# Den Networks Limited

## Financial Statements

## 2018-19

# INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF DEN NETWORKS LIMITED**

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

***Opinion***

We have audited the standalone financial statements of **DEN NETWORKS LIMITED** ("the Company"), which comprise the balance sheet as at 31st March 2019, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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

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

***Key Audit Matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| **Key Audit Matters** | **How our audit addressed the key audit matter** |
|---|---|
| **(i) Impairment of Property, Plant & Equipment** | |
| As at 31st March 2019 value of property, plant and equipment is Rs. 5,129.14 Million. Management's assessment of the valuation of property, plant and equipment and usability is significant to our audit because this process is complex and requires significant management judgment. Accordingly, the management identified impairment indications and management's assessment results a one-time impairment loss of Rs. 616.74 million, which has been accounted as exceptional item. (Refer note no. 26)<br><br>Accordingly, it has been determined as a key audit matter. | We carried out procedures to understand management's process for identifying impairment triggers and considered management's assessment of impairment in the above mentioned areas. Our audit procedures included the following:<br>• Assessing internal controls designed for identification of impairment indicators.<br>• Evaluating the appropriateness of the Company's judgment regarding identification of assets which may be impaired.<br>• Considered the completeness and accuracy of the disclosures, which are included in notes 26 of the standalone financial statements.<br>• Read the Independent Chartered Accountants firm's report on company's interim financial statements. |
| **Key Audit Matters** | **How our audit addressed the key audit matter** |
| **(ii) Investments in Equity share of Subsidiaries and Associates** | |
| As at 31st March 2019, the Company has total investments of Rs. 5,424.20 million in equity shares of subsidiaries/ associates which constitutes 20.76% of the total investments portfolio of the Company. Management regularly reviews whether there are any indication of impairment on the investment made by the company (refer note 26) by reference to the requirement | Our audit procedures included the following:<br>• Assessing the appropriateness of the methodology applied in determining the recoverable amount.<br>• Assessing the assumptions around the key drivers of the cash flow forecasts including change in current business module pursuant to implementation of new regulatory framework by |

| | |
|---|---|
| under Ind AS 36 "Impairment of Assets", Accordingly, Management has identified impairment indication (operating losses, negative net- Worth and sustainably eroded net worth) in equity investments in subsidiaries of the company with an investment of Rs. 2,868.32 million. As a result, impairment assessment has been performed by the company by comparing the carrying value of these investments to their recoverable amount to determine whether any impairment was required to be recognised.<br><br>For the purpose of the above impairment testing- recoverable amount has been determined by forecasting and discounting future cash flows. The determination of the recoverable amounts of investments in those subsidiaries involved judgement due to inherent uncertainty in the assumptions supporting the recoverable amounts of these investments. | Telecom Regulatory Authority of India dated 3rd March 2017 (Tariff Order)<br>• Discussion/evaluation of potential changes in key drivers as compared to the previous year/ actual performance with management in order to evaluate whether the inputs and assumption used are suitable.<br>• Testing the arithmetical accuracy of the impairment model prepared by the management.<br>• Considered the completeness and accuracy of the disclosures, which are included in notes 26 of the standalone financial statements. |
| **Key Audit Matters** | **How our audit addressed the key audit matter** |
| **(iii) Carrying value of trade receivables** | |
| As mentioned in note no. 10 to the standalone financial statements, trade receivable were aggregating to Rs. 5,437.82 million as on 31st March 2019.<br><br>The collectability of the Company's trade receivables and the valuation of allowance for impairment of trade receivables require significant management judgment. Specific factors management considers including the age of the balance, existence of disputes, recent historical payment patterns, new tariff order by TRAI, increase in competition on account of rates parity in the market and any other available information concerning the creditworthiness of counterparties. Management uses this information to determine whether a provision for impairment is required either for a specific transaction or for a customer's balance overall. Accordingly, the management identified such factors and it's assessment results into impairment of trade receivables of Rs. 865.08 million, which has been accounted as exceptional item. (Refer note no. 26)<br><br>Accordingly, it has been determined as a key audit matter. | Our audit procedures included the following:<br>• We selected a sample of the larger trade receivable balances where a provision for impairment of trade receivables and advances has been recognized.<br>• We assessed the ageing of trade receivables and advances, the customer's historical payment patterns and whether any post year-end payments has been received up to the date of completing our audit procedures.<br>• We also obtained corroborative evidence of any disputes between the parties involved, attempts by management to recover the amounts outstanding and on the credit status of significant counterparties wherever available.<br>• In assessing the appropriateness of the overall provision for impairment we considered the management's application of policy for recognizing provisions.<br>• Further in addition to the above process, a forward-looking expected loss impairment model as prescribed in IND AS 109 "Financial Instruments" was also applied by the Company. This involves judgment as the expected credit losses must reflect information about past events, current conditions and forecasts of future conditions.<br>• We assessed the Company's provisioning policy, which included assessing whether the calculation was in accordance with IND AS 109 and comparing the Company's provisioning rates against historical collection data.<br>• Read the Independent Chartered Accountants firm's report on company's interim financial statements..<br>• Considered the completeness and accuracy of the disclosures. |

<table>
<tr><th>Key Audit Matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>(iv) Litigations Matters & Contingent liabilities</td><td></td></tr>
<tr><td>The Company is subject to number of significant litigations. Major risks identified by the Company in that area relate to VAT liability on account of transfer of setup boxes, entertainment tax, and license fees liability from DOT on account of dispute to consider non-business for AGR calculation and dispute in duty assessment with custom department. The amounts of litigations may be significant and estimates of the amounts of provisions or contingent liabilities are subject to significant management judgment. (Refer note no. 28 and 46).<br><br>Due to complexity involved in these litigation matters, management's judgment regarding recognition and measurement of provisions for these legal proceedings is inherently uncertain and might change over time as the outcomes of the legal cases are determined and it has been considered as a key audit matter. Accordingly, the management identified such factors and it's assessment results into provision of Rs. 97.69 million, which has been accounted as exceptional item. (Refer note no. 26).</td><td>Our audit procedures included the following<br>• Assessing the procedures implemented by the company to identify and gather the risks it is exposed to.<br>• Discussion with the management on the development in theses litigations during the year ended 31st March, 2019.<br>• Obtaining an understanding of the risk analysis performed by the company, with the relating supporting documentation and studying written statements from internal / external legal experts, when applicable.<br>• Opinion from the company's legal counsel (internal/ external) and studying the same.<br>• Verification that the accounting and /or disclosure as the case may be in the standalone financial statements is in accordance with the assessment of legal counsel/ management.<br>• Obtaining representation letter from the management on the assessment of those matters as per SA 580 (revised) - written representations.</td></tr>
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***Other Information***

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

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

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

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

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

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

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

**Other Matter**

The comparative financial information of the Company for the year ended 31st March, 2018 prepared in accordance with Indian Accounting Standards, included in these standalone financial statements, have been audited by the predecessor auditor. The report of the predecessor auditor on the comparative financial information dated 18th May, 2018 expressed an unmodified opinion. Our opinion is not modified in respect of said matter.

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

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

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

   (a) *We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.*

   (b) *In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.*

*(c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.*

*(d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.*

*(e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.*

*(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".*

*(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:*

*In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.*

*(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:*

*(i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. Refer Note 28 to the standalone financial statements.*

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

*(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.*

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

**Vijay Napawaliya**
Partner
(Membership No.109859)

Place : New Delhi
Date : 16th April, 2019

## "ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of **DEN NETWORKS LIMITED** ("the Company") as of 31st March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**Vijay Napawaliya**
Partner
(Membership No.109859)

Place : New Delhi
Date : 16th April, 2019

**"ANNEXURE B" TO THE INDEPENDENT AUDITOR'S REPORT**

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

(i) In respect of its property, plant and equipment:

a. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

b. The Company has a program of verification of property, plant and equipment to cover all items in a phased manner over a period of three years other than set top boxes, which are in possession of customers/third parties and distribution equipment comprising overhead and underground cables. Management is of the view that it is not possible to physically verify these assets due to their nature and location. Pursuant to the program, certain property, plant and equipment were physically verified by the management during the year. According to the information and explanations given to us, the existence of set top boxes is verified on the basis of the 'active user' status in the system. No material discrepancies were noticed on such verification.

In our opinion, other than for physical verification of set top boxes and distribution equipment referred to above, the frequency of verification of property, plant and equipment is reasonable having regard to the size of the Company and the nature of its assets.

c. The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the Order is not applicable.

(ii) The Company does not have any inventory. Therefore, provision of Clause (ii) of paragraph 3 of the said order is not applicable to the company.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provision of paragraph 3 (iii) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans and making investments.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. The Company does not have any unclaimed deposits and accordingly the provisions of Sections 73 to 76 or any other relevant provisions of the companies Act, 2013 are not applicable to the Company.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and the Cost Records and Audit (Telecommunication Industry) Rules prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Customs Duty, Cess and other material statutory dues applicable to it to the appropriate authorities.

b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31st March, 2019 for a period of more than six months from the date they became payable other than the dues related to entertainment tax, the details of which are given below:

| Name of Statute | Nature of Dues | Amount Involved (Rs. In million) | Period to which the amount relates | Due date |
|---|---|---|---|---|
| Delhi EntertainmentTax Act, 1996 | Entertainment Tax | 1.64 | June 2017 | Within 7 days from the expiry of each month |

c. Details of dues of Sales Tax, Service Tax, Customs Duty and Value Added Tax which have not been deposited as on 31st March, 2019 on account of disputes are given below:

| **Name of Statute** | **Nature of Dues** | **Forum where Dispute is pending** | **Period to which the amount relates** | **Amount unpaid (Rs. in million)** |
|---|---|---|---|---|
| The Uttar Pradesh Value Added TaxAct, 2008 | Value Added Tax | Additional Commissioner of CommercialTaxes (Appeals) | April 2012 to March 2016 | 341.04 |
| The Uttar Pradesh Value Added TaxAct, 2008 | Value Added Tax | Deputy Commissioner of CommercialTaxes | April 2014 to March 2015 | 1.29 |
| Karnataka Value Added Tax Act, 2003 | Value Added Tax andCentral Sales Tax | Joint Commissioner of Commercial Taxes (Appeals) | April 2009 to March 2010 and April 2011 to March 2016 | 193.91 |
| Karnataka Value Added Tax Act, 2003 | Value Added Tax andCentral Sales Tax | High Court | April 2008 to March 2009 | 26.19 |
| Karnataka Value Added Tax Act, 2003 | Value Added Tax andCentral Sales Tax | Appellate Tribunal | April 2010 to March 2011 | 31.67 |
| Delhi Value Added Tax Act, 2004 | Value Added Tax | Special Commissioner-Department oftrade and taxes | April 2014 to March 2015 | 0.52 |
| Delhi Value Added Tax Act, 2004 | Value Added Tax | Additional Commissioner – Delhi VAT | April 2013 to March 2014 andApril 2015 to March 2017 | 5.00 |
| Kerala Value Added Tax Act, 2003 | Value Added Tax andCentral Sales Tax | Assistant Commissioner Appeals,Commercial Taxes | April 2011 to March 2013 | 33.99 |
| Kerala Value Added Tax Act, 2003 | Value Added Tax andCentral Sales Tax | Intelligence officer | April 2013 to March 2014 | 39.92 |
| Kerala Value Added Tax Act, 2003 | Value Added Tax andCentral Sales Tax | High Court of Kerala | April 2015 to March 2016 | 155.95 |
| Kerala Value Added Tax Act, 2003 | Value Added Tax andCentral Sales Tax | Intelligence officer | April 2013 to March 2016 | 12.28 |
| West Bengal Value Added Tax Act,2003 | Value Added Tax | Joint Commissioner of CommercialTaxes (Appeal) | April 2014 to March 2015 | 4.54 |
| **Sub Total of Sales Tax and Value Added Tax** | | | | **846.30*** |

| **Name of Statute** | **Nature of Dues** | **Forum where Dispute is pending** | **Period to which the amount relates** | **Amount unpaid (Rs. in million)** |
|---|---|---|---|---|
| Custom Act, 1962 | Custom Duty | Directorate of Revenue Intelligence | February 2012 to December2016 | 147.02** |

*Net of Rs. 149.15 million under protest.

**Net of Rs. 103.87 million under protest.

We are informed that there are no dues in respect of Income-tax which have not been deposited on account of any dispute.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institution and banks. The Company has not taken any loans or borrowing from government or has not issued any debentures.

(ix) In our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has made preferential allotment of shares during the year under audit, in respect of which Company has complied with the requirement of section 42 of the Act and amount raised have been temporarily invested in liquid mutual funds pending application of proceeds.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary companies or associates, as applicable, or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

**Vijay Napawaliya**
Partner
(Membership No.109859)

Place : New Delhi
Date : 16th April, 2019

# Balance Sheet as at 31 March, 2019

(Rs. in million)

| | Particulars | Note No. | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|---|---|
| **A.** | **ASSETS** | | | |
| **1.** | **Non-current assets** | | | |
| | (a) Property, plant and equipment | 3A | 5,129.14 | 6,706.51 |
| | (b) Capital work-in-progress | 3A | 76.64 | 312.05 |
| | (c) Intangible assets | 3B | 50.55 | 74.90 |
| | (d) Financial assets | | | |
| | i) Investments | 4 | 5,386.84 | 5,260.94 |
| | ii) Loans | 5 | 28.96 | 26.60 |
| | iii) Other financial assets | 6 | - | 125.00 |
| | (e) Non current tax assets (net) | 7 | 965.42 | 757.91 |
| | (f) Deferred tax assets (net) | 27C | 375.84 | 375.84 |
| | (g) Other non-current assets | 8 | 513.17 | 337.96 |
| | **Total non-current assets** | | **12,526.56** | **13,977.71** |
| **2.** | **Current assets** | | | |
| | (a) Financial assets | | | |
| | i) Investments | 9 | 20,747.20 | 529.84 |
| | ii) Trade receivables | 10 | 3,291.99 | 3,797.00 |
| | iii) Cash and cash equivalents | 11 | 211.09 | 898.44 |
| | iv) Bank balances other than cash and cash equivalents | 12 | 1,421.95 | 1,629.56 |
| | v) Loans | 5 | 256.19 | 436.02 |
| | vii) Other financial assets | 6 | 1,079.51 | 925.50 |
| | (b) Other current assets | 8 | 144.93 | 188.40 |
| | **Total current assets** | | **27,152.86** | **8,404.76** |
| | **Total assets** | | **39,679.42** | **22,382.47** |
| **B.** | **EQUITY AND LIABILITIES** | | | |
| | **Equity** | | | |
| | (a) Equity share capital | 13 | 4,767.66 | 1,953.18 |
| | (b) Other equity | 14 | 21,567.08 | 6,148.71 |
| | **Total equity** | | **26,334.74** | **8,101.89** |
| | **Liabilities** | | | |
| **1.** | **Non-current liabilities** | | | |
| | (a) Financial liabilities | | | |
| | i) Borrowings | 15 | 2,636.69 | 3,137.09 |
| | ii) Other financial liabilities | 16 | - | 5.23 |
| | (b) Provisions | 17 | 77.94 | 55.86 |
| | (c) Other non-current liabilities | 18 | 2,272.03 | 2,895.79 |
| | **Total non-current liabilities** | | **4,986.66** | **6,093.97** |
| **2.** | **Current liabilities** | | | |
| | (a) Financial liabilities | | | |
| | i) Borrowings | 19 | 644.43 | 1,042.92 |
| | ii) Trade payables | | | |
| | – dues of micro enterprises and small enterprises | 20 | 1.55 | 10.38 |
| | – dues of creditors other than micro enterprises and small enterprises | 20 | 3,703.21 | 3,640.37 |
| | iii) Other financial liabilities | 16 | 2,963.28 | 2,339.47 |
| | (b) Provisions | 17 | 11.26 | 42.40 |
| | (c) Other current liabilities | 18 | 1,034.29 | 1,111.07 |
| | **Total current liabilities** | | **8,358.02** | **8,186.61** |
| | **Total liabilities** | | **13,344.68** | **14,280.58** |
| | **Total equity and liabilities** | | **39,679.42** | **22,382.47** |
| | See accompanying notes to the financial statements | 1 to 49 | | |

In terms of our report attached

For **Chaturvedi & Shah LLP**
Chartered Accountants
Firm Regn. No.: 101720W/W100355

For and on behalf of the Board of Directors of
**DEN NETWORKS LIMITED**

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

**Sameer Manchanda**
Chairman and Managing Director
DIN No.: 00015459

**Ajaya Chand**
Director
DIN No.: 02334456

**S.N. Sharma**
Chief Executive Officer

**Satyendra Jindal**
Chief Financial Officer

**Jatin Mahajan**
Company Secretary
Membership No.: F6887

Place: New Delhi
Date: 16 April, 2019

Place: New Delhi
Date: 16 April, 2019

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

(Rs. in million)

| | Particulars | Note No. | Year ended 31.03.2019 | Year ended 31.03.2018 |
|---|---|---|---|---|
| **1.** | **Income** | | | |
| | (a) Revenue from operations | 21 | 10,093.41 | 10,644.47 |
| | (b) Other income | 22 | 546.17 | 365.64 |
| **2.** | **Total income** | | **10,639.58** | **11,010.11** |
| **3.** | **Expenses** | | | |
| | (a) Cost of traded items | | 78.59 | 113.90 |
| | (b) Content cost | | 5,462.21 | 5,183.87 |
| | (c) Placement fees | | 1,497.51 | 1,647.23 |
| | (d) Employee benefits expense | 23 | 609.05 | 670.90 |
| | (e) Finance costs | 24 | 556.49 | 596.01 |
| | (f) Depreciation and amortisation expense | | 1,452.68 | 1,442.17 |
| | (g) Other expenses | 25 | 1,666.85 | 1,655.00 |
| **4.** | **Total expenses** | | **11,323.38** | **11,309.08** |
| **5.** | **Loss before exceptional items and tax expense (2 – 4)** | | (683.80) | (298.97) |
| **6.** | **Exceptional items** | 26 | 1,507.00 | 158.90 |
| **7.** | **Loss before tax (5 – 6)** | | **(2,190.80)** | **(457.87)** |
| **8.** | **Tax expense** | | | |
| | (a) Current tax | 27(A)(a) | - | 20.14 |
| | (b) Deferred tax | 27(A)(b) | - | (168.22) |
| **9.** | **Total tax expense** | | **-** | **(148.08)** |
| **10.** | **Loss after tax (7 – 9)** | | **(2,190.80)** | **(309.79)** |
| **11.** | **Other comprehensive income** | | | |
| | (a) Items that will not be reclassified to profit or loss: | | | |
| | i) Items that will not be reclassified to profit and loss | 31 | 9.15 | 4.66 |
| | ii) Income tax effect on above | 27(A)(b) | - | (1.60) |
| **12.** | **Total other comprehensive income** | | **9.15** | **3.06** |
| **13.** | **Total comprehensive income/(loss) for the year (10 + 12)** | | **(2,181.65)** | **(306.73)** |
| **14.** | **Earnings per equity share (EPS)** | | | |
| | (Face value of Rs. 10 per share) | | | |
| | Basic (in Rs.) | 32 | (9.19) | (1.59) |
| | Diluted (in Rs.) | | (9.19) | (1.59) |

See accompanying notes to the financial statements 1 to 49

In terms of our report attached

For **Chaturvedi & Shah LLP**
Chartered Accountants
Firm Regn. No.: 101720W/W100355

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

Place: New Delhi
Date: 16 April, 2019

For and on behalf of the Board of Directors of
**DEN NETWORKS LIMITED**

**Sameer Manchanda**
Chairman and Managing Director
DIN No.: 00015459

**Ajaya Chand**
Director
DIN No.: 02334456

**S.N. Sharma**
Chief Executive Officer

**Satyendra Jindal**
Chief Financial Officer

**Jatin Mahajan**
Company Secretary
Membership No.: F6887

Place: New Delhi
Date: 16 April, 2019

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

**A. Equity share capital**

| Particulars | Amount (Rs. in million) |
|---|---|
| **Balance at 1 April 2017** | **1,935.68** |
| Changes in equity share capital during the year | |
| Issue of equity shares | 17.50 |
| **Balance at 31 March, 2018** | **1,953.18** |
| Changes in equity share capital during the year | |
| Issue of equity shares (See note 37) | 2,814.48 |
| **Balance at 31 March, 2019** | **4,767.66** |

**B. Other equity** (Rs. in million)

| Particulars | Reserves and Surplus | | | | |
|---|---|---|---|---|---|
| | Securities premium | General reserve | Equity-settled employee benefits reserve | Retained earnings | Total |
| **Balance at 1 April, 2017** | **16,376.90** | **202.86** | **168.24** | **(10,353.79)** | **6,394.21** |
| Loss for the year | - | - | - | (309.79) | (309.79) |
| Other comprehensive income for the year (net of income tax) | - | - | - | 3.06 | 3.06 |
| Premium on shares issued during the year | 139.34 | - | (139.34) | - | - |
| Share-based payments to employees (See note 23) | - | - | 61.23 | - | 61.23 |
| **Balance at 31 March, 2018** | **16,516.24** | **202.86** | **90.13** | **(10,660.52)** | **6,148.71** |
| Loss for the year | - | - | - | (2,190.80) | (2,190.80) |
| Premium on shares issued during the year (See note 37) | 17,635.52 | - | - | - | 17,635.52 |
| Share issue expenses | (39.95) | - | - | - | (39.95) |
| Other Comprehensive income for the year | - | - | - | 9.15 | 9.15 |
| ESOP compensation expense (See note 23) | - | - | 4.45 | - | 4.45 |
| ESOP on expired options transfer with in equity | - | - | (83.39) | 83.39 | - |
| **Balance at 31 March, 2019** | **34,111.81** | **202.86** | **11.19** | **(12,758.78)** | **21,567.08** |

See accompanying notes to the financial statements 1 to 49

In terms of our report attached

For **Chaturvedi & Shah LLP**
Chartered Accountants
Firm Regn. No.: 101720W/W100355

For and on behalf of the Board of Directors of
**DEN NETWORKS LIMITED**

**Vijay Napawaliya**
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**Jatin Mahajan**
Company Secretary
Membership No.: F6887

Place: New Delhi
Date: 16 April, 2019

Place: New Delhi
Date: 16 April, 2019

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

(Rs. in million)

| | Particulars | | Year ended 31.03.2019 | Year ended 31.03.2018 |
|---|---|---|---|---|
| **A.** | **Cash flow from operating activities** | | | |
| | Profit/(Loss) after tax | | (2,190.80) | (309.79) |
| | Adjustments for: | | | |
| | Income tax expense recognised in profit or loss | | - | (148.08) |
| | Depreciation and amortisation expense | | 1,452.68 | 1,442.17 |
| | Finance costs | | 556.49 | 596.01 |
| | Share-based payments to employees | | 4.45 | 61.23 |
| | Net (gain)/loss on foreign currency transactions and translation | | 10.98 | (17.22) |
| | i) Allowance on trade receivables and advances | | 146.37 | 80.35 |
| | ii) Exceptional item | | 1,507.00 | 140.08 |
| | (Profit)/Loss on disposal of property, plant and equipment | | 1.79 | (16.72) |
| | Interest income earned on financial assets and income tax refund | | (204.68) | (217.32) |
| | Net gain on sale of current investments/Net gain on investments designated at FVTPL | | (265.48) | (27.06) |
| | Loss on sale of non-current investments | | - | 18.82 |
| | Profit on disposal of non-current investments | | - | (6.40) |
| | Dividend income from current and non-current investments | | (76.01) | (48.89) |
| | Liabilities/excess provisions written back (net) | | (226.78) | (230.33) |
| | **Operating profit before working capital changes** | | **716.01** | **1,316.85** |
| | Changes in working capital: | | | |
| | Adjustments for (increase)/decrease in operating assets: | | | |
| | Trade receivables | | (537.42) | (710.58) |
| | Other current assets | | (17.42) | 96.44 |
| | Other non-current assets | | (195.99) | (5.86) |
| | Other current financial assets | | (221.47) | (181.32) |
| | Loans | | 13.48 | - |
| | Other non-current financial assets | | 125.00 | (126.93) |
| | Adjustments for increase/(decrease) in operating liabilities: | | | |
| | Trade payables | | 269.81 | 879.26 |
| | Other financial liabilities - current | | 536.48 | (0.21) |
| | Other financial liabilities - non-current | | (5.23) | 0.24 |
| | Other non-financial liabilities - current | | 42.02 | (97.86) |
| | Other non-financial liabilities - non-current | | (623.76) | (266.44) |
| | Provisions - current | | (31.14) | 0.31 |
| | Provisions - non-current | | 31.23 | 4.62 |
| | Cash generated from/(used in) operations | | 101.59 | 908.52 |
| | Net income tax refunds/(paid) | | (180.23) | 331.85 |
| | **Net cash flow from/(used in) operating activities** | **(A)** | **(78.64)** | **1,240.51** |
| **B.** | **Cash flow from investing activities** | | | |
| | Capital expenditure on property, plant and equipment including capital advances | | (581.51) | (1,036.94) |
| | Proceeds from sale of property, plant and equipment | | 72.55 | 240.52 |
| | Bank balances not considered as Cash and cash equivalents | | | |
| | – Placed | | 207.61 | 708.02 |
| | Current investments not considered as Cash and cash equivalents: | | | |
| | – Purchased | | (41,427.90) | (950.00) |
| | – Proceeds from sale | | 21,513.38 | 714.01 |

# Cash Flow Statement for the year ended 31 March, 2019 (contd.)

(Rs. in million)

| | Particulars | | Year ended 31.03.2019 | Year ended 31.03.2018 |
|---|---|---|---|---|
| | Purchase/acquisition of non-current investments: | | | |
| | – Subsidiaries | | (31.71) | (26.30) |
| | – Associates | | - | - |
| | – Joint ventures | | - | - |
| | Proceeds from disposal of non-current investments | | | |
| | – Subsidiaries | | - | 0.83 |
| | – Associates | | - | 6.40 |
| | – Joint ventures | | - | - |
| | Dividend on | | | |
| | – Non-current investments | | 63.86 | 48.89 |
| | Loan | | | |
| | – Given | | (407.63) | |
| | – Realised | | (8.50) | 15.00 |
| | Advance given for investments | | -13.21 | (107.86) |
| | Interest received | | 236.64 | 215.47 |
| | **Net cash from investing activities** | **(B)** | (19,968.79) | (579.60) |
| **C.** | **Cash flow from financing activities** | | | |
| | Proceeds from issue of equity shares | | 20,450.00 | 17.50 |
| | Share issue expenses | | (39.95) | - |
| | Borrowings- non current | | | |
| | – Proceeds | | 2,012.50 | 3,568.61 |
| | – Repayments | | (2,115.65) | (164.50) |
| | Borrowings- current net | | (398.49) | (3,018.47) |
| | Finance costs | | (548.33) | (609.17) |
| | Net cash from financing activities | **(C)** | 19,360.08 | (206.02) |
| | Net (decrease)/increase in cash and cash equivalents | **(A+B+C)** | (687.35) | 454.89 |
| | Cash and cash equivalents as at the beginning of the year | | 898.44 | 443.55 |
| | **Cash and cash equivalents as at the end of the year (See note 14)*** | | **211.09** | **898.44** |
| | * Comprises: | | | |
| | (a) Cash on hand | | 10.68 | 38.17 |
| | (b) Cheques on hand | | 27.53 | 95.57 |
| | (c) Balance with scheduled banks | | | |
| | i) in current accounts | | 172.88 | 729.16 |
| | ii) n deposit accounts | | | |
| | – original maturity of 3 months or less | | - | 35.54 |
| | | | **211.09** | **898.44** |

See accompanying notes to the Financial Statements 1 to 49

In terms of our report attached

For **Chaturvedi & Shah LLP**
Chartered Accountants
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For and on behalf of the Board of Directors of
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**Vijay Napawaliya**
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**S.N. Sharma**
Chief Executive Officer

**Satyendra Jindal**
Chief Financial Officer

**Jatin Mahajan**
Company Secretary
Membership No.: F6887

Place: New Delhi
Date: 16 April, 2019

Place: New Delhi
Date: 16 April, 2019

# Notes to the Financial Statements

**1. Corporate information**

DEN NETWORKS LIMITED (hereinafter referred to as 'the Company' or 'DEN') was incorporated in India on 10 July, 2007 and is primarily engaged in distribution of television channels through digital cable distribution network. The Company is having its registered office at 236, Okhla Industrial Area, Phase III, New Delhi - 110020.

The Company changed its status from a Private Limited Company to a Public Limited Company on 15 April, 2008 thereby changing its name to DEN Digital Entertainment Networks Limited. Subsequently, the Company changed its name to DEN Networks Limited on 27 June, 2008. The equity shares of the Company are listed on two of the stock exchanges in India i.e NSE and BSE.

**2. Significant accounting policies**

**2.01 Basis of preparation**

**(i) Statement of Compliance**

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

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

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

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

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

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:• Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;• Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and• Level 3 inputs are unobservable inputs for the assets or liability.

**2.02 Cash and cash equivalents**

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

**2.03 Cash flow statement**

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

**2.04 Property, plant and equipment**

All the items of property, plant and equipment are stated at historical cost net of cenvat credit less/input tax credit less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate,

# Notes to the Financial Statements

only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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

| | | |
|---|---|---|
| a. | Headend and distribution equipment | 6 -15 years |
| b. | Set top boxes (STBs) | 8 years |
| c. | Computers | 6 years |
| d. | Office and other equipment | 3 years |
| e. | Furniture and fixtures | 3 to 10 years |
| f. | Vehicles | 6 years |
| g. | Leasehold improvements | Lower of the useful life and the remaining period of the lease. |

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

**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.

Distribution network rights and non compete fees represents amounts paid to local cable operators/distributors to acquire rights over a particular area for a specified period of time. Other intangible assets include software.

Derecognition of intangible assets

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

Useful lives of intangible assets

Estimated useful life of the intangible assets are:

| | | |
|---|---|---|
| a. | Distribution network rights | 5 years |
| b. | Software | 5 years |
| c. | Non compete fees | 5 years |

**2.06 Impairment of tangible and intangible assets**

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

# Notes to the Financial Statements

are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

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

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

**2.07 Revenue recognition**

The Company derives revenues primarily from sale of services and goods. 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 or goods 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.

For goods, performance obligation is satisfied at a point of time. The Company recognizes revenue when the goods are delivered at customer place in case of CIF contracts and for the remaining when the goods are dispatched from the factory.

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.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue (“contract liability”) is 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

# Notes to the Financial Statements

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

**i. Rendering of services**

1. Service revenue comprises subscription income from digital and analog subscribers, placement of channels, advertisement revenue, fees for rendering management, technical and consultancy services and other related services. Income from services is recognised upon completion of services as per the terms of contracts with the customers. Period based services are accrued and recognised pro-rata over the contractual period.
2. Activation fees on Set top boxes (STBs) is deferred and recognised over the period of customer relationship on activation of boxes.
3. Amounts billed for services in accordance with contractual terms but where revenue is not recognised, have been classified as advance billing and disclosed under current liabilities.
4. Revenue from prepaid internet service plans, which are active at the end of accounting period, is recognised on time proportion basis.

**ii. Sale of goods (equipment)**

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

a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

b) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c) the amount of revenue can be measured reliably

d) it is probable that the economic benefits associated with the transaction will flow to the Company; and

e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**2.08 Other income**

Dividend income and interest income

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

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

**2.09 Share-based payment arrangements**

Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 34.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a

# Notes to the Financial Statements

corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

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

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

**2.10 Foreign Currencies**

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

In preparing the financial statements of 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.

<u>Treatment of exchange differences</u>

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

**2.11 Financial instruments**

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

**Investment in subsidiaries and associates**

A subsidiary is an entity controlled by the Company. Control exists when the Company has power over the entity, is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Investments in subsidiaries are carried at cost less impairment. Cost comprises price paid to acquire the investment and directly attributable cost.

**<u>Financial assets</u>**

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.

**<u>Classification of financial assets</u>**

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

# Notes to the Financial Statements

of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

• the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and

• the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

All other financial assets are subsequently measured at fair value.

**Effective interest method**

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

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

**Investments in equity instruments at FVTOCI**

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

A financial asset is held for trading if:

• it has been acquired principally for the purpose of selling it in the near term; or

• on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

• it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

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

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

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

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

# Notes to the Financial Statements

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, lease receivables, trade receivables and other contractual rights to receive cash or other financial assets and financial guarantees not designated as at FVTPL.

For trade receivables or any contractual right to receive cash or another financial assets that result from transactions that are within the scope of Ind AS 115, 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.

**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.

**2.12 Financial liabilities and equity instruments**

Classification as debt or equity

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

# Notes to the Financial Statements

Equity instruments

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

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

Financial liabilities

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

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

a) Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

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

• on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

• it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:• such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;• the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's risk management or investment strategy, and information about the grouping is provided internally on that basis; or• it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item. However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

b) Financial liabilities subsequently measured at amortised cost

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

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

# Notes to the Financial Statements

c) Foreign exchange gains and losses

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

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

d) Derecognition of financial liabilities

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

**2.13 Employee benefit costs**

**Retirement benefits costs and termination benefits**

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

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

a. service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

b. net interest expense or income; and

c. remeasurement

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

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

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

Short-term and other long-term employee benefits

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

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

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

# Notes to the Financial Statements

Contributions from employees or third parties to defined benefit plans

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan. When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:• If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).• If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the Company reduces service cost by attributing the contributions to periods of service using the attribution method required by Ind AS 19 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the Company reduces service cost in the period in which the related service is rendered / reduces service cost by attributing contributions to the employees' periods of service in accordance with Ind AS 19.

**2.14 Segment information**

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

**2.15 Leases**

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

**The Company as lessor :**

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

**The Company as lessee :**

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

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

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

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

**2.16 Borrowing costs**

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

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

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

# Notes to the Financial Statements

**2.17 Earnings per share**

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

**2.18 Taxation**

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

Current tax

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

Deferred tax

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

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

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

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

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

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

# Notes to the Financial Statements

**2.19 Provisions**

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

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

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

2.19.1 Onerous contracts

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

2.19.2 Restructurings

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

2.19.3 Contingent liabilities acquired in a business combination

Contingent liabilities (if any) acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with Ind AS 37 and the amount initially recognised less cumulative amortisation recognised in accordance with Ind AS 115 Revenue.

**2.20 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.

**2.21 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.

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

**Critical accounting judgements**

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

Contingent liabilities

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

Control and significant influence

Whether the Company, through voting rights and potential voting rights attached to shares held, or by way of shareholders agreements or other factors, has the ability to direct the relevant activities of the subsidiaries, or jointly direct the relevant activities of its joint ventures or exercise significant influence over associates.

**Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the

# Notes to the Financial Statements

end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment

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

Fair value measurements and valuation processes

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

Defined benefit obligations

Key assumptions related to life expectancies, salary increases and withdrawal rates

Revenue recognition

Impairment testing of investments

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

**2.23 Operating Cycle**

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

**2.24 Recent accounting pronoucements**

On 30th March, 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 - “Leases” and certain amendment to existing Ind AS. These amendments shall be applicable to the Company from 1st April, 2019.

**Issue of Ind AS 116 - “Leases”**

Ind AS 116 will supersede the current standard on leases i.e. Ind AS 17- Leases. As per Ind AS 116, the lessor will have to bring to books all the non-cancellable portion of leasing arrangement.

**Amendment to Existing Standard**

The MCA has also carried out amendments of the following accounting standards

i. Ind AS 101- First time adoption of Indian Accounting Standards

ii. Ind AS 103 – Business Combinations

iii. Ind AS 109 - Financial Instruments

iv. Ind AS 111 – Joint Arrangements

v. Ind AS 12 – Income Taxes

vi. Ind AS 19 – Employee Benefits

vii. Ind AS 23 – Borrowing Costs

viii. Ind AS 28 - Investment in Associates and Joint Ventures

Application of above standards are not expected to have any significant impact on the Company’s financial statements.

# Notes to the Financial Statements

**3A PROPERTY, PLANT AND EQUIPMENT** **(Rs. in million)**

| Particulars | Leasehold improvements | Plant and equipment | | | | Furniture and fixtures | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|
| | | Headend and distribution equipment | Set top boxes | Computers | Office and other equipment | | | |
| **Balance at 1st April, 2017** | **11.85** | **1,295.10** | **8,944.37** | **26.28** | **59.82** | **3.03** | **26.06** | **10366.51** |
| Additions/Adjustments | 4.38 | 92.73 | 752.81 | 3.66 | 5.05 | 0.42 | - | 859.05 |
| Deductions/Adjustments | (1.07) | (42.85) | (146.16) | (0.28) | (1.44) | (0.03) | (6.48) | (198.31) |
| **Balance at 31st March, 2018** | **15.16** | **1344.98** | **9551.01** | **29.66** | **63.43** | **3.42** | **19.58** | **11027.25** |
| Additions/Adjustments | 9.17 | 170.70 | 324.53 | 11.76 | 15.56 | 2.72 | - | 534.43 |
| Deductions/Adjustments | - | (4.62) | (94.36) | (0.04) | (0.42) | (0.01) | - | (99.45) |
| **Balance at 31st March, 2019** | **24.33** | **1,511.06** | **9,781.19** | **41.38** | **78.57** | **6.12** | **19.58** | **11,462.24** |
| **Depreciation** | | | | | | | | |
| **Balance at 1st April, 2017** | **8.77** | **323.57** | **2,707.23** | **16.09** | **23.24** | **0.96** | **11.58** | **3,091.44** |
| Depreciation expenses | 2.56 | 178.61 | 1,211.55 | 5.39 | 9.74 | 0.56 | 4.30 | 1,412.71 |
| Deductions/Adjustments | (1.07) | (33.70) | (143.10) | (0.28) | (1.11) | (0.03) | (4.12) | (183.41) |
| **Balance at 31st March, 2018** | **10.26** | **468.48** | **3,775.68** | **21.20** | **31.87** | **1.49** | **11.76** | **4320.74** |
| Depreciation expenses | 3.55 | 163.28 | 1,236.21 | 4.90 | 11.02 | 0.70 | 3.07 | 1,422.73 |
| Impairment (See note 26) | 10.49 | 606.26 | 616.74 | | | | | |
| Deductions/Adjustments | - | (2.19) | (24.45) | (0.04) | (0.28) | (0.01) | - | (26.96) |
| **Balance at 31 March, 2019** | **13.81** | **640.06** | **5,593.70** | **26.06** | **42.60** | **2.18** | **14.83** | **6,333.24** |
| **Net Carrying amount** | | | | | | | | |
| **Balance at 31st March, 2018** | **4.90** | **876.50** | **5,775.34** | **8.46** | **31.56** | **1.93** | **7.82** | **6,706.51** |
| **Balance at 31st March, 2019** | **10.52** | **871.00** | **4,187.50** | **15.32** | **35.96** | **3.94** | **4.75** | **5,129.14** |

**Note:** Property, plant and equipment with a carrying amount of Rs. 5,129.14 million (as at 31 March, 2018: Rs. 6,706.51 million) has been hypothecated to secure credit facilities from banks. (see note 15, note 16 and note 19). The Company is not permitted to hypothecate these assets as security for other borrowings or to sell them to another entity.

**3B INTANGIBLE ASSETS** **(Rs. in million)**

| Particulars | Distribution and network rights | Software | Non compete fees | Total |
|---|---|---|---|---|
| **Balance at 1st April, 2017** | **79.77** | **55.27** | **0.50** | **135.54** |
| Additions/Adjustments | 12.96 | 15.58 | - | 28.54 |
| Deductions/Adjustments | - | - | - | - |
| **Balance at 31st March, 2018** | **92.73** | **70.85** | **0.50** | **164.09** |
| Additions/Adjustments | - | 2.09 | 3.50 | 5.59 |
| Deductions/Adjustments | - | - | - | - |
| **Balance at 31st March, 2019** | **92.73** | **72.94** | **4.00** | **169.68** |
| **Depreciation** | | | | |
| **Balance at 1st April, 2017** | **41.11** | **18.41** | **0.20** | **59.72** |
| Amortisation expense | 15.01 | 14.35 | 0.10 | 29.46 |
| Deductions/Adjustments | - | - | - | - |
| **Balance at 31st March, 2018** | **56.12** | **32.76** | **0.30** | **89.18** |
| Amortisation expense | 15.60 | 13.87 | 0.48 | 29.95 |
| Deductions/Adjustments | - | - | - | - |
| **Balance at 31st March, 2019** | **71.72** | **46.63** | **0.78** | **119.13** |
| **Net Block** | | | | |
| **Balance at 31st March, 2018** | **36.61** | **38.10** | **0.20** | **74.90** |
| **Balance at 31st March, 2019** | **21.01** | **26.32** | **3.22** | **50.55** |

**Note:** Intangible assets with a carrying amount of Rs. 26.32 million (as at 31 March, 2018: Rs. 38.10 million) has been hypothecated to secure credit facilities from banks (see note 15, note 16 and note 19). The Company is not permitted to hypothecate these assets as security for other borrowings or to sell them to another entity.

# Notes to the Financial Statements

**4. INVESTMENTS (See note below)**

| Particulars | in number | As at 31.03.2019 (Rs. in million) | in number | As at 31.03.2018 (Rs. in million) |
|---|---|---|---|---|
| **A. i) Unquoted investments in equity shares (all fully paid) of subsidiaries - at cost** | | | | |
| 1. Den Futuristic Cable Networks Private Limited, (face value of Rs 10 per share) | 1,161,028 | 644.38 | 1,161,028 | 644.38 |
| 2. Mahavir Den Entertainment Private Limited, (face value of Rs 10 per share) | 109,236 | 17.11 | 109,236 | 17.11 |
| 3. Den Ambey Cable Networks Private Limited, (face value of Rs 10 per share) | 45,838 | 153.34 | 45,838 | 153.34 |
| 4. Den-Manoranjan Satellite Private Limited, (face value of Rs 100 per share) | 3,570 | 138.61 | 3,570 | 138.61 |
| 5. Meerut Cable Network Private Limited, (face value of Rs 10 per share) | 51,000 | 83.41 | 51,000 | 83.41 |
| 6. Den Krishna Cable TV Network Private Limited, (face value of Rs 10 per share) | 70,935 | 79.95 | 70,935 | 79.95 |
| 7. Shree Siddhivinayak Cable Network Private Limited, (face value of Rs 10 per share) | 25,500 | 25.77 | 25,500 | 25.77 |
| 8. Den Pawan Cable Network Private Limited, (face value of Rs 10 per share) | 43,053 | 61.16 | 43,053 | 61.16 |
| 9. Mahadev Den Cable Network Private Limited, (face value of Rs 10 per share) | 45,900 | 28.03 | 45,900 | 28.03 |
| 10. Den Mod Max Cable Network Private Limited, (face value of Rs 10 per share) | 26,300 | 12.27 | 26,300 | 12.27 |
| 11. DEN BCN Suncity Network Private Limited, (face value of Rs 10 per share) | 27,380 | 10.02 | 27,380 | 10.02 |
| 12. Den Crystal Vision Network Private Limited, (face value of Rs 10 per share) | 29,150 | 8.18 | 29,150 | 8.18 |
| 13. Den Patel Entertainment Network Private Limited, (face value of Rs 10 per share) | 45,900 | 14.55 | 45,900 | 14.55 |
| 14. Den Kashi Cable Network Private Limited, (face value of Rs 10 per share) | 25,501 | 5.01 | 25,501 | 5.01 |
| 15. Den Harsh Mann Cable Network Private Limited, (face value of Rs 10 per share) | 27,565 | 3.32 | 27,565 | 3.32 |
| 16. Den Mahendra Satellite Private Limited, (face value of Rs 10 per share) | 33,300 | 3.01 | 33,300 | 3.01 |
| 17. Den Prince Network Private Limited, (face value of Rs 10 per share) | 27,384 | 3.00 | 27,384 | 3.00 |
| 18. Varun Cable Network Private Limited, (face value of Rs 10 per share) | 65,416 | 4.32 | 65,416 | 4.32 |
| 19. Den Pradeep Cable Network Private Limited, (face value of Rs 10 per share) | 131,160 | 3.42 | 131,160 | 3.42 |
| 20. Den Ashu Cable Private Limited, (face value of Rs 10 per share) | 44,702 | 15.96 | 44,702 | 15.96 |
| 21. Den Bindra Network Private Limited, (face value of Rs 10 per share) | 26,841 | 5.11 | 26,841 | 5.11 |
| 22. Den Classic Cable TV Services Private Limited, (face value of Rs 10 per share) | 29,685 | 2.65 | 29,685 | 2.65 |
| 23. DEN Digital Cable Network Private Limited, (face value of Rs 10 per share) | 52,345 | 178.84 | 52,345 | 178.84 |

# Notes to the Financial Statements

| Particulars | in number | As at 31.03.2019 (Rs. in million) | in number | As at 31.03.2018 (Rs. in million) |
|---|---|---|---|---|
| 24. Den Enjoy Cable Networks Private Limited, (face value of Rs 10 per share) | 889,950 | 89.99 | 889,950 | 89.99 |
| 25. Den F K Cable TV Network Private Limited, (face value of Rs 10 per share) | 58,148 | 39.27 | 58,148 | 39.27 |
| 26. Den Jai Ambey Vision Cable Private Limited, (face value of Rs 10 per share) | 25,624 | 2.10 | 25,624 | 2.10 |
| 27. Den Maa Sharda Vision Cable Networks Private Limited, (face value of Rs 10 per share) | 38,678 | 7.25 | 38,678 | 7.25 |
| 28. Den MCN Cable Network Private Limited, (face value of Rs 10 per share) | 56,059 | 33.97 | 56,059 | 33.97 |
| 29. Den Radiant Satellite Cable Network Private Limited, (face value of Rs 10 per share) | 35,140 | 1.95 | 35,140 | 1.95 |
| 30. Den Satellite Cable TV Network Private Limited, (face value of Rs 10 per share) | 31,265 | 5.33 | 31,265 | 5.33 |
| 31. DEN Supreme Satellite Vision Private Limited, (face value of Rs 10 per share) | 30,452 | 25.56 | 30,452 | 25.56 |
| 32. Drashti Cable Network Private Limited, (face value of Rs 10 per share) | 27,325 | 23.00 | 27,325 | 23.00 |
| 33. DEN Fateh Marketing Private Limited, (face value of Rs 10 per share) | 25,500 | 10.23 | 25,500 | 10.23 |
| 34. DEN Nashik City Cable Network Private Limited, (face value of Rs 10 per share) | 25,500 | 73.59 | 25,500 | 73.59 |
| 35. Radiant Satellite (India) Private Limited, (face value of Rs 10 per share) | 76,500 | 46.01 | 76,500 | 46.01 |
| 36. Den Aman Entertainment Private Limited, (face value of Rs 10 per share) | 30,529 | 4.12 | 30,529 | 4.12 |
| 37. Den Budaun Cable Network Private Limited, (face value of Rs 10 per share) | 37,113 | 2.00 | 37,113 | 2.00 |
| 38. Den Malayalam Telenet Private Limited, (face value of Rs 10 per share) | 608,265 | 55.34 | 608,265 | 55.34 |
| 39. Den Elgee Cable Vision Private Limited, (face value of Rs 10 per share) | 57,252 | 6.38 | 57,252 | 6.38 |
| 40. Den Rajkot City Communication Private Limited), (face value of Rs 10 per share) (formerly known as Rajkot City Communication Private Limited) | 5,764 | 100.93 | 5,764 | 100.93 |
| 41. Den Marble Cable Vision Private Limited, (face value of Rs 10 per share) | 30,633 | 26.89 | 30,633 | 26.89 |
| 42. Fortune (Baroda) Network Private Limited, (face value of Rs 10 per share) | 51,000 | 36.46 | 51,000 | 36.46 |
| 43. Galaxy Den Media & Entertainment Private Limited, (face value of Rs 10 per share) | 25,500 | 43.35 | 25,500 | 43.35 |
| 44. Bali Den Cable Network Private Limited, (face value of Rs 10 per share) | 27,300 | 50.65 | 27,300 | 50.65 |
| 45. Den Citi Channel Private Limited, (face value of Rs 10 per share) | 32,941 | 17.13 | 32,941 | 17.13 |
| 46. Fab Den Network Private Limited, (face value of Rs 10 per share) | 108,927 | 49.42 | 108,927 | 49.42 |
| 47. Cab-i-Net Communications Private Limited, (face value of Rs 10 per share) | 102,039 | 30.04 | 102,039 | 30.04 |

# Notes to the Financial Statements

| Particulars | in number | As at 31.03.2019 (Rs. in million) | in number | As at 31.03.2018 (Rs. in million) |
|---|---|---|---|---|
| 48. Shri Ram DEN Network Private Limited, (face value of Rs 10 per share) | - | - | 45,900 | 31.20 |
| 49. United Cable Network (Digital) Private Limited, (face value of Rs 10 per share) | 25,500 | 4.60 | 25,500 | 4.60 |
| 50. Amogh Broad Band Services Private Limited, (face value of Rs 10 per share) | 5,000 | 0.05 | 5,000 | 0.05 |
| 51. Den Sariga Communication Private Limited, (face value of Rs 10 per share) | 48,939 | 9.77 | 48,939 | 9.77 |
| 52. Den Sahyog Cable Network Private Limited, (face value of Rs 10 per share) | 25,500 | 1.58 | 25,500 | 1.58 |
| 53. Den A.F. Communication Private Limited, (face value of Rs 10 per share) | 48,931 | 0.49 | 48,931 | 0.49 |
| 54. Den Kattakada Telecasting and Cable Services Private Limited, (face value of Rs 10 per share) | 50,775 | 16.41 | 50,775 | 16.41 |
| 55. Big Den Entertainment Private Limited, (face value of Rs 10 per share) | 30,620 | 12.22 | 30,620 | 12.22 |
| 56. Sree Gokulam Starnet Communication Private Limited, (face value of Rs 10 per share) | 5,100 | 11.53 | 5,100 | 11.53 |
| 57. Ambika Den Cable Network Private Limited, (face value of Rs 10 per share) | 32,786 | 1.84 | 32,786 | 1.84 |
| 58. Den Steel City Cable Network Private Limited, (face value of Rs 10 per share) | 30,682 | 8.62 | 30,682 | 8.62 |
| 59. Sanmati Den Cable TV Network Private Limited, (face value of Rs 10 per share) | 28,172 | 9.02 | 28,172 | 9.02 |
| 60. Multi Channel Cable Network Private Limited, (face value of Rs 10 per share) | 28,334 | 9.73 | 28,334 | 9.73 |
| 61. Victor Cable TV Network Private Limited, (face value of Rs 10 per share) | 301,000 | 5.92 | 301,000 | 5.92 |
| 62. Gemini Cable Network Private Limited, (face value of Rs 10 per share) | 51,000 | 5.87 | 51,000 | 5.87 |
| 63. Antique Communications Private Limited, (face value of Rs 10 per share) | 29,147 | 1.79 | 29,147 | 1.79 |
| 64. Sanmati Entertainment Private Limited, (face value of Rs 10 per share) | 30,721 | 3.01 | 30,721 | 3.01 |
| 65. VM Magic Entertainment Private Limited, (face value of Rs 10 per share) | 25,500 | 12.53 | 25,500 | 12.53 |
| 66. Crystal Vision Media Private Limited, (face value of Rs 10 per share) | 25,500 | 149.08 | 25,500 | 149.08 |
| 67. Multi Star Cable Network Private Limited, (face value of Rs 10 per share) | 34,170 | 1.02 | 34,170 | 1.02 |
| 68. Disk Cable Network Private Limited, (face value of Rs 10 per share) | 84,551 | 4.26 | 84,551 | 4.26 |
| 69. Silverline Television Network Private Limited, (face value of Rs 10 per share) | 38,250 | 15.32 | 38,250 | 15.32 |
| 70. Eminent Cable Network Private Limited, (face value of Rs 10 per share) | 61,860 | 36.66 | 55,348 | 25.46 |
| 71. Ekta Entertainment Network Private Limited, (face value of Rs 10 per share) | 60,984 | 10.44 | 60,984 | 10.44 |

# Notes to the Financial Statements

| Particulars | in number | As at 31.03.2019 (Rs. in million) | in number | As at 31.03.2018 (Rs. in million) |
|---|---|---|---|---|
| 72. Devine Cable Network Private Limited, (face value of Rs 10 per share) | 27,190 | 1.17 | 27,190 | 1.17 |
| 73. Nectar Entertainment Private Limited, (face value of Rs 10 per share) | 30,312 | 1.35 | 30,312 | 1.35 |
| 74. Trident Entertainment Private Limited, (face value of Rs 10 per share) | 25,500 | 2.52 | 25,500 | 2.52 |
| 75. Adhunik Cable Network Private Limited, (face value of Rs 10 per share) | 25,500 | 1.58 | 25,500 | 1.58 |
| 76. Glimpse Communications Private Limited, (face value of Rs 10 per share) | 5,100 | 3.34 | 5,100 | 3.34 |
| 77. Indradhanush Cable Network Private Limited, (face value of Rs 10 per share) | 25,500 | 4.27 | 25,500 | 4.27 |
| 78. Blossom Entertainment Private Limited, (face value of Rs 10 per share) | 25,500 | 1.55 | 25,500 | 1.55 |
| 79. Multitrack Cable Network Private Limited, (face value of Rs 10 per share) | 14,256 | 9.88 | 14,256 | 9.88 |
| 80. Rose Entertainment Private Limited, (face value of Rs 10 per share) | 395,250 | 15.15 | 395,250 | 15.15 |
| 81. Libra Cable Networks Private Limited, (face value of Rs 10 per share) | 149,775 | 25.11 | 149,775 | 25.11 |
| 82. Pee Cee Cable Network Private Limited, (face value of Rs 10 per share) | - | - | 11,859 | 1.19 |
| 83. Den Discovery Digital Cable Network Private Limited, (face value of Rs 10 per share) | 18,687 | 7.70 | 18,687 | 7.70 |
| 84. Mansion Cable Network Private Limited, (face value of Rs 10 per share) | 3,395,558 | 303.51 | 3,395,558 | 303.51 |
| 85. Jhankar Cable Network Private Limited, (face value of Rs 10 per share) | 127,500 | 4.01 | 127,500 | 4.01 |
| 86. Den Premium Multilink Cable Network Private Limited, (face value of Rs 10 per share) | 5,100 | 0.05 | 5,100 | 0.05 |
| 87. Augment Cable Network Private Limited, (face value of Rs 10 per share) | 51,000 | 3.01 | 51,000 | 3.01 |
| 88. Desire Cable Network Private Limited, (face value of Rs 10 per share) | 72,675 | 7.52 | 72,675 | 7.52 |
| 89. Marble Cable Network Private Limited, (face value of Rs 10 per share) | 98,410 | 3.51 | 98,410 | 3.51 |
| 90. Den Broadband Private Limited [formerly known as DEN Skynet Network Pvt. Ltd., (face value of Rs 10 per share)] | 5,371,555 | 1,716.86 | 4,734,485 | 1,477.96 |
| 91. VBS Digital Distributor Network Pvt Ltd. (face value of Rs 10 per share) | 50,448 | 26.38 | 50,448 | 26.38 |
| **Total aggregate unquoted investments in subsidiaries** | | **4,752.59** | | **4,534.87** |
| Less: Aggregate amount of impairment in the value of investments in subsidiaries | | 143.34 | | 175.72 |
| **Total investments carrying value in subsidiaries** | | **4,609.25** | | **4,359.15** |

# Notes to the Financial Statements

| Particulars | in number | As at 31.03.2019 (Rs. in million) | in number | As at 31.03.2018 (Rs. in million) |
|---|---|---|---|---|
| **ii) Unquoted investments in preference shares (all fully paid)** | | | | |
| **Instruments at Amortised cost** | | | | |
| 1. Den Kashi Cable Network Private Limited (face value of Rs. 10 each, 3% non cumulative redeemable shares) | 750,000 | 31.60 | 750,000 | 31.68 |
| 2. Den Citi Channel Private Limited (face value of Rs. 10 each, 13.5% non cumulative redeemable shares) | 707,500 | 4.41 | 707,500 | 7.08 |
| 3. Gemini Cable Network Private Limited (Face value of Rs. 10 each, 13.5% non cumulative redeemable shares) | 3,500,000 | 25.52 | 5,400,000 | 37.52 |
| 4. Meerut Cable Network Private Limited (face value of Rs. 10 each, 13.5% non cumulative redeemable shares) | - | - | 2,250,000 | 17.56 |
| 5. Mahavir Den Entertainment Private Limited (face value of Rs. 10 each 5% non cumulative redeemable shares) | 300,000 | 2.57 | 300,000 | 2.27 |
| 6. Amogh Broad Band Services Private Limited (face value of Rs. 10 each, 7.5% non cumulative redeemable shares) | - | - | 8,405,000 | 74.07 |
| 7. Srishti Den Networks Private Limited (face value of Rs. 10 each, 5% non cumulative redeemable shares) | 3,482,928 | 42.98 | 3,482,928 | 38.13 |
| 8. Den Ashu Cable Private Limited (face value of Rs. 10 each, 5% non cumulative redeemable shares) | 741,291 | 11.43 | 741,291 | 10.14 |
| 9. Ekta Entertainment Network Private Limited (face value of Rs. 10 each, 5% non cumulative redeemable shares) | 722,564 | 8.94 | 722,564 | 7.93 |
| 10. Fab Den Network Private Limited (face value of Rs. 10 each, 5% non cumulative redeemable shares) | 229,962 | 2.84 | 229,962 | 2.52 |
| | | **130.29** | | **228.90** |
| **iii) Deemed equity** | | | | |
| **Instruments at Amortised cost** | | | | |
| 1. Den Kashi Cable Network Private Limited (face value of Rs. 10 each, 3% non cumulative redeemable shares) | | 21.92 | | 15.72 |
| 2. Den Citi Channel Private Limited (face value of Rs. 10 each, 13.5% non cumulative redeemable shares) | | 7.15 | | 2.10 |
| 3. Gemini Cable Network Private Limited (face value of Rs. 10 each, 13.5% non cumulative redeemable shares) | | 27.94 | | 28.37 |
| 4. Meerut Cable Network Private Limited (face value of Rs. 10 each, 13.5% non cumulative redeemable shares) | | 13.85 | | 11.30 |
| 5. Mahavir Den Entertainment Private Limited (face value of Rs. 10 each 5% non cumulative redeemable shares) | | 1.40 | | 1.40 |
| 6. Amogh Broad Band Services Private Limited (face value of Rs. 10 each, 7.5% non cumulative redeemable shares) | | - | | 33.12 |
| 7. Mansion Cable Network Private Limited (face value of Rs. 10 each, 10% non cumulative redeemable shares) | | 11.15 | | 18.35 |
| 8. Srishti Den Networks Private Limited (Formerly known as Platinum Cable TV Network Private Limited) (face value of Rs. 10 each, 5% non cumulative redeemable shares) | | 39.65 | | 39.66 |
| 9. Den Ashu Cable Private Limited (face value of Rs. 10 each, 5% non cumulative redeemable shares) | | 10.55 | | 10.55 |

# Notes to the Financial Statements

| Particulars | in number | As at 31.03.2019 (Rs. in million) | in number | As at 31.03.2018 (Rs. in million) |
|---|---|---|---|---|
| 10. Ekta Entertainment Network Private Limited (face value of Rs. 10 each, 5% non cumulative redeemable shares) | | 8.21 | | 6.81 |
| 11. Fab Den Network Private Limited (face value of Rs. 10 each, 5% non cumulative redeemable shares) | | 2.60 | | 2.62 |
| | | **144.41** | | **170.00** |
| **Total aggregate unquoted investments (A)** | | **4,883.95** | | **4,758.05** |
| | | **4,883.95** | | **4,758.05** |
| **Aggregate carrying value of unquoted investments** | | 4,883.95 | | 4,758.05 |
| **Aggregate amount of impairment in value of investments** | | 143.34 | | 175.72 |

**Notes:**

i) Of the above, 11,029,865 (31 March, 2018 2,644,091) equity shares having carrying and investment value of Rs. 3,558.59 million (31 March, 2018 Rs. 883.92 million) investments in subsidiaries are pledged with the banks against loans taken by the Company. (see note 15)

ii) Of the above Nil (31 March, 2018 3,982,440) equity shares amounting to Rs. Nil (31 March, 2018 Rs. 1,310.62 million) of investments in subsidiaries are committed to be pledged with Banks against loans taken by the Company.

| Particulars | in number | As at 31.03.2019 (Rs. in million) | in number | As at 31.03.2018 (Rs. in million) |
|---|---|---|---|---|
| **B. Investments in associates - at cost** | | | | |
| **i) Unquoted investments in equity shares (all fully paid)** | | | | |
| 1 DEN ADN Network Private Limited (face value of Rs 10 per share) | 1,938,000 | 20.91 | 1,938,000 | 20.91 |
| 2. CCN DEN Network Private Limited (face value of Rs 10 per share) | 2,040,000 | 20.40 | 2,040,000 | 20.40 |
| 3. Den Satellite Network Private Limited (face value of Rs 10 per share) | 50,295 | 461.58 | 50,295 | 461.58 |
| **Total Investments carrying value (B)** | | **502.89** | | **502.89** |
| **Aggregate carrying value of unquoted investments** | | 502.89 | | 502.89 |
| **Grand Total (A + B)** | | **5,386.84** | | **5,260.94** |

# Notes to the Financial Statements

(Rs. in million)

| | Particulars | | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|---|---|
| **5.** | **LOANS** | | | |
| | **Non-current** | | | |
| | i) Security deposits | | 28.96 | 26.60 |
| | | **Total** | **28.96** | **26.60** |
| | **Current** | | | |
| | i) Loans to related parties - Unsecured, considered good (See note 33) | | 233.60 | 396.68 |
| | Loans Receivables which have significant increase in Credit Risk | | - | - |
| | Loans Receivables - credit impaired | | - | - |
| | | | 233.60 | 396.68 |
| | ii) Security deposits | | 26.01 | 39.34 |
| | Less: Impairment allowance for security deposits | | (3.42) | - |
| | | **Total** | **256.19** | **436.02** |
| **6.** | **OTHER FINANCIAL ASSETS** | | | |
| | **Non-current** | | | |
| | i) Deposits with banks with more than 12 months remaining maturity* | | - | 125.00 |
| | | **Total** | **-** | **125.00** |
| | * Under lien as margin money with banks for term loans of **Rs. Nil** (31 March, 2018: Rs. 125.00 million) | | | |
| | **Current** | | | |
| | i) Advances recoverable | | | |
| | – from related parties (See note 33) | | 143.87 | 494.33 |
| | – from others | | - | 11.15 |
| | ii) Unbilled revenue | | | |
| | – from related parties (See note 33) | | 202.41 | - |
| | – from others | | 425.57 | 44.90 |
| | iii) Interest accrued but not due on fixed deposits | | 45.54 | 45.66 |
| | iv) Interest accrued and due | | | |
| | – from related parties (See note 33) | | 61.01 | 151.72 |
| | v) Receivable on sale of property, plant and equipment | | | |
| | – from related parties (See note 33) | | 60.88 | 62.87 |
| | vi) Dividend receivable (See note 33) | | 12.15 | - |
| | vii) Other advance* | | 128.08 | 114.87 |
| | | **Total** | **1,079.51** | **925.50** |
| | * Other advance includes advance for investment. | | | |
| **7.** | **NON CURRENT TAX ASSETS (NET)** | | | |
| | i) Advance tax including TDS recoverable | | 965.42 | 757.91 |
| | | **Total** | **965.42** | **757.91** |

# Notes to the Financial Statements

(Rs. in million)

| | Particulars | | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|---|---|
| 8. | **OTHER ASSETS** | | | |
| | **Non-current** | | | |
| | i) Prepaid expenses | | 10.28 | 19.72 |
| | ii) Deposits against cases with (See note 28) | | | |
| | – Sales tax authority | | 180.34 | 73.77 |
| | – Entertainment tax authorities | | 213.23 | 114.36 |
| | – Entry tax authority | | 12.65 | 12.65 |
| | – Custom duty authority | | 103.87 | 103.88 |
| | | | 510.09 | 304.66 |
| | Less: Impairment allowance | | (10.00) | (10.00) |
| | | | 500.09 | 294.66 |
| | iii) Capital advances | | 2.80 | 23.58 |
| | | **Total** | **513.17** | **337.96** |
| | **Current** | | | |
| | i) Prepaid expenses | | 20.30 | 37.92 |
| | ii) Balance with government authorities | | 107.27 | 100.46 |
| | iii) Others | | | |
| | – Supplier advances | | 48.93 | 54.32 |
| | – Amount recoverable from DNL Employees Welfare Trust | | 0.36 | 0.36 |
| | – Other advances* | | 1.25 | 1.21 |
| | | | 50.54 | 55.89 |
| | Less: Impairment allowance for supplier advance | | (33.18) | (5.87) |
| | | | 17.36 | 50.02 |
| | | **Total** | **144.93** | **188.40** |

* Other advance includes impress money to employee

| | Particulars | As at 31.03.2019 | | As at 31.03.2018 | |
|---|---|---|---|---|---|
| 9. | **CURRENT INVESTMENTS** | No. of Units | (Rs. in million) | No. of Units | (Rs. in million) |
| | **Investments in Preference of share of subsidiaries** | | | | |
| | **Instruments at amortised Cost** | | | | |
| | 1. Gemini Cable Network Private Limited (Face value of Rs. 10 each, 13.5% non cumulative redeemable shares) | 1,900,000 | 16.92 | - | - |
| | 2. Meerut Cable Network Private Limited (Face value of Rs. 10 each, 13.5% non cumulative redeemable shares) | 2,250,000 | 20.44 | - | - |
| | | | **37.36** | | **-** |
| | **Investments in mutual funds - Unquoted** | | | | |
| | **Carried at FVTPL** | | | | |
| | i) IDFC cash fund growth - direct plan - growth | 2,288,768 | 5,187.54 | - | - |
| | ii) Kotak liquid - direct plan - growth | 1,377,304 | 5,212.17 | - | - |
| | iii) Aditya Birla sun life liquid fund -direct plan - growth | 17,159,013 | 5,155.19 | 364,757 | 101.49 |
| | iv) ICICI prudential liquid fund - direct plan - growth | 18,649,179 | 5,154.94 | - | - |
| | v) Reliance liquid fund - treasury plan - direct plan - growth | - | - | 27,351 | 115.97 |
| | vi) Dsp blackrock liquidity fund - direct plan - growth | - | - | 41,014 | 101.47 |
| | vii) Kotak bond (short term)- growth option regular plan | - | - | 73,953 | 210.91 |
| | | | **20,709.84** | | **529.84** |
| | **Total aggregate unquoted investments** | | **20,747.20** | | **529.84** |
| | **Aggregate carrying value of unquoted investments** | | **20,747.20** | | **529.84** |

# Notes to the Financial Statements

(Rs. in million)

| | Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|---|
| **10.** | **TRADE RECEIVABLES** | | |
| | Trade Receivables considered good - Unsecured; | 3,291.99 | 3,797.00 |
| | Trade Receivables which have significant increase in Credit Risk | 1,775.15 | 1,175.22 |
| | Trade Receivables - credit impaired | 370.68 | 271.76 |
| | | 5,437.82 | 5,243.98 |
| | Less: Provision for doubtful/expected credit loss | (2,145.83) | (1,446.98) |
| | **Total** | **3,291.99** | **3,797.00** |

**Notes:**

**(a)** The average credit period on sales of services is 0-180 days. No interest is charged on any overdue trade receivables.

**(b)** The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

| Ageing | Expected credit loss (%) |
|---|---|
| 0 – 90 days | 0.1%-18% |
| 91 – 180 days | 1%-50% |
| 180 days and above | 50%-100% |

(Rs. in million)

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|
| **Age of receivables** | | |
| 0 – 90 days | 1,065.99 | 2,173.09 |
| 91 – 180 days | 1,667.48 | 1,247.38 |
| 180 days and above | 2,704.35 | 1,823.51 |
| | **5,437.82** | **5,243.98** |

**(c) Movement in the Expected Credit loss Allowance**

| | | |
|---|---|---|
| Balance as the beginning of the year | (1,446.98) | (1,464.71) |
| Movement in expected credit loss allowance | (698.85) | 17.73 |
| **Balance at the end of the year** | **(2,145.83)** | **(1,446.98)** |

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

# Notes to the Financial Statements

(Rs. in million)

| | Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|---|
| **11.** | **CASH AND CASH EQUIVALENTS** | | |
| | **A. Cash and cash equivalents** | | |
| | i) Cash in hand | 10.68 | 38.17 |
| | ii) Cheques on hand | 27.53 | 95.57 |
| | iii) Balance with scheduled banks | | |
| | – in current accounts | 172.88 | 729.16 |
| | – in deposit accounts | | |
| | – original maturity of 3 months or less | - | 35.54 |
| | **Total** | **211.09** | **898.44** |

**B.** For the purpose of the statement of cash flow, cash and cash equivalents comprise the following:

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|
| i) Cash in hand | 10.68 | 38.17 |
| ii) Cheques on hand | 27.53 | 95.57 |
| iii) Balance with scheduled banks | | |
| – in current accounts | 172.88 | 729.16 |
| – in deposit accounts | - | - |
| – original maturity of 3 months or less | - | 35.54 |
| | 211.09 | 898.44 |
| Less: Working Capital loan from bank repayable on demand | 644.43 | 1,042.92 |
| | **(433.34)** | **(144.48)** |

| | | | |
|---|---|---|---|
| **12.** | **BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS** | | |
| | i) in deposit accounts | | |
| | – original maturity more than 3 months | 128.43 | 628.34 |
| | ii) in earmarked accounts | | |
| | – Balances held as margin money or security against borrowings, guarantees and other commitments | 1,293.52 | 1,001.22 |
| | **Total** | **1,421.95** | **1,629.56** |

# Notes to the Financial Statements

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|
| | | (Rs. in million) |
| **13. EQUITY SHARE CAPITAL** | | |
| Equity share capital | 4,767.66 | 1,953.18 |
| | **4,767.66** | **1,953.18** |
| **Authorised share capital:** | | |
| 500,000,000 (As at 31 March, 2018 200,000,000) equity shares of Rs. 10 each with voting rights | 5,000.00 | 2,000.00 |
| **Issued and subscribed capital comprises:** | | |
| 477,223,845 (As at 31 March, 2018 195,775,845) equity shares of Rs. 10 each fully paid up with voting rights | 4,772.24 | 1,957.76 |
| Less: Amount recoverable from DNL Employees Welfare Trust [457,931 (As at 31 March, 2018 457,931) number of shares issued to Trust @ Rs. 10 per share] | 4.58 | 4.58 |
| | **4,767.66** | **1,953.18** |

| Fully paid equity shares: | Number of Shares | Share Capital (Rs. In million) |
|---|---|---|
| **Balance as at 01 April, 2017** | **194,025,845** | **1,940.26** |
| Add: Issue of shares | 1,750,000 | 17.50 |
| **Balance as at 31 March, 2018** | **195,775,845** | **1,957.76** |
| Add: Issue of shares (See note 37) | 281,448,000 | 2,814.48 |
| **Balance as at 31 March, 2019** | **477,223,845** | **4,772.24** |

Of the above:

(a) Fully paid equity shares, which have a par value of Rs. 10, carry one vote per share and carry a right to dividends.

(b) 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 |
| **Fully paid equity shares with voting rights:** | | | | |
| Jio Futuristic Digital Holdings Private Limited | 201,533,901 | 42.23% | - | - |
| Jio Digital Distribution Holdings Private Limited | 84,250,207 | 17.65% | - | - |
| Jio Television Distribution Holdings Private Limited | 86,738,504 | 18.18% | - | - |
| Broad Street Investment (Singapore) Pte Limited | 41,828,930 | 8.77% | - | - |
| Sameer Manchanda | - | - | 46,654,550 | 23.83% |
| The Goldman Sachs, Inc. (through affiliates) | - | - | 47,535,423 | 24.28% |
| Lucid Systems Private Limited | - | - | 16,000,000 | 8.17% |
| Acacia banyan partners | - | - | 12,940,300 | 6.61% |
| Infrastructure Leasing & Financial Services Limited (directly/through affiliates) | - | - | 12,063,971 | 6.16% |

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

# Notes to the Financial Statements

(Rs. in million)

| | Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|---|
| 14. | **OTHER EQUITY** | | |
| | Securities premium account | 34,111.81 | 16,516.24 |
| | Share options outstanding account | 11.19 | 90.13 |
| | General reserve | 202.86 | 202.86 |
| | Surplus/(Deficit) in Statement of Profit and Loss | (12,758.78) | (10,660.52) |
| | | **21,567.08** | **6,148.71** |

(Rs. in million)

| Particulars | | Year ended 31.03.2019 | Year ended 31.03.2018 |
|---|---|---|---|
| **(a) Securities premium account** | | | |
| i) Opening balance | | 16,516.24 | 16,376.90 |
| ii) Add: Premium on shares issued during the year (See note 37) | | 17,635.52 | 139.34 |
| iii) Less: Utilised during the year for writing off share issue expenses | | 39.95 | - |
| iv) Closing balance | | **34,111.81** | **16,516.24** |
| | (A) | **34,111.81** | **16,516.24** |
| **(b) Share options outstanding account** | | | |
| i) Employees stock option outstanding | | 90.13 | 168.24 |
| ii) Add: ESOP compensation expense net of taxes | | 4.45 | 61.23 |
| iii) Less: Options Exercise | | - | (139.34) |
| iv) Less: transfer to reserves | | (83.39) | - |
| (B) | | **11.19** | **90.13** |
| **(c) General reserve** | | | |
| i) Opening balance | | 202.86 | 202.86 |
| ii) Add: Addition/(deletion) | | - | - |
| iii) Closing balance | (C) | **202.86** | **202.86** |
| **(d) Deficit in Statement of Profit and Loss** | | | |
| i) Opening balance | | (10,660.52) | (10,353.79) |
| ii) Add: Profit/(Loss) for the year | | (2,190.80) | (309.79) |
| iii) Other comprehensive income arising from remeasurement of defined benefit obligation | | 9.15 | 3.06 |
| iv) Transfer from ESOP reserves | | 83.39 | |
| v) Closing balance | (D) | **(12,758.78)** | **(10,660.52)** |
| | **(A + B + C + D)** | **21,567.08** | **6,148.71** |

(Rs. in million)

| | Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|---|
| 15. | **NON-CURRENT BORROWINGS** | | |
| | **At amortised cost:** | | |
| | (a) Term loans (Secured) | | |
| | i) from banks (See footnote i) | 2,636.69 | 3,137.09 |
| | | **2,636.69** | **3,137.09** |

# Notes to the Financial Statements

(Rs. in million)

| | Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|---|
| 16. | **OTHER FINANCIAL LIABILITIES** | | |
| | **Non-current** | | |
| | Security deposits received | - | 5.23 |
| | | **-** | **5.23** |
| | **Current** | | |
| | (a) Current maturities of long term debt | 1,510.79 | 1,113.54 |
| | (b) Interest accrued | 19.20 | 11.04 |
| | (c) Others | | |
| | i) Balance consideration payable on investments | 13.80 | 34.31 |
| | ii) Payables on purchase of property, plant and equipment | 46.79 | 344.35 |
| | iii) Book overdraft | - | 108.34 |
| | iv) Security deposits received | - | 0.14 |
| | v) Payable for Expenses | 1,265.21 | 655.94 |
| | vi) Due to employees | 107.49 | 71.80 |
| | | **2,963.28** | **2,339.47** |
| 17. | **PROVISIONS** | | |
| | **Non-current** | | |
| | (a) Employee benefits | | |
| | – Gratuity (See note 31) | 50.29 | 55.86 |
| | – Compensated absences | 27.65 | - |
| | | **77.94** | **55.86** |
| | **Current** | | |
| | (a) Employee benefits | | |
| | – Gratuity (See note 31) | 3.91 | 0.94 |
| | – Compensated absences | 7.35 | 41.46 |
| | | **11.26** | **42.40** |
| 18. | **OTHER LIABILITIES** | | |
| | **Non-current** | | |
| | (a) Deferred revenue | 2,272.03 | 2,895.79 |
| | | **2,272.03** | **2,895.79** |
| | **Current** | | |
| | (a) Deferred revenue | 721.44 | 846.32 |
| | (b) Statutory remittances | 148.43 | 201.12 |
| | (c) Other payables | | |
| | i) Advances from customers | 39.21 | 63.63 |
| | ii) Others* | 125.21 | - |
| | | **1,034.29** | **1,111.07** |

* Others includes Rs. 125.21 million (Previous year Rs. Nil) for provision for contingency

| | Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|---|
| 19. | **CURRENT BORROWINGS** | | |
| | **Secured at amortised cost** | | |
| | (a) Loans repayable on demand | | |
| | – from banks [See footnote (ii)] | 644.43 | 1,042.92 |
| | | **644.43** | **1,042.92** |
| 20. | **TRADE PAYABLES** | | |
| | Trade payables - Other than acceptances | | |
| | – total outstanding dues of micro enterprises and small enterprises (See note 43) | 1.55 | 10.38 |
| | – total outstanding dues of creditors other than micro enterprises and small enterprises | 3,703.21 | 3,640.37 |
| | | **3,704.76** | **3,650.75** |

# Notes to the Financial Statements

**i.** The terms of repayment and security of term loans and other loans are stated below:

**As at 31 March, 2019**

**(Rs. in million)**

| Particulars | Amount outstanding* | | Security | Terms of repayment/redemption | Rate of interest/ effective interest rate (per annum) |
|---|---|---|---|---|---|
| | Long-term debts | Current maturities of long-term debts | | | |
| **Footnote i.** | | | | | |
| Term loan from bank | 913.52 | 314.60 | First pari passu charge on property, plant and equipment of the Company (existing and future) and second pari passu charge on all current assets of the Company (existing and future). Further, secured by pledge over Investment in equity shares, (existing and future) on pari-passu basis, pertaining to 25 Subsidiaries (including 2 step-down subsidiaries). | Balance of Tranche A repayable in 15 equal quarterly instalments commencing from April, 2019 and ending in October, 2022; Balance of Tranche B repayable in 15 equal quarterly instalments commencing from April, 2019 and ending in October, 2022; Balance of Tranche C repayable in 15 equal quarterly instalments commencing from April, 2019 and ending in October, 2022; Balance of Tranche D repayable in 19 equal quarterly instalments commencing from June, 2019 and ending in December, 2023. | 10.11% |
| Term loan from bank | 187.33 | 373.03 | First pari passu charge on property, plant and equipment of the Company (existing and future) and second pari passu charge on all current assets of the Company (existing and future). Further, secured by pledge over Investment in equity shares, (existing and future) on pari-passu basis, pertaining to 25 Subsidiaries (including 2 step-down subsidiaries).With respect to 2 step down subsidiaries, their holding company Den Futuristic Cable Networks Private Limited has provided corporate guarantee for an amount equivalent to the book value or market value, whichever is higher, of the respective fully paid equity shares. | Balance repayable in 6 equal quarterly instalments commencing from April, 2019 and ending in July, 2020. | 10.70% |
| Term loan from bank | 66.24 | 88.34 | First pari passu charge on property, plant and equipment of the Company (existing and future) and second pari passu charge on all current assets of the Company (existing and future). Further, secured by pledge over Investment in equity shares, (existing and future) on pari-passu basis, pertaining to 25 Subsidiaries (including 2 step-down subsidiaries). With respect to 2 step down subsidiaries, their holding company Den Futuristic Cable Networks Private Limited has provided corporate guarantee for an amount equivalent to the book value or market value, whichever is higher, of the respective fully paid equity shares. | Balance repayable in 7 equal quarterly instalments commencing from June, 2019 and ending in December, 2020. | 10.10% |

# Notes to the Financial Statements

(Rs. in million)

| Particulars | Amount outstanding* | | Security | Terms of repayment/redemption | Rate of interest/ effective interest rate (per annum) |
|---|---|---|---|---|---|
| | Long-term debts | Current maturities of long-term debts | | | |
| Term loan from bank | 875.79 | 437.91 | First pari passu charge on property, plant and equipment of the Company (existing and future) and second pari passu charge on all current assets of the Company (existing and future). Further, secured by pledge over Investment in equity shares, (existing and future) on pari-passu basis, pertaining to 25 Subsidiaries (including 2 step-down subsidiaries). | Repayable in 12 equal quarterly instalments commencing from April, 2019 and ending in January, 2022. | 10.10% |
| Term loan from bank | 593.81 | 296.91 | First pari passu charge on property, plant and equipment of the Company (existing and future) and second pari passu charge on all current assets of the Company (existing and future). Further, secured by pledge over Investment in equity shares, (existing and future) on pari-passu basis, pertaining to 25 Subsidiaries (including 2 step-down subsidiaries). | Repayable in 12 equal quarterly instalments commencing from June, 2019 and ending in March, 2022. | 10.00% |
| **Total** | **2,636.69** | **1,510.79** | | | |

* The above amounts include adjustment of loan processing fees to determine the amounts under the effective interest rate method.

**As at 31 March, 2018**

(Rs. in million)

| Particulars | Amount outstanding* | | Security | Terms of repayment/redemption | Rate of interest/ effective interest rate (per annum) |
|---|---|---|---|---|---|
| | Long-term debts | Current maturities of long-term debts | | | |
| Term loan from bank | 658.02 | 175.46 | First pari passu charge on property, plant and equipment of the Company (existing and future) and second pari passu charge on all current assets of the Company (existing and future). Further, secured by pledge of 6 million equity shares of the Company held by the promoter. | Repayable in 19 equal quarterly instalments commencing from April, 2018 and ending in October, 2022. | 11.00% |
| Term loan from bank | 560.57 | 330.72 | First pari passu charge on property, plant and equipment of the Company (existing and future) and second pari passu charge on all current assets of the Company (existing and future) and pledge of investment in shares of 24 subsidiaries (existing and future). | Repayable in 10 equal quarterly instalments commencing from April, 2018 and ending in July, 2020. | 10.50% |
| Term loan from bank | 154.61 | 73.31 | First pari passu charge on property, plant and equipment of the Company (existing and future) and second pari passu charge on all current assets of the Company (existing and future) and pledge of investment in shares of 24 subsidiaries (existing and future). | Repayable in 11 equal quarterly instalments commencing from June, 2018 and ending in December, 2020. | 9.50% |

# Notes to the Financial Statements

(Rs. in million)

| Particulars | Amount outstanding* | | Security | Terms of repayment/redemption | Rate of interest/ effective interest rate (per annum) |
|---|---|---|---|---|---|
| | Long-term debts | Current maturities of long-term debts | | | |
| Term loan from bank | 1,313.89 | 136.78 | First pari passu charge on property, plant and equipment of the Company (existing and future) and second pari passu charge on all current assets of the Company (existing and future) and pledge of investment in shares of 25 subsidiaries (existing and future). | Repayable in 16 equal quarterly instalments commencing from April, 2018 and ending in January, 2022. | 9.25% |
| Term loan from bank | 450.00 | 50.00 | First pari passu charge on property, plant and equipment of the Company (existing and future) and second pari passu charge on all current assets of the Company (existing and future). | Repayable in 16 equal quarterly instalments commencing from June, 2018 and ending in March, 2022. | 9.50% |
| **Sub-total (A)** | **3,137.09** | **766.27** | | | |
| **Footnote iv.** | | | | | |
| Buyers credit on imports | - | 347.27 | First pari passu charge on property, plant and equipment of the Company (existing and future) and second pari passu charge on all current assets of the Company (existing and future). Further secured by pledge over 6 million equity shares of the Company held by the promoter. | Repayable in January, 2019. | 3.20% to 3.40% |
| **Sub-total (B)** | **-** | **347.27** | | | |
| **Total (A+B)** | **3,137.09** | **1,113.54** | | | |

* The above amounts include adjustment of loan processing fees to determine the amounts under the effective interest rate method.

# Notes to the Financial Statements

**ii.** The terms of repayment and security of loans repayable on demand and buyers credits on imports are stated below:

**As at 31 March, 2019** **(Rs. in million)**

| Particulars | Borrowings-current | Security | Terms of repayment/ redemption | Rate of interest/ effective interest rate (per annum) |
|---|---|---|---|---|
| Loans repayable on demand- from bank | 145.94 | First pari passu charge on current assets of the Company (existing and future) and second pari passu charge on all property, plant and equipment of the Company (existing and future). Further, secured by pledge over Investment in equity shares, (existing and future) on pari-passu basis with all the term loan lenders, pertaining to 25 Subsidiaries (including 2 step-down subsidiaries) as specified in the note below. With respect to 2 step down subsidiaries, their holding company Den Futuristic Cable Networks Private Limited has provided corporate guarantee for an amount equivalent to the book value or market value, whichever is higher, of the respective fully paid equity shares. | Repayable on demand. | 10.90% |
| Loans repayable on demand- from bank | 149.00 | First pari passu charge on current assets of the Company (existing and future) and second pari passu charge on all property, plant and equipment of the Company (existing and future) | Repayable after 30 days starting from 29th March, 2019. | 8.70% |
| Loans repayable on demand- from bank | 349.49 | First pari passu charge on current assets of the Company (existing and future) and second pari passu charge on all property, plant and equipment of the Company (existing and future) | Repayable on demand. | 9.50% |
| **Total** | **644.43** | | | |

**As at 31 March, 2018** **(Rs. in million)**

| Particulars | Borrowings-current | Security | Terms of repayment/ redemption | Rate of interest/ effective interest rate (per annum) |
|---|---|---|---|---|
| Loans repayable on demand- from bank | 219.22 | First pari passu charge on property, plant and equipment of the Company (existing and future) and second pari passu charge on all current assets of the Company (existing and future). | Repayable on demand. | 8.75% |
| Loans repayable on demand- from bank | 29.66 | First pari passu charge on current assets of the Company (existing and future) and second pari passu charge on all property, plant and equipment of the Company (existing and future) and pledge of the investment in shares of 24 specified subsidiaries (present and proposed). | Repayable on demand. | 11.00% |
| Loans repayable on demand- from bank | 400.00 | First pari passu charge on current assets of the Company (existing and future). | Repayable on demand. | 9.20% to 9.25% |
| Loans repayable on demand- from bank | 394.04 | Secured by first pari passu charge on current assets of the Company (existing and future) and second pari passu charge on all property, plant and equipment of the Company (existing and future). | Repayable on demand. | 9.75% to 11.00% |
| **Total** | **1,042.92** | | | |

# Notes to the Financial Statements

(Rs. in million)

| | Particulars | | Year ended 31.03.2019 | Year ended 31.03.2018 |
|---|---|---|---|---|
| **21.** | **REVENUE FROM OPERATIONS** | | | |
| | (a) Sale of services | | 9,781.69 | 10,204.26 |
| | (b) Sale of equipment | | 80.46 | 119.44 |
| | (c) Other operating revenue | | | |
| | i) Liabilities/excess provisions written back (net) | | 226.78 | 230.33 |
| | ii) Miscellaneous income | | 4.48 | 90.44 |
| | **Total** | | **10,093.41** | **10,644.47** |
| | **Note:** | | | |
| | Sale of services comprises: | | | |
| | (a) Placement income | | 2,797.65 | 3,043.32 |
| | (b) Subscription income | | 4,282.67 | 4,174.80 |
| | (c) Activation income | | 682.02 | 954.30 |
| | (d) Feeder charges income | | 1,589.52 | 1,616.32 |
| | (e) Other revenue | | 429.83 | 415.52 |
| | | **Total** | **9,781.69** | **10,204.26** |
| **22.** | **OTHER INCOME** | | | |
| | (a) Interest income earned on financial assets that are not designated as at fair value through profit or loss: | | | |
| | i) on bank deposits (amortised cost) | | 109.99 | 143.82 |
| | ii) on financial assets carried at amortised cost (see note 33) | | 67.41 | 45.84 |
| | iii) on sale under finance lease of assets | | - | 0.62 |
| | (b) Interest on income tax refund | | 27.28 | 27.04 |
| | (c) Dividend income | | | |
| | i.) from non-current investments in subsidiaries (See note 33) | | 76.01 | 48.89 |
| | (d) Other gains and losses | | | |
| | i) Net gain on foreign currency transactions and translation | | - | 17.22 |
| | ii) Net gain on sale of current investments (other than non trade and unquoted) | | 52.45 | 27.06 |
| | iii) Net gain on sale of Non-current investments | | - | 6.40 |
| | iv) Profit on sale of equipment | | - | 16.72 |
| | v) Gain on financials assets designated as at FVTPL | | 213.03 | 32.03 |
| | | **Total** | **546.17** | **365.64** |
| **23.** | **EMPLOYEE BENEFITS EXPENSE** | | | |
| | (a) Salaries and allowances | | 540.53 | 542.97 |
| | (b) Contribution to provident and other funds (See note 31) | | 27.27 | 26.69 |
| | (c) Gratuity expense (See note 31) | | 10.77 | 13.60 |
| | (d) Share-based payments to employees (See note 34) | | 4.45 | 61.23 |
| | (e) Staff welfare expenses | | 26.03 | 26.41 |
| | | **Total** | **609.05** | **670.90** |
| **24.** | **Finance costs** | | | |
| | (a) Interest costs | | | |
| | i) Interest on bank overdraft and loans | | 501.18 | 465.26 |
| | (b) Other borrowing costs | | 55.31 | 130.75 |
| | **Total** | | **556.49** | **596.01** |

# Notes to the Financial Statements

(Rs. in million)

| | Particulars | Year ended 31.03.2019 | Year ended 31.03.2018 |
|---|---|---|---|
| **25.** | **OTHER EXPENSES** | | |
| | (a) Distributor commission/incentive | 246.35 | 247.83 |
| | (b) Rent and hire charges (See note 30) | 106.31 | 111.67 |
| | (c) Repairs and maintenance | | |
| | i) Plant and equipment | 45.62 | 44.33 |
| | ii) Others | 80.98 | 62.07 |
| | (d) Power and fuel | 70.33 | 67.73 |
| | (e) Director's sitting fees | 1.29 | 0.95 |
| | (f) Legal and professional charges | 91.35 | 117.21 |
| | (g) Payment to auditors (Refer note no. 25.01 below) | 6.50 | 6.95 |
| | (h) Expenditure on corporate social responsibility (See note 40) | 0.95 | 1.01 |
| | (i) Contract service charges | 345.55 | 356.26 |
| | (j) Printing and stationery | 3.51 | 3.79 |
| | (k) Travelling and conveyance | 45.29 | 42.39 |
| | (l) Advertisement, publicity and business promotion | 10.19 | 13.34 |
| | (m) Communication expenses | 10.81 | 17.05 |
| | (n) Leaseline expenses | 366.57 | 362.28 |
| | (o) Security charges | 20.81 | 18.40 |
| | (p) Freight and labour charges | 4.33 | 7.63 |
| | (q) Insurance | 0.89 | 1.71 |
| | (r) Rates and taxes | 17.86 | 52.90 |
| | (s) Allowance on trade receivables and advances (Refer note no. 25.02 below) | 146.37 | 80.35 |
| | (t) Loss on sale of PPE | 1.79 | - |
| | (u)`Net loss on foreign currency transactions and translation | 10.98 | - |
| | (v) Miscellaneous expenses | 32.22 | 39.15 |
| | **Total** | **1,666.85** | **1,655.00** |
| **25.01** | **Payment to Auditors** | | |
| | For audit | 3.20 | 6.95 |
| | For other services | 2.70 | 3.94 |
| | For reimbursement of expenses | 0.60 | 0.38 |
| | | 6.50 | 11.27 |
| | (b) To cost auditors for cost audit | 0.08 | 0.05 |
| | **Total** | **6.57** | **11.32** |
| **25.02** | **Allowance on trade receivables and advances includes:** | | |
| | (a) Doubtful trade receivables and advances written off | 275.21 | 126.47 |
| | (b) Allowances for trade receivables and advances written back | (197.41) | (126.47) |
| | | 77.80 | - |
| | (c) Allowance on trade receivables and advances | 68.57 | 80.35 |
| | **Total** | **146.37** | **80.35** |

# Notes to the Financial Statements

(Rs. in million)

| | Particulars | Year ended 31.03.2019 | Year ended 31.03.2018 |
|---|---|---|---|
| **26.** | **EXCEPTIONAL ITEMS (See note 39)** | | |
| | (a) Provision for impairment of trade receivable and advances | 896.59 | - |
| | (b) Provision for impairment of PPE | 616.74 | - |
| | (c) Deferred Revenue on PPE | (216.49) | - |
| | (d) Impairment on Investment in Subsidiaries | 103.93 | - |
| | (e) Provision for rates and taxes | 97.69 | - |
| | (f) Impairment of trade receivables and advances | 8.53 | 140.08 |
| | (g) Loss on sale of non-current investments | - | 18.82 |
| | **Total** | **1,507.00** | **158.90** |
| **27.** | **INCOME TAX RECOGNISED IN STATEMENT OF PROFIT AND LOSS** | | |
| | **A. (a) Current tax** | | |
| | In respect of current year | - | - |
| | In respect of prior years | | 20.14 |
| | | - | 20.14 |
| | **(b) Deferred tax [See note 27(c)]** | | |
| | In respect of current year | - | (168.22) |
| | Total tax expense/(Income) recognised in Statements of Profit and Loss | - | (148.08) |
| | **(c) The income tax expense for the year can be reconciled to the accounting profit as follows:** | | |
| | Profit/(Loss) before tax | (2,190.80) | (457.87) |
| | Income tax expense calculated | (683.53) | (141.48) |
| | Effect of income that is exempt from taxation | (23.72) | (15.11) |
| | Effect of expenses that are not deductible in determining taxable profit | 191.77 | 0.07 |
| | Effect of unused tax losses, timing difference and tax offsets not recognised as deferred tax asset | 437.32 | 104.03 |
| | Effect of timing difference recognised as deferred tax asset relating to previous years | 78.15 | (107.97) |
| | Effect on deferred tax balances due to the change in income tax rates | - | (7.76) |
| | | - | (168.22) |
| | Adjustments recognised in the current year in relation to the current tax of prior years | - | 20.14 |
| | Income tax expense recognised in profit or loss | - | (148.08) |
| | The tax rate used for the 2018-2019 and 2017-2018 reconciliations above is the corporate tax rate of 31.20 % and 30.90% payable by corporate entities in India on taxable profits under the Indian tax law. | | |
| | **B. Income tax recognised in other comprehensive income** | | |
| | **(a) Deferred tax [See note 27C]** | | |
| | Arising on income and expenses recognised in other comprehensive income | | |
| | – Remeasurement of defined obligation | - | 1.60 |
| | **Total tax expense charged/(credited) in other comprehensive income** | - | 1.60 |

The tax rate used for the 2019-2018 and 2017-2018 reconciliations above is the corporate tax rate of 31.20 % and 30.90% respectively payable by corporate entities in India on taxable profits under the Indian tax law.

# Notes to the Financial Statements

**C. Movement in deferred tax**

**i) Movement of Deferred Tax for the year ended 31 March, 2019**

**(Rs. in million)**

| **Particulars** | **Year ended 31.03.2019** | | | |
|---|---|---|---|---|
| | **Opening Balance** | **Recognised in Profit and Loss** | **Recognised in other comprehensive income** | **Closing Balance** |
| <u>Tax effect of items constituting deferred tax liabilities</u> | | | | |
| Property, plant and equipment and other intangible assets | 174.82 | | | 174.82 |
| | **174.82** | **-** | | **174.82** |
| <u>Tax effect of items constituting deferred tax assets</u> | | | | |
| Provision for employee benefits | 32.80 | | | 32.80 |
| Provision for doubtful debts/advances/impairment | 168.22 | - | | 168.22 |
| | **201.02** | **-** | | **201.02** |
| **Deferred tax assets (net)** | **375.84** | **-** | | **375.84** |

**ii) Movement of Deferred Tax for 31.03.2018**

**(Rs. in million)**

| **Particulars** | **Year ended 31.03.2018** | | | |
|---|---|---|---|---|
| | **Opening Balance** | **Recognised in Profit and Loss** | **Recognised in other comprehensive income** | **Closing Balance** |
| <u>Tax effect of items constituting deferred tax liabilities</u> | | | | |
| Property, plant and equipment and other intangible assets | (77.33) | 252.15 | - | 174.82 |
| | **(77.33)** | **252.15** | **-** | **174.82** |
| <u>Tax effect of items constituting deferred tax assets</u> | | | | |
| Provision for employee benefits | 28.36 | 6.04 | (1.60) | 32.80 |
| Share issue expenses | 52.24 | (52.24) | 0.00 | - |
| Provision for doubtful debt/advances/impairment | 168.22 | - | - | 168.22 |
| Other items | 37.73 | (37.73) | - | - |
| | **286.55** | **(83.93)** | **(1.60)** | **201.02** |
| **Deferred tax assets (net)** | **209.22** | **168.22** | **(1.60)** | **375.84** |

# Notes to the Financial Statements

**D. Unrecognised deductible temporary differences, unused tax losses and unused tax credits**

(Rs. in million)

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|
| Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following (refer note below): | | |
| – tax losses (revenue in nature) | 884.95 | 259.30 |
| – unabsorbed depreciation (revenue in nature) | 4,305.22 | 2,739.75 |
| – deductible temporary differences | | |
| i) Property, plant and equipment and other intangible assets | 844.65 | - |
| ii) Provision for employee benefits | (15.93) | - |
| iii) Impairment allowance for doubtful balances | 1,606.66 | 1,462.85 |
| iv) Deferred revenue | 2,884.18 | 3,742.11 |
| v) Gain on financials assets designated as at FVTPL | (213.03) | - |
| | **10,296.71** | **8,204.01** |

**Note:**

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

(Rs. in million)

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|
| Deferred tax assets with no expiry date | 9,411.76 | 7,944.71 |
| Deferred tax assets with expiry date* | 884.95 | 259.30 |
| | **10,296.71** | **8,204.01** |

* These would expire between financial year ended 31 March, 2022 and 31 March, 2027.

(Rs. in million)

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|
| **28. COMMITMENTS AND CONTINGENT LIABILITIES** | | |
| **(a) Commitments** | | |
| i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 36.81 | 42.68 |
| **(b) Contingent liabilities** | | |
| **i) Claims against the Company not acknowledged as debts*** | | |
| Demand raised by UP Commercial Tax authorities for payment of VAT/GST on transfer of STB's | 394.94 | 573.14 |
| Demand raised by UP Entertainment Tax authorities for payment of Entertainment Tax | 85.47 | 73.81 |
| Demand raised by UP Entertainment Tax authorities for payment of GST | 0.35 | - |
| Demand raised by Madhya Pradesh Entertainment Tax authorities for payment of Entertainment Tax | - | 3.65 |
| Demand raised by Rajasthan Entry Tax authorities for payment of Entry Tax | 25.30 | 36.62 |
| Demand raised by Bihar Commercial Tax authorities for payment of Entertainment tax | 160.83 | 25.95 |
| Demand raised by Karnataka Commercial Tax authorities for payment of VAT on transfer of STB's | 337.41 | 263.43 |

# Notes to the Financial Statements

(Rs. in million)

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|
| Demand raised by Kerala Commercial Tax authorities for payment of VAT on transfer of STB's | 145.37 | 280.49 |
| Demand raised by Delhi Commercial Tax authorities for payment of VAT on Activation Charge | 7.50 | 6.86 |
| Demand raised by Haryana Commercial Tax authorities for payment of VAT on Activation Charge | - | 1.08 |
| Demand raised by Custom Directorate of Revenue Intelligence | 250.67 | 238.99 |
| Demand raised by service tax authorities | - | 4.34 |
| Demand raised by West Bengal Commercial Tax authorities for payment of VAT | 4.54 | 3.99 |
| **ii) Other money for which the Company is contingently liable** | | |
| Outstanding letter of credits | - | 18.02 |

* The Company has paid advance towards the above claims aggregating to Rs. 510.09 million (31 March, 2018: Rs. 304.66 million).

**29. SEGMENT INFORMATION**

**i)** The Company is engaged mainly in the business of "distribution and promotion of television channels". The Board of Directors of the Company, which has been identified as being the chief operating decision maker (CODM), evaluates the Company's performance, allocates resources based on the analysis of the various performance indicators of the Company as a single unit. Therefore there is no reportable segment for the Company, in accordance with the requirements of Ind AS 108- 'Operating Segment Reporting', notified under the Companies (Indian Accounting Standard) Rules, 2015.

**ii) Geographical information**

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

(Rs. in million)

| Geography | Year ended 31.03.2019 | Year ended 31.03.2018 |
|---|---|---|
| India | 10,093.41 | 10,644.47 |
| Outside India | - | - |
| | **10,093.41** | **10,644.47** |

(b) Information regarding geographical non-current assets is as follows:

(Rs. in million)

| Geography | Year ended 31.03.2019 | Year ended 31.03.2018 |
|---|---|---|
| India | 5,769.50 | 7,431.42 |
| Outside India | - | - |
| | **5,769.50** | **7,431.42** |

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

(c) Information about major customers:

No single customer contributed 10% or more to the Company's revenue during the years ended 31 March, 2019 and 31 March, 2018.

# Notes to the Financial Statements

## 30. OPERATING LEASE

The Company has taken office premises under cancellable operating lease agreements. The lease rental expenses recognised in the Statement of Profit and Loss:

**(Rs. in million)**

| Particulars | Year ended 31.03.2019 | Year ended 31.03.2018 |
|---|---|---|
| Payments recognised as an expense | 102.55 | 110.77 |
| **Total** | **102.55** | **110.77** |

## 31. EMPLOYEE BENEFIT PLANS

### i) Defined contribution plans

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

The total expense recognised in profit or loss of Rs. 26.41 million (for the year ended 31 March, 2018: Rs. 25.61 million) for provident fund contributions and Rs. 0.86 million (for the year ended 31 March, 2018: Rs. 1.08 million) for Employee State Insurance Scheme contributions represents contributions payable to these plans by the Company at rates specified in the rules of the plans. As at 31 March, 2019, contributions of Rs. 4.27 million (as at 31 March, 2018: Rs. 5.08 million) due in respect of 2018-2019 (2017-2018) reporting period had not been paid over to the plans. The amounts were paid subsequent to the end of the respective reporting periods.

### ii) Defined benefit plans

**Gratuity plan**

Gratuity liability arises on retirement, withdrawal, resignation, and death of an employee. The aforesaid liability is calculated on the basis of 15 days salary (i.e. last drawn salary plus dearness allowance) for each completed year of service or part thereof in excess of 6 months, subject to a maximum of Rs. 2,000,000. 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.

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

| | |
|---|---|
| Interest risk | A decrease in the bond interest rate will increase the plan liability |
| Longevity risk | The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability |
| Salary risk | The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. |

No other post-retirement benefits are provided to these employees

In respect of the plan in India, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation was carried out as at 31 March, 2019 by Charan Gupta Consultants Private Limited, Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

# Notes to the Financial Statements

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

| Particulars | Valuations as at | |
|---|---|---|
| | 31.03.2019 | 31.03.2018 |
| Discount rate(s) | 7.80% | 7.71% |
| Expected rate(s) of salary increase | 7.00% | 8.00% |
| Average longevity at retirement age for current beneficiaries of the plan (years) | 15.60 | 16.01 |
| Average longevity at retirement age for current employees (future beneficiaries of the plan) (years) | 19.15 | 19.64 |
| Retirement age (years) | 58 | 58 |
| Mortality Table | IALM (2006 08) | IALM (2006 08) |
| Withdrawal Rates | In % | In % |
| Upto 30 years | 3.00 | 3.00 |
| From 31 years to 44 years | 2.00 | 2.00 |
| Above 44 years | 1.00 | 1.00 |

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

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

**(Rs. in million)**

| Particulars | Year ended 31.03.2019 | Year ended 31.03.2018 |
|---|---|---|
| Service cost | | |
| – Current service cost | 6.39 | 8.21 |
| – Past service cost and (gain)/loss from settlements | - | 1.46 |
| Net interest expense | 4.38 | 3.93 |
| **Components of defined benefit costs recognised in profit or loss** | **10.77** | **13.60** |
| Remeasurement on the net defined benefit liability | | |
| – Actuarial (gains)/losses arising from changes in financial assumptions | (6.16) | (1.11) |
| – Actuarial (gains)/losses arising from experience adjustments | (2.99) | (3.55) |
| – Adjustments for restrictions on the defined benefit asset | - | - |
| **Components of defined benefit costs recognised in other comprehensive income** | **(9.15)** | **(4.66)** |
| **Total** | **1.63** | **8.94** |

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

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

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

**(Rs. in million)**

| Particulars | As at 31.03.2019 | As at 31.03.2019 |
|---|---|---|
| Present value of funded defined benefit obligation | 54.20 | 56.80 |
| Net liability arising from defined benefit obligation | 54.20 | 56.80 |

# Notes to the Financial Statements

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

(Rs. in million)

| Particulars | Year ended 31.03.2019 | Year ended 31.03.2018 |
|---|---|---|
| Opening defined benefit obligation | 56.80 | 52.03 |
| Less: Opening defined benefit obligation of Demerged entity | | |
| Current service cost | 6.39 | 8.21 |
| Interest cost | 4.38 | 3.92 |
| Remeasurement (gains)/losses: | | |
| – Actuarial gains and losses arising from experience adjustments | (6.16) | (1.11) |
| – Actuarial (gains)/losses arising from experience adjustments | (2.99) | (3.55) |
| Past service cost, including losses/(gains) on curtailments | - | 1.46 |
| Benefits paid | (4.21) | (4.17) |
| Closing defined benefit obligation | **54.20** | **56.80** |
| – Current portion of the above | 3.91 | 0.79 |
| – Non current portion of the above | 50.29 | 51.24 |

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

i) If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease by Rs. 2.68 million (increase by Rs. 2.89 million) [as at 31 March, 2018: decrease by Rs. 3.11 million (increase by Rs. 3.38 million)].

ii) If the expected salary growth increases (decreases) by 0.50%, the defined benefit obligation would increase by Rs. 2.71 million (decrease by Rs. 2.53 million) [as at 31 March, 2018: increase by Rs. 3.04 million (decrease by Rs. 2.85 million)].

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

(f) The average duration of the benefit obligation represents average duration for active members at 31 March, 2019: 15.60 years (as at 31 March, 2018: 16.01 years.

(g) The Company expects to make a contribution of Rs. 11.49 million (as at 31 March, 2018: Rs. 13.20 million) to the defined benefit plans during the next financial year.

(h) The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities.

(i) The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

(j) The gratuity plan is unfunded.

# Notes to the Financial Statements

(k) Experience on actuarial gain/(loss) for benefit obligations and plan assets:

**(Rs. in million)**

| Particulars | Gratuity | | | | |
|---|---|---|---|---|---|
| | **Year ended 31.03.2019** | **Year ended 31.03.2018** | **Year ended 31.03.2017** | **Year ended 31.03.2016** | **Year ended 31.03.2015** |
| Present value of DBO | 54.20 | 56.80 | 52.03 | 49.37 | 42.66 |
| Fair value of plan assets | - | - | - | - | - |
| Funded status [Surplus/(Deficit)] | (54.20) | (56.80) | (52.03) | (49.37) | (42.66) |
| Experience gain/(loss) adjustments on plan liabilities | 9.15 | 4.66 | 4.79 | (0.88) | 0.91 |
| Experience gain/(loss) adjustments on plan assets | - | - | - | - | - |

**32. EARNINGS PER EQUITY SHARE (EPS)***

**(Rs. in million)**

| **Particulars** | **Year ended 31.03.2019** | **Year ended 31.03.2018** |
|---|---|---|
| i) Basic | (9.19) | (1.59) |
| ii) Diluted* | (9.19) | (1.59) |

**i) <u>Basic earnings per share</u>**

| The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows: | **Year ended 31.03.2019** | **Year ended 31.03.2018** |
|---|---|---|
| i) Profit/(loss) for the year attributable to shareholders of the Company (Rs. in million) | (2,190.80) | (309.79) |
| ii) Earnings used in the calculation of basic earnings per share (Rs. in million) | (2,190.80) | (309.79) |
| iii) Weighted average number of equity shares for the purposes of basic earnings per share (Face value of Rs. 10 each) | 238,498,977 | 194,725,448 |

**ii) <u>Diluted earnings per share</u>**

| The earnings used in the calculation of diluted earnings per share are as follows: | **Year ended 31.03.2019** | **Year ended 31.03.2018** |
|---|---|---|
| i) Earnings used in the calculation of diluted earnings per share (Rs. in million) | (2,190.80) | (309.79) |
| ii) Weighted average number of equity shares for the purposes of basic earnings per share (Face value of Rs. 10 each) | 238,498,977 | 194,725,448 |
| iii) Weighted average number of equity shares used in the calculation of diluted earnings per share (Face value of Rs. 10 each) | 238,498,977 | 194,725,448 |

* There are no potential dilutive equity shares.

# Notes to the Financial Statements

**33. RELATED PARTY DISCLOSURES**

**I. List of related parties**

**(a) Related parties where control exists**

**i) Subsidiaries held directly**

1. Den Mahendra Satellite Private Limited
2. Den Mod Max Cable Network Private Limited
3. DEN Krishna Cable TV Network Private Limited
4. DEN Pawan Cable Network Private Limited
5. DEN BCN Suncity Network Private Limited
6. DEN Harsh Mann Cable Network Private Limited
7. Den Classic Cable TV Services Private Limited
8. Den Bindra Network Private Limited
9. Den Ashu Cable Private Limited
10. Shree Siddhivinayak Cable Network Private Limited
11. Drashti Cable Network Private Limited
12. Den MCN Cable Network Private Limited
13. Mahadev Den Cable Network Private Limited
14. DEN Patel Entertainment Network Private Limited
15. Den Digital Cable Network Private Limited
16. DEN Malayalam Telenet Private Limited
17. Den-Manoranjan Satellite Private Limited
18. Den Supreme Satellite Vision Private Limited
19. Den Nashik City Cable Network Private Limited
20. Radiant Satellite (India) Private Limited
21. Den Radiant Satelite Cable Network Private Limited
22. Den Prince Network Private Limited
23. DEN Varun Cable Network Private Limited
24. DEN Crystal Vision Network Private Limited
25. Meerut Cable Network Private Limited
26. Den Jai Ambey Vision Cable Private Limited
27. Den Fateh Marketing Private Limited
28. Den Enjoy Cable Networks Private Limited
29. Den Maa Sharda Vision Cable Networks Private Limited
30. Den F K Cable TV Network Private Limited
31. Den Pradeep Cable Network Private Limited
32. Den Satellite Cable TV Network Private Limited
33. DEN Ambey Cable Networks Private Limited
34. Den Budaun Cable Network Private Limited
35. Den Aman Entertainment Private Limited
36. Den Kashi Cable Network Private Limited
37. Den Futuristic Cable Networks Private Limited
38. Den Rajkot City Communication Private Limited
39. Den Elgee Cable Vision Private Limited
40. Den Malabar Cable Vision Private Limited
41. Amogh Broad Band Services Private Limited
42. Galaxy Den Media & Entertainment Private Limited
43. Bali Den Cable Network Private Limited
44. Mahavir Den Entertainment Private Limited
45. Den Citi Channel Private Limited
46. Fab Den Network Private Limited
47. Fortune (Baroda) Network Private Limited
48. United Cable Network (Digital) Private Limited

# Notes to the Financial Statements

49. Shri Ram Den Network Private Limited
50. Cab-i-Net Communications Private Limited
51. Den Sahyog Cable Network Private Limited
52. Den Sariga Communications Private Limited
53. Den Kattakada Telecasting and Cable Services Private Limited
54. Den A.F. Communication Private Limited
55. Sree Gokulam Starnet Communication Private Limited
56. Big Den Entertainment Private Limited
57. Ambika DEN Cable Network Private Limited
58. Den Steel City Cable Network Private Limited
59. Crystal Vision Media Private Limited
60. Victor Cable Tv Network Private Limited
61. Sanmati DEN Cable TV Network Private Limited
62. Multi Channel Cable Network Private Limited
63. Gemini Cable Network Private Limited
64. Multi Star Cable Network Private Limited
65. DEN VM Magic Entertainment Private Limited
66. Antique Communications Private Limited
67. Sanmati Entertainment Private Limited
68. Disk Cable Network Private Limited
69. Silverline Television Network Private Limited
70. Ekta Entertainment Network Private Limited
71. Libra Cable Network Private Limited
72. Devine Cable Network Private Limited
73. Nectar Entertainment Private Limited
74. Pee Cee Cable Network Private Limited
75. Multitrack Cable Network Private Limited
76. Glimpse Communications Private Limited
77. Indradhanush Cable Network Private Limited
78. Adhunik Cable Network Private Limited
79. Blossom Entertainment Private Limited
80. Rose Entertainment Private Limited
81. Trident Entertainment Private Limited
82. Eminent Cable Network Private Limited
83. Mansion Cable Network Private Limited
84. Den Discovery Digital Network Private Limited
85. Jhankar Cable Network Private Limited
86. Den Premium Multilink Cable Network Private Limited
87. Desire Cable Network Private Limited
88. Marble Cable Network Private Limited
89. Augment Cable Network Private Limited
90. DEN Broadband Private Limited (Formerly Skynet Cable Network Private Limited)
91. VBS Digital Distribution Network private limited

**ii. Subsidiaries held indirectly**

1. Den Saya Channel Network Private Limited
2. Den Enjoy Navaratan Network Private Limited
3. Den Faction Communication System Private Limited
4. Kishna DEN Cable Networks Private Limited
5. Divya Drishti Den Cable Network Private Limited
6. Fun Cable Network Private Limited
7. DEN Enjoy SBNM Cable Network Private Limited
8. Bhadohi DEN Entertainment Private Limited

# Notes to the Financial Statements

9. DEN STN Television Network Private Limited
10. Srishti DEN Networks Private Limited
11. Maitri Cable Network Private Limited
12. Mountain Cable Network Private Limited
13. DEN Prayag Cable Networks Private Limited
14. Angel Cable Network Private Limited
15. ABC Cable Network Private Limited
16. DEN MTN Star Vision Networks Private Limited

**iii. Fellow subsidiaries**

1. TV18 Broadcast Limited
2. IndiaCast Media Distribution Private Limited
3. Network18 Media & Investments Limited

**(b) Associate entities**

1. DEN ADN Network Private Limited
2. CCN DEN Network Private Limited
3. Den Satellite Network Private Limited

**(c) Entities in which KMP can exercise significant influence**

1. Lucid Systems Private Limited
2. Verve Engineering Private Limited

**(d) Key managerial personnel**

1. Mr. Sameer Manchanda (Chairman and Managing Director)
2. Mr. S.N Sharma (Chief Executive Officer)

**(e) Other related party- employees welfare trust**

1. DNL Employees Welfare Trust

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

(Figures in bracket relates to previous year)

**(Rs. in million)**

| | Particulars | Subsidiaries Held Directly | Subsidiaries Held Indirectly | Total | Associate Entities | Fellow Subsidiaries | Key Management Personnel | Grand Total |
|---|---|---|---|---|---|---|---|---|
| **A.** | **Transactions during the year** | | | | | | | |
| **i)** | **Sale of services** | | | | | | | |
| | Den Satellite Network Private Limited | - | - | - | 223.38 | - | - | 223.38 |
| | | (-) | (-) | - | (265.44) | (-) | (-) | (265.44) |
| | DEN Ambey Cable Networks Private Limited | 280.37 | - | 280.37 | - | - | - | 280.37 |
| | | (216.44) | (-) | (216.44) | (-) | (-) | (-) | (216.44) |
| | Den Enjoy Cable Networks Private Limited | 233.20 | - | 233.20 | - | - | - | 233.20 |
| | | (215.49) | (-) | (215.49) | (-) | (-) | (-) | (215.49) |
| | Others | 854.54 | 70.33 | 924.87 | 161.64 | - | - | 1,086.51 |
| | | (830.88) | (55.32) | (886.20) | (69.94) | (-) | (-) | (956.14) |
| | **Total** | **1,368.11** | **70.33** | **1,438.44** | **385.02** | **-** | **-** | **1,823.46** |
| | | **(1,262.81)** | **(55.32)** | **(1,318.13)** | **(335.38)** | **(-)** | **(-)** | **(1,653.51)** |
| **ii)** | **Sale of equipment** | | | | | | | |
| | DEN Broadband Private Limited | 40.82 | - | 40.82 | - | - | - | 40.82 |
| | | - | - | - | - | - | - | - |
| | DEN Satellite Network Private Limited | - | - | - | 10.36 | - | - | 10.36 |
| | | - | - | - | - | - | - | - |
| | DEN Ambey Cable Networks Private Limited | 6.42 | - | 6.42 | - | - | - | 6.42 |
| | | (15.26) | - | (15.26) | - | - | - | (15.26) |

# Notes to the Financial Statements

(Rs. in million)

| | Particulars | Subsidiaries Held Directly | Subsidiaries Held Indirectly | Total | Associate Entities | Fellow Subsidiaries | Key Management Personnel | Grand Total |
|---|---|---|---|---|---|---|---|---|
| | Den Enjoy Cable Networks Private Limited | 5.87 | - | 5.87 | - | - | - | 5.87 |
| | | (11.63) | - | (11.63) | - | - | - | (11.63) |
| | Eminent Cable Network Private Limited | 2.76 | - | 2.76 | - | - | - | 2.76 |
| | | (4.21) | - | (4.21) | - | - | - | (4.21) |
| | Den Premium Multilink Cable Network Private Limited | 0.13 | - | 0.13 | - | - | - | 0.13 |
| | | (8.40) | - | (8.40) | - | - | - | (8.40) |
| | Den-Manoranjan Satellite Private Limited | - | - | - | - | - | - | - |
| | | (7.95) | - | (7.95) | - | - | - | (7.95) |
| | Others | 7.26 | 3.32 | 10.58 | 3.52 | - | - | 14.10 |
| | | (18.06) | (6.18) | (24.24) | (7.24) | - | - | (31.48) |
| | **Total** | **63.26** | **3.32** | **66.58** | **13.88** | **-** | **-** | **80.46** |
| | | **(65.51)** | **(6.18)** | **(71.68)** | **(7.24)** | **-** | **-** | **(78.93)** |
| **iii)** | **Other operating revenue** | | | | | | | |
| **(a)** | **Liabilities/excess provisions written back (net)** | | | | | | | |
| | Mansion Cable Network Private Limited | 9.40 | - | 9.40 | - | - | - | 9.40 |
| | | - | - | - | - | - | - | - |
| | Den Enjoy Cable Networks Private Limited | 7.71 | - | 7.71 | - | - | - | 7.71 |
| | | - | - | - | - | - | - | - |
| | Den Futuristic Cable Networks Private Limited | 1.40 | - | 1.40 | - | - | - | 1.40 |
| | | (0.42) | - | (0.42) | - | - | - | (0.42) |
| | DEN Ambey Cable Networks Private Limited | 1.89 | - | 1.89 | - | - | - | 1.89 |
| | | (16.31) | - | (16.31) | - | - | - | (16.31) |
| | DEN Prayag Cable Networks Private Limited | - | - | - | - | - | - | - |
| | | - | (9.73) | (9.73) | - | - | - | (9.73) |
| | Desire Cable Network Private Limited | - | - | - | - | - | - | - |
| | | - | - | - | - | - | - | - |
| | Others | 35.27 | 1.91 | 37.18 | 0.48 | - | - | 37.66 |
| | | (3.17) | (0.18) | (3.35) | - | - | - | (3.35) |
| | **Total** | **55.67** | **1.91** | **57.58** | **0.48** | **-** | **-** | **58.06** |
| | | **(19.89)** | **(9.91)** | **(29.81)** | **-** | **-** | **-** | **(29.81)** |
| **iv)** | **Other income** | | | | | | | |
| **(a)** | **Interest income on financial assets carried at amortised cost** | | | | | | | |
| | Den Futuristic Cable Networks Private Limited | 33.92 | - | 33.92 | - | - | - | 33.92 |
| | | (37.39) | - | (37.39) | - | - | - | (37.39) |
| | DEN Broadband Private Limited | 6.24 | - | 6.24 | - | - | - | 6.24 |
| | | (2.80) | - | (2.80) | - | - | - | (2.80) |
| | Others | 22.11 | 1.80 | 23.91 | - | - | - | 23.91 |
| | | (3.85) | (1.80) | (5.65) | - | - | - | (5.65) |
| | **Total** | **62.27** | **1.80** | **64.07** | **-** | **-** | **-** | **64.07** |
| | | **(44.04)** | **(1.80)** | **(45.84)** | **-** | **-** | **-** | **(45.84)** |

# Notes to the Financial Statements

(Rs. in million)

| | Particulars | Subsidiaries Held Directly | Subsidiaries Held Indirectly | Total | Associate Entities | Fellow Subsidiaries | Key Management Personnel | Grand Total |
|---|---|---|---|---|---|---|---|---|
| **(b)** | **Interest income on sale under finance lease of assets** | | | | | | | |
| | Eminent Cable Network Private Limited | - | - | - | - | - | - | - |
| | | (0.17) | - | (0.17) | - | - | - | (0.17) |
| | Den-Manoranjan Satellite Private Limited | - | - | - | - | - | - | - |
| | | (0.25) | - | (0.25) | - | - | - | (0.25) |
| | Den Discovery Digital Networks Private Limited | - | - | - | - | - | - | - |
| | | (0.02) | - | (0.02) | - | - | - | (0.02) |
| | Mahavir Den Entertainment Private Limited | - | - | - | - | - | - | - |
| | | (0.18) | - | (0.18) | - | - | - | (0.18) |
| | **Total** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | | **(0.62)** | **-** | **(0.62)** | **-** | **-** | **-** | **(0.62)** |
| **(c)** | **Dividend income** | | | | | | | |
| | Den Ambey Cable Networks Private Limited | 12.15 | - | 12.15 | - | - | - | 12.15 |
| | | - | - | - | - | - | - | - |
| | Den Enjoy Cable Networks Private Limited | 31.15 | - | 31.15 | - | - | - | 31.15 |
| | | - | - | - | - | - | - | - |
| | Mansion Cable Network Private Limited | 22.07 | - | 22.07 | - | - | - | 22.07 |
| | | (40.75) | - | (40.75) | - | - | - | (40.75) |
| | Den F K Cable TV Network Private Limited | 10.64 | - | 10.64 | - | - | - | 10.64 |
| | | (8.14) | - | (8.14) | - | - | - | (8.14) |
| | **Total** | **76.01** | **-** | **76.01** | **-** | **-** | **-** | **76.01** |
| | | **(48.89)** | **-** | **(48.89)** | **-** | **-** | **-** | **(48.89)** |
| **v)** | **Compensation of Key Managerial Personnel** | | | | | | | |
| | **The remuneration of key managerial personnel during the year was as follows:** | | | | | | | |
| | – Short-term employee benefits | - | - | - | - | - | 78.41 | 78.41 |
| | | - | - | - | - | - | (98.22) | (98.22) |
| | – Post-employment benefits | - | - | - | - | - | 2.55 | 2.55 |
| | | - | - | - | - | - | (5.56) | (5.56) |
| | – Share-based payments to employees | - | - | - | - | - | - | - |
| | | - | - | - | - | - | (53.00) | (53.00) |
| | **Total** | **-** | **-** | **-** | **-** | **-** | **80.96** | **80.96** |
| | | **-** | **-** | **-** | **-** | **-** | **(156.78)** | **(156.78)** |
| **vi)** | **Purchase of services** | | | | | | | |
| | DEN Ambey Cable Networks Private Limited | 228.15 | - | 228.15 | - | - | - | 228.15 |
| | | (246.51) | - | (246.51) | - | - | - | (246.51) |
| | Den Enjoy Cable Networks Private Limited | 203.62 | - | 203.62 | - | - | - | 203.62 |
| | | (224.15) | - | (224.15) | - | - | - | (224.15) |
| | Mansion Cable Network Private Limited | 142.24 | - | 142.24 | - | - | - | 142.24 |
| | | (156.81) | - | (156.81) | - | - | - | (156.81) |
| | Others | 484.60 | 82.73 | 567.33 | 176.96 | 114.00 | - | 858.29 |
| | | (610.87) | (76.07) | (686.94) | (174.47) | - | - | (861.41) |
| | **Total** | **1,058.61** | **82.73** | **1,141.34** | **176.96** | **114.00** | **-** | **1,432.30** |
| | | **(1,238.34)** | **(76.07)** | **(1,314.41)** | **(174.47)** | **-** | **-** | **(1,488.88)** |

# Notes to the Financial Statements

(Rs. in million)

| | Particulars | Subsidiaries Held Directly | Subsidiaries Held Indirectly | Total | Associate Entities | Fellow Subsidiaries | Key Management Personnel | Grand Total |
|---|---|---|---|---|---|---|---|---|
| **vii)** | **Allowance on trade receivables and advances** | | | | | | | |
| | Eminent Cable Network Private Limited | 1.83 | - | 1.83 | - | - | - | 1.83 |
| | | (17.19) | - | (17.19) | - | - | - | (17.19) |
| | Den Saya Channel Network Private Limited | - | - | - | - | - | - | - |
| | | - | (18.99) | (18.99) | - | - | - | (18.99) |
| | Others | - | - | - | - | - | - | - |
| | | (4.41) | (0.37) | (4.78) | - | - | - | (4.78) |
| | **Total** | **1.83** | **-** | **1.83** | **-** | **-** | **-** | **1.83** |
| | | **(21.60)** | **(19.36)** | **(40.96)** | **-** | **-** | **-** | **(40.96)** |
| **viii)** | **Reimbursement of expenses (paid)** | | | | | | | |
| | Den Futuristic Cable Networks Private Limited | - | - | - | - | - | - | - |
| | | (5.04) | (-) | (5.04) | (-) | (-) | (-) | (5.04) |
| | VM Magic Entertainment Private Limited | - | - | - | - | - | - | - |
| | | (1.80) | - | (1.80) | - | - | - | (1.80) |
| | Den Fateh Marketing Private Limited | - | - | - | - | - | - | - |
| | | - | - | - | - | - | - | - |
| | Silverline Television Network Private Limited | - | - | - | - | - | - | - |
| | | (3.50) | - | (3.50) | - | - | - | (3.50) |
| | Den Mahendra Satellite Private Limited | - | - | - | - | - | - | - |
| | | - | - | - | - | - | - | - |
| | Others | 1.25 | - | 1.25 | - | - | - | 1.25 |
| | | (4.31) | (0.90) | (5.21) | - | - | - | (5.21) |
| | **Total** | **1.25** | **-** | **1.25** | **-** | **-** | **-** | **1.25** |
| | | **(14.65)** | **(0.90)** | **(15.55)** | **-** | **-** | **-** | **(15.55)** |
| **ix)** | **Investments made during the year (Equity and/or preference share capital)** | | | | | | | |
| | Den Broadband Private Limited | 238.90 | - | 238.90 | - | - | - | 238.90 |
| | | (1,469.81) | - | (1,469.81) | - | - | - | (1,469.81) |
| | Eminent Cable Network Private Limited | 11.20 | - | 11.20 | - | - | - | 11.20 |
| | | - | - | - | - | - | - | - |
| | VBS Digital Distributor Network pvt ltd. | - | - | - | - | - | - | - |
| | | (26.38) | - | (26.38) | - | - | - | (26.38) |
| | DEN Digital Cable Network Private Limited | - | - | - | - | - | - | - |
| | | (34.00) | - | (34.00) | - | - | - | (34.00) |
| | Others | - | - | - | - | - | - | - |
| | | (2.50) | - | (2.50) | - | - | - | (2.50) |
| | **Total** | **250.10** | **-** | **250.10** | **-** | **-** | **-** | **250.10** |
| | | **(1,532.69)** | **-** | **(1,532.69)** | **-** | **-** | **-** | **(1,532.69)** |
| **x)** | **Investments sold during the year (Equity and/or preference share capital)** | | | | | | | |
| | Delhi Sports & Entertainment Private Limited | - | - | - | - | - | - | - |
| | | - | - | - | (6.40) | - | - | (6.40) |
| | **Total** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | | **-** | **-** | **-** | **(6.40)** | **-** | **-** | **(6.40)** |

# Notes to the Financial Statements

(Rs. in million)

| | Particulars | Subsidiaries Held Directly | Subsidiaries Held Indirectly | Total | Associate Entities | Fellow Subsidiaries | Key Management Personnel | Grand Total |
|---|---|---|---|---|---|---|---|---|
| xi) | **Loans given/adj. during the year** | | | | | | | |
| | Den Broadband Private Limited | 27.50 | - | 27.50 | - | - | - | 27.50 |
| | | (407.58) | - | (407.58) | - | - | - | (407.58) |
| | **Total** | **27.50** | **-** | **27.50** | **-** | **-** | **-** | **27.50** |
| | | **(407.58)** | **-** | **(407.58)** | **-** | **-** | **-** | **(407.58)** |
| xii) | **Loans received/adj back during the year** | | | | | | | |
| | Den Broadband Private Limited | 157.07 | 157.07 | 157.07 | | | | |
| | | (1,469.81) | (1,469.81) | (1,469.81) | | | | |
| | Den Futuristic Cable Networks Private Limited | 19.00 | - | 19.00 | - | - | - | 19.00 |
| | | (33.00) | - | (33.00) | - | - | - | (33.00) |
| | Radiant Satellite (India) Private Limited | 14.51 | 14.51 | 14.51 | | | | |
| | | - | - | - | | | | |
| | Others | - | - | - | - | - | - | - |
| | | (37.22) | - | (37.22) | - | - | - | (37.22) |
| | **Total** | **190.58** | **-** | **190.58** | **-** | **-** | **-** | **190.58** |
| | | **(1,540.03)** | **-** | **(1,540.03)** | **-** | **-** | **-** | **(1,540.03)** |
| B. | **Outstanding balances at year end** | | | | | | | |
| i) | **Investments in subsidiaries, associates (Equity and/ or preference share capital)** | | | | | | | |
| | Den Broadband private Limited | 1,716.86 | - | 1,716.86 | - | - | - | 1,716.86 |
| | | (1,477.96) | - | (1,477.96) | - | - | - | (1,477.96) |
| | Den Futuristic Cable Networks Private Limited | 644.37 | - | 644.37 | - | - | - | 644.37 |
| | | (644.37) | - | (644.37) | - | - | - | (644.37) |
| | Others | 2,666.06 | 2,666.06 | 502.89 | - | - | 3,168.95 | |
| | | (2,811.44) | - | (2,811.44) | (502.89) | - | - | (3,314.33) |
| | **Total** | **5,027.29** | **-** | **5,027.29** | **502.89** | **-** | **-** | **5,530.18** |
| | | **(4,933.77)** | **-** | **(4,933.77)** | **(502.89)** | **-** | **-** | **(5,436.66)** |
| | Less: Provision for impairment in value of investments in subsidiary companies | 143.34 | - | 143.34 | - | - | - | 143.34 |
| | | (175.72) | - | (175.72) | - | (-) | (-) | (175.72) |
| | **Total** | **4,883.95** | **-** | **4,883.95** | **502.89** | **-** | **-** | **5,386.84** |
| | | **(4,758.05)** | **-** | **(4,758.05)** | **(502.89)** | **-** | **-** | **(5,260.94)** |
| ii) | **Other financial assets** | | | | | | | |
| (a) | **Advances recoverable** | | | | | | | |
| | DEN Ambey Cable Networks Private Limited | - | - | - | - | - | - | - |
| | | (5.00) | - | (5.00) | - | - | - | (5.00) |
| | Den Enjoy Cable Networks Private Limited | - | - | - | - | - | - | - |
| | | (23.36) | - | (23.36) | - | - | - | (23.36) |
| | Eminent Cable Network Private Limited | - | - | - | - | - | - | - |
| | | (27.49) | - | (27.49) | - | - | - | (27.49) |
| | Mansion Cable Network Private Limited | - | - | - | - | - | - | - |
| | | (36.54) | - | (36.54) | - | - | - | (36.54) |
| | Den Satellite Cable TV Network Private Limited | 1.63 | - | 1.63 | - | - | - | 1.63 |
| | | (25.27) | - | (25.27) | - | - | - | (25.27) |

# Notes to the Financial Statements

(Rs. in million)

| Particulars | Subsidi-aries Held Directly | Subsidi-aries Held Indirectly | Total | Associate Entities | Fellow Subsidi-aries | Key Man-agement Personnel | Grand Total |
|---|---|---|---|---|---|---|---|
| Den Fateh Marketing Private Limited | 22.25 | - | 22.25 | - | - | - | 22.25 |
| | (32.70) | - | (32.70) | - | - | - | (32.70) |
| Den Futuristic Cable Networks Private Limited | 4.46 | - | 4.46 | - | - | - | 4.46 |
| | (46.19) | - | (46.19) | - | - | - | (46.19) |
| Silverline Television Network Private Limited | 39.61 | - | 39.61 | - | - | - | 39.61 |
| | - | - | - | - | - | - | - |
| Others | 61.00 | 13.64 | 74.64 | 1.28 | - | - | 75.92 |
| | (248.03) | (31.31) | (279.34) | (18.43) | - | - | (297.77) |
| **Total** | **128.95** | **13.64** | **142.59** | **1.28** | **-** | **-** | **143.87** |
| | **(444.59)** | **(31.31)** | **(475.90)** | **(18.43)** | **-** | **-** | **(494.33)** |
| **(b) Unbilled revenue** | | | | | | | |
| DEN Ambey Cable Networks Private Limited | 41.69 | - | 41.69 | - | - | - | 41.69 |
| | (-) | (-) | (-) | (-) | (-) | (-) | (-) |
| Den Enjoy Cable Networks Private Limited | 25.80 | - | 25.80 | - | - | - | 25.80 |
| | (-) | (-) | (-) | (-) | (-) | (-) | (-) |
| Eminent Cable Network Private Limited | 20.61 | - | 20.61 | - | - | - | 20.61 |
| | (-) | (-) | (-) | (-) | (-) | (-) | (-) |
| Others | 97.72 | 16.59 | 114.31 | - | - | 114.31 | |
| | - | - | - | - | - | - | - |
| **Total** | **185.82** | **16.59** | **202.41** | **-** | **-** | **-** | **202.41** |
| | - | - | - | - | - | - | - |
| **(c) Interest accrued and due** | | | | | | | |
| Radiant Satellite (India) Private Limited | - | - | - | - | - | - | - |
| | (12.12) | - | (12.12) | - | - | - | (12.12) |
| Den Futuristic Cable Networks Private Limited | 31.56 | - | 31.56 | - | - | - | 31.56 |
| | (113.70) | - | (113.70) | - | - | - | (113.70) |
| Den Faction Communication System Private Limited | - | 13.38 | 13.38 | - | - | - | 13.38 |
| | - | - | - | - | - | - | - |
| Mahavir Den Entertainment Private Limited | 6.27 | - | 6.27 | - | - | - | 6.27 |
| | - | - | - | - | - | - | - |
| Others | 9.25 | 0.55 | 9.80 | - | - | - | 9.80 |
| | (13.56) | (12.34) | (25.90) | - | - | - | (25.90) |
| **Total** | **47.08** | **13.93** | **61.01** | **-** | **-** | **-** | **61.01** |
| | **(139.38)** | **(12.34)** | **(151.72)** | **-** | **-** | **-** | **(151.72)** |
| **(d) Receivable on sale of property, plant and equipment** | | | | | | | |
| Den Pawan Cable Network Private Limited | 8.23 | - | 8.23 | - | - | - | 8.23 |
| | (8.23) | - | (8.23) | - | - | - | (8.23) |
| Eminent Cable Network Private Limited | 4.64 | - | 4.64 | - | - | - | 4.64 |
| | (3.46) | - | (3.46) | - | - | - | (3.46) |
| Den Kashi Cable Network Private Limited | 11.05 | - | 11.05 | - | - | - | 11.05 |
| | (11.05) | - | (11.05) | - | - | - | (11.05) |
| CCN DEN Network Private Limited | - | - | - | 12.62 | - | - | 12.62 |
| | - | - | - | (12.62) | - | - | (12.62) |

# Notes to the Financial Statements

(Rs. in million)

| | Particulars | Subsidiaries Held Directly | Subsidiaries Held Indirectly | Total | Associate Entities | Fellow Subsidiaries | Key Management Personnel | Grand Total |
|---|---|---|---|---|---|---|---|---|
| | Den Satellite Network Private Limited | - | - | - | - | - | - | - |
| | | - | - | - | (0.13) | - | - | (0.13) |
| | Den Rajkot City Communication Private Limited | 0.18 | - | 0.18 | - | - | - | 0.18 |
| | | (7.78) | - | (7.78) | - | - | - | (7.78) |
| | Mahavir Den Entertainment Private Limited | 7.60 | - | 7.60 | - | - | - | 7.60 |
| | | (7.60) | - | (7.60) | - | - | - | (7.60) |
| | Indradhanush Cable Network Private Limited | 6.73 | - | 6.73 | - | - | - | 6.73 |
| | | (6.73) | - | (6.73) | - | - | - | (6.73) |
| | Others | 9.85 | - | 9.85 | - | - | - | 9.85 |
| | | (5.26) | (0.01) | (5.27) | - | - | - | (5.27) |
| | **Total** | **48.27** | **-** | **48.27** | **12.62** | **-** | **-** | **60.88** |
| | | **(50.11)** | **(0.01)** | **(50.11)** | **(12.74)** | **-** | **-** | **(62.87)** |
| **(e)** | **Dividend Receivable** | | | | | | | |
| | DEN Ambey Cable Networks Private Limited | 12.15 | - | 12.15 | - | - | - | 12.15 |
| | | - | (-) | - | (-) | (-) | (-) | - |
| | **Total** | **-** | **-** | **12.15** | **-** | **-** | **-** | **12.15** |
| | | **-** | **(-)** | **-** | **(-)** | **(-)** | **(-)** | **-** |
| **iii)** | **Trade receivables** | | | | | | | |
| | Den Satellite Network Private Limited | - | - | - | 283.09 | - | - | 283.09 |
| | | - | - | - | (257.91) | - | - | (257.91) |
| | Others | 1,416.70 | 135.95 | 1,552.65 | 142.91 | 113.80 | 1,809.36 | |
| | | (1,296.02) | (113.17) | (1,409.19) | (40.99) | - | - | (1,450.18) |
| | **Total** | **1,416.70** | **135.95** | **1,552.65** | **426.00** | **113.80** | **-** | **2,092.45** |
| | | **(1,296.02)** | **(113.17)** | **(1,409.19)** | **(298.89)** | **(-)** | **(-)** | **(1,708.08)** |
| **iv)** | **Loans** | | | | | | | |
| | Den Futuristic Cable Networks Private Limited | 211.63 | - | 211.63 | - | - | - | 211.63 |
| | | (230.63) | - | (230.63) | - | - | - | (230.63) |
| | DEN Broadband Private Limited | - | - | - | - | - | - | - |
| | | (129.57) | - | (129.57) | - | - | - | (129.57) |
| | Others | 9.94 | 12.03 | 21.97 | - | 21.97 | | |
| | | (24.45) | (12.03) | (36.48) | - | - | - | (36.48) |
| | **Total** | **221.57** | **12.03** | **233.60** | **-** | **-** | **-** | **233.60** |
| | | **(384.65)** | **(12.03)** | **(396.68)** | **-** | **-** | **-** | **(396.68)** |
| **v)** | **Other financial liabilities** | | | | | | | |
| **(a)** | **Security deposits received** | | | | | | | |
| | DEN Mahendra Satellite Private Limited | 0.12 | - | 0.12 | - | - | - | 0.12 |
| | | (1.60) | (-) | (1.60) | (-) | (-) | (-) | (1.60) |
| | DEN Prayag Cable Networks Private Limited | - | 0.02 | 0.02 | - | - | - | 0.02 |
| | | (-) | (0.02) | (0.02) | (-) | (-) | (-) | (0.02) |
| | **Total** | **0.12** | **0.02** | **0.14** | **-** | **-** | **-** | **0.14** |
| | | **(1.60)** | **(0.02)** | **(1.62)** | **(-)** | **(-)** | **(-)** | **(1.62)** |
| **vi)** | **Trade payables** | | | | | | | |
| | Den Satellite Network Private Limited | - | - | - | 190.82 | - | - | 190.82 |
| | | (-) | (-) | (-) | (41.25) | (-) | (-) | (41.25) |
| | Den Enjoy Cable Networks Private Limited | 253.00 | - | 253.00 | - | - | - | 253.00 |
| | | (260.18) | (-) | (260.18) | (-) | (-) | (-) | (260.18) |

# Notes to the Financial Statements

(Rs. in million)

| | Particulars | Subsidiaries Held Directly | Subsidiaries Held Indirectly | Total | Associate Entities | Fellow Subsidiaries | Key Management Personnel | Grand Total |
|---|---|---|---|---|---|---|---|---|
| | Mansion Cable Network Private Limited | 185.93 | - | 185.93 | - | - | - | 185.93 |
| | | (221.02) | (-) | (221.02) | (-) | (-) | (-) | (221.02) |
| | DEN Ambey Cable Networks Private Limited | 201.32 | - | 201.32 | - | - | - | 201.32 |
| | | (183.38) | (-) | (183.38) | (-) | (-) | (-) | (183.38) |
| | TV18 Broadcast Limited | - | - | - | - | 271.37 | - | 271.37 |
| | | (-) | (-) | - | (-) | (-) | (-) | - |
| | Den Futuristic Cable Networks Private Limited | 170.01 | - | 170.01 | - | - | - | 170.01 |
| | | (210.97) | (-) | (210.97) | (-) | (-) | (-) | (210.97) |
| | Others | 476.14 | 121.23 | 597.37 | 91.37 | - | - | 688.74 |
| | | (507.68) | (128.86) | (636.54) | (3.85) | (-) | - | (640.39) |
| | | **1,286.40** | **121.23** | **1,407.63** | **282.19** | **271.37** | **-** | **1,961.19** |
| | | **(900.84)** | **(71.40)** | **(1,512.09)** | **(313.94)** | **-** | **-** | **(1,557.19)** |
| **vii)** | **Other current liabilities** | | | | | | | |
| **(a)** | **Deferred revenue** | | | | | | | |
| | Den Digital Cable Network Private Limited | 0.76 | - | 0.76 | - | - | - | 0.76 |
| | | (1.94) | - | (1.94) | - | - | - | (1.94) |
| | Eminent Cable Network Private Limited | 0.06 | - | 0.06 | - | - | - | 0.06 |
| | | (0.92) | (-) | (0.92) | (-) | (-) | (-) | (0.92) |
| | Den Enjoy Cable Networks Private Limited | 0.61 | - | 0.61 | - | - | - | 0.61 |
| | | (0.62) | (-) | (0.62) | (-) | (-) | (-) | (0.62) |
| | Crystal Vision Media Private Limited | 0.74 | - | 0.74 | - | - | - | 0.74 |
| | | (1.63) | (-) | (1.63) | (-) | (-) | (-) | (1.63) |
| | Libra Cable Network Private Limited | 1.33 | - | 1.33 | - | - | - | 1.33 |
| | | (1.35) | (-) | (1.35) | (-) | (-) | (-) | (1.35) |
| | Cab-i-Net Communications Private Limited | 1.06 | - | 1.06 | - | - | - | 1.06 |
| | | (1.00) | - | (1.00) | - | - | - | (1.00) |
| | Den F K Cable Tv Network Private Limited | 2.18 | - | 2.18 | - | - | - | 2.18 |
| | | (2.38) | (-) | (2.38) | (-) | (-) | (-) | (2.38) |
| | Others | 2.52 | - | 2.52 | - | - | - | 2.52 |
| | | (2.01) | - | (2.01) | (0.13) | - | - | (2.14) |
| | **Total** | **9.26** | **-** | **9.26** | **-** | **-** | **-** | **9.26** |
| | | **(11.86)** | **-** | **(11.86)** | **(0.13)** | **-** | **-** | **(11.99)** |
| **(b)** | **Advances from customers** | | | | | | | |
| | Den Enjoy Navaratan Network Private Limited | - | - | - | - | - | - | - |
| | | - | (1.08) | (1.08) | - | - | - | (1.08) |
| | Ekta Entertainment Network Private Limited | - | - | - | - | - | - | - |
| | | (0.05) | - | (0.05) | - | - | - | (0.05) |
| | Den Futuristic Cable Networks Private Limited | - | - | - | - | - | - | - |
| | | (9.38) | (-) | (9.38) | - | - | - | (9.38) |
| | VBS Digital Distribution Network Private Limited | 2.02 | - | 2.02 | - | - | - | 2.02 |
| | | (3.23) | (-) | (3.23) | - | - | - | (3.23) |
| | Others | - | - | - | - | - | - | - |
| | | (0.49) | - | (0.49) | - | - | - | (0.49) |
| | **Total** | **2.02** | **-** | **2.02** | **-** | **-** | **-** | **2.02** |
| | | **(13.14)** | **(1.08)** | **(14.22)** | **-** | **-** | **-** | **(14.22)** |

# Notes to the Financial Statements

**viii)** Amount recoverable from DNL Employees Welfare Trust as at 31 March, 2019: Rs. 0.36 million (As at 31 March, 2018: Rs. 0.36 million)

**ix)** Lucid Systems Private Limited ('LSPL') has given guarantee by way of pledge of Nil (previous year - 6.00 million) equity shares held in the Company for credit facilities availed by the Company on loans taken from a financial institution/bank during the year ended 31 March, 2019 and 31 March, 2018.

**x)** In accordance with the Clause 34(3) of Securities and Exchange Board of India (Listing obligations & Disclosure requirements) Regulations, 2015, advance in the nature of loans are as under:

(a) The company has given advances in the nature of Loan as defined in clause 34(3) of Securities and Exchange Board of India (Listing Obligations & Disclosures Requirements) Regulations, 2015 as under;

**(Rs. in million)**

| S. No. | Name of Company | As at 31.03.2019 | As at 31.03.2018 | Maximum Outstanding during the year |
|---|---|---|---|---|
| i) | Den Futuristic Cable Networks Private Limited | 211.63 | 230.63 | 230.63 |
| ii) | Den Faction Communication System Private Limited | 12.03 | 12.03 | 12.03 |
| iii) | Mahavir Den Entertainment Private Limited | 6.23 | 6.23 | 6.23 |
| iv) | Multi Channel Cable Network Private Limited | 1.50 | 1.50 | 1.50 |
| v) | Den Malabar Cable Vision Private Limited | 1.11 | 1.11 | 1.11 |
| vi) | Sree Gokulam Starnet Communication Private Limited | 0.50 | 0.50 | 0.50 |
| vii) | Den Kattakada Telecasting & Cable Services Private Limited | 0.35 | 0.35 | 0.35 |
| viii) | Den Malayalam Telenet Private Limited | 0.15 | 0.15 | 0.15 |
| ix) | Den Prince Network Private Limited | 0.10 | 0.10 | 0.10 |
| x) | Den Broadband private limited | - | 129.57 | 129.57 |
| xi) | Radiant Satellite (India) Private Limited | | 14.51 | 14.51 |

## 34. SHARE BASED PAYMENTS

### A. Employee Stock Option Plan 2010 ("ESOP 2010")

**(a) <u>Details of the employee share option plan of the Company</u>**

The weighted average fair value of the share options granted under ESOP 2010 during the financial year is Rs. 41.51 (during the year ended 31 March, 2018: Rs. 38.97). Options were priced using Black Scholes model.

The Company had established an Employee Stock Option Plan (ESOP 2010) in accordance with "Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014" and "the Securities and Exchange Board of India (Share Based Employee Benefits) (Amendment) Regulation, 2015", which has been approved by the Board of Directors and the shareholders of the Company. A Nomination and Remuneration/Compensation Committee comprising majority of independent, non-executive members of the Board of Directors administers the ESOPs. All option under the ESOPs are exercisable for equity shares. The Company had taken approval of the Shareholders to grant and allot upto 5,219,599 equity options under the said scheme. The total outstanding options under the scheme are 240,000 equity options.

There shall be a minimum period of one year between the grant of options and vesting of options. The vesting shall happen in one or more tranches as may be decided by the Nomination and Remuneration/Compensation Committee. The exercise period of the options is a period of one year after the vesting of the options. Each option is exercisable for one equity share of Rs. 10 each fully paid up of the Company on payment of exercise price (as determined by the Nomination and Remuneration/Compensation Committee) of share determined with respect to the date of grant.

As per approval of the shareholder, the Company may issue options to employees of the Company/subsidiaries/directors of the subsidiaries.

Each employee share option converts into one equity share of the Company on exercise. No amounts are paid or payable by the receipt of the option. The options carry neither rights to dividend nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

# Notes to the Financial Statements

During the year ended 31 March, 2019, the Nomination and Remuneration/Compensation Committee has not granted any options under Employee Stock Option Plan - 2010.

The following share based arrangements were in existence during the current and prior years:

| Options Series | Number | Grant Date | Expiry Date | No. of Shares Forfeited | Forfeiture Date | Exercise Price (in Rs.) | Fair Value at Grant Date (in Rs.) |
|---|---|---|---|---|---|---|---|
| 1. DEN ESOP Scheme, 2010 (Granted on 13 February, 2015) | 170,000 | 13-Feb-15 | 12-Feb-20 | 30,000 | 3-May-18 | 160.00 | 43.08 |
| 2. DEN ESOP Scheme, 2010 (Granted on 01 January, 2018) | 100,000 | 1-Jan-18 | 31-Dec-19 | - | - | 80.00 | 39.32 |

All options vested on their date of grant and expiry within twelve months of their issue, or one month after the resignation of the executive or senior employee, whichever is earlier.

**(b) Fair value of share options granted during the previous year**

The vesting shall happen in one or more tranches as may be decided by the Nomination and Remuneration/Compensation Committee. The exercise period of the options is a period of one year after the vesting of the options. Each option is exercisable for one equity share of Rs. 10 each fully paid up on payment of exercise price (as determined by the Nomination and Remuneration/Compensation Committee) of share determined with respect to the date of grant. The Company has granted 4,026,195 options upto 31 March, 2019.

The fair value of the options, calculated by an external valuer, was estimated on the date of grant using the Black-Scholes model with the following significant assumptions:

| Particulars | 140,000 Options (Vesting Period -4 Years) | | | | 100,000 Options (Vesting Period -1 Year) |
|---|---|---|---|---|---|
| | 1st Year | 2nd Year | 3rd Year | 4th Year | 1st Year |
| Grant date share price | 111.50 | 111.50 | 111.50 | 111.50 | 105.90 |
| Exercise price | 160.00 | 160.00 | 160.00 | 160.00 | 80.00 |
| Expected volatility (in %) | 48.00% | 48.00% | 48.00% | 48.00% | 41.80% |
| Option life (in years) | 1.50 | 2.50 | 3.50 | 4.50 | 1.50 |
| Dividend yield (in %) | Nil | Nil | Nil | Nil | Nil |
| Risk-free interest rate (in %) | 7.93% | 7.88% | 7.85% | 7.81% | 6.62% |

The volatility of the options is based on the historical volatility of the share price since the Company's equity shares are publicly traded, which may be shorter than the term of the options.

**(c) Movement in share options during the year**

The following reconciles the share options outstanding at the beginning and end of the year:

| Particulars | 2018-2019 | | 2017-2018 | |
|---|---|---|---|---|
| | Number of options | Weighted average exercise price (in Rs.) | Number of options | Weighted average exercise price (in Rs.) |
| Balance at the beginning of the year | 482,500 | 143.42 | 595,000 | 160.00 |
| Granted during the year | - | - | 100,000 | 80.00 |
| Forfeited during the year | 30,000 | 143.42 | - | - |
| Exercised during the year | - | - | - | - |
| Expired during the year | 212,500 | 143.42 | 212,500 | 160.00 |
| **Balance at the end of the year** | **240,000** | **143.42** | **482,500** | **143.42** |

# Notes to the Financial Statements

(d) **Share options exercised during the year**

No options were exercised during the year

(e) **Share options outstanding at the end of the year**

The share options outstanding at the end of the year had remaining contractual life of 0.82 year (as at 31 March, 2018 is 1.41 years).

**B. Employee Stock Option Plan 2014 ("ESOP 2014")**

(a) **Details of the employee share option plan of the Company**

The weighted average fair value of the share options granted under ESOP 2014 during the financial year is Rs. 24.15 (during the year ended 31 March, 2018: Rs. 20.75). Options were priced using Black Scholes model.

The Company has approved a share option scheme for the executives and senior employees of the Company and its subsidiaries.

The following share based arrangements were in existence during the current and prior years:

| Options Series | Number | Grant Date | Expiry Date | No. of Shares Forfeited | Forfeiture Date | Exercise Price | Fair Value at Grant Date |
|---|---|---|---|---|---|---|---|
| 1. DEN ESOP Plan B-2014 | | | | | | | |
| (Granted on 3 July, 2015) | 100,000 | 3-Jul-15 | 3-Jul-18 | 100,000 | 3-Jul-18 | 160.00 | 14.63 |
| | 100,000 | 3-Jul-15 | 3-Jul-19 | - | - | 160.00 | 21.41 |
| | 80,000 | 3-Jul-15 | 3-Jul-20 | - | - | 160.00 | 27.57 |

(b) **Fair value of share options granted in the year**

The vesting shall happen in one or more tranches as may be decided by the Nomination and Remuneration/Compensation Committee. The exercise period of the options is a period of one year after the vesting of the options. Each option is exercisable for one equity share of Rs. 10 each fully paid up on payment of exercise price (as determined by the Nomination and Remuneration/Compensation Committee) of share determined with respect to the date of grant.

The fair value of the options, calculated by an external valuer, was estimated on the date of grant using the Black-Scholes model with the following significant assumptions

| Particulars | 180,000 Options (Vesting Period -4 Years) | | | |
|---|---|---|---|---|
| | 1st Year | 2nd Year | 3rd Year | 4th Year |
| Grant date share price | 108.40 | 108.40 | 108.40 | 108.40 |
| Exercise price | 160.00 | 160.00 | 160.00 | 160.00 |
| Expected volatility (in %) | 47.65% | 47.65% | 47.65% | 47.65% |
| Option life (in years) | 1.50 | 2.50 | 3.50 | 4.50 |
| Dividend yield (in %) | Nil | Nil | Nil | Nil |
| Risk-free interest rate (in %) | 7.79% | 7.78% | 7.77% | 7.76% |

The volatility of the options is based on the historical volatility of the share price since the Company's equity shares are publicly traded, which may be shorter than the term of the options.

(c) **Movement in share options during the year**

The following reconciles the share options outstanding at the beginning and end of the year:

| Particulars | 2018-2019 | | 2017-2018 | |
|---|---|---|---|---|
| | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price |
| Balance at the beginning of the year | 280,000 | 160.00 | 2,950,000 | 160.00 |
| Granted during the year | - | - | - | |
| Vested during the year | - | - | 1,850,000 | 18.11 |
| Exercised during the year | - | - | 1,750,000 | 10.00 |
| Expired during the year | 100,000 | 160.00 | 920,000 | 160.00 |
| **Balance at the end of the year** | **180,000** | 160.00 | **280,000** | **160.00** |

# Notes to the Financial Statements

(d) **Share options exercised during the year**

No options were exercised during the year

(e) **Share options outstanding at the end of the year**

The share options outstanding at the end of the year had remaining contractual life of year 0.70 year (as at 31 March, 2018 is 1 year).

**35. FINANCIAL INSTRUMENTS**

**(a) Capital Management**

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

The capital structure of the Company consists of net debt (borrowings as detailed in notes 15, 19 and 16 and offset by cash and bank balances and current investments in notes 11, 9, 12 and 6) and total equity of the Company.

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

The funding requirements are met through a mixture of equity, internal fund generation, non-current and current borrowings. The Company's policy is to use non-current and current borrowings to meet anticipated funding requirements.

Gearing ratio

The gearing ratio at end of the reporting period was as follows:

**(Rs. in million)**

| **Particulars** | **As at 31.03.2019** | **As at 31.03.2018** |
|---|---|---|
| Debt | | |
| Borrowings- current (See Note 19) | 644.43 | 1,042.92 |
| Borrowings- non current (See Note 15) | 2,636.69 | 3,137.09 |
| Current maturities of long term debt (See Note 16) | 1,510.79 | 1,113.54 |
| Book overdraft (See note 16) | - | 108.34 |
| | **4,791.91** | **5,401.89** |
| **Less:** | | |
| Cash and cash equivalents (See Note 11) | 211.09 | 898.44 |
| Current investments (See Note 9) | 20,709.84 | 529.84 |
| Bank balances (See Note 12) | 1,421.95 | 1,629.56 |
| Other financial assets (See Note 6) | - | 125.00 |
| **Net debt** | **(17,550.97)** | **2,219.06** |
| **Total equity** | **26,334.74** | **8,101.89** |
| **Net debt to equity ratio** | **NA** | **27.39%** |

# Notes to the Financial Statements

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

**Financial assets and liabilities:**

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

**As at 31 March, 2019** **(Rs. in million)**

| Financial assets | Measured at amortised cost | Measured at FVTOCI | Measured at FVTPL | Total carrying value |
|---|---|---|---|---|
| Cash and cash equivalents | 211.09 | - | - | 211.09 |
| Bank balances other than cash and cash equivalents | 1,421.95 | - | | 1,421.95 |
| Trade receivables | 3,291.99 | - | - | 3,291.99 |
| Current investments | 37.36 | - | 20,709.84 | 20,747.20 |
| Loans | 285.15 | | | 285.15 |
| Other financial assets | 1,079.51 | - | - | 1,079.51 |
| Investments | 130.29 | - | - | 130.29 |
| | **6,457.34** | **-** | **20,709.84** | **27,167.18** |

**(Rs. in million)**

| Financial liabilities | Measured at amortised cost | Measured at FVTOCI | Measured at FVTPL | Total carrying value |
|---|---|---|---|---|
| Borrowings - non-current | 2,636.69 | - | - | 2,636.69 |
| Borrowings - current | 644.43 | - | - | 644.43 |
| Trade payables | 3,704.76 | - | - | 3,704.76 |
| Other financial liabilities - non-current | - | - | - | - |
| Other financial liabilities - current | 2,963.28 | - | - | 2,963.28 |
| | **9,949.16** | **-** | **-** | **9,949.16** |

**As at 31 March, 2018** **(Rs. in million)**

| Financial assets | Measured at amortised cost | Measured at FVTOCI | Measured at FVTPL | Total carrying value |
|---|---|---|---|---|
| Cash and cash equivalents | 898.44 | - | - | 898.44 |
| Bank balances other than cash and cash equivalents | 1,629.56 | 1,629.56 | | |
| Trade receivables | 3,797.00 | - | - | 3,797.00 |
| Current investments | - | - | 529.84 | 529.84 |
| Loans | 462.62 | 462.62 | | |
| Other financial assets | 1,050.50 | - | - | 1,050.50 |
| Investments | 228.90 | - | 228.90 | |
| | **8,067.02** | **-** | **529.84** | **8,596.85** |

**(Rs. in million)**

| Financial liabilities | Measured at amortised cost | Measured at FVTOCI | Measured at FVTPL | Total carrying value |
|---|---|---|---|---|
| Borrowings - non-current | 3,137.09 | - | - | 3,137.09 |
| Borrowings - current | 1,042.92 | - | - | 1,042.92 |
| Trade payables | 3,650.75 | - | - | 3,650.75 |
| Other financial liabilities - non-current | 5.23 | - | - | 5.23 |
| Other financial liabilities - current | 2,339.47 | - | - | 2,339.47 |
| | **10,175.46** | **-** | **-** | **10,175.46** |

# Notes to the Financial Statements

**(c) Risk management framework**

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

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

– improve financial risk awareness and risk transparency

– identify, control and monitor key risks

– provide management with reliable information on the Company's risk exposure

– improve financial returns

**i) Market risk**

Market risk is the risk that the fair value of financial instrument will fluctuate because of change in market price. Market risk comprises of three types of risks - interest risk - See - 35c (iv), foreign currency - See - refer 35 c (iii), and other price risk - See - 35 c (v), such as equity price risk.

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

**ii) Liquidity risk**

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

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

**As at 31 March, 2019** **(Rs. in million)**

| | <1 year | 1-3 Years | 3-5 Years | > 5 Years | Total |
|---|---|---|---|---|---|
| Non current | | | | | |
| – Borrowings | - | 2,389.95 | 287.54 | - | 2,677.49 |
| – Other financial liabilities | - | - | - | - | - |
| Current | | | | | |
| – Borrowings | 644.43 | - | - | - | 644.43 |
| – Current maturities of long term debt | 1,534.73 | - | - | - | 1,534.73 |
| – Interest accrued | 19.20 | - | - | - | 19.20 |
| – Trade payables | 3,704.76 | - | - | - | 3,704.76 |
| – Other financial liabilities | 1,433.29 | - | - | - | 1,433.29 |
| **Total** | **7,336.41** | **2,389.95** | **287.54** | **-** | **10,013.90** |

**As at 31 March, 2018** **(Rs. in million)**

| | <1 year | 1-3 Years | 3-5 Years | > 5 Years | Total |
|---|---|---|---|---|---|
| Non current | | | | | |
| – Borrowings | - | 3,055.18 | 132.65 | - | 3,187.84 |
| – Other financial liabilities | - | 5.23 | - | - | 5.23 |
| Current | | | | | |
| – Borrowings | 1,042.92 | - | - | - | 1,042.92 |
| – Current maturities of long term debt | 1,141.71 | - | - | - | 1,141.71 |
| – Interest accrued | 11.04 | - | - | - | 11.04 |
| – Trade payables | 3,650.75 | - | - | - | 3,650.75 |
| – Other financial liabilities | 1,214.88 | - | - | - | 1,214.88 |
| | - | - | - | | |
| **Total** | **7,061.30** | **3,060.41** | **132.65** | **-** | **10,254.37** |

# Notes to the Financial Statements

As at 31 March, 2019, the Company had access to fund based facilities of Rs. 5,262.22 million, of which Rs. 405.57 million were yet not drawn, as set out below:

| Particulars | Total Facility | Drawn | Undrawn |
|---|---|---|---|
| | **(Rs. in million)** | **(Rs. in million)** | **(Rs. in million)** |
| | 5,262.22 | 4,856.65 | 405.57 |
| **Total** | **5,262.22** | **4,856.65** | **405.57** |

As at 31 March, 2018, the Company had access to fund based facilities of Rs. 6,092.26 million, of which Rs. 719.78 million were yet not drawn, as set out below:

| Particulars | Total Facility | Drawn | Undrawn |
|---|---|---|---|
| | (Rs. in million) | (Rs. in million) | (Rs. in million) |
| | 6,092.26 | 5,372.48 | 719.78 |
| **Total** | **6,092.26** | **5,372.48** | **719.78** |

iii) **Foreign currency risk**

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

The carrying amounts of the Company foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

**(Rs. in million)**

| Particulars | As at 31.03.2019 | | As at 31.03.2018 | |
|---|---|---|---|---|
| | Financial Assets | Financial Liabilities | Financial Assets | Financial Liabilities |
| USD | - | 0.15 | - | 8.42 |
| Equivalent INR | - | 10.09 | - | 547.99 |

The results of Company's operations may be affected by fluctuations in the exchange rates between the Indian Rupee against the US dollar. The foreign exchange rate sensitivity is calculated by the aggregation of the net foreign exchange rate exposure with a simultaneous parallel foreign exchange rates shift in the currencies by 1% against the functional currency of the Company.

For the year ended 31 March, 2019 and 31 March, 2018, every 100 basis points depreciation/appreciation in the exchange rate between the Indian rupee and U.S. dollar will decrease/increase the Company's losses before tax by Rs. 0.10 million (31 March, 2018: Rs. 5.48 million).

iv) **Interest rate risk**

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

# Notes to the Financial Statements

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

**(Rs in million)**

| **Particulars** | **Floating rate** | **Fixed rate** | **Non interest bearing** | **Total** |
|---|---|---|---|---|
| **Non current** | | | | |
| – Borrowings | 2,636.69 | - | - | 2,636.69 |
| **Current includes:** | | | | |
| – Borrowings | 644.43 | - | - | 644.43 |
| – Current maturities of long term debt | 1,510.79 | - | - | 1,510.79 |
| | **4,791.91** | **-** | **-** | **4,791.91** |
| – Fixed deposits | **-** | 1,421.95 | **-** | **1,421.95** |
| Interest rate range (per annum) | | | | |
| Others | 8.70% to 11.00% | | 6.70% to 8.51% | |

**The exposure of the Company's financial liabilities as at 31 March, 2018 to interest rate risk is as follows:**

**(Rs in million)**

| **Particulars** | **Floating rate** | **Fixed rate** | **Non interest bearing** | **Total** |
|---|---|---|---|---|
| **Non current** | | | | |
| – Borrowings | 3,137.09 | - | - | 3,137.09 |
| **Current** | | | | |
| – Borrowings | 1,042.92 | - | - | 1,042.92 |
| – Current maturities of long term debt | 1,113.54 | - | - | 1,113.54 |
| | **5,293.55** | **-** | **-** | **5,293.55** |
| – Fixed deposits | **-** | 1,790.10 | **-** | **1,790.10** |

| Interest rate range (per annum) | **Floating rate** | **Fixed rate** |
|---|---|---|
| Buyer's credit | 3.20% to 3.40% | NA |
| Others | 10.30% to 11.5% | 8.55% |

**Interest rate sensitivity analysis on borrowings:**

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Company's losses before tax for the year ended March 31, 2019 would decrease/increase by Rs. 51.15 million (year ended 31 March, 2018: Rs. 4.65 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

**Interest rate sensitivity analysis on fixed deposits:**

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Company's losses before tax for the year ended 31 March, 2019 would decrease/increase by Rs. 16.06 million (year ended 31 March, 2018: Rs. 1.44 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

**v) Other price risk**

The Company is exposed to price risks arising from fair valuation of Company's investment in mutual funds. These investments are held for short term purposes. The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting year.

If prices had been 100 basis points higher/lower, loss before tax for the year ended 31 March, 2019 would increase/decrease by Rs. 207.10 million (for the year ended 31 March, 2018: Rs. 5.30 million) as a result of the changes in fair value of these investments which have been designated as at FVTPL.

# Notes to the Financial Statements

**vi) Credit risk**

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

**36.** During the previous year ended 31 March, 2018, the Nomination and Remuneration/Compensation Committee has granted 0.10 million options under Employee Stock Option Plan - 2010 to an eligible employee of the Company (see note 34).

**37.** During the year, the Company has allotted on preferential basis 28,14,48,000 equity shares of Rs. 72.66 each at a premium of Rs. 62.66 per share to the following entities (the 'Acquirers') aggregating to Rs. 2,045.00 million representing 58.98% of post-preferential allotment equity share capital of the Company.

| Name of the Acquirers | No. of Equity Shares | Amount (Rs. in million) |
|---|---|---|
| Jio Futuristic Digital Holdings Private Limited | 136,847,150 | 9,943.30 |
| Jio Digital Distribution Holdings Private Limited | 71,248,280 | 5,176.90 |
| Jio Television Distribution Holdings Private Limited | 73,352,570 | 5,329.80 |
| **Total** | **281,448,000** | **20,450.00** |

The Acquirers have acquired sole control of the Company and the Acquirers together with the Persons Acting in Concert (PACs) namely Reliance Industries Limited (RIL), Digital Media Distribution Trust, Reliance Content Distribution Limited and Reliance Industrial Investments and Holdings Limited have become part of the 'promoter and promoter group' of the Company pursuant to the:

(a) aforesaid preferential allotment; and (b) purchase by Jio Futuristic Digital Holdings Private Limited (one of the Acquirers) of 3,35,85,000 equity shares of the Company representing 7.04% of the post-preferential allotment paid-up equity share capital from Shri Sameer Manchanda and Verve Engineering Private Limited. Further, prior to the said acquisitions, Reliance Ventures Limited (RVL), Reliance Strategic Investments Limited (RSIL) and Network18 Media and Investments Limited (NW18) (RVL and RSIL are wholly-owned subsidiaries of RIL. Independent Media Trust (of which RIL is the sole beneficiary) owns and controls 73.15% of the paid-up equity share capital of NW18 (directly and indirectly through companies wholly owned and controlled by it) together were holding 26,46,968 equity shares constituting 0.55% of the post-preferential allotment paid-up equity share capital of the Company. Post the aforesaid acquisitions by the Acquirers, RVL, RSIL and NW18 have also become part of the 'promoter and promoter group' of the Company.

On March 5, 2019, the Acquirers acquired an aggregate of 5,74,89,612 equity shares representing 12.05% of the total paid-up equity share capital of the Company pursuant to an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. Accordingly, as at March 31, 2019, the aggregate holding of the Acquirers, RVL, RSIL and NW18 in the Company stood at 37,51,69,580 equity shares of the Company representing 78.62% of the total paid-up equity share capital of the Company

'The proceeds of preferential allotment amounting to Rs. 20,450.00 million have been temporarily invested in liquid mutual funds.

**38.** The Company has investments of Rs. 5,424.20 million (net of provision for impairment of Rs. 143.34 million) in subsidiary companies and associate companies as on 31 March, 2019. Of these, net worth of investments with carrying value of Rs. 2,868.32 million (net of provision for impairment of Rs. 97.32 million) and balances of loans/advances of Rs. 15.74 million as at 31 March, 2019 have fully/substantially eroded. Of these, investments aggregating to Rs. 182.20 million in companies whose net worth is fully/substantially eroded have earned profits for the year ended 31 March, 2019. Based on the projections, the management of the Company expects that these companies will have positive cash flows to adequately sustain its operations in the foreseeable future and therefore no further provision for impairment is considered necessary.

**39.** Exceptional items comprises the following:

(a) In view of the New Regulatory Framework for Broadcasting & Cable services sector notified by the Telecom Regulatory Authority of India (TRAI), which has come into effect during the year, resulting into changes in pricing mechanism &

# Notes to the Financial Statements

arrangements amongst the Company, LCOs, Broadcasters and consumers; Pursuant to above change and assessment carried out by the management, the Company has recognised provision for impairment of trade receivables and Property Plant & Equipment including Set top boxes amounting to Rs. 1,228.02 million. Additionally, one-time exceptional provision has been recognised for certain tax related matters and other assets amounting to Rs. 278.98 million. These adjustments, having one-time, non-routine material impact on financial statements, hence been disclosed as "Exceptional Item" in Financial Statement

(b) During the previous year, the Company had sold its investment stake in Macro Commerce Private Limited ('MCPL') (erstwhile subsidiary) which had resulted in loss on sale of investment of Rs. 18.82 million. In addition to the above, the Company had made an impairment allowance for loan given to MCPL amounting to Rs. 41.48 million.

(c) During the previous year, the Company had made an impairment allowance of Rs. 98.60 million on account of loan given to DELHI SPORTS & ENTERTAINMENT PRIVATE LIMITED.

**40. EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY (CSR)**

(a) Gross amount required to be spent by the Company during the period ended 31 March, 2019 is Rs. Nil (Previous year Rs. Nil)

(b) Amount spent during the period ended 31 March, 2019

**(Rs. in million)**

| **Particulars** | **Paid (A)** | **Yet to be paid (B)** | **Total (A + B)** |
|---|---|---|---|
| i) Construction/acquisition of any asset | - | - | - |
| | (-) | (-) | (-) |
| ii) On purposes other than (i) above | 0.95 | - | 0.95 |
| | (1.01) | - | (1.01) |

*Figures in bracket relates to previous year*

(c) Details of related party transactions:

– Contribution during the period ended 31 March, 2019 is Rs. Nil (Previous year Rs. Nil)

– Payable as at 31 March, 2019 is Rs. Nil (Previous year Rs. Nil)

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

**42A FAIR VALUE MEASUREMENT**

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

**(Rs. in million)**

| **Particulars** | **As at 31.03.2019** | | **As at 31.03.2018** | |
|---|---|---|---|---|
| | **Carrying amount** | **Fair value** | **Carrying amount** | **Fair value** |
| **Financial assets** | | | | |
| Cash and cash equivalents | 211.09 | 211.09 | 898.44 | 898.44 |
| Other bank balances | 1,421.95 | 1,421.95 | 1,629.56 | 1,629.56 |
| Trade receivables | 3,291.99 | 3,291.99 | 3,797.00 | 3,797.00 |
| Security deposits | 51.55 | 51.55 | 65.94 | 65.94 |
| Loans | 233.60 | 233.60 | 396.68 | 396.68 |
| Other financial assets | 1,079.51 | 1,079.51 | 1,050.50 | 1,050.50 |
| **Financial liabilities** | | | | |
| Non-current borrowings | 2,636.69 | 2,636.69 | 3,137.09 | 3,137.09 |
| Current borrowings | 644.43 | 644.43 | 1,042.92 | 1,042.92 |
| Trade payables | 3,704.76 | 3,704.76 | 3,650.75 | 3,650.75 |
| Other financial liabilities - non-current | - | - | 5.23 | 5.23 |
| Other financial liabilities - current | 2,963.28 | 2,963.28 | 2,339.47 | 2,339.47 |

**Note:**

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

# Notes to the Financial Statements

ii) Fair value hierarchy of assets measured at fair value as at 31 March, 2019 and 31 March, 2018 is as follows:

**(Rs. in million)**

| **Particulars** | **As at 31.03.2019** | **Fair value measurement at end of the reporting period/year using** | | | **Valuation techniques** |
|---|---|---|---|---|---|
| | | **Level 1** | **Level 2** | **Level 3** | |
| **Financial assets** | | | | | |
| Investment in mutual funds | 20,709.84 | - | 20,709.84 | - | Based on the NAV report issued by the fund manager |
| Investment in preference shares | - | - | - | 167.65 | Discounted cashflow at a discounted rate that reflects the issuer's current borrowing rate at the end of the reporting year. |
| **Total financial assets** | **20,709.84** | | **20,709.84** | **167.65** | |

**(Rs. in million)**

| **Particulars** | **As at 31.03.2018** | **Fair value measurement at end of the reporting period/year using** | | | **Valuation techniques** |
|---|---|---|---|---|---|
| | | **Level 1** | **Level 2** | **Level 3** | |
| **Financial assets** | | | | | |
| Investment in mutual funds | 529.84 | - | 529.84 | - | Based on the NAV report issued by the fund manager |
| Investment in preference shares | 228.90 | - | - | 228.90 | Discounted cashflow at a discounted rate that reflects the issuer's current borrowing rate at the end of the reporting year. |
| **Total financial assets** | **758.74** | **529.84** | | **228.90** | |

**42B Reconciliation of liabilities arising from financing activities**

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

**(Rs. in million)**

| **Particulars** | **As at 31 March, 2018** | **Cash flow** | **Non-cash Changes** | **As at 31 March, 2019** |
|---|---|---|---|---|
| Non-current borrowings | 3,137.09 | (500.40) | - | 2,636.69 |
| Current borrowings | 1,042.92 | (398.49) | - | 644.43 |
| Current maturities of long term borrowing | 1,113.54 | 397.25 | | 1,510.79 |
| **Total liabilities from financing activities** | **5,293.55** | **(501.64)** | **-** | **4,791.91** |

# Notes to the Financial Statements

43. Disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006

(Rs. in million)

| | Particulars | **As at 31 March, 2019** | As at 31 March, 2018 |
|---|---|---|---|
| (a) | the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year; | **1.55** | 10.38 |
| (b) | the amount of interest paid by the buyer in terms section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006) along with the amount of the payment made to the supplier beyond the appointed day during each accounting year; | **-** | - |
| (c) | the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006; | **-** | - |
| (d) | the amount of interest accrued and remaining unpaid at the end of each accounting year; and | **-** | - |
| (e) | the amount of further interest remaning due and payable even in the succeding years, untill such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | **-** | - |

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

**45. Full particulars of loans given, investment made, guarantees given, security provided together with purpose in terms of section 186 (4) of the Companies Act, 2013**

| Name of entity | Amount (Rs. in million) | Full Particulars | Purpose |
|---|---|---|---|
| **Investment made** | | | |
| Eminent Cable Network Private Limited | 11.20 | Investment in equity shares | Strategic investment as part of business expansion. |

**46.** During the current year, the Company entered into the following non-cash investing activities which are adjusted in the Statement of Cash Flows :

Investment made by the Company in DEN BROADBAND PRIVATE LIMITED, a wholly owned subsidiary of the Company amounting to Rs. 238.90 million and Rs. 1,469.81 million by conversion of loan amount during financial year 2018-19 and 2017-18.

# Notes to the Financial Statements

**47.** During the provisional assessment towards the license fees for the years 2011-12 to 2015-16 by the DOT, the department has considered the revenue from the Cable business and other income for the purpose of calculating AGR or license fees.

The company has filed three petitions before the Hon'ble TDSAT challenging the demand of license fees as raised by the Department. In all three petitions the Hon'ble TDSAT was pleased to restrain the department from taking any coercive measure for realisation of the demands.

Further the Hon'ble TDSAT in association of Unified Telecom Service Providers of India & others vs. Union of India has clearly held that imposition of interest and penalty is wholly unjustified.

**48.** Previous year figures have been regrouped / reclassified whereever necessary to make them comparable.

**49.** The standalone financial statements were approved for issue by the Board of Directors on 16 April, 2019.

For and on behalf of the Board of Directors of
**DEN NETWORKS LIMITED**

**Sameer Manchanda**
Chairman and Managing Director
DIN No.: 00015459

**Ajaya Chand**
Director
DIN No.: 02334456

**S.N. Sharma**
Chief Executive Officer

**Satyendra Jindal**
Chief Financial Officer

**Jatin Mahajan**
Company Secretary
Membership No.: F6887

Place: New Delhi
Date: 16 April, 2019