

**DEN BROADBAND PRIVATE LIMITED**  
**FINANCIAL STATEMENTS**  
**2019-20**

## INDEPENDENT AUDITOR'S REPORT

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### TO THE MEMBERS OF DEN BROADBAND PRIVATE LIMITED

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

##### Opinion

We have audited the accompanying financial statements of **DEN BROADBAND PRIVATE LIMITED** ("the Company"), which comprise the balance sheet as at 31<sup>st</sup> March 2020, and the statement of Profit and Loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements 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 2020, and its loss (including other Comprehensive Income), changes in equity and its cash flows for the year ended on that date.

##### Basis for Opinion

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

##### Other Information

The Company's Board of Directors is responsible for the other information. The other information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

## INDEPENDENT AUDITOR'S REPORT

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

- 1 As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

## INDEPENDENT AUDITOR'S REPORT

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Indian 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2020 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 A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the no remuneration paid by the Company to its directors during the year and hence applicability of section 197 does not arise.

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has disclosed pending litigations in note no. 24 of the financial statement as at 31<sup>st</sup> March, 2020, 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 **Chaturvedi & Shah LLP**  
Chartered Accountants  
(Firm's Registration No. 101720W/W100355)

**Vijay Napawaliya**  
Partner  
(Membership No. 109859)  
UDIN: 20109859AAAABL9991

Place: Mumbai  
Date : 20 April, 2020

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## **“ANNEXURE A” TO THE INDEPENDENT AUDITOR’S REPORT**

**(Referred to in paragraph 2(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)**

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

We have audited the internal financial controls over financial reporting of **DEN BROADBAND PRIVATE LIMITED** (“the Company”) as of 31<sup>st</sup> March, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (“ICAI”) and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 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

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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 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For Chaturvedi & Shah LLP**  
Chartered Accountants  
(Firm's Registration No. 101720W/W100355)

**Vijay Napawaliya**  
Partner  
(Membership No. 109859)  
UDIN: 20109859AAAABL9991

Place: Mumbai  
Date : 20 April , 2020

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**“ANNEXURE B” TO THE INDEPENDENT AUDITOR’S REPORT**

**(Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)**

- (i) In respect of its property, plant and equipment:
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
  - b. The Company has a program of verification of property, plant and equipment to cover all items in a phased manner over a period of three years other than broadband customer premises equipment (CPE) which are in possession of customers/ third parties and distribution equipment comprising overhead and underground cables. Management is of the view that it is not possible to physically verify these assets due to their nature and location. Pursuant to the program, certain property, plant and equipment were physically verified by the management during the year. According to the information and explanations given to us, the existence of CPE installed at customer premises is verified on the basis of the ‘active user’ status in the system. No material discrepancies were noticed on such verification.

In our opinion, other than for physical verification of broadband customer premises equipment (CPE) and distribution equipment referred to above, the frequency of verification of property, plant and equipment is reasonable having regard to the size of the Company and the nature of its assets.
  - c. The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the Order is not applicable to the Company.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable to the Company.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. The Company does not have any unclaimed deposits and accordingly the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 are not applicable to the Company.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and the Cost Records and Audit (Telecommunication Industry) Rules prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Goods and Services Tax, Customs Duty, Cess and other material statutory dues applicable to it to the appropriate authorities.
  - b. There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Goods and Services Tax, Customs Duty, Cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2020 for a period of more than six months from the date they became payable.

- c. Details of the Valued Added Tax Which have not been deposited as on 31<sup>st</sup> March 2020 on account of dispute is given below:

Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which amount relates	Amount unpaid (₹in million)
Karnataka Value Added Tax Act, 2003	Value Added Tax and Central Sales Tax	Joint Commissioner of Commercial Taxes (Appeals)	June 2013 to March 2014	3.71*

\* Net of Rs. 3.26 million under protest

- (viii) In our opinion and according to the information and explanations given to us, the Company has not taken loans or borrowing from financial institutions, banks, Government and has not issued any debentures during the year.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable to the Company.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us, during the year no managerial remuneration paid or provided by the Company. Therefore the provisions of clause (xi) of the Order are not applicable to the Company.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary companies or associate, as applicable, or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Chaturvedi & Shah LLP**  
Chartered Accountants  
(Firm's Registration No. 101720W/W100355)

**Vijay Napawaliya**  
Partner  
(Membership No. 109859)  
UDIN: 20109859AAAABL9991

Place : Mumbai  
Date : 20 April, 2020

## Balance Sheet as at 31st March 2020

Particulars	Note No.	As at 31.03.2020 (₹ in million)	As at 31.03.2019 (₹ in million)
<b>A. ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Property, plant and equipment	3A	649.59	740.64
(b) Capital work-in-progress		6.23	45.73
(c) Other intangible assets	3B	3.94	6.88
(d) Financial assets			
(i) Other financial assets	4	2.80	2.57
(e) Non-current tax assets (net)	5	2.11	0.79
(f) Other non-current assets	6	33.26	6.68
<b>Total non-current assets</b>		<u>697.93</u>	<u>803.29</u>
<b>2. Current assets</b>			
(a) Financial assets			
(i) Trade receivables	7	4.82	8.36
(ii) Cash and cash equivalents	8	20.90	22.90
(iii) Bank balances other than cash and cash equivalents	9	37.11	22.03
(iv) Other financial assets	4	6.75	1.93
(b) Other current assets	6	39.83	22.39
<b>Total current assets</b>		<u>109.41</u>	<u>77.61</u>
<b>Total assets</b>		<u>807.34</u>	<u>880.90</u>
<b>B. EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	10	53.71	53.71
(b) Other Equity	11	303.90	507.02
<b>Total equity</b>		<u>357.61</u>	<u>560.73</u>
<b>Liabilities</b>			
<b>1. Non-current liabilities</b>			
(a) Financial liabilities			
(i) Other financial liabilities	12	0.69	0.89
(b) Provisions	13	6.14	4.61
(c) Other non-current liabilities	14	1.63	1.33
<b>Total non-current liabilities</b>		<u>8.46</u>	<u>6.83</u>

## Balance Sheet as at 31st March 2020 (Contd.)

<b>2. Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	15	<b>21.15</b>	-
(ii) Trade payables	16		
i. total outstanding dues to micro enterprises and small enterprises		-	1.24
ii. total outstanding dues to creditors other than micro enterprises and small enterprises		<b>117.77</b>	58.48
(iii) Other financial liabilities	12	<b>207.19</b>	179.72
(b) Provisions	13	<b>4.25</b>	3.80
(c) Other current liabilities	14	<b>90.91</b>	70.10
<b>Total current liabilities</b>		<b>441.27</b>	313.34
<b>Total liabilities</b>		<b>449.73</b>	320.17
<b>Total equity and liabilities</b>		<b>807.34</b>	880.90
See accompanying notes to the financial statements	1 to 39		

**In term of our report of even date attached**  
For **Chaturvedi & Shah LLP**  
Chartered Accountants  
Firm Registration Number: 101720W/W100355

**Vijay Napawaliya**  
Partner  
Membership No. : 109859

Place: Mumbai  
Date : 20 April 2020

**Munish Singla**  
Director  
DIN: 02703417

Place: Gurugram  
Date : 20 April 2020

**For and on behalf of the Board of Directors of**  
**DEN BROADBAND PRIVATE LIMITED**

**Kunal Verma**  
Director  
DIN: 06366347

**Gunjan Shukla**  
Company Secretary  
M.No. 43073

## Statement of Profit and Loss for the year ended 31 March 2020

Particulars	Note No.	For the year ended 31.03.2020 (₹ in million)	For the year ended 31.03.2019 (₹ in million)
<b>1. Income</b>			
(a) Revenue from operations	17	707.12	668.26
(b) Other income	18	2.00	2.16
<b>2. Total income</b>		<u>709.12</u>	<u>670.42</u>
<b>3. Expenses</b>			
(a) Cost of traded equipments		0.55	-
(b) Leaseline expenses		130.32	137.11
(c) Distributor incentive expenses		138.65	138.83
(d) Employee benefit expense	19	90.97	92.28
(e) Finance costs	20	1.83	6.24
(f) Depreciation and amortisation expense	3C	236.47	237.20
(g) Other expenses	21	313.46	306.43
<b>4. Total Expenses</b>		<u>912.25</u>	<u>918.09</u>
<b>5. Profit/(loss) before exceptional item and tax expenses (2-4)</b>		<u>(203.13)</u>	<u>(247.67)</u>
6. Exceptional items	22	-	165.16
<b>7. Profit/(loss) before tax (5-6)</b>		<u>(203.13)</u>	<u>(412.83)</u>
<b>8. Tax expenses</b>			
(a) Current tax		-	-
(b) Deferred tax		-	-
<b>9. Total tax expenses</b>		<u>-</u>	<u>-</u>
<b>10. Profit/(loss) after tax (7-9)</b>		<u>(203.13)</u>	<u>(412.83)</u>
<b>11. Other comprehensive income</b>			
(i) Items that will not be reclassified to profit or loss:			
(a) Remeasurements of the defined benefit obligations	27	0.01	0.86
<b>12. Total other comprehensive income</b>		<u>0.01</u>	<u>0.86</u>
<b>13. Total comprehensive Income for the year (10+12)</b>		<u>(203.12)</u>	<u>(411.97)</u>
<b>14. Earnings per equity share</b>	26		
(Face value of Rs. 10 per share)			
Basic (in Rs.)		(37.82)	(81.40)
Diluted (in Rs.)		(37.82)	(81.40)
See accompanying notes to the financial statements	1 to 39		

**In term of our report of even date attached**  
For **Chaturvedi & Shah LLP**  
Chartered Accountants  
Firm Registration Number:101720W/W100355

**For and on behalf of the Board of Directors of**  
**DEN BROADBAND PRIVATE LIMITED**

**Vijay Napawaliya**  
Partner  
Membership No. : 109859

**Munish Singla**  
Director  
DIN: 02703417

**Kunal Verma**  
Director  
DIN: 06366347

**Gunjan Shukla**  
Company Secretary  
M.No. 43073

Place: Mumbai  
Date : 20 April 2020

Place: Gurugram  
Date : 20 April 2020

## Cash Flow Statement for the year ended 31 March 2020

Particulars	Year ended 31.03.2020 (₹ in million)	Year ended 31.03.2019 (₹ in million)
<b>A. Cash flow from operating activities</b>		
Profit / (Loss) after tax	(203.13)	(412.83)
Adjustments for :		
Liabilities/ excess provisions written back (net)	(8.66)	(1.59)
Interest income earned on financial assets that are not designated as at fair value through profit or loss	(1.77)	(1.29)
Depreciation and amortisation expense	236.47	237.20
Finance costs	1.83	6.24
Net (gain)/loss on foreign currency transactions and translation	(0.23)	0.14
Allowance on advances	0.48	-
Advances written off	-	1.73
Exceptional items	-	165.16
Loss/(profit) on sale of property, plant and equipment	3.29	(0.87)
<b>Operating profit/ (Loss) before working capital changes</b>	<b>28.28</b>	<b>(6.11)</b>
Changes in working capital:		
<u>Adjustments for (increase)/ decrease in operating assets:</u>		
Trade receivables	3.06	8.12
Other trade receivable	(49.11)	(35.33)
<u>Adjustments for increase / (decrease) in operating liabilities:</u>		
Trade payables	66.95	7.30
Other payable	49.79	171.75
Provisions	1.98	(0.56)
<b>Cash from operation</b>	<b>100.95</b>	<b>145.17</b>
Net income tax refunds	(1.32)	(0.71)
<b>Net cash from operating activities (A)</b>	<b>99.63</b>	<b>144.46</b>
<b>B. Cash flow from investing activities</b>		
Capital expenditure on property, plant and equipment including capital advances	(110.30)	(173.35)
Proceeds from sale of property, plant and equipment	1.29	1.76
Interest received	1.51	1.16
<b>Net cash used in investing activities (B)</b>	<b>(107.50)</b>	<b>(170.43)</b>
<b>C. Cash flow from financing activities</b>		
Share issue expenses	-	(0.24)
Fixed deposited earmarked (Net)	(15.08)	(1.03)
Borrowings - current		
- Proceeds	21.15	27.50
Finance costs	(0.20)	(8.92)
<b>Net cash from financing activities (C)</b>	<b>5.87</b>	<b>17.31</b>
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(2.00)	(8.66)
Cash and cash equivalents as at the beginning of the year	22.90	31.56
<b>Cash and cash equivalents as at the end of the year (See note 8)*</b>	<b>20.90</b>	<b>22.90</b>
* Comprises:		
a. Cash on hand	0.01	0.03
b. Balance with scheduled banks		
- in current accounts	20.89	22.87
	<b>20.90</b>	<b>22.90</b>

See accompanying notes to the financial statements

In term of our report of even date attached

For Chaturvedi & Shah LLP

Chartered Accountants

Firm Registration Number:101720W/W100355

**Vijay Napawaliya**  
Partner  
Membership No. : 109859

**Munish Singla**  
Director  
DIN: 02703417

**Kunal Verma**  
Director  
DIN: 06366347

**Gunjan Shukla**  
Company Secretary  
M.No. 43073

Place: Mumbai  
Date : 20 April 2020

Place: Gurugram  
Date : 20 April 2020

1 to 39

For and on behalf of the Board of Directors of  
DEN BROADBAND PRIVATE LIMITED

## Statement of changes in equity for the year ended 31st March 2020

### a. Equity share capital

Particulars	(₹ in million)
<b>Balance at 31 March, 2018</b>	<b>47.34</b>
Changes in equity share capital during the year	
Issue of equity shares	6.37
<b>Balance at 31 March, 2019</b>	<b>53.71</b>
Changes in equity share capital during the year	
Issue of equity shares	-
<b>Balance at 31 March 2020</b>	<b>53.71</b>

### b. Other equity

Particulars	Reserves and Surplus		(₹ in million)
	Securities premium	Retained earnings	
<b>Balance at 31 March, 2018</b>	<b>1,429.15</b>	<b>(742.44)</b>	<b>686.71</b>
Profit/(Loss) for the year	-	(412.83)	(412.83)
Other comprehensive income for the year	-	0.86	0.86
<b>Total comprehensive income</b>	-	<b>(411.97)</b>	<b>(411.97)</b>
Premium on shares issued during the year	232.52	-	232.52
Share issue expenses	(0.24)	-	(0.24)
<b>Balance at 31 March, 2019</b>	<b>1,661.43</b>	<b>(1,154.41)</b>	<b>507.02</b>
Profit/(Loss) for the year	-	(203.13)	(203.13)
Other comprehensive income for the year	-	0.01	0.01
<b>Total comprehensive income for the year</b>	-	<b>(203.12)</b>	<b>(203.12)</b>
<b>Balance at 31 March 2020</b>	<b>1,661.43</b>	<b>(1,357.53)</b>	<b>303.90</b>

See accompanying notes to the financial statements 1 to 39

**In term of our report of even date attached**  
**For Chaturvedi & Shah LLP**  
Chartered Accountants  
Firm Registration Number: 101720W/W100355

**For and on behalf of the Board of Directors of**  
**DEN BROADBAND PRIVATE LIMITED**

**Vijay Napawaliya**  
Partner  
Membership No. : 109859

**Munish Singla**  
Director  
DIN: 02703417

**Kunal Verma**  
Director  
DIN: 06366347

**Gunjan Shukla**  
Company Secretary  
M.No. 43073

Place: Mumbai  
Date : 20 April 2020

Place: Gurugram  
Date : 20 April 2020

## Notes to the Financial Statements

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### 1. Corporate information

DEN BROADBAND PRIVATE LIMITED (hereinafter referred to as 'the Company') was incorporated on 5 December 2011 under the Companies Act 1956, with the registrar of company, NCT of Delhi & Harayana. The Company is having its registered office at 236, Okhla Industrial Area, Phase III, New Delhi - 110020. The Company is a wholly owned subsidiary of DEN NETWORKS LIMITED and was set up to primarily engage in provision of broadband services.

### 2. Significant accounting policies

#### 2.01 Basis of preparation

##### (i) Statement of Compliance

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 (the Act) read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

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

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 Share based payments, leasing transactions that are within the scope of Ind AS 116 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 Inventories or value in use in Ind AS 36 Impairment of Assets.

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 Cash and cash equivalents

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.

## Notes to the Financial Statements

### 2.03 Cash flow statement

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

### 2.04 Property, plant and equipment

All the items of property, plant and equipment are stated at historical cost net of input tax credit less depreciation and impairment losses. 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.

Depreciation is recognised so as to write off the cost of assets 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 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. Modems and routers [broadband customer premises equipment (CPE)] | 5 years   |
| c. Computers  | 6 years   |
| d. Office and other equipment                                       | 3 years   |
| e. Furniture and fixtures   | 3 to 10 years   |
| f. Vehicles   | 6 years   |
| g. Leasehold improvements   | Lower of the useful life and the remaining period of the lease. |

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.

#### Transition to Ind AS

The Company had 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.

### 2.05 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

## Notes to the Financial Statements

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.

Distribution network rights represents amounts paid to distributors to acquire rights over a particular area for a specified period of time. Other intangible assets includes software and licence fee.

### 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

Estimated useful life of the intangible assets are:

- |                                     |                                      |
|-------------------------------------|--------------------------------------|
| a. Distribution network rights      | 5 years                              |
| b. Software                         | 5 years                              |
| c. Licence fee for internet service | Over the period of licence agreement |

### Transition to Ind AS

The Company had 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.

## **2.06 Impairment of tangible and intangible assets**

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 group 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.

## Notes to the Financial Statements

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### 2.07 Revenue recognition

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

Generally, control is transfer upon shipment of goods to the customer or when the goods is made available to the customer, provided transfer of title to the customer occurs and the Company has not retained any significant risks of ownership or future obligations with respect to the goods shipped.

Service revenue comprises subscription income from internet subscribers and other related services. Income from services is recognized upon completion of services as per the terms of contracts with the customers. Period based services are accrued and recognized pro-rata over the contractual period. Activation fees on modem and routers is deferred and recognized over the period of customer relationship on activation of modems. Amounts billed for services in accordance with contractual terms but where revenue is not recognized, have been classified as deferred revenue and disclosed under current liabilities. Revenue from prepaid internet service plans, which are active at the end of accounting period, is recognized on time proportion basis.

Contract assets are recognized when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Unearned and deferred revenue (“contract liability”) is recognized when there is billing in excess of revenues.

Revenue is measured at the amount of consideration which the company expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government). Consideration is generally due upon satisfaction of performance obligations and a receivable is recognized when it becomes unconditional.

### 2.08 Other income

#### Interest income

Interest income from financial assets 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.

### 2.09 Foreign Currencies

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.

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets which are capitalised as cost of assets. Non-monetary items that are measured in terms of historical cost in a foreign currency are recorded using the exchange rates at the date of the transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation

## Notes to the Financial Statements

differences on items whose fair value gain or loss is recognised in Other Comprehensive Income or Statement of Profit and Loss are also recognised in Other Comprehensive Income or Statement of Profit and Loss, respectively).

In case of an asset, expense or income where a non-monetary advance is paid/received, the date of transaction is the date on which the advance was initially recognised. If there were multiple payments or receipts in advance, multiple dates of transactions are determined for each payment or receipt of advance consideration.

### Treatment of exchange differences

The exchange differences on monetary items are recognised in Profit or Loss in the period in which they arise.

### **2.10 Financial instruments**

Financial assets and financial liabilities are recognised when the Company 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.

### **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.

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

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

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

## Notes to the Financial Statements

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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.

### **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.

### **Impairment of financial assets**

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

For trade receivables or any contractual right to receive cash or another financial assets that result from transactions that are within the scope of Ind AS 115 “Revenue from Contracts with Customers”, 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 “Financial Instruments. 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.

### **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

## Notes to the Financial Statements

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transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

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

### **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.

## **2.11 Financial liabilities and equity instruments**

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

Debt and equity instruments issued by the Company 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.

#### **a) 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.

## Notes to the Financial Statements

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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.

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 group 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 risk management or investment strategy, and information about the grouping 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.

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.

### b) 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.

### c) Foreign exchange gains and losses

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

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL,

## Notes to the Financial Statements

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the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

### d) 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.

## 2.12 Employee benefit costs

### **Retirement benefits costs and termination 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.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

### 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.

## Notes to the Financial Statements

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

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

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

- If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).
- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the Company reduces service cost by attributing the contributions to periods of service using the attribution method required by Ind AS 19.70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the Company reduces service cost in the period in which the related service is rendered / reduces service cost by attributing contributions to the employees' periods of service in accordance with Ind AS 19.70.

### **2.13 Segment information**

The Company determines reportable segment based on information reported to the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessment of segmental performance. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments.

### **2.14 Leases**

On April 1, 2019, the company adopted Ind AS 116 - Leases.

The company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgement. The company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an options to extend the lease if the company is reasonably certain to exercise that options; and periods covered by an option to terminate the lease if the company is reasonably certain not to exercise that options. In assessing whether the company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

The company as a lessee

The company's lease asset classes primarily consist of leases for land and buildings. The company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company assesses whether: (i) the contract involves the use of an identified asset (ii) the company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the company has the right to direct the use of the asset. At the date of commencement of the lease, the company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

## Notes to the Financial Statements

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Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the company changes its assessment if whether it will exercise an extension or a termination option.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The company as a lessor

Leases for which the company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right- of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

### 2.15 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.

### 2.16 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of exceptional 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 exceptional 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

## Notes to the Financial Statements

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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 shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for employee share options and bonus shares, if any, as appropriate.

### 2.17 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.

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 assets 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.

### 2.18 Provisions

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

## Notes to the Financial Statements

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party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### 2.18.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

### 2.18.2 Restructurings

A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

## 2.19 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.

## 2.20 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.

## 2.21 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the management to make judgements, 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.

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 recognize in profit or loss for the year.

## 2.22 Critical accounting judgements and key sources of estimation uncertainty

### Critical accounting judgements

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

#### Contingent liabilities

Assessment of whether outflow embodying economic benefits is probable, possible or remote. [See note 24(b)]

#### Control and significant influence

Whether the Company, through voting rights and potential voting rights attached to shares held, or by way of

## Notes to the Financial Statements

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shareholders agreements or other factors, has the ability to direct the relevant activities of the subsidiaries, or jointly direct the relevant activities of its joint ventures or exercise significant influence over associates.

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

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

#### Useful lives of property, plant and equipment (see note 2.04)

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

#### Fair value measurements and valuation processes (see note 2.10)

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

#### Defined benefit obligations

Key assumptions related to life expectancies, salary increases and withdrawal rates (see note 27).

#### Revenue recognition (see note 2.07)

#### Classification of Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgement. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an options to extend the lease if the Company is reasonably certain to exercise that options; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that options. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

### **2.23 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.

## Notes to the Financial Statements

### Note 3

#### 3A Property, plant and equipment

(₹ in million)

	Plant and equipment							Total
	Leasehold improve- ments	Headend and distribution equipment	Modems and routers	Computers	Office and other equipment	Furniture and fixtures	Vehicles	
<b>Gross carrying amount</b>								
<b>Balance at 01 April, 2018</b>	<b>0.40</b>	<b>1,274.73</b>	<b>317.80</b>	<b>10.09</b>	<b>31.55</b>	<b>1.54</b>	<b>0.22</b>	<b>1,636.33</b>
Additions	0.09	116.88	42.03	1.23	4.99	0.05	-	165.27
Disposals	-	(5.28)	-	(0.01)	(0.04)	-	-	(5.33)
<b>Balance at 31 March, 2019</b>	<b>0.49</b>	<b>1,386.33</b>	<b>359.83</b>	<b>11.31</b>	<b>36.50</b>	<b>1.59</b>	<b>0.22</b>	<b>1,796.27</b>
Additions	-	119.74	22.73	1.07	3.46	0.06	-	147.06
Disposals	-	(25.85)	(6.46)	(5.80)	(2.42)	(0.05)	-	(40.58)
Reclassification/adjustment	-	9.82	(1.41)	0.01	(8.40)	0.01	0.02	0.05
<b>Balance at 31st March 2020</b>	<b>0.49</b>	<b>1,490.04</b>	<b>374.69</b>	<b>6.59</b>	<b>29.14</b>	<b>1.61</b>	<b>0.24</b>	<b>1,902.80</b>
<b>Accumulated depreciation</b>								
<b>Balance at 01 April, 2018</b>	<b>0.32</b>	<b>541.83</b>	<b>161.69</b>	<b>8.96</b>	<b>14.09</b>	<b>0.72</b>	<b>0.12</b>	<b>727.73</b>
Depreciation expense	0.09	180.70	48.22	0.90	4.19	0.27	0.04	234.41
Elimination on disposals of assets	-	(4.39)	-	(0.01)	(0.04)	-	-	(4.44)
Impairment loss	-	41.23	56.70	-	-	-	-	97.93
<b>Balance at 31 March, 2019</b>	<b>0.41</b>	<b>759.37</b>	<b>266.61</b>	<b>9.85</b>	<b>18.24</b>	<b>0.99</b>	<b>0.16</b>	<b>1,055.63</b>
Depreciation expense	0.03	194.40	35.05	0.77	2.98	0.31	0.04	233.58
Elimination on disposals of assets	-	(21.80)	(6.22)	(5.80)	(2.13)	(0.05)	-	(36.00)
<b>Balance at 31 March 2020</b>	<b>0.44</b>	<b>931.97</b>	<b>295.44</b>	<b>4.82</b>	<b>19.09</b>	<b>1.25</b>	<b>0.20</b>	<b>1,253.21</b>
<b>Balance at 31 March, 2019</b>	<b>0.08</b>	<b>626.96</b>	<b>93.22</b>	<b>1.46</b>	<b>18.26</b>	<b>0.60</b>	<b>0.06</b>	<b>740.64</b>
<b>Balance at 31 March 2020</b>	<b>0.05</b>	<b>558.07</b>	<b>79.25</b>	<b>1.77</b>	<b>10.05</b>	<b>0.36</b>	<b>0.04</b>	<b>649.59</b>

## Notes to the Financial Statements

<b>3B Other intangible assets</b>					(₹ in million)
<b>Particular</b>	<b>Distribution and network rights</b>	<b>Software</b>	<b>Licence fee for internet service</b>	<b>Total</b>	
<b>Gross carrying amount</b>					
<b>Balance at 01 April, 2018</b>	<b>5.10</b>	<b>5.04</b>	<b>2.00</b>	<b>12.14</b>	
Additions	-	3.79	-	<b>3.79</b>	
Disposals	-	-	-	-	
<b>Balance at 31 March, 2019</b>	<b>5.10</b>	<b>8.83</b>	<b>2.00</b>	<b>15.93</b>	
Additions	-	-	-	-	
Disposals	-	-	-	-	
Recalssifation/adjustment	0.09	-	(0.14)	<b>(0.05)</b>	
<b>Balance at 31 march 2020</b>	<b>5.19</b>	<b>8.83</b>	<b>1.86</b>	<b>15.88</b>	
<b>Accumulated depreciation</b>					
<b>Balance at 01 April, 2018</b>	<b>2.81</b>	<b>2.03</b>	<b>1.42</b>	<b>6.26</b>	
Amortisation expense	1.02	1.68	0.09	<b>2.79</b>	
Disposals	-	-	-	-	
<b>Balance at 31 March, 2019</b>	<b>3.83</b>	<b>3.71</b>	<b>1.51</b>	<b>9.05</b>	
Amortisation expense	1.02	1.78	0.09	<b>2.89</b>	
Disposals	-	-	-	-	
<b>Balance at 31 March 2020</b>	<b>4.85</b>	<b>5.49</b>	<b>1.60</b>	<b>11.94</b>	
<b>Balance at 31 March, 2019</b>	<b>1.27</b>	<b>5.12</b>	<b>0.49</b>	<b>6.88</b>	
<b>Balance at 31 March 2020</b>	<b>0.34</b>	<b>3.34</b>	<b>0.26</b>	<b>3.94</b>	

## Notes to the Financial Statements

Particulars	Year ended 31.03.2020 (₹ in million)	Year ended 31.03.2019 (₹ in million)
<b>3C. Depreciation and amortisation expense</b>		
a) Depreciation expense (See note 3A)	233.58	234.41
b) Amortisation expense (See note 3B)	2.89	2.79
<b>Total</b>	<u>236.47</u>	<u>237.20</u>
<b>Particulars</b>	<b>As at 31.03.2020 (₹ in million)</b>	<b>As at 31.03.2019 (₹ in million)</b>
<b>4. Other financial assets</b>		
<b><u>Non Current</u></b>		
(i) Security deposits	2.80	2.57
<b>Total</b>	<u>2.80</u>	<u>2.57</u>
<b><u>Current</u></b>		
(i) Security deposits	-	-
- considered good	1.14	1.49
- considered doubtful	0.03	0.74
Less: Impairment allowance for Security Deposit	(0.03)	(0.74)
	1.14	1.49
(ii) Unbilled revenue		
- from others	4.91	-
(iii) Interest accrued but not due	0.70	0.44
<b>Total</b>	<u>6.75</u>	<u>1.93</u>
<b>5. Non current tax assets (net)</b>		
(i) Advance tax including TDS recoverable	2.11	0.79
<b>Total</b>	<u>2.11</u>	<u>0.79</u>
<b>6. Other assets</b>		
<b><u>Non-current</u></b>		
(i) Prepaid expenses	30.00	6.38
(ii) Deposit against case with VAT Authority	3.26	-
(iii) Capital advances	0.30	1.00
Less: Impairment allowance for capital advances	(0.30)	(0.70)
	-	0.30
<b>Total</b>	<u>33.26</u>	<u>6.68</u>
<b><u>Current</u></b>		
(i) Prepaid expenses	25.12	11.53
(ii) Balance with government authorities	14.15	5.40
(iii) Supplier advances	2.45	6.88
Less: Impairment allowance for supplier advance	(1.89)	(1.42)
	0.56	5.46
<b>Total</b>	<u>39.83</u>	<u>22.39</u>

## Notes to the Financial Statements

### 7. Trade receivables

(i) Trade Receivables considered good - Unsecured	4.82	8.36
(ii) Trade Receivables - Credit impaired	17.72	17.72
	<u>22.54</u>	<u>26.08</u>
Less: Provision for Credit impaired /expected credit loss	(17.72)	(17.72)
<b>Total</b>	<u><u>4.82</u></u>	<u><u>8.36</u></u>

#### Notes:

- a) The average credit period on sales of services is 0-180 days. No interest is charged on any overdue trade receivables.
- b) The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

<b>Ageing</b>	<b>Expected credit loss(%)</b>
0 - 90 days	<b>0.1%-5%</b>
91 - 180 days	<b>1%-50%</b>
180 days and above	<b>50%-100%</b>

<b>Particulars</b>	<b>As at 31.03.2020 (₹ in million)</b>	<b>As at 31.03.2019 (₹ in million)</b>
<b>Age of receivables</b>		
0 - 90 days	1.83	4.42
91 - 180 days	5.09	3.30
180 days and above	15.62	18.36
	<u>22.54</u>	<u>26.08</u>

### c) Movement in the provision for credit impaired / expected credit loss allowance

Balance at the beginning of the year	(17.72)	(10.29)
Movement in provision for credit impaired / expected credit loss	-	(7.43)
<b>Balance at the end of the year</b>	<u>(17.72)</u>	<u>(17.72)</u>

- d) The concentration of credit risk is limited due to the fact that the customer base is large.

### 8. Cash and cash equivalents

(i) Cash in hand	0.01	0.03
(ii) Balance with scheduled banks		
- in current accounts	20.89	22.87
<b>Total</b>	<u><u>20.90</u></u>	<u><u>22.90</u></u>

## Notes to the Financial Statements

### 9. Bank balances other than cash and cash equivalents

(i) in earmarked accounts		
- Balances held as margin money or security against guarantees and other commitments	37.11	22.03
<b>Total</b>	<b>37.11</b>	<b>22.03</b>

#### Particulars

<b>As at 31.03.2020 (₹ in million)</b>	<b>As at 31.03.2019 (₹ in million)</b>
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### 10. Equity share capital

Equity share capital	53.71	53.71
	<b>53.71</b>	<b>53.71</b>

#### Authorised share capital:

6,000,000 (As at 31 March 2019 : 6,000,000) equity shares of ₹ 10 each with voting rights	60.00	60.00
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#### Issued and subscribed capital comprises:

5,371,555 (As at 31 March 2019 : 5,371,555) equity shares of ₹ 10 each fully paid up with voting rights	53.71	53.71
	<b>53.71</b>	<b>53.71</b>

#### Fully paid equity shares:

	Number of shares	Share capital (₹ in millions)
<b>Balance as at 1 April, 2018</b>	<b>47,34,485</b>	<b>47.34</b>
Add: Issue of shares	6,37,070	6.37
<b>Balance as at 31 March, 2019</b>	<b>53,71,555</b>	<b>53.71</b>
Add: Issue of shares	-	-
<b>Balance as at 31 March 2020</b>	<b>53,71,555</b>	<b>53.71</b>

Of the above:

- Fully paid equity shares, which have a par value of Rs. 10, carry one vote per share and carry a right to dividends.
- 637,070 fully paid up equity shares of Rs. 10 each at premium of Rs. 365 were issued during the financial year 2018-19.
- Details of shares held by each shareholder holding more than 5% shares:

Name of shareholder	As at 31.03.2020		As at 31.03.2019	
	No of shares	% Holding	No of shares	% Holding
<b>Fully paid equity shares with voting rights:</b>				
DEN NETWORKS LIMITED (Holding Company)	53,71,549	100%	53,71,549	100%
Shares held with nominee shareholders	6		6	

- The Company has one class of equity shares having a par value of Rs. 10 per share. Each equity shareholder is eligible for one vote per share held and dividend as and when declared by the Company. Interim dividend is paid as and when declared by the Board. Final dividend is paid after obtaining shareholder's approval. Dividends are paid in Indian Rupees. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount in proportion to their shareholding.

## Notes to the Financial Statements

Particulars	As at 31.03.2020 (₹ in million)	As at 31.03.2019 (₹ in million)
<b>11. Other equity</b>		
Securities premium	1,661.43	1,661.43
Deficit in Statement of Profit and Loss	(1,357.53)	(1,154.41)
	<u>303.90</u>	<u>507.02</u>
<b>a. Securities premium</b>		
i. Opening balance	1,661.43	1,429.15
ii. Add : Premium on shares issued during the year	-	232.52
iii. Less : Utilised during the year for writing off share issue expenses	-	(0.24)
	<u>(A) 1,661.43</u>	<u>1,661.43</u>
<b>b. Deficit in Statement of Profit and Loss</b>		
i. Opening balance	(1,154.41)	(742.44)
ii. Add: Profit / (Loss) for the year	(203.13)	(412.83)
iii. Other comprehensive income arising from remeasurement of defined benefit obligation	0.01	0.86
iv. Closing balance	<u>(B) (1,357.53)</u>	<u>(1,154.41)</u>
	<u>(A+B) 303.90</u>	<u>507.02</u>
<b>Particulars</b>	<b>As at</b>	<b>As at</b>
	<b>31.03.2020</b>	<b>31.03.2019</b>
	<b>(₹ in million)</b>	<b>(₹ in million)</b>
<b>12. Other financial liabilities</b>		
<b><u>Non Current</u></b>		
Security deposits received	<u>0.69</u>	<u>0.89</u>
<b><u>Current</u></b>		
a. Interest accrued to holding company	1.63	-
b. Other payable to holding company	116.17	90.51
c. Payables on purchase of property, plant and equipment	4.82	7.86
d. Dues to employees	11.96	14.52
e. Payables for expenses	72.61	66.83
	<u>207.19</u>	<u>179.72</u>
<b>13. Provisions</b>		
<b><u>Non-current</u></b>		
a. Employee benefits		
- Gratuity (Note No. 27)	6.14	4.61
	<u>6.14</u>	<u>4.61</u>
<b><u>Current</u></b>		
a. Employee benefits		
- Gratuity (Note No. 27)	0.09	0.04
- Compensated absences	4.16	3.76
	<u>4.25</u>	<u>3.80</u>

## Notes to the Financial Statements

<b>14. Other liabilities</b>		
<b><u>Non-current</u></b>		
a. Deferred revenue	<u>1.63</u>	<u>1.33</u>
<b><u>Current</u></b>		
a. Deferred revenue	<b>65.98</b>	52.26
b. Statutory remittances	<b>6.39</b>	4.13
c. Other payables		
(i) Advances from customers	<b>18.54</b>	13.71
	<u><b>90.91</b></u>	<u>70.10</u>
<b>15. Borrowings</b>		
<b><u>Current</u></b>		
a. Loan from holding company	<b>21.15</b>	-
(Repayable on demand. Applicable rate of interest is 10%)		
<b>Total</b>	<u><b>21.15</b></u>	<u>-</u>
<b>16. Trade payables</b>		
Trade payables		
a. total outstanding dues of micro, small and medium enterprises	-	1.24
b. total outstanding dues of creditors other than micro, small and medium enterprises	<b>117.77</b>	58.48
	<u><b>117.77</b></u>	<u>59.72</u>
<b>Particulars</b>	<b>Year ended</b>	<b>Year ended</b>
	<b>31.03.2020</b>	<b>31.03.2019</b>
	<b>(₹ in million)</b>	<b>(₹ in million)</b>
<b>17. Revenue from operations</b>		
a. Sale of services (see note below)	<b>697.02</b>	666.18
b. Sale of equipment	<b>0.55</b>	-
c. Other operating revenue		
i. Liabilities/ excess provisions written back (net)	<b>8.66</b>	1.59
ii. Miscellaneous income	<b>0.89</b>	0.49
<b>Total</b>	<u><b>707.12</b></u>	<u>668.26</u>
<b>17.1</b> The Company disaggregates revenue from contracts with customers by type of products and services and geography. Revenue disaggregation by geography is given in note no. 25 Sale of services comprises:		
a. Internet revenue	<b>695.72</b>	657.83
b. Activation revenue	<b>1.30</b>	8.35
<b>Total</b>	<u><b>697.02</b></u>	<u>666.18</u>

## Notes to the Financial Statements

<b>18. Other income</b>		
a. Interest income earned on financial assets that are recognised at amortised cost:		
i. on bank deposits	1.77	1.29
b. Other gains and losses		
i. Net gain on foreign currency transactions and translation	0.23	-
ii. Profit on sale/ disposal of property plant and equipment	-	0.87
<b>Total</b>	<b>2.00</b>	<b>2.16</b>
<b>19. Employee benefit expense</b>		
a. Salaries and allowances	81.61	84.96
b. Contribution to provident and other funds	4.69	4.45
c. Gratuity expense	1.79	1.64
d. Staff welfare expenses	2.88	1.23
<b>Total</b>	<b>90.97</b>	<b>92.28</b>
<b>20. Finance costs</b>		
a. Interest on loans from related parties	1.83	6.24
<b>Total</b>	<b>1.83</b>	<b>6.24</b>
<b>21. Other expenses</b>		
a. Rent and hire charges	64.62	62.61
b. Repairs and maintenance		
i. Plant and equipment	24.63	27.97
ii. Others	23.47	15.31
c. Electricity charges	11.50	20.41
d. Legal and professional charges	2.43	2.50
e. Statutory audit fee	0.80	0.80
f. Contract service charges	148.61	138.49
g. Printing and stationery	0.32	0.47
h. Travelling and conveyance	4.50	6.37
i. Advertisement, publicity and business promotion	12.15	10.70
j. Collection handling charges	7.81	9.72
k. Communication expenses	1.76	2.82
l. Security charges	1.74	1.27
m. Freight and labour charges	1.16	1.16
n. Insurance	0.42	-
o. Rates and taxes	0.01	1.05
p. Allowance on advances	0.48	-
q. Advances written off	-	1.73
r. Loss on sale/ disposal of fixed assets	3.29	-
s. Miscellaneous expenses	3.76	3.05
<b>Total</b>	<b>313.46</b>	<b>306.43</b>

## Notes to the Financial Statements

### 22. Exceptional items

a. Impairment loss on property plant and equipment	-	97.93
b. Impairment loss on capital work in progress	-	26.39
c. Contract Service Charges	-	30.95
d. Provision for credit impaired or trade receivable/advances	-	9.89
<b>Total</b>	<u>-</u>	<u>165.16</u>

22.1 During the previous year, the Company had carried out a detailed assessment of property, plant and equipment and capital work in progress in terms of recoverability and usability of these assets and therefore had recognised a one-time impairment in the value of property, plant and equipment of Rs. 97.93 million and impairment of capital work in progress of Rs. 26.38 million. Additionally, one time exceptional provision had been recognised for credit impaired, advances and other assets amounting to Rs. Rs. 40.84 million. These adjustments, having one-time, non-routine material impact on financial statements, hence been disclosed as "Exceptional Item" in the previous year.

Particulars	Year ended	Year ended
	31.03.2020	31.03.2019
	(₹ in million)	(₹ in million)

### 23. Income taxes

#### A. Income tax recognised in Statement of Profit and Loss

(a) The income tax expense for the year can be reconciled to the accounting profit as follows:

Profit/(Loss) before tax	(203.13)	(412.83)
Income tax expense calculated	(51.13)	(107.34)
Effect of unused tax losses, timing difference and tax offsets not recognised as deferred tax asset	51.13	107.34
<b>Total tax expense charged/(credited) in Statement of Profit and Loss</b>	<u>-</u>	<u>-</u>

The tax rate used for the 2019-2020 and 2018-2019 reconciliations above is the corporate tax rate of 25.17% and 26% respectively payable by corporate entities in India on taxable profits under the Indian tax law.

#### B. Unrecognised deductible temporary differences, unused tax losses and unused tax credits

Particulars	(₹ in million)	
	As at 31.03.2020	As at 31.03.2019
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following (refer note below):		
- tax losses (revenue in nature)	146.41	141.66
- unabsorbed depreciation (revenue in nature)	708.03	565.40
- deductible temporary differences		
i. Property, plant and equipment and other intangible assets	403.09	345.44
ii. Provision for employee benefits	10.39	8.41
iii. Impairment allowance for doubtful balances	17.72	17.72
iv. Deferred revenue	1.63	1.33
	<u>1,287.27</u>	<u>1,079.96</u>

## Notes to the Financial Statements

### Note:

Detail of temporary differences, unused tax losses and unused tax credits for which no deferred tax asset is recognised in the balance sheet:

Particulars	(₹ in million)	
	As at 31.03.2020	As at 31.03.2019
Deferred tax assets with no expiry date	708.03	565.40
Deferred tax assets with expiry date	579.24	514.56
	<b>1,287.27</b>	<b>1,079.96</b>

Particulars	(₹ in million)	
	As at 31.03.2020	As at 31.03.2019
<b>24. Commitments and contingent liabilities</b>		
<b>a. Commitments</b>		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	6.86	11.15
<b>b. Contingent liabilities</b>		
<b>i) Guarantees</b>		
Bank guarantees	24.71	21.00
<b>ii) Claims against the Company not acknowledged as debts*</b>		
Deemand raised by karnataka commercial Tax authorities for Paymen of VAT	6.97	-

\* The company has paid deposit under protest towards the above claims of ₹ 3.26 millions.

### 25. Segment information

**I.** The Company is engaged in the business of “providing internet services”. The Board of Directors of the Company, which has been identified as being the chief operating decision maker (CODM), evaluates the Company’s performance, allocates resources based on the analysis of the various performance indicators of the Company as a single unit. Therefore there is no reportable segment for the Company, in accordance with the requirements of Ind AS 108- ‘Operating Segment Reporting’, notified under the Companies (Indian Accounting Standard) Rules, 2015.

### II. Geographical information

**a.** The Company is domiciled in India. The amount of its revenue from operations from external customers broken down by location of customers in stated below:

Geography	(₹ in million)	
	Year ended 31.03.2020	Year ended 31.03.2019
India	707.12	668.26
Outside India	-	-
	<b>707.12</b>	<b>668.26</b>

**b.** Information regarding geographical non-current assets\* is as follows:

Geography	(₹ in million)	
	As at 31.03.2020	As at 31.03.2019
India	693.02	799.93
Outside India	-	-
	<b>693.02</b>	<b>799.93</b>

\*Non-current assets exclude financial assets, non current tax assets (net) and deferred tax assets (net).

## Notes to the Financial Statements

c. Information about major customers:

No single customer contributed 10% or more to the Company's revenue during the years ended 31 March, 2020 and 31 March, 2019.

**26. Earning per equity share (EPS)\***

Particulars	Year ended	Year ended
	31.03.2020	31.03.2019
(i) Net Profit/(Loss) for the year (₹ in million)	(203.13)	(412.83)
(ii) Net Profit/(Loss) attributed to equity shareholders (₹ In million)	(203.13)	(412.83)
(iii) Weighted average number of equity shares outstanding during the year	53,71,555	50,71,347
(iv) Basic and Diluted Earning per Share (₹)	37.82	81.40
(v) Face value per Share (₹)	10.00	81.40

**27. Employee benefit plans**

**(i) Defined contribution plans**

The company operates defined contribution retirement benefit plans for all its qualifying employees. Where employees leave the plans prior to full vesting of the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

The total expense recognised in profit or loss of Rs. 4.64 million (previous year Rs. 4.36 million) for provident fund contributions and Rs. 0.05 million (previous year Rs. 0.09 million) for Employee State Insurance Scheme contributions represents contributions payable to these plans by the Company at rates specified in the rules of the plans. As at 31 March, 2020, contributions of Rs. 0.76 million (as at 31 March, 2019: Rs. 0.72 million) due in respect of 2019-20 (2018-19) reporting period had not been paid over to the plans. The amounts were paid subsequent to the end of the respective reporting periods.

**(ii) Defined benefit plans**

**Gratuity plan**

Gratuity liability arises on retirement, withdrawal, resignation, and death of an employee. The aforesaid liability is calculated on the basis of 15 days salary (i.e. last drawn salary plus dearness allowance) for each completed year of service or part thereof in excess of 6 months, subject to a maximum of Rs. 2 million (previous year Rs. 2 million) Vesting occurs upon completion of 5 years of service.

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

The gratuity plan typically exposes the Company to actuarial risks such as: interest rate risk, longevity risk and salary risk.

Interest risk                      A decrease in the bond interest rate will increase the plan liability.

Longevity risk                    The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk                         The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

No other post-retirement benefits are provided to these employees

## Notes to the Financial Statements

In respect of the plan in India, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation was carried out as at 31 March, 2020 by Charan Gupta Consultants Private Limited, Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

### 27. Employee benefit plans (contd.)

a) The principal assumptions used for the purposes of the actuarial valuations were as follows.

Particulars	Valuations as at	
	31.03.2020	31.03.2019
Discount rate(s)	6.87%	7.80%
Expected rate(s) of salary increase	6.00%	7.00%
Average longevity at retirement age for current beneficiaries of the plan (years)	16.47	17.18
Average longevity at retirement age for current employees (future beneficiaries of the plan) (years)	20.02	21.23
Retirement age (years)	58	58
Mortality Table	IALM (2012 14)	IALM (2006 08)
Withdrawal Rates	In %	In %
Upto 30 years	3.00	3.00
From 31 years to 44 years	2.00	2.00
Above 44 years	1.00	1.00

The following tables set out the unfunded status of the defined benefit scheme and amounts recognised in the Company financial statements as at 31 March, 2020:

b) Amounts recognised in Statement of Profit and Loss in respect of these defined benefit plans are as follows:

Particulars	Year ended	
	31.03.2020	31.03.2019
	(₹ in million)	
Service cost		
- Current service cost	1.43	1.29
Net interest expense	0.36	0.35
<b>Components of defined benefit costs recognised in profit or loss</b>	<b>1.79</b>	<b>1.64</b>
<b>Remeasurement on the net defined benefit liability</b>		
- Actuarial (gains) / losses arising from changes in financial assumptions	(0.07)	(0.79)
- Actuarial (gains) / losses arising from experience adjustments	0.06	(0.07)
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>(0.01)</b>	<b>(0.86)</b>
<b>Total</b>	<b>1.78</b>	<b>0.78</b>

The current service cost and the net interest expense for the year are included in the employee benefits expense line item in the Statement of Profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

## Notes to the Financial Statements

c) The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows.

Particulars	(₹ in million)	
	As at	
	31.03.2020	31.03.2019
Present value of funded defined benefit obligation	6.23	4.65
<b>Net liability arising from defined benefit obligation</b>	<b>6.23</b>	<b>4.65</b>
- Current portion of the above	0.09	0.04
- Non current portion of the above	6.14	4.61

d) Movements in the present value of the defined benefit obligation are as follows:

Particulars	(₹ in million)	
	Year ended	
	31.03.2020	31.03.2019
Opening defined benefit obligation	4.65	4.58
Current service cost	1.43	1.29
Interest cost	0.36	0.35
<b>Remeasurement (gains)/losses:</b>		
- Actuarial (gains) / losses arising from financial assumption	(0.07)	(0.79)
- Actuarial (gains) / losses arising from experience adjustments	0.06	(0.07)
Benefits paid	(0.20)	(0.71)
Closing defined benefit obligation	<b>6.23</b>	<b>4.65</b>

e) Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- i) If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease by Rs. 0.41 million (increase by Rs. 0.45 million) [as at 31 March, 2019: decrease by Rs. 0.32 million (increase by Rs. 0.35 million)]
- ii) If the expected salary growth increases (decreases) by 0.50%, the defined benefit obligation would increase by Rs. 0.45 million (decrease by Rs. 0.42 million) [as at 31 March, 2019: increase by Rs. 0.35 million (decrease by Rs. 0.33 million)]

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

- f) The average duration of the benefit obligation represents average duration for active members at 31 March, 2020: 16.47 years (as at 31 March, 2019: 17.18 years).
- g) The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities.
- h) The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.



## Notes to the Financial Statements

### B. Outstanding balances at year end

<b>i. Loan from holding company</b>	31 March, 2020	21.15	-	-	-	-	-	-	-	21.15
	31 March, 2019	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
<b>ii. Interest accrued to holding company</b>	31 March, 2020	1.63	-	-	-	-	-	-	-	1.63
	31 March, 2019	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
<b>iii. Trade payables</b>	31 March, 2020	-	3.69	85.78	-	0.27	0.01	-	-	89.75
	31 March, 2019	(-)	(3.69)	(-)	-	(0.27)	(-)	(-)	(-)	(3.96)
<b>iv. Other financial Liabilities</b>	31 March, 2020	116.17	-	-	-	-	-	-	-	116.17
	31 March, 2019	(90.51)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(90.51)
<b>v. Trade Receivable</b>	31 March, 2020	-	-	-	0.01	-	-	0.05	-	0.06
	31 March, 2019	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

### 29. Financial Instruments

#### (a) Capital management

The Company's management reviews the capital structure of the Company on periodical basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. The Company monitors the capital structure using gearing ratio which is determined as the proportion of net debt to total equity.

The capital structure of the Company consists of net debt (borrowings as detailed in note 15 and offset by cash and bank balances in notes 8, 9) and total equity of the Company.

The Company sets the amount of capital required on the basis of annual business and long-term operating plans. The funding requirements are met through a mixture of equity, internal fund generation, non-current and current borrowings. The Company's policy is to use non-current and current borrowings to meet anticipated funding requirements.

#### Gearing ratio

The gearing at end of the reporting period was as follows

Particulars	As at 31.03.2020 (₹ in million)	As at 31.03.2019 (₹ in million)
<b>Debt</b>		
Borrowings- current (See Note 15)	21.15	-
	<b>21.15</b>	<b>-</b>
<b>Less:</b>		
Bank balances other than cash and cash equivalents (See Note 9)	37.11	22.03
Cash and cash equivalents (See Note 8)	20.90	22.90
<b>Net debt</b>	<b>(36.86)</b>	<b>(44.93)</b>
<b>Total equity</b>	<b>357.61</b>	<b>560.73</b>
<b>Net debt to equity ratio</b>	<b>NA</b>	<b>NA</b>

## Notes to the Financial Statements

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

#### 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, 2020** (₹ in million)

Financial assets	Measured at amortised cost	Measured at FVTOCI	Measured at FVTPL	Total carrying value
Cash and cash equivalents	20.90	-	-	20.90
Bank balances other than cash and cash equivalents	37.11	-	-	37.11
Trade receivables	4.82	-	-	4.82
Security deposits	2.77	-	-	2.77
Other financial assets - current	6.78	-	-	6.78
	<b>72.38</b>	-	-	<b>72.38</b>

(₹ in million)

Financial liabilities	Measured at amortised cost	Measured at FVTOCI	Measured at FVTPL	Total carrying value
Borrowings - current	21.15	-	-	21.15
Trade payables	117.77	-	-	117.77
Other financial liabilities - non-current	0.69	-	-	0.69
Other financial liabilities - current	207.19	-	-	207.19
	<b>346.80</b>	-	-	<b>346.80</b>

**As at 31 March, 2019**

(₹ in million)

Financial assets	Measured at amortised cost	Measured at FVTOCI	Measured at FVTPL	Total carrying value
Cash and cash equivalents	22.90	-	-	22.90
Bank balances other than cash and cash equivalents	22.03	-	-	22.03
Trade receivables	8.36	-	-	8.36
Security deposits	1.83	-	-	1.83
Other financial assets - current	2.67	-	-	2.67
	<b>57.79</b>	-	-	<b>57.79</b>

(₹ in million)

Financial liabilities	Measured at amortised cost	Measured at FVTOCI	Measured at FVTPL	Total carrying value
Borrowings - current	-	-	-	-
Trade payables	59.72	-	-	59.72
Other financial liabilities - non-current	0.89	-	-	0.89
Other financial liabilities - current	179.72	-	-	179.72
	<b>240.33</b>	-	-	<b>240.33</b>

## Notes to the Financial Statements

### (c) Risk management framework

The Company is exposed to market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The objective of the Company's risk management framework is to manage the above risks and aims to :

- improve financial risk awareness and risk transparency
- identify, control and monitor key risks
- provide management with reliable information on the Company's risk exposure
- improve financial returns

### (i) Market risk

Market risk is the risk that the fair value of financial instrument will fluctuate because of change in market price. Market risk comprises of three types of risks - interest risk, foreign currency, and other price risk such as equity price risk.

The Company's activities expose it primarily to interest rate risk, currency risk and other price risk such as equity price risk. The financial instruments affected by market risk includes : Fixed deposits, borrowings and other current financial liabilities.

### (ii) Liquidity risk

The Company requires funds both for short-term operational needs as well as for long-term investment needs.

	(₹ in million)			
	As at 31 March, 2020			
	<1 year	1-3 Years	> 3 Years	Total
<b><u>Non current</u></b>				
- Other financial liabilities	-	0.69	-	0.69
<b><u>Current</u></b>				
- Borrowings	21.15	-	-	21.15
- Trade payables	117.77	-	-	117.77
- Other financial liabilities	207.19	-	-	207.19
<b>Total</b>	<b>346.11</b>	<b>0.69</b>	<b>-</b>	<b>346.80</b>

	(₹ in million)			
	As at 31 March, 2019			
	<1 year	1-3 Years	> 3 Years	Total
<b><u>Non current</u></b>				
- Other financial liabilities	-	0.89	-	0.89
<b><u>Current</u></b>				
- Trade payables	59.72	-	-	59.72
- Other financial liabilities	179.72	-	-	179.72
<b>Total</b>	<b>239.44</b>	<b>0.89</b>	<b>-</b>	<b>240.33</b>

## Notes to the Financial Statements

### (iii) Foreign currency risk

Foreign exchange risk comprises of risk that may arise to the Company because of fluctuations in foreign currency exchange rates. Fluctuations in foreign currency exchange rates may have an impact on the statement of profit and loss. As at the year end, the Company was exposed to foreign exchange risk arising from foreign currency payables denominated in foreign currency availed by the Company.

### (iv) Interest rate risk

The Company is exposed to interest rate risk on current and non-current borrowings and fixed deposits outstanding as at the year end. The Company's policy is to maintain a balance of fixed and floating interest rate borrowings and the proportion of fixed and floating rate debt is determined by current market interest rates. The borrowings of the Company are principally denominated in Indian Rupees. These exposures are reviewed by appropriate levels of management on a monthly basis. The Company invests in fixed deposits to achieve the Company's goal of maintaining liquidity, carrying manageable risk and achieving satisfactory returns.

**The exposure of the Company's financial liabilities as at 31 March, 2020 to interest rate risk is as follows:**

	(₹ in million)			
	Floating rate	Fixed rate	Non interest bearing	Total
<b>Non current</b>				
Borrowings	-	-	-	-
<b>Current</b>				
Borrowings	-	21.15	-	21.15
Current maturities of long term debt	-	-	-	-
	-	<b>21.15</b>	-	<b>21.15</b>
<u>Weighted average interest rate (per annum)</u>	<b>Floating rate</b>	<b>Fixed rate</b>		
Others	NA	10%		

**The exposure of the Company's financial liabilities as at 31 March, 2019 to interest rate risk is as follows:**

	(₹ in million)			
	Floating rate	Fixed rate	Non interest bearing	Total
<b>Non current</b>				
- Borrowings	-	-	-	-
<b>Current</b>				
- Borrowings	-	-	-	-
- Current maturities of long term debt	-	-	-	-
	-	-	-	-

**(v) Other price risk**

The Company is not exposed to other price risks such as equity price risk at the end of the reporting period.

**(vi) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's exposure to credit risk primarily arises from trade receivables, balances with banks and security deposits. The credit risk on bank balances is limited because the counterparties are banks with good credit ratings. Trade receivables consist of a large number of customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The Company's policies on assessing expected credit losses is detailed in notes to accounting policies (See note 2.10).

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

**31. Expenditure on Corporate Social Responsibility (CSR)**

The company has incurred losses during the financial year and in earlier year also. Therefore, company has no obligations to contribute to any corporate social responsibility.

32. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

Particulars	As at 31 March, 2020 (₹ in million)	As at 31 March, 2019 (₹ in million)
(a) (i) the principal amount remaining unpaid to any supplier	-	1.24
(ii) interest due thereon	-	-
(b) interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 and the amount of payment made to the supplier beyond the appointed day.	-	-
(c) interest due and payable for the period of delay in making payment other than the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(d) interest accrued and remaining unpaid	-	-
(e) further interest remaining due and payable even in the succeeding years for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

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

**34. Reconciliation of liabilities arising from financing activities**

The table below details the changes in Company's liabilities arising from financing activities, including both cash and non-cash

**As at 31 March, 2020** (₹ in million)

Particulars	As at 31 March, 2019	Cash Flow	Non-cash Changes	As at 31 March, 2020
Non-current borrowings	-	-	-	-
Current borrowings	-	21.15	-	21.15
<b>Total liabilities from financing activities</b>	<b>-</b>	<b>21.15</b>	<b>-</b>	<b>21.15</b>

**As at 31 March, 2019** (₹ in million)

Particulars	As at 31 March, 2018	Cash Flow	Non-cash Changes	As at 31 March, 2019
Non-current borrowings	-	-	-	-
Current borrowings	129.57	27.50	(157.07)	-
<b>Total liabilities from financing activities</b>	<b>129.57</b>	<b>27.50</b>	<b>(157.07)</b>	<b>-</b>

**35. Fair value measurement**

i. Financial assets and financial liabilities that are not measured at fair value are as under:

(₹ in million)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Cash and cash equivalents	20.90	20.90	22.90	22.90
Bank balances other than cash and cash equivalents	37.11	37.11	22.03	22.03
Trade receivables	4.82	4.82	8.36	8.36
Security deposits	2.77	2.77	1.83	1.83
Other financial assets - current	6.78	6.78	2.67	2.67
<b>Financial liabilities</b>				
Non-current borrowings	-	-	-	-
Current borrowings	21.15	21.15	-	-
Trade payables	117.77	117.77	59.72	59.72
Other financial liabilities - non-current	0.69	0.69	0.89	0.89
Other financial liabilities - current	207.19	207.19	179.72	179.72

**Note :** The carrying value of the above financial assets and financial liabilities carried at amortised cost approximate these fair value.

**36. Revenue from Contracts with Customers**

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

Revenue disaggregation by type of goods and services is given note no.17.

**(A) Revenue disaggregation by geography is as follows:**

Geography	For the year ended 31 March, 2020 (₹ in million)	For the year ended 31 March, 2019 (₹ in million)
India	707.12	668.26
Outside India	-	-
	<u>707.12</u>	<u>668.26</u>

Geographical revenue is allocated based on the location of the customers.

**(B) Revenue disaggregation by timing of revenue recognition is as follows**

Timing of Revenue Recognition	For the year ended 31 March, 2020 (₹ in million)	For the year ended 31 March, 2019 (₹ in million)
Service transferred over time	707.12	668.26
Goods transferred at a point in time	-	-
	<u>707.12</u>	<u>668.26</u>

**37. Impact of Pandemic COVID 19**

The company being service provider of one of the Essential Services was able to operate under normal course of business during the period of Nationwide Lockdown with minimal impact on operations and the scale of operation was usual with respect to the subscriber base up to the date of adoption of financial statement. The company was also able to get required services from its vendors, employees etc. as per normal course of business except for certain disruptions which are not material to the conduct of the operations. The company has evaluated impact of COVID -19 on its business operations and based on its review there is no significant impact on its financial statements

38. Previous year figures have been regrouped / rearranged wherever necessary to make them comparable.

39. The financial statements were approved for issue by the Board of Directors on 20 April, 2020.

**In term of our report of even date attached**

For **Chaturvedi & Shah LLP**

Chartered Accountants

Firm Registration Number:101720W/W100355

**For and on behalf of the Board of Directors of**

**DEN BROADBAND PRIVATE LIMITED**

**Vijay Napawaliya**

Partner

Membership No. : 109859

**Munish Singla**

Director

DIN: 02703417

**Kunal Verma**

Director

DIN: 06366347

**Gunjan Shukla**

Company Secretary

M.No. 43073

Place: Mumbai

Date : 20 April 2020

Place: Gurugram

Date : 20 April 2020