

INDEPENDENT AUDITORS' REPORT

**To the Members of
Connect.1 Limited,**

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Connect.1 Limited** (the 'Company'), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the 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 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 and Accounting Standard 30, Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India to the extent it does not contradict any other accounting standard referred to in Section 133 of the Act read with Rule 7 of Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 financial statements based on our audit. 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. 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.
4. 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 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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.

5. 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

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying 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 March 31, 2017, and its **Loss** and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. 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.
8. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the accompanying financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Accounting Standard 30, Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India to the extent it does not contradict any other accounting standard referred to in Section 133 of the Act read with Rule 7 of Companies (Accounts) Rules, 2014;
 - (e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to 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 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) The Company does not have any pending litigations which would impact its financial position.
 - (ii) The Company didn't have any long-term contracts or derivative contracts as at March 31,2017 for which there were no material foreseeable losses;
 - (iii) There has not been an occasion in case of the Company during the year under report to transfer any Sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.
 - (iv) The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 – Refer Note 2.11 to Financial Statements.

For MVK Associates
Chartered Accountants
Firm Registration Number: 120222W

CA. Vishnu Garg
Partner
Membership No. : 045560

Place : Mumbai
Date : 12th May, 2017.

Annexure A to Independent Auditors' Report

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of **Connect.1 LIMITED** on the financial statements as of and for the year ended March 31, 2017.

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) As informed, the fixed assets are physically verified by the Management at regular intervals. No material discrepancies have been noticed on such verification.
 - (c) The title deeds of immovable properties, as disclosed in Note 2.8 on fixed assets to the financial statements are held in the name of the company.
- ii. The company does not have any inventory as on March 31, 2017 or anytime during the year. Hence, the provisions of Clause 3(ii) of the Order are not applicable to the Company.
- iii. The Company has not granted any loans or advances in the nature of loans to parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence, the question of reporting whether the terms and conditions of such loans are prejudicial to the interest of the company, whether reasonable steps for recovery of overdue of such loans are taken does not arise.
- iv. In our opinion and according to the information and explanations given to us, the Company has not given any loan, guarantee or security in respect of loans or made investments, as per the provisions of section 185 and 186 of the Companies Act, 2013.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- vi. The Central Government of India has not prescribed the maintenance of cost records under sub-section(1) of section 148 of the Companies Act.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, sales tax, service tax, duty of customs, duty of excise, value added tax, and other material statutory dues, as applicable, with the appropriate authorities in India.

According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were in arrears, as at March 31, 2017 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty and Excise Duty which have not been deposited on account of any disputes.
- viii. According to the records of the Company, the company has not borrowed from financial institutions or banks or Government or has not issued any debentures till March 31, 2017. Accordingly, provisions of Clause 3(viii) of the Order are not applicable to the company.
- ix. According to the information and explanations given to us and the records of the Company examined by us, the Company has not raised any money by way of initial public offer or further public offer and term loans during the year. Accordingly, provisions of Clause 3(ix) of the Order are not applicable to the company.

- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. As the Company has not paid any Managerial remuneration during the year, the provisions of Clause 3(xi) of the Order are not applicable to the Company.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. In our opinion and as per information and explanations provided to us by management all the transactions with the related parties are in compliance with the provisions of sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, provisions of Clause 3(xiv) of the Order are not applicable to the company.
- xv. According to the records of the Company examined by us and the information and explanation given to us, the company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to get registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For MVK Associates
Chartered Accountants
Firm Registration Number: 120222W

CA. Vishnu Garg
Partner
Membership No. : 045560

Place : Mumbai
Date : 12th May,2017.

Annexure B to Independent Auditors' Report

Referred to in paragraph 8(f) of the Independent Auditors' Report of even date to the members of **CONNECT.1 LIMITED** on the financial statements as of and for the year ended March 31, 2017.

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 **CONNECT.1 LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the 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 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 which were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with 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) and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Companies Act, 2013, 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 the 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 control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included operating and understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exist, 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 risk of material misstatement of the financial statement, 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 over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial controls 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 the Generally Accepted Accounting Principles.

A company's internal financial controls over financial reporting includes those policies and procedures that :

- i. pertain to the maintenance of records that, in reasonable details, accurately and fairly reflect the transaction and dispositions of the assets of the company;
- ii. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- iii. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or dispositions 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 period are subject to the risk that the internal financial controls over financial reporting may become inadequate because of the changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the company, in all material respect, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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 MVK Associates

Chartered Accountants

Firm Registration Number :120222W

CA. Vishnu Garg

Partner

Membership No. : 045560

Place : Mumbai

Date : 12th May, 2017

CONNECT.1 LIMITED					
Balance Sheet as at 31st March, 2017					(Currency: Indian Rupees)
Particulars	Note No.	As at 31st March 2017		As at 31st March 2016	
I. EQUITY AND LIABILITIES					
(1) Shareholders' funds					
(a) Share capital	2.1	6,00,000		6,00,000	
(b) Reserves and surplus	2.2	(103,31,198)		(49,40,556)	
(c) Money received against share warrants		-	(97,31,198)	-	(43,40,556)
(2) Share application money pending allotment					
(3) Non-current liabilities					
(a) Long-term borrowings		-		-	
(b) Deferred tax liabilities (Net)		-		-	
(c) Other Long term liabilities	2.3	19,50,000		19,50,000	
(d) Long-term provisions		-	19,50,000	-	19,50,000
(4) Current liabilities					
(a) Short-term borrowings	2.4	117,82,859		72,07,500	
(b) Trade payables	2.5	73,577		72,735	
(c) Other current liabilities	2.6	2,52,687		6,02,464	
(d) Short-term provisions	2.7	1,29,807	122,38,930	97,478	79,80,177
TOTAL			44,57,732		55,89,620
II. ASSETS					
Non-current assets					
(1) (a) Fixed assets	2.8				
(i) Tangible assets		18,39,922		20,54,465	
(ii) Intangible assets		11,16,165		22,32,330	
(iii) Capital work-in-progress		-		-	
(iv) Intangible assets under development		7,30,525		7,31,625	
(b) Non-current investments	2.9	250		250	
(c) Deferred tax assets (net)		-		-	
(d) Long-term loans and advances		-		-	
(e) Other non-current assets		-	36,86,862	-	50,18,670
(2) Current assets					
(a) Current investments		-		-	
(b) Inventories		-		-	
(c) Trade receivables	2.10	-		1,74,122	
(d) Cash and cash equivalents	2.11	44,676		17,828	
(e) Short-term loans and advances	2.12	6,90,536		2,86,448	
(f) Other current assets	2.13	35,658	7,70,870	92,553	5,70,950
TOTAL			44,57,732		55,89,620
Summary of significant accounting policies					
See accompanying notes to the financial statements					
The accompanying notes are an integral part of the financial statements.2.1 to 2.22					
As per our report of even date attached.			For and on behalf of the Board of Directors of		
			Connect.1 Limited		
			CIN : U92110MH2000PLC124018		
For MVK ASSOCIATES					
<i>Chartered Accountants</i>					
Firm Registration No. 120222 W					
			CHAITANYA ASHOK CHINCHLIKAR		
			<i>Director</i>		
			DIN no. 03530105		
Vishnu Garg					
<i>Partner</i>					
Membership No. 045560			RAJENDRA KAPILRAI DOSHI		
			<i>Director</i>		
			DIN no. 07499476		
Mumbai			Mumbai		
Date 12th May 2017			Date 12th May 2017		

CONNECT.1 LIMITED			
Profit and loss statement for the year ended on 31st March, 2017			
(Currency: Indian Rupees)			
Particulars	Note No.	for the year ended on 31st March 2017	for the year ended on 31st March 2016
Income			
Revenue from operations	2.14	9,54,646	13,82,218
Other income	2.15	2,47,067	2,40,000
Total Revenue		12,01,713	16,22,218
Expenses:			
Operating & Direct Expenses	2.16	1,00,290	20,35,693
Purchases of Stock-in-Trade		-	-
Changes in inventories of finished goods work-in-progress and Stock-in-Trade		-	-
Employee benefits expenses	2.17	26,61,008	10,00,568
Finance Cost	2.18	8,92,066	-
Depreciation and amortization expense	2.8	13,30,708	13,82,514
Other expenses	2.19	16,08,283	25,95,252
Total expenses		65,92,355	70,14,027
Profit before exceptional and extraordinary items and tax		(53,90,642)	(53,91,808)
Exceptional items		-	-
Profit before extraordinary items and tax		(53,90,642)	(53,91,808)
Extraordinary items		-	-
Profit before tax		(53,90,642)	(53,91,808)
Tax expense:			
(1) Current tax		-	-
(2) Prior Period Tax		-	452
(2) Deferred tax asset /(Liability)		-	(23,927)
Profit (Loss) for the Year		(53,90,642)	(54,15,283)
Earnings per equity share:			
(1) Basic	2.20	(8,984.40)	(9,025.47)
(2) Diluted		(8,984.40)	(9,025.47)
Summary of significant accounting policies			
See accompanying notes to the financial statements			
The accompanying notes are an integral part of the financial statements. 2.1 to 2.22			
As per our report of even date attached.		For and on behalf of the Board of Directors of	
		Connect.1 Limited	
		CIN : U92110MH2000PLC124018	
For MVK ASSOCIATES			
<i>Chartered Accountants</i>			
Firm Registration No. 120222 W		CHAITANYA ASHOK CHINCHLIKAR	
		<i>Director</i>	
		DIN no. 03530105	
Vishnu Garg			
<i>Partner</i>			
Membership No. 045560		RAJENDRA KAPILRAI DOSHI	
		<i>Director</i>	
		DIN no. 07499476	
Mumbai		Mumbai	
Date 12th May 2017		Date 12th May 2017	

CONNECT.1 LIMITED			
Cash Flow Statement For The Year Ended 31st March, 2017			
		Current Year	Previous Year
		31-Mar-17	31-Mar-16
		(Rupees)	(Rupees)
A. CASH FROM OPERATING ACTIVITIES			
Net Profit before tax and extraordinary items :		(53,90,642)	(53,91,808)
Adjustments for :			
Depreciation		13,30,708	2,66,349
Amortisation		-	11,16,165
Provision For Income Tax Written Back		-	452
Deferred Tax Assets		-	-
Operating profit before working capital changes		(40,59,934)	(40,08,842)
Adjustments for :			
(Increase)/ Decrease in Trade Receivable		1,74,122	6,31,878
(Increase)/ Decrease in Short Term Loan & Advances		(4,04,088)	18,231
(Increase)/ Decrease in Other current assets		56,895	(92,553)
Increase/(Decrease) in Trade Payable		842	72,735
Increase/(Decrease) in Short Term Borrowings		(3,49,777)	5,84,028
Increase/ (Decrease) in Other Current Liabilities & Provision		32,329	(66,865)
Cash generated from/(used in) operations		(45,49,611)	(28,61,388)
Cash flow before extraordinary items		(45,49,611)	(28,61,388)
Direct Taxes paid		-	-
		(45,49,611)	(28,61,388)
Net Cash Generated from/(used in) Operating Activities		(45,49,611)	(28,61,388)
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of CWIP		-	(33,48,495)
Purchase of Intangible Assets		1,100	(7,31,625)
Purchase of Tangible Assets		-	(2,53,451)
Purchase of Investment		-	-
Interest, dividend, etc., received		-	-
Net cash generated from/(used in) investing activities		1,100	(43,33,571)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Increase/(Decrease) in Short Term Borrowings		45,75,359	72,07,500
Increase/(Decrease) in Other Long Term Liabilities		-	-
Net cash recovered from/(used in) financing activities		45,75,359	72,07,500
Net increase/(decrease) in cash and cash equivalents (A+B+C)		26,848	12,541
Cash and cash equivalents (opening)		17,828	5,287
Cash and cash equivalents (closing)		44,676	17,828
As per our report of even date attached.		For and on behalf of the Board of Directors of	
		Connect.1 Limited	
		CIN : U92110MH2000PLC124018	
For MVK ASSOCIATES		CHAITANYA ASHOK CHINCHLIKAR	
<i>Chartered Accountants</i>			<i>Director</i>
Firm Registration No. 120222 W			DIN no. 03530105
Vishnu Garg			
<i>Partner</i>			
Membership No. 045560		RAJENDRA KAPILRAI DOSHI	
			<i>Director</i>
			DIN no. 07499476
Mumbai		Mumbai	
Date 12th May 2017		Date 12th May 2017	

CONNECT.1 LIMITED

Notes to the Accounts for the Year Ended 31st March, 2017

1 Summary of Significant Accounting Policies

1.1 Basis of Preparation of Accounts

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting, in accordance with the provisions of the Companies Act, 2013 and accounting principles generally accepted in India ('Indian GAAP') and comply with the accounting standards notified under the relevant provisions of the Act. The financial statements are presented in Indian Rupees, except where mentioned otherwise.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act 2013. The Company has identified its operating cycle as twelve months.

1.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management believes that the estimates and assumptions made in the preparation of financial statements are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

1.3 Fixed assets

Tangible assets

Tangible fixed assets are stated at cost of acquisition less accumulated depreciation and any provision for impairment. Cost includes freight, duties, taxes (other than those recoverable from tax authorities) and other expenses directly attributable to the acquisition/ construction and installation of the fixed assets for bringing the asset to its working condition for its intended use. Cost incurred on fixed assets not ready for their intended use is disclosed under capital work-in-progress. Capital work-in-progress includes estimates of work completed, as certified by the management.

1 Summary of Significant Accounting Policies (Continued)

Intangible assets

Short films

Short films are exploited thru online digital media portals such as YOUTUBE, these in respect of short film produced are recorded at cost which is determined on specific identification basis acquired rights are recorded at the purchase price paid to acquire the right plus any additional cost incurred which is determined on specific identification basis. Cost incurred on short film in progress is recorded as Intangible Assets under development. Short film Pilots and the project scrapped under production is charged to Profit & Loss account in the same year.

1.4 Depreciation/ Amortisation

Tangible assets

Depreciation on Fixed Assets is provided to the extent of depreciable amount on the Written Down Value (WDV) Method. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

Intangible assets

Intangible assets are amortised over their respective individual estimated useful lives on a straight-line basis, commencing from the year of its exploitation, Short films are amortised in three (3) years.

1.5 Impairment

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Statement in the year in which an asset is identified as impaired.

1.6 Revenue recognition

Revenue is primarily derived from Content Sales and Short Film Production. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company, revenue can be reliably measured and recoverability is reasonably certain. The amount recognized as income is exclusive of value added tax, service tax and net of trade discounts.

Revenue for content sales has been recognized on the basis of periodicity on accrual basis to the extent that it is probable that economic benefit will flow to the company, revenue can be reliably measured and recoverability is reasonably certain.

Revenue from production of short films for clients is recognized on delivery basis. As soon as client acknowledges the product, right to receive the revenue creates and the revenue is booked.

Rent Income has been booked on accrual basis.

1.7 Investments

Long-term investments and current maturities of long term investments are stated at cost less any provision for diminution, which is other than temporary, in value.

Summary of Significant Accounting Policies (Continued)

1.8 Employee benefits

There are very few employees in the employment of the Company, hence there are no specified employee benefits plans defined and cost to be accounted in account during the year of expenditure.

Short Term employee benefits are recognised as an expense at the undiscounted amount in the Profit and Loss account of the year in which the related service is rendered.

1.9 Taxation

Income-tax expense comprises current tax expense and deferred tax charge or credit.

Current tax

Provision for current tax is recognised in accordance with the provisions of the Income-tax Act, 1961 and is made based on the tax liability after taking credit for tax allowances and exemptions.

Minimum Alternative Tax Credit entitlement

Minimum Alternative Tax ('MAT') credit is recognised only to the extent there is convincing evidence that the Company will pay normal income tax in excess of MAT during the specified period.

MAT credit entitlement is reviewed as at each Balance sheet date and written down to the extent there is no longer convincing evidence that the Company will pay normal income tax during the specified period.

Deferred tax

Deferred tax liability or asset is recognised for timing differences between the profits or losses offered for income taxes and profits/losses as per the financial statements. Deferred tax assets and liabilities and the corresponding deferred tax credit or charge are measured using the tax rates and tax laws that have been enacted or substantively enacted as at the Balance sheet date.

Due to lack of virtual certainty deferred tax asset has not been recognized.

1.10 Provisions and contingencies

A provision is made when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each Balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

CONNECT.1 LIMITED						
Notes to Financial Statement for the year ended on 31st March 2017						
(Currency: Indian Rupees)						
			Current year		Previous Year	
			As at		As at	
			March 31, 2017		March 31, 2016	
2.1	Share capital	Face value per share (Rs)	No. of Shares	Amount in Rs.	No. of Shares	Amount in Rs.
	Authorised capital					
	Equity shares	1,000	5,000	50,00,000	5,000	50,00,000
	Total	1,000	5,000	50,00,000	5,000	50,00,000
	Issued, subscribed and paid-up share capital					
	Equity shares					
	Issued	1,000	600	6,00,000	600	6,00,000
		1,000	600	6,00,000	600	6,00,000
	Subscribed paid up					
	Fully paid up	1,000	600	6,00,000	600	6,00,000
	Total	1,000	600	6,00,000	600	6,00,000
A	Reconciliation of shares					
	Shares outstanding at beginning	1,000	600	6,00,000	600	6,00,000
	Add : Issued during the year	-	-	-	-	-
	Less: Reduction in shares during the year	-	-	-	-	-
	Shares outstanding at year end	1,000	600	6,00,000	600	6,00,000
B	Rights, Preferences and restrictions attached to Equity Shares					
	The Company has only one class of equity shares having par value of Rs. 1000 per share. Each equity share holder is entitled to one vote per share. The voting rights of an equity shares are in proportion to its share of the paid-up equity capital of the Company.					
	In the event of liquidation of the Company, the holders of Equity shares 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 shares held by the shareholders.					
C	Shareholders holding more than 5% of paid - up share capital			As at	As at	
				March 31, 2017	March 31, 2016	
		%				
	M/s Mukta Arts Limited (Holding Company)	100	600	6,00,000	600	6,00,000
			600	6,00,000	600	6,00,000
2.2	Reserves and surplus			As at	As at	
				March 31, 2017	March 31, 2016	
	Surplus/(deficit) in the statement of profit and loss					
	At the beginning of the period			(49,40,556)	4,74,727	
	Profit/(loss) for the year			(53,90,642)	(54,15,283)	
				(103,31,198)	(49,40,556)	
2.3	Other long term liabilities					
	Security deposits received (Mukta Arts Limited)			19,50,000	19,50,000	
				19,50,000	19,50,000	
2.4	Short-term borrowings					
	Mukta Arts Ltd			117,82,859	72,07,500	
				117,82,859	72,07,500	
2.5	Trade payables					
	Trade payable			73,577	72,735	
				73,577	72,735	
2.6	Other current liabilities					
	Audit Fees Payable			11,500	11,450	
	Current A/c from HDFC Bank Limited			-	2,02,143	
	Outstanding Liabilities			1,07,200	1,11,600	
	Salary Payable			1,32,254	2,59,241	
	Provision For Expenses			1,733	18,030	
				2,52,687	6,02,464	
2.7	Short Term Provisions					
	Provision for taxation			-	-	
	Provision for Professional Tax			800	1,800	
	Provision for TDS			1,29,007	95,678	
				1,29,807	97,478	

CONNECT.1 LIMITED			
Schedules to the financial statements (Continued)			
<i>as at 31 March 2017</i>			
(Currency: Indian Rupees)			
2.8 Fixed Assets		Tangible assets	
Particular	Ownership premises	Computer & Accessories	Intangible Assets
Gross Block			
<i>At 31 March 2015</i>	39,31,700	-	-
Additions	-	2,53,451	33,48,495
Disposals	-	-	-
Other adjustment	-	-	-
<i>At 31 March 2016</i>	39,31,700	2,53,451	33,48,495
Disposals			
Other adjustment			-
<i>At 31 March 2017</i>	39,31,700	2,53,451	33,48,495
Depreciation/Amortisation			
<i>At 31 March 2015</i>	18,64,337	-	-
Charges for the year	1,72,530	93,819	11,16,165
Disposals	-	-	-
Other adjustment	-	-	-
<i>At 31 March 2016</i>	20,36,867	93,819	11,16,165
Charges for the year	1,58,132	56,411	11,16,165
Disposals			
Other adjustment			
<i>At 31 March 2017</i>	21,94,999	1,50,230	22,32,330
Net block			
<i>As at 31 March 2017</i>	17,36,701	1,03,221	11,16,165
<i>At 31 March 2016</i>	18,94,833	1,59,632	22,32,330
Intangible Assets Under Development			
<i>As at 31 March 2017 trf to Intangible Assets</i>	-	-	7,30,525
<i>As at 31 March 2016</i>	-	-	7,31,625

CONNECT.1 LIMITED							
Notes to Financial Statement for the year ended on 31st March 2017							
							(Currency: Indian Rupees)
						As at March 31, 2017	As at March 31, 2016
2.9	Non - current investment						
	Investment in unquoted equity instruments in others						
		Bait-Ush-Sharaf Co. Op. Housing Society Limited 5 Shares (2014 : 5) of Rs. 50 each				250	250
						250	250
2.10	Trade receivable						
		Outstanding for a period exceeding six months from the date they are due for payment					
		Considered good				-	-
		Considered doubtful				-	-
		Provision for doubtful receivables				-	-
			(A)			-	-
		Other receivables					
		Considered good				-	1,74,122
		Considered doubtful				-	-
		Provision for doubtful receivables				-	-
			(B)			-	1,74,122
			(A+B)			-	1,74,122
2.11	Cash and cash equivalents						
		Balance with banks					
		-On current accounts				42,702	15,009
		Cash in hand				1,974	2,819
						44,676	17,828
	Summary of movements of Specified Bank Notes dcurring 8th November 2016 and 30th December 2016						
		Particulars	SBNs	Other Denomination Notes	Total		
		Closing cash in hand as on 08/11/2016	-	2,468	2,468		
		(+) Permitted receipts	-	-	-		
		(-) Permitted payments	-	-	-		
		(-) Amount deposited in banks	-	-	-		
		Closing cash in hand as on 30/12/2016	-	2,468	2,468		
2.12	Short term loans & advances						
		Other loans & advances					
		<i>(Unsecured, considered good unless otherwise stated)</i>					
		Advance Income Tax				1,71,298	2,81,801
		Cenvat credit available				1,82,571	4,647
		Other Advances				3,36,667	-
						6,90,536	2,86,448
2.13	Other Current Assets						
		Prepaid expenses				-	92,553
		Accrued income				35,658	-
						35,658	92,553
						As at March 31, 2017	As at March 31, 2016
2.14	Revenue from operation						
		Content Download / Sales Income				9,54,646	10,30,178
		Realisation Income				-	3,52,040
						9,54,646	13,82,218
2.15	Other income						
		Rent Income				2,40,000	2,40,000
		Interest on IT refund				6,607	-
		Sundry Balance W/off				460	-
						2,47,067	2,40,000

CONNECT.1 LIMITED					
Notes to Financial Statement for the year ended on 31st March 2017					
					(Currency: Indian Rupees)
2.16	Operating & Direct Expenses				
	Cost of Production		52,287	19,99,468	
	Download Charges		48,003	36,225	
			1,00,290	20,35,693	
2.17	Employee benefits expense				
	Salaries, wages and bonus & Leave Encashment		26,61,008	10,00,568	
			26,61,008	10,00,568	
2.18	Finance Cost				
	Interest on unsecured loan from holding company		8,92,066	-	
			8,92,066	-	
2.19	Other expenses				
	Filing Fees		8,182	2,664	
	Bank Charges		3,694	3,211	
	Payment to auditor		11,500	11,450	
	Professional fees		13,62,221	4,39,501	
	Insurance		1,386	1,450	
	Society Charges		7,200	7,200	
	Computer & Accessories -Expenses		-	75,238	
	Conveyance Expenses		6,981	3,258	
	Printing & Stationery		3,866	18,761	
	Publicity/Promotion Expenses		1,65,916	19,56,750	
	Repairs & Maintenance		2,950	1,500	
	Telephone Expenses		-	1,800	
	General Expenses		25,089	69,529	
	Interest on TDS		846	2,940	
	Interest on Service Tax		92	-	
	Food & Refreshment		8,359	-	
			16,08,283	25,95,252	
	Payment to Auditors				
	Statutory Audit Fees		11,500	11,450	
			11,500	11,450	
2.20	Earning per equity share:				
a)	Net profit/(loss) after tax		(53,90,642)	(54,15,283)	
b)	Weighted average number of equity shares outstanding during the year for basic EPS		600	600	
c)	Weighted average number of equity shares outstanding during the year for dilutive EPS		600	600	
d)	Basic EPS		(8,984.40)	(9,025.47)	
e)	Dilutive EPS		(8,984.40)	(9,025.47)	
f)	Nominal value per share		1,000	1,000	

CONNECT.1 LIMITED							
Notes to Financial Statement for the year ended on 31st March 2017							
							(Currency: Indian Rupees)
2.21	Related Party Disclosure						
		As per Accounting Standard 18, the disclosures of transactions with the related parties are given below:					
	a)	List of related parties where control exists and related parties with whom transactions have taken place and relationships:					
	S.no.	Name of Related Party	Relationship				
	1	Mukta Arts Limited	Holding Company				
	2	Coruscant Tec Limited	Fellow Subsidiary Company				
	3	Whistling Woods International Limited	Fellow Subsidiary Company				
	4	Chaitanya Chinchlikar	Director				
	b)	Transactions during the year with related parties :	Relationship	As at March 31, 2017	As at March 31, 2016		
	1	Mukta Arts Limited	Holding Company				
		Other Income - Rent		2,40,000	2,40,000		
		Interest Expenses		8,92,066	-		
		Borrowing Taken		54,98,422	74,87,000		
		Borrowing (Repaid)		(9,23,063)	(2,79,500)		
		Trade Receivables Collected		-	8,06,000		
		Contingent Liabilities					
		Guarantees & Equitable Mortgages provided for Loan taken by Mukta Arts Limited from Yes Bank Limited		1500,00,000	-		
	2	Coruscant Tec Limited	Fellow Subsidiary Company				
		Advance received for supply of short film		-	9,21,830		
		Advances for short film (adjusted/ repaid)		-	(9,21,830)		
	3	Whistling Woods International Limited	Fellow Subsidiary Company				
		Location hire charges paid		-	30,000		
		Content Download Charges paid		48,003	18,195		
		Payable for Services		55,547	48,195		
		Amount Paid / Credited		-	(48,195)		
	4	Chaitanya Chinchlikar	Director				
		Reimbursement of Expenses		-	96,150		
	c)	Balances as at 31st March, 2017					
	1	Mukta Arts Limited	Holding Company				
		Other Long Term Liabilities: Security Deposit		19,50,000	19,50,000		
		Current Assets : Trade Receivables		-	-		
		Current Liabilities : Short-term borrowings		117,82,859	72,07,500		
		Contingent Liabilities					
		Guarantees & Equitable Mortgages provided for Loan taken by Mukta Arts Limited from Yes Bank Limited		1500,00,000	-		
	2	Whistling Woodsw International Limited					
		Current Liabilities : Trade Payables		73,577	18,030		
2.22	Others						
	1	Contingent Liabilities					
		Company has provided security by way of Guarantee by creating Exclusive Charge by way of Equitable Mortgage on immovable property of the Company, situated at Flat no. 11 Second Floor in the multistory building in Bait-Ush-Sharaf Co. Op. Housing Society Limited Plot no. 160A, of town planning Scheme no. III, 29th Road Bandra, Mumbai 400 050, in favour of Yes Bank Limited, towards Loan taken by Mukta Arts Limited (MAL), it's holding company. Company is Co-guarantor for loan of Rs 15,00,00,000/-advanced by Yes Bank Limited to MAL, in the event of default, in future, the Company's liability shall be to the extent of the value of the Property.					
	2	Previous Year figures have been regrouped wherever necessary.					
	As per our report of even date attached.			For and on behalf of the Board of Directors of			
				Connect.1 Limited			
	For MVK ASSOCIATES			CIN : U92110MH2000PLC124018			
	<i>Chartered Accountants</i>						
	Firm Registration No. 120222 W						
				CHAITANYA ASHOK CHINCHLIKAR			
				<i>Director</i>			
				DIN no. 03530105			
	Vishnu Garg						
	<i>Partner</i>						
	Membership No. 045560			RAJENDRA KAPILRAI DOSHI			
				<i>Director</i>			
				DIN no. 07499476			
	Mumbai			Mumbai			
	Date 12th May 2017			Date 12th May 2017			