# Crystal Vision Media Private Limited

## Financial Statements

## 2018-19

# Balance Sheet as at 31 March 2019

| Particulars | Note No. | As at 31.03.2019 (Rs. '000) | As at 31.03.2018 (Rs. '000) |
|---|---|---|---|
| **A. ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3 | 11,352.79 | 19,459.57 |
| Other intangible assets | 3 | 7.29 | 44.76 |
| | | 11,360.08 | 19,504.33 |
| Financial assets | | | |
| i) Others financial assets | 4 | 124.00 | 34.00 |
| Deferred tax assets (net) | 25 | 11,298.97 | 2,655.58 |
| Other non-current assets | 5 | 10,743.10 | 14,162.09 |
| | | **33,526.14** | **36,356.00** |
| **Current assets** | | | |
| Financial Assets | | | |
| i) Trade receivables | 6 | 32,436.04 | 58,231.48 |
| ii) Cash and cash equivalents | 7 | 4,051.10 | 6,379.30 |
| iii) Bank balances other than (ii) above | 8 | 167.02 | 167.02 |
| iv) Other current financial assets | 9 | 454.21 | 73.93 |
| Other current assets | 10 | 20,060.54 | 6,804.43 |
| | | **57,168.91** | **71,656.16** |
| **Total assets** | | **90,695.06** | **108,012.16** |
| **B. EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 11 | 500.00 | 500.00 |
| Other equity | | 33,353.87 | 52,823.73 |
| | | **33,853.87** | **58,323.73** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Provisions | 12 | 1,442.95 | 1,317.91 |
| Other non-current liabilities | 13 | 5,873.80 | 9,770.91 |
| | | **7,316.75** | **11,088.82** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| i) Trade payables | 14 | 29,980.93 | 28,595.72 |
| ii) Other financial liabilities | 15 | 8,036.55 | 3,619.88 |
| Other Current liabilities | 16 | 11,300.48 | 6,246.90 |
| Provisions | 12 | 206.48 | 137.11 |
| | | **49,524.44** | **38,599.65** |
| **Total liabilities** | | **56,841.19** | **49,688.43** |
| **Total equity and liabilities** | | **90,695.06** | **108,012.16** |

See accompanying notes forming part of the financial statements

For and on behalf of the Board of Directors of

**CRYSTAL VISION MEDIA PVT. LTD.**

**HARVINDER SINGH**
Director
DIN: 0447450

Place: New Delhi
Date: 09-May-2019

**MUKESH AGGARWAL**
Director
DIN: 06594694

Place: New Delhi
Date: 09-May-2019

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

| Particulars | Note No. | For the year ended 31.03.2019 | For the year ended 31.03.2018 |
|---|---|---|---|
| | | (Rs. '000) | (Rs. '000) |
| **REVENUE** | | | |
| Revenue from operations | 17 | 85,952.12 | 85,507.94 |
| Other income | 18 | 47.17 | 175.98 |
| **TOTAL REVENUE** | | **85,999.29** | **85,683.92** |
| **EXPENSES** | | | |
| Content cost | 19 | 24,978.37 | 29,505.22 |
| Employee benefit expense | 20 | 11,759.96 | 10,336.33 |
| Depreciation and amortisation expense | 3 | 7,596.72 | 7,878.85 |
| Other expenses | 21 | 47,330.62 | 36,973.21 |
| **TOTAL EXPENSES** | 22 | **91,665.67** | **84,693.61** |
| Exceptional items | | 27,005.93 | - |
| **PROFIT/(LOSS) BEFORE TAX** | | (32,672.31) | 990.31 |
| **TAX EXPENSE** | | | |
| Current tax expense | 23 | 440.91 | 188.70 |
| Less: MAT credit | | - | (188.70) |
| Short provision for tax relating to prior years | | 456.38 | - |
| | | 897.29 | - |
| Deferred tax | 24 | (8,950.43) | 195.37 |
| **NET TAX EXPENSE** | 24 | **(8,053.14)** | **195.37** |
| **PROFIT/(LOSS) AFTER TAX** | | **(24,619.17)** | **794.94** |
| **Other comprehensive income** | | | |
| i) Items that will not be reclassified to Profit/(Loss) | | 201.77 | 237.23 |
| – Remeasurements of the defined benefit obligation | | | |
| – Deferred Tax on Remeasurements of the defined benefit obligation | | (52.46) | (61.09) |
| **Total comprehensive income for the period** | | **(24,469.86)** | **971.08** |
| **Earnings per equity share** (Face value of Rs. 10 per share) | | | |
| Basic (Rs. per share) | 26 | (492.38) | 15.90 |
| Diluted (Rs. per share) | 26 | (492.38) | 15.90 |

See accompanying notes forming part of the financial statements

For and on behalf of the Board of Directors of

**CRYSTAL VISION MEDIA PVT. LTD.**

| | |
|---|---|
| **HARVINDER SINGH** | **MUKESH AGGARWAL** |
| Director | Director |
| DIN: 0447450 | DIN: 06594694 |
| Place: New Delhi | Place: New Delhi |
| Date: 09-May-2019 | Date: 09-May-2019 |

# Cash Flow Statement for the year ended 31 March 2019

| | Particulars | For the Year ended 31.03.2019 (Rs. '000) | For the Year ended 31.03.2018 (Rs. '000) |
|---|---|---|---|
| **A.** | **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| | Net Profit/(Loss) before tax | (32,672.31) | 990.31 |
| | **Adjustments for:** | | |
| | Depreciation and amortisation expense | 7,596.72 | 7,878.85 |
| | Liabilities/excess provisions written back (net) | - | 81.55 |
| | Other Comprehensive Item | 201.77 | 237.23 |
| | Provision for Gratuity-short term | 69.37 | 64.00 |
| | Provision for Gratuity-Long term | 125.04 | 20.72 |
| | Provision for doubtful debts | 31,057.69 | - |
| | Fixed assets/capital work in progress written off | 948.24 | - |
| | Interest income on income tax refund | - | (10.18) |
| | **Operating profit before working capital changes** | **7,326.53** | **9,262.48** |
| | **Changes in working capital:** | | |
| | Adjustments for (increase)/decrease in operating assets: | | |
| | Trade Receivables | (5,262.24) | 9,514.43 |
| | Other current financial assets | (380.28) | (13.99) |
| | Other Current Assets | (13,256.11) | 1,335.81 |
| | Others financial assets | (90.00) | - |
| | Other non-current assets | 3,147.63 | 263.19 |
| | Adjustments for increase/(decrease) in operating liabilities: | | |
| | Current financial Liabilities | 5,801.98 | (11,973.05) |
| | Other Current liabilities | 5,053.58 | 3,388.60 |
| | Other non-current liabilities | (3,897.11) | (7,794.22) |
| | Non current provisions | - | (81.55) |
| | **Cash generated from operations** | (1,556.12) | 3,901.70 |
| | Taxes paid/(received) | (371.36) | (781.66) |
| | Interest income on income tax refund | - | 10.18 |
| | **Net Cash from Operating Activities** | (1,927.48) | 3,130.22 |
| **B.** | **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| | Capital expenditure on fixed assets, including capital advances | (400.72) | (4,980.33) |
| | **Net Cash used in Investing Activities** | (400.72) | (4,980.33) |
| **C.** | **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| | **Net Cash from Financing Activities** | - | - |
| | Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C) | (2,328.20) | (1,850.11) |
| | Cash and Cash Equivalents at the beginning of the period | 6,546.32 | 8,396.43 |
| | **Cash and Cash Equivalents at the end of the period** | **4,218.12** | **6,546.32** |
| | **Cash and Cash Equivalents at the end of the period comprise of:** | | |
| | Cash on Hand | 4,051.10 | 6,334.41 |
| | Balances with Banks in Current Accounts | 167.02 | 211.91 |
| | | **4,218.12** | **6,546.32** |

**Note:** The above Cash Flow Statement has been prepared under the indirect method set out in IND AS - 07 "Statement of Cash Flow" issued by the Central Government under Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (Companies Indian Accounting Standard Rules, 2015)

For and on behalf of the Board of Directors of

**CRYSTAL VISION MEDIA PVT. LTD.**

| | |
|---|---|
| **HARVINDER SINGH** | **MUKESH AGGARWAL** |
| Director | Director |
| DIN: 0447450 | DIN: 06594694 |
| Place: New Delhi | Place: New Delhi |
| Date: 09-May-2019 | Date: 09-May-2019 |

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

**A. Equity Share Capital**

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

| Balance as at 01st April, 2018 | Changes in equity share capital during the year | Balance as at 31st March, 2019 |
|---|---|---|
| **500.00** | **-** | **500.00** |

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

| Balance as at 01st April, 2017 | Changes in equity share capital during the year | Balance as at 31st March, 2018 |
|---|---|---|
| **500.00** | **-** | **500.00** |

**B. Other Equity**

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

| Particulars | Reserves and Surplus | | | Other comprehensive income | Total |
|---|---|---|---|---|---|
| | Securities premium | General reserve/CR | Retained earnings | Actuarial Gain/(Loss) | |
| Balance at the beginning of the reporting year | 49,600.00 | - | 7,904.23 | 319.49 | 57,823.73 |
| Remeasurement of the net defined benefit liability/assets, net of tax effects | - | - | - | 149.31 | 149.31 |
| Transfer to retained earnings | - | - | (24,619.42) | - | (24,619.42) |
| **Balance at the end of 31st March, 2019** | **49,600.00** | **-** | **(16,714.94)** | **468.81** | **33,353.87** |

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

| Particulars | Reserves and Surplus | | | Other comprehensive income | Total |
|---|---|---|---|---|---|
| | Securities premium | General reserve | Retained earnings | Actuarial Gain/(Loss) | |
| Balance at the beginning of the reporting year | 49,600.00 | - | 7,109.29 | 143.35 | 56,852.65 |
| Remeasurement of the net defined benefit liability/assets, net of tax effects | - | - | - | 176.14 | 176.14 |
| Transfer to retained earnings | - | - | 794.94 | - | 794.94 |
| **Balance at the end of 31st March, 2018** | **49,600.00** | **-** | **7,904.23** | **319.49** | **57,823.73** |

See accompanying notes forming part of the financial statements

For and on behalf of the Board of Directors of

**CRYSTAL VISION MEDIA PVT. LTD.**

**HARVINDER SINGH**
Director
DIN: 0447450

Place: New Delhi
Date: 09-May-2019

**MUKESH AGGARWAL**
Director
DIN: 06594694

Place: New Delhi
Date: 09-May-2019

# Notes Forming Part of the Financial Statements

**1. Background**

Crystal Vision Media Private Limited is a Company incorporated in India on May 14, 2008, The company primarily engaged in providing cable television distribution and other related services. It is a subsidiary of DEN Networks Limited w.e.f. 12th July 2011, which is company listed on BSE & NSE.

**2. Significant accounting policies**

**2.01 Basis of preparation**

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

The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015.Upto the year ended 31 March, 2016, the Company prepared its financial statements in accordance with the requirements of Indian GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. This is the Company first Ind AS financial statements. The date of transition to Ind AS is 1 April, 2015. Refer Notes for the details of first-time adoption exemptions availed by the Company.

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

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the assets or liability.Company's Financial Statements are presented in Indian Rupees (Rs.), which is also its functional currency and all values are rounded to the nearest thousands (Rs. '000), except when otherwise indicated.

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

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

**2.03 Cash flow statement**

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

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

# Notes Forming Part of the Financial Statements

**Amendment to Ind AS 7:**

Effective from April 1, 2017, the company adopted the amendment to Ind AS 7, which requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of the amendment didnot have any impact on the financial statements.

**2.04 Property, plant and equipment**

All the items of property, plant and equipment are stated at historical cost net off cenvat credit less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.Intangible assets acquired in business combinations are stated at fair value as determined by the management of the Company on the basis of valuation by expert valuers, less accumulated amortisation. The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any. Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful life is taken in accordance with Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

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

**2.05 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 the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Derecognition of intangible assets

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

# Notes Forming Part of the Financial Statements

Useful lives of intangible assets

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

a. Software 5 years

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

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

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

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

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

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

**2.07 Revenue recognition**

The Company derives revenues primarily from sale of services. Effective April 1, 2018, the Company adopted Ind AS 115 “Revenue from Contracts with Customers” using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The effect on adoption of Ind AS 115 was insignificant. Revenue is recognized upon transfer of control of promised service to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those services or goods. For rendering of services, performance obligation is satisfied over time. The Company recognizes revenue allocated to this performance obligation over the period the performance obligation is satisfied.Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts and claims, if any, as specified in the contract with the customer. Revenue is also net of indirect taxes in its statement of profit and loss. Unearned and deferred revenue (“contract liability”) is recognised when there is billing in excess of revenues.The Company disaggregates revenue from contracts with customers by type of products and services, geography and timing of revenue recognition.Use of significant judgments in revenue recognition

The Company’s contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables. Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, price concessions and incentives. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations. The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company

# Notes Forming Part of the Financial Statements

allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation. The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

**2.08 Other income**

Interest income

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

**2.09 Foreign exchange gains and losses**

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

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

Treatment of exchange differences

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

**2.10 Financial instruments**

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

**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.

# Notes Forming Part of the Financial Statements

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

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

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

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

**Effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

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

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria as mentioned above are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

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

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

**Impairment of financial assets**

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL. Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

# Notes Forming Part of the Financial Statements

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

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

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

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

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

**Derecognition of financial assets**

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

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.

# Notes Forming Part of the Financial Statements

- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

**2.11 Financial liabilities and equity instruments**

Classification as debt or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company entity are recognised at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

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

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

Financial liabilities at FVTPL

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

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

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

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

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item. However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that

# Notes Forming Part of the Financial Statements

are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss. Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in profit or loss.

Financial liabilities subsequently measured at amortised cost

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

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

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contracts issued by a Company entity are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

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

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

Commitments to provide a loan at a below-market interest rate are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

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

Foreign exchange gains and losse

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

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

Derecognition of financial liabilities

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

**2.12 Employee benefits**

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

# Notes Forming Part of the Financial Statements

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.

<u>Short-term and other long-term employee benefits</u>

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.

**2.13 Leases**

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

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

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

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

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company general policy on borrowing costs (see note 2.14 below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

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

# Notes Forming Part of the Financial Statements

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

**2.14 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.

**2.15 Earnings per share**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

**2.16 Taxation**

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

<u>Current tax</u>

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.

<u>Deferred tax</u>

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

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

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

# Notes Forming Part of the Financial Statements

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.

**2.17 Provisions and contingencies**

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

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

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

**2.18 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.

**2.19 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.

**2.20 GST input credit**

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

**2.21 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.

**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.

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.

In estimating the fair value of an asset or liability, the Company uses market-observable data to the extent it is available.

# Notes Forming Part of the Financial Statements

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.

Recoverability of Trade Receivables

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

**2.22 Operating Cycle**

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

**2.23 Current and non Current classfication :**

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

1 Expected to be realised or intended to be sold or consumed in normal operating cycle

2 Held primarily for the purpose of trading

3 Expected to be realised within twelve months after the reporting period, or

4 Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non - current.

ii A liability is current when:

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

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

**2.24 Recent accounting pronouncements**

**2.24.1 Standards issued but not yet effective**

Issue of INDAS 116 – Lease Accounting

Effective from1 April 2019, IND AS 116 shall supercede the existing IND AS 17 and company shall be required to adopt IND AS 116- lease accounting, which shall require the following:

**As lessee:**

Lease liability is initially recognised and measured at an amount equal to the present value of minimum lease payments during the lease term that are not yet paid.

Right-of-use asset is recognised and measured at cost, consisting of initial measurement of lease liability plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, initial estimate of the restoration costs and any initial direct costs incurred by the lessee.

The lease liability is measured in subsequent periods using the effective interest rate method. The right- of-use asset is depreciated in accordance with the requirements in Ind AS 16, Property, plant and equipment.Recognition and measurement

# Notes Forming Part of the Financial Statements

exemption is available for low-value assets and short-term leases. Assets of low-value include IT equipment or office furniture. No monetary threshold has been defined for low- value assets. Short-term leases are defined as leases with a lease term of 12 months or less.

If an entity chooses to apply any one of the exemptions, payments are recognised on a straight-line basis or another systematic basis that is more representative of the pattern of the lessee's benefit.

**As lessor:**

Entities are not required to reassess existing lease contracts but can elect to apply the guidance regarding the definition of a lease only to contracts entered into (or changed) on or after the date of initial application ('grandfathering'). This applies to both contracts that were not previously identified as containing a lease applying Ind AS 17 and those that were previously identified as leases in Ind AS 17.

Full retrospective application is optional.

Lessee can elect to apply the simplified approach and not restate the comparative information. The cumulative effect of applying the standard is recognised as an adjustment to the opening balance of retained earnings at the date of initial application. Since the company is not a lessor and as lessee, the company has entered into a lease agreement which is cancellable in nature the company does not expect the impact of new standard to be material on its retained earnings and to its net income on an ongoing basis.

# Notes to the Financial Statements for the year ended 31 March 2019

**NOTE 3:**

**3A PROPERTY, PLANT AND EQUIPMENT** **(Rs. '000)**

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|---|---|---|
| **Carrying amounts of:** | | |
| Leasehold Improvements | | |
| Plant and equipment | | |
| Headend and distribution equipment | 813.95 | 963.00 |
| Set top boxes | 10,166.65 | 17,956.20 |
| Computers | 103.41 | 157.43 |
| Office and other equipment | 112.47 | 163.49 |
| Furniture and fixtures | 17.64 | 39.62 |
| Vehicles Owned | 138.68 | 179.84 |
| | **11,352.79** | **19,459.57** |

**(Rs. '000)**

| Particulars | Leasehold Improvements | Plant and equipment | | | | Furniture and fixtures | Vehicles Owned | Total |
|---|---|---|---|---|---|---|---|---|
| | | Headend and distribution equipment | Set top boxes | Computers | Office and other equipment | | | |
| **Deemed cost** | | | | | | | | |
| Balance at 1 April, 2017 | - | **2,340.40** | **33,596.17** | **647.18** | **503.40** | **130.90** | **225.34** | **37,443.39** |
| Additions | - | - | 4,688.30 | 114.41 | 113.27 | - | 64.35 | **4,980.33** |
| Disposals | - | - | - | - | - | - | - | - |
| **Balance at 31 March, 2018** | - | **2,340.40** | **38,284.47** | **761.59** | **616.67** | **130.90** | **289.69** | **42,423.72** |
| Additions | - | - | 309.50 | 53.77 | 37.45 | - | - | **400.72** |
| Disposals | - | - | - | - | - | - | - | - |
| **Balance at 31 March, 2019** | - | **2,340.40** | **38,593.97** | **815.36** | **654.12** | **130.90** | **289.69** | **42,824.44** |
| **Accumulated depreciation** | | | | | | | | |
| Balance at 1 April, 2017 | - | **960.54** | **13,251.98** | **493.73** | **326.61** | **60.44** | **69.91** | **15,163.21** |
| Depreciation expenses | - | 416.86 | 7,076.29 | 110.43 | 126.58 | 30.85 | 39.94 | **7,800.95** |
| Elimination on disposals of assets | - | - | - | - | - | - | - | - |
| **Balance at 31 March, 2018** | - | **1,377.40** | **20,328.27** | **604.16** | **453.19** | **91.29** | **109.85** | **22,964.16** |
| Depreciation expenses | - | 149.05 | 7,150.81 | 107.79 | 88.47 | 21.98 | 41.16 | 7,559.26 |
| Eliminated on disposals of assets | - | - | - | - | - | - | - | - |
| **Impairment of Assets** | - | - | 948.24 | - | - | - | - | 948.24 |
| **Balance at 31 March, 2019** | - | **1,526.45** | **28,427.32** | **711.95** | **541.66** | **113.27** | **151.01** | **31,471.66** |
| **Carrying amount** | | | | | | | | |
| Balance at 1 April, 2017 | - | **1,379.86** | **20,344.19** | **153.45** | **176.80** | **70.47** | **155.43** | **22,280.19** |
| Additions | - | - | 4,688.30 | 114.41 | 113.27 | - | 64.35 | 4,980.33 |
| Disposals | - | - | - | - | - | - | - | - |
| Depreciation expenses | - | 416.86 | 7,076.29 | 110.43 | 126.58 | 30.85 | 39.94 | 7,800.95 |
| **Balance at 31 March, 2018** | - | **963.00** | **17,956.20** | **157.43** | **163.49** | **39.62** | **179.84** | **19,459.57** |
| Additions | - | - | 309.50 | 53.77 | 37.45 | - | - | 400.72 |
| Disposals | - | - | - | - | - | - | - | - |
| Depreciation expense | - | 149.05 | 7,150.81 | 107.79 | 88.47 | 21.98 | 41.16 | 7,559.26 |
| Impairment of Assets | - | - | 948.24 | - | - | - | - | 948.24 |
| **Balance at 31 March, 2019** | - | **813.95** | **10,166.65** | **103.41** | **112.47** | **17.64** | **138.68** | **11,352.79** |

**Note:**

* Set top boxes are installed at the premises of the customers

# Notes to the Financial Statements for the year ended 31 March 2019

## 3B OTHER INTANGIBLE ASSETS

(Rs. '000)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|---|---|---|
| **Carrying amounts of:** | | |
| Software | 7.29 | 44.76 |
| Non compete fees | - | - |
| | **7.29** | **44.76** |

(Rs. '000)

| | Goodwill | Distribution and network rights | Software | Non compete fees | Total |
|---|---|---|---|---|---|
| **Deemed cost** | | | | | |
| Balance at 1 April, 2017 | **1,833.03** | - | **360.53** | - | **2,193.56** |
| Additions | - | - | - | - | **-** |
| Disposals | - | - | - | - | |
| **Balance at 31 March, 2018** | **1,833.03** | **-** | **360.53** | **-** | **2,193.56** |
| Additions | - | - | - | - | **-** |
| Disposals | - | - | - | - | **-** |
| **Balance at 31 March, 2019** | **1,833.03** | **-** | **360.53** | **-** | **2,193.56** |
| **Accumulated depreciation** | | | | | |
| Balance at 1 April, 2017 | **1,833.03** | **-** | **237.86** | **-** | **2,070.89** |
| Depreciation expenses | - | - | 77.91 | - | **77.91** |
| Elimination on disposals of assets | - | - | - | - | **-** |
| **Balance at 31 March, 2018** | **1,833.03** | **-** | **315.77** | **-** | **2,148.80** |
| Depreciation expenses | **-** | - | 37.47 | - | **37.47** |
| Eliminated on disposals of assets | - | - | - | - | **-** |
| **Balance at 31 March, 2019** | **1,833.03** | **-** | **353.24** | **-** | **2,186.27** |
| **Carrying amount** | | | | | |
| Balance at 1 April, 2017 | - | - | 122.67 | - | 122.67 |
| Additions | - | - | - | - | - |
| Disposals | - | - | - | - | - |
| Depreciation expenses | - | - | 77.91 | - | 77.91 |
| **Balance at 31 March, 2018** | **-** | **44.76** | **44.76** | | |
| Additions | - | - | - | - | - |
| Disposals | - | - | - | - | - |
| Depreciation expense | - | - | 37.47 | - | 37.47 |
| **Balance at 31 March, 2019** | **-** | **-** | **7.29** | **-** | **7.29** |

# Notes to the Financial Statements for the year ended 31 March 2019

| | Particulars | As at 31.03.2019 (Rs. '000) | As at 31.03.2018 (Rs. '000) |
|---|---|---|---|
| **4.** | **OTHER FINANCIAL ASSETS*** | | |
| | **Non-Current-Considered Good** | | |
| | Security deposits-Considered Good* | 124.00 | 34.00 |
| | *(Refer Note 28) | **124.00** | **34.00** |
| **5.** | **OTHER NON-CURRENT ASSETS** | | |
| | Prepaid expenses | 9,639.00 | 12,786.63 |
| | Advance tax {Net of provision for tax Rs 4,137 thousand (31/03/17 Rs. 3950 thousand)} | 1,104.10 | 1,375.46 |
| | | **10,743.10** | **14,162.09** |
| **6.** | **TRADE RECEIVABLES *** | | |
| | Current | | |
| | Trade receivables | | |
| | (a) Secured, considered good | - | - |
| | (b) Unsecured, considered good | 32,436.04 | 58,231.48 |
| | (c) Doubtful | 31,057.70 | - |
| | | 63,493.74 | 58,231.48 |
| | Less: Provision for doubtful debtors | 31,057.70 | - |
| | *(Refer Note 28) | **32,436.04** | **58,231.48** |
| | **Movement in the allowance for doubtful debts** | | |
| | Opening balance of provision bad and doubtful debts | - | - |
| | Add: Provision for bad and doubtful debts made during the year | 31,057.70 | - |
| | Less: Excess provision written back during the year | - | - |
| | Closing balance of provision for bad & doubtful debts | **31,057.70** | **-** |
| **7.** | **CASH AND CASH EQUIVALENTS *** | | |
| | Balance with scheduled banks | | |
| | i) in current accounts | - | 43.45 |
| | ii) in deposit accounts | | |
| | – original maturity of 3 months or less | - | - |
| | Cash on hand | 4,051.10 | 6,334.41 |
| | Cheques on hand | - | 1.44 |
| | *(Refer Note 28) | **4,051.10** | **6,379.30** |
| **8.** | **BANK BALANCES** | | |
| | i) in deposit accounts | | |
| | – original maturity more than 3 months | 167.02 | 167.02 |
| | | **167.02** | **167.02** |
| **9.** | **OTHER CURRENT FINANCIAL ASSETS *** | | |
| | **Considered good** | | |
| | Loans to employees | 454.21 | 73.93 |
| | *(Refer Note 28) | **454.21** | **73.93** |
| **10.** | **OTHER CURRENT ASSETS - CONSIDERED GOOD** | | |
| | Prepaid expenses | 4,407.69 | 5,120.72 |
| | Unbilled revenue | 14,659.89 | 798.98 |
| | Other advances | 992.96 | 884.73 |
| | | **20,060.54** | **6,804.43** |

# Notes to the Financial Statements for the year ended 31 March 2019

| | Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|---|
| | | (Rs. '000) | (Rs. '000) |
| 11. | **EQUITY SHARE CAPITAL** | | |
| | **A. Authorized** | | |
| | 100,000 (Previous Year 100,000) Equity Shares of Rs. 10/- each | 1,000.00 | 1,000.00 |
| | **B. Issued, subscribed and fully paid-up** | | |
| | 50,000 (Previous Year 50,000) Equity Shares of Rs. 10/- each, fully paid up | 500.00 | 500.00 |
| | | **500.00** | **500.00** |

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

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

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

| Particulars | March 31, 2019 | | March 31, 2018 | |
|---|---|---|---|---|
| | No. of Shares | Amount Rs. | No. of Shares | Amount Rs. |
| **Den Networks Limited (Holding Company)*** | 25,500 | 255.00 | 25,500 | 255.00 |

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

| Name of Shareholder | As at 31.03.2019 | | As at 31.03.2018 | |
|---|---|---|---|---|
| | No. of Shares | % Holding | No. of Shares | % Holding |
| Den Networks Limited | 25,500 | 51.00% | 25,500 | 51.00% |
| Gagan Arora | 5,750 | 11.50% | 5,750 | 11.50% |
| Puja Arora | 6,500 | 13.00% | 6,500 | 13.00% |
| Harvinder Singh | 5,750 | 11.50% | 5,750 | 11.50% |
| Rashmeet Kaur | 6,500 | 13.00% | 6,500 | 13.00% |

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

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

# Notes to the Financial Statements for the year ended 31 March 2019

| | Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|---|
| | | **(Rs. '000)** | **(Rs. '000)** |
| **12.** | **PROVISIONS** | | |
| | Long-term provisions | | |
| | **Provision for employee benefits** | | |
| | Provision for gratuity {Refer No. 27} | 1,442.95 | 1,317.91 |
| | | **1,442.95** | **1,317.91** |
| | Short-term provisions | | |
| | **Provision for employee benefits** | | |
| | Provision for gratuity {Refer No. 27} | 206.48 | 137.11 |
| | | **206.48** | **137.11** |
| **13.** | **OTHER NON-CURRENT LIABILITIES** | | |
| | Deferred revenue | 5,873.80 | 9,770.91 |
| | | **5,873.80** | **9,770.91** |
| **14.** | **TRADE PAYABLES ^** | | |
| | Trade payables - Other than acceptances | | |
| | i) Total outstanding dues of micro enterprises and small enterprises* | - | - |
| | ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | | |
| | – Payable for goods and services | 29,980.93 | 28,595.72 |
| | ^ (Refer Note 28) | **29,980.93** | **28,595.72** |

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

| | Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|---|
| **15.** | **OTHER FINANCIAL LIABILITIES** | | |
| | Payables on purchase of fixed assets | 3.90 | 5.80 |
| | Book overdraft | 1,958.86 | - |
| | Other Payables | 6,073.79 | 3,614.08 |
| | | **8,036.55** | **3,619.88** |
| **16.** | **OTHER CURRENT LIABILITIES** | | |
| | Deferred revenue | 3,897.11 | 3,897.11 |
| | Statutory remittances | 7,403.37 | 2,275.06 |
| | Other payables | | |
| | i) Advances from customers | - | 74.73 |
| | | **11,300.48** | **6,246.90** |

# Notes to the Financial Statements for the year ended 31 March 2019

| | Particulars | For the year ended 31.03.2019 (Rs. '000) | For the year ended 31.03.2018 (Rs. '000) |
|---|---|---|---|
| **17.** | **REVENUE FROM OPERATIONS** | | |
| | Sale of services | 85,952.12 | 85,507.94 |
| | | **85,952.12** | **85,507.94** |
| **18.** | **OTHER INCOME** | | |
| | Interest income | | |
| | i) on fixed deposits | - | 28.65 |
| | ii) on income tax refund | - | 10.18 |
| | Liabilities/excess provisions written back | - | 81.55 |
| | Miscellaneous income | 47.17 | 55.60 |
| | | **47.17** | **175.98** |
| **19.** | **CONTENT COST** | | |
| | Content cost | 24,978.37 | 29,505.22 |
| | | **24,978.37** | **29,505.22** |
| **20.** | **EMPLOYEE BENEFIT EXPENSE** | | |
| | Salaries and allowances | 10,547.79 | 9,222.30 |
| | Contribution to provident and other funds | 684.62 | 567.48 |
| | Gratuity expense | 396.19 | 362.10 |
| | Staff welfare expenses | 131.36 | 184.45 |
| | | **11,759.96** | **10,336.33** |
| **21.** | **OTHER EXPENSES** | | |
| | Distributor commission/incentive | 9,089.17 | 6,243.07 |
| | Rent and hire charges | 4,875.12 | 5,954.60 |
| | Repairs and maintenance | | |
| | i) Plant and machinery | 78.07 | 203.49 |
| | ii) Others | 2,386.22 | 2,044.37 |
| | Power and fuel | 1,846.57 | 1,876.00 |
| | Director's sitting fees | - | - |
| | Consultancy, professional and legal charges* | 9,114.60 | 11,983.10 |
| | Expenditure on corporate social responsibility | - | - |
| | Brokerage/commission | - | - |
| | Bank charges | 65.34 | 42.45 |
| | Subscription share/charges | 7,211.75 | - |
| | Contract service charges | 3,854.84 | 3,564.92 |
| | Printing and stationery | 168.15 | 96.30 |
| | Travelling and conveyance | 330.07 | 393.93 |
| | Advertisement, publicity and business promotion | 429.02 | 429.47 |
| | Communication expenses | 1,972.53 | 2,128.15 |
| | Security charges | 340.05 | 520.67 |
| | Insurance | 9.52 | 5.97 |
| | Rates and taxes | - | 59.54 |
| | Provision for doubtful trade receivables and advances | 5,000.00 | - |
| | Fixed assets/capital work in progress written off | - | - |
| | Miscellaneous expenses | 559.60 | 1,427.18 |
| | | **47,330.62** | **36,973.21** |
| | * Consultancy, professional and legal charges includes payment to auditors as under: | | |
| | To statutory auditors | | |
| | For audit | 60.00 | 60.00 |
| | For Tax audit | 20.00 | 20.00 |
| | For Tax audit | - | - |
| | | **80.00** | **80.00** |

# Notes to the Financial Statements for the year ended 31 March 2019

| | Particulars | For the year ended 31.03.2019 | For the year ended 31.03.2018 |
|---|---|---|---|
| | | (Rs. '000) | (Rs. '000) |
| 22. | **EXCEPTIONAL ITEM** | | |
| | Provision for Impairment of Assets | 948.24 | - |
| | Provision for doubtful debts | 26,057.69 | - |
| | | **27,005.93** | **-** |

**23. TAX EXPENSE**

**(a) Income tax expense**

| Particulars | Year ended 31.03.2019 (Rs. '000) | Year ended 31.03.2018 (Rs. '000) |
|---|---|---|
| **Current Tax:** | | |
| Current Income Tax Charge | 440.91 | - |
| Tax related to Earlier Years | 456.38 | |
| **Deferred Tax** | | |
| In respect of current year origination and reversal of temporary differences | (8,950.43) | 195.38 |
| | **(8,950.43)** | **195.38** |
| **Total tax expense recognised in Statement of Profit and Loss** | **(8,053.14)** | **195.38** |
| **Mat Credit utilised** | **(254.57)** | |

**24. (a) Deferred tax assets**

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

| Particulars | Year ended 31.03.2019 | | | |
|---|---|---|---|---|
| | **Opening Balance** | **Recognised in Profit and Loss** | **Recognised in OCI** | **Closing Balance** |
| Tax effect of items constituting deferred tax liabilities | | | | |
| Other financial liability | (4,184.22) | 728.76 | - | (3,455.46) |
| | **(4,184.22)** | **728.76** | **-** | **(3,455.46)** |
| Tax effect of items constituting deferred tax assets | | | | |
| Property, Plant and Equipment | 2,691.04 | 1,019.10 | - | 3,710.14 |
| Employee Benefits | 374.67 | 106.65 | (52.46) | 428.85 |
| Doubtful debts/advances/impairment | - | 8,075.00 | - | 8,075.00 |
| Other financial asset | 3,519.52 | (979.08) | - | 2,540.44 |
| MAT Credit | 254.57 | (254.57) | - | - |
| | **6,839.80** | **7,967.10** | **(52.46)** | **14,754.43** |
| **Net Deferred Tax Asset (Liabilities)** | **2,655.58** | **8,695.86** | **(52.46)** | **11,298.97** |

# Notes to the Financial Statements for the year ended 31 March 2019

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

| **Particulars** | **Year ended 31.03.2018**<br>**Opening Balance** | **Recognised in Profit and Loss** | **Recognised in OCI** | **Closing Balance** |
|---|---|---|---|---|
| Tax effect of items constituting deferred tax liabilities | | | | |
| Other financial asset | (5,864.99) | 1,680.77 | - | (4,184.22) |
| | **(5,864.99)** | **1,680.77** | **-** | **(4,184.22)** |
| Tax effect of items constituting deferred tax assets | | | | |
| Property, Plant and Equipment | 2,090.67 | 600.37 | - | 2,691.04 |
| Employee Benefits | 352.85 | 82.90 | (61.09) | 374.67 |
| Financial Assets | 6,078.94 | (2,559.42) | - | 3,519.52 |
| MAT Credit | 1,289.04 | - | - | 254.57 |
| | **9,811.50** | **(1,876.15)** | **(61.09)** | **6,839.80** |
| **Net Deferred Tax Asset (Liabilities)** | **3,946.51** | **(195.38)** | **(61.09)** | **2,655.58** |

(b) **Numerical Reconciliation between average effective tax rate and applicable tax rate:**

| **Particulars** | **As at March 31, 2019** | | **As at March 31, 2018** | |
|---|---|---|---|---|
| | **Amount** | **Tax Rate** | **Amount** | **Tax Rate** |
| **Profit Before tax from Continuing Operations** | **(32,672.56)** | **26.00%** | **990.28** | **25.75%** |
| Income Tax using the Company's domestic Tax rate | (8,494.87) | | | 255.00 |
| **Tax Effect of:** | | | | |
| —~Non deductible Expenses | 7,039.41 | | | 50.04 |
| —~Timing Differences pertaining to earlier years | (7,054.06) | | | 54.77 |
| —~Current Year Losses for which no deferred Tax Asset is recognised | (164.43) | | | |
| Recognition of Tax Effect of Previously unrecognised tax losses | 456.38 | | | |
| Changes in recognised deductible temporary differences | - | | | - |
| **Income Tax recognised In P&L from Continuing Operations (Effective Tax Rate)** | **(8,053.14)** | **25%** | **195.38** | **20%** |

## 25. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

| **Particulars** | **As at 31.03.2019** | **As at 31.03.2018** | **As at 01.04.2017** |
|---|---|---|---|
| (a) **Capital commitments** | | | |
| Estimated amount of contracts remaining to be executed on tangible capital assets (net of advances) | - | - | - |
| (b) **Contingent liabilities** | | | |
| i) Claims against the Company not acknowledged as debts | - | - | - |
| ii) Guarantees | - | - | - |
| iii) Other money for which the Company is contingently liable | - | - | - |

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

# Notes to the Financial Statements for the year ended 31 March 2019

## 26. EARNINGS PER EQUITY SHARE (EPS)*

| Particulars | Year ended 31.03.2019 | Year ended 31.03.2018 |
|---|---|---|
| (a) Profit/(loss) for the year attributable to owners of the Company | (24,619.42) | 794.91 |
| (b) Weighted average number of equity shares outstanding used in computation of basic EPS | 50,000 | 50,000 |
| (c) Basic Loss per equity share of Rs. 10 each (in Rs.) | (492.39) | 15.90 |
| (d) Weighted average number of equity shares and equity equivalent shares outstanding used in computing diluted EPS | 50,000 | 50,000 |
| (e) Diluted Earnings/(Loss) per equity share of Rs. 10 each (in Rs.) | (492.39) | 15.90 |

*** There are no potential equity shares as at 31 March, 2019**

## 27. DISCLOSURE PURSUANT TO IND AS 15 ON 'EMPLOYEE BENEFITS'

**Employee Benefit Plans**

The company has calculated the various benefits provided to employees as under:-

### A. 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. 1,000,000. 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.

**i) Change in present value of obligation**

| Particulars | Current Year | Previous Year |
|---|---|---|
| Present value of the obligation at the beginning of the period | 1,455.02 | 1,370.30 |
| Interest cost | 112.76 | 106.20 |
| Current service cost | 283.42 | 255.90 |
| Benefits paid (if any) | - | (40.15) |
| Actuarial (gain)/loss | (201.77) | (237.23) |
| Present value of the obligation at the end of the period | 1,649.43 | 1,455.02 |

**ii) Bifurcation of total Actuarial (gain)/Loss on Liabilities.**

| Period | 2018-19 | 2017-18 |
|---|---|---|
| Actuarial gain/losses from changes in demographics assumptions mortality | NA | NA |
| Actuarial gain/losses from changes in Financial Assumption | (11.72) | (38.30) |
| Experience Adjustment (gain)/loss for plan liabilities | (190.06) | (198.93) |
| Total Amount recognized in Other Comprehensive Income | (201.77) | (237.23) |

**iii) The amount to be recognized in the Balance Sheet:**

| Particulars | Current Year | Previous Year |
|---|---|---|
| Present value of the obligation at the end of the period | 1,649.43 | 1,455.02 |
| Fair value of plan assets at end of period | - | - |
| Net liability/(asset) recognized in Balance Sheet and related analysis | 1,649.43 | 1,455.02 |
| Funded Status | (1,649.43) | (1,455.02) |

# Notes to the Financial Statements for the year ended 31 March 2019

**iv) Expense recognized in the statement of Profit and Loss:**

| Particulars | Current Year | Previous Year |
|---|---|---|
| Interest cost | 112.76 | 106.20 |
| Current service cost | 283.42 | 255.90 |
| Expected return on plan asset | - | - |
| Expenses to be recognized in the statement of profit and loss accounts | 396.19 | 362.10 |

**v) Others Comprehensive (Income)/Expenses (Remeasurement)**

| Particulars | Current Year | Previous Year |
|---|---|---|
| Cumulative unrecognized actuarial (gain)/loss opening. B/F | (237.23) | |
| Actuarial (gain)/loss - obligation | (201.77) | (237.23) |
| Actuarial (gain)/loss - plan assets | - | - |
| Total Actuarial (gain)/loss | (201.77) | (237.23) |
| Cumulative total actuarial (gain)/loss. C/F | (439.00) | |

**vi) Net interest cost:**

| Particulars | Current Year | Previous Year |
|---|---|---|
| Interest cost on defined benefit obligation | 112.76 | - |
| Interest income on plan assets | - | - |
| Net interest cost (Income) | 112.76 | - |

**vii) Experience Adjustment:**

| Particulars | Current Year | Previous Year |
|---|---|---|
| Experience Adjustment (Gain)/Loss for plan liabilities | (190.06) | (198.93) |
| Experience Adjustment (Gain)/Loss for plan Assets | - | - |

Valuation in respect of Gratuity has been carried out by independent actuary, as at the Balance date, based on the following assumptions:

| Particulars | Current Year | Previous Year |
|---|---|---|
| Discount rate | 7.75% | 7.75% |
| Salary Growth Rate | 8.00% | 8.00% |
| Mortality | IALM 2006-08 | IALM 2006-08 |
| Expected rate of return | | |
| Withdrawal Rate (per annum) | 5.00% p.a.(18 to 30 Years) | 3.00% p.a.(18 to 30 Years) |
| Withdrawal Rate (per annum) | 5.00% p.a.(30 to 44 Years) | 2.00% p.a.(30 to 44 Years) |
| Withdrawal Rate (per annum) | 5.00% p.a.(44 to 58 Years) | 1.00% p.a.(44 to 58 Years) |
| Particulars | Current Year | Previous Year |
| Current Liability (Short Term)* | 206.48 | 137.11 |
| Non Current Liability (Long Term) | 1,442.95 | 1,317.91 |
| Total Liability | 1,649.43 | 1,455.02 |

* Current Liability: it is probable outlay in next 12 months as required by the Companies Act.

**Note:** The estimates of future salary increases, considered in Actuarial valuation, take account of inflation, seniority, promotion and other relevant factor, such as supply and demand in the employment market.

# Notes to the Financial Statements for the year ended 31 March 2019

**Effect of plan on entity's future cash flows**

**Funding arrangements and funding policy:**

Not Applicable

**Expected contribution during the next annual reporting period**

| | | |
|---|---|---|
| The Company's best estimate of Contribution during the next year | 300.12 | 284.97 |

**Maturity profile of defined benefit obligation**

| | | |
|---|---|---|
| Weighted average duration (based on discounted cash flows) in years | 15 | 15 |

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

| | |
|---|---|
| 01 Apr 2019 to 31 Mar 2020 | 204.25 |
| 01 Apr 2020 to 31 Mar 2021 | 216.35 |
| 01 Apr 2021 to 31 Mar 2022 | 69.26 |
| 01 Apr 2022 to 31 Mar 2023 | 68.17 |
| 01 Apr 2023 to 31 Mar 2024 | 192.64 |
| 01 Apr 2024 Onwards | 883.73 |

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

| **Period** | **As on 31/03/19** | **Liability** |
|---|---|---|
| Defined Benefit Obligation (Base) | 16,49,428 @ Salary Increase Rate: 8%, and discount rate:7.75% | - |
| Liability with x% increase in Discount Rate [% Change] | 15,20,677; x=1.00% [Change (8)% ] | 8% |
| Liability with x% decrease in Discount Rate [% Change] | 17,98,914; x=1.00% [Change 9% ] | 9% |
| Liability with x% increase in Salary Growth Rate [% Change] | 17,97,055; x=1.00% [Change 9% ] | 9% |
| Liability with x% decrease in Salary Growth Rate [% Change] | 15,19,851; x=1.00% [Change (8)% ] | 8% |
| Liability with x% increase in Withdrawal Rate [% Change] | 16,43,490; x=1.00% [Change 0% ] | 0% |
| Liability with x% decrease in Withdrawal Rate [% Change] | 16,55,835; x=1.00% [Change 0% ] | 0% |

**Leave Encashment**

Since the company does not have a policy of leave encashment and all leaves due to employees lapse as on 31st March every year, no provision for the same has been made.

**28. FINANCIAL INSTRUMENTS**

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

This section gives an overview of the significance of financial instruments for the company and provides additional information on the balance sheet. Details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument.

# Notes to the Financial Statements for the year ended 31 March 2019

**Financial assets and liabilities:**

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

**As at 31 March, 2019**

| Financial assets * | FVTPL | FVTOCI | Amortised Cost | Total carrying value |
|---|---|---|---|---|
| Cash and cash equivalents | - | - | 4,051.10 | 4,051.10 |
| Trade receivables | - | - | 32,436.04 | 32,436.04 |
| Security deposits | - | - | 124.00 | 124.00 |
| Other current financial asset | - | - | 454.21 | 454.21 |
| | - | - | 37,065.35 | 37,065.35 |

| Financial liabilities * | FVTPL | FVTOCI | Amortised Cost | Total carrying value |
|---|---|---|---|---|
| Non current borrowings | - | - | - | - |
| Current borrowings | - | - | - | - |
| Trade payables | - | - | 29,980.93 | 29,980.93 |
| Other current financial liabilities | - | - | 8,036.55 | 8,036.55 |
| | - | - | 38,017.48 | 38,017.48 |

**As at 31 March, 2018**

| Financial assets * | FVTPL | FVTOCI | Amortised Cost | Total carrying value |
|---|---|---|---|---|
| Cash and cash equivalents | - | - | 6,379.30 | 6,379.30 |
| Trade and other receivables | - | - | 58,231.48 | 58,231.48 |
| Security deposits | - | - | 34.00 | 34.00 |
| Other current financial asset | - | - | 73.93 | 73.93 |
| | - | - | 64,718.71 | 64,718.71 |

| Financial liabilities * | FVTPL | FVTOCI | Amortised Cost | Total carrying value |
|---|---|---|---|---|
| Trade payables | - | - | 28,595.72 | 28,595.72 |
| Other current financial liabilities | - | - | 3,619.78 | 3,619.78 |
| | - | - | 32,215.50 | 32,215.50 |

**(b) Financial Risk Management Objective And Policies:**

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

**Market Risk**

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

**Interest Rate Risk**

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

# Notes to the Financial Statements for the year ended 31 March 2019

**Foreign Currency Risk**

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

**Credit Risk**

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

**Trade Receivables**

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

**Financial Instruments and Cash Deposits**

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

**Liquidity risk**

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

**As at March 31, 2019**

| | **<1 year** | **1-3 Years** | **3-5 Years** | **> 5 Years** | **Total** |
|---|---|---|---|---|---|
| Trade payables | 28,988.61 | 992.32 | - | - | 29,980.93 |
| Other current financial liabilities | 8,036.55 | - | - | - | 8,036.55 |
| **Total** | **37,025.16** | **992.32** | **-** | **-** | **38,017.48** |

**As at March 31, 2018**

| | **<1 year** | **1-3 Years** | **3-5 Years** | **> 5 Years** | **Total** |
|---|---|---|---|---|---|
| Trade payables | 23,387.25 | 5,208.47 | - | - | 28,595.72 |
| Other current financial liabilities | 3,619.78 | - | - | - | 3,619.78 |
| **Total** | **27,007.03** | **5,208.47** | **-** | **-** | **32,215.50** |

**29 Capital Management**

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

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

**30 POST REPORTING EVENTS**

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

**31 AUTHORISATION OF FINANCIAL STATEMENTS**

The financial statements for the year ended March 31, 2019 were approved by the Board of Directors on 29-06-2019. The management and authorities have the power to amend the Financial Statements in accordance with Section 130 and 131 of The Companies Act, 2013.

**32** In the opinion of the Management, current assets, loans and advances are of the value stated, if realized in the ordinary course of business.

# Notes to the Financial Statements for the year ended 31 March 2019

**33** The Board of Directors of the company is identified as Chief Operating Decision Maker (CODM) monitors the operating result of the company. CODM has identified only one reportable segment as the company is providing cable television network and allied services only. The operations of the Company are located only in India.

**34** Revenue of Rs 34,158 thousand ( Previous Year 42,513 thousand) from one customer (Previous Year: one customer) having more than 10% revenue of total revenue.

**35** The company has entered into cancellable operating lease for office premises. Lease payments amounting to Rs. 4,875 thousand (P.Y 5,955 thousand) made under operating lease have been recognized as an expenses in the Statement of Profit and Loss.

**36 Exception items**

Exceptional items of Rs. 27005.93 Thousands comprise:

Doubtful receivables provided for amounting to Rs. 26057.70 thousand. Pursuant to implementation of new regulatory framework by Telecom Regulatory Authority of India (TRAI) dated 3 March,2017 ('Tariff order') w.e.f. 20 December,2018, the Group had to revamp their mode of operations which includes changes in the information technology systems to migrate to the new regulatory framework. Such adjustments also required finalisation of revenue sharing mechanism with the Local Cable Operators (LCOs). Based on the re-assessment of the value of assets appearing in the books of account in the light of the new regulatory framework and the increase in competition on account of rates parity in the market, the Company has recognised an impairment of doubtful advances/trade receivables of Rs. 26057.70 thousand.

Impairment of property, plant and equipment amounting to Rs. 948.24 thousand. During the period, the Group has carried out a detailed assessment of property, plant and equipment in terms of recoverability and usability of these assets and therefore have recognised a one-time impairment in the value of property, plant and equipment of Rs. 948.24 thousand.

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

| | **Particulars** | **As at 31-Mar-19 (Rs. in '000)** | **As at 31-Mar-18 (Rs. in '000)** |
|---|---|---|---|
| **(a)** | (i) the principal amount remaining unpaid to any supplier<br>(ii) interest due thereon | -<br>- | -<br>- |
| **(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.

**38 RELATED PARTY TRANSACTIONS**

**I.** In accordance with the requirements of Ind-AS 24 on Related Party Disclosures, the names of the related parties where control exists and with whom transactions have taken place during the year and description of relationships as identified and certified by the management are given below:

**(a) Key Management Personnel & their relatives**

| | |
|---|---|
| Harvinder Singh | Director |
| Rashmeet Kaur | Director |
| Sanjay Kumar | Director |
| Vishal Dawar | Director (part of the year) |
| Vikas Kumar Singhal | Director (part of the year) |
| Sharad Saxena | Director (part of the year) |
| Mukesh Aggarwal | Director (part of the year) |
| Jaspreet Kukreja | Relative of Harvinder Singh |

# Notes to the Financial Statements for the year ended 31 March 2019

**(b) Holding company**

DEN Networks Limited (formerly known as DEN Digital Entertainment Networks Limited)

**(c) Fellow subsidiaries**

Star Den Media Services Private Limited (Star Den)

**(d) Associates** - Enterprises in which key management personnel have substantial interest/significant influence

Hartronics India

K-Net Private Limited

Bluerock Systems Private Limited

**II. The following transactions were carried out during the period with the related parties in the ordinary course of business**

(Rs. '000)

| Particulars | Holding Company | Key Management Personnel & Relatives | | | Associates | | Fellow Subsidiary | Total |
|---|---|---|---|---|---|---|---|---|
| | | Harvinder Singh | Rashmeet Kaur | Jaspreet Kukreja | Hartronics India | K Net Private Limited | | |
| **Sales of Services** | | | | | | | | |
| For the year ended 31 March 2019 | 34,158.31 | - | - | - | - | - | - | 34,158.31 |
| For the year ended 31 March 2018 | (42,513.26) | - | - | - | - | - | - | (42,513.26) |
| **Operating Cost *** | | | | | | | | |
| For the year ended 31 March 2019 | 42,445.81 | - | - | - | - | - | - | 42,445.81 |
| For the year ended 31 March 2018 | (44,265.78) | - | - | - | - | - | - | (44,265.78) |
| **Digital activation cost INDAS** | | | | | | | | |
| For the year ended 31 March 2019 | 2,959.15 | - | - | - | - | - | - | 2,959.15 |
| For the year ended 31 March 2018 | (697.55) | - | - | - | - | - | - | (697.55) |
| **Salary** | | | | | | | | |
| For the year ended 31 March 2019 | - | 250.00 | 600.00 | - | - | - | - | 850.00 |
| For the year ended 31 March 2018 | - | - | (600.00) | - | - | - | - | (600.00) |
| **Deferred tax** | | | | | | | | |
| For the year ended 31 March 2019 | 728.76 | - | - | - | - | - | - | 728.76 |
| For the year ended 31 March 2018 | (1,680.78) | - | - | - | - | - | - | (1,680.78) |
| **Rent** | | | | | | | | |
| For the year ended 31 March 2019 | - | 370.00 | 1,050.00 | 125.00 | - | - | - | 1,545.00 |
| For the year ended 31 March 2018 | - | (300.00) | (1,500.00) | (300.00) | - | - | - | (2,100.00) |
| **Repairs (consumables)** | | | | | | | | |
| For the year ended 31 March 2019 | - | - | - | - | - | - | - | - |
| For the year ended 31 March 2018 | - | - | - | - | - | - | - | - |
| **Expense Reimbursed** | | | | | | | | |
| For the year ended 31 March 2019 | 244.42 | - | - | - | - | 116.72 | - | 361.14 |
| For the year ended 31 March 2018 | (387.67) | - | - | - | - | (985.27) | - | (1,372.94) |

# Notes to the Financial Statements for the year ended 31 March 2019

**III. The balances outstanding at the end of the year of the same are as follows:**

**(Rs. '000)**

| Particulars | Holding Company | Key Management Personnel & Relatives | | | Associates | | Fellow Subsidiary | Total |
|---|---|---|---|---|---|---|---|---|
| | | Harvinder Singh | Rashmeet Kaur | Jaspreet Kukreja | Hartronics India | K Net Private Limited | | |
| **Trade Payables as on** | | | | | | | | |
| 31.03.2019 | 19,464.23 | - | - | - | - | - | - | 19,464.23 |
| 31.03.2018 | (11,609.04) | - | - | - | - | - | - | (11,609.04) |
| **Payable for Purchase of Fixed Assets as on** | | | | | | | | |
| 31.03.2019 | 0.00 | - | - | - | - | - | - | 0.00 |
| 31.03.2018 | 0.00 | - | - | - | - | - | - | 0.00 |
| **Loan & Advances as on** | | | | | | | | |
| 31.03.2019 | 10,591.14 | - | 10.00 | - | - | - | - | 10,601.14 |
| 31.03.2018 | (798.98) | - | (10.00) | - | - | - | - | (808.98) |
| **Deferred tax liabilities as on** | | | | | | | | |
| 31.03.2019 | 3,497.01 | - | - | - | - | - | - | 3,497.01 |
| 31.03.2018 | (4,184.22) | - | - | - | - | - | - | (4,184.22) |
| **Trade Receivables as on** | | | | | | | | |
| 31.03.2019 | 1,782.80 | - | - | - | - | 1,054.68 | 244.94 | 3,082.42 |
| 31.03.2018 | (10,834.40) | - | - | - | - | (1,054.68) | (244.94) | (12,134.02) |
| **Prepaid expenses as on** | | | | | | | | |
| 31.03.2019 | 738.03 | - | - | - | - | - | - | 738.03 |
| 31.03.2018 | (1,633.72) | - | - | - | - | - | - | (1,633.72) |
| **Other Current Liabilities** | | | | | | | | |
| 31.03.2019 | 35.13 | 100.00 | 112.50 | - | 3,772.65 | 129.00 | 48.26 | 4,197.54 |
| 31.03.2018 | (35.13) | (22.50) | (37.50) | - | (3,772.65) | (875.43) | (48.26) | (4,791.47) |
| **Deferred Revenue Activation** | | | | | | | | |
| 31.03.2019 | 13,410.30 | - | - | - | - | - | - | 13,410.30 |
| 31.03.2018 | (16,369.45) | - | - | - | - | - | - | (16,369.45) |

** Figures net of Goods and Service Tax*
*Previous year figure have been shown in brackets*

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

For and on behalf of the Board of Directors of
**CRYSTAL VISION MEDIA PVT. LTD.**

**HARVINDER SINGH**
Director
DIN: 0447450
Place: New Delhi
Date: 09-May-2019

**MUKESH AGGARWAL**
Director
DIN: 06594694
Place: New Delhi
Date: 09-May-2019