

# Subhash C. Gupta & Co.

CHARTERED ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF Master Channel Community Network Pvt. Ltd.**

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

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

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

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

### **Auditors' Responsibility**

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

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

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



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

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

### **Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2016, and its profit and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

9. As required by 'the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the **Annexure A** a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

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

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

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2016 from being appointed as a director in terms of Section 164 (2) of the Act.



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

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

- i. The Company has disclosed the impact, if any, of pending litigations as at 31<sup>st</sup> March 2016 on its financial position in its standalone financial statements – Refer Note no. 1.2- f of the additional notes to the financial statements:
- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

**Chartered Accountants**

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

  
Mand. Kumar  
(Partner)

**Membership No.: 504435**

**Place : New Delhi**

**Date : 13.05.2016**

## Annexure A to Independent Auditors' Report

**Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Master Channel Community Network Pvt. Ltd. on the standalone financial statements for the year ended 31st March 2016**

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

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



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

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

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

Nature of the dues	Amount (Rs.)	Period to which the amount relates	Forum where appeal is pending
VAT	14572765.00	F.Y. 2013-15	VAT Department, Vijaywada, A.P.

(viii) The Company has no dues payable to a financial institution or a bank or debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.

(ix) The company has not raised any funds during the year from initial public offer or further public offer or by way of term loans. Accordingly, the provisions of said clause of the Order are not applicable.

(x) Based upon the audit procedures performed for the purpose of reporting true and fair view of the financial statement and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

(xi) Managerial remuneration has been paid or provided by the company during the year in accordance with the requisite approvals mandate by the provisions of Section 197 read with Schedule V of the Companies Act, 2013.

(xii) Since the company is not a Nidhi company the provisions of clause 3(xii) of the order are not applicable.

(xiii) As per the information and explanation provided to us, all the transactions with the related parties are in compliance with section 177 and 188 of



Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

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

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



Manoj K. Gupta  
(Partner)  
Membership No.: 504435

Place : New Delhi  
Date : 13.05.2016

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

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

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

1. We have audited the internal financial controls over financial reporting of **Master Channel Community Network Pvt. Ltd.** ("the Company") as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

### **Auditors' Responsibility**

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



### Meaning of Internal Financial Controls Over Financial Reporting

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

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

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

### Opinion

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

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

  
Mand Kumar  
(Partner)

Membership No.: 504435

Place : New Delhi

Date : 13.05.2016



**MASTER CHANNEL COMMUNITY NETWORK PVT. LTD.**

**BALANCE SHEET AS AT MARCH 31,2016**

AMOUNTS IN INR

Particulars	Notes	31-Mar-16	31-Mar-15
<b>I. EQUITY AND LIABILITY</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	2	500,000	500,000
(b) Reserves and Surplus	3	107,045,314	65,167,127
<b>(2) Non-Current Liabilities</b>			
(a) Long Term borrowings	4	8,576,557	8,576,557
(b) Deferred Tax Liability	9	4,745,858	3,411,055
(c) Long term provisions	5	2,307,980	1,288,652
<b>(3) Current Liabilities</b>			
(a) Trade payables	6	288,438,261	148,887,780
(b) Other current liabilities	6	115,191,174	67,400,491
(c) Short term provisions	7	20,131,601	13,152,449
<b>Total</b>		<b>546,936,745</b>	<b>308,384,110</b>
<b>II.ASSETS</b>			
<b>(1) Non-current assets</b>			
<b>(a) Fixed assets</b>			
(i) Tangible assets	8	351,837,704	166,934,761
(ii) Capital work-in-progress		41,272,413	53,137,649
(b) Deferred tax assets (net)	9	-	-
(c) Long term loans and advances	10	1,369,924	782,194
(d) Other non-current assets	11	-	222,500
<b>(2) Current assets</b>			
(a) Current investments		-	-
(b) Trade Receivables	12	33,471,930	17,055,599
(c) Cash and cash equivalents	13	31,364,953	31,327,329
(d) Short-term loans and advances	14	85,788,221	37,092,478
(e) Other current assets	11	1,831,600	1,831,600
<b>Total</b>		<b>546,936,745</b>	<b>308,384,110</b>
<b>Significant Accounting Policies</b>	1	-	-
<b>Notes referred above form integral part of the Balance Sheet</b>			

As per our Report of even date attached

For Subhash C. Gupta & Co.

Chartered Accountants

Firm Rego. No. 004103N

  
 (Manoj Kumar)  
 Partner

M. No. FCA - 504435

Dated: 13-05-2016

Place: Vijayavada

For & on behalf of Board of Directors

For Master Channel Community  
 Network Pvt. Ltd.

  
 Director

Bharani K. Durga  
 DIN 07195171

  
 Director

P. Sai Babu  
 DIN 00833403

**MASTER CHANNEL COMMUNITY NETWORK PVT. LTD.**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016**

AMOUNTS IN INR

Particulars	Notes	31-Mar-16	31-Mar-15
<b>Continuing Operations</b>			
<b>Income</b>			
Revenue from operations	15	295,867,400	211,879,406
Other Income	16	1,103,090	4,800
<b>Total Revenue (I)</b>		<b>296,970,490</b>	<b>211,884,206</b>
<b>Expenses</b>			
Operational Expenses	17	178,733,318	127,749,966
Employees Benefit expenses	18	7,606,146	5,810,815
Financial costs	19	1,286,160	172,400
Depreciation and amortization expense	20	32,246,585	18,939,418
Other expenses	21	16,590,171	15,554,457
<b>Total Expenses (II)</b>		<b>236,462,379</b>	<b>168,227,056</b>
Profit before exceptional and extraordinary items and tax	(I - II)	60,508,111	43,657,151
Exceptional items		2,783,296	186,862
<b>Profit before tax</b>		<b>63,291,407</b>	<b>43,844,012</b>
Tax expense:			
(1) Current tax- Current year		19,496,645	12,515,494
- Previous year		581,772	1,050,777
(2) Deferred tax		1,334,803	1,388,015
<b>Total Profit/(Loss) for the period</b>		<b>41,878,187</b>	<b>28,889,726</b>
<b>Earning per equity share:</b>			
(1) Basic		8,375.64	5,777.95
(2) Diluted		8,375.64	5,777.95
<b>Significant Accounting Policies</b>	1		
<b>Notes referred to above form integral part of the Statement of Profit &amp; Loss</b>			

As per our Report of even date attached

For Subhash C. Gupta & Co.

Chartered Accountants

Firm Regn. No. 004103N

  
Subhash C. Gupta  
Chartered Accountants

M. No. FCA - 504435

Dated: 13.05.2016

Place: Vijayavada

For & on behalf of Board of Directors

For Master Channel Community

Network Pvt. Ltd.

  
Director

Bhaskar K. Durga

DIN 07195171

  
Director

P. Sai Babu

DIN 00833403

**MASTER CHANNEL COMMUNITY NETWORK PVT LIMITED**

**CASH FLOW STATEMENT**

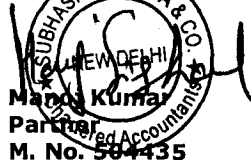
PARTICULARS	Year ended Mar 31, 2016 Amount in Rs.	Year ended Mar 31, 2015 Amount in Rs.
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Income / ( Loss ) before Tax	63,291,407	43,844,012
Adjustments for :		
Depreciation	32,246,585	18,939,418
Loss(profit) on sale /disposal of assets		413,168
Provision for Doubtful Debts	1,678,172	1,138,049
Interest Expense/(Income)	-	-
Sundry Balance Expense W/back	-	-
Income Tax paid	(581,772)	(1,050,777)
Prior period Adjustment	-	-
Provision for Income Taxes(including deferred tax)	(20,831,448)	(13,903,509)
<b>Operating Profit before working capital changes</b>	<b>75,802,944</b>	<b>49,380,361</b>
Increase Inventories	-	-
Decrease (increase) in Trade Receivables	(18,094,503)	(4,084,300)
Decrease(increase) in Long Terms L&A and non Current Assets	(365,230)	-
Decrease(increase) in Loans and Advances and Other Current Assets	(48,695,743)	(8,347,783)
Increase in Long term provisions	2,354,131	1,516,845
Increase/(Decrease) in Current Liabilities and Provisions	194,320,316	61,091,769
<b>Net Cash Flow from Operating Activities</b>	<b>205,321,915</b>	<b>99,556,892</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(217,149,528)	(115,802,814)
Capital W.I.P.	11,865,236	25,504,906
sale of Fixed Assets		732,664
<b>Net Cash utilised in Investing Activities</b>	<b>(205,284,292)</b>	<b>(89,565,244)</b>
<b>C CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest Received/(paid) (Net)	-	-
Proceeds from Share Capital	-	-
Repayment of long term borrowing	-	-
<b>Net Cash provided by Financing Activities</b>	<b>-</b>	<b>-</b>
Net Increase in cash and cash equivalents during the year	37,623	9,991,648
cash and cash equivalents at beginning of year	31,327,329	21,335,681
<b>Cash and Cash Equivalents at end of the Year</b>	<b>31,364,952</b>	<b>31,327,329</b>

**Note :**

- Previous year figures have been regrouped / rearranged wherever necessary
- Component of Cash & cash Equivalents at the end of year

Cash in hand	2,905,586	4,333,537
Cheques in Hand	-	-
FDR's	-	-
Balances with Scheduled Banks in Current Accounts	28,459,366	26,993,792
	<u>31,364,952</u>	<u>31,327,329</u>
	0	-

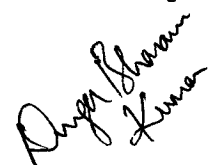
As per our Report of even date  
For Subhash C. Gupta & Co.  
Firm Regn. No. 004103N  
Chartered Accountants


  
M. No. 504435

Place: Vijaywada

Date: 13-05-2016

For and on behalf of the Board

  
Director  
Bhavnika Durga  
DIN07195171

  
Director  
P. Sai Babu  
DIN00833403

**MASTER CHANNEL COMMUNITY NETWORK PVT LTD.**

**NOTES TO THE BALANCE SHEET AS AT MARCH 31, 2016**

**Note-1**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

**1 SIGNIFICANT ACCOUNTING POLICIES**

**a. Accounting Convention**

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

**b. Fixed Assets**

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

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

**c. Depreciation**

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

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

Type of assets	Useful Life (Years)
Computers	3.00
Office Equipments	5.00
Electrical Equipment	5.00
Studio Equipment	13.00
Set-Top-Boxes	8.00
Furniture and fixtures	10.00
Vehicles	8 to 10

**d. Taxation on Income**

Income Tax expenses comprises of current tax expense and deferred tax expense or credit

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

**e. Revenue recognition**

- Subscription revenue and other service revenue are recognised on completion of services.
- Advertisement revenue is recognised when the related advertisement appears before the public. Other Advertisement revenue for slot sale is recognised on period basis.
- Carriage fees are recognised on accrual basis over the terms of related agreements.
- Activation charges on Set top boxes (STB) is recognised as revenue on activation of the related boxes.

**f. Retirement Benefits**

Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to Profit & Loss Account of the year when the contributions to the respective funds are due.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

Short term compensated absences are provided for based on estimates. Long-term compensated absences are provided for based on actuarial valuation on projected unit credit method at the end of each financial year.

Actuarial gains/losses are immediately taken to the profit and loss account and are not deferred.

**g. Impairment of Assets**



A handwritten signature in black ink, appearing to be 'S. Gupta'.

A handwritten signature in black ink, appearing to be 'P. Jha'.

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

#### h. Earning Per Share:

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

#### i. Provisions

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

## 2 ADDITIONAL NOTES TO THE FINANCIAL STATEMENTS

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

	31st March, 2016	31st March, 2015
Deferred tax liability on account of difference between book value of depreciable assets as per books of account and written down value as per Income Tax	6,192,770	4,223,015
Deferred tax assets on account of disallowance under section 43 B or allowed on payment basis.	1,446,912	811,960
<b>Net Deferred Tax Assets/(Liabilities)</b>	<b>(4,745,858)</b>	<b>(3,411,055)</b>

#### b. Earning per share:

	31st March, 2016	31st March, 2015
a) Profit after Tax	41,878,187	28,889,726
b) Weighted average No. of Ordinary Shares		
Basic	5,000	5,000
Diluted	5,000	5,000
c) Nominal Value of Ordinary Share	100	100
d) Earning per Ordinary share considering:		
Basic	8,375.64	5,777.95
Diluted	8,375.64	5,777.95

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

Particulars	31st March, 2016	31st March, 2015
Audit fees Rs.	30,000	30,000
Tax Audit Fees	5,000	5,000
Other Matter	-	-
(Amount are exclusive of Service Tax)		

#### d. Segment Reporting

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

#### e. Related Parties Disclosure:

##### List of Parties where control exists

##### i Ultimate Holding Company

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

##### ii Holding Company

Central Bombay Cable Network Ltd. ( Extent of holding 66 % )

##### iii Fellow Subsidiary Companies

Siticable Broadband South Ltd.  
Wire & Wireless Tisai Satellite Ltd.  
Indian Cable Net Company Ltd.  
Siti Jind Digital Media Communication Pvt. Ltd.  
Siti Vision Digital Media Pvt. Ltd.  
Siti Maa Durge Communications Pvt. Ltd.  
Siti Digital Network Entertainment Private Limited

SITI GLOBAL PVT. LTD.  
SITI BROADBAND SERVICES PRIVATE LIMITED  
SITI PRIME UTTARANCHAL COMMUNICATION PRIVATE LIMITED  
PANCHSHEEL DIGITAL COMMUNICATION NETWORK PRIVATE LIMITED  
SAI STAR DIGITAL MEDIA PRIVATE LIMITED  
BARGACHH DIGITAL COMMUNICATION NETWORK PRIVATE LIMITED  
VARIETY ENTERTAINMENT PRIVATE LIMITED



Siti Krishna Digital Media Private Limited  
Siti Jony Digital Cable Network Private Limited  
Siti Guntur Digital Network Private Limited  
Siti Faction Digital Private Limited

Siti Siri Digital Network Pvt. Ltd.  
SITI MAURYA CABLE NET PRIVATE LIMITED (Subsidiary of ICNCL)  
INDINET SERVICE PRIVATE LIMITED (100% Subsidiary of ICNCL)  
SITI KARNAL DIGITAL MEDIA NETWORK PRIVATE LIMITED

**iv Key Managerial Personnel**

Mr. P. Sai Babu-Managing Director  
Smt. P. Kiranmayee  
Mr. Shio Kumar Gupta

Mr. Anil Kumar Malhotra  
Mr. Sanjeev Tondon  
Mr. Bharni Kumar Durga

**v Associate Person**

M/s R. K. Master  
M/s Manasa Network  
M/s Divya Digital Network  
M/s City Cable Network  
M/s Sri Durga Communication  
M/s Lotus Broadband Pvt Ltd

Mrs. P. Damyanthi Rao  
M/s Mega Setelite Services  
Mr. Jayant P.  
Mrs. Bharti P.  
Ms. Meghna P.

**Transactions with:**

<b>Ultimate Holding Company</b>	<b>31st March, 2016</b>	<b>31st March, 2015</b>
Purchase-Set Top Boxes	31,824,000	7,910,100
Advertisement Income from SCNL	-	-
Expenses reimbursed to SCNL	60,540	9,520
Expenses incurred on behalf of SCNL	190,600	-
Management Charges paid	100,000,000	45,000,000
Advance Paid	20,000,000	200,000

<b>with Subsidiary Company</b>	<b>31st March, 2016</b>	<b>31st March, 2015</b>
Siti Guntur Digital Network Pvt. Ltd.		
Advance against material received	16,500,000	9,500,000
Expenses reimbursed	927,662	-
STB activation income	5,523,060	-

<b>With Key Managerial Personnel</b>	<b>31st March, 2016</b>	<b>31st March, 2015</b>
Salary	660,000	660,000
Incentive on Collection	1,147,424	1,160,001
Equity Contribution	-	-

<b>With Associate Persons</b>	<b>31st March, 2016</b>	<b>31st March, 2015</b>
Rent	660,000.00	660,000.00
Commission	4,136,333.00	3,328,504.00
Management Charges paid	6,181,812.00	22,500,000.00
Internet Charges	121,595.00	90,000.00
Other Operational Expenses Paid	4,000,000.00	6,000,000.00
Incentive on Collection	2,294,850.00	2,320,008.00
STB activation income	2,622,526.00	-

**Balance Outstanding as on 31.03.2016:**

<b>Unsecured Loan</b>	<b>31st March, 2016</b>	<b>31st March, 2015</b>
Siti Cable Network Limited	8,576,557	8,576,557
<b>Sundry Creditors</b>		
Siti Guntur Digital Network Pvt. Ltd.	41,527,662	24,100,000
Siti Cable Network Limited	170,240,387	78,096,447
M/s Mega Setelite Services	769,541	-
M/s. R. K. Master	-	5,567,765
M/s Divya Digital Network	3,600,000	-
M/s City Cable Network	-	5,565,965
M/s Manasa Network	-	5,567,765

**Incentive Payable:**

Mr. Jayant P.	-	24,471
Mrs. P. Damyanthi Rao	-	24,471
Mrs. Bharti P.	-	24,471

**Amount Payable to**

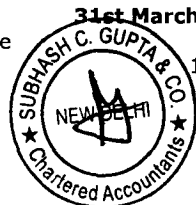
Mr. P. Sai Babu	-	36,704
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**Amount recoverable from**

Siti Guntur Digital Network Pvt. Ltd.	689,060	-
M/s Sri Durga Communication	2,247,278	-

**f. Other Particulars**

	<b>31st March, 2016</b>	<b>31st March, 2015</b>
Earnings in Foreign Exchange	Nil	Nil
CIF Value of Imports	146,245,500	52,096,382



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Expenditure in Foreign Currency	Nil	Nil
<b>Contingent Liabilities not provided for on account of:</b>		
Vat Demand	14572765	14572765
Estimated amount of contracts remaining to be executed on capital account (Net of Advances)	Nil	Nil

- g. During the year the company has initiated ground work and STB seeding under Digital Addressable cable TV System (DAS) in Vijayvada, Tenali and Guntur areas in accordance with TRAI mandate for phase III cities. Since the TRAI is yet to notify the mandatory date of digitalisation company is continuing subscription billing as per Analogue system.
- h. Figures for the previous year have been regrouped / rearranged / recast whenever necessary to confirm for comparison purpose.
- h. In the opinion of the Board of Directors the current assets , loan & advances shown in the Balance Sheet as at 31.03.2016 are considered good and fully recoverable , except other wise stated and provision for all known liabilities is made in the accounts.
- i. Sundry Creditors, Sundry Debtors, Unsecured Loans, Expenses Recoverable/payable & other loans & Advances are subject to confirmation and reconciliation from parties.
- j. Information required as per the Micro, Small and Medium Enterprises Development Act, 2006 small Scale Industries.  
The Company has identified Micro, Small and Medium Enterprises on the basis of information available. As at March 31, 2016 there are no dues to Micro, Small and Medium Enterprises that are reportable under the MSMED Act, 2006.
- k. 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

<b>Acturial Assumption</b>	<b>Leave Encashment</b>	<b>Employee Gratuity Fund</b>
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	22.00	22.00
<b>Change in obligation during the year ended 31st March, 2016</b>		
Present Value of obligation as at 1st April, 2015	239,393.00	1,049,259.00
Acquisition adjustment	-	-
Interest cost	19,151.00	83,941.00
Past service cost	-	-
Current service cost	91,954.00	169,953.00
Curtailment cost/(Credit)	-	-
Settlement cost/(Credit)	-	-
Benefits paid	-	-
Actuarial (gain)/loss on obligation	95,003.00	559,326.00
Present value of obligation as at the end of period (31st March, 2016)	445,501.00	1,862,479.00
Change in fair value plan Assets	Nil	Nil
<b>Movement in the liability recognized in the Balance</b>		
Opening net liability (01.04.2015)	(239,393)	(1,049,259)
Expense as above	206,108	813,220
Benefits paid	-	-
Actual return on plan assets	-	-
Acquisition adjustment	-	-
Net assets/(Liability) recognised in Balance Sheet as provision (31.03.2016)	(445,501)	(1,862,479)
<b>Expenses recognised in Profit and Loss Account</b>		
Current service cost	91,954	169,953
Past service cost	-	-
Interest cost	19,151	83,941
Expected return on plan assets	-	-



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Curtailment cost / (Credit)	-	-
Settlement cost / (credit)	-	-
Net actuarial (gain)/ loss recognized in the period	95,003	559,326
Expenses recognized in the statement of profit & losses	206,108	813,220

**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.

- l.** In view of mandatory digital addressable system (DAS) regulation announced by the Ministry of Information and Broadcasting, Government of India, digitalisation of cable network has been implemented in the cities notified for phase 1 and phase 2. The company has activated more than 2.50 Lakh Set top boxes in Vijaywada and adjoining region under Digital Addressable cable TV System (DAS) in accordance with TRAI mandate for phase 2 cities. Owing to the initial delays in implementation of DAS in Vijayawara region and challenges faced by all the MSO's during transition from analog business to DAS, the company is in the process of executing contracts with the subscribers and implementation of revenue sharing contracts entered into with the local cable operators. Accordingly company has not invoiced and recognised subscription revenue under the new DAS regime.
- m.** Figures have been rounded off to the nearest rupee.
- n.** 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.
- o.** Notes 1 to 21 form an integral part of the accounts and have been duly authenticated.

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



**Place: Vijaywada  
Date: 13.05.2016**

**For and on behalf of the Board**

*(Handwritten Signature)*  
**Director**

**Bharnik. Dugga  
DIN 07195171**

*(Handwritten Signature)*  
**Director**

**P. Sai Babu  
DIN 00833403**



**MASTER CHANNEL COMMUNITY NETWORK PVT. LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

Note 2. SHARE CAPITAL	31-Mar-16	31-Mar-15
<b>Authorised Shares</b>		
5000 Nos. (P.Y 5000) Equity Shres of Rs.100 each	500,000	500,000
	<u>500,000</u>	<u>500,000</u>
<b>Issued , Subscribed and Fully Paid up</b>		
5000 (P.Y 5000) Equity Shares of Rs. 100 each fully paid up	500,000	500,000
<b>Total Issued, Subscribed and paid up Share Capital</b>	<u>500,000</u>	<u>500,000</u>

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

Share Capital Schedule (No. of Shares Outstanding)	31-Mar-16		31-Mar-15	
	Nos.	Amount	Nos.	Amount
Opening number of Shares outstanding	5,000	500,000	5,000	500,000
Add : Issued during the year	-	-	-	-
Less: Bought back during the year	-	-	-	-
Closing number of outstanding shares at the end of the period	5,000	500,000	5,000	500,000

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

Particulars	Nature of relationship	31-Mar-16	31-Mar-15
CENTRAL BOMBAY CABLE NETWORK LIMITED	Holding Company	3300 Shares (66%)	3300 Shares (66%)

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

The Company has only one class of equity shares having a par value of Rs. 100 per share. Each holder of equity shares is entitled to one vote per share.

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

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

Name of Shareholders	31-Mar-16		31-Mar-15	
	No. of Shares	% Shareholding	No. of Shares	% Shareholding
CENTRAL BOMBAY CABLE NETWORK LIMITED	3300	66.00%	3300	66.00%
POTLURI KIRANMAYEE	754	15.08%	754	15.08%
SAI BABU POTLURI	376	7.52%	376	7.52%



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**MASTER CHANNEL COMMUNITY NETWORK PVT. LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

<b>Note 3. Reserves and Surplus</b>	<b>31-Mar-16</b>	<b>31-Mar-15</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>Surplus in the statement of Profit &amp; Loss Account</b>		
As per last Balance Sheet	65,167,127	36,277,401
Add : Profit/ (Loss) for the year	41,878,187	28,889,726
Less : Appropriations		
Proposed Dividend	-	-
Tax on dividend	-	-
Transfer to general reserve		
<b>Net surplus in the statement of profit and loss</b>	<b>107,045,314</b>	<b>65,167,127</b>
Less: Appropriations	-	-
<b>Total Reserves and Surplus</b>	<b>107,045,314</b>	<b>65,167,127</b>



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**MASTER CHANNEL COMMUNITY NETWORK PVT. LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

Note:4 Long-term borrowings	Non-current portion	
	31-Mar-16	31-Mar-15
Particulars	Rs.	Rs.
<b>Unsecured</b>		
(a) Loans and advances from related parties (of the above, Rs. Nil is guaranteed by Directors and / or others) *Terms of Repayment: Not Specified	8,576,557	8,576,557
<b>Total Unsecured</b>	<b>8,576,557</b>	<b>8,576,557</b>



A handwritten signature in black ink, appearing to be 'R. J. Singh'.

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**MASTER CHANNEL COMMUNITY NETWORK PVT. LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

Note: 5 Long Term Provisions Particulars	Long-term	
	31-Mar-16	31-Mar-15
	Rs.	Rs.
Provision for employee benefits		
Superannuation (unfunded)		
Gratuity (unfunded)	1,862,479	1,049,259
Leave Encashment (unfunded)	445,501	239,393
<b>Total</b>	<b>2,307,980</b>	<b>1,288,652</b>
Note: 6 Other current liabilities Particulars	31-Mar-16	31-Mar-15
	Rs.	Rs.
	Trade payables (including acceptances)	288,438,261
<b>Total trade payable</b>	<b>288,438,261</b>	<b>148,887,780</b>
<b>Other liabilities</b>		
Income received in advance	2,523,887	7,498,951
Others		
Interest free Advances from customers	45,007,261	30,050,971
Credit balance of Staff		-
Entertainment Tax payable	179,160	179,360
Service tax payable	55,876,176	22,186,968
TDS payable	11,604,690	7,484,241
<b>Total Other Liabilities</b>	<b>115,191,174</b>	<b>67,400,491</b>
<b>Total Other Current Liabilities</b>	<b>403,629,435</b>	<b>216,288,271</b>
Note: 7 Short Term Provisions Particulars	31-Mar-16	31-Mar-15
	Rs.	Rs.
	Liability for Expenses	634,956
Provision for Taxation	19,496,645	12,515,494
<b>Total</b>	<b>20,131,601</b>	<b>13,152,449</b>



MASTER CHANNEL COMMUNITY NETWORK PVT. LTD.  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Note 8

Description	Gross Block			Depreciation			Net Block	
	As at April 1, 2015	Additions	Deductions	As at March 31, 2016	As at April 1, 2015	For the Year	Upto March 31, 2016	As at March 31, 2015
<b>Tangible Assets</b>								
Computers	1,893,226		-	1,893,226	1,631,562	155,719	1,787,281	261,664.20
Building	479,900		-	479,900	392,050	23,995	416,045	87,849.81
Leasehold Improvements	1,996,797		-	1,996,797	798,718	399,359	1,198,077	1,198,078.80
Plant and Machinery	44,327,847	400,700	-	44,728,547	14,871,862	6,782,115	21,653,977	29,455,984.76
Office Equipments	3,110,154	11,000	-	3,121,154	1,524,432	484,232	2,008,664	1,585,721.66
Electrical Equipment	291,136		-	291,136	156,237	27,116	183,353	134,899.44
Studio Equipment	8,068,782		-	8,068,782	6,652,112	215,460	6,867,572	1,416,670.28
Set-Top-Boxes	141,726,368	216,673,522	-	358,399,890	10,856,389	23,886,639	34,743,028	130,869,979.00
Furniture and fixtures	1,399,042		-	1,399,042	1,084,155	48,405	1,132,560	314,887.14
Vehicles	1,985,680	64,306	-	2,049,986	376,654	223,545	600,199	1,609,025.59
<b>Total</b>	<b>205,278,932</b>	<b>217,149,528</b>	<b>-</b>	<b>422,428,460</b>	<b>38,344,171</b>	<b>32,246,585</b>	<b>70,590,756</b>	<b>166,934,761</b>
<b>Previous year</b>	<b>91,112,870</b>	<b>115,802,814</b>	<b>1,636,752</b>	<b>205,278,932</b>	<b>19,895,673</b>	<b>18,999,418</b>	<b>38,344,171</b>	<b>-</b>

Note :- There is no impairment/revaluation of assets since last five years



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MASTER CHANNEL COMMUNITY NETWORK PVT. LTD. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016		
Note: 9      Deferred tax asset (net)	31-Mar-16	31-Mar-15
Particulars	Rs.	Rs.
<b>Deferred tax liability</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	6,192,770	4,223,015
Others	-	-
<b>Gross deferred tax liability</b>	<b>6,192,770</b>	<b>4,223,015</b>
<b>Deferred tax asset</b>		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	1,446,912	811,960
Others	-	-
<b>Gross deferred tax asset</b>	<b>1,446,912</b>	<b>811,960</b>
<b>Net deferred tax asset/(Liabilities)</b>	<b>(4,745,858)</b>	<b>(3,411,055)</b>



**MASTER CHANNEL COMMUNITY NETWORK PVT. LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

Non-current		
Note: 10      Loans and advances	31-Mar-16	31-Mar-15
Particulars	Rs.	Rs.
<b>a. Security Deposits</b>		
Secured, considered good	-	-
Unsecured, considered good	1,369,924	782,194
Doubtful	-	-
Less: Provision for doubtful deposits	-	-
<b>Total</b>	<b>1,369,924</b>	<b>782,194</b>
	31-Mar-16	31-Mar-15
<b>Particulars</b>	Rs.	Rs.
Directors *	-	-
Other officers of the Company *	-	-
Firm in which director is a partner *	-	-
Private Company in which director is a member	-	-
*Either severally or jointly		



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**MASTER CHANNEL COMMUNITY NETWORK PVT. LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

Note 11 Other assets Particulars	Non- Current		Current	
	31-Mar-16 Rs.	31-Mar-15 Rs.	31-Mar-16 Rs.	31-Mar-15 Rs.
<b>a. Long/Short term receivables</b>				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	222,500	1,831,600	1,831,600
Doubtful				
Less: Provision for doubtful debts				
	-	222,500	1,831,600	1,831,600
<b>b. Others (Insurance claim)</b>				
Secured, considered good	-	-	-	-
Unsecured, considered good				
Doubtful				
Less: Provision				
	-	-	-	-
<b>Total</b>	-	222,500	1,831,600	1,831,600

Particulars	31-Mar-16	31-Mar-15
	Rs.	Rs.
Directors *	-	
Other officers of the Company *		
Firm in which director is a partner *		
Private Company in which director is a member	-	222,500
<b>Total</b>	-	222,500



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**MASTER CHANNEL COMMUNITY NETWORK PVT. LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

Note: 12 Trade receivables (Debtors) and other assets Particulars	31-Mar-16	31-Mar-15
	Rs.	Rs.
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Secured, considered good		
Unsecured, considered good	26,007,897	11,664,193
Unsecured, considered doubtful		
Less: Provision for doubtful debts		
	26,007,897	11,664,193
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	-	-
Unsecured, considered good	7,464,033	5,391,406
Unsecured, considered doubtful	1,678,172	1,138,049
Less: Provision for doubtful debts	1,678,172	1,138,049
	7,464,033	5,391,406
<b>Total</b>	<b>33,471,930</b>	<b>17,055,599</b>

**Trade receivables include:**

Particulars	31-Mar-16	31-Mar-15
	Rs.	Rs.
Directors *		
Other officers of the Company *		
Firm in which director is a partner *		
Private Company in which director is a member		
<b>Total</b>	<b>-</b>	<b>-</b>

\*Either severally or jointly



**MASTER CHANNEL COMMUNITY NETWORK PVT. LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

Note : 13 Particulars	31-Mar-16	31-Mar-15
	Rs.	Rs.
<b>Cash &amp; Bank Balances</b>		
<b>Cash &amp; Cash Equivalents</b>		
Cash on Hand	2,905,586	4,333,537
<u>Balances with banks</u>		
-Deposits with original maturity of less than three months (Including interest)		-
- On current accounts	28,459,366	26,993,792
<b>TOTAL</b>	<b>31,364,953</b>	<b>31,327,329</b>

Note : 14 Particulars	31-Mar-16	31-Mar-15
	Rs.	Rs.
<b>Loans &amp; Advances</b>		
<b>Other advances</b>		
Advances, secured considered good		-
Prepaid Expenses	45,476	215,253
Advance to Creditors/others	45,800	26,325
Income receivable	72,793	-
Advances to staff	170,802	284,638
Advance Direct Taxes	5,979,350	5,869,381
Advance Indirect Taxes	79,474,000	30,696,881
<b>TOTAL</b>	<b>85,788,221</b>	<b>37,092,478</b>



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**MASTER CHANNEL COMMUNITY NETWORK PVT. LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

<b>Note: 15</b>	<b>Revenue from operations</b>	<b>31-Mar-16</b>	<b>31-Mar-15</b>
<b>Particulars</b>		<b>Rs.</b>	<b>Rs.</b>
<b>Revenue from operations</b>			
<b>Sale of services</b>			
Subscription Income		67,939,979	67,512,852
Advertisement Income		31,923,408	24,214,259
Carriage Income		31,004,093	27,590,032
STB Activation charges		164,999,920	92,562,264
<b>Revenue from operations (net)</b>		<b>295,867,400</b>	<b>211,879,406</b>

<b>Note: 16</b>	<b>Other income</b>	<b>31-Mar-16</b>	<b>31-Mar-15</b>
<b>Particulars</b>		<b>Rs.</b>	<b>Rs.</b>
<b>Interest income on</b>			
Bank deposits			-
Others			-
Other non-operating income		1,103,090	4,800
<b>Total</b>		<b>1,103,090</b>	<b>4,800</b>

<b>Note: 17</b>	<b>Operational Expenses</b>	<b>31-Mar-16</b>	<b>31-Mar-15</b>
<b>Particulars</b>		<b>Rs.</b>	<b>Rs.</b>
Pay Channel Subscription		64,814,702	49,304,171
Program Production Expenses		1,447,230	908,658
Other Operational Cost		1,407,746	2,636,530
Repairs and Maintenance - Network		872,353	1,198,056
Management Service Charges		106,181,812	67,500,000
Licence & Taxes		9,474	202,550
Carriage Sharing Fee		4,000,000	6,000,000
<b>Total</b>		<b>178,733,318</b>	<b>127,749,966</b>



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**MASTER CHANNEL COMMUNITY NETWORK PVT. LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

Note: 18 Particulars	Employee benefits expense	31-Mar-16	31-Mar-15
		Rs.	Rs.
(a) Salaries and incentives-	to staff	4,737,577	4,266,537
	- to Directors	660,000	660,000
(b) Bonus		348,205	201,000
(c) Contributions to -			
(i) Provident and other fund		656,297	428,017
(d) Gratuity fund contributions		813,220	88,833
(e) Leave Encashment fund contributions		206,108	39,997
(f) Staff welfare expenses		184,739	126,431
<b>Total</b>		<b>7,606,146</b>	<b>5,810,815</b>

7,954,351



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**MASTER CHANNEL COMMUNITY NETWORK PVT. LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

<b>Note: 19</b>	<b>Finance costs</b>	<b>31-Mar-16</b>	<b>31-Mar-15</b>
<b>Particulars</b>		<b>Rs.</b>	<b>Rs.</b>
Interest/late fee on service tax/TDS		1,219,778	149,196
Bank charges		66,382	23,204
<b>Total</b>		<b>1,286,160</b>	<b>172,400</b>
<b>Note : 20</b>	<b>Depreciation and amortization expense</b>	<b>31-Mar-16</b>	<b>31-Mar-15</b>
<b>Particulars</b>		<b>Rs.</b>	<b>Rs.</b>
Depreciation of tangible assets		32,246,585	18,939,418
		<b>32,246,585</b>	<b>18,939,418</b>
Less: recoupment from revaluation reserve		-	-
<b>Total</b>		<b>32,246,585</b>	<b>18,939,418</b>



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**MASTER CHANNEL COMMUNITY NETWORK PVT. LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

Note: 21 Particulars	Other expenses	
	31-Mar-16 Rs.	31-Mar-15 Rs.
Rent	1,532,000	1,452,000
Office Expenses	284,234	250,957
Rates and Taxes	26,960	28,586
Communication Expenses	247,622	194,014
Repairs and Maintenance :		
- Building	16,800	34,300
- Others	331,285	324,328
Electricity Expenses & Water Charges	2,074,617	2,013,566
Loss on sale of vehicle	-	413,168
Swachh Bharat Cess	706,754	-
Legal, Professional and Consultancy Charges	925,000	653,536
Printing and Stationery	520,052	279,540
R.O.C. Filing fee	33,100	4,700
Service Charges	155,535	187,500
Travelling and Conveyance Expenses	626,408	781,670
Insurance expenses	220,099	185,972
Miscellaneous Expenses	2,000	1,180
Penalties	30,619	-
Sundry balances writtn off	222,500	389,491
Payment to auditor (Refer details below)	35,000	35,000
Commission Charges and Incentives	7,578,605	6,808,513
Provision for Doubtful debts	540,124	1,138,049
Foreign Currency Fluctuation	174,780	112,086
Business and Sales Promotion	224,077	211,976
Donation	10,000	1,100
Security Service Charges	72,000	53,225
<b>Total</b>	<b>16,590,171</b>	<b>15,554,457</b>
<b>Payment to auditor</b>		
	31-Mar-14 Rs.	31-Mar-13 Rs.
<b>As auditor:</b>		
Audit fee	30,000	30,000
Tax audit fee	5,000	5,000
In other capacity:	-	-
<b>Total</b>	<b>35,000</b>	<b>35,000</b>



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