

**Den Saya Channel Network Private Limited**  
**Financial Statements**  
**2018-2019**

## Independent Auditor's Report

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### To the Members of Den Saya Channel Network Private Limited

#### Report on the Audit of the Standalone Financial Statements

##### Opinion

We have audited the accompanying Standalone Financial Statements of **Den Saya Channel Network Private Limited (“the company”)** which comprises the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, (including Other Comprehensive Income), and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (Collectively “Standalone Financials Statements”).

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 March 31, 2019, and loss, total comprehensive loss and its cash flow and the changes in equity for the year ended on that date.

##### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Responsibility of Management and Those Charged with Governance for the Standalone Financial Statements

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 that give a true and fair view of the financial position, financial performance, (changes in equity) 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. 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 implementation and maintenance of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so

The Board of Directors are also responsible for overseeing the company's financial reporting process.

##### Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our

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opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. 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 (including Other Comprehensive Income), and Statement of Change in Equity, 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 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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 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:
    - a) The Company does not have any pending litigations which would have impact on its financial position in its financial statements.
    - b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

- c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **AKGVG & Associates**  
Chartered Accountants  
Firm Reg. No. 018598N

**Aman Aggarwal**  
Partner  
Membership No. 515385

Place: New Delhi  
Dated: 13-4-2019

**“Annexure A” to Independent Auditors’ Report**

(Referred to in Paragraph 1 under the Heading of “Report on Other Legal and Regulatory Requirements” of our Report of even date)

- (i) (a) As per information and explanation given to us, the Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets (property, plant and equipment);
- (b) The Company has a program of verification of its fixed assets to cover all the items in phased manner over a period of three years other than set top boxes, distributions equipment comprising overhead and underground cables. Managements is of the view that it is not possible to verify these assets due to their nature and locations.
- Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanation given to us, no material discrepancies were noticed on such verifications.
- In our opinion, other than for physical verification of set top boxes and distribution referred to above, the frequency of verification of fixed assets is reasonable having regards to the size of the company and the nature of its assets.
- (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the CARO 2016 is not applicable.
- (ii) The Company is a service company, primarily rendering cable system network services. Accordingly, it doesn’t hold any physical inventories. Therefore hence reporting under clause (ii)(c) of the CARO 2016 is not applicable.
- (iii) The Company has not granted any secured/ unsecured loan to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act 2013. Hence, reporting under clause 3 (iii) (a), (b) and (c) of the order is not applicable to the Company.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not entered into any transaction in respect of loans, investments, guarantee and security which attracts the compliance to provisions of section 185 and 186 of the Companies Act, 2013. Accordingly reporting under clause 3 (iv) of the order is not applicable to the Company.
- (v) The Company has not accepted any deposits from the public; therefore, reporting under clause 3 (v) of the order is not applicable to the Company.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the service rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including income-tax, service tax, GST, entertainment tax and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities though there have been slight delays in a few cases.
- (b) According to the information and explanations given to us, undisputed dues in respect of provident fund were outstanding, at the yearend for a period of more than six months from the date they became payable are as follows:

Nature of Statute	Nature of Dues	Period to which it relates	Amount outstanding as on 31-03-2019 (Rs. In 000’)	Amount subsequently paid (Rs. In 000’)
Provident Fund and Miscellaneous Provision Act, 1952	Employees Provident Fund	F.Y. 2015-16F.Y. 2018-19	50.94	Nil
Employees State Insurance Act, 1948	Employees State Insurance	F.Y. 2017-18	2.62	Nil

- (c) According to the information and explanations given to us, there are no amounts in respect of income tax, service tax, GST, entertainment tax and other statutory dues that have not been deposited with the appropriate authorities on account of any dispute.

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- (viii) Based on our audit procedures and as per the information and explanations given by the management, the Company has not taken any loan from financial institution or banks and has not issued any debentures. Hence reporting under clause 3 (viii) of the order is not applicable to the Company.
  - (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Hence reporting under clause 3 (ix) of the order is not applicable to the Company.
  - (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements 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) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid / not provided for managerial remuneration in the books of accounts. Accordingly reporting under clause 3 (xi) of the order is not applicable to the Company.
  - (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly clause 3 (xii) of the Order is not applicable.
  - (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
  - (xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of its shares or fully or partly convertible debentures during the year. Accordingly, clause 3 (xiv) of the Order is not applicable.
  - (xv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, clause 3 (xv) of the Order is not applicable.
  - (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3 (xvi) of the order is not applicable to the Company.

**For AKGVG & ASSOCIATES**

Chartered Accountants  
Firm Reg. No. 018598N

**Aman Aggarwal**  
Partner  
Membership No. 515385

Place: New Delhi  
Dated: 13-4-2019

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## **ANNEXURE - B**

### **Annexure - B to the Auditors' Report**

#### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **Den Saya Channel Network Private Limited** ("the Company") as of 31<sup>st</sup> March 2019 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**

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**

Our responsibility is to express an opinion on the Company'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") and the Standards on Auditing, issued by ICAI and 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 Institute of Chartered Accountants of India. 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.

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.

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**

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 authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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**

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

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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**

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 March 2019, 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 AKGVG & ASSOCIATES**

Chartered Accountants  
Firm Reg. No. 018598N

**Aman Aggarwal**

Partner  
Membership No. 515385

Place: New Delhi  
Dated: 13-4-2019



## Balance Sheet as at 31st March, 2019

Particulars	Note No.	As at 31.03.2019 (Rs. '000)	As at 31.03.2018 (Rs. '000)
<b>A. ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Property, plant and equipment	3	38,995.30	53,619.73
(b) Capital work in progress		2,238.83	1,798.74
		41,234.13	55,418.47
(c) Non-current tax assets	4	1,556.58	-
(d) Deferred tax assets (net)	24	10,748.13	11,125.44
(e) Other non-current assets	5	8,455.93	10,268.59
		61,994.77	76,812.50
<b>2. Current Assets</b>			
(a) Financial assets			
i) Trade receivables	6	24,973.93	18,618.44
ii) Cash and cash equivalents	7	15,795.02	16,482.44
iii) Other financial assets	8	9,000.98	3,975.41
(b) Other current assets	9	4,537.75	10,226.37
		54,307.68	49,302.66
<b>Total Assets</b>		<b>116,302.45</b>	<b>126,115.16</b>
<b>B. EQUITY AND LIABILITIES</b>			
<b>1. Equity</b>			
(a) Equity share capital	10	2,500.00	2,500.00
(b) Other equity	11	6,570.78	16,671.34
		9,070.78	19,171.34
<b>Liabilities</b>			
<b>2. Non-Current Liabilities</b>			
(a) Long term provisions	12	284.33	254.23
(b) Other non-current liabilities	13	29,434.50	39,184.56
<b>Total non-current liabilities</b>		29,718.83	39,438.79
<b>3. Current Liabilities</b>			
(a) Financial liabilities			
i) Trade payables	14		
– total outstanding dues to micro enterprises and small enterprises		-	-
– total outstanding dues to creditors other than micro enterprises and small enterprises		63,846.04	52,119.78
ii) Other financial liabilities	15	5,791.62	2,768.26
(b) Short term provisions	12	9.95	3.73
(c) Current tax liabilities (Net)	16	-	2,536.38
(d) Other current liabilities	17	7,865.23	10,076.88
<b>Total current liabilities</b>		77,512.84	67,505.03
<b>Total liabilities</b>		107,231.67	106,943.82
<b>Total Equity and Liabilities</b>		<b>116,302.45</b>	<b>126,115.16</b>

See accompanying notes forming part of the Ind AS financial statements

In terms of our report attached

**For AKGVG & ASSOCIATES**

Chartered Accountants

ICAI Firm Registration No.: 018598N

**Aman Aggarwal**

Partner

Membership No. 515385

Place: New Delhi

Dated: 13-4-2019

For and on behalf of the Board of Directors of

**DEN SAYA CHANNEL NETWORK PRIVATE LIMITED**

**Manoj Kumar Varmani**

Director

DIN No.: 02943850

Place: New Delhi

Dated: 13-4-2019

**Kamal Gogna**

Director

DIN No.: 08087269

Place: New Delhi

Dated: 13-4-2019

## Statement of Profit and Loss

Particulars	Note No.	For the year ended 31.03.2019 (Rs. '000)	For the year ended 31.03.2018 (Rs. '000)
<b>1. REVENUE</b>			
(a) Revenue from operations	18	92,474.57	100,879.84
(b) Other income	19	-	20,821.07
<b>2. TOTAL REVENUE</b>		<b>92,474.57</b>	<b>121,700.91</b>
<b>3. EXPENSES</b>			
(a) Employee benefit expense	20	2,079.14	1,948.17
(b) Finance costs	21	785.11	83.30
(c) Depreciation (including amortisation)	3	11,726.95	11,427.55
(d) Content cost		60,113.02	59,093.14
(e) Other expenses	22	24,183.86	24,292.05
<b>4. TOTAL EXPENSES</b>		<b>98,888.08</b>	<b>96,844.21</b>
<b>5. PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEM AND TAX EXPENSE (2 – 4)</b>		<b>(6,413.51)</b>	<b>24,856.70</b>
6. Exceptional items	23	2,636.28	-
<b>7. PROFIT/(LOSS) BEFORE TAX (5 – 6)</b>		<b>(9,049.79)</b>	<b>24,856.70</b>
<b>8. TAX EXPENSE</b>			
(a) Current tax expense		-	4,800.00
(b) Short provision for tax relating to prior years		46.85	-
(c) Deferred tax	24	1,038.59	1,733.74
<b>NET TAX EXPENSE</b>		<b>1,085.44</b>	<b>6,533.74</b>
<b>9. PROFIT/(LOSS) AFTER TAX (7 – 8)</b>		<b>(10,135.23)</b>	<b>18,322.96</b>
<b>10. Other Comprehensive Income</b>			
i) Items that will not be reclassified to Profit/(Loss)			
– Re-measurements of the defined benefit obligation		46.85	15.78
– Deferred Tax on Re-measurements of the defined benefit obligation		(12.18)	(4.39)
<b>Total other comprehensive income</b>		<b>34.67</b>	<b>11.39</b>
<b>11. Total Comprehensive Income for the period (Comprising Profit/(Loss) and Other Comprehensive Income for the period) (9 + 10)</b>		<b>(10,100.56)</b>	<b>18,334.35</b>
<b>12. Earnings per equity share</b>	28		
(Face value of Rs. 10 per share)			
Basic (Rs. per share)		(40.54)	73.29
Diluted (Rs. per share)		(40.54)	73.29

See accompanying notes forming part of the Ind AS financial statements

In terms of our report attached

**For AKG V G & ASSOCIATES**  
Chartered Accountants  
ICAI Firm Registration No.: 018598N

**Aman Aggarwal**  
Partner  
Membership No. 515385

Place: New Delhi  
Dated: 13-4-2019

For and on behalf of the Board of Directors of  
**DEN SAYA CHANNEL NETWORK PRIVATE LIMITED**

**Manoj Kumar Varmani**  
Director  
DIN No.: 02943850

Place: New Delhi  
Dated: 13-4-2019

**Kamal Gogna**  
Director  
DIN No.: 08087269

Place: New Delhi  
Dated: 13-4-2019

## Cash Flow Statement

Particulars	For the Year Ended March 31, 2019 (Rs. '000)	For the Year Ended March 31, 2018 (Rs. '000)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) before tax	(9,049.79)	24,856.70
<b>Adjustments for:</b>		
Depreciation	11,726.95	11,427.55
Provision for Impairment of property, plant and equipments	5,547.43	-
Deferred tax considered in exceptional items	(673.45)	-
Other advances written Off	1,110.84	-
Finance costs	785.11	83.30
Liabilities/excess provisions written back (net)	-	(20,796.39)
Provision for doubtful debts	75.91	5,356.45
Gratuity expense	83.17	80.61
<b>Operating profit before working capital changes</b>	<b>9,606.16</b>	<b>21,008.22</b>
<b>Changes in working capital:</b>		
<u>Adjustments for (increase)/decrease in operating assets:</u>		
Trade Receivables	(6,431.40)	(11,784.43)
Other current financial assets	(5,025.57)	(2,976.24)
Other current non-financial assets	4,577.78	917.42
Other non-current non-financial assets	1,812.66	642.48
<u>Adjustments for increase/(decrease) in operating liabilities:</u>		
Current financial Liabilities	14,749.61	(13,332.03)
Current non-financial Liabilities	(2,211.65)	439.48
Other non-current non-financial Liabilities	(9,750.06)	(6,581.95)
Short term provisions	6.22	1.34
Non-current provisions	(6.22)	20,795.04
<b>Cash generated from operations</b>	<b>7,327.53</b>	<b>9,129.33</b>
Taxes paid/(received)	(4,139.81)	(1,993.39)
<b>Net Cash generated from Operating Activities</b>	<b>3,187.72</b>	<b>7,135.94</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on fixed assets, including capital advances	(3,090.03)	(3,536.46)
Proceeds from sale of fixed assets		24.00
<b>Net Cash used in Investing Activities</b>	<b>(3,090.03)</b>	<b>(3,512.46)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Finance costs	(785.11)	(83.30)
<b>Net Cash used in Financing Activities</b>	<b>(785.11)</b>	<b>(83.30)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(687.42)</b>	<b>3,540.18</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>16,482.44</b>	<b>12,942.26</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>15,795.02</b>	<b>16,482.44</b>
<b>Cash and Cash Equivalents at the end of the year comprise of:</b>		
Cash on Hand	736.51	1,931.81
Balances with Banks in Current Accounts	15,058.51	14,550.63
	<u>15,795.02</u>	<u>16,482.44</u>

**Note:** The above Cash Flow Statement has been prepared under the indirect method set out in IND AS - 7 "Statement of Cash Flow" issued by the Central Government under Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (Companies Indian Accounting Standard Rules, 2015)

In terms of our report attached

**For AKGVG & ASSOCIATES**

Chartered Accountants

ICAI Firm Registration No.: 018598N

**Aman Aggarwal**

Partner

Membership No. 515385

Place: New Delhi

Dated: 13-4-2019

For and on behalf of the Board of Directors of

**DEN SAYA CHANNEL NETWORK PRIVATE LIMITED**

**Manoj Kumar Varmani**

Director

DIN No.: 02943850

Place: New Delhi

Dated: 13-4-2019

**Kamal Gogna**

Director

DIN No.: 08087269

Place: New Delhi

Dated: 13-4-2019

## Statement of Changes in Equity

### A. Equity Share Capital

Particulars	As at 31.03.2019		As at 31.03.2018	
	No. of Shares	Amount	No. of Shares	Amount
	Numbers of equity share shares at the Beginning	250,000	2,500.00	250,000
Add: Shares issued during the year	-	-	-	-
<b>Numbers of shares at the End</b>	<b>250,000</b>	<b>2,500.00</b>	<b>250,000</b>	<b>2,500.00</b>

### B. Other equity

For the year ended March 31, 2019 (Rs. '000)

Particulars	Reserves and Surplus				Other comprehensive income	Total
	Securities premium	General reserve	Capital Redemption Reserve	Retained earnings	Actuarial Gain/(Loss)	
Balance at the beginning of the reporting year	-	-	-	16,671.34	-	16,671.34
Transfer to retained earnings	-	-	-	(10,135.23)	34.67	(10,100.56)
Transfer from OCI to Retained Earning	-	-	-	34.67	(34.67)	-
Balance at the end of the reporting year	-	-	-	6,570.78	-	6,570.78

For the year ended March 31, 2018 (Rs. '000)

Particulars	Reserves and Surplus				Other comprehensive income	Total
	Securities premium	General reserve	Capital Redemption Reserve	Retained earnings	Actuarial Gain/(Loss)	
Balance at the beginning of the reporting year	-	-	-	(1,663.01)	-	(1,663.01)
Transfer to retained earnings	-	-	-	18,322.96	11.39	18,334.35
Transfer from OCI to Retained Earning	-	-	-	11.39	(11.39)	-
Balance at the end of the reporting year	-	-	-	16,671.34	-	16,671.34

In terms of our report attached

**For AKGVG & ASSOCIATES**

Chartered Accountants

ICAI Firm Registration No.: 018598N

**Aman Aggarwal**

Partner

Membership No. 515385

Place: New Delhi

Dated: 13-4-2019

For and on behalf of the Board of Directors of

**DEN SAYA CHANNEL NETWORK PRIVATE LIMITED**

**Manoj Kumar Varmani**

Director

DIN No.: 02943850

Place: New Delhi

Dated: 13-4-2019

**Kamal Gogna**

Director

DIN No.: 08087269

Place: New Delhi

Dated: 13-4-2019

## Notes to the Financial Statements

### 1) COMPANY INFORMATION

**Den Saya Channel Network Private Limited** is a Company incorporated in India on 15th May, 2008 under the Companies Act, 1956. The Company is primarily engaged in providing cable television distribution and related services. It is a subsidiary of DEN Networks Limited.

### 2) SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of Preparation

##### (i) **Statement of Compliance and basis of preparation**

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

##### (ii) **Basis of measurement**

The financial statements have been prepared on a historical cost basis, except for certain financial assets and financial liabilities that is measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the assets or liability

#### 2.2 Operating Cycle

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

#### 2.3 Current and Non-Current Classification

The assets and liabilities in the Balance Sheet are based on current/ non - current classification.

##### i) **An asset as current when it is:**

- 1) Expected to be realised or intended to be sold or consumed in normal operating cycle.
- 2) Expected to be realized within twelve months after the reporting period, or
- 3) Held primarily for the purpose of trading
- 4) Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non - current.

##### ii) **A liability is current when:**

1. Expected to be settled in normal operating cycle

## Notes to the Financial Statements

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2. Held primarily for the purpose of trading
3. Due to be settled within twelve months after the reporting period, or
4. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are treated as non - current.

Deferred tax assets and liabilities are classified as non - current assets and liabilities.

### **2.4 Cash and cash equivalents (for purpose of Cash Flow Statement)**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition) and highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

### **2.5 Cash flow statement**

Cash flows are reported using indirect method, whereby profit before tax reported in the Statement of Profit and Loss is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on available information.

The above Cash Flow Statement has been prepared under the indirect method set out in IND AS - 07 "Statement of Cash Flow" issued by the Central Government under Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (Companies Indian Accounting Standard Rules, 2015) and as per amendment notified in March 2017 by the Ministry of Corporate Affairs issued in the Companies (Indian Accounting Standards) (Amendments) Rules, 2017

#### **Amendment to Ind AS 7:**

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

### **2.6 Property, plant and equipment**

All the items of property, plant and equipment are stated at historical cost (net off Cenvat credit) less depreciation/impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to Statement of Profit and Loss during the reporting year in which they are incurred.

Intangible assets acquired in business combinations are stated at fair value as determined by the management of the Company on the basis of valuation by expert valuers, less accumulated amortisation. The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful life is taken in accordance with Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

## Notes to the Financial Statements

### **Property, plant and equipment Useful Lives as assessed by the management**

Office and Other equipment	3-5 Years
Set top boxes (STBs)	8 Years
Vehicles	6 Years
Leasehold Improvements	Lower of the useful life and the period of the lease.
Fixed assets acquired through business purchase	5 years as estimated by an approved valuer
Furniture & Fixtures	3-10 Years
Head end and distribution equipment	6-15 Years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### **2.7 Intangible assets**

#### **Intangible assets acquired separately**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

#### **Derecognition of intangible assets**

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

#### **Useful lives of intangible assets**

Intangible assets are amortised over their estimated useful life on straight line method as follows:

#### **Assets Useful Lives as assessed by the management**

Distribution network rights	5 Years
Software	5 Years
License fee for internet service	Over the period of license agreement
Non-compete fees	5 Years

### **2.8 Revenue Recognition**

The Company derives revenues primarily from sale of services. Effective April 1, 2018, the Company adopted Ind AS 115 “Revenue from Contracts with Customers” using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The effect on adoption of Ind AS 115 was insignificant.

Revenue is recognized upon transfer of control of promised service to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those services or goods.

For rendering of services, performance obligation is satisfied over time. The Company recognizes revenue allocated to this performance obligation over the period the performance obligation is satisfied.

Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts and claims, if any, as specified in the contract with the customer. Revenue is also net of indirect taxes in its statement of profit and loss.

Unearned and deferred revenue (“contract liability”) is recognized when there is billing in excess of revenues.

The Company disaggregates revenue from contracts with customers by type of products and services, geography and timing of revenue recognition.

## Notes to the Financial Statements

### Use of significant judgments in revenue recognition

The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products/services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgment to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgment is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, price concessions and incentives. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company uses judgment to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

The Company exercises judgment in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

#### (i) Income from services

- (a) Service revenue comprises subscription income from digital and analog subscribers, placement of channels, advertisement revenue, fee for rendering management, technical and consultancy services and other related services. Income from services is recognized upon completion of services as per the terms of the contract with the customer. Period based revenue is accrued and recognized pro-rata over the period of service.
- (b) Activation fees on Set top boxes (STBs) is recognized on activation of boxes over the expected useful life of the activated STBs. Activation fees received in advance are deferred over the period of life of the STB and has been considered as deferred revenue.
- (c) Amounts billed for services in accordance with contractual terms but where revenue is not recognised, have been classified as advance billing and disclosed under current liabilities.

#### (ii) Sale of goods (equipment)

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- (a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably.
- (d) it is probable that the economic benefits associated with the transaction will flow to the Company; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### 2.9 Other income

Dividend income and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).



## Notes to the Financial Statements

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Interest on income tax refund is accounted for on receipt basis (as and when received).

Profit on sale of investments in mutual funds, being the difference between the sales consideration and carrying value of investments.

### **2.10 Foreign exchange gains and losses**

The functional currency for the Company is determined as the currency of the primary economic environment in which it operates. For the Company, the functional currency is the local currency of the country in which it operates, which is INR.

In preparing the financial statements the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

#### **Treatment of exchange differences**

The exchange differences arising on settlement / restatement of long-term foreign currency monetary items are taken into Statement of Profit and Loss.

### **2.11 Financial instruments**

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### **Investment in Subsidiaries**

A subsidiary is an entity controlled by the Company. Control exists when the Company has power over the entity, is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Investments in subsidiaries are carried at cost. The cost comprises price paid to acquire investment and directly attributable cost. On transition to Ind AS, the Company has adopted optional exception under Ind AS 101 to fair value investment in subsidiaries at fair value.

#### **Investment in joint ventures and associates**

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The investment in joint ventures and associates are carried at cost. The cost comprises price paid to acquire investment and directly attributable cost.

#### **Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

## Notes to the Financial Statements

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All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

### **Classification of financial assets**

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the impairment policy on financial assets measured at amortised cost, refer Note

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

### **Effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

### **Investments in equity instruments at FVTOCI**

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

## Notes to the Financial Statements

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### **Financial assets at fair value through profit or loss (FVTPL)**

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

### **Impairment of financial assets**

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

## Notes to the Financial Statements

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The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

### **Derecognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

## **2.12 Financial liabilities and equity instruments**

### **Classification as debt or equity**

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

### **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

### **Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

### **Financial liabilities at FVTPL**

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or

## Notes to the Financial Statements

- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a Company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Companying is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in profit or loss.

### **Financial liabilities subsequently measured at amortised cost**

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

### **Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Company entity are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

### **Commitments to provide a loan at a below-market interest rate**

Commitments to provide a loan at a below-market interest rate are initially measured at their fair values and, if not

## Notes to the Financial Statements

designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

### **Foreign exchange gains and losses**

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

### **Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### **2.13 Employee Benefits**

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- a. service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- b. net interest expense or income; and
- c. remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

### **Short-term and other long-term employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.



## Notes to the Financial Statements

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### Contributions from employees or third parties to defined benefit plans

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).
- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the Company reduces service cost by attributing the contributions to periods of service using the attribution method required by Ind AS 19 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the Company reduces service cost in the period in which the related service is rendered / reduces service cost by attributing contributions to the employees' periods of service in accordance with Ind AS 19.

### **2.14** Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Company as lessee

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the financial statements as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### **2.15** Earnings Per Share

Basic earnings per share is calculated by dividing the net profit / (loss) after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic

## Notes to the Financial Statements

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earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the year, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each year presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

### 2.16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 2.17 Income Taxes

Tax expense for the year comprises current tax and deferred tax.

#### Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

#### Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other



## Notes to the Financial Statements

comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### **Impairment of tangible and intangible assets other than goodwill**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### **2.18 Provisions and Contingencies**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### **2.19 GST input credit**

GST input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing/ utilising the credits.

### **2.20 Critical accounting judgements and key sources of estimation uncertainty**

#### Critical accounting judgements

The following are the critical judgements, apart from those involving estimations that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

#### Contingent liabilities

Assessment of whether outflow embodying economic benefits is probable, possible or remote.

## Notes to the Financial Statements

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### **Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### **Useful lives of property, plant and equipment**

The Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. There is no such change in the useful life of the assets.

### **Fair value measurements and valuation processes**

In estimating the fair value of an asset or liability, the Company uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The management works closely with qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

### **Defined benefit obligations**

Key assumptions related to life expectancies, salary increases and withdrawal rates (see notes).

### **Impairment testing of investments**

Key assumptions related to weighted average cost of capital (WACC) and long-term growth rates.

## Notes to the Financial Statements

### 3. Property, plant and equipment

Particulars	(Rs. '000)	
	As at 31.03.2019	As at 31.03.2018
<b>Carrying amounts of:</b>		
(a) Plant and equipment		
i) Headend and distribution equipment	1,337.38	1,156.50
ii) Set top boxes	36,766.39	52,290.62
iii) Computers	14.49	32.05
iv) Office and other equipment	31.54	51.98
(b) Furniture and fixtures	19.84	28.50
(c) Vehicles	825.62	60.07
	<u>38,995.30</u>	<u>53,619.73</u>
(d) Capital work-in-progress	2,238.83	1,798.74
	<u>41,234.13</u>	<u>55,418.47</u>

Particulars	Plant and equipment				Furniture and fixtures	Vehicles	Total
	Headend and distribution equipment	Set top boxes	Computers	Office and other equipment			
<b>Gross Block</b>							
Balance at 1 April, 2017	1,217.18	76,442.68	63.06	156.11	51.97	102.62	78,033.63
Additions	573.03	2,613.19	22.03	-	-	54.87	3,263.12
Disposals	-	-	-	-	-	(65.08)	(65.08)
<b>Balance at 31 March, 2018</b>	<b>1,790.21</b>	<b>79,055.87</b>	<b>85.09</b>	<b>156.11</b>	<b>51.97</b>	<b>92.40</b>	<b>81,361.83</b>
Additions	406.73	1,336.65	-	2.37	-	904.20	2,649.95
Disposals	-	-	-	-	-	-	-
<b>Balance at 31 March, 2019</b>	<b>2,196.93</b>	<b>80,392.52</b>	<b>85.09</b>	<b>158.48</b>	<b>51.97</b>	<b>996.60</b>	<b>84,011.78</b>
<b>Accumulated depreciation</b>							
Balance at 1 April, 2017	(445.68)	(15,534.27)	(40.69)	(128.01)	(14.80)	(86.00)	(16,249.45)
Depreciation expenses	(188.03)	(11,230.97)	(12.35)	23.88	(8.66)	(11.42)	(11,427.55)
Elimination on disposals of assets	-	-	-	-	-	65.08	65.08
<b>Balance at 31 March, 2018</b>	<b>(633.71)</b>	<b>(26,765.24)</b>	<b>(53.04)</b>	<b>(104.13)</b>	<b>(23.46)</b>	<b>(32.34)</b>	<b>(27,742.08)</b>
Depreciation expenses	(225.84)	(11,313.45)	(17.54)	(22.81)	(8.67)	(138.65)	(11,726.95)
Eliminated on disposals of assets	-	-	-	-	-	-	-
<b>Balance at 31 March, 2019</b>	<b>(859.55)</b>	<b>(38,078.69)</b>	<b>(70.58)</b>	<b>(126.94)</b>	<b>(32.11)</b>	<b>(170.98)</b>	<b>(39,469.03)</b>
<b>Provision for Impairment</b>							
Balance at 1 April, 2017	-	-	-	-	-	-	-
Impairment expenses	-	-	-	-	-	-	-
<b>Balance at 31 March, 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Impairment expenses	-	(5,547.43)	-	-	-	-	(5,547.43)
<b>Balance at 31 March, 2019</b>	<b>-</b>	<b>(5,547.43)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,547.43)</b>
<b>Carrying amount</b>							
Balance at 1 April, 2017	771.50	60,908.41	22.37	28.10	37.17	16.62	61,784.17
Additions	573.03	2,613.19	22.03	-	-	54.87	3,263.12
Disposals	-	-	-	-	-	-	-
Depreciation expenses	(188.03)	(11,230.97)	(12.35)	23.88	(8.66)	(11.42)	(11,427.55)
Impairment expenses	-	-	-	-	-	-	-
<b>Balance at 31 March, 2018</b>	<b>1,156.50</b>	<b>52,290.62</b>	<b>32.05</b>	<b>51.98</b>	<b>28.50</b>	<b>60.07</b>	<b>53,619.73</b>
Additions	406.73	1,336.65	-	2.37	-	904.20	2,649.95
Disposals	-	-	-	-	-	-	-
Depreciation expense	(225.84)	(11,313.45)	(17.54)	(22.81)	(8.67)	(138.65)	(11,726.95)
Impairment expenses	-	(5,547.43)	-	-	-	-	(5,547.43)
<b>Balance at 31 March, 2019</b>	<b>1,337.38</b>	<b>36,766.39</b>	<b>14.49</b>	<b>31.54</b>	<b>19.84</b>	<b>825.62</b>	<b>38,995.30</b>

## Notes to the Financial Statements

Particulars	As at 31.03.2019 (Rs. '000)	As at 31.03.2018 (Rs. '000)
<b>4. Non-current tax assets</b>		
(a) Advance tax (net of provision current year Rs. 17,734.38)	1,556.58	-
	<b>1,556.58</b>	-
<b>5. Other non-current assets</b>		
<b>i) Considered good</b>		
(a) Prepaid expenses	8,455.93	10,268.59
	<b>8,455.93</b>	<b>10,268.59</b>
<b>6. Trade receivables (Unsecured)</b>		
<b><u>Current</u></b>		
Trade receivables		
(a) Trade Receivables considered good – Secured		
(b) Trade Receivables considered good – Unsecured	24,973.93	18,618.44
(c) Trade Receivables which have significant increase in Credit Risk	5,510.10	5,510.10
(d) Trade Receivables – credit impaired	(5,510.10)	(5,510.10)
	<b>24,973.93</b>	<b>18,618.44</b>
<b>6a. Movement in the allowance for doubtful debts</b>		
Balance at beginning of the year	5,510.10	10,249.83
Add: Provided during the year	-	5,356.45
Less: Reversed on account of provision written back	1,808.74	10,096.18
Less: Reversed on account of balances written off	(1,808.74)	-
<b>Balance at end of the year</b>	<b>5,510.10</b>	<b>5,510.10</b>
<b>6b. Trade receivables break-up (net of allowances)</b>		
Of the above, trade receivables from:		
– Related Parties	20,825.82	16,087.73
Less: Provision for doubtful trade receivables	-	-
<b>Total</b>	<b>20,825.82</b>	<b>16,087.73</b>
– Others	9,658.21	8,040.81
Less: Provision for doubtful trade receivables	5,510.10	5,510.10
<b>Total</b>	<b>4,148.11</b>	<b>2,530.71</b>
<b>7. Cash and cash equivalents</b>		
(a) Cash on hand	736.51	1,931.81
(b) Balance with banks		
i) in current accounts	15,058.51	14,550.63
	<b>15,795.02</b>	<b>16,482.44</b>
<b>8. Other financial assets</b>		
(a) Advance to employees	74.89	-
(b) Unbilled Revenue	8,926.09	3,975.41
	<b>9,000.98</b>	<b>3,975.41</b>
<b>9. Other current assets</b>		
(a) Prepaid expenses	1,817.94	2,087.89
(b) Balance with government authorities		
i) GST Receivable	2,704.52	1,386.23
(c) Other advances	15.29	6,752.25
	<b>4,537.75</b>	<b>10,226.37</b>

## Notes to the Financial Statements

Particulars	As at	As at
	31.03.2019	31.03.2018
	(Rs. '000)	(Rs. '000)
<b>10. SHARE CAPITAL</b>		
<b>A. AUTHORISED</b>		
2,50,000 Equity Shares of Rs. 10/- each	2,500.00	2,500.00
<b>B. ISSUED, SUBSCRIBED AND FULLY PAID UP</b>		
2,50,000 Equity Shares of Rs. 10/- each, fully paid up	2,500.00	2,500.00
	<b>2,500.00</b>	<b>2,500.00</b>

**(a) The reconciliation of the number of shares outstanding and the amount of share capital:**

Particulars	As at 31.03.2019		As at 31.03.2018	
	No. of Shares	Amount	No. of Shares	Amount
Numbers of equity share shares at the Beginning	250,000	2,500.00	250,000	2,500.00
Add: Shares issued during the year	-	-	-	-
<b>Numbers of shares at the End</b>	<b>250,000</b>	<b>2,500.00</b>	<b>250,000</b>	<b>2,500.00</b>

**(b) Shares held by holding/ultimate holding company and/or their subsidiaries/associates:**

Particulars	As at 31.03.2019		As at 31.03.2018	
	No. of Shares	Amount	No. of Shares	Amount
Den Futuristic Cable Networks Private Limited	127,500	1,275,000	127,500	1,275,000

**(c) Details of shares held by each shareholder holding more than 5% shares:**

Name of Shareholder	As at 31.03.2019		As at 31.03.2018	
	No. of Shares	% Holding	No of shares	% Holding
Den Futuristic Cable Networks Private Limited	127,500	51.00%	127,500	51.00%
Yogesh Kumar Gupta	24,500	9.80%	24,500	9.80%
Sushil Kumar Jaiswal	36,250	14.50%	36,250	14.50%
Mustkeem Choudhry	30,000	12.00%	30,000	12.00%
<b>Total</b>	<b>242,750</b>	<b>97.10%</b>	<b>242,750</b>	<b>97.10%</b>

**(d)** The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. Equity Shareholders are eligible to dividend proposed by the Board of Directors as approved by Shareholders in the ensuing Annual General Meeting.

**(e)** 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.

## Notes to the Financial Statements

### 11. Other Equity

For the year ended March 31, 2019

(Rs. '000)

Particulars	Reserves and Surplus			Other comprehensive income	Total
	Equity-settled employee benefits reserve	Capital Redemption Reserve	Retained earnings	Actuarial Gain/(Loss)	
Balance at the beginning of the reporting year	-	-	16,671.34	-	16,671.34
Transfer to retained earnings	-	-	(10,135.23)	34.67	(10,100.56)
Transfer from OCI to Retained Earning	-	-	34.67	(34.67)	-
Balance at the end of the reporting year	-	-	6,570.78	-	6,570.78

### Other Equity

For the year ended March 31, 2018

(Rs. '000)

Particulars	Reserves and Surplus			Other comprehensive income	Total
	Equity-settled employee benefits reserve	Capital Redemption Reserve	Retained earnings	Actuarial Gain/(Loss)	
Balance at the beginning of the reporting year	-	-	(1,663.01)	-	(1,663.01)
Transfer to retained earnings	-	-	18,322.96	11.39	18,334.35
Transfer from OCI to Retained Earning	-	-	11.39	(11.39)	-
Balance at the end of the reporting year	-	-	16,671.34	-	16,671.34

Particulars	As at 31.03.2019	As at 31.03.2018
	(Rs. '000)	(Rs. '000)

### 12. Provisions

#### Long-term provisions

#### (a) Provision for employee benefits

##### i) Provision for gratuity

284.33	254.23
<u>284.33</u>	<u>254.23</u>

#### Short-term provisions

#### (a) Provision for employee benefits

##### i) Provision for gratuity

9.95	3.73
<u>9.95</u>	<u>3.73</u>

### 13. Other non-current liabilities

#### (a) Deferred revenue

29,434.50	39,184.56
<u>29,434.50</u>	<u>39,184.56</u>

## Notes to the Financial Statements

Particulars	As at 31.03.2019 (Rs. '000)	As at 31.03.2018 (Rs. '000)
<b>14. Trade payables</b>		
Trade payables – Other than acceptances		
(a) total outstanding dues of micro enterprises and small enterprises	-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		
– Payable for goods and services	63,846.04	52,119.78
	<u>63,846.04</u>	<u>52,119.78</u>
<b>14a. Trade Payable break-up</b>		
Of the above, trade payable to:		
– Related Parties	50,637.33	38,840.76
– Others	13,208.71	13,279.02
<b>Total</b>	<u>63,846.04</u>	<u>52,119.78</u>
<b>15. Other financial liabilities</b>		
(a) Payables on purchase of Property, plant and equipment	920.26	2.43
(b) Payable for salaries and wages	102.26	12.64
(c) Others	4,769.10	2,753.19
	<u>5,791.62</u>	<u>2,768.26</u>
<b>16. Current tax liabilities (Net)</b>		
(a) Provision for income tax (net of advance tax current year Rs. 19998.00)	-	2,536.38
	-	<b>2,536.38</b>
<b>17. Other current liabilities</b>		
(a) Deferred revenue	7,456.26	9,500.52
(b) Statutory remittances	408.97	576.36
	<u>7,865.23</u>	<u>10,076.88</u>

## Notes to the Financial Statements

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
	(Rs. '000)	(Rs. '000)
<b>18. REVENUE FROM OPERATIONS</b>		
(a) Sale of services (See note below)	92,474.57	100,879.84
	<u>92,474.57</u>	<u>100,879.84</u>
<b>Note:</b>		
Sale of services comprises:		
(a) Placement income	28,149.98	31,745.06
(b) Subscription income	52,727.81	58,367.74
(c) Activation income	9,496.03	9,255.51
(d) Other income	2,100.75	1,511.53
	<u>92,474.57</u>	<u>100,879.84</u>
<b>19. OTHER INCOME</b>		
(a) Liabilities/excess provisions written back	-	20,796.39
(b) Miscellaneous income	-	0.68
(c) Profit from sale of equipment	-	24.00
	<u>-</u>	<u>20,821.07</u>
<b>20. EMPLOYEE BENEFIT EXPENSE</b>		
(a) Salaries and allowances	1,500.15	1,427.73
(b) Contribution to provident and other funds	230.93	230.64
(c) Gratuity expense	83.17	80.61
(d) Staff welfare expenses	264.89	209.19
	<u>2,079.14</u>	<u>1,948.17</u>
<b>21. FINANCE COSTS</b>		
(a) Interest on delayed payment	785.11	83.30
	<u>785.11</u>	<u>83.30</u>



## Notes to the Financial Statements

Particulars	For the year	For the year
	ended 31.03.2019	ended 31.03.2018
	(Rs. '000)	(Rs. '000)
<b>22. OTHER EXPENSES</b>		
(a) Rent and hire charges	1,123.29	1,209.35
(b) Repairs and maintenance		
i) Plant and machinery	6,149.49	6,257.69
ii) Others	63.44	147.30
(c) Electricity expenses	767.74	645.48
(d) Consultancy, professional and legal charges*	5,344.00	5,248.30
(e) Contract service charges	1,812.67	1,769.67
(f) Printing and stationery	20.44	28.00
(g) Travelling and conveyance	544.79	297.65
(h) Advertisement, publicity and business promotion	250.28	440.62
(i) Telecommunication expenses	65.90	70.02
(j) Leaseline/bandwidth expenses	1,703.93	2,257.44
(k) Rates and taxes	6,031.63	259.45
(l) Bad trade receivables and advances written off	75.91	-
(m) Provision for doubtful debts	-	5,356.45
(n) Miscellaneous expenses	230.35	304.63
	<b>24,183.86</b>	<b>24,292.05</b>
* Consultancy, professional and legal charges includes Auditor's remuneration as under:		
(a) To statutory auditors		
– Statutory audit fee	95.00	132.50
– Tax audit fee	5.00	5.00
– Others	70.00	-
	<b>170.00</b>	<b>137.50</b>
<b>23. Exceptional Items*</b>		
(a) Other advances written Off	1,110.84	-
(b) Provision for Impairment of Fixed Assets	5,547.43	-
(c) Digital Activation	(3,348.54)	-
(d) Deferred Tax	(673.45)	-
	<b>2,636.28</b>	<b>-</b>
* Refer Note 38		

## Notes to the Financial Statements

### 24. Current Tax and Deferred Tax

#### (a) Income Tax Expense

Particulars	(Rs. '000)	
	Year ended 31.03.2019	Year ended 31.03.2018
<b>Current Tax:</b>		
Current Income Tax Charge	-	4,800.00
Short provision for tax relating to prior years	46.85	-
<b>Deferred Tax</b>		
In respect of current year origination and reversal of temporary differences	1,038.59	1,733.74
<b>Total Tax Expense recognised in profit and loss account</b>	<u>1,085.44</u>	<u>6,533.74</u>
Tax on exceptional items	(673.45)	-
<b>Total Tax Expense recognised</b>	<u><u>411.99</u></u>	<u><u>6,533.74</u></u>

#### (b) Income Tax on Other Comprehensive Income

Particulars	(Rs. '000)	
	Year ended 31.03.2019	Year ended 31.03.2018
<b>Current Tax</b>	-	-
<b>Deferred Tax</b>		
Re-measurement of Defined Benefit Obligations	(12.18)	(4.39)
<b>Total</b>	<u>(12.18)</u>	<u>(4.39)</u>

#### (c) Movement of Deferred Tax

##### i) Movement of Deferred Tax for 31.03.2019

Particulars	Year ended 31.03.2019		
	As on 01.04.2018	Recognised in statement of profit and Loss	As on 31.03.2019
<u>Tax effect of items constituting deferred tax liabilities</u>			
Property, Plant and Equipment	4.91	2,313.75	2,318.66
	<u>4.91</u>	<u>2,313.75</u>	<u>2,318.66</u>
<u>Tax effect of items constituting deferred tax assets</u>			
Employee Benefits	71.76	4.75	76.51
Doubtful debts/advances/impairment	1,532.91	(100.28)	1,432.63
Other financial asset	9,515.86	(2,595.53)	6,920.33
	<u>11,120.53</u>	<u>(2,691.06)</u>	<u>8,429.47</u>
<b>Net Tax Asset (Liabilities)</b>	<u><u>11,125.44</u></u>	<u><u>(377.31)</u></u>	<u><u>10,748.13</u></u>

## Notes to the Financial Statements

### ii) Movement of Deferred Tax for 31.03.2018

(Rs. '000)

Particulars	Year ended 31.03.2018		
	As on 01.04.2017	Recognised in statement of profit and Loss	As on 31.03.2018
<u>Tax effect of items constituting deferred tax liabilities</u>			
Property, Plant and Equipment	(540.08)	544.99	4.91
	<b>(540.08)</b>	<b>544.99</b>	<b>4.91</b>
<u>Tax effect of items constituting deferred tax assets</u>			
Employee Benefits	49.73	22.03	71.76
Doubtful debts/advances/impairment	2,639.33	(1,106.42)	1,532.91
Financial Assets	10,714.60	(1,198.74)	9,515.86
	<b>13,403.66</b>	<b>(2,283.13)</b>	<b>11,120.53</b>
<b>Net Tax Asset (Liabilities)</b>	<b>12,863.58</b>	<b>(1,738.14)</b>	<b>11,125.44</b>

### (d) Numerical Reconciliation between average effective tax rate and applicable tax rate:

(Rs. '000)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Amount	Tax Rate	Amount	Tax Rate
<b>Profit/(Loss) Before exceptional item &amp; Before Tax</b>	<b>(6,413.51)</b>	<b>27.82%</b>	<b>24,856.70</b>	<b>27.55%</b>
Exceptional items	2,636.28			
<b>Profit/(Loss) After exceptional item &amp; After Tax</b>	<b>(9,049.79)</b>			
Tax on above	(2,517.65)		6,848.02	
<b><u>Tax Impacts of the followings</u></b>				
Permanent Differences	1,768.22		-	
Timing Differences	388.62		-	
Interest on TDS	-		5.42	
Other Disallowances	-		1.74	
Donation	-		3.43	
Timing Difference relating to earlier years or due to change of rate of tax	-		(345.93)	
Rounding off Tax Provision	-		21.06	
Excess provision of income tax	772.79		-	
	<u>411.99</u>		<u>6,533.74</u>	
<b><u>Tax Expense debited to P&amp;L A/c</u></b>				
Current Tax	46.85		4,800.00	
Deferred Tax	1,038.59		1,733.74	
Tax on exceptional items	(673.45)		-	
<b>Tax Expense</b>	<u>411.99</u>		<u>6,533.74</u>	



## Notes to the Financial Statements

Particulars	Ultimate Holding Company	Holding Company	Fellow Subsidiaries		Key Management Personnel		Companies under common control of the holding Company	Grand Total
			Aster Entertainment Pvt. Ltd.	Den Faction Communication System Private Limited	Yogesh Kumar Gupta	Sushil Kumar Jaiswal		
<b>B. Outstanding balances at year end</b>								
<b>i) Trade payables</b>								
As on 31 March 2019	50,097.19	199.50	-	340.64	-	-	-	50,637.33
As on 31 March 2018	(38,300.62)	(199.50)	-	(340.64)	-	-	-	(38,840.76)
<b>ii) Other Current Liabilities</b>								
As on 31 March 2019	3,265.10	-	10,459.84	-	-	-	-	13,724.94
As on 31 March 2018	(2,150.06)	-	(10,459.84)	-	-	-	-	(12,609.90)
<b>iii) Trade receivables</b>								
As on 31 March 2019	19,523.54	1,302.28	-	-	-	-	-	20,825.82
As on 31 March 2018	(14,785.45)	(1,302.28)	-	-	-	-	-	(16,087.73)
<b>iv) Deferred Revenue Cost</b>								
As on 31 March 2019	-	-	-	-	-	-	-	-
As on 31 March 2018	-	-	-	-	-	-	-	-
<b>v) Other Current Asset</b>								
As on 31 March 2019	157.02	-	-	-	-	-	-	157.02
As on 31 March 2018	(157.00)	-	-	-	-	-	-	(157.00)

### 26. Disclosure pursuant to IND AS 19 on 'Employee Benefits'

#### Employee benefit plans

##### i) Defined benefit plans

The Company makes provident fund contribution which is the defined contribution plan for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contribution payable by the Company is at the rates specified in the rules to the plans.

##### Gratuity plan

Gratuity liability arises on retirement, withdrawal, resignation, and death of an employee. The aforesaid liability is calculated on the basis of 15 days salary (i.e. last drawn salary plus dearness allowance) for each completed year of service or part thereof in excess of 6 months, subject to a maximum of Rs. 20 Lakh. Vesting occurs upon completion of 5 years of service.

The present value of the defined benefit obligation and the related current service cost are measured using the Projected Unit Credit method with actuarial valuations being carried out at each balance sheet date.

The following tables set out the unfunded status of the defined benefit scheme and amounts recognised in the Company financial statements as at 31 March, 2019:

## Notes to the Financial Statements

(Rs. '000)		
Particulars	Year ended 31.03.2019	Year ended 31.03.2018
<b>Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:</b>		
Current Service cost	63.18	65.64
Interest cost	19.99	14.97
Past Service Cost		
Actuarial (gain)/loss recognised during the year	(46.85)	(15.78)
<b>Components of defined benefit costs recognised in Statement of profit or loss</b>	<b>36.32</b>	<b>64.83</b>
<b>Re-measurement on the net defined benefit liability</b>		
Actuarial gains and loss arising from experience adjustments	(40.77)	(8.35)
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>(46.85)</b>	<b>(15.78)</b>
<b>I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March</b>		
1. Present value of defined benefit obligation as at 31st March	294.28	257.96
2. Current portion of the above	9.95	3.73
3. Non-current portion of the above	284.33	254.23
<b>II. Change in defined benefit obligations (DBO) during the year</b>		
Present value of DBO* at beginning of the year	257.96	193.13
Expense recognised in Statement of profit or loss		
– Current service cost	63.18	65.64
– Interest cost	19.99	14.97
Past Service Cost	-	-
Recognised in other comprehensive income/other income		
– Actuarial (gain)/loss on obligation	(46.85)	(15.78)
Benefits paid	-	
<b>Present value of DBO at the end of the year</b>	<b>294.28</b>	<b>257.96</b>

### Principal actuarial assumptions for gratuity and compensated absences: Principal actuarial assumptions:

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Discount rate (per annum)	7.75%	7.75%
Estimated salary escalation rate (per annum)	8%	8%
Retirement age (years)	58	58
Mortality Table	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
Withdrawal Rates	<b>In %</b>	<b>In %</b>
Upto 30 years	5	3
From 31 years to 44 years	5	2
Above 44 years	5	1

## Notes to the Financial Statements

### ii) Effect of plan on entity's future cash flows

#### (a) Funding arrangements and funding policy

Not Applicable

#### (b) Estimate of expected benefit payments (In absolute terms i.e. undiscounted)

01 Apr 2019 to 31 Mar 2020	11.51
01 Apr 2020 to 31 Mar 2021	36.99
01 Apr 2021 to 31 Mar 2022	12.27
01 Apr 2022 to 31 Mar 2023	14.50
01 Apr 2023 to 31 Mar 2024	14.50
01 Apr 2024 Onwards	210.67

- (c) Sensitivity Analysis: Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. Effect of change in mortality rate is negligible. Please note that the sensitivity analysis presented below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated. The results of sensitivity analysis are given below:

Period	Liability	
Defined Benefit Obligation (Base)	294.28 @ Salary Increase Rate: 8%, and discount rate: 7.75%	
Liability with x% increase in Discount Rate [% Change]	269.62 [(8)%], x = 1.00%	8%
Liability with x% decrease in Discount Rate [% Change]	322.41 [10%], x = 1.00%	10%
Liability with x% increase in Salary Growth Rate [% Change]	322.06 [9%], x = 1.00%	9%
Liability with x% decrease in Salary Growth Rate [% Change]	269.45 [(8)%], x = 1.00%	8%
Liability with x% increase in Withdrawal Rate [% Change]	291.46 [(1)%], x = 1.00%	1%
Liability with x% decrease in Withdrawal Rate [% Change]	297.18 [1%], x = 1.00%	1%

#### Notes:

- (a) The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities.
- (b) The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.
- (c) The gratuity plan is unfunded.

### 27. Operating Lease

The Company has entered into a cancellable operating lease for office premises. The lease rental expenses recognised in the Statement of Profit and Loss for the year is Rs. 1,123.29 [Previous year Rs. 1,209.35].

### 28. Earnings per equity share (EPS)\*

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
(a) Net Profit/(loss) attributable to equity shareholders	(10,135.23)	18,322.96
(b) Weighted average number of equity shares outstanding used in computation of basic EPS	250,000	250,000
(c) Basic Profit per equity share of Rs. 10 each (in Rs.)	(40.54)	73.29
(d) Dilutive effect of preference shares outstanding		
(e) Weighted average number of equity shares and equity equivalent shares outstanding used in computing diluted EPS	250,000	250,000
(f) Diluted Earnings per equity share of Rs. 10 each (in Rs.)	(40.54)	73.29

\* There are no potential equity shares as at 31.03.2019 (nil at 31.03.2018)

## Notes to the Financial Statements

### 29. Financial Instruments

#### (a) Financial risk management objective and policies

This section gives an overview of the significance of financial instruments for the company and provides additional information on the balance sheet.

#### Financial assets and liabilities:

The accounting classification of each category of financial instruments, and their carrying amounts, are set out below:

As at 31.03.2019					(Rs. '000)
Financial assets	Amortised Cost	FVTOCI	FVTPL	Total carrying value	
Cash and cash equivalents	15,795.02	-	-	15,795.02	
Trade receivables	24,973.93	-	-	24,973.93	
Other current financial assets	9,000.98	-	-	9,000.98	
	<b>49,769.93</b>	-	-	<b>49,769.93</b>	
Financial liabilities	Amortised Cost	FVTOCI	FVTPL	Total carrying value	
Trade payables	63,846.04	-	-	63,846.04	
Other current financial liabilities	5,791.62	-	-	5,791.62	
	<b>69,637.66</b>	-	-	<b>69,637.66</b>	
As at 31.03.2018					(Rs. '000)
Financial assets	Amortised Cost	FVTOCI	FVTPL	Total carrying value	
Cash and cash equivalents	16,482.44	-	-	16,482.44	
Trade and other receivables	18,618.44	-	-	18,618.44	
Other current financial assets	3,975.41	-	-	3,975.41	
	<b>39,076.29</b>	-	-	<b>39,076.29</b>	
Financial liabilities	Amortised Cost	FVTOCI	FVTPL	Total carrying value	
Trade payables	52,119.78	-	-	52,119.78	
Other current financial liabilities	2,768.26	-	-	2,768.26	
	<b>54,888.04</b>	-	-	<b>54,888.04</b>	

#### (b) Risk management framework

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The Company's principal financial assets include Investment, trade and other receivables and cash and bank balances that derive directly from its operations. The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

#### Market Risk

Market risk is the risk that the fair value of future cash flows of a financial assets will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial Assets affected by market risk include loans and borrowings, deposits and derivative financial instruments.



## Notes to the Financial Statements

### Liquidity risk

The company remains committed to maintaining a healthy liquidity, gearing ratio, deleveraging and strengthening the balance sheet. The maturity profile of the Company's financial liabilities based on the remaining period from the date of balance sheet to the contractual maturity date is given in the table below. The figures reflect the contractual undiscounted cash obligation of the company.

	(Rs. '000)		
As at 31.03.2019	<1 year	> 1 Year	Total
– Trade payables	63,846.04	-	63,846.04
– Other current financial liabilities	5,791.62	-	5,791.62
<b>Total</b>	<b>69,637.66</b>	<b>-</b>	<b>69,637.66</b>
As at 31.03.2018	<1 year	> 1 Year	Total
– Trade payables	52,119.78	-	52,119.78
– Other current financial liabilities	2,768.26	-	2,768.26
<b>Total</b>	<b>54,888.04</b>	<b>-</b>	<b>54,888.04</b>

### Counterparty and concentration of credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. The company is exposed to credit risk for receivables, cash and cash equivalents, short-term investments and loans and advances.

Credit risk on receivables is limited as most of the portion of receivables is pertaining to fellow subsidiary or holding/ultimate holding Company. The history of trade receivables shows a negligible provision for bad and doubtful debts.

None of the company's cash equivalents are past due or impaired. Regarding trade and other receivables, and other non-current assets, there were no indications as at 31.03.2019, that defaults in payment obligations will occur.

**Of the year ended 31.03.2019 and 31.03.2018 Trade and other receivables balance the following were past due but not impaired:**

	(Rs. '000)		
As at 31.03.2019	Due for less than 6 months	Due for greater than 6 months	Total
Trade Receivables	15,966.89	9,007.04	24,973.93
Other current financial assets	9,000.98	-	9,000.98
	<b>24,967.87</b>	<b>9,007.04</b>	<b>33,974.91</b>
As at 31.03.2018	Due for less than 6 months	Due for greater than 6 months	Total
Trade Receivables	17,394.95	1,223.49	18,618.44
Other current financial assets	3,975.41	-	3,975.41
	<b>21,370.36</b>	<b>1,223.49</b>	<b>22,593.85</b>

- (a) Receivables are deemed to be past due or impaired with reference to the company's normal terms and conditions of business. These terms and conditions are determined on a case to case basis with reference to the customer's credit quality and prevailing market conditions. Receivables that are classified as 'past due' in the above tables are those that have not been settled within the terms and conditions that have been agreed with that customer.
- (b) The credit quality of the company's customers is monitored on an ongoing basis and assessed for impairment where indicators of such impairment exist. The solvency of the debtor and their ability to repay the receivable is considered in assessing receivables for impairment. Where receivables have been impaired, the company actively seeks to recover the amounts in question and enforce compliance with credit terms.

## Notes to the Financial Statements

30. In the opinion of the Management, Current Assets, Loans and Advances are of the value stated, if realized in the ordinary course of business.
31. The Company is providing cable television network and allied services and hence has only one reportable segment. The operations of the Company are located in India.
32. Certain Credit balances included in Current Liabilities are pending for confirmation and consequential reconciliation.
33. Sundry debtors/Advances as at the Balance Sheet date in view of management represent bona-fide sums due by debtors for services arising on or before that date and advances for value to be received in cash or in kind respectively. The balances however are subject to confirmation from respective parties except related parties who have confirmed the balance outstanding in their account.
34. Pursuant to TRAI notification, Digital Addressable System (DAS) has been implemented in the territory of the company under phase-III w.e.f. 01 Jan, 2016. DEN Networks Limited “the Ultimate holding company and the MSO” has the DAS licence for the said territory. However, as per the mutual agreement, the ultimate holding company has billed to the subscribers of the company and has been charged by the company on back to back basis without adding any margin.
35. The debit/credit balances in group Companies including DEN Networks Limited have been grouped under Trade payable, Other liability and Trade receivable on ‘gross’ basis as in the previous year.
36. As per the information provided by the management, no legal cases are pending and no demand is being raised by any legal authority on the company, therefore, there is no need to take the effect of any contingent liability into the financial statements.

### 37. Disclosures as per the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

Particulars	(Rs. ‘000)	
	As at 31.03.2019	As at 31.03.2018
(a) i) the principal amount remaining unpaid to any supplier	-	-
ii) interest due thereon	-	-
(b) interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 and the amount of payment made to the supplier beyond the appointed day.	-	-
(c) interest due and payable for the period of delay in making payment other than the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(d) interest accrued and remaining unpaid	-	-
(e) further interest remaining due and payable even in the succeeding years for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

### 38. Exceptional Items

Exceptional items of Rs. 2,636.28 Thousands comprise:

- (a) Doubtful receivables and advances from/to customers/parties and balance with Government Authorities provided for amounting to Rs. 1,110.84 thousand. Pursuant to implementation of new regulatory framework by Telecom Regulatory Authority of India (TRAI) dated 3 March, 2017 (‘Tariff order’) w.e.f. 20 December, 2018, the Group had to revamp their mode of operations which includes changes in the information technology systems to migrate to the new regulatory framework. Such adjustments also required finalisation of revenue sharing mechanism with the Local Cable Operators (LCOs). Based on

## Notes to the Financial Statements

the re-assessment of the value of assets appearing in the books of account in the light of the new regulatory framework and the increase in competition on account of rates parity in the market, the Company has recognised an impairment of doubtful advances/trade receivables of Rs. 1,110.84 thousand.

- (b) Impairment of property, plant and equipment amounting to Rs. 5,547.43 thousand and revenue recognition of Rs. 3,348.54 thousand. During the period, the Group has carried out a detailed assessment of property, plant and equipment in terms of recoverability and usability of these assets and therefore have recognised a one-time impairment in the value of property, plant and equipment of Rs. 5,547.43 thousand along with the recognition of revenue of Rs. 3,348.54 thousand from existing deferred revenue on these assets.
- (c) Deferred tax reversal of Rs. 673.45 thousand. Deferred tax reversed on the items mentioned in point no. (a) & (b) cited above.

39. Previous year figures have been regrouped/reclassified wherever considered necessary, to make them comparable with current year figures.

In terms of our report attached

**For AKGVG & ASSOCIATES**

Chartered Accountants

ICAI Firm Registration No.: 018598N

**Aman Aggarwal**

Partner

Membership No. 515385

Place: New Delhi

Dated: 13-4-2019

For and on behalf of the Board of Directors of

**DEN SAYA CHANNEL NETWORK PRIVATE LIMITED**

**Manoj Kumar Varmani**

Director

DIN No.: 02943850

Place: New Delhi

Dated: 13-4-2019

**Kamal Gogna**

Director

DIN No.: 08087269

Place: New Delhi

Dated: 13-4-2019