

Independent Auditor's Report

To the Members of SITI KARNAL DIGITAL MEDIA NETWORK PRIVATE LIMITED

Report on the Financial Statement

We have audited the accompanying Financial Statements of M/s SITI KARNAL DIGITAL MEDIA NETWORK PRIVATE LIMITED ("the Company") which comprises the Balance Sheet as at 31st March, 2016, the Statement of Profit & Loss, the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information annexed.

Management's Responsibility for the Financial Statements

1. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the 'Act') with respect to the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error

Auditor's Responsibility

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



4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.;
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2016;
 - b) In the case of statement of Profit & Loss, of the loss for the year ended on that date; and
 - c) In the case of cash flow statement of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the **Annexure I** a statement on the matters specified in paragraphs 3 and 4 of the Order.



9. Further to our comments in the Annexure referred to above, we report that:-

- a. We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
- c. The Financial Statement and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d. In our opinion, the Financial Statement and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 133 of the Companies Act, 2013, to the extent applicable.
- e. On the basis of written representations received from the directors as on 31st March, 2016 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of provisions of section 164 of the Companies Act, 2013.
- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the accounting policies and notes of schedule 13 thereon give the information in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.-:
 - i) In the case of the Financial Statement, of the state of affairs of the Company as at 31st March, 2016 and;
 - ii) In the case of the cash flow statement of the cash flows of the Company for the year ended on that date.
- g. We have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 12th May,2016 as per **Annexure II** expressed unqualified opinion; and



Sumit Gupta & Co.

Chartered Accountants

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E-mail: sumitgca@gmail.com emailsgco@gmail.com

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

- i. as detailed in financial statements, the Company has disclosed the impact of pending litigations on its financial position;
- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
- iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company(if any)

For Sumit Gupta & Co.
Chartered Accountants

FRN. 022622N

Delhi

CA Sumit Gupta
(Partner)

Membership No 513086

Place- Delhi

Date- 12th May, 2016

Annexure I to the Independent Auditor's Report of even date to the members of SITI KARNAL DIGITAL MEDIA NETWORK PRIVATE LIMITED, on the financial statements for the year ended 31-March-2016

Annexure-I

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

- I. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The Company does not have any immovable properties.
- II. The Company does not have any inventory. Accordingly, the provisions of the clause 3(ii) of the Order are not applicable.
- III. The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act Accordingly, the provisions of the clause 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- IV. In our opinion, the company has complied with the provisions of sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.
- V. The Company has not accepted deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rule, 2014 (as amended). Accordingly the provisions of clause 3(v) of the Order are not applicable.
- VI. To the best of our knowledge and belief, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products/ services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- VII. (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have not been regularly deposited with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year- end for a period of more than six months from the date they become payable.
- (b) There are no disputed dues outstanding in respect of statutory dues.



Annexure I to the Independent Auditor's Report of even date to the members of SITI KARNAL DIGITAL MEDIA NETWORK PRIVATE LIMITED, on the financial statements for the year ended 31-March-2016

- VIII. The Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable
- IX. The Company did not raised moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loan outstanding during the year Accordingly, the provisions of clause 3(ix) of the Order are not applicable.
- X. No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- XI. In our opinion, the provisions of section 197 of the Act read with Schedule V to the Act are not applicable to the Company as the Company does not pay any remuneration to its directors. Accordingly, the provisions of clause 3(xi) of the Order are not applicable.
- XII. In our opinion, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- XIII. In our opinion, all transactions with the related parties are in compliance with sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standard.
- XIV. During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year
- XV. The Company has not entered into any non cash transaction with directors or person connected with him.
- XVI. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act,1934

For **Sumit Gupta & Co.**
Chartered Accountants

FRN/022622N

Delhi

CA Sumit Gupta
(Partner)

Membership No 513086

Place- Delhi

Date- 12th May, 2016

Annexure II to the Independent Auditor's Report of even date to the members of SITI KARNAL DIGITAL MEDIA NETWORK PRIVATE LIMITED on the financial statements for the year ended 31 March 2016

Annexure II

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

1. In conjunction with our audit of the financial statements of **SITI KARNAL DIGITAL MEDIA NETWORK PRIVATE LIMITED** (the 'Company') as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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



Annexure II to the Independent Auditor's Report of even date to the members of SITI KARNAL DIGITAL MEDIA NETWORK PRIVATE LIMITED on the financial statements for the year ended 31 March 2016

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the IFCoFR criteria established by the Company considering the essential components of internal financial controls stated in the Guidance Note issued by the ICAI.

For **Sumit Gupta & Co.**

Chartered Accountants

Firm Regn. No. 022622N



Membership No 513086

Place- Delhi

Date- 12th May 2016

SITI Karnal Digital Media Network Private Limited

Balance Sheet as at March 31, 2016

CIN: U64200DL2014PTC269230

	Notes	Amount In INR	
		March 31, 2016	March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	1	100,000.00	100,000.00
Reserves and surplus	2	(19,845,042.01)	6,135,927.53
		(19,745,042.01)	6,235,927.53
Non-Current Liabilities			
Long-term borrowings		-	-
Other non-current liabilities		-	-
Deferred Tax Liability		3,778,823.25	2,743,852.00
Long-term provisions		-	-
		3,778,823.25	2,743,852.00
Current Liabilities			
Short-term borrowings		-	-
Trade payables	3	53,535,236.52	48,713,971.00
Other current liabilities	4	125,942,758.28	136,666,998.47
Short-term provisions	5	1,520,421.00	1,510,075.00
		180,998,415.80	186,891,044.47
Total		165,032,197.04	195,870,824.00
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	6	132,543,327.10	122,726,682.00
Intangible assets		-	-
Capital work-in-progress		-	-
Non-current investments			
Long-term loans and advances	7	1,500.00	-
Other non-current assets		-	-
		132,544,827.10	122,726,682.00
Current assets			
Current investments			
Inventories		-	-
Trade receivables	8	29,980,805.21	71,093,142.00
Cash and bank balances	9	604,234.73	2,051,000.00
Short-term loans and advances	7	1,902,330.00	-
Other current assets		-	-
		32,487,369.94	73,144,142.00
Total		165,032,197.04	195,870,824.00

Significant Accounting Policies and Notes on Accounts -As per Note"10"

As per our attached report of even date

For Sumit Gupta & Co.

Firm Registration No:- 022622N

Chartered Accountants



Place:- Delhi

Date:- 12th May, 2016

For and on behalf of the Board of Directors of
SITI Karnal Digital Media Network Pvt Ltd



Rajiv Sharma

(Rajiv Sharma)

Director

DIN: 06407579

(Brij Bhushan)

Director

01755142

SITI Karnal Digital Media Network Private Limited

Statement of Profit and Loss for the year ended March 31, 2016

CIN: U64200DL2014PTC269230

Particular	Notes	Amount In INR	
		March 31, 2016	March 31, 2015
Revenue			
Revenue from operations	11	55,287,649.00	65,323,861.00
Other income		-	-
Total revenue(I)		55,287,649.00	65,323,861.00
Expenses			
Cost of materials consumed		-	-
Purchases of traded goods		-	-
Carriage sharing, pay channel and related costs		38,000,028.96	-
Employee benefit expenses		-	-
Finance costs		-	-
Depreciation and amortisation expenses	6	15,636,606.90	351,051.00
Other expenses	12	26,597,011.43	54,582,955.47
Total expenses(II)		80,233,647.29	54,934,006.47
Loss before and after tax(I-II)		(24,945,998.29)	10,389,854.53
Exceptional item		-	-
Profit/ Loss before tax		(24,945,998.29)	10,389,854.53
Tax expenses			
(1) Current Tax {(Income taxes for earlier years written off)}		-	1,510,075.00
(2) Deffered Tax		1,034,971.25	2,743,852.00
Profit / Loss for the year		(25,980,969.54)	6,135,927.53
Earning Per Share:	13		
Basic		(2,598.10)	613.59
Diluted		(2,598.10)	613.59

Significant Accounting Policies and Notes on Accounts -As per Note"10"

As per our attached report of even date

For Sumit Gupta & Co.

Firm Registration No:- 022622N

Chartered Accountants



M.NO:- 513086

Place:- Delhi

Date:- 12th May, 2016

For and on behalf of the Board of Directors of
SITI Karnal Digital Media Network Pvt Ltd



(Rajeev Sharma)
Director
DIN: 06407579

(Brij Bhushan)
Director
01755142

SITI Karnal Digital Media Network Private Limited
Summary of significant accounting policies and other explanatory information for the year ended March 31, 2016

Notes:-3

3 Trade payables

Trade Payables(including acceptances):
 Broadcasting Vendor
 Brij Gupta

March 31, 2016	March 31, 2015
7,922,177.52	3,100,912.00
45,613,059.00	45,613,059.00
53,535,236.52	48,713,971.00

Notes:- 4

4 Other liabilities

Accrued Subscription Income
 Payable for fixed assets
 Payable to employees
 Others
 Interest free deposits from customers
 ICICI Bank Ltd (Cr Balance)
 Advance From Customers
 Other Payable
 Provision for Pay Channel Exp
 SCNL Balances
 Payable for statutory liabilities

Non-current March 31, 2016	Current March 31, 2016	Non-current March 31, 2015	Current March 31, 2015
-	186,062.00	-	-
-	-	-	-
-	-	-	-
-	-	-	5,526,281.47
-	1,247,961.00	-	29,521.00
-	1,511,015.00	-	5,310,775.00
-	2,887,389.00	-	-
-	117,832,968.84	-	118,152,430.00
-	2,277,362.44	-	7,647,991.00
-	125,942,758.28	-	136,666,998.47

Notes:- 5

5 Provisions

Provision for Income Tax
 Provision for compensated absences

Long-term March 31, 2016	Short-term March 31, 2016	Long-term March 31, 2015	Short-term March 31, 2015
-	1,520,421.00	-	1,510,075.00
-	1,520,421.00	-	1,510,075.00



Pooja Shukla

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SITI KARNAL DIGITAL MEDIA NETWORK PRIVATE LIMITED

Notes forming Part of Balance Sheet

Note:-6

6 Fixed Assets

Fixed Assets	Gross Block				Accumulated Depreciation				Net Block		
	Balance as at 1 April 2015	Additions/ (Disposals)	Acquired through business combinations	Revaluations/ (Impairments)	Balance as at 31st March 2016	Balance as at 1 April 2015	Depreciation charge for the year	Adjustment due to revaluations	On disposals	Balance as at 1 April 2015	Balance as at 31st March 2016
	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR
a											
Tangible Assets (Not Under Lease)											
Plant & Machinery	15,977,733				15,977,733	5,198	1,897,356	0		15,972,535	14,075,179
Set Top Box	107,100,000	25,453,252			132,553,252	345,853	13,739,251			106,754,147	118,468,148
Total (i+ii)	123,077,733	25,453,252	0	0	148,530,985	351,051	15,636,607	0	0	122,726,682	132,543,327
b											
Intangible Assets											
Goodwill	0	0			0	0	0			0	0
Total	0	0	0	0	0	0	0	0	0	0	0
c											
Capital Work In Progress	0				0					0	0
Total	0	0	0	0	0	0	0	0	0	0	0
d											
Intangible assets under Development											
Total	123,077,733	25,453,252	0	0	148,530,985	351,051	15,636,607	0	0	122,726,682	132,543,327

Pooja Subbar



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SITI Karnal Digital Media Network Private Limited
Summary of significant accounting policies and other explanatory information for the year ended March 31, 2016

Notes:-7

7 Loans and advances

	Long-term March 31, 2016	Short-term March 31, 2016	Long-term March 31, 2015	Short-term March 31, 2015
Capital advances				
Unsecured, considered good	-	-	-	-
Unsecured, considered doubtful	-	-	-	-
Less: Provision for doubtful capital advances	-	-	-	-
Advance given to Indian Cable Net Company Limited (Subsidiary) for allotment of shares	-	-	-	-
Security deposits				
Unsecured, considered good	1,500.00	-	-	-
Doubtful	1,500.00	-	-	-
Less: Provision for doubtful security deposits	1,500.00	-	-	-
Advances recoverable in cash or kind				
Unsecured, considered good				
Advance to Broadcasters	-	145,436.00	-	-
Other advances	-	-	-	-
Doubtful	-	-	-	-
Advances to distribution companies	-	-	-	-
Less: Provision for doubtful advances	-	-	-	-
	-	145,436.00	-	-
Other loans and advances (Unsecured, considered good)				
TDS Receivable	-	206,951.00	-	-
MAT Credit Available (AY 2015-16)	-	1,520,421.00	-	-
Prepaid expenses	-	29,522.00	-	-
	-	1,756,894.00	-	-
	1,500.00	1,902,330.00	-	-



Rajendra

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SITI Karnal Digital Media Network Private Limited
Summary of significant accounting policies and other explanatory information for the year ended March 31, 2016

Notes:-8

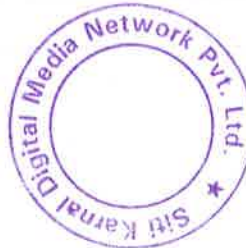
8 Trade receivables

	March 31, 2016	March 31, 2015
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	29,980,805.21	71,093,142.00
Unsecured, considered doubtful	-	-
	<u>29,980,805.21</u>	<u>71,093,142.00</u>
Less: Provision for doubtful debts		
	-	-
	<u>29,980,805.21</u>	<u>71,093,142.00</u>
Other receivables		
Unsecured, considered good	-	-
	<u>29,980,805.21</u>	<u>71,093,142.00</u>

Notes:-9

9 Cash and bank balances

	Non-current March 31, 2016	Current March 31, 2016	Non-current March 31, 2015	Current March 31, 2015
Cash and cash equivalents				
Cash on hand	-	250,000.00	-	2,051,000.00
Cheques on hand	-	-	-	-
Balances with banks				
On current accounts	-	354,234.73	-	-
In deposit account (with maturity upto three months)	-	-	-	-
	<u>-</u>	<u>604,234.73</u>	<u>-</u>	<u>2,051,000.00</u>
Other bank balances				
Margin money deposit and deposit with statutory authorities	-	-	-	-
Bank deposit with maturity upto twelve months	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amount disclosed under non-current assets (note 16)				
	<u>-</u>	<u>604,234.73</u>	<u>-</u>	<u>2,051,000.00</u>



Pratyusha

M

SITI Karnal Digital Media Network Private Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2016

Notes:-11

11 Revenue from operations

	March 31, 2016	March 31, 2015
Sale of services		
Subscription Income	29,651,164.00	1,962,887.00
Advertisement Income	1,931,222.00	-
Carriage Income	8,880,220.00	634,828.00
Activation Income	14,825,043.00	62,236,810.00
Other operating revenue		
Sale of traded goods*	-	-
Lease rental charges	-	-
Management charges and other networking income	-	489,336.00
Scrap sales	-	-
	<u>55,287,649.00</u>	<u>65,323,861.00</u>



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SITI Karnal Digital Media Network Private Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2016

Notes-12

12 Other expenses

	March 31, 2016	March 31, 2015
Rent	1,455,800.00	-
Rates and taxes	920,683.00	13,000.00
Communication expenses	479,350.00	-
Repairs and maintenance		
- Network	-	1,251,250.00
- Building		-
- Others	231,053.00	-
Electricity and water charges	2,311,302.00	-
Legal, professional and consultancy charges	48,520.84	147,262.00
Printing and stationery	183,059.00	-
Service charges	46,500.00	-
Travelling and conveyance expenses	49,354.00	-
Payment to auditors*	40,000.00	-
Vehicle expenses	-	-
Insurance expenses	-	-
Provision for doubtful debts**	-	-
Provision for doubtful advances	-	-
Loss on sale of assets	-	-
Advertisement and publicity expenses	-	-
Commission charges and incentives	-	-
Additional LCO commission	-	-
Provision for Doubtful Debts	-	-
Program production expenses	33,000.00	-
Other operational cost	18,365,044.00	36,005,218.00
Business and sales promotion	-	-
Exchange fluctuation loss (net)	-	-
Staff welfare expenses	62,407.00	-
Interest	301,150.00	-
Round Off	(1.00)	-
Bank Charges	1,083.59	256,940.47
Pay Channel Exp		16,909,285.00
Miscellaneous expenses	2,068,706.00	-
	26,597,011.43	54,582,955.47



Rajesh Kumar

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SITI Karnal Digital Media Network Private Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2016

Notes:-13

13 Earnings per share

	March 31, 2016	March 31, 2015
Profit/(Loss) attributable to equity shareholders	(25,980,969.54)	6,135,927.53
Number of weighted average equity shares		
Basic	10,000	10,000
Diluted	10,000	10,000
Nominal value of per equity share (₹)	10	10
Loss per share after exceptional item and after tax (₹)		
Basic	(2,598.10)	613.59
Diluted	(2,598.10)	613.59



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NOTE:-10

Significant Accounting Policies and Notes to Accounts:

1. Background

Siti Karnal Digital Media Network Private Limited (hereinafter referred to as 'the Company') was incorporated in the state of Delhi on 22nd July, 2014.

The Company is a subsidiary of Siti Cable Network Limited having 51% equity in the Company.

2. Basis of Preparation

The financial statements have been prepared under historical cost convention, on accrual basis, in accordance with the generally accepted accounting principles (GAAP) in India and comply with the Accounting standards prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). 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 realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

3. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

4. Fixed Assets:

Tangible

Tangible Fixed Assets are stated at cost less depreciation. Cost comprises of the purchase price and any allied cost such as Freight, Commissioning cost, Custom etc., including interest, attributable to bringing the asset to its working condition for its intended use.



Pooja Sharma

Intangible Assets and Amortization

- a) Intangible assets are recognized as per the criteria specified in Accounting Standard (AS) 26 "Intangible Assets" as specified in the Companies (Accounting Standards) Rule, 2006 and are amortized as follows:
- Preliminary Expenses are written off in terms of AS-26.
 - Goodwill on acquisition if any is amortized using the straight-line method over a period of five years.

5. Depreciation:

Depreciation/ amortization on fixed assets is provided on pro rata basis to the period of use based on straight line method at rates specified in Schedule-II to the Companies Act 2013 except in case of intangible assets and leasehold improvements. In view of the management such rates represents the useful life of such assets Further as part of management policy the residual value of assets is assuming to be 5% of the cost of the asset.

As per management the life of Set up Boxes is estimated to 8 (eight) years, hence depreciated at 12.5% on Straight Line Method (SLM) basis.

6. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

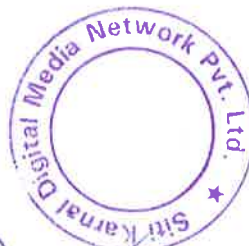
Income from Services

- Subscription revenue and other Services revenue are recognized on completion of services.
- Activation fees on Set up Boxes (STB) is recognized as revenue on material movement transfer.
- Carriage fees are recognized on accrual basis over the terms of related agreements.
- Advertisement revenue is recognized when the related advertisement appears before the public. Other Advertisement revenue for slot sale is recognized on periodic basis.

7. Provisions and Contingent Liabilities:

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if:-

- The company has a present obligation as a result of a past event,
- A probable outflow of resources is expected to settle the obligation and
- The amount of the obligation can be reliably estimated.



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SITI KARNAL DIGITAL MEDIA NETWORK PRIVATE LIMITED
CIN: U64200DL2014PTC269230

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent Liability is disclosed in the case of:

- a. A present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- b. A possible obligation, unless the probability of outflow of resources is remote.

Contingent Assets are neither recognized, not disclosed

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet Date.

8. Cash & Cash Equivalents

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

9. Income Tax

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 Indian Income Tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year 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 balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists- set off current tax assets against current tax liabilities and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. 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 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 company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Further, `10,34,971.25 is the Deferred Tax Liability during the period under audit.



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10. Impairment of Assets

As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:

- a. The provision for impairment loss, if any required; or
- b. The reversal, if any, required of impairment loss recognized in previous period.

Impairment loss is recognized when the carrying amount of assets exceeds its recoverable amount.

Recoverable amount is determined:

- i) In the case of individual assets, at the higher of the net selling price and the value in use;
- ii) In the cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of cash generating unit's net selling price and the value in use;

(Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset from its disposal at the end of its useful life)

11. Change in Accounting Estimates

The Company has done a review of its fixed asset lives. The Company has determined that as a result of actions taken to increase its preventative maintenance, technological up gradation and as per certification received from Set Top Box manufacturers, actual lives for set top boxes deployed for digitalization (i.e. with effect from 1st April'2012) was generally longer (8 years) than the useful lives (5 years) for depreciation purposes. Therefore, the Company extended the estimated useful lives of such new set top boxes, which has been deployed on or after 1st April'2012, from 5 years to 8 years. Set Top Boxes deployed prior to 1st April'2012 are still depreciated over a period of 5 years.

Further during the period under audit depreciation has been charged as per Schedule II to the Companies Act, 2013 except Sep up Boxes which are depreciated over the useful life of 8 (eight) years.

12. Earning Per Share

In accordance with AS-20 "Earning Per Share" as notified by the Companies (Accounting Standards) Rules, 2006, (as amended) basis earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the number of shares outstanding during the year and diluted earning per share is to be calculated and both EPS (Basic & Diluted) should be shown on face of Statement Of Profit & Loss.



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13. Provisions

A Provision is recognized when the company has a present obligation (legal or constructive) as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expenses relating to any provision is presented in the income statement net of any reimbursement. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet Date and adjusted to reflect the current best estimates.

14. There is no amount due to Micro, Small and Medium Enterprises as per the Micro, Small and Medium enterprises Development Act, 2006.

The above information regarding Micro, Small and Medium Enterprises have been determined to the extent to which parties have been identified on the basis of information available with the Company.

15. The Company is a service company and accordingly information required under paragraph 4(C) of Part II of Schedule VI to the Companies Act 1956 is not applicable to the Company.

16. Auditor's Remuneration:

Amount in ` (Excluding Service Tax)

Particulars	As At March 31,2016	As At March 31,2015
Statutory Audit Fees	30,000	30,000
Tax Audit Fees	10,000	10,000
TOTAL	40,000	40,000

17. Disclosure of Related Parties / Related Party Transactions.

List of Related Parties

Name of the Related Party	Relationship
Siti Cable Network Limited	Holding Company

Key Management Personnel :

S. No.	Name of Director	Designation
1	Brij Bhushan Gupta	Director
2	Raman Walia	Director (Resigned)



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SITI KARNAL DIGITAL MEDIA NETWORK PRIVATE LIMITED
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3	Rajeev Sharma	Director
4	Harish Chugh	Director (Resigned)
5	Sanjeev Tandon	Director (Resigned)
6	Arun Kumar Gupta	Director (Resigned)

A. Transactions with related parties:

S.NO.	Name of Related Party	Nature of Transaction	Amount Due to	Amount Due from
1.	Siti Cable Network Limited	Set Top Boxes Purchased	2,75,42,244/-	11,78,32,968.84
		Digital Feed	17,17,980/-	
		Other Expenses	52,646/-	
2.	Siti Cable Network Limited	Loans & Advances	2,09,70,464/-	

18. In the opinion of the management, there is no impairment of assets requiring provisions in accordance with AS-28 relating to Impairment of Assets.

19. Balances of Debtors/Creditors are subject to confirmation.

20. Earnings Per Share is calculated as under:

The basic earning per share is calculated according to the number of shares during the period for financial statement i.e. from 31st March'2016.

Particulars	31 st March'2016	31 st March, 2015
Net Profit / (Loss) as disclosed in Profit and Loss Account (Rupees Lacs)	(2,59,80,969.54)	61,35,930
Number of Equity Shares	10,000	10,000
Nominal Value of Shares (Rupees)	10.00	10.00
Basic and Diluted Earnings per share (Rupees)	(2,598.10)	613.59

For **Sumit Gupta & Co.**
Chartered Accountants
 Firm Regn. No. 022622N
 Delhi
 CA Sumit Gupta
 (Partner)
 Membership No 513086
 Place- Delhi
 Date-

For **Siti Karnal Digital Media Network Private limited**

Rajeev Sharma
 (Director)
 DIN: 06407579

Brij Bhushan
 (Director)
 01755142

