379
Carriage income	135,027,664	110,298,908	120,378,044
Activation and Set top boxes pairing charges	64,225,624	61,256,770	-
Other networking and management income	946,816	-	-
	<b>293,735,713</b>	<b>263,150,945</b>	<b>203,942,532</b>

## 22 Other income

	March 31, 2017	March 31, 2016	March 31, 2015
	Rs.	Rs.	Rs.
Interest income on			
Bank deposits	849,190	-	-
Others	-	-	258,779
Set Boxes repair & maintenance charges	-	-	-
Other non-operating income	-	552,797	273,724
Excess provisions written back	-	5,476,948	51,786,089
Sundry balance w/off	800,648	-	-
	<b>1,649,838</b>	<b>6,029,745</b>	<b>52,318,592</b>

## 23 Carriage sharing, pay channel and related costs

	March 31, 2017	March 31, 2016	March 31, 2015
	Rs.	Rs.	Rs.
Pay Channel Subscription	211,467,272	203,540,340	157,511,681
Other Operational Cost	1,344,474	663,403	161,646
Repair & Maintenance-Network	10,255,526	10,364,756	10,619,439
VC Card maintenance charges	-	-	1,712,593
Freight Charges	8,087	11,692	8,872
Licence & Permission fee	-	-	100,000
	<b>223,075,359</b>	<b>214,580,190</b>	<b>170,114,231</b>

## 24 Employee benefits expense

	March 31, 2017	March 31, 2016	March 31, 2015
	Rs.	Rs.	Rs.
Salaries, allowances and bonus	21,950,529	20,555,899	18,258,252
Contributions to provident and other funds	1,936,702	1,143,710	912,488
Employee Insurance expenses	1,461,420	279,177	188,005
Staff welfare expenses	1,800	507,260	433,184
Leave Encashment and Gratuity	88,566	566,273	361,785
	<b>25,439,017</b>	<b>23,052,319</b>	<b>20,153,714</b>

## 25 Finance costs

	March 31, 2017	March 31, 2016	March 31, 2015
	Rs.	Rs.	Rs.
Interest/late fee on service tax/TDS	291,409	59,480	93,024
Interest on Income tax	28,360	-	-
Bank charges	200,088	152,371	129,116
BG Charges	1,956	-	-
	<b>521,813</b>	<b>211,851</b>	<b>222,140</b>

**SITI VISION DIGITAL MEDIA PVT LTD.,**

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

**26 Depreciation and amortisation expenses**

	March 31, 2017	March 31, 2016	March 31, 2015
	Rs.	Rs.	Rs.
Depreciation of tangible assets	81,356,543	70,028,671	68,102,205
Amortisation of intangible assets	-	-	-
	<b>81,356,543</b>	<b>70,028,671</b>	<b>68,102,205</b>

**27 Other expenses**

	March 31, 2017	March 31, 2016	March 31, 2015
	Rs.	Rs.	Rs.
Rent	3,409,980	3,416,196	2,696,996
Office Expenses	478,378	1,332,308	710,878
Rates & Taxes	17,237	106,861	10,996
Communication expenses	495,036	501,843	659,775
Repairs and maintenance	-	-	-
- Building	3,000	-	-
- Others	472,388	86,210	266,777
Electricity and water charges	2,686,032	2,966,958	2,457,167
Legal, professional and consultancy charges	1,267,134	402,000	457,218
Travelling and conveyance expenses	1,908,851	1,744,740	1,731,245
Printing & Stationary	151,312	119,207	349,796
Auditors' remuneration*	45,000	35,000	35,000
ROC Filing Fees	-	25,166	10,900
Books & periodicals	27,800	29,270	31,026
Security charges	173,768	145,779	147,423
Vehicle expenses	117,913	211,348	220,203
Service tax penalty	-	-	835,614
Provident fund penalty	-	-	116,065
Donation	-	91,116	-
Festival Celebration	67,849	64,534	54,642
Swachh Bharat Cess Expenses	1,089,890	447,662	-
Commission charges and incentives	487,951	688,580	640,500
Business & Sales Promotion	362,113	139,661	125,349
Guest House Expenses	443,546	-	-
Labour Charges	4,350	-	-
Loading & Unloading expenses	144,728	-	-
Postage & Courier	30,724	-	-
Service center Expenses	182,179	-	-
	<b>14,067,158</b>	<b>12,554,438</b>	<b>11,557,571</b>

\*Auditors' remuneration

as an auditor	40,000	30,000	30,000
for other services (certifications)	5,000	5,000	5,000
	<b>45,000</b>	<b>35,000</b>	<b>35,000</b>

**28 Earnings per share**

	March 31, 2017	March 31, 2016	March 31, 2015
	Rs.	Rs.	Rs.
Profit attributable to equity shareholders	(49,074,340)	(48,345,499)	(10,895,829)
Number of weighted average equity shares			
Basic	1477621	1477621	1477621
Diluted	1477621	1477621	1477621
Nominal value of per equity share (₹)	10	10	10
<b>Loss per share after tax</b>			
Basic	-33.21	-32.72	-7.37
Diluted	-33.21	-32.72	-7.37

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## SITI VISION DIGITAL MEDIA PVT LTD.

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

#### 1.1 Company Overview

a. Siti Vision Digital Media Pvt. Ltd was incorporated in the state of Telangana, India. The Company is engaged in distribution of television channels through analogue and digital cable distribution network and allied services.

#### b. Basis of preparation

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

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

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

#### 2 Summary of Accounting Policies

##### a. Use of estimate

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

##### b. Foreign Currency Translation

Functional and presentation currency

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

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

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

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

##### c. Revenue recognition

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

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

##### Revenue from rendering of Services

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

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

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

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

**d. Borrowing Costs**

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

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

**e. Property, Plant and Equipment**

**Recognition and initial measurement**

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

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

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

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

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

Type of assets	Useful Life (Years)
Computer	3.00
Office Equipments	5.00
Electrical Equipments	5.00
Studio Equipments	13.00
Furniture & Fixtures	10.00
Set Top Boxes	8.00
Vehicles	8 to 10

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

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

**De-recognition**

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

**g. Intangible Assets**

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

**Subsequent measurement (Amortisation)**

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

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

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

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

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

### **Financial assets**

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

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

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

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

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

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

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

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

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

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

### **Defined contribution plans**

#### **Provident Fund**

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

#### **Gratuity (Funded)**

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

#### **Other Employee Benefits**

##### **Compensated absences**

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

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

## **k. Taxation on Income**

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

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method.

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

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

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

Contingent liability is disclosed for:

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

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

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

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

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

#### **n. Leases**

##### **Finance leases**

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

##### **Operating leases**

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

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

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

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

#### **Significant Management Judgements**

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

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

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

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

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

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

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' The amendments are applicable to the Company from 1 April

**Amendment to Ind AS 7:**

Amendment to Ind AS 7

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

**29 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.

**30 Related Parties Disclosure:**

List of Parties where control exists

**a Ultimate Holding Company**

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

**b Holding Company**

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

**c Fellow Subsidiary Companies**

Indinet Service Pvt. Ltd. (100% Subsidiary of ICNCL)

SITI KARNAL DIGITAL MEDIA NETWORK PRIVATE LIMITED

Siti Prime Uttaranchal Communication Pvt. Ltd.

Central Bombay Cable Network Limited.

Panchsheel Digital Communication Network Pvt. Ltd.

Master Channel Community Network Pvt. Ltd.

Siti Jai Maa Durga 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 Maurya Cable Net Pvt. Ltd. (Subsidiary of ICNCL)

SITI GLOBAL PVT. LTD.

Indian Cable Net Company Ltd.

Siti Jind Digital Network Pvt. Ltd.

Siti Vroadband Services Pvt. Ltd.

Sai Star Digital Media Pvt. Ltd.

Siti Godaari Digital Services Pvt. Ltd.

Variety Entertainment Pvt. Ltd.

Siti Siri Digital Network Pvt. Ltd.

Siti Faction Digital Private Limited

Siticable Broadband South Ltd.

Wire & Wireless Tisai Satellite Ltd.

**d Key Managerial Personnel**

Kancherla Siva Rama Krishna  
Jogi Gopala Rao  
Suresh Kumar  
Nikesh Goyal

Sanjay Berry  
Vinay Chandok  
Anil Kumar Jain

**e Other Related Parties**

Sri Satya O & M Services  
Silpi Tech  
Sprint Telefilms Pvt Ltd.  
Theme Ambience Construction Pvt Ltd  
Vishwaroopa Info Services India Pvt Ltd  
Vision Infotel india Pvt Ltd  
Vision Infracon India Pvt Ltd

M S E Swamy  
Shivam Infomedia & ENT P Ltd  
Squant Communication Pvt Ltd  
Subham Telecom Pvt Ltd  
Vainavi Communication  
Sitivision Aads Pvt Ltd  
Viswanth Traders

**Transactions with:****Holding Company- Siti Network Ltd.**

	<u>2017</u>	<u>2016</u>
Purchase of STB	103,995,936	8,486,000
Subscription charges paid	-	-
Carriage income Received	20,320,085	1,844,885
Operational Expenses Paid	121,289	217,002
Payments received on Behalf of others	-	-
Payents made on their behalf	-	-
License Fees and Maintanance Charges	-	9,667,245

**Subsidiary Companies****With Key Managerial Personnel**

	<u>2017</u>	<u>2016</u>
Salary	3,600,000	3,600,000
Reimbursement of Expenses	689,997	191,700
Un Secured Loan Received	7,500,000	22,900,000
Un Secured Loan Repaid	9,577,000	19,235,000

**With other related parties**

Rent	540,000	546,000
Repairs And Mainatanance - Network	9,600,000	9,600,000
Management Charges Paid	-	-
Internet Charges	-	-
Un Secured Loan Received	23,700,000	52,970,000
Un Secured Loan Repaid	6,260,000	31,410,000
Commission	-	-
STB Activation Income	90,537	1,564,351

**Outstanding as on 31.3.2017****Unsecured Loan**

Siti Cable Network Limited- CA ( Cr)	241,245,404	258,879,615
Siti Cable Network Limited- Loan (Cr)	84,811,000	84,811,000
Sri Satya O & M Services	-	-
Silpi Tech ( Cr)	4,709,899	4,709,899
Viswaroopa Info Services India Pvt Ltd	2,761,052	5,601,252
Sitivision Aads Pvt Ltd ( Dr)	2,475,645	2,475,645
Vainavi Communication ( Dr)	3,290,594	7,081,178
Theme Ambience (Cr)	1,781,998	1,295,998
Squant communication Pvt Ltd	24,209,942	18,083,458
Mr. K Siva Rama Krishna ( Cr)	26,182,520	28,259,520
Mr. J Gopala Rao( Cr)	3,518,100	3,518,100
Other Related Parties	115,629,482	100,539,482

**Amount Payable to**

Mr. K Siva Rama Krishna	881,159	768,845
Mr. J Gopala Rao	1,080,004	1,080,004
Salaries payable to tech support	2,489,549	1,785,000

31 Disclosure for SBN (Specified Bank Notes)

Particulars	SBN	Other denomination	Total
Closing cash in hand as on November 8,2016	8,100,000	116,081	8,216,081
(+) Permitted receipts		3,545,897	3,545,897
(-) Permitted payments		238,920	238,920
(-) Amount deposited in Banks	8,100,000	514,630	8,614,630
Closing cash in hand as on December 30, 2016	0	2,908,428	2,908,428

32 Tax Expense

The major components of income tax for the

	March 31, 2017	April 01, 2016
<b>Income tax related to items recognised</b>		
Current tax - current year		
Deferred tax charge / (benefit)		-3.08
<b>Total</b>		<b>-3.08</b>
Effective tax rate		6.01%

A reconciliation of the income tax expense applicable to the profit before income tax at statutory rate to the income tax expense at the Company's effective income tax rate for the year ended 31 March, 2017 and 31 March, 2016 is as follows:

Loss before tax		-51.25
Effective tax rate	30.90%	30.90%
Tax at statutory income tax rate		
Tax effect on non-deductible expenses		
Additional allowances for tax purposes		
Effect of tax on group companies incurring losses		
Effect of tax rate difference of subsidiaries		
Other permanent difference		-3.08
<b>Tax expense recognised in the statement of</b>		<b>-3.08</b>

33 Financial risk management objectives and policies

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

**a. Credit risk**

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

**(i) Trade and other receivables**

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

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

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

**b. Liquidity risk**

34 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.

35 The company has calculated the benefits provided to employees as per accounting standards 15, are as under

**Defined Benefit Plans**

- a.) Gratuity Plan
- b.) Leave Encashment

In accordance with Accounting Standards 15 (Revised), the actuarial valuation carried out in respect of the aforesaid defined benefit plans is based on the following assumption.

**Actuarial Assumption**

	Leave Encashment	Employee Gratuity Fund
Discount Rate (Per annum)	8.00%	8.00%
Rate of Increase in compensation levels	6.00%	6.00%
Expected Rate of return on plan assets	-	-
Expected Average remaining working lives of employees (years)	22.60	22.60

**Change in obligation during the year ended 31st March, 2017**

Present Value of obligation as at 1st April, 2016	240,544.00	1,401,636.00
Acquisition adjustment	-	-
Interest cost	18,041.00	105,123.00
Past service cost	-	-
Current service cost	105,497.00	557,098.00
Curtailment cost/(Credit)	-	-
Settlement cost/(Credit)	-	-
Benefits paid	-	-
Actuarial (gain)/loss on obligation	(37,165.00)	474,814.00
Present value of obligation as at the end of period (31st March, 2017)	326,917.00	2,538,671.00

Change in fair value plan Assets

Nil Nil

**Movement in the liability recognized in the Balance Sheet**

Opening net liability (01.04.2016)	(240,544)	(1,401,636)
Expense as above	86,373	1,137,035
Benefits paid	-	-
Actual return on plan assets	-	-
Acquisition adjustment	-	-
Net assets/(Liability) recognised in Balance Sheet as provision (31.03.2017)	(326,917)	(2,538,671)

**Expenses recognised in Profit and Loss Account**

Current service cost	105,497	557,098
Past service cost	-	-
Interest cost	18,041	105,123
Expected return on plan assets	-	-
Curtailment cost / (Credit)	-	-
Settlement cost / (credit)	-	-
Net actuarial (gain)/ loss recognized in the period	(37,165)	474,814
Expenses recognized in the statement of profit & losses	86,373	1,137,035

**Actuarial Assumption.**

The discount rate is generally based upon the market yields available on Government Bonds and salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis.

SITI VISION DIGITAL MEDIA PVT LTD.

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

36 Fair value measurements

A. Financial instruments by category

		March 31, 2017	
		FVTPL	Amortised cost
<b>Financial assets</b>			
Security deposits			862,000
Amount recoverable			34,930,580
Unbilled revenues			7,165,569
Trade receivables			168,469,653
Cash and cash equivalents			24,157,634
<b>Total financial assets</b>		-	<b>235,585,436</b>
<b>Financial liabilities</b>			
Borrowings (non-current, financial liabilities)			145,330,102
Trade payables			518,130,455
Other financial liabilities (current)			3,934,197
<b>Total financial liabilities</b>		-	<b>667,394,754</b>
		March 31, 2016	
		FVTPL	Amortised cost
<b>Financial assets</b>			
Security deposits			137,000
Amount recoverable			40,996,070
Trade receivables			192,442,497
Cash and cash equivalents			42,220,000
Unbilled revenues			507,767
<b>Total financial assets</b>		-	<b>276,303,334</b>
<b>Financial liabilities</b>			
Borrowings (non-current, financial liabilities)			132,317,102
Trade payables			484,608,437
Other financial liabilities (current)			37,348,151
<b>Total financial liabilities</b>		-	<b>654,273,690</b>
		April 01, 2015	
		FVTPL	Amortised Cost
<b>Financial assets</b>			
Amount recoverable			27,974,589
Security deposits			143,000
Unbilled revenues			4,181,498
Trade receivables			158,215,037
Cash and cash equivalents			24,148,974
<b>Total financial assets</b>		-	<b>214,663,098</b>
<b>Financial liabilities</b>			
Borrowings (non-current, financial liabilities)			107,092,102
Trade payables			363,967,710
Other financial liabilities (current)	0		16,771,119
<b>Total financial liabilities</b>		-	<b>487,830,931</b>

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 VISION DIGITAL MEDIA 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				
Investment in optionally convertible debentures	At March 31, 2017	-	-	-

  

March 31, 2016	Date of Valuation	Level 1	Level 2	Level 3
Financial assets				
Investment in optionally convertible debentures	At March 31, 2016	-	-	-

  

April 01, 2015	Date of Valuation	Level 1	Level 2	Level 3
Financial assets				
Investment in optionally convertible debentures	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				
Loans	34,930,580	34,930,580	40,996,070	40,996,070
Security deposits	862,000	862,000	137,000	137,000
Unbilled revenue	7,165,569	7,165,569	507,767	507,767
Trade receivables	168,469,653	168,469,653	192,442,497	192,442,497
Cash and cash equivalents	24,157,634	24,157,634	42,220,000	42,220,000
<b>Total financial assets</b>	<b>235,585,436</b>	<b>235,585,436</b>	<b>276,303,334</b>	<b>276,303,334</b>
Financial liabilities				
Borrowings (non-current, financial liabilities)	145,330,102	145,330,102	132,317,102	132,317,102
Trade payables	518,130,455	518,130,455	484,608,437	484,608,437
Other financial liabilities (current)	3,934,197	3,934,197	37,348,151	37,348,151
<b>Total financial liabilities</b>	<b>667,394,754</b>	<b>667,394,754</b>	<b>654,273,690</b>	<b>654,273,690</b>

	April 01, 2015	
	Carrying Amount	Fair Value
Financial assets		
Loans	27,974,589	27,974,589
Security deposits	143,000	143,000
Unbilled revenue	4,181,498	4,181,498
Trade receivables	158,215,037	158,215,037
Cash and cash equivalents	24,148,974	24,148,974
<b>Total financial assets</b>	<b>214,663,098</b>	<b>214,663,098</b>
Financial liabilities		
Borrowings (non-current, financial liabilities)	107,092,102	107,092,102
Trade payables	363,967,710	363,967,710
Other financial liabilities (current)	16,771,119	16,771,119
<b>Total financial liabilities</b>	<b>487,830,931</b>	<b>487,830,931</b>

**SITI VISION DIGITAL MEDIA PVT LTD.**

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

**37 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.

**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:

**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)**

Note reference	Previous GAAP	IND AS Adjustments	Ind AS
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	370,178,116		370,178,116
(b) Capital work-in-progress	2,294,287		2,294,287
(c) Other intangible assets	7,715,130		7,715,130
(d) Financial assets			
(i) Loans	143,000		143,000
	<b>380,330,533</b>	-	<b>380,330,533</b>
<b>Current assets</b>			
(a) Financial assets			
(i) Trade receivables	158,215,037		158,215,037
(ii) Cash and bank balances	24,148,974		24,148,974
(iii) Loans	27,974,589		27,974,589
(iv) Others	4,181,498		4,181,498
(b) Other current assets	19,353,330		19,353,330
	<b>233,873,428</b>	-	<b>233,873,428</b>
	<b>614,203,961</b>	-	<b>614,203,961</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Equity: Share Capital	14,776,210		14,776,210
b) Other Equity	(38,008,067)	(42,844,355)	(80,852,422)
	<b>(23,231,857)</b>	<b>(42,844,355)</b>	<b>(66,076,212)</b>

SITI VISION DIGITAL MEDIA 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) Long-term borrowings

(b) Provisions

(c) Deferred tax liability (net)

(d) Other non-current liabilities

107,092,102		107,092,102
898,981		898,981
5,129,067		5,129,067
98,068,498	10,711,089	108,779,587
<b>211,188,648</b>	<b>10,711,089</b>	<b>221,899,737</b>

Current liabilities

(a) Financial liabilities

(i) Trade payables

(ii) Other financial liabilities

(b) Other current liabilities

(c) Provisions

Total current liabilities

363,967,710		363,967,710
16,771,119		16,771,119
5,306,855	32,133,266	37,440,121
40,201,485		40,201,485
<b>426,247,169</b>	<b>32,133,266</b>	<b>458,380,435</b>
<b>637,435,817</b>	<b>42,844,355</b>	<b>680,280,172</b>

Total equity and liabilities

<b>614,203,961</b>	<b>-</b>	<b>614,203,961</b>
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Reconciliation of previous GAAP and IndAS impact for Balance Sheet (March 31, 2016)

ASSETS

Non-current assets

(a) Property, plant and equipment

(b) Capital work-in-progress

(c) Other intangible assets

(d) Financial assets

(i) Loans

Previous GAAP	Adjustments	Ind AS
385,340,505		385,340,505
24,146,960		24,146,960
15,985,593		15,985,593
137,000		137,000
<b>425,610,058</b>	<b>-</b>	<b>425,610,058</b>

Current assets

(a) Financial assets

(i) Trade receivables

(ii) Cash and bank balances

(iii) Loans

(iv) Others

(b) Other current assets

192,442,499		192,442,499
42,216,513		42,216,513
40,917,868		40,917,868
507,767		507,767
78,202		78,202
<b>276,162,849</b>	<b>-</b>	<b>276,162,849</b>
<b>701,772,907</b>	<b>-</b>	<b>701,772,907</b>

EQUITY AND LIABILITIES

Equity

a) Equity Share Capital

b) Other Equity

Previous GAAP	Adjustments	Ind AS
14,776,210		14,776,210
(129,197,921)		(129,197,921)
<b>(114,421,711)</b>	<b>-</b>	<b>(114,421,711)</b>

LIABILITIES

Non-current liabilities

(a) Financial liabilities

(i) Long-term borrowings

(b) Provisions

(c) Deferred tax liability (net)

(d) Other non-current liabilities

132,317,102		132,317,102
1,642,180		1,642,180
2,050,861		2,050,861
104,756,929		104,756,929
<b>240,767,072</b>	<b>-</b>	<b>240,767,072</b>

Current liabilities

(a) Financial liabilities

(i) Trade payables

(ii) Other financial liabilities

(b) Other current liabilities

(c) Provisions

Total current liabilities

484,608,437		484,608,437
37,348,151		37,348,151
38,294,735		38,294,735
15,176,223		15,176,223
<b>575,427,546</b>	<b>-</b>	<b>575,427,546</b>
<b>816,194,618</b>	<b>-</b>	<b>816,194,618</b>

Total equity and liabilities

<b>701,772,907</b>	<b>-</b>	<b>701,772,907</b>
0	-	0

SITI VISION DIGITAL MEDIA 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.

	Previous GAAP	Adjustments	Ind AS
<b>Income</b>			
Revenues from operations	263,150,945	-	263,150,945
Other income	6,029,745	-	6,029,745
<b>Total Income</b>	<b>269,180,690</b>	<b>-</b>	<b>269,180,690</b>
<b>Expenses</b>			
Purchase of traded goods			-
Carriage sharing, pay channel and related costs	214,580,190		214,580,190
Employee benefits expense	23,052,319		23,052,319
Finance costs	211,851		211,851
Depreciation and amortisation of non-financial assets	70,028,671		70,028,671
Other expenses	12,554,438		12,554,438
<b>Total Expenses</b>	<b>320,427,469</b>	<b>-</b>	<b>320,427,469</b>
<b>Profit before exceptional item and tax</b>	<b>(51,246,779)</b>	<b>-</b>	<b>(51,246,779)</b>
Prior period items			-
<b>Profit/(Loss) before tax</b>	<b>(51,246,779)</b>	<b>-</b>	<b>(51,246,779)</b>
<b>Other Comprehensive Income</b>	<b>176,926</b>		<b>176,926</b>
Remeasurement of defined benefit liability			-
<b>Total comprehensive income</b>	<b>(51,246,779)</b>	<b>-</b>	<b>(51,246,779)</b>

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

	in million	
	Notes to first time adoption	March 31, 2016
Total equity (shareholder's funds) as per previous GAAP		(114,421,711)
<b>Adjustments:</b>		
Optionally fully convertible debentures classified to equity		-
Redeemable preference shares transferred to liability		-
Other		-
<b>Total adjustments</b>		<b>-</b>
<b>Total equity as per Ind AS</b>		<b>(114,421,711)</b>

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

	Notes to first time adoption	31 March 2016
<b>Net loss after tax as reported under previous GAAP for March 31, 2016</b>		<b>(114,421,711)</b>
<b>Net loss after tax as reported under Ind AS for March 31, 2016</b>		<b>(114,421,711)</b>
Other comprehensive income after tax		-
<b>Total comprehensive income</b>		<b>(114,421,711)</b>

Note 1: 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 2: Deferred tax

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

Note 3: Retained Earnings

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

Note 4: 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.

38 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 financial

A: Low credit risk on financial reporting date

B: High credit risk

**SITI VISION DIGITAL MEDIA PVT LTD.**

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

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 other financial	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	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	235,585,436	275,792,080	214,663,098
B: High credit risk	Trade receivables, security deposits and amount recoverable	203,400,232	233,575,567	186,332,626

**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	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Trade receivables	177,437,106	(8,967,453)	168,469,653
Security deposits	-	-	-
Advances recoverable	34,930,580	-	34,930,580

as at March 31, 2016

Ageing	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Trade receivables	201,409,949.80	(8,967,453.00)	192,442,496.80
Security deposits	137,000.00	-	137,000.00
Advances recoverable	41,504,000.00	-	41,504,000.00

as at April 01, 2015

Ageing	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Trade receivables	167,182,490.00	(8,967,453.00)	158,215,037.00
Security deposits	143,000.00	-	143,000.00
Advances recoverable	47,328,330.00	-	47,328,330.00

\* in million

**SITI VISION DIGITAL MEDIA 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	(8,967,453.00)
Changes in loss allowance	=
Loss allowance on March 31, 2016	(8,967,453.00)
Changes in loss allowance	=
Loss allowance on March 31, 2017	(8,967,453.00)

**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	Less than one year	One to two years	More than two years
<b>March 31, 2017</b>			
<b>Non-derivatives</b>			
Trade payables	518,130,455		
<b>Total non-derivative liabilities</b>	<b>518,130,455</b>	-	-
<b>March 31, 2016</b>			
<b>Non-derivatives</b>			
Borrowings (non-current, financial liabilities)			
Borrowings (current, financial liabilities)			
Other financial liabilities			
Trade payables	484,608,437		
<b>Total non-derivative liabilities</b>	<b>484,608,437</b>	-	-
<b>April 01, 2015</b>			
<b>Non-derivatives</b>			
Trade payables	363,967,710		
<b>Total non-derivative liabilities</b>	<b>363,967,710</b>	-	-

**39 Capital management**

**Risk Management**

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

Particular	March 31, 2017	March 31, 2016	April 01, 2015
Cash and cash equivalents (refer note 11)	24,157,634	42,216,513	24,148,974
Current investments (refer note 12)			
Margin money (refer note 7)			
<b>Total cash (A)</b>	<b>24,157,634.20</b>	<b>42,216,512.99</b>	<b>24,148,974.00</b>
Borrowings (non-current, financial liabilities) (refer note 16)	145,330,102	132,317,102	107,092,102
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)			
<b>Total borrowing (B)</b>	<b>145,330,102</b>	<b>132,317,102</b>	<b>107,092,102</b>
<b>Net debt (C=B-A)</b>	<b>121,172,468</b>	<b>90,100,589</b>	<b>82,943,128</b>
Total equity	(141,285,727)	(114,421,711)	(66,076,212)
<b>Total capital (equity + net debts) (D)</b>	<b>(20,113,260)</b>	<b>(24,321,122)</b>	<b>16,866,916</b>
<b>Gearing ratio (C/D)</b>	<b>-6.02</b>	<b>-3.70</b>	<b>4.92</b>

40 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 Vision Digital Media Pvt. Ltd.

Director  
DIN:

Director  
DIN: