

# B S R & Associates LLP

Chartered Accountants

49/179 A , 3<sup>rd</sup> Floor,  
Syama Business Centre,  
NH 47 Bypass Road,  
Vytila , Kochi - 682019, India

Telephone: +91 484 4148 500  
Fax: +91 484 4148 501

## Independent Auditors' Report

To the Members of Asianet Digital Network Private Limited

Report on the Audit of the Financial Statements

### Qualified Opinion

We have audited the financial statements of Asianet Digital Network Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2019, the statement of profit and loss and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the 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, except for the effects of the matters described in the basis for qualified opinion paragraph, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019 and profits and its cash flows for the year ended on that date.

### Basis for Qualified Opinion

Attention is drawn to Note 27 to the financial statements, wherein it is stated that the Company has an unbilled receivable of Rs. 865.84 lakhs as at 31 March 2019 from two of its customers with whom the Company had filed a suit with National Company Law Tribunal on 11 June 2018. As per the facts/circumstances of the case and based on the legal advice obtained, the management believes that there exists favourable chances of recovering the outstanding balance and therefore, no amount has been provided in the financial statements. In addition, the Company had discontinued the advertisement agreement on 23 October 2018 and does not have any continuing business relationship with the aforesaid customer. Given the inherently protracted and procedurally fraught legal recovery process, there remains an uncertainty over the ultimate outcome of the matter and the time frame involved for recovery or settlement, if any, of these amounts. Accordingly, we are unable to comment on the recoverability of unbilled receivable as at 31 March 2019.

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

### Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report, but does not include the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

### **Other Information (continued)**

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 identified above when it becomes available 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.

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

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss 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 and Board of Directors are 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.

Board of Directors is 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

**B S R & Associates LLP**  
**Asianet Digital Network Private Limited**  
**Independent Auditors' Report (continued)**

**Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

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

**Other matters**

The financial statements of the Company for the year ended 31 March 2018, were audited by another auditor whose report dated 20 September 2018 expressed an unqualified opinion.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
  - a) We have sought and except for the matter described in the Basis for Qualified Opinion section, 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, except for the matters, described in the Basis for Qualified Opinion section, 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.

**B S R & Associates LLP**

**Asianet Digital Network Private Limited**  
**Independent Auditors' Report** *(continued)*

**Report on Other Legal and Regulatory Requirements** *(continued)*

- c) The balance sheet, the statement of profit and loss, and statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, except for the matter described in the Basis for Qualified Opinion section, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' 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 did not have any pending litigations which would impact its financial positions;
  - 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 to the Investor Education and Protection Fund by the Company.
  - iv. The disclosures regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.
- (C) The Company is a private company and the requirement under section 197(16) of the Act is not applicable to the Company.

*for* **B S R & Associates LLP**

*Chartered Accountants*

ICAI Firm registration number: 116231W/W-100024



**Baby Paul**

*Partner*

Membership number: 218255

ICAI Unique Document Identification Number: 19218255AAAABT9194

Kochi

28 September 2019

**B S R & Associates LLP**  
**Asianet Digital Network Private Limited**  
**Annexure A to the Auditors' Report**

The Annexure A referred to in our report to the members of the Company on the financial statements for the year ended 31 March 2019. We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets except for certain particulars on quantitative details and location for certain assets capitalised in earlier years, which the management is in the process of updating the records.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified during the year. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the Company does not hold any immovable property. Thus, paragraph 3 (i) (c) of the said Order is not applicable.
- (ii) The inventory, except goods-in-transit, has been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of such verification is reasonable.
- (iii) According to the information and explanations given to us, 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 Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) 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 Section 185 and 186 of the Act, with respect to the securities and guarantees given. The Company has not granted any loans and not made investments in companies, firms or other parties covered under section 185 and 186 of the Act.
- (v) The Company has not accepted any deposits from the public within the meaning the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148 of the Act in respect of cost of operation, cost of sales and margin of all services and products and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, customs duty, cess and any other material statutory dues have generally been regularly deposited with the appropriate authorities. However there have been delays in depositing tax deducted at source and goods and services tax. As explained to us, the company did not have any dues on account of sales tax, service tax, duty of excise and value added tax.

**B S R & Associates LLP**  
**Asianet Digital Network Private Limited**

**Annexure - A to the Independent Auditors' Report (continued)**

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee state insurance, income tax, goods and services tax, cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable except for the following:

Name of the statute	Nature of dues	Amount (Rs lakhs)	Period to which amount relates	Due date	Date of payment
Central Goods and Services Tax Act, 2017 and State Goods and Services Tax Act, 2017	Goods and services tax	2.65	2017-18	20 April 2018	20 September 2019
		32.85	2017-18	20 April 2018	20 June 2019

- (b) According to the information and explanations given to us, there are no dues of income tax, goods and service tax, sales tax or service tax, customs duty, value added tax which have not been deposited by the Company on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions and banks. The Company did not have any outstanding loans or borrowings from government and there are no dues to debenture holders during the year.
- (ix) The Company has not raised any money by way of term loans, initial public offer or further public offer (including debt instruments) during the year. Thus, paragraph 3 (ix) of the said Order is not applicable.
- (x) According to the information and explanation given to us, no material fraud on the Company by its officers and employees or fraud by the Company has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us the Company is a private limited company and accordingly the provisions of Section 197 read with Schedule V to the Act are not applicable to the Company.
- (xii) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has complied with the provisions of Section 42 of the Act in respect of private placement of shares during the year. Further, according to the information and explanations given to us and based on our examination of the records of the Company, we report that the amounts raised have been used for the purpose for which the funds were raised.

**B S R & Associates LLP**

**Asianet Digital Network Private Limited**

**Annexure - A to the Independent Auditors' Report (continued)**

- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Thus, paragraph 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanation given to us and in our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

*for B S R & Associates LLP*

*Chartered Accountants*

ICAI Firm registration number: 116231W/W-100024



**Baby Paul**

*Partner*

Membership number: 218255

ICAI Unique Document Identification Number: 19218255AAAABT9194

Kochi

28 September 2019

**B S R & Associates LLP**  
**Asianet Digital Network Private Limited**  
**Annexure B to the Independent Auditors' Report on the financial statements of Asianet Digital Network Private Limited for the year ended 31 March 2019**

**Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

**Opinion**

We have audited the internal financial controls with reference to financial statements of Asianet Digital Network Private Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

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

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as "the Act").

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 with reference to financial statements.

↓



**Meaning of Internal Financial controls with Reference to Financial Statements**

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include 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 with Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

*for B S R & Associates LLP*

*Chartered Accountants*

ICAI Firm registration number: 116231W/W-100024



**Baby Paul**

*Partner*

Membership number: 218255

ICAI Unique Document Identification Number: 19218255AAAABT9194

Kochi

28 September 2019

**Asianet Digital Network Private Limited**

**Balance Sheet as at 31 March 2019**

(All amounts in Indian rupees in lakhs, except share data and where otherwise stated)

	Notes	As at 31 March 2019	As at 31 March 2018
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	8,011.58	*
Reserves and surplus	4	30.18	(528.51)
		<b>8,041.76</b>	<b>(528.51)</b>
<b>Non-current liabilities</b>			
Deferred tax liability	35	565.68	241.88
Other long-term liabilities	5	-	95.26
Long-term provisions	6	984.28	891.19
		<b>1,549.96</b>	<b>1,228.33</b>
<b>Current liabilities</b>			
Short-term borrowings	7	780.24	-
Trade payables	8	-	-
Total outstanding dues of micro and small enterprises		-	-
Total outstanding dues of creditors other than micro and small enterprises		2,487.89	2,827.80
Other current liabilities	9	10,774.11	18,832.73
Short-term provisions	10	82.02	60.83
		<b>14,124.26</b>	<b>21,721.36</b>
		<b>23,715.98</b>	<b>22,421.18</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment			
Tangible assets	11	15,782.55	14,246.86
Intangible assets	11	37.82	38.39
Capital work-in-progress		673.38	2,200.02
Long-term loans and advances	12	279.62	70.83
		<b>16,773.37</b>	<b>16,556.10</b>
<b>Current assets</b>			
Inventories	13	5.81	13.59
Trade receivables	14	3,839.68	2,739.97
Cash and bank balances	15	365.65	515.37
Short-term loans and advances	16	612.83	1,147.46
Other current assets	17	2,118.64	1,448.69
		<b>6,942.61</b>	<b>5,865.08</b>
		<b>23,715.98</b>	<b>22,421.18</b>

**Significant accounting policies**

2

\* Amount is below the rounding off norms adopted by the Company

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for **BSR & Associates LLP**

Chartered Accountants

Firm's registration number: 116231W/W-100024



**Baby Paul**


Partner

Membership No: 218255

for and on behalf of the Board of Directors of

**Asianet Digital Network Private Limited**

CIN :U74999KL2015PTC039405



**P S Suresh**

Chief Financial Officer & Director

DIN:08421313



**G Sankaranarayana**

Director

DIN: 07247965



**Joby Mathew**

Company Secretary

Kochi

28 September 2019

Thiruvananthapuram

28 September 2019



**Asianet Digital Network Private Limited**

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

(All amounts in Indian rupees in lakhs, except share data and where otherwise stated)

	Notes	Year ended 31 March 2019	Year ended 31 March 2018
<b>Income</b>			
Revenue from operations	18	27,863.58	2,373.89
Other income	19	724.47	0.02
<b>Total revenue</b>		<b>28,588.05</b>	<b>2,373.91</b>
<b>Expenses</b>			
Purchase of traded goods	20	14.26	-
Changes in inventories of stock-in-trade	20	7.78	16.21
Operating expenses	23	14,552.90	1,068.58
Employee benefit expenses	21	4,007.05	443.79
Finance costs	22	483.83	117.93
Depreciation and amortisation	11	3,583.40	320.44
Other expenses	24	5,056.34	693.59
<b>Total expenses</b>		<b>27,705.56</b>	<b>2,660.54</b>
<b>Profit before tax</b>		<b>882.49</b>	<b>(286.63)</b>
<b>Tax expense/ (benefit)</b>			
<b>Current tax</b>			
Minimum alternate tax		32.36	-
Minimum alternate tax credit entitlement		(32.36)	-
<b>Deferred tax</b>	35	323.80	241.88
		<b>323.80</b>	<b>241.88</b>
<b>Profit/(loss) for the year</b>		<b>558.69</b>	<b>(528.51)</b>
<b>Earnings/(Loss) per share</b> (equity share of par value of Rs.10 each)			
Basic and diluted (Rs)	34	1.45	(264.25)

**Significant accounting policies**

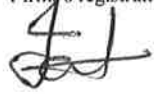
The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for **BSR & Associates LLP**

Chartered Accountants

Firm's registration number: 116231W/W-100024



**Baby Paul**

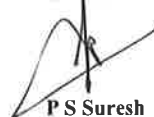
Partner

Membership No: 218255

for and on behalf of the Board of Directors of

**Asianet Digital Network Private Limited**

CIN: U74999KL2015PTC039405



**P S Suresh**

Chief Financial Officer & Director

DIN:08421313



**G Sankaranarayana**

Director

DIN: 07247965



**Joby Mathew**

Company Secretary

Kochi

28 September 2019

Thiruvananthapuram

28 September 2019



**Asianet Digital Network Private Limited**  
**Cash Flow Statement for the year ended 31 March 2019**  
(All amounts in Indian rupees in lakhs, except share data and where otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
<b>Cash flow from operating activities</b>		
Profit before tax	882.49	(286.63)
<i>Adjustments for:</i>		
Depreciation and amortisation	3,583.40	320.44
Loss on sale / write off of property plant and equipment	-	8.08
Finance costs	483.83	117.93
Liabilities / provisions no longer required written back	(719.58)	
Interest income	(0.06)	(0.02)
Provision for doubtful trade receivables	441.26	221.00
Bad trade receivable written off	738.04	-
Net unrealised exchange (gain)/loss	(4.83)	1.87
<b>Operating cash flow before working capital changes</b>	<b>5,404.55</b>	<b>382.66</b>
Decrease/(Increase) in inventories	7.78	(13.59)
Increase in trade receivables	(1,559.43)	(2,960.97)
Increase in loans and advances and other assets	(139.05)	(2,664.16)
Decrease/(Increase) in trade payables, other current liabilities and provisions	(9,084.67)	22,302.39
<b>Net cash (used in)/generated from operating activities before taxes</b>	<b>(5,370.82)</b>	<b>17,046.33</b>
Income tax paid, net	(207.79)	(0.18)
<b>Net cash (used in)/generated from operating activities (A)</b>	<b>(5,578.61)</b>	<b>17,046.15</b>
<b>Cash flow from investing activities</b>		
Interest received from banks	0.04	0.02
Expenditure incurred on property, plant and equipment, intangible assets and capital work in progress	(2,892.74)	(16,605.12)
<b>Net cash flow used in investing activities (B)</b>	<b>(2,892.70)</b>	<b>(16,605.10)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of Share capital	8,011.58	-
Proceeds from short-term borrowings	780.24	-
Finance costs	(483.83)	(117.93)
<b>Net cash flow from financing activities (C)</b>	<b>8,307.99</b>	<b>(117.93)</b>
<b>Net (decrease)/increase in Cash and cash equivalents (A+B+C)</b>	<b>(163.32)</b>	<b>323.12</b>
Cash and cash equivalents at the beginning of the year	323.12	-
<b>Cash and cash equivalents at the end of the year</b>	<b>159.80</b>	<b>323.12</b>
Refer to Note 15 - cash and bank balances		

The notes referred to above form an integral part of the financial statements

**As per our report of even date attached**

for B S R & Associates LLP  
Chartered Accountants  
Firm's registration number: 116231W/W-100024



**Baby Paul**  
Partner  
Membership No: 218255

for and on behalf of the Board of Directors of  
**Asianet Digital Network Private Limited**  
CIN :U74999KL2015PTC039405



**P S Suresh**  
Chief Financial Officer & Director  
DIN:08421313



**G Sankaranarayana**  
Director  
DIN: 07247965



**Joby Mathew**  
Company Secretary

Kochi  
28 September 2019

Thiruvananthapuram  
28 September 2019



## Asianet Digital Network Private Limited

### Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts in Indian rupees in lakhs, except share data and where otherwise stated)

#### 1 Corporate information

Asianet Digital Network Private Limited ('Asianet' or 'Company') is a private limited company incorporated, under the Indian Companies Act, 1956 on 30th October, 2015 as a wholly owned subsidiary of Asianet Satellite Communications Limited (Holding and Ultimate Holding Company').

The Company provides cable and satellite channels over a high quality state-of-art cable network to its subscribers. Asianet has a unique business model with end-to-end ownership of the network including the last mile, unlike other cable operators in the rest of the country who engage with subscribers primarily through third party owned last mile networks. Asianet is also the first cable distribution company in India with a right of way agreement with the local power utility for use of electricity poles for laying its state-wide network.

Asianet has commenced its operations on 1 March, 2018 through a Business Transfer agreement with Holding company dated 25th March, 2017, wherein the cable TV Business has been transferred to Asianet via slump sale after the closure of business hours on 28 February, 2018.

#### 2 Significant accounting policies

##### 2.1 Basis of accounting and preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. All amounts included in the financial statements are reported in Indian rupees, except share and per share data, and have been rounded off to nearest lakhs.

##### 2.2 Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed property, plant and equipment and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

##### 2.3 Inventories

Inventories are valued at lower of cost and net realisable value. Goods-in-transit are stated 'at cost'. Cost comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Due allowance is estimated and made for defective and obsolete items, wherever necessary, based on the past experience of the Company. The company uses the weighted average method to determine the cost of inventory.

##### 2.4 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and financial institutions. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.



**Asianet Digital Network Private Limited**

**Notes forming part of the financial statements for the year ended 31 March 2019**

(All amounts in Indian rupees in lakhs, except share data and where otherwise stated)

**2.5 Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax 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 the available information.

**2.6 Revenue recognition**

Revenue from sale of services is recognised on rendering of services as per the terms and conditions agreed with customers. Revenue from cable television services, television channel advertisement and cable internet services are recognised on completion of performance of service obligations to customers. Revenues exclude goods and service tax and other statutory levies.

Revenue from sale of goods is recognised on transfer of significant risks and rewards of ownership which is generally on the dispatch of goods and stated at net of trade discounts and exclusive of sales tax and excise duty, but inclusive of freight and insurance recoveries.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

**2.7 Property, plant and equipment and depreciation**

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any other than land which has been carried at revalued amount. Cost includes the purchase price and any directly attributable cost to bring the asset to working condition for its intended use. Subsequent expenditures related to an item of property, plant and equipment are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Items of property, plant and equipment that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the Statement of profit and loss.

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of profit and loss.

Capital work-in progress comprises of the cost of fixed assets that are not yet ready for their intended use as at the balance sheet date.

Depreciation on property, plant and equipment is provided on a pro-rata basis on the straight line method over the estimated useful lives of the assets as prescribed under Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the estimated useful lives has been determined based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Customer premises equipment - set top boxes - 8 years

Digital Headend - 12 years

In case of assets taken over based on Business Transfer Agreement as stated in Note I above, depreciation has been provided considering the remaining useful life of the assets.



**Asianet Digital Network Private Limited**

**Notes forming part of the financial statements for the year ended 31 March 2019**

(All amounts in Indian rupees in lakhs, except share data and where otherwise stated)

**2.8 Intangible assets and amortisation**

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised as income or expense in the Statement of profit and loss.

The useful lives used are:

Cable rights of films/serials/others - 5 years or over the actual period as per agreement, whichever is lower

**2.9 Foreign currency transactions and translations**

Transactions denominated in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognised in the statement of profit and loss.

Foreign currency monetary assets and liabilities at the year end are translated at the year end exchange rate, and the resultant exchange

**2.10 Employee benefits**

**Short-term employee benefits**

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

**Post-employment benefits**

Defined contribution plans

Contributions payable to the recognised provident fund and superannuation fund, which is a defined contribution scheme, is made monthly at predetermined rates to the appropriate authorities and charged to the statement of profit and loss on an accrual basis. There are no other obligations other than the contribution payable to the respective fund.

Defined benefit plan

Gratuity, a defined benefit scheme, is accrued based on an actuarial valuation at the balance-sheet date, carried out by an independent actuary. The present value of the obligation under such defined benefit plan is determined based on an actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional units of employee benefit entitlement and measures each unit separately to build up the final obligation.

Compensated absences

Accumulated compensated absences, which are expected to be availed or encashed beyond twelve months from the end of the year are treated as long term employee benefits. The company's liability is actuarially determined (using the projected unit credit method) as at end of the year. Actuarial losses/gains are recognised in the statement of profit and loss in the year in which they arise.



**Asianet Digital Network Private Limited**

**Notes forming part of the financial statements for the year ended 31 March 2019**

(All amounts in Indian rupees in lakhs, except share data and where otherwise stated)

**2.11 Borrowing costs**

Interest and other specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are asset 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. All other borrowing costs are recognised in the Statement of profit and loss in the period in which they are incurred.

**2.12 Segment reporting**

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted by the company. Further, inter- segment revenue has been accounted for based on the transaction price agreed to between segments on the basis of their relationship to the operating activities of the segment. Expenses which relate to the Company as a whole and are not allocable to segments on a reasonable basis have been included under "unallocable expenses".

**2.13 Earnings per share**

Basic earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

**2.14 Income taxes**

The current income tax charge is determined in accordance with the relevant tax regulations applicable to the Company in India. Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the balance sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax charge or credit is recognised for the future tax consequences attributable to timing difference that result between the profit offered for income taxes and the profit as per the financial statements. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, when there is a brought forward loss or unabsorbed depreciation under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain to be realised.

The Company offsets, on a year on year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.





**Asianet Digital Network Private Limited**

**Notes forming part of the financial statements for the year ended 31 March 2019**

(All amounts in Indian rupees in lakhs, except share data and where otherwise stated)

**2.15 Impairment of assets**

The Company assesses at each balance sheet date whether there is any indication that an asset forming part of its cash generating units may be impaired. If any such indications exist, the Company estimates the recoverable amount of the asset or the group of assets comprising, a cash generating unit. For an asset or a group of assets that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the assets belongs is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the book value that would have been determined; if no impairment loss has been recognized.

**2.16 Provisions, contingent liabilities and contingent assets**

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. A provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation and in respect of which a reliable estimate can be made. Provision is not discounted and is determined based on best estimate required to settle the obligation at the year-end date. Contingent assets are not recognised or disclosed in the financial statements.

**2.17 Insurance claims**

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

**2.18 Operating cycle**

Based on the nature of products / 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.



**Asianet Digital Network Private Limited**  
**Notes forming part of the financial statements for the year ended 31 March 2019**  
(All amounts in Indian rupees in lakhs, except share data and where otherwise stated)

	As at 31 March 2019		As at 31 March 2018	
	Number of shares	Amount	Number of shares	Amount
<b>3 Share capital</b>				
<b>Authorised:</b>				
Equity shares of Rs. 10/- each **	82,500,000	8,250.00	16,000.00	1,025.00
	<b>82,500,000</b>	<b>8,250.00</b>	<b>17,500</b>	<b>1,025.00</b>
<b>Issued, subscribed and paid-up</b>				
Equity shares of Rs. 10/- each	80,115,834	8,011.58	2	*
	<b>80,115,834</b>	<b>8,011.58</b>	<b>2</b>	<b>*</b>

\*\*The Company has a single class of equity shares. All the equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to share of paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. Failure to pay any amount called up on the shares may lead to the forfeiture of shares. On winding up of the Company, the holders of the equity shares will be entitled to receive the residual assets of the Company, remaining after the distribution of all preferential amounts in proportion to the number of equity shares held.

**(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:**

	As at 31 March 2019		As at 31 March 2018	
	Number of shares	Amount	Number of shares	Amount
<b>Equity shares of Rs. 10/- each</b>				
Balance at the beginning and end of the year	2	*	2	*
Issued during the year	80,115,832	8,011.58	-	-
<b>Balance at the end of the year</b>	<b>80,115,834</b>	<b>8,011.583</b>	<b>2</b>	<b>-</b>

\* Amount is below the rounding off norms adopted by the Company

**(iii) Details of shareholders holding more than 5% shares of the Company in each class of shares**

Class of shares / Name of shareholder	As at 31 March 2019		As at 31 March 2018	
	Number of shares held	% of Holding	Number of shares held	% of Holding
Equity shares of Rs. 10/- each				
Asianet Satellite Communications Limited( Holding and Ultimate Holding Company)	80,115,834	100%	20	100%

**(iv) Details of shares held by holding company/ultimate holding company**

Particulars	As at 31 March 2019	As at 31 March 2018
Asianet Satellite Communications Limited		
80,115,834 (previous year 2) Equity shares of Rs.10/- each	8,011.58	*

**(v) Details of buyback, bonus shares, issue for consideration other than for cash for past 5 years**

The Company has not allotted any fully paid-up equity shares by way of bonus shares nor has bought back any class of equity shares nor has there been any issue for consideration other than for cash during the period of five years immediately preceding the balance sheet date.

**4 Reserves and surplus**

*Surplus/(Deficit) in statement of profit and loss*

Balance at the beginning of the year	(528.51)	-
Less: profit/(loss) for the year	558.69	(528.51)
Balance at the end of the year	<b>30.18</b>	<b>(528.51)</b>

**5 Other long-term liabilities**

Unearned revenue	-	95.26
	-	<b>95.26</b>



**Asianet Digital Network Private Limited**  
**Notes forming part of the financial statements for the year ended 31 March 2019**  
 (All amounts in Indian rupees in lakhs, except share data and where otherwise stated)

	As at 31 March 2019	As at 31 March 2018
<b>6 Long-term provisions</b>		
Provision for employee benefits		
Compensated absences	102.97	97.27
Gratuity (Refer Note 31)	881.31	793.92
	<u>984.28</u>	<u>891.19</u>
<b>7 Short-term borrowings</b>		
Loans repayable on demand from banks		
Bank overdraft	780.24	-
	<u>780.24</u>	<u>-</u>

**Notes:**

Details of security for short-term borrowings:

Particulars	Nature of security	As at 31 March 2019	As at 31 March 2018
Bank Overdraft	First pari passu charge on the entire fixed assets of the Company, Second pari passu charge on the entire current assets of the Company, Corporate Gurantee backed by Asianet Satellite Communications Limited. Interest rate is 6 Months MCLR + 1 % per annum.	780.24	-
		<u>780.24</u>	<u>-</u>

**8 Trade payables**

Dues to micro enterprises and small enterprises (Refer Note 28)	-	-
Dues to creditors other than micro enterprises and small enterprises	2,487.89	2,827.80
	<u>2,487.89</u>	<u>2,827.80</u>

**9 Other current liabilities**

Trade / security deposits received	655.39	675.89
Unearned revenue	835.94	3,617.65
Statutory dues payable	507.11	428.52
Accrued expenses	927.81	-
Payable to employees	186.77	-
Due to creditors for capital goods	910.70	211.32
Advances from customers	1,881.60	2,203.51
Book overdraft in current account with banks	203.34	192.25
Payable to Holding Company (Refer Note 33)	4,665.45	11,503.59
	<u>10,774.11</u>	<u>18,832.73</u>

**10 Short-term provisions**

Provision for employee benefits		
Compensated absences	42.64	35.73
Gratuity (Refer Note 31)	39.38	25.10
	<u>82.02</u>	<u>60.83</u>



Asianet Digital Network Private Limited  
Notes forming part of the financial statements  
(All amounts in Indian rupees in lakhs, except share data and where otherwise stated)

11 Property, plant and equipment

Tangible assets	Gross block				Accumulated depreciation				Net block		
	As at 1 April 2018	Additions	Disposals	Reclassifications / Other adjustments	As at 31 March 2019	As at 1 April 2018	Depreciation expense	Eliminated on disposal of assets	Reclassifications / Other adjustments	As at 31 March 2019	As at 31 March 2018
<b>Plant and Equipment :</b>											
Owned	10,522.35	5,088.48 10,168.19	- (26.86)	4,024.89 381.02	19,635.72 10,522.35	238.21	3,566.17 256.99	- (18.78)	62.18	3,866.56 238.21	15,769.16 10,284.14
On Finance Lease	4,024.89	4,405.91	-	(4,024.89) (381.02)	4,024.89	62.18	62.18	-	(62.18)	62.18	3,962.71
<b>Furniture and Fixtures</b>											
		0.13	-	-	0.13	-	0.01	-	-	0.01	0.12
<b>Office equipment</b>											
		1.72	-	-	1.72	-	0.19	-	-	0.19	1.53
<b>Computers and Data Processing Units</b> (i) Servers and Networks											
		2.66	-	-	2.66	-	0.42	-	-	0.42	2.24
(ii) End user devices, such as, desktops, laptops, etc.											
		9.12	-	-	9.12	-	1.22	-	-	1.22	7.90
<b>Electrical Installations and equipments</b>											
		1.75	-	-	1.75	-	0.15	-	-	0.15	1.60
<b>Total</b>	<b>14,547.24</b>	<b>5,038.86</b>	<b>-</b>	<b>-</b>	<b>19,651.10</b>	<b>300.39</b>	<b>3,568.16</b>	<b>-</b>	<b>-</b>	<b>3,868.55</b>	<b>15,782.55</b>
<i>Previous year</i>		<i>14,374.10</i>	<i>(26.86)</i>		<i>14,547.24</i>		<i>319.17</i>	<i>(18.78)</i>		<i>300.39</i>	<i>14,246.86</i>

Intangible assets	Gross Block			Accumulated amortisation			Net block	
	As at 1 April 2018	Additions	Disposals	As at 1 April 2018	Amortisation expense	Eliminated on disposal of assets	As at 31 March 2019	As at 31 March 2018
<b>Purchased</b>								
Copyrights and operating rights	39.66	11.57 39.66	-	1.27	14.91 1.27	-	16.18 1.27	38.39
Computer software	-	3.10	-	-	0.33	-	0.33	2.77
<b>Total - Intangible assets</b>	<b>39.66</b>	<b>14.67</b>	<b>-</b>	<b>1.27</b>	<b>15.24</b>	<b>-</b>	<b>16.51</b>	<b>38.39</b>
<i>Previous year</i>		<i>39.66</i>			<i>1.27</i>		<i>1.27</i>	

Note: Figures in italics relates to the previous year



**Asianet Digital Network Private Limited**

**Notes forming part of the financial statements**

(All amounts in Indian rupees in lakhs, except share data and where otherwise stated)

	As at 31 March 2019	As at 31 March 2018
<b>12 Long-term loans and advances</b>		
<i>(Unsecured, considered good unless specified otherwise)</i>		
Capital advances	2.41	2.64
Security deposits	69.25	68.01
MAT credit entitlements	32.35	-
Advance income tax and tax deducted at source (net)	175.61	0.18
	<b>279.62</b>	<b>70.83</b>
<b>13 Inventories</b>		
<i>(Lower of cost and net realizable value)</i>		
Stock-in-trade	5.81	13.59
	<b>5.81</b>	<b>13.59</b>
<b>14 Trade receivables</b>		
<i>(Unsecured)</i>		
Debts outstanding for a period exceeding six months from the date they were due for payment		
Considered good	51.10	941.47
Considered doubtful	741.26	1,475.29
	792.36	2,416.76
Less: Provision for doubtful trade receivables	741.26	1,475.29
	51.10	941.47
Other debts		
Considered good	3,788.58	1,798.50
Considered doubtful	-	-
	3,788.58	1,798.50
Less: Provision for doubtful trade receivables	-	-
	3,788.58	1,798.50
	<b>3,839.68</b>	<b>2,739.97</b>
<b>15 Cash and bank balances</b>		
Cash on hand	132.51	79.61
Balances with banks		
(i) In current accounts	229.64	435.76
(ii) In fixed deposits	0.99	-
(iii) In earmarked accounts		
Balances held as margin money or security against borrowings, guarantees and other commitments	2.51	-
	<b>365.65</b>	<b>515.37</b>
Less: Book Overdraft in current accounts	(203.34)	(192.25)
Less: Deposits as margin money or security against borrowings	(2.51)	-
<b>Cash and cash equivalents in the cash flow statement</b>	<b>159.80</b>	<b>323.12</b>



**Asianet Digital Network Private Limited**  
**Notes forming part of the financial statements**

(All amounts in Indian rupees in lakhs, except share data and where otherwise stated)

	As at 31 March 2019	As at 31 March 2018
<b>16 Short-term loans and advances</b>		
<i>(Unsecured, considered good)</i>		
Loans and advances to employees	32.31	24.87
Prepaid expenses	16.66	309.92
Balance with government authorities	435.67	*
Advances to suppliers	128.19	329.98
Receivable from Holding Company	-	482.58
Others	-	0.11
	<u>612.83</u>	<u>1,147.46</u>
* Amount is below the rounding off norms adopted by the Company		
<b>17 Other current assets</b>		
<i>(Unsecured, considered good)</i>		
Interest accrued on fixed deposits	0.02	-
Unbilled revenue	2,118.62	1,448.69
	<u>2,118.64</u>	<u>1,448.69</u>



**Asianet Digital Network Private Limited**  
**Notes forming part of the financial statements for the year ended 31 March 2019**  
(All amounts in Indian rupees in lakhs, except share data and where otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
<b>18 Revenue from operations</b>		
Sale of services	27,633.92	2,364.11
Sale of products	61.55	8.00
Other operating revenues	168.11	1.78
	<u>27,863.58</u>	<u>2,373.89</u>
Sale of services comprises :		
Cable Television services	26,525.78	2,235.56
Cable Channel services	1,108.14	128.55
	<u>27,633.92</u>	<u>2,364.11</u>
Sale of products comprises :		
<i>Traded goods</i>		
Household equipments, kitchen utensils, computers, etc.	61.55	8.00
	<u>61.55</u>	<u>8.00</u>
Other operating revenues comprise:		
Set top box rental	8.95	1.78
Support service income	118.60	-
Other operating income	33.98	-
Scrap Sales	6.58	-
	<u>168.11</u>	<u>1.78</u>
<b>19 Other income</b>		
Interest from banks on deposits	0.06	0.02
Liabilities / provisions no longer required written back	719.58	-
Net gain on account of foreign exchange fluctuations	4.83	-
	<u>724.47</u>	<u>0.02</u>
<b>20 Purchase of traded goods</b>		
Household equipment, kitchen utensils, computers, etc.	14.26	-
	<u>14.26</u>	<u>-</u>
<b>Changes in inventories of stock-in-trade</b>		
Stock-in-trade at the beginning of the year	13.59	-
Stock-in-trade acquired through slump sale (Refer note 36)		29.80
Stock-in-trade at the end of the year	5.81	13.59
<b>Net movement in inventories</b>	<u>7.78</u>	<u>16.21</u>



**Asianet Digital Network Private Limited**  
**Notes forming part of the financial statements for the year ended 31 March 2019**  
 (All amounts in Indian rupees in lakhs, except share data and where otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
<b>21 Employee benefit expenses</b>		
Salaries, wages and bonus	3,350.07	295.27
Contributions to provident and other funds (Refer Note 31)	351.02	123.88
Staff welfare expenses	305.96	24.64
	<b>4,007.05</b>	<b>443.79</b>
<b>22 Finance costs</b>		
Interest expense on:		
Borrowings	464.31	117.93
Interest on delayed payment of indirect taxes	19.52	-
	<b>483.83</b>	<b>117.93</b>
<b>23 Operating expenses</b>		
Cable Television Services		
Service charges to associates	3,462.95	188.02
Pay channel cost	5,519.21	390.71
Operating lease rentals	23.20	-
Channel Services		
Programme production expenses	391.26	36.86
Agency commission	37.10	18.71
Other expenses	9.40	0.78
Trading		
Packing and Forwarding charges	10.86	0.80
Collection charges	2.14	1.03
Power	1,151.05	110.81
Pole rent / Inspection charges	1,801.52	100.29
Lease/ Bandwidth charges	418.84	43.56
Customer care expenses	331.33	43.19
Repairs & Maintenance - Machinery	1,070.03	123.09
Consumption of stores, spares and consumables	324.01	10.73
	<b>14,552.90</b>	<b>1,068.58</b>





**Asianet Digital Network Private Limited**  
**Notes forming part of the financial statements for the year ended 31 March 2019**  
(All amounts in Indian rupees in lakhs, except share data and where otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
<b>24 Other expenses</b>		
Power	18.90	2.08
Contract Labour	918.01	92.21
Rent	238.37	15.86
Repairs and maintenance - Others	20.12	5.48
Insurance	7.00	1.68
Rates and taxes	54.42	1.12
Communication	57.38	8.14
Travelling and conveyance	166.47	17.70
Printing and stationery	30.23	6.89
Bank charges and commission	58.36	1.74
Advertising and marketing	170.73	18.28
Legal and professional	340.22	63.61
Payments to auditors (Refer Note (i) below)	10.04	10.00
Office maintenance expenses	67.34	8.73
Loose tools	0.10	1.97
Bad debts written-off (net of Rs.1,175.29 adjusted against opening provision for doubtful receivables)	738.04	-
Provision for doubtful trade receivables	441.26	221.00
Loss on fixed assets written off	-	8.08
Net loss on account of foreign exchange fluctuations	131.07	1.87
Asset usage charges	1,583.14	206.30
Miscellaneous expenses	5.14	0.85
	<b>5,056.34</b>	<b>693.59</b>

**Note:**

(i) Payments to the auditors comprises (net of Goods and Services Tax input credit, where applicable):

(a) To statutory auditors:

For audit

Reimbursement of expenses

10.00	10.00
0.04	-
<b>10.04</b>	<b>10.00</b>



**25 Contingent liabilities and commitments**

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>Contingent liabilities and commitments (to the extent not provided for)</b>		
Claims against the Company not acknowledged as debt	-	-
Corporate guarantees	11,877.05	-

26 On 28th February 2019, the Hon'ble Supreme Court of India has delivered a judgment clarifying the principles that need to be applied in determining the components of salaries and wages on which Provident Fund (PF) contributions need to be made by establishments. However, the Company has been legally advised that the application of the judgment is not retrospective. Based on such legal advice, the management believes that it is impracticable at this stage to reliably measure the provision required, if any, and accordingly, no provision has been made towards the same.

27 The Company has an unbilled receivable of Rs.865.84 lakhs as at 31 March 2019( previous year Rs. 805.72 lakhs) from two of its customers with whom the Company had filed a suit with National Company Law Tribunal on 11 June 2018. In addition, the Company discontinued the advertisement agreement on 23 October 2018 and does not have any continuing business relationship with the aforesaid customers. As per the facts/ circumstances of the case and based on the legal advice obtained, the management believes that there exists favourable chances of recovering the outstanding balance and therefore, no amount has been provided in the financial statements.

**28 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act)**

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23	-	-

**29 Details on unhedged foreign currency exposures**

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
	Payable in Rs.	Payable in foreign (USD) currency	Payable in Rs.	Payable in foreign (USD) currency
Trade payables	713.71	\$10.30	211.31	\$3.25

Year ended 31 March 2019      Year ended 31 March 2018

**30 Value of imports calculated on CIF basis :**

Capital goods	475.31	-
	<u>475.31</u>	<u>-</u>



**Asianet Digital Network Private Limited**

**Notes forming part of the financial statements for the year ended 31 March 2019**

(All amounts in Indian rupees in lakhs, except share data and where otherwise stated)

**31 Employee benefit plans**

**Defined contribution plan**

The Company makes Provident Fund which are defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company has recognised Rs.147,79 Lakhs (Rs.31.80 Lakhs for the year ended 31st March,2018) towards Provident Fund in the Statement of Profit and Loss. The contributions payable to the plan is at the rates specified in the rules of the scheme.

The following table sets out the funded status of the gratuity scheme and the amount recognised in the financial statements:

Particulars	Year ended	Year ended
	31 March 2019	31 March 2018
	₹ in Lakhs	₹ in Lakhs
<b>Components of employer expense</b>		
Current service cost	63.36	59.16
Expenses brought in via allocation from Holding Company	-	-
Interest cost	63.06	-
Expected return on plan assets	-	-
Actuarial losses/(gains)	(24.75)	14.29
<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>101.67</b>	<b>73.45</b>
<b>Net asset / (liability) recognised in the Balance Sheet</b>		
Present value of defined benefit obligation	920.69	819.02
Fair value of plan assets	-	-
Funded status [Surplus / (Deficit)]	(920.69)	(819.02)
Unrecognised past service costs	-	-
<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>(920.69)</b>	<b>(819.02)</b>
<b>Change in defined benefit obligations (DBO) during the year</b>		
Present value of DBO at beginning of the year	819.02	-
Transfer in from Holding Company	-	745.57
Current service cost	63.36	59.16
Interest cost	63.06	-
Actuarial (gains) / losses	(24.75)	14.29
Benefits paid	-	-
<b>Present value of DBO at the end of the year</b>	<b>920.69</b>	<b>819.02</b>
<b>Actuarial assumptions</b>		
Discount rate	7.50%	7.70%
Salary escalation	8.00%	8.00%
Mortality tables	Indian Assured Lives Mortality[2012-14] Ultimate	Indian Assured Lives Mortality[2006-08] Ultimate
Attrition rate	2.00%	2.00%

**Experience adjustments**

Gratuity	2019	2018
Present value of DBO	920.69	819.02
Fair value of plan assets	-	-
Funded status [Surplus / (Deficit)]	(920.69)	(819.02)
<b>Actuarial assumptions for long-term compensated absences</b>		
Discount rate	7.50%	7.70%
Salary escalation	8.00%	8.00%
Attrition	2.00%	2.00%

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.



**Asianet Digital Network Private Limited**

**Notes forming part of the financial statements for the year ended 31 March 2019**

(All amounts in Indian rupees in lakhs, except share data and where otherwise stated)

**32 Segment information**

The Company has identified business segments as its primary segment and geographic segments as its secondary segment. Business segments are primarily Cable Television services, called as Asianet Cable Services ('ACS'), and 'Others' including Cable Channel services. Revenues and expenses directly attributable to segments are reported under each reportable segment. All other revenues and expenses, which are not attributable or allocable to segments, have been disclosed as unallocable incomes and expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Fixed assets that are used interchangeably amongst segments are not allocated to primary and secondary segments. The Company's operations are situated only in India and hence, separate geographical segment information is not disclosed.

Particulars	Business segments		Total
	ACS	Others	
Revenue	26,534.73	1,328.85	27,863.58
	2,237.34	136.55	2,373.89
Expenses	11,225.72	459.80	11,685.52
	722.58	56.35	778.93
Segment result	15,309.01	869.05	16,178.06
	1,514.76	80.19	1,594.95
Unallocable expenses (net)			(15,536.21)
			(1,763.67)
Finance cost			(483.83)
			(117.93)
Interest income			0.06
			0.02
Other income			724.41
			-
Profit/(loss) before tax			882.49
			(286.63)
Profit/(loss) before taxes			882.49
			(286.63)
Tax expense			(323.80)
			(241.88)
Profit/(loss) for the year			558.69
			(528.51)
Segment assets	21,855.00	715.61	22,570.60
	21,218.84	635.30	21,854.14
Unallocable assets			1,145.38
			567.04
<b>Total assets</b>			<b>23,715.98</b>
			22,421.18
Segment liabilities	6,003.84	93.60	6,097.45
	9,318.52	121.42	9,439.94
Unallocable liabilities			9,576.77
			12,981.24
<b>Total liabilities</b>			<b>15,674.22</b>
			22,949.69
<u>Other information</u>			
Capital expenditure (allocable)	2,845.53	28.27	2,873.80
	16,449.52	155.60	16,605.12
Capital expenditure (unallocable)			18.94
			208.66
Depreciation and amortisation (allocable)	3,425.03	31.01	3,456.04
	318.78	1.66	320.44
Depreciation and amortisation (unallocable)			127.36
			-
Provision for doubtful trade and other receivables (allocable)	572.99	168.27	741.26
	1,352.35	122.94	1,475.29



**Asianet Digital Network Private Limited**

**Notes forming part of the financial statements for the year ended 31 March 2019**

(All amounts in Indian rupees in lakhs, except share data and where otherwise stated)

**33 Related party transactions**

**(A) Name of related parties and description of relationship:**

Description of relationship	Names of related parties
Holding Company	Asianet Satellite Communications Limited
Key Management Personnel (KMP)	P S Suresh (Director & CFO w.e.f 15 April 2019 ) Mr. Joby Mathew, Company Secretary (w.e.f 30 March 2019)

Note: Related parties have been identified by the Management.

**(B) Details of related party transactions during the year ended 31 March 2019.**

Name of the Related Party	Nature of Transaction	Volume of transactions for the year ended		Balance Outstanding as at			
		31 March 2019	31 March 2018	31 March 2019	31 March 2018		
Asianet Satellite Communications Limited	Expenses reimbursed to holding company	(3,355.35)	(1,107.52)	(4,665.45)	482.68		
	Expenses incurred by holding company on behalf of subsidiary	(4,808.43)					
	Expenses recovery from holding company	118.60	-				
	Amount paid by customers to holding company	-	1,590.20				
	Purchase of capital goods	(2,764.44)	-				
	Interest on loan	354.10	-				
	Issue of Shares	8,011.58	-				
	Purchase Consideration		(8,011.58)			-	(8,011.58)
	Guarantee given	11,877.05	-			11,877.05	
	Guarantee received	(780.24)	-			780.24	



**Asianet Digital Network Private Limited**

**Notes forming part of the financial statements for the year ended 31 March 2019**

(All amounts in Indian rupees in lakhs, except share data and where otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
<b>34 Earnings/(Loss) per share</b>		
Net profit for the year attributable to the equity shareholders	558.69	(528.50)
Weighted average number of equity shares (in lakhs)	38,460,435	2
Par value per share	10	10
<b>Basic Earnings/(Loss) Per Share</b>	<b>1.45</b>	<b>(264.25)</b>
The Company has no potentially dilutive equity shares as at the year end.		
<b>35 Deferred tax (liability) / asset</b>		
<u>Tax effect of items constituting deferred tax liability</u>		
On difference between book balance and tax balance of fixed assets	(1,092.05)	(351.29)
Tax effect of items constituting deferred tax liability	<u>(1,092.05)</u>	<u>(351.29)</u>
<u>Tax effect of items constituting deferred tax assets</u>		
Provision for doubtful trade receivables	215.86	77.23
Provision for gratuity	310.51	32.18
Tax effect of items constituting deferred tax assets	<u>526.37</u>	<u>109.41</u>
<b>Net deferred tax liability</b>	<b>(565.68)</b>	<b>(241.88)</b>

**36 Slump sale**

The Company had entered into a Business Transfer Agreement (dated 25th March, 2017) with its Holding Company Asianet Satellite Communications Limited to transfer the digital cable TV business via Slump Sale and the transfer had taken place on the closure of business hours on 28 February 2018. Accordingly, the assets and liabilities directly identified against the Digital cable TV business were transferred to the Company on 1 March 2018.

The Purchase consideration, being the book value of net assets transferred amounting to Rs. 8,011.58 lakhs, was shown as payable in the books of the Company as at 31 March 2018. The classification of the assets and liabilities transferred are shown below :-

Particulars	Year ended 31 March 2018
<b>Assets</b>	
(a) Tangible assets	14,435.19
(b) Intangible assets	39.16
(c) Capital work-in-progress	2,166.57
(d) Long term loans and advances	41.19
(e) Inventories	29.80
(f) Trade receivables	4,029.07
(g) Short-term loans and advances	376.16
(h) Other current assets	1,552.91
	<b>22,670.05</b>
<b>Less : Liabilities</b>	
(a) Borrowings	3,674.27
(b) Other long-term liabilities	94.58
(c) Long-term provisions	794.24
(e) Trade payables	2,697.47
(d) Other current liabilities	7,397.91
	<b>14,658.47</b>
<b>Consideration receivable from slump sale</b>	<b>8,011.58</b>



**Asianet Digital Network Private Limited**

**Notes forming part of the financial statements for the year ended 31 March 2019**

(All amounts in Indian rupees in lakhs, except share data and where otherwise stated)

**37 Expenditure and Earnings in foreign currency**

The Company does not have any foreign currency expenditure and earnings in foreign currency, during the year.

**38 Disclosure on Specified Bank Notes**

The disclosures regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2019.

**39 Previous year's figures have been regrouped / reclassified wherever considered necessary to conform to the current year's classification / disclosure.**

As per our report of even date attached

for **BSR & Associates LLP**

Chartered Accountants

Firms' registration number: 116231W/W-100024



**Baby Paul**

Partner

Membership No: 218255

for and on behalf of the Board of Directors of

**Asianet Digital Network Private Limited**

CIN: U74999KL2015PTC039405



**P S Suresh**

Chief Financial Officer & Director

DIN: 08421313



**G Sankaranarayana**

Director

DIN: 07247965



**Joby Mathew**

Company Secretary

Kochi

28 September 2019

Thiruvananthapuram

28 September 2019

