

**United Cable Network (Digital) Private Limited**  
**Financial Statements**  
**2018-19**

## Independent Auditor's Report

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### TO THE MEMBERS OF United Cable Network (Digital) Private Limited

#### Report on Ind AS Financial Statements

We have audited the accompanying standalone financial statements of United Cable Network (Digital) Private Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2019, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

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

#### Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2019, and its profit/loss and its cash flows for the year ended on that date.

#### Emphasis of Matter

We draw attention to Note in the Ind AS financial statements which disclosed the premise upon which the company has prepared its financial statements by applying the going concern assumption, notwithstanding that pursuant to TRAI notification, Digital addressable system (DAS) has been implemented in the territory of the Company in which the Company operates in the phase 2 w.e.f 1<sup>st</sup> July 2013. Further company has incurred net cash loss during the previous years and its Capital is fully eroded, the Company's current liabilities

exceeded its current assets as the balance sheet date. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern.

Our report is not qualified in this report.

#### **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 in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 & 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) Except for the effects of the matter described in the Emphasis of matter paragraph above 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) Except for the effects of the matter described in the Emphasis of matter paragraph 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, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and with the accounts.
  - (d) Except for the effects of the matter described in the Emphasis of matter paragraph above in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2019, taken on record by the Board of Directors (**except Santosh More & Anil More**), none of the directors is disqualified as on 31<sup>st</sup> 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
  - (h) our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **TRIVEDIAM & CO.**  
Chartered Accountants  
Firm Registration No: 014838C

**Maulik Trivedi**  
Proprietor  
Membership No. 410555

Place: Vadodara  
Date: 12th April, 2019

**“Annexure A”****United Cable Network (Digital) Private Limited****Annexure to the Independent Auditors’ Report for the period ended March 2019****(Referred to in Paragraph 1 under the Heading of “Report on Other Legal and Regulatory Requirements” of our Report even date)**

- (i) Fixed Assets
- (a) the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) these fixed assets have been physically verified by the management at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account;
- (ii) The Company is as service company, primarily rendering cable system network services and there is no inventory in hand.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act.
- (iv) Loans Given
- The Company has not granted any Secured or 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) does not arise
- (v) Compliance of Sec. 185 & 186
- The Company has not entered into any transaction in respect of loans, investments, guarantees, and security which attracts compliance to provisions of section 185 and 186 of the Companies Act, 2013.
- (vi) Cost records
- In our opinion and according to information and explanations given to us, maintenance of cost records has not been prescribed by the central government under section 148(1) of the Companies Act, for the services provided by the company.
- (vii) Statutory Dues:
- a) According to the information and explanation given to us the company has been regular in depositing its undisputed statutory dues. There are no undisputed dues payable, outstanding as on 31<sup>st</sup> March 2019 for a period of more than six months from the date they became payable except following:
- | <i>Particulars</i> | <i>Amount (Rs.)</i> |
|--------------------|---------------------|
| Interest on TDS    | 35,233              |
| Penalty on TDS     | 2,81,192            |
- b) According to the information and explanations given to us, there are no amounts in respect of income tax, service tax etc that have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The company has not taken any loans or borrowings from any financial institutions & banks.
- (ix) The company has not raised money by way of initial public offer or any term loans during the period under audit.
- (x) Based on audit procedures performed we report that no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to information & explanations given to us no managerial remuneration has been paid or provide during the period under audit.

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- (xii) The Company is not a Nidhi Company.
- (xiii) As per the information and explanations given by the management, all the transactions with related parties are in compliance with section 188 of the Companies Act, 2013 and details have been disclosed in the financial statements etc, as required by the applicable accounting standards.
- (xiv) As per the information and explanations given by the management, company has not made any preferential allotment or private placement of share or fully or partly convertible debentures during the year under review.
- (xv) As per the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) As per the information and explanations given by the management, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **TRIVEDI AM & CO.**  
Chartered Accountants  
Firm Registration No: 014838C

**Maulik Trivedi**  
Proprietor  
Membership No. 410555

Place: Vadodara  
Date: 12th April, 2019

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**“Annexure B”****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 United Cable Network (Digital) Private Limited (“the Company”) as of 31st March, 2019 in conjunction with our audit of the Standalone Ind AS 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 Act.

**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 Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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 judgement, including the assessment of the risks of material misstatement of the standalone Ind AS 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 authorisations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal

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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 31st 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 **TRIVEDIAM & CO.**  
Chartered Accountants  
Firm Registration No: 014838C

**Maulik Trivedi**  
Proprietor  
Membership No. 410555

Place: Vadodara  
Date: 12th April, 2019

## Balance Sheet as at 31 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	17	26
(b) Deferred tax assets	21	441	404
(c) Other non-current assets	5	492	580
		951	1,010
<b>2. Current assets</b>			
(a) Financial Assets			
i) Trade receivables	6	42	356
ii) Loan	4	-	-
iii) Cash and cash equivalents	7	147	69
iv) Other financial assets	8	165	-
(b) Other current assets	9	220	207
		575	632
<b>TOTAL Assets</b>		<b>1,525</b>	<b>1,642</b>
<b>B. EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	10	500	500
(b) Other Equity		(2,717)	(1,890)
		(2,217)	(1,390)
<b>Liabilities</b>			
<b>1. Non-current liabilities</b>			
(a) Provisions	11	-	-
(b) Other non-current liabilities	12	299	374
<b>Total non-current liabilities</b>		299	374
<b>2. Current liabilities</b>			
(a) Financial Liabilities			
i) Trade payables	13	2,310	2,004
ii) Other financial liabilities	14	57	55
(b) Other current liabilities	15	597	562
(c) Provision	11	387	38
<b>Total current liabilities</b>		3,443	2,658
<b>Total Liabilities</b>		<b>3,742</b>	<b>3,032</b>
<b>Total equity and liabilities</b>		<b>1,525</b>	<b>1,642</b>

See accompanying notes forming part of the financial statements

As per our report of even date attached

**For Trivedi A M & Co.**  
Chartered Accountants

**Maulik Trivedi**  
Membership No.: 410555

Place: Vadodara  
Dated: 12-04-2019

For and on behalf of the Board of Directors of  
**UNITED CABLE NETWORK (DIGITAL) PVT. LTD.**

**Anil Makwane**  
Director  
DIN No.: 07028455

**Rajan Karnik**  
Director  
DIN No.: 6425191

## Statement of Profit and Loss for the year ended 31 March, 2019

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	16	2,304	2,017
(b) Other income	17	39	137
<b>2. TOTAL INCOME</b>		<u>2,342</u>	<u>2,154</u>
<b>3. EXPENSES</b>			
(a) Employee benefit expense	18	-	-
(b) Finance costs	19	-	-
(c) Depreciation and amortisation expense	3	9	11
(d) Other expenses	20	3,268	2,807
<b>4. TOTAL EXPENSES</b>		<u>3,277</u>	<u>2,818</u>
<b>5. PROFIT/(LOSS) BEFORE TAX (5 – 6)</b>		(935)	(663)
<b>6. TAX EXPENSE</b>			
(a) Current tax expense		-	-
(b) Deferred tax	21	(16)	29
<b>NET TAX EXPENSE</b>		<u>(16)</u>	<u>29</u>
<b>7. PROFIT/(LOSS) AFTER TAX (7 – 8)</b>		(919)	(692)
<b>8. Other Comprehensive Income</b>			
i) Items that will not be reclassified to Profit/(Loss)			
– Remeasurements of the defined benefit obligation		-	-
<b>Total other comprehensive income</b>		<u>-</u>	<u>-</u>
<b>9. Total Comprehensive Income for the period (9 + 10)</b>		<u>(919)</u>	<u>(692)</u>
<b>10. Earnings per equity share</b>			
(Face value of Rs. 10 per share)			
Basic (Rs. per share)		(18)	(14)
Diluted (Rs. per share)		(18)	(14)

See accompanying notes forming part of the financial statements

As per our report of even date attached

**For Trivedi A M & Co.**  
Chartered Accountants

**Maulik Trivedi**  
Membership No.: 410555

For and on behalf of the Board of Directors of  
**UNITED CABLE NETWORK (DIGITAL) PVT. LTD.**

**Anil Makwane**  
Director  
DIN No.: 07028455

**Rajan Karnik**  
Director  
DIN No.: 6425191

Place: Vadodara  
Dated: 12-04-2019

## Statement of Changes in Equity for the year ended 31 March, 2019

### A. Equity Share Capital

For the Year Ended 31st March, 2019 (Rs. '000)

Balance as at 01st April, 2018	Changes in equity share capital during the year	Balance as at 31st March, 2019
500	-	500

For the Year Ended 31st March, 2018 (Rs. '000)

Balance as at 01st April, 2017	Changes in equity share capital during the year	Balance as at 31st March, 2018
500	-	500

### B. Other Equity

Statement of Change in Equity for the Year ended March 31, 2019 (Rs. '000)

Particulars	Reserves and Surplus					Other comprehensive income	Total
	Securities premium	General reserve	Equity-settled employee benefits reserve	Capital Redemption Reserve	Retained earnings	Actuarial Gain/(Loss)	
Balance at the beginning of April 1, 2018	-	-	-	-	(1,797.76)	-	(1,797.76)
Total comprehensive income for the year	-	-	-	-	(919.36)	-	(919.36)
<b>Balance at the end of March 31, 2019</b>	-	-	-	-	(2,717.11)	-	(2,717.11)

Statement of Change in Equity for the Year ended March 31, 2018 (Rs. '000)

Particulars	Reserves and Surplus					Other comprehensive income	Total
	Securities premium	General reserve	Equity-settled employee benefits reserve	Capital Redemption Reserve	Retained earnings	Actuarial Gain/(Loss)	
Balance at the beginning of April 1, 2017	-	-	-	-	(1,198.08)	-	(1,198.08)
Total comprehensive income for the year	-	-	-	-	(692.01)	-	(692.01)
<b>Balance at the end of March 31, 2018</b>	-	-	-	-	(1,890.09)	-	(1,890.09)

See accompanying notes forming part of the financial statements

As per our report of even date attached

**For Trivedi A M & Co.**  
Chartered Accountants

**Maulik Trivedi**  
Membership No.: 410555

For and on behalf of the Board of Directors of  
**UNITED CABLE NETWORK (DIGITAL) PVT. LTD.**

**Anil Makwane**  
Director  
DIN No.: 07028455

**Rajan Karnik**  
Director  
DIN No.: 6425191

Place: Vadodara  
Dated: 12-04-2019

## Statement of Cash Flow for the year ended 31 March, 2019

	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	(935)	(663)
<b>Adjustments for:</b>		
Depreciation and amortisation expense	9	11
Finance costs	-	-
Liabilities/excess provisions written back (net)	-	(137)
Provision for doubtful debts	259	26
<b>Operating profit before working capital changes</b>	<b>(668)</b>	<b>(765)</b>
<b>Changes in working capital:</b>		
<u>Adjustments for (increase)/decrease in operating assets:</u>		
Trade Receivables	56	196
Other current financial assets	(165)	-
Other current non- financial assets	(14)	190
Loan	-	-
Other non current non-financial assets	88	135
<u>Adjustments for increase/(decrease) in operating liabilities:</u>		
Current non-financial Liabilities	106	308
Trade Payable	306	52
Other non current non-financial Liabilities	(75)	(29)
Long Term Provisions	-	(137)
Short term provisions	349	7
<b>Cash generated from operations</b>	<b>(15)</b>	<b>(41)</b>
Taxes paid/(received)	-	-
<b>Net Cash from Operating Activities</b>	<b>(15)</b>	<b>(41)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on fixed assets,	0	-
Interest income on Fixed Deposit	-	-
<b>Net Cash used in Investing Activities</b>	<b>0</b>	<b>-</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds/(Repayment) of short term borrowings	93	-
<b>Net Cash from Financing Activities</b>	<b>93</b>	<b>-</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>78</b>	<b>(41)</b>
<b>Cash and Cash Equivalents at the beginning of the period</b>	<b>69</b>	<b>110</b>
<b>Cash and Cash Equivalents at the end of the period</b>	<b>147</b>	<b>69</b>
<b>Cash and Cash Equivalents at the end of the period comprise of:</b>		
Cash on Hand	2	0
Cheques on hand	-	-
Balances with Banks in Current Accounts	145	69
	<b>147</b>	<b>69</b>

**Note:** 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)

As per our report of even date attached

**For Trivedi A M & Co.**  
Chartered Accountants

**Maulik Trivedi**  
Membership No.: 410555

For and on behalf of the Board of Directors of  
**UNITED CABLE NETWORK (DIGITAL) PVT. LTD.**

**Anil Makwane**  
Director  
DIN No.: 07028455

**Rajan Karnik**  
Director  
DIN No.: 6425191

Place: Vadodara  
Dated: 12-04-2019

## Notes forming part of the Financial Statements

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### Background

United Cable Network (Digital) Pvt.Ltd. is a Company incorporated in India on August 04, 2008. The Company is primarily engaged in providing cable television distribution and other related services. It is a subsidiary of DEN Networks Limited which is listed on BSE & NSE.

### Significant accounting policies

#### 2.01 Basis of preparation

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

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

Upto the year ended 31 March, 2019, the Company prepared its financial statements in accordance with the requirements of Indian GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. This is the Company first Ind AS financial statements. The date of transition to Ind AS is 1 April, 2015. Refer Notes for the details of first-time adoption exemptions availed by the Company.

##### (ii) Basis of preparation and measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values 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.

#### 2.02 Investments in associates and joint ventures

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.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. 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.

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105. Under the equity method, an investment in an associate or a joint venture is initially recognised in the balance sheet at cost and adjusted thereafter to recognise the Company's share of the profit or loss and other comprehensive income of the associate or joint venture. Distributions received from an associate or a joint venture reduce the carrying amount of the investment. When the Company's share of losses of an associate or a joint venture exceeds the Company's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate or joint venture), the Company discontinues recognising its share of further

## Notes forming part of the Financial Statements

losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired.

After application of the equity method of accounting, the Company determines whether there any is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in an associate or a joint venture and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognise impairment loss with respect to the Company investment in an associate or a joint venture.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Company retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Company measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with Ind AS 109. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Company accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Company continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Company reduces its ownership interest in an associate or a joint venture but the Company continues to use the equity method, the Company reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Company entity transacts with an associate or a joint venture of the Company, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Company's financial statements only to the extent of interests in the associate or joint venture that are not related to the Company.

### 2.03 First-time adoption – mandatory exceptions, optional exemptions

#### Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

#### Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

## Notes forming part of the Financial Statements

### Classification of debt instruments

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

### Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

### Past business combinations

The Company has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date of 1 April, 2015. Consequently,

- The Company has kept the same classification for the past business combinations as in its previous GAAP financial statements;
- The Company has not recognised assets and liabilities that were not recognised in accordance with previous GAAP in the balance sheet of the acquirer and would also not qualify for recognition in accordance with Ind AS in the separate balance sheet of the acquiree;
- The Company has excluded from its opening balance sheet those items recognised in accordance with previous GAAP that do not qualify for recognition as an asset or liability under Ind AS;
- The Company has tested the goodwill for impairment at the transition date based on the conditions as of the transition date;
- The effects of the above adjustments have been given to the measurement of non-controlling interests and deferred tax.

The above exemption in respect of business combinations has also been applied to past acquisitions of investments in associates, interests in joint ventures and interests in joint operations in which the activity of the joint operation constitutes a business, as defined in Ind AS 103.

### Deemed cost for property, plant and equipment, investment property, and intangible assets

The Company has elected to continue with the carrying value of all of its plant and equipment, investment property, and intangible assets recognised as of 1 April, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

### Equity investments at FVTOCI

The Company has designated investment in equity shares as at FVTOCI on the basis of facts and circumstances that existed at the transition date.

### 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. The Company has availed the exemption and continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP, i.e 31.03.2016.

## **2.04 Use of estimates**

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

## Notes forming part of the Financial Statements

### 2.05 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.

### 2.06 Cash flow statement

Cash flows are reported using indirect method, whereby Profit before tax reported under statement of profit/ (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.

### 2.07 Property, plant and equipment

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of 1 April, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

All the items of property, plant and equipment are stated at historical cost net off cenvat credit less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, 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 derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period 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.

a.	Headend and distribution equipment	6 -15 years
b.	Set top boxes (STBs)	8 years
c.	Office and other equipment	3 years
d.	Furniture and fixtures	3 to 10 years
e.	Vehicles	6 years
f.	Leasehold improvements	Lower of the useful life and the period of the lease.
g.	Fixed assets acquired through business purchase	5 years as estimated by an approved valuer

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.

### 2.08 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.

## Notes forming part of the Financial Statements

### 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:

a.	Distribution network rights	5 years
b.	Software	5 years
c.	License fee for internet service	Over the period of license agreement
d.	Non compete fees	5 years

### Deemed cost on transition to Ind AS

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as of 1 April, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

## **2.09 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.

## **2.1 Revenue recognition**

Revenue is measured at the fair value of consideration received or receivable. Amount disclosed as revenue are net of return, trade allowances, rebates, service taxes and amount collected on behalf of third parties.

The company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been mapped for each of the company's activities as described below. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and specifics of each arrangements.

### **i. Rendering of services**

1. Service revenue comprises subscription income from digital and analog subscribers, placement of channels, advertisement revenue, fees for rendering management, technical and consultancy services and other related services. Income from services is recognised upon completion of services as per the terms of contracts with the customers. Period based services are accrued and recognised pro-rata over the contractual period.

## Notes forming part of the Financial Statements

2. Activation fees on Set top boxes (STBs) is recognised on activation of boxes over the life of the STBs. Activation fees received in advance is deferred over the period of life of the STB and has been considered as deferred revenue.
3. 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.
4. Revenue from prepaid internet service plans, which are active at the end of accounting period, is recognised on time proportion basis.

### 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.

### 2.11 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).

Interest income from a financial asset is recognised 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.

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

### 2.12 Share-based payment arrangements

#### Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 53.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

### 2.13 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.

## Notes forming part of the Financial Statements

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.

### **2.14 Financial instruments**

Financial assets and financial liabilities are recognised when a Company entity becomes a party to the contractual provisions of the instruments.

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 (refer Note no 4 of first time adoption tab).

### **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.

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 3.24.5

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):

## Notes forming part of the Financial Statements

- 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.

For the impairment policy on debt instruments at FVTOCI, refer Note 3.24.5

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.

The Company has equity investments in two entities which are not held for trading. The Company has elected the FVTOCI irrevocable option for both of these investments (see note 12.1). Fair value is determined in the manner described in note 52.

Dividends on these investments in equity instruments are recognised in profit or loss 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. Dividends recognised in profit or loss are included in the 'Other income' line item

### **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 (see note 3.24.3 above).

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

## Notes forming part of the Financial Statements

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. 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.

## Notes forming part of the Financial Statements

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.

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

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- 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.

## **2.15 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
- 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.

## Notes forming part of the Financial Statements

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 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'.

## Notes forming part of the Financial Statements

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.

### **2.16 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, annual leave and sick leave 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.

### 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 19.70 for the gross benefits. For the amount of contribution that is independent of the

## Notes forming part of the Financial Statements

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 19.70.

### 2.17 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 (see note \_\_\_\_ below). 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.

### 2.18 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.

### 2.19 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) 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 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 period, 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

## Notes forming part of the Financial Statements

shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

### 2.20 Taxation

Income tax expense represents the sum of the tax currently payable 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 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.

### 2.21 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.

## Notes forming part of the Financial Statements

### 2.22 Share issue expenses

Share issue expenses are adjusted against the Securities Premium Account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the Securities Premium Account. Share issue expenses in excess of the balance in the Securities Premium Account, if any is expensed in the Statement of Profit and Loss.

### 2.23 Fair value measurement

Fair value is the price that would be received to sell an asset or settle a liability in an ordinary transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumption that market participants would use when pricing an asset or a liability acting in their best economic interest. The Company used valuation techniques, which were appropriate in circumstances and for which sufficient data were available considering the expected loss/ profit in case of financial assets or liabilities.

### 2.24 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

### 2.25 Service tax input credit

Service tax 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.

### 2.26 Operating Cycle

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realisation 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.

### 2.27 Current and non Current classification :

i. The assets and liabilities in the Balance Sheet are based on current/ non - current classification. An asset as current when it is:

- 1 Expected to be realised or intended to be sold or consumed in normal operating cycle
- 2 Held primarily for the purpose of trading
- 3 Expected to be realised within twelve months after the reporting period, or
- 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
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.

### 2.28 Recent accounting pronouncements

#### Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 115, Revenue from Contracts with Customers. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows and IFRS 15 Revenue from contracts with customers respectively. The amendments are applicable to the Company from April 1, 2018 and April 1, 2019 respectively.

## Notes forming part of the Financial Statements

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### **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.

### **Ind As 115 - Revenue from contracts with customers**

**Ind As 115 was issued in February 2015 and establishes a five step model to account for revenue arising from the contract with customers. Under Ind AS 115 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in the exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under Ind As. This standard will come into force from accounting period commencing on or after 1st April, 2019. The company will adopt the new standard on the required effective date. During the current year, the Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated**

## Notes forming part of the Financial Statements

(Rs. '000)		
Particulars	As at 31 March, 2019	As at 31 March, 2018
<b>3. PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Carrying amounts of:</b>		
Plant and equipment	17.00	26.16
Headend and distribution equipment	17.00	26.16
Capital work in progress	-	-
	<b>17.00</b>	<b>26.16</b>
		(Rs. '000)
Particulars	Plant and equipment Headend and distribution equipment	Total
<b>Deemed cost</b>		
Balance at 1 April, 2018	575.30	575.30
Additions	-	-
Disposals	-	-
<b>Balance at 31 March, 2018</b>	<b>575.30</b>	<b>575.30</b>
Additions	-	-
Disposals	-	-
<b>Balance at 31 March, 2019</b>	<b>575.30</b>	<b>575.30</b>
<b>Accumulated depreciation</b>		
Balance at 1 April, 2018	(538.62)	NA
Depreciation expenses	(10.52)	(10.52)
Elimination on disposals of assets	-	-
<b>Balance at 31 March, 2018</b>	<b>(10.52)</b>	<b>(10.52)</b>
Depreciation expenses	(9.16)	(9.16)
Eliminated on disposals of assets	-	-
<b>Balance at 31 March, 2019</b>	<b>(19.68)</b>	<b>(19.68)</b>
<b>Carrying amount</b>		
Balance at 1 April, 2018	36.68	575.30
Additions	-	-
Disposals	-	-
Depreciation expenses	(10.52)	(10.52)
<b>Balance at 31 March, 2018</b>	<b>26.16</b>	<b>564.79</b>
Additions	-	-
Disposals	-	-
Depreciation expense	(9.16)	(9.16)
<b>Balance at 31 March, 2019</b>	<b>17.00</b>	<b>555.62</b>

## Notes forming part of the Financial Statements

Particulars	As at 31.03.2019 (Rs. '000)	As at 31.03.2018 (Rs. '000)
<b>4. LOANS</b>		
<b>Current</b>		
Other Loans and Advances considered Good	-	-
-	-	-
<b>5. OTHER NON-CURRENT ASSETS</b>		
<b>Other non-financial assets</b>		
(a) Capital advances	-	-
i) Considered doubtful	-	-
(b) Prepaid expenses	455.66	543.19
(c) Advance Tax	36.79	36.79
Advance Tax - Wealth Tax	-	-
	<u>492.45</u>	<u>579.98</u>
<b>6. TRADE RECEIVABLES (Unsecured)</b>		
<b>Current</b>		
Trade receivables		
(a) Secured, considered good		
(b) Unsecured, considered good	42.07	356.42
(c) Doubtful	284.29	25.75
Allowance for doubtful debts (Expected credit loss allowance)	(284.29)	(25.75)
	<u>42.07</u>	<u>356.42</u>
Opening balance of provision bad and doubtful debts	25.75	399.33
Add: Provision for bad and doubtful debts made during the year	258.54	(373.58)
Less: Excess provision written back during the year	-	-
Closing balance of provision for bad and doubtful debts	<u>284.29</u>	<u>25.75</u>
<b>7. CASH AND CASH EQUIVALENTS*</b>		
(a) Cash on hand	1.51	0.09
(b) Cheques on hand	-	-
(c) Balance with scheduled banks		
in current accounts	145.48	68.93
in deposit accounts	-	-
<b>Cash and cash equivalent as per balance sheet</b>	<u>146.99</u>	<u>69.01</u>
Less: Bank over draft	-	-
<b>Cash and cash equivalent as per cash flows</b>	<u>146.99</u>	<u>69.01</u>
<b>8. OTHER FINANCIAL ASSETS</b>		
<b>i) Considered good</b>		
(a) Unbilled Revenue	165.31	-
	<u>165.31</u>	-
<b>9. OTHER CURRENT ASSETS</b>		
<b>Other non-financial assets</b>		
(a) Prepaid expenses	218.31	204.54
(b) Balance with government authorities		
i) Service tax credit receivable	-	-
ii) MAT credit entitlement	2.10	2.10
iii) Others	-	-
	<u>220.41</u>	<u>206.64</u>

## Notes forming part of the Financial Statements

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

- (a) The reconciliation of the number of shares outstanding and the amount of share capital as at March 31, 2019 and March 31, 2018 is set out below:

(Rs. '000)

Particulars	March 31, 2019		March 31, 2018	
	No. of Shares	Amount Rs.	No. of Shares	Amount Rs.
Numbers of shares at the Beginning	50,000	500.00	50,000	500.00
Add: Shares issued during the year	-	-	-	
Numbers of shares at the End	50,000	500	50,000	500

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

Particulars	March 31, 2019		March 31, 2018	
	No. of Shares	Amount Rs.	No. of Shares	Amount Rs.
<b>Den Networks Limited (Holding Company)*</b>	25500	255.00	25500	255.00

- (c) Number of Shares held by each shareholder having more than 5% shares:

Particulars	March 31, 2019		March 31, 2018	
	No. of Shares	% Holding	No. of Shares	% Holding
Den Networks Limited (Holding Company)	25,500	51.00%	25,500	51.00%
Santosh More	12,250	24.50%	12,250	24.50%
Anil More	12,250	24.50%	12,250	24.50%

- (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 forming part of the Financial Statements

Particulars	As at 31.03.2019 (Rs. '000)	As at 31.03.2018 (Rs. '000)
<b>11. PROVISIONS</b>		
<u>Long-term provisions</u>		
<b>Provision for employee benefits</b>		
Provision for gratuity	-	-
Provision for Income Tax	-	-
	-	-
<b>Provision - others</b>		
i) Wealth tax	-	-
ii) Others provisions for creditors	386.98	37.72
	386.98	37.72
<b>12. OTHER NON-CURRENT LIABILITIES</b>		
<u>Other non-financial liabilities</u>		
<b>Others Liabilities:</b>		
(a) Deferred revenue	299.16	374.33
	299.16	374.33
<b>13. TRADE PAYABLES</b>		
(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	2,310.10	2,003.91
	2,310.10	2,003.91

\* The Company has not received intimation from suppliers regarding the status under Micro Small and Medium Enterprises Development Act, 2006 and based on the information available with the Company there are no dues to Micro, Small and Medium Enterprises Development Act, 2006.

Particulars	As at 31-03-2019	As at 31-03-2018
	(Rs. '000)	(Rs. '000)
<b><u>MSME Disclosure in notes to accounts</u></b>		
The following details relating to micro, small and medium enterprises shall be disclosed in the notes:-		
(a) the principal amount and the interest due thereon (to be shown separately)- remaining unpaid to any supplier at the end of each accounting year;	-	
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro,- Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	
(c) the amount of interest due and payable for the period of delay in making-payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	
(d) the amount of interest accrued and remaining unpaid at the end of each-accounting year; and 3	-	
(e) the amount of further interest remaining due and payable even in the-succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	
Explanation: The terms 'appointed day', 'buyer', 'enterprise', 'micro enterprise', 'small enterprise' and 'supplier', shall have the same meaning as assigned to them under clauses (b), (d), (e), (h), (m) and (n) respectively of section 2 of the Micro, Small and Medium Enterprises Development Act, 2006."		
<b>14. OTHER FINANCIAL LIABILITIES</b>		
(a) Salary Payable	56.50	54.50
	<u>56.50</u>	<u>54.50</u>
<b>15. OTHER CURRENT LIABILITIES</b>		
<u>Other non financial liabilities</u>		
(a) Deferred revenue	107.10	102.65
(b) Statutory Liabilities	61.77	62.54
(c) Other payables		
i) Advances from customers	319.61	307.18
ii) Others	108.53	89.45
	<u>597.02</u>	<u>561.82</u>

## Notes forming part of the Financial Statements

Particulars	For the year ended 31.03.2019 (Rs. '000)	For the year ended 31.03.2018 (Rs. '000)
<b>16. REVENUE FROM OPERATIONS</b>		
(a) Operating revenue	2,303.56	2,016.88
	<b>2,303.56</b>	<b>2,016.88</b>
<b>17. OTHER INCOME</b>		
(a) Liabilities/excess provisions written back	-	137.49
(b) Miscellaneous income	38.56	-
	<b>38.56</b>	<b>137.49</b>
<b>18. EMPLOYEE BENEFIT EXPENSE</b>		
(a) Salaries and allowances*	-	-
(b) Gratuity expense	-	-
(c) Staff welfare expenses	-	-
	<b>-</b>	<b>-</b>
<b>19. FINANCE COSTS</b>		
(a) Other borrowing costs	-	-
	<b>-</b>	<b>-</b>
<b>20. OTHER EXPENSES</b>		
(a) Rent and hire charges	26.40	26.40
(b) Repairs and maintenance		
i) Plant and machinery	119.65	130.48
ii) Others	528.83	535.42
(c) Power and fuel	20.01	20.44
(d) Director's sitting fees	-	-
(e) Consultancy, professional and legal charges*	60.00	38.00
(f) Expenditure on corporate social responsibility	-	-
(g) Subscription share/charges	1,192.41	1,299.42
(h) Contract service charges	-	-
(i) Printing and stationery	6.12	-
(j) Travelling and conveyance	118.95	116.05
(k) Communication expenses	6.74	12.57
(l) Insurance	-	-
(m) Rates and taxes	-	1.80
(n) STB Activation charges	226.68	204.62
(o) Provision for doubtful trade receivables and advances	258.54	25.75
Bad trade receivables and advances written off		
Bad debts written off	112.83	146.82
Less: Provision for ECL W/Back	-	(146.82)
(p) Miscellaneous expenses	591.12	396.28
	<b>3,268.28</b>	<b>2,807.23</b>
* Consultancy, professional and legal charges includes Auditor's remuneration as under:		
(a) To statutory auditors		
For audit	30.00	25.00
	<b>30.00</b>	<b>25.00</b>

## Notes forming part of the Financial Statements

### 21. Current Tax and Deferred Tax

#### (a) Income Tax Expense

Particulars	Year ended 31.03.2019 (Rs. '000)	Year ended 31.03.2018 (Rs. '000)
<b>Current Tax:</b>		
Current Income Tax Charge	-	-
<b>Deferred Tax</b>		
In respect of current year origination and reversal of temporary differences	(37.13)	(0.85)
	<b>(37.13)</b>	<b>(0.85)</b>
<b>Total Tax Expense recognised in profit and loss account</b>	<b>(37.13)</b>	<b>(0.85)</b>

#### (b) Movement of Deferred Tax

##### i) Movement of Deferred Tax for 31.03.2019 (Rs. '000)

Particulars	Year ended 31.03.2019			
	Opening Balance	Recognised in Profit and Loss	Recognised in OCI	Closing Balance
<u>Tax effect of items constituting deferred tax liabilities</u>				
Property, Plant and Equipment	50.17	-		50.17
Other Intangible Assets	-			-
Other financial asset	-		-	
	<b>50.17</b>	-	-	<b>50.17</b>
<u>Tax effect of items constituting deferred tax assets</u>				
Employee Benefits	42.49	-	-	42.49
Share issue expenses	-		-	
Doubtful debts/advances/impairment	45.37			45.37
Deferred Revenue	-			-
Other financial asset	(162.88)	37.13		(125.75)
Other Items	428.83			428.83
	<b>353.81</b>	<b>37.13</b>	-	<b>390.93</b>
<b>Net Tax Asset (Liabilities)</b>	<b>403.98</b>	<b>37.13</b>	-	<b>441.10</b>

##### ii) Movement of Deferred Tax for 31.03.2018 (Rs. '000)

Particulars	Year ended 31.03.2018			
	Opening Balance	Recognised in Profit and Loss	Recognised in OCI	Closing Balance
<u>Tax effect of items constituting deferred tax liabilities</u>				
Property, Plant and Equipment	41.62	8.56		50.17
Other financial asset	-		-	
	<b>41.62</b>	<b>8.56</b>	-	<b>50.17</b>
<u>Tax effect of items constituting deferred tax assets</u>				
Employee Benefits	24.34	18.15	-	42.49
Share issue expenses	-			
Doubtful debts/advances/impairment	-	45.37		45.37
Deferred Revenue	-			-
Financial Assets	(172.73)	9.85		(162.88)
Other Items	509.90	(81.07)		428.83
	<b>361.51</b>	<b>(7.71)</b>	-	<b>353.81</b>
<b>Net Tax Asset (Liabilities)</b>	<b>403.13</b>	<b>0.85</b>	-	<b>403.98</b>

## Notes forming part of the Financial Statements

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

Particulars	As at March 31, 2019		As at March 31, 2018	
	Amount	Tax Rate	Amount	Tax Rate
<b>Profit Before tax from Continuing Operations</b>	<b>(935.32)</b>	<b>30.09%</b>	<b>(663.37)</b>	<b>30.09%</b>
Income Tax using the Company's domestic Tax rate #	(281.44)		(199.61)	
<b>Tax Effect of:</b>				
– Share of profit of equity-accounted investees reported net of tax				
– Non deductible Expenses	281.44		199.61	
– Tax - Exempt income				
– Tax Incentives and concessions				
– Current Year Losses for which no deferred Tax Asset is recognised				
Recognition of Tax Effect of Previously unrecognised tax losses				
Changes in recognised deductible temporary differences	-		-	
Changes in estimates related to prior years				
Unrecognised MAT Credit				
<b>Income Tax recognised In P&amp;L from Continuing Operations (Effective Tax Rate)</b>	<b>-</b>		<b>-</b>	

### 22. EARNINGS PER EQUITY SHARE (EPS)\*

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
(a) Profit/(Loss) for the year attributable to Owners of the Company	(919.36)	(692.01)
(b) Weighted average number of equity shares outstanding used in computation of basic EPS	50,000	50,000
(c) Basic earning per share from continuing operations	(18.39)	(0.00)
(d) Dilutive effect of preference shares outstanding		
(e) Weighted average number of equity shares and equity equivalent shares outstanding used in computing diluted EPS	50,000	50,000
(f) Diluted earning per share from continuing operations	(18.39)	(13.84)

\* There are no potential equity shares as at 31 March, 2018

\*\* There is no discontinued operation of the company

## Notes forming part of the Financial Statements

### 23. RELATED PARTY DISCLOSURES

#### I. List of related parties

##### a Holding Company

- 1 DEN Networks Limited

##### b Associate entities

- 1 United Cable Network

##### c Persons having substantial interest in the company

- 1 Santosh More

##### d Key managerial personnel

- |   |                 |          |
|---|-----------------|----------|
| 1 | Santosh More    | Director |
| 2 | Anil More       | Director |
| 3 | Rajan Karnik    | Director |
| 4 | Mukesh Aggarwal | Director |
| 5 | Anil Makwane    | Director |
| 6 | Rajendra Kale   | Director |

##### e. Companies under the common control of the holding company

- 1 Media Pro Enterprise Private Limited
- 2 Star Den Media Services Private Limited
- 3 Den Futuristic Cable Network Pvt. Ltd. (formerly known as Den Digital Entertainment Gujarat Pvt. Ltd.)

#### II. Transactions/outstanding balances with related parties during the year

(Figures in bracket relates to previous year)  
(Rs. '000)

Particulars	Holding Company	Associates entities	Persons having substantial interest in the company	Companies Under Common Control	Grand total
			Santosh More	Den Futuristic Cable Network Pvt. Ltd.	
<b>i. Content Cost / feeder</b>	-				
For the Year ended 31 March 2019	1,192				1,192
For the Year ended 31 March 2018	1,299				1,299
<b>ii. Other expenses</b>					-
For the Year ended 31 March 2019	149				149
For the Year ended 31 March 2018	95				95
<b>Total</b>	<b>1,341</b>				<b>1,341</b>
<b>B. Outstanding balances at year end</b>					
<b>i. Trade payables</b>					
As on 31 March 2019	1,195	-		190	1,385
As on 31 March 2018	1,726	220		190	2,136
<b>Total</b>	<b>1,195</b>	<b>-</b>		<b>190</b>	<b>1,385</b>
<b>i. Prepaid expenses</b>					
As on 31 March 2019	-				-
As on 31 March 2018	(6)				(6)
<b>ii. Trade receivables</b>					
As on 31 March 2019	-				-
As on 31 March 2018	108				108
<b>Total</b>	<b>-</b>				<b>-</b>

## Notes forming part of the Financial Statements

### 24. 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. Details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument.

#### Financial assets and liabilities:

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

**As at 31 March, 2019** (Rs. '000)

Financial assets*	FVTPL	FVTOCI	Amortised Cost	Total carrying value
Cash and cash equivalents			147	147
Trade receivables			42	42
Security deposits	-			-
Other current financial asset	165			165
	165	-	189	354

Financial liabilities*	FVTPL	FVTOCI	Amortised Cost	Total carrying value
Non current borrowings			-	-
Current borrowings			93	93
Trade payables			2,310	2,310
Other current financial liabilities	-		-	-
	-	-	2,403	2,403

**As at 31 March, 2018** (Rs. '000)

Financial assets*	FVTPL	FVTOCI	Amortised Cost	Total carrying value
Cash and cash equivalents			69	69
Current investments				-
Trade and other receivables			356	356
Loans				-
Security deposits	-			-
Other current financial asset			-	-
	-	-	425	425

Financial liabilities*	FVTPL	FVTOCI	Amortised Cost	Total carrying value
Long term borrowings			-	-
Short term borrowings			-	-
Trade payables			2,004	2,004
Other current financial liabilities	-		-	-
	-	-	2,004	2,004

## Notes forming part of the Financial Statements

### Fair Value hierarchy

The fair values of the financial assets and liabilities are include at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and cash equivalent, trade receivables, trade payables, other payables, other current liabilities, approximate their carrying amounts largely due to the short-term maturities of these instruments.
2. Financial instruments with fixed and variable interest rates are evaluated by the company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.
3. All Financial Instruments with related parties are considered to be arisen from transaction which are at Arm's Length. Therefore, the same has been considered at fair value.

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within level 1 that are observable for the assets or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 Inputs for the assets or liabilities that are not based on observable market data(unobservable inputs)

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March, 2018

Particulars	As at March 31,2019	Fair value measurement at end of the reporting period using		
		3-5 Years	1-3 Years	<1 Year
<b>Financial assets*</b>				
Cash and cash equivalents	147	-	-	147
Trade and other receivables	356	347	-	10
Loans	-	-	-	-
Security deposits	165	-	-	165
Other current financial asset	165	-	-	165
<b>Total</b>	<b>834</b>	<b>347</b>	<b>-</b>	<b>487</b>
<b>Financial liabilities*</b>				
Trade payables	2,004	534	1	1,468
Other current financial liabilities	-	-	-	-
<b>Total</b>	<b>2,004</b>	<b>534</b>	<b>1</b>	<b>1,468</b>

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March, 2017

Particulars	As at March 31,2018	Fair value measurement at end of the reporting period using		
		3-5 Years	1-3 Years	<1 Year
<b>Financial assets*</b>				
Cash and cash equivalents	69	-	-	69
Trade and other receivables	576	341	-	236
Loans	-	-	-	-
Security deposits	-	-	-	-
Other current financial asset	-	-	-	-
<b>Total</b>	<b>645</b>	<b>341</b>	<b>-</b>	<b>305</b>
<b>Financial liabilities*</b>				
Trade payables	2,090	530	1	1,558
Other current financial liabilities	-	-	-	-
<b>Total</b>	<b>2,090</b>	<b>530</b>	<b>1</b>	<b>1,558</b>

## Notes forming part of the Financial Statements

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### (b) FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES:

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables and advances from Customers. The Company's principal financial assets include Investment, loans and advances, 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.

#### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

#### Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

#### Credit Risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables).

#### Trade Receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major clients.

#### Financial Instruments and Cash Deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved authorities. Credit limits of all authorities are reviewed by the Management on regular basis.

#### Liquidity Risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, Letter of Credit and working capital limits.

## Notes forming part of the Financial Statements

<b>As at March 31, 2019</b>					
	<b>&lt;1 year</b>	<b>1-3 Years</b>	<b>3-5 Years</b>	<b>&gt; 5 Years</b>	<b>Total</b>
<b><u>Non-Current</u></b>					
Borrowings		-			-
<b><u>Current</u></b>					
– Borrowings	93	-	-		93
– Trade Payable	1,468	1	534		2,004
– Other Financial Liability	-				-
<b>Total</b>	<b>1,561</b>	<b>1</b>	<b>534</b>	<b>-</b>	<b>2,097</b>
<b>As at March 31, 2018</b>					
	<b>&lt;1 year</b>	<b>1-3 Years</b>	<b>3-5 Years</b>	<b>&gt; 5 Years</b>	<b>Total</b>
<b><u>Non-Current</u></b>					
– Borrowings					-
<b><u>Current</u></b>					
Borrowings	-				-
Trade Payable	1,558	1	530		2,090
Other Financial Liability	-				-
<b>Total</b>	<b>1,558</b>	<b>1</b>	<b>530</b>	<b>-</b>	<b>2,090</b>

### 25 Capital Management

The Company sets the amount of capital required on the basis of annual business and long-term operating plans.

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through a mixture of equity and internal accruals.

### 26 POST REPORTING EVENTS

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation

### 27 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended March 31, 2019 were approved by the Board of Directors on 08/04/2019. The management and authorities have the power to amend the Financial Statements in accordance with Section 130 and 131 of The Companies Act, 2013.

28 In the opinion of the Management, Current Assets, Loans and Advances are of the value stated, if realized in the ordinary course of business.

29 Pursuant to TRAI notification, Digital Addressable System (DAS) has been implemented in the territory of the company under Phase II. The company has opted not to invest in digitizing its subscribers and will continue the business for primary point network in capacity of LCO. Hence post analog sunset date; the subscription revenue will have revenue only from primary point network in capacity of LCO. Pursuant to TRAI notification, Digital Addressable System (DAS) has been implemented in the territory of the company under Phase II. The company is billing to its direct subscribers which should be done by the MSO as per the TRAI notification. MSO is in the process of implementing billing directly to the subscribers in the territory. Pursuant

## Notes forming part of the Financial Statements

to TRAI notification, Digital addressable system (DAS) has been implemented in the territory of the Company in which Company operates in the Phase - 2 w.e.f 1st July, 2013. The company has opted not to invest in digitizing its subscribers. Hence, the company could not provide services to its subscribers since 1st July 2013. Due to material uncertainties related to events or conditions as mentioned, that may cast significant doubt upon the company's ability to continue as a going concern. The company is reviewing the situation and expect to resume its operations soon, therefore, management is of the opinion that financial statement should be prepared on going concern assumption.

### 30 REVENUE FROM OPERATIONS

#### Accounting Policy

The Company derives revenues primarily from sale of services. Effective April 1, 2018, the Company adopted IndAS 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 IndAS 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 recognised 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.

#### 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 judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement 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 recognised 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 judgement 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 judgement 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.