

# B S R & Associates LLP

Chartered Accountants

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## Independent Auditors' Report

To the Members of Asianet Digital Network Private Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Asianet Digital Network Private Limited (“the Company”), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of 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, the aforesaid financial statements give the information required by the Companies Act, 2013 (“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 2020, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the 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 on the financial statements.

#### 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 auditors' report.

## **B S R & Associates LLP**

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

#### **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 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. When we read the annual report, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions as required under the applicable laws and regulations.

#### **Management's and Board of Directors' 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 other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 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, the 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The 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 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.

## **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)***

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.
- 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 in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors 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 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.

## **B S R & Associates LLP**

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

#### **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 obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls 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 position;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note 30 to the financial statements.
  - iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.

## **B S R & Associates LLP**

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

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

- iv. The disclosures in the financial statements 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 2020.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act, until the Company ceased to be a deemed public company. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

*for B S R & Associates LLP*

*Chartered Accountants*

ICAI Firm registration number: 116231W/W-100024

**BABY** Digitally signed  
by BABY PAUL  
**PAUL** Date: 2020.12.05  
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**Baby Paul**

*Partner*

Membership number: 218255

ICAI Unique Document Identification Number: 20218255AAAACI1068

Kochi

5 December 2020

## **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 2020. 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 of 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, tax deducted at source, employees' state insurance, customs duty, cess and any other material statutory dues have generally been regularly deposited with the appropriate authorities except slight delays in 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.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, customs duty, employee state insurance, income tax, goods and services tax, cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

## **B S R & Associates LLP**

### **Asianet Digital Network Private Limited**

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

- (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 banks. The Company did not have any outstanding loans or borrowings from financial institutions and government and there are no dues to debenture holders during the year.
- (ix) According to the information and explanations given to us and based on examination of the records of the Company, the term loans obtained during the year were applied for the purpose for which they were obtained. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.
- (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) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Thus, paragraph 3(xiv) of the Order is not applicable.
- (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

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by BABY PAUL  
Date: 2020.12.05  
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**Baby Paul**

*Partner*

Membership number: 218255

ICAI Unique Document Identification Number: 20218255AAAACI1068

Kochi

5 December 2020

## **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 2020**

### **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 2020 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 2020, 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.

## **B S R & Associates LLP**

### **Asianet Digital Network Private Limited Annexure B to the Independent Auditors' Report (continued)**

#### **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

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*Partner*

Membership number: 218255

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5 December 2020

**Asianet Digital Network Private Limited**

**Balance sheet as at 31 March 2020**

(All amounts in Indian rupee lakhs)

	Notes	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4	14,357.85	15,782.55	14,246.86
Capital work-in-progress	4	792.82	673.38	2,200.02
Right-of-use assets	36	230.80	240.06	236.00
Intangible assets	5	44.32	37.82	38.39
Financial assets				
Loans	6	29.46	56.64	54.63
Deferred tax assets (net)	29	1,214.29	982.64	1,552.67
Income tax assets (net)	29	262.48	175.61	0.18
Other non-current assets	7	15.79	2.41	2.64
<b>Total non-current assets</b>		<b>16,947.81</b>	<b>17,951.11</b>	<b>18,331.39</b>
<b>Current assets</b>				
Inventories	8	101.46	5.81	13.59
Financial assets				
Investments	9	4,036.38	-	-
Trade receivables	10	5,404.79	4,091.67	2,477.10
Cash and cash equivalents	11	374.27	363.14	515.37
Other bank balances	12	33.48	2.51	-
Loans	6	103.51	32.31	507.56
Other financial assets	13	464.44	1,231.08	894.51
Other current assets	7	360.01	580.52	639.90
<b>Total current assets</b>		<b>10,878.34</b>	<b>6,307.04</b>	<b>5,048.03</b>
<b>Total assets</b>		<b>27,826.15</b>	<b>24,258.15</b>	<b>23,379.42</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Equity share capital	14	8,011.58	8,011.58	*
Other equity		740.80	948.54	448.99
<b>Total equity</b>		<b>8,752.38</b>	<b>8,960.12</b>	<b>448.99</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
Borrowings	15	1,214.63	-	-
Lease liabilities	36	194.93	201.59	195.01
Other financial liabilities	16	645.56	655.39	675.89
Provisions	17	1,009.22	984.28	891.19
Other non-current liabilities	18	-	-	95.26
<b>Total non-current liabilities</b>		<b>3,064.34</b>	<b>1,841.26</b>	<b>1,857.35</b>
<b>Current liabilities</b>				
Financial liabilities				
Borrowings	15	2,936.61	5,398.36	11,503.59
Lease liabilities	36	45.53	35.22	27.61
Trade payables	19			
Total outstanding dues of micro and small enterprises		77.55	-	-
Total outstanding dues of creditors other than micro and small enterprises		5,645.84	2,487.89	2,827.80
Other financial liabilities	16	2,059.49	2,228.63	403.57
Provisions	17	101.09	82.02	60.83
Other current liabilities	18	5,143.32	3,224.65	6,249.68
<b>Total current liabilities</b>		<b>16,009.43</b>	<b>13,456.77</b>	<b>21,073.08</b>
<b>Total liabilities</b>		<b>19,073.77</b>	<b>15,298.03</b>	<b>22,930.43</b>
<b>Total equity and liabilities</b>		<b>27,826.15</b>	<b>24,258.15</b>	<b>23,379.42</b>

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

Significant accounting policies

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The accompanying notes form an integral part of these financial statements

As per our report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

Firm registration number: 116231W /W-100024

**BABY PAUL**  
Digitally signed by BABY PAUL  
Date: 2020.12.05  
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**Baby Paul**

Partner

Membership number: 218255

Kochi

5 December 2020



for and on behalf of the Board of Directors of

**Asianet Digital Network Private Limited**

CIN :U74999KL2015PTC039405

**SURESH PAZHEMPALLI**  
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Date: 2020.12.05  
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**P S Suresh**

Director

DIN: 08421313

Thiruvananthapuram

5 December 2020

**JOBY MATHEW**  
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**Joby Mathew**

Company Secretary

Membership no: A 24411

Thiruvananthapuram

5 December 2020

**SANKARANARAYANA GOPALAN**  
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**G Sankaranarayana**

Director

DIN: 07247965

Thiruvananthapuram

5 December 2020

**Asianet Digital Network Private Limited**  
**Statement of profit and loss for the year ended 31 March 2020**  
(All amounts in Indian rupee lakhs)

	Notes	Year ended 31 March 2020	Year ended 31 March 2019
<b>Income</b>			
Revenue from operations	20	30,816.39	27,863.58
Other income	21	363.68	773.33
<b>Total income</b>		<b>31,180.07</b>	<b>28,636.91</b>
<b>Expenses</b>			
Operating expenses	22	16,919.76	14,552.90
Purchases of stock-in-trade	23	276.69	14.26
Changes in inventories of stock-in-trade	24	(95.65)	7.78
Employee benefits expense	25	2,521.29	2,536.44
Finance costs	26	572.26	502.16
Depreciation and amortisation expense	27	3,466.55	3,621.90
Other expenses	28	7,767.41	6,324.28
<b>Total expenses</b>		<b>31,428.31</b>	<b>27,559.72</b>
<b>(Loss)/ profit before tax</b>		<b>(248.24)</b>	<b>1,077.19</b>
<b>Tax expense</b>			
Current tax	29	284.00	32.36
Current tax for earlier years		32.36	-
Deferred tax (credit)/ charge		(289.84)	562.82
<b>Total tax expense</b>		<b>26.52</b>	<b>595.18</b>
<b>(Loss)/ profit for the year</b>		<b>(274.76)</b>	<b>482.01</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurement of net defined benefit liability		92.85	24.75
Income tax relating to items that will not be reclassified to profit or loss		(25.83)	(7.21)
<b>Other comprehensive income, net of taxes</b>		<b>67.02</b>	<b>17.54</b>
<b>Total comprehensive (loss)/ income for the year</b>		<b>(207.74)</b>	<b>499.55</b>
<b>Earning per equity share</b> (Equity share of face value of Rs. 10 each)			
Basic and diluted earnings per share (Rs.)	31	(0.34)	1.25

**Significant accounting policies**

The accompanying notes form an integral part of these financial statements

As per our report of even date attached  
for **B S R & Associates LLP**  
Chartered Accountants  
Firm registration number: 116231W /W-100024

**BABY PAUL**  
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Date: 2020.12.05 23:01:48 +05'30'

**Baby Paul**  
Partner  
Membership number: 218255  
Kochi  
5 December 2020



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

**SURESH PAZHEMPALLI**  
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Date: 2020.12.05 22:19:38 +05'30'

**P S Suresh**  
Director  
DIN: 08421313  
Thiruvananthapuram  
5 December 2020

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**Joby Mathew**  
Company Secretary  
Membership no: A 24411  
Thiruvananthapuram  
5 December 2020

**SANKARANARA YANA GOPALAN**  
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**G Sankaranarayana**  
Director  
DIN: 07247965  
Thiruvananthapuram  
5 December 2020

**Asianet Digital Network Private Limited**  
**Statement of cash flows for the year ended 31 March 2020**  
 (All amounts in Indian rupee lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>(248.24)</b>	<b>1,077.19</b>
<i>Adjustments for:</i>		
Depreciation and amortisation	3,466.55	3,621.90
Net gain on fair value changes on financial assets measured at FVTPL	(36.38)	-
Finance costs	572.26	502.16
Interest income under the effective interest method	(2.28)	(1.59)
Financial guarantee income	(82.33)	(47.33)
Liabilities no longer required written back	(242.69)	(719.58)
Allowances for credit losses on financial assets	2,171.04	997.82
Unrealised foreign exchange loss/(gain)	112.14	(4.83)
<b>Operating profit before working capital changes</b>	<b>5,710.07</b>	<b>5,425.74</b>
(Increase)/decrease in inventories	(95.65)	7.78
Increase in trade receivables	(3,332.08)	(1,559.43)
(Increase)/decrease in financial assets and other assets	809.92	(139.05)
Increase/(decrease) in financial liabilities and other liabilities	6,028.21	(9,059.92)
<b>Net cash generated from/ (used in) operating activities before taxes</b>	<b>9,120.47</b>	<b>(5,324.88)</b>
Income tax paid, net	(370.87)	(207.79)
<b>Net cash generated from / (used in) operating activities (A)</b>	<b>8,749.60</b>	<b>(5,532.67)</b>
<b>Cash flow from investing activities</b>		
Acquisition of property, plant and equipment	(2,891.73)	(2,892.74)
Investments in mutual funds	(4,000.00)	-
Interest received	0.25	0.04
<b>Net cash used in investing activities (B)</b>	<b>(6,891.48)</b>	<b>(2,892.70)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of equity share capital	-	8,011.58
Long term secured loans availed	1,479.10	-
Current borrowings availed, net	(2,516.55)	780.24
Payment of lease liabilities	(63.91)	(45.94)
Finance costs	(542.29)	(483.83)
<b>Net cash generated from financing activities (C)</b>	<b>(1,643.65)</b>	<b>8,262.05</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>214.47</b>	<b>(163.32)</b>
Cash and cash equivalents at the beginning of the year	159.80	323.12
<b>Cash and cash equivalents at the end of the year</b>	<b>374.27</b>	<b>159.80</b>
Refer to note 11 - cash and cash equivalents		

**Changes in liabilities arising from financing activities for the year ended 31 March 2020**

Particulars	As at 1 April 2019	Cash flows	Non cash changes		As at 31 March 2020
			Acquisition	Foreign exchange	
Non-current borrowings (including current maturities)	-	1,479.10	-	56.96	1,536.06
Current borrowings	5,398.36	(2,516.55)	-	54.80	2,936.61
<b>Total</b>	<b>5,398.36</b>	<b>(1,037.45)</b>	<b>-</b>	<b>111.76</b>	<b>4,472.67</b>

**Changes in liabilities arising from financing activities for the year ended 31 March 2019**

Particulars	As at 1 April 2018	Cash flows	Non cash changes		As at 31 March 2019
			Acquisition	Foreign exchange	
Non-current borrowings (including current maturities)	-	-	-	-	-
Current borrowings	-	5,398.36	-	-	5,398.36
<b>Total</b>	<b>-</b>	<b>5,398.36</b>	<b>-</b>	<b>-</b>	<b>5,398.36</b>

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

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

**BABY PAUL**  
 Digitally signed by BABY PAUL  
 Date: 2020.12.05 23:02:21 +05'30'

**Baby Paul**  
 Partner  
 Membership number: 218255  
 Kochi  
 5 December 2020



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

**SURESH PAZHEMPALLIL**  
 Digitally signed by SURESH PAZHEMPALLIL  
 SIVARAMAN NAIR  
 Date: 2020.12.05 22:20:40 +05'30'

**P S Suresh**  
 Director  
 DIN: 08421313  
 Thiruvananthapuram  
 5 December 2020

**JOBY MATHEW**  
 Digitally signed by JOBY MATHEW  
 Date: 2020.12.05 22:21:23 +05'30'

**Joby Mathew**  
 Company Secretary  
 Membership no: A 24411  
 Thiruvananthapuram  
 5 December 2020

**SANKARANAR AYANA GOPALAN**  
 Digitally signed by SANKARANARAYANA GOPALAN  
 Date: 2020.12.05 22:26:54 +05'30'

**G Sankaranarayana**  
 Director  
 DIN: 07247965  
 Thiruvananthapuram  
 5 December 2020

Asianet Digital Network Private Limited  
Statement of changes in equity for the year ended 31 March 2020  
(All amounts in Indian rupee lakhs)

A Equity Share Capital

	Note	Amount
<b>Balance as at 1 April 2018</b>		*
Changes in equity share capital during 2018-19	14	8,011.58
<b>As at 31 March 2019</b>		<b>8,011.58</b>
Changes in equity share capital during 2019-20	14	-
<b>As at 31 March 2020</b>		<b>8,011.58</b>

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

B Other equity

Particulars	Reserves and surplus	Items of other comprehensive income	Total other equity attributable to equity holders of the Company
	Retained earnings	Remeasurement of net defined benefit liability/ (asset), net of tax	
<b>Balance as at 1 April 2018</b>	<b>448.99</b>	-	<b>448.99</b>
<b>Total comprehensive income for the year ended 31 March 2019</b>			
Profit for the year	482.01	-	482.01
Other comprehensive income for the year	-	17.54	17.54
<b>Total comprehensive income</b>	<b>482.01</b>	<b>17.54</b>	<b>499.55</b>
Transferred to retained earnings	17.54	(17.54)	-
<b>Balance as at 31 March 2019</b>	<b>948.54</b>	-	<b>948.54</b>
<b>Total comprehensive income for the year ended 31 March 2020</b>			
Profit for the year	(274.76)	-	(274.76)
Other comprehensive income for the year	-	67.02	67.02
<b>Total comprehensive income</b>	<b>(274.76)</b>	<b>67.02</b>	<b>(207.74)</b>
Transferred to retained earnings	67.02	(67.02)	-
<b>Balance as at 31 March 2020</b>	<b>740.80</b>	-	<b>740.80</b>

The description of the nature and purpose of each reserve within equity is as follows:

**Retained earnings**

Retained earnings or accumulated surplus represents total of all profits retained since Company's inception. Retained earnings are credited with current year profits, reduced by losses, if any, dividend pay-outs, transfers to or any other appropriations to specific reserves.

**Other comprehensive income**

Other comprehensive income (OCI) comprises of actuarial gains and losses that are recognised in other comprehensive income.

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

Firm registration number: 116231W /W-100024

**BABY PAUL**  
Digitally signed by BABY PAUL  
Date: 2020.12.05  
22:02:55 +05'30'

**Baby Paul**

Partner

Membership number: 218255

Kochi

5 December 2020



for and on behalf of the Board of Directors of

**Asianet Digital Network Private Limited**

CIN :U74999KL2015PTC039405

**SURESH PAZHEMPALLI**  
Digitally signed by SURESH PAZHEMPALLI  
Date: 2020.12.05  
22:21:58 +05'30'

**P S Suresh**

Director

DIN: 08421313

Thiruvananthapuram

5 December 2020

**JOBY MATHEW**  
Digitally signed by JOBY MATHEW  
Date: 2020.12.05  
22:22:30 +05'30'

**Joby Mathew**

Company Secretary

Membership no: A 24411

Thiruvananthapuram

5 December 2020

**SANKARANA RAYANA GOPALAN**  
Digitally signed by SANKARANARAYANA GOPALAN  
Date: 2020.12.05  
22:27:39 +05'30'

**G Sankaranarayana**

Director

DIN: 07247965

Thiruvananthapuram

5 December 2020

## Asianet Digital Network Private Limited

### Notes to the financial statements

(All amounts in Indian rupee lakhs)

#### 1. Company overview

Asianet Digital Network Private Limited ('Asianet' or 'Company') is a private limited company incorporated on 30 October 2015 as a wholly owned subsidiary of Asianet Satellite Communications Private 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.

Asianet has commenced its operations on 1 March 2018 through a Business Transfer agreement with Holding company dated 25 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. Basis of preparation

##### A. Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, with effect from 1 April 2019, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 for the purpose of consolidation of Company's financial statements with its Holding company. Previous period numbers in the financial statements have been restated to Ind AS. In accordance with Ind AS 101 First-time adoption of Indian Accounting Standard, the Company has presented a reconciliation from the presentation of the financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at 31 March 2019 and 1 April 2018 being the transition date and of the total comprehensive income for the year ended 31 March 2019.

These financial statements have been prepared in accordance with Ind AS 1 - Presentation of financial statements as notified under the Companies (Indian Accounting Standards).

The financial statements were authorised for issue by the Company's Board of Directors on 5 December 2020.

##### B. Functional and presentation currency

These financial statements are presented in Indian Rupees (Rs.), which is also the Company's functional currency. All amounts are presented in Indian Rupees in lakhs, unless otherwise stated.

##### C. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets	Fair value
Net defined benefit liability	Fair value of plan asset less present value of defined benefit obligations

##### D. Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

**Asianet Digital Network Private Limited**  
**Notes to the financial statements (continued)**  
(All amounts in Indian rupee lakhs)

**2. Basis of preparation (continued)**

**Judgements**

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements are included in the notes:

- Note 9 - Valuation of investments
- Note 36 - Lease classification

**Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2020 is included in the following notes:

- Note 4 and 5 - Measurement of useful life and residual value of property, plant and equipment and intangible assets;
- Note 32 - Measurement of defined benefit obligations: key actuarial assumptions;
- Note 29 - Recognition of deferred tax asset;
- Note 30- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 34 - Impairment of financial assets;

**E. Measurement of fair values**

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values. Significant valuation issues are reported to the Company's Board of directors.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Financial instruments

**F. First time adoption of Ind AS - mandatory exceptions and optional exemptions**

**Overall principle**

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2018 ("the transition date") by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from Previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as mentioned below:

**Asianet Digital Network Private Limited**  
**Notes to the financial statements (continued)**  
(All amounts in Indian rupee lakhs)

**2. Basis of preparation (continued)**

**Mandatory exemptions**

**Estimates**

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS or at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Determination of the discounted value for financial instruments carried at amortised cost
- Impairment of financial assets based on the expected credit loss model
- Fair valuation of financial instruments carried at FVTPL

**Classification, measurement and impairment of financial assets**

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable. Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively.

**Optional exemptions**

**Property, plant and equipment and intangible assets**

The Company has elected to measure property, plant and equipment and intangible assets at its previous GAAP carrying amount. Accordingly the Company has used previous GAAP carrying amount as its deemed cost at the date of transition to Ind AS for property, plant and equipment and intangible assets.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets also.

**Fair value measurement of financial assets and liabilities**

The Company has applied the requirement of Ind AS 109 prospectively to transactions entered into on or after the date of transition.

**Leases**

The Company has availed the exemption to assess whether an arrangement contains a lease based on facts and circumstances existing on date of transition to Ind AS. For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis.

**Asianet Digital Network Private Limited**  
**Notes to the financial statements (continued)**  
(All amounts in Indian rupee lakhs)

**3. Significant accounting policies**

**3.1 Property, plant and equipment**

**i. Recognition and measurement**

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of profit or 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.

Advances paid towards the acquisition of property, plant and equipment, outstanding at each balance sheet date are shown under other non-current assets. The cost of property, plant and equipment not ready for its intended use at each balance sheet date are disclosed as capital work-in-progress.

**ii. Subsequent expenditure**

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

**iii. Depreciation**

Depreciation on property, plant and equipment are provided on the straight-line method over the useful lives of the assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

<b>Class of assets</b>	<b>Useful life</b>
Plant and equipment*	6-18
Office equipments	5
Computers	3
Servers	6
Furniture and fixtures	10
Electrical fittings	10

\* For the above mentioned classes of assets, the Company believes that the useful lives as given above best represent the useful lives of these assets based on internal assessment and supported by technical advice, where necessary, which is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

Depreciation method, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

**Asianet Digital Network Private Limited**  
**Notes to the financial statements (continued)**  
(All amounts in Indian rupee lakhs)

**3. Significant accounting policies (continued)**

**3.2 Intangible assets**

**Amortisation**

Intangibles assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortised over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use and is included in depreciation and amortisation in statement of profit or loss.

The estimated useful lives are as follows:

<b>Class of assets</b>	<b>Years</b>
Software	4
Copyrights and trademarks	3-5

The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in statement of profit or loss as incurred.

**3.3 Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises purchase price, and other cost incurred in bringing the inventories to their present location and condition. The Company uses the weighted average method to determine the cost of inventory consisting of tele-shopping products and television sets.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The comparison of cost and net realisable values is made on an item-by-item basis.

**3.4 Impairment**

**i. Impairment of financial assets**

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

**Asianet Digital Network Private Limited**  
**Notes to the financial statements (continued)**  
(All amounts in Indian rupee lakhs)

**3. Significant accounting policies (continued)**

**3.4 Impairment(continued)**

*Measurement of expected credit losses*

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

*Presentation of allowance for expected credit losses in the balance sheet:*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

*Write-off:*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off.

**ii. Impairment of non- financial assets**

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs. The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 CGU (or the asset).

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount i.e. the higher of the fair value less cost to sell and the value-in-use is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset.

An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

**Asianet Digital Network Private Limited**  
**Notes to the financial statements (continued)**  
(All amounts in Indian rupee lakhs)

**3. Significant accounting policies (continued)**

**3.5 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. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the amount of obligation can be estimated reliably.

*Post-employment benefits*

*Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in statement of profit or loss in the periods during which the related services are rendered by employees.

*Defined Benefit plans*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised in other comprehensive income (OCI). The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit or loss.

*Other long term employee benefits- Compensated absences*

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurement gains or losses are recognised in other comprehensive income in the period in which they arise.

**Asianet Digital Network Private Limited**  
**Notes to the financial statements (continued)**  
(All amounts in Indian rupee lakhs)

**3. Significant accounting policies (continued)**

**3.6 Provisions (other than employee benefits)**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for. A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

**3.7 Revenue**

**Revenue from contract with customers**

The Company generates revenue from rendering of cable television service, cable channel service, sale of tele-shopping products and television sets and other related activities. Ind AS 115, Revenue from Contracts with Customers, establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Under Ind AS 115, revenue is recognised when a customer obtains control of the goods or services.

*Disaggregation of revenue*

The Company disaggregates revenue from cable television service, cable channel service, sale of tele-shopping products and television sets and other operating income. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of Company's revenues and cash flows are affected by industry, market and other economic factors.

*Contract balances*

The Company classifies the right to consideration in exchange for sale of services as trade receivables and advance consideration as advance from customers. Unbilled receivable represents value of the services rendered on the balance sheet date and is not billed as at the same date.

*Performance obligations and revenue recognition policies*

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer. The following details provide information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

**a) Cable television and channel services**

Revenue from cable television and channel services are recognised as revenue when the related services are rendered unless significant future uncertainties exist. Revenue is also recognised in relation to the services rendered to the customers to whom the services are rendered on the balance sheet date to the extent of the services rendered. Revenue is recognised net of discounts and concessions.

Unbilled receivable represents value to the extent of services rendered to the customers who are active on the balance sheet date and is not billed as at the balance sheet date.

**Asianet Digital Network Private Limited**  
**Notes to the financial statements (continued)**  
(All amounts in Indian rupee lakhs)

**3. Significant accounting policies (continued)**

**3.8 Revenue (continued)**

**b) Sale of tele-shopping items and television sets**

Revenue from sale of tele-shopping items and television sets is recognised when the control in the goods are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection. The amount of revenue recognised is net of sales returns, taxes and duties, wherever applicable.

**c) Other operating income**

The Company's revenue from other operating income comprises primarily of income from expense sharing agreements and scrap sales and is recognised as per the agreement terms.

**3.8 Foreign Currency Transactions**

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in statement of profit or loss.

**3.9 Leases**

**a) Determining whether an arrangement contains a lease**

At inception of an arrangement, it is determined whether the arrangement is or contains a lease. At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values.

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

**Asianet Digital Network Private Limited**  
**Notes to the financial statements (continued)**  
(All amounts in Indian rupee lakhs)

**3. Significant accounting policies (continued)**

**3.9 Leases (continued)**

**b) Measurement of leases as a lessee**

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116, Leases, to short-term leases of all assets that have a lease term of 12 months or less. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

**3.10 Recognition of dividend income, interest income or interest expense**

Dividend income is recognised in statement of profit or loss on the date on which the right to receive payment is established.

Interest on deployment of surplus funds is recognized using the time proportionate method, based on the transactional interest rates.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

**Asianet Digital Network Private Limited**  
**Notes to the financial statements (continued)**  
(All amounts in Indian rupee lakhs)

**3. Significant accounting policies (continued)**

**3.11 Income tax**

Income tax comprises current and deferred tax. It is recognised in statement of profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

**i. Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the statement of profit or loss. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

**ii. Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

**3.12 Borrowing cost**

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

**Asianet Digital Network Private Limited**  
**Notes to the financial statements (continued)**  
(All amounts in Indian rupee lakhs)

**3. Significant accounting policies (continued)**

**3.13 Financial instruments**

**i. Recognition and initial measurement**

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

**ii. Classification and subsequent measurement**

*Financial assets*

On initial recognition, a financial asset is classified as measured at either at amortised cost, FVTPL or fair value in other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

*Financial assets: Business model assessment*

The Company makes an assessment of the objective of the business model in which a financial asset is held at investment level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for each of such investments and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

**Asianet Digital Network Private Limited**  
**Notes to the financial statements (continued)**  
(All amounts in Indian rupee lakhs)

**3. Significant accounting policies (continued)**

**3.13 Financial instruments (continued)**

*Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company’s claim to cash flows from specified assets (e.g. non-recourse features)

*Financial assets: Subsequent measurement and gains and losses*

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in statement of profit or loss.

*Financial liabilities: Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in statement of profit or loss.

**i. Derecognition**

*Financial assets*

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

**Asianet Digital Network Private Limited**  
**Notes to the financial statements (continued)**  
(All amounts in Indian rupee lakhs)

**3. Significant accounting policies (continued)**

**3.13 Financial instruments (continued)**

*Financial liabilities*

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in statement of profit or loss.

**ii. Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**3.14 Earnings / (loss) per share**

The basic earnings / (loss) per share ('EPS') is computed by dividing the net profit / (loss) after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

The number of equity shares in computing the diluted earnings per share comprise the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period unless issued at a later date. In computing dilutive earnings per share, only potential equity shares that are dilutive, i.e. which reduces earnings per share or increases loss per share are included.

**3.15 Cash-flow statement**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

**3.16 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less which are subject to insignificant risk of changes in value.

**3.17 Reverse factoring arrangements**

The Company has entered into reverse factoring arrangements for factoring its trade payables. The fee payable under reverse factoring arrangements have been grouped under finance costs in the statement of profit and loss, as cash flows from financing activities in the statement of cash flows and the balance payable under factoring arrangement has been grouped under trade payable in the Balance sheet.

**Asianet Digital Network Private Limited**  
**Notes to the financial statements (continued)**  
(All amounts in Indian rupee lakhs)

**3. Significant accounting policies (continued)**

**3.18 Operating segments**

**Basis for segmentation**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and expenses that relate to transactions with any of the Company's other components and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance. The Company has two reportable segments. The accounting principles consistently used in the preparation of the financial statements are also consistently applied to record income and expenditure in individual segments.

**3.19 Operating cycle**

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

**3.20 Recent Accounting Pronouncements**

**Amendments**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2020.

Asianet Digital Network Private Limited  
Notes to the financial statements (continued)  
(All amounts in Indian rupee lakhs)

4 Property, plant and equipment and capital work-in-progress

Particulars	Plant and equipment	Furniture and fixtures	Office equipments	Electrical fittings	Computers	Servers	Total (A)	Capital work-in-progress (B)
<b>Cost or deemed cost</b>								
<b>Balance as at 1 April 2018</b>	<b>14,246.86</b>	-	-	-	-	-	<b>14,246.86</b>	<b>2,200.02</b>
Additions	5,088.47	0.13	1.72	1.75	9.12	2.66	5,103.85	2,773.44
Disposals	-	-	-	-	-	-	-	-
Capitalisation	-	-	-	-	-	-	-	(4,300.08)
<b>Balance as at 31 March 2019</b>	<b>19,335.33</b>	<b>0.13</b>	<b>1.72</b>	<b>1.75</b>	<b>9.12</b>	<b>2.66</b>	<b>19,350.71</b>	<b>673.38</b>
<b>Balance as at 1 April 2019</b>	<b>19,335.33</b>	<b>0.13</b>	<b>1.72</b>	<b>1.75</b>	<b>9.12</b>	<b>2.66</b>	<b>19,350.71</b>	<b>673.38</b>
Additions	1,934.06	3.27	1.84	1.69	18.12	10.14	1,969.12	1,644.34
Disposals	-	-	-	-	-	-	-	-
Capitalisation	-	-	-	-	-	-	-	(1,524.90)
<b>Balance as at 31 March 2020</b>	<b>21,269.39</b>	<b>3.40</b>	<b>3.56</b>	<b>3.44</b>	<b>27.24</b>	<b>12.80</b>	<b>21,319.83</b>	<b>792.82</b>
<b>Accumulated depreciation</b>								
<b>Balance as at 1 April 2018</b>	-	-	-	-	-	-	-	-
Depreciation expense	3,566.17	0.01	0.19	0.15	1.22	0.42	3,568.16	-
Disposals	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2019</b>	<b>3,566.17</b>	<b>0.01</b>	<b>0.19</b>	<b>0.15</b>	<b>1.22</b>	<b>0.42</b>	<b>3,568.16</b>	-
<b>Balance as at 1 April 2019</b>	<b>3,566.17</b>	<b>0.01</b>	<b>0.19</b>	<b>0.15</b>	<b>1.22</b>	<b>0.42</b>	<b>3,568.16</b>	-
Depreciation expense	3,385.77	0.10	0.49	0.25	5.97	1.24	3,393.82	-
Disposals	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2020</b>	<b>6,951.94</b>	<b>0.11</b>	<b>0.68</b>	<b>0.40</b>	<b>7.19</b>	<b>1.66</b>	<b>6,961.98</b>	-
<b>Carrying amounts (net)</b>								
<b>As at 31 March 2020</b>	<b>14,317.45</b>	<b>3.29</b>	<b>2.88</b>	<b>3.04</b>	<b>20.05</b>	<b>11.14</b>	<b>14,357.85</b>	<b>792.82</b>
<b>As at 31 March 2019</b>	<b>15,769.16</b>	<b>0.12</b>	<b>1.53</b>	<b>1.60</b>	<b>7.90</b>	<b>2.24</b>	<b>15,782.55</b>	<b>673.38</b>
<b>As at 1 April 2018</b>	<b>14,246.86</b>	-	-	-	-	-	<b>14,246.86</b>	<b>2,200.02</b>

For details of property, plant and equipment pledged, refer note 15

Asianet Digital Network Private Limited  
Notes to the financial statements (continued)  
(All amounts in Indian rupee lakhs)

5 Intangible assets

Particulars	Computer software	Copyrights and operating rights	Total
<b>Cost or deemed cost</b>			
Balance as at 1 April 2018	-	38.39	38.39
Additions	3.10	11.57	14.67
Disposals	-	-	-
<b>Balance as at 31 March 2019</b>	<b>3.10</b>	<b>49.96</b>	<b>53.06</b>
<b>Balance as at 1 April 2019</b>	<b>3.10</b>	<b>49.96</b>	<b>53.06</b>
Additions	12.60	10.89	23.49
Disposals	-	-	-
<b>Balance as at 31 March 2020</b>	<b>15.70</b>	<b>60.85</b>	<b>76.55</b>
<b>Accumulated amortisation</b>			
Balance as at 1 April 2018	-	-	-
Amortisation expense	0.33	14.91	15.24
Disposals	-	-	-
<b>Balance as at 31 March 2019</b>	<b>0.33</b>	<b>14.91</b>	<b>15.24</b>
<b>Balance as at 1 April 2019</b>	<b>0.33</b>	<b>14.91</b>	<b>15.24</b>
Amortisation expense	2.29	14.70	16.99
Disposals	-	-	-
<b>Balance as at 31 March 2020</b>	<b>2.62</b>	<b>29.61</b>	<b>32.23</b>
<b>Carrying amounts (net)</b>			
<b>As at 31 March 2020</b>	<b>13.08</b>	<b>31.24</b>	<b>44.32</b>
<b>As at 31 March 2019</b>	<b>2.77</b>	<b>35.05</b>	<b>37.82</b>
<b>As at 1 April 2018</b>	<b>-</b>	<b>38.39</b>	<b>38.39</b>

**Asianet Digital Network Private Limited**  
**Notes to the financial statements (continued)**  
(All amounts in Indian rupee lakhs)

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
<b>6 Loans</b>			
<b>Non-current</b>			
<i>Unsecured, considered good</i>			
Rent and other deposits	29.46	56.64	54.63
	<b>29.46</b>	<b>56.64</b>	<b>54.63</b>
<b>Current</b>			
<i>Unsecured, considered good</i>			
Rent and other deposits	64.31	-	-
Loans and advances to employees	39.20	32.31	24.98
Loans to holding company	-	-	482.58
	<b>103.51</b>	<b>32.31</b>	<b>507.56</b>
	<b>132.97</b>	<b>88.95</b>	<b>562.19</b>
<b>7 Other assets</b>			
<b>Non-current</b>			
<i>Unsecured, considered good</i>			
Advances for capital goods	15.79	2.41	2.64
	<b>15.79</b>	<b>2.41</b>	<b>2.64</b>
<b>Current</b>			
<i>Unsecured, considered good</i>			
Prepaid expenses	32.70	16.66	309.92
Balance with government authorities	242.49	435.67	*
Advance for supply of goods and services	84.82	128.19	329.98
	<b>360.01</b>	<b>580.52</b>	<b>639.90</b>
	<b>375.80</b>	<b>582.93</b>	<b>642.54</b>
* Amount is below the rounding off norms adopted by the Company.			
<b>8 Inventories</b>			
<i>Valued at lower of cost and realisable value</i>			
Stock-in-trade	101.46	5.81	13.59
	<b>101.46</b>	<b>5.81</b>	<b>13.59</b>
<b>9 Investments</b>			
<i>Investment in mutual funds measured at fair value through profit or loss</i>			
<i>Unquoted</i>			
Aditya Birla Sun Life Liquid Fund - Growth - Direct Plan (Units: 110,729; 31 March 2019: Nil; 31 March 2018: Nil)	353.85	-	-
Aditya Birla Sun Life Low Duration Fund - Growth - Direct Plan (Units: 118,194; 31 March 2019: Nil; 31 March 2018: Nil)	607.01	-	-
Axis Ultra Short Term Fund Direct Growth (Units: 2,669,942; 31 March 2019: Nil; 31 March 2018: Nil)	302.83	-	-
DSP Ultra Short Term Fund - Direct Plan - Growth (Units: 23,123; 31 March 2019: Nil; 31 March 2018: Nil)	629.33	-	-
HDFC Low Duration Fund - Direct Plan - Growth (Units: 1,654,003; 31 March 2019: Nil; 31 March 2018: Nil)	731.21	-	-
HDFC Ultra Short Term Fund - Direct Growth (Units: 2,697,454; 31 March 2019: Nil; 31 March 2018: Nil)	303.69	-	-
ICICI Prudential Liquid Fund - Direct Plan - Growth (Units: 103,056; 31 March 2019: Nil; 31 March 2018: Nil)	302.76	-	-
ICICI Prudential Ultra Short Term Fund - Direct Plan - Growth (Units: 1,171,185; 31 March 2019: Nil; 31 March 2018: Nil)	251.49	-	-
SBI Magnum Low Duration Fund - Direct Growth (Units: 21,073; 31 March 2019: Nil; 31 March 2018: Nil)	554.21	-	-
	<b>4,036.38</b>	<b>-</b>	<b>-</b>
Aggregate book value of unquoted investments	4,036.38	-	-
Aggregate book value of quoted investments	-	-	-

**Asianet Digital Network Private Limited**  
**Notes to the financial statements (continued)**  
(All amounts in Indian rupee lakhs)

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
<b>10 Trade receivables</b>			
<i>Unsecured</i>			
Considered good	5,404.79	4,091.67	2,477.10
Credit impaired	2,608.44	882.29	1,738.16
	<b>8,013.23</b>	<b>4,973.96</b>	<b>4,215.26</b>
Allowances for expected credit loss	(2,608.44)	(882.29)	(1,738.16)
	<b>(2,608.44)</b>	<b>(882.29)</b>	<b>(1,738.16)</b>
<b>Net trade receivables</b>	<b>5,404.79</b>	<b>4,091.67</b>	<b>2,477.10</b>
For details of trade receivables pledged, refer note 15			
The Company's exposure to credit and currency risks and loss allowances related to trade receivable are disclosed in note 34			
<b>11 Cash and cash equivalents</b>			
Balance with banks	321.40	230.63	435.76
Cash on hand	52.87	132.51	79.61
	<b>374.27</b>	<b>363.14</b>	<b>515.37</b>
Less: Book overdraft in current accounts	-	(203.34)	(192.25)
<b>Cash and cash equivalents in the cash flow statement</b>	<b>374.27</b>	<b>159.80</b>	<b>323.12</b>
<b>12 Other bank balances</b>			
Balance in banks for margin money	33.48	2.51	-
	<b>33.48</b>	<b>2.51</b>	<b>-</b>
<b>13 Other financial assets</b>			
<b>Current</b>			
<i>Unsecured</i>			
Unbilled receivables	589.57	2,118.62	1,448.69
Allowances for expected credit loss	(125.16)	(887.56)	(554.18)
	464.41	1,231.06	894.51
Interest accrued on fixed deposits with banks	0.03	0.02	-
	<b>464.44</b>	<b>1,231.08</b>	<b>894.51</b>
For details of other financial assets pledged, refer note 15			
The Company's exposure to credit and currency risks and loss allowances related to other financial assets are disclosed in note 34			

Asianet Digital Network Private Limited  
Notes to the financial statements (continued)  
(All amounts in Indian rupee lakhs)

14 Equity share capital

Particulars	As at 31 March 2020		As at 31 March 2019		As at 1 April 2018	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
<b>Authorised</b>						
Equity shares of Rs. 10 each	82,500,000	8,250.00	82,500,000	8,250.00	10,250,000	1,025.00
<b>Total</b>	<b>82,500,000</b>	<b>8,250.00</b>	<b>82,500,000</b>	<b>8,250.00</b>	<b>10,250,000</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	80,115,834	8,011.58	2	*
<b>Total</b>	<b>80,115,834</b>	<b>8,011.58</b>	<b>80,115,834</b>	<b>8,011.58</b>	<b>2</b>	<b>*</b>

a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31 March 2020		As at 31 March 2019		As at 1 April 2018	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
<b>Equity shares of Rs. 10 each fully paid up</b>						
At the beginning of the year	80,115,834	8,011.58	2	*	2	*
Shares issued for cash	-	-	80,115,832	8,011.58	-	-
<b>At the end of the year</b>	<b>80,115,834</b>	<b>8,011.58</b>	<b>80,115,834</b>	<b>8,011.58</b>	<b>2</b>	<b>*</b>

b) Rights, preferences and restrictions attached to equity shares

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.

c) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at 31 March 2020		As at 31 March 2019		As at 1 April 2018	
	Number of shares	%	Number of shares	%	Number of shares	%
Asianet Satellite Communications Private Limited (Holding and Ultimate Holding Company) (formerly known as Asianet Satellite Communications Limited)						
Equity shares of Rs. 10 each	80,115,834	100%	80,115,834	100%	2	100%

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

d) 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.

**Asianet Digital Network Private Limited**  
**Notes to the financial statements (continued)**  
(All amounts in Indian rupee lakhs)

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
<b>15 Borrowings</b>			
<b>Non-current</b>			
<i>Secured</i>			
Term loans from bank	1,214.63	-	-
	<b>1,214.63</b>	<b>-</b>	<b>-</b>
<b>Current</b>			
<i>Secured</i>			
Cash credit and overdraft facilities from bank	382.77	780.24	-
Buyers credit	1,094.23	-	-
Current maturities of long-term borrowings	321.43	-	-
	<b>1,798.43</b>	<b>780.24</b>	<b>-</b>
Less: Amount included under 'other financial liabilities'	321.43	-	-
	<b>1,477.00</b>	<b>780.24</b>	<b>-</b>
<i>Unsecured</i>			
Dues to holding company	1,459.61	4,618.12	11,503.59
	<b>2,936.61</b>	<b>5,398.36</b>	<b>11,503.59</b>
	<b>4,472.67</b>	<b>5,398.36</b>	<b>11,503.59</b>

Information about the Company's exposure to interest rate and liquidity risks are included in note 34

**(i) Details of terms of repayment and security provided in respect of the secured long-term and short-term borrowings:**

**A Federal Bank Limited (EURO term loan)**

First pari passu charge on the entire fixed assets (present and future) of Asianet Digital Network Private Limited (ADNPL) and Asianet Satellite Communications Private Limited (ASCPL). Second pari passu charge on all ASCPL and ADNPL's current assets (both present and future). Corporate guarantee of ASCPL. Repayment is in equal monthly installments commencing from 7 July 2020 and ending on 7 December 2023.

**B Federal Bank Limited (Rupee term loan)**

First pari passu charge on the entire fixed assets (present and future) of Asianet Digital Network Private Limited (ADNPL) and Asianet Satellite Communications Private Limited (ASCPL). Second pari passu charge on all ASCPL and ADNPL's current assets (both present and future). Corporate guarantee of ASCPL. Repayment is in equal monthly installments commencing from 7 July 2020 and ending on 7 December 2023.

Interest rate is 1 year MCLR per annum.

**C Short term borrowings**

The Company has availed cash credit and buyers credit facilities from banks secured by charge on entire current assets and fixed assets of the Company. The interest rate varies from LIBOR+0.40% to LIBOR+0.85% per annum.

**16 Other financial liabilities**

<b>Non-current</b>			
Trade / security deposits received	645.56	655.39	675.89
	<b>645.56</b>	<b>655.39</b>	<b>675.89</b>
<b>Current</b>			
Current maturities of long-term borrowings*	321.43	-	-
Interest accrued but not due on borrowings	8.06	-	-
Dues to creditors for expense and others	1,389.94	927.82	-
Accrued salaries and benefits	195.66	186.77	-
Book overdraft in current account with banks	-	203.34	192.25
Dues to creditors for capital goods	144.40	910.70	211.32
	<b>2,059.49</b>	<b>2,228.63</b>	<b>403.57</b>
	<b>2,705.05</b>	<b>2,884.02</b>	<b>1,079.46</b>

\* The details of interest rates, repayment and other terms are disclosed in note 15

**Asianet Digital Network Private Limited**  
**Notes to the financial statements (continued)**  
(All amounts in Indian rupee lakhs)

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
<b>17 Provisions</b>			
<b>Non-current</b>			
<i>Provision for employee benefits</i>			
Net defined benefit liability - Gratuity	907.65	881.31	793.92
Compensated absences	101.57	102.97	97.27
	<u>1,009.22</u>	<u>984.28</u>	<u>891.19</u>
<b>Current</b>			
<i>Provision for employee benefits</i>			
Net defined benefit liability - Gratuity	51.86	39.38	25.10
Compensated absences	49.23	42.64	35.73
	<u>101.09</u>	<u>82.02</u>	<u>60.83</u>
	<u>1,110.31</u>	<u>1,066.30</u>	<u>952.02</u>
The Holding company's gratuity fund covers the employees of the Company and no separate gratuity fund for the Company.			
<b>18 Other liabilities</b>			
<b>Non-current</b>			
Unearned income	-	-	95.26
	<u>-</u>	<u>-</u>	<u>95.26</u>
<b>Current</b>			
Unearned income	1,395.19	835.94	3,617.65
Statutory dues payable	574.79	507.11	428.52
Advances from franchisees	366.05	181.25	315.12
Advances from customers	2,807.29	1,700.35	1,888.39
	<u>5,143.32</u>	<u>3,224.65</u>	<u>6,249.68</u>
	<u>5,143.32</u>	<u>3,224.65</u>	<u>6,344.94</u>
<b>19 Trade payables</b>			
Total outstanding dues of micro and small enterprises	77.55	-	-
Total outstanding dues of creditors other than micro and small enterprises	5,645.84	2,487.89	2,827.80
	<u>5,723.39</u>	<u>2,487.89</u>	<u>2,827.80</u>

The trade payables include Rs. 333.89 lakhs (31 March 2019 and 31 March 2018 : Nil) pertaining to a factoring arrangement and the gross cash payments under the agreement is Rs. 748.97 lakhs during the year ended 31 March 2020.

All trade payables are 'current'.

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 34

Disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006 ("the Act") based on the information available with the Company are given below:

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	77.42	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting	0.13	-	-
(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	0.13	-	-
(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	-	-	-

**Asianet Digital Network Private Limited**  
**Notes to the financial statements (continued)**  
(All amounts in Indian rupee lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
<b>20 Revenue from operations</b>		
Sale of services	30,355.35	27,633.92
Sale of products	275.15	61.55
Other operating revenues	185.89	168.11
	<b>30,816.39</b>	<b>27,863.58</b>
Sale of services comprises :		
Cable television services	29,369.15	26,525.78
Cable channel services	986.20	1,108.14
	<b>30,355.35</b>	<b>27,633.92</b>
Sale of product comprises :		
Household equipments, kitchen utensils, electronic items etc	275.15	61.55
	<b>275.15</b>	<b>61.55</b>
Other operating revenues comprises:		
Set top box rental	-	8.95
Support service income	179.04	118.60
Scrap sales	6.85	6.58
Other operating income	-	33.98
	<b>185.89</b>	<b>168.11</b>
<b>21 Other income</b>		
Interest income under the effective interest method on:		
Fixed deposits with banks	0.26	0.06
Lease deposits	2.02	1.53
Liabilities no longer required written back	242.69	719.58
Financial guarantee income	82.33	47.33
Net gain on fair value changes on financial assets measured at FVTPL	36.38	-
Net gain on account of foreign exchange fluctuations	-	4.83
	<b>363.68</b>	<b>773.33</b>
<b>22 Operating expenses</b>		
Cable television services		
Service charges to associates	2,942.89	3,462.95
Pay channel cost	8,231.56	5,519.21
Operating lease rentals	-	23.20
Channel services		
Programme production expenses	406.20	391.26
Agency commission	59.91	37.10
Other expenses	13.53	9.40
Trading		
Packing and forwarding charges	20.47	10.86
Collection charges	-	2.14
Power	1,288.43	1,151.05
Pole rent / inspection charges	1,758.59	1,801.52
Lease/ bandwidth charges	328.66	418.84
Bill printing and despatch expense	41.42	38.72
Customer care expenses	504.73	331.33
Repairs and maintenance - machinery	1,118.03	1,070.03
Consumption of stores, spares and consumables	205.34	285.29
	<b>16,919.76</b>	<b>14,552.90</b>
<b>23 Purchases of stock-in-trade</b>		
Household equipments, kitchen utensils, electronic items etc	276.69	14.26
	<b>276.69</b>	<b>14.26</b>
<b>24 Changes in inventories of stock-in-trade</b>		
Opening stock	5.81	13.59
Closing stock	101.46	5.81
	<b>(95.65)</b>	<b>7.78</b>

**Asianet Digital Network Private Limited**  
**Notes to the financial statements (continued)**  
(All amounts in Indian rupee lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
<b>25 Employee benefits expense</b>		
Salaries and allowances	1,934.46	1,935.03
Contributions to provident and other funds	301.33	295.45
Staff welfare expenses	285.50	305.96
	<u>2,521.29</u>	<u>2,536.44</u>
<b>26 Finance costs</b>		
Interest on bank borrowings	265.69	110.21
Interest on intercompany borrowings	240.99	354.10
Interest on lease liabilities (refer note 36)	21.91	18.33
Net loss on account of foreign exchange fluctuations	41.00	-
Other borrowing costs	2.67	19.52
	<u>572.26</u>	<u>502.16</u>
<b>27 Depreciation and amortisation expense</b>		
Depreciation on property, plant and equipment (refer note 4)	3,393.82	3,568.16
Depreciation on right-of-use assets (refer note 36)	55.74	38.50
Amortisation of intangible assets (refer note 5)	16.99	15.24
	<u>3,466.55</u>	<u>3,621.90</u>
<b>28 Other expenses</b>		
Contract labour	2,814.87	2,413.37
Electricity charges	17.03	18.90
Rent	146.86	192.43
Repairs and maintenance - buildings	8.53	3.45
Repairs and maintenance - others	33.37	16.67
Insurance	16.64	7.00
Rates and taxes (Refer note (i) below)	632.74	54.42
Communication	52.15	57.38
Travelling and conveyance	154.20	166.47
Printing and stationery	22.38	30.23
Bank charges and commission	139.84	58.36
Advertising and marketing	198.70	170.73
Legal and professional	222.88	340.22
Payments to auditors (Refer note (ii) below)	12.65	10.04
Office maintenance expenses	65.93	67.34
Allowances for expected credit loss	2,171.04	997.82
Net loss on account of foreign exchange fluctuations	105.60	131.07
Asset usage charges	944.83	1,583.14
Miscellaneous expenses	7.17	5.24
	<u>7,767.41</u>	<u>6,324.28</u>
<b>Note:</b>		
(i) Rates and taxes include an amount of Rs. 609.56 lakhs paid by the Holding company under the Sabkka Viswas Scheme for settlement of pending service tax litigations, relating to the business activities of the Company.		
(ii) Payments to the auditors include payments to statutory auditor (net of taxes, where applicable) :		
To statutory auditors:		
Audit	11.00	10.00
Reimbursement of expenses	1.65	0.04
	<u>12.65</u>	<u>10.04</u>

Asianet Digital Network Private Limited  
Notes to the financial statements (continued)  
(All amounts in Indian rupee lakhs)

As at  
31 March 2020      As at  
31 March 2019      As at  
1 April 2018

**29 Income taxes**

Income tax assets, net	262.48	175.61	0.18
<b>Net income tax assets at the end of the year</b>	<b>262.48</b>	<b>175.61</b>	<b>0.18</b>

**(a) Amount recognised in statement of profit and loss**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Current tax (including MAT for the current year)	284.00	32.36
Current tax for earlier years	32.36	-
Deferred tax (credit)/ charge	(289.84)	562.82
<b>Tax expenses/ (income)</b>	<b>26.52</b>	<b>595.18</b>

**(b) Amount recognised in other comprehensive income**

Particulars	Year ended 31 March 2020			Year ended 31 March 2019		
	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
Remeasurement of net defined benefit liability	92.85	(25.83)	67.02	24.75	(7.21)	17.54
	<b>92.85</b>	<b>(25.83)</b>	<b>67.02</b>	<b>24.75</b>	<b>(7.21)</b>	<b>17.54</b>

**(c) Reconciliation of effective tax rate**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Profit before tax	(248.24)	1,077.19
Statutory income tax rate	25.17%	29.12%
Tax using the Company's statutory tax rate	(62.48)	313.68
Impact of change in deferred tax rate	128.59	294.82
Other permanent differences	(39.59)	(13.32)
Tax expense	26.52	595.18
Effective tax rate	(10.68)%	55.25%

The Taxation Laws (Amendment) Ordinance, 2019, provide domestic companies a non-reversible option to pay corporate tax at concessional rate effective from 1 April 2019, subject to certain conditions. The Company has adopted the reduced rates during the year ended 31 March 2020.

**(d) Recognised deferred tax assets and liabilities**

**(i) Deferred tax assets and liabilities are attributable to the following:**

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
<b>Deferred tax asset</b>			
Allowances for expected credit loss	687.99	515.38	801.04
Provision for employee benefits	92.63	94.91	115.77
Excess of depreciation on property, plant and equipment under Companies Act, 2013	445.66	324.54	322.75
Unabsorbed business losses	-	18.95	317.79
MAT credit entitlements	-	32.35	-
Lease liabilities, impact on account of Ind AS 116	2.43	-	-
<b>Total deferred tax assets (A)</b>	<b>1,228.71</b>	<b>986.13</b>	<b>1,557.35</b>
<b>Deferred tax liability</b>			
Investments	(9.16)	-	-
Borrowings	(5.26)	-	-
Lease liabilities, impact on account of Ind AS 116	-	(3.49)	(4.68)
<b>Total deferred tax liability (B)</b>	<b>(14.42)</b>	<b>(3.49)</b>	<b>(4.68)</b>
<b>Deferred tax assets (net)</b>	<b>1,214.29</b>	<b>982.64</b>	<b>1,552.67</b>

The Company offsets tax assets and liabilities only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relating to income taxes levied by the same tax authority.

**(ii) Movement in temporary differences**

Particulars	Balances as at 1 April 2018	Recognised in Profit and loss during 2018-19	Recognised in OCI during 2018- 19	Balances as at 31 March 2019	Recognised in Profit and loss during 2019-20	Recognised in OCI during 2019- 20	Balances as at 31 March 2020
Allowance for expected credit loss	801.04	(285.66)	-	515.38	172.61	-	687.99
Provision for employee benefits	115.77	(13.65)	(7.21)	94.91	23.55	(25.83)	92.63
Excess of depreciation on property, plant and equipment under Companies Act, 2013	322.75	1.79	-	324.54	121.12	-	445.66
Unabsorbed business losses	317.79	(298.84)	-	18.95	(18.95)	-	-
MAT credit entitlement	-	32.35	-	32.35	(32.35)	-	-
Lease liabilities, impact on account of Ind AS 116	(4.68)	1.19	-	(3.49)	5.92	-	2.43
Investments	-	-	-	-	(9.16)	-	(9.16)
Borrowings	-	-	-	-	(5.26)	-	(5.26)
<b>Net deferred tax (liabilities) / assets</b>	<b>1,552.67</b>	<b>(562.82)</b>	<b>(7.21)</b>	<b>982.64</b>	<b>257.48</b>	<b>(25.83)</b>	<b>1,214.29</b>

**Asianet Digital Network Private Limited**  
**Notes to the financial statements (continued)**  
(All amounts in Indian rupee lakhs)

**30 Contingent liabilities and commitments**

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
<b>Contingent liabilities</b>			
Corporate guarantees given by the Company (refer note (i) below)	19,128.46	15,850.71	-
	<b>19,128.46</b>	<b>15,850.71</b>	-
<b>Commitments</b>			
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	-	-	-

(i) The Company has given corporate guarantees in respect of certain loans taken by the holding company.

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

**31 Earnings per share (Basic and diluted)**

The calculation of profit attributable to equity share holders and weighted average number of equity shares outstanding for the purpose of basic earnings per share calculations are as follows:

**i) Net profit attributable to equity share holders**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Net profit for the year, attributable to the equity share holders	(274.76)	482.01

**ii) Weighted average number of equity shares**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Opening balance (Refer note 14)	80,115,834	2
Equity shares issued during the year	-	38,460,433
Weighted average number of equity shares of Rs. 10 each for the year	80,115,834	38,460,435
Earnings per share, basic and diluted	(0.34)	1.25

The Company does not have potentially dilutive equity shares.

**32 Employee benefits**

The Company has a defined benefit gratuity plan as per the Payment of Gratuity Act, 1972 ('Gratuity Act'). Under the Gratuity Act, employee who has completed five years of service is entitled to specific benefit. The level of benefit provided depends on the employee's length of service and salary at retirement/termination age, carried out by an independent actuary. Compensated absences, a defined benefit plan, is accrued based on an actuarial valuation at the balance sheet date, carried out by an independent actuary.

A Based on an actuarial valuation, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

Particulars	As at 31 March 2020	As at 31 March 2019
Defined benefit obligation liability	959.51	920.69
Plan assets	-	-
Net defined benefit liability	959.51	920.69
Compensated absences	150.80	145.61
<b>Total employee benefit liability</b>	<b>1,110.31</b>	<b>1,066.30</b>

**B Reconciliation of present value of defined benefit obligation**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Balance at beginning of the year	920.69	819.02
Benefit paid	-	-
Current service cost	62.62	63.36
Past service cost	-	-
Interest cost	69.05	63.06
Actuarial (gain)/ loss recognised in other comprehensive income		
- changes in demographic assumptions	-	0.11
- changes in financial assumptions	(9.27)	18.66
- experience adjustments	(83.58)	(43.52)
<b>Balance at the end of the year</b>	<b>959.51</b>	<b>920.69</b>
<b>Net defined benefit (liability)</b>	<b>959.51</b>	<b>920.69</b>

32 Employee benefits (continued)

C (i) Expenses recognised in the statement of profit & loss account

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Current service cost	62.62	63.36
Past service cost	-	-
Interest cost	69.05	63.06
Gratuity cost	131.67	126.42

(ii) Remeasurements recognised in other comprehensive income

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Actuarial (gain)/loss on defined benefit obligation	(92.85)	(24.75)

D Defined Benefit Obligation

(i) Assumptions used to determine benefit obligations:

Principal actuarial assumptions at the reporting date (expressed as weighted average)

Particulars	31 March 2020	31 March 2019
Discount rate	6.60%	7.50%
Future salary growth	7.00%	8.00%
Attrition rate	2.00%	2.00%
Interest rate for interest on net DBO	7.50%	7.70%
Mortality Rate	IALM 2012-14 (Ult.)	IALM 2012-14 (Ult.)
Weighted average duration of defined benefit obligation	11	11

Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India.

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government securities yield.

(ii) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below

Particulars	31 March 2020		31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(90.02)	104.11	(88.35)	102.48
Future salary growth (1% movement)	102.66	(90.49)	100.96	(88.73)
Withdrawal rate (1% movement)	(2.62)	2.90	(3.25)	3.60

Although the analysis does not take account of the full distribution of the cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption

E Actuarial assumptions for compensated absences

Particulars	31 March 2020	31 March 2019
Discount rate	6.60%	7.50%
Future salary growth	7.00%	8.00%
Attrition rate	2.00%	2.00%

F Expense recognised in profit or loss:

Defined contribution plan	Year ended 31 March 2020	Year ended 31 March 2019
Contribution to provident fund	253.04	231.30

**Asianet Digital Network Private Limited**  
**Notes to the financial statements (continued)**  
(All amounts in Indian rupee lakhs)

**33 Segment information**

Ind AS 108 "Operating Segment" ("Ind AS 108") establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. Based on the "management approach" as defined in Ind AS 108, Operating segments are to be reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). Members of Board of the Company have been identified as the CODM as defined by Ind AS 108 "Operating Segments". All operating segments' operating results are reviewed regularly by the Company's CODM to make decisions about resources to be allocated to the segments and assess their performance.

The Company has structured its business broadly into two verticals – Cable Television services, called as Asianet Cable Services ('ACS'), and 'Others' including Cable Channel services. The accounting principles consistently used in the preparation of the financial statements are also consistently applied to record income and expenditure in individual segments.

Income and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while the remainder of costs are apportioned on an appropriate basis. Certain expenses are not specifically allocable to individual segments as the underlying services are used interchangeably. The Company therefore believes that it is not practical to provide segment disclosures relating to such expenses and accordingly such expenses are separately disclosed as unallocable and directly charged against total income. Similarly certain assets and liabilities of the Company are used interchangeably between segments which have been disclosed as unallocated assets and liabilities.

**A. Business segments:**

The business segments of the Company are as follows:

- i) Asianet Cable Services ('ACS')
- ii) Others - Comprising cable channel services, tele-shopping and electronics trading

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
<b>Segment revenue</b>		
ACS	29,369.15	26,534.73
Others	1,447.24	1,328.85
<b>Total</b>	<b>30,816.39</b>	<b>27,863.58</b>
<b>Segment results before tax</b>		
ACS	13,986.44	14,280.16
Others	716.06	887.08
<b>Total</b>	<b>14,702.50</b>	<b>15,167.24</b>
<b>Less :</b>		
Finance cost	(572.26)	(502.16)
Other unallocable expenditure net of un-allocable income	(14,378.48)	(13,587.89)
<b>Profit before tax</b>	<b>(248.24)</b>	<b>1,077.19</b>
<b>Particulars</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
<b>Segment assets</b>		
ACS	20,814.32	21,407.97
Others	555.56	436.15
Unallocated	6,456.27	2,414.03
<b>Total</b>	<b>27,826.15</b>	<b>24,258.15</b>
<b>Segment liabilities</b>		
ACS	11,467.58	6,359.40
Others	118.34	93.60
Unallocated	7,487.85	8,845.03
<b>Total</b>	<b>19,073.77</b>	<b>15,298.03</b>

The Company operates in a single geographical location.

No major customer has contributed more than 10% of the Company's total revenue.

Asianet Digital Network Private Limited  
Notes to the financial statements (continued)  
(All amounts in Indian rupee lakhs)

34 Financial Instruments - Fair values and risk management

A Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

31 March 2020

Particulars	Note	Carrying amount				Fair value			
		Financial assets at amortised cost	Mandatorily at FVTPL	Other financial liabilities at amortised cost	Total Carrying value	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>									
Cash and cash equivalents	11	374.27	-	-	374.27	-	-	-	-
Other bank balances	12	33.48	-	-	33.48	-	-	-	-
Trade receivables	10	5,404.79	-	-	5,404.79	-	-	-	-
Loans	6	132.97	-	-	132.97	-	-	-	-
Other financial assets	13	464.44	-	-	464.44	-	-	-	-
Investments	9	-	4,036.38	-	4,036.38	-	4,036.38	-	4,036.38
<b>Total</b>		<b>6,409.95</b>	<b>4,036.38</b>	<b>-</b>	<b>10,446.33</b>	<b>-</b>	<b>4,036.38</b>	<b>-</b>	<b>4,036.38</b>
<b>Financial liabilities</b>									
Trade payables	19	-	-	5,723.39	5,723.39	-	-	-	-
Borrowings (including current maturities)	15	-	-	4,472.67	4,472.67	-	-	-	-
Lease liabilities	36	-	-	240.46	240.46	-	-	-	-
Other financial liabilities (excluding current maturities of long term borrowings)	16	-	-	2,383.62	2,383.62	-	-	-	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>12,820.14</b>	<b>12,820.14</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

31 March 2019

Particulars	Note	Carrying amount				Fair value			
		Financial assets at amortised cost	Mandatorily at FVTPL	Other financial liabilities at amortised cost	Total Carrying value	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>									
Cash and cash equivalents	11	363.14	-	-	363.14	-	-	-	-
Other bank balances	12	2.51	-	-	2.51	-	-	-	-
Trade receivables	10	4,091.67	-	-	4,091.67	-	-	-	-
Loans	6	88.95	-	-	88.95	-	-	-	-
Other financial assets	13	1,231.08	-	-	1,231.08	-	-	-	-
<b>Total</b>		<b>5,777.35</b>	<b>-</b>	<b>-</b>	<b>5,777.35</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>									
Trade payables	19	-	-	2,487.89	2,487.89	-	-	-	-
Borrowings (including current maturities)	15	-	-	5,398.36	5,398.36	-	-	-	-
Lease liabilities	36	-	-	236.81	236.81	-	-	-	-
Other financial liabilities (excluding current maturities of long term borrowings)	16	-	-	2,884.02	2,884.02	-	-	-	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>11,007.08</b>	<b>11,007.08</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

1 April 2018

Particulars	Note	Carrying amount				Fair value			
		Financial assets at amortised cost	Mandatorily at FVTPL	Other financial liabilities at amortised cost	Total Carrying value	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>									
Cash and cash equivalents	11	515.37	-	-	515.37	-	-	-	-
Trade receivables	10	2,477.10	-	-	2,477.10	-	-	-	-
Loans	6	562.19	-	-	562.19	-	-	-	-
Other financial assets	13	894.51	-	-	894.51	-	-	-	-
<b>Total</b>		<b>4,449.17</b>	<b>-</b>	<b>-</b>	<b>4,449.17</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>									
Trade payables	19	-	-	2,827.80	2,827.80	-	-	-	-
Borrowings (including current maturities)	15	-	-	11,503.59	11,503.59	-	-	-	-
Lease liabilities	36	-	-	222.62	222.62	-	-	-	-
Other financial liabilities (excluding current maturities of long term borrowings)	16	-	-	1,079.46	1,079.46	-	-	-	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>15,633.47</b>	<b>15,633.47</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Asianet Digital Network Private Limited**  
**Notes to the financial statements (continued)**  
(All amounts in Indian rupee lakhs)

**34 Financial Instruments- Fair values and risk management (continued)**

**B Measurement of fair values**

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

The fair values of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at balance sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.

**C Financial risk management**

The Company's activities expose it to a variety of financial risks: credit risk, market risk and liquidity risk.

**i) Risk management framework**

The Company's Board of directors have overall responsibility for the establishment and oversight of the risk management framework.

The Company's Board of Directors oversees how management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

**ii) Credit risk**

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The credit risk arises principally from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions and other financial instruments.

Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom credit has been granted after obtaining necessary approvals for credit. The collection from the trade receivables are monitored on a continuous basis by the receivables team.

The Company establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade and unbilled receivables based on the past and the recent collection trend. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables and unbilled receivables.

The movement in allowance for credit loss in respect of trade and unbilled receivables during the year was as follows:

Allowance for credit loss	As at 31 March 2020	As at 31 March 2019
Balance at the beginning	1,769.85	2,292.34
Impairment loss recognised	2,171.04	997.82
Bad debts written off	(1,207.29)	(1,520.31)
<b>Balance at the end</b>	<b>2,733.60</b>	<b>1,769.85</b>

No single customer accounted for more than 10% of the revenue as of 31 March 2020 and 31 March 2019. There is no significant concentration of credit risk.

Credit risk on cash and cash equivalent and other bank balances is limited as the Company generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

**iii) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company believes that the working capital along with its unutilised credit facilities are sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March 2020.

Particulars	Less than 1 year	More than 1 year	Total
Trade payables	5,723.39	-	5,723.39
Current borrowings	2,936.61	-	2,936.61
Non current borrowings (including current maturities)	321.43	1,214.63	1,536.06
Lease liabilities	45.53	194.93	240.46
Other financial liabilities (excluding current maturities)	1,738.06	645.56	2,383.62
<b>Total</b>	<b>10,765.02</b>	<b>2,055.12</b>	<b>12,820.14</b>

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March 2019.

Particulars	Less than 1 year	More than 1 year	Total
Trade payables	2,487.89	-	2,487.89
Current borrowings	5,398.36	-	5,398.36
Lease liabilities	35.22	201.59	236.81
Other financial liabilities (excluding current maturities)	2,228.63	655.39	2,884.02
<b>Total</b>	<b>10,150.10</b>	<b>856.98</b>	<b>11,007.08</b>

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 1 April 2018.

Particulars	Less than 1 year	More than 1 year	Total
Trade payables	2,827.80	-	2,827.80
Current borrowings	11,503.59	-	11,503.59
Lease liabilities	27.61	195.01	222.62
Other financial liabilities (excluding current maturities)	403.57	675.89	1,079.46
<b>Total</b>	<b>14,762.57</b>	<b>870.90</b>	<b>15,633.47</b>

Financial assets carried at amortised cost includes cash and cash equivalents, deposits, etc. where the Company has assessed the counterparty credit risk. Trade receivables are carried at amortised cost and is valued considering provision for allowance using expected credit loss method (if any). In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the impact immediately seen in the demand outlook and the financial strength of the customers in respect of whom amounts are receivable.

**Asianet Digital Network Private Limited**  
**Notes to the financial statements (continued)**  
(All amounts in Indian rupee lakhs)

**34 Financial Instruments- Fair values and risk management (continued)**

**iv) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates, interest rates and equity prices.

**Foreign currency risk**

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which transactions are denominated and the functional currency of the Company. The functional currency of company is Rs.. The currencies in which these transactions are primarily denominated is EUR and US dollar.

The summary quantitative data about the Company's exposure to currency risk (based on notional amounts) as reported to the management is as follows.

<b>As at 31 March 2020</b>	<b>EUR</b>	<b>USD</b>
Borrowings (current and non-current)	1,056.96	1,094.23
Other current financial liabilities	1.81	5.30
<b>Net assets/(liabilities)</b>	<b>(1,058.77)</b>	<b>(1,099.53)</b>

<b>As at 31 March 2019</b>		
Trade payables	-	713.71
<b>Net assets/(liabilities)</b>	<b>-</b>	<b>(713.71)</b>

<b>As at 1 April 2018</b>		
Trade payables	-	211.31
<b>Net assets/(liabilities)</b>	<b>-</b>	<b>(211.31)</b>

**Sensitivity analysis**

The sensitivity of profit or loss to changes in exchange rates arises mainly from foreign currency denominated financial instruments.

<b>Particulars</b>	<b>Impact on profit or (loss)</b>			<b>Impact on equity, net of tax</b>		
	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>	<b>As at 1 April 2018</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>	<b>As at 1 April 2018</b>
<b>USD Sensitivity</b>						
Rs./USD - Increase by 1%	(11.00)	(7.14)	(2.11)	(8.23)	(5.06)	(1.37)
Rs./USD - Decrease by 1%	11.00	7.14	2.11	8.23	5.06	1.37
<b>EUR Sensitivity</b>						
Rs./EUR - Increase by 1%	(10.59)	-	-	(7.92)	-	-
Rs./EUR - Decrease by 1%	10.59	-	-	7.92	-	-

**Unhedged foreign currency exposure**

**At at 31 March 2020**

<b>Particulars</b>	<b>Foreign currency</b>	<b>Amount in foreign currency</b>	<b>Amount in INR</b>
Foreign currency liabilities	USD	14.59	1,099.53
	EURO	12.75	1,058.77

**At at 31 March 2019**

<b>Particulars</b>	<b>Foreign currency</b>	<b>Amount in foreign currency</b>	<b>Amount in INR</b>
Foreign currency liabilities	USD	10.30	713.71

**At at 31 March 2018**

<b>Particulars</b>	<b>Foreign currency</b>	<b>Amount in foreign currency</b>	<b>Amount in INR</b>
Foreign currency liabilities	USD	3.25	211.31

**Cash flow and fair value interest rate risk**

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. The interest rate on the Company's financial instruments is based on market rates. The Company monitors the movement in interest rates on an ongoing basis.

**(a) Interest rate risk exposure**

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

<b>Financial liabilities (bank borrowings)</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>	<b>As at 1 April 2018</b>
Variable rate long term borrowings including current maturities	482.43	-	-

**Sensitivity**

<b>Particulars</b>	<b>Impact on profit or (loss)</b>			<b>Impact on equity, net of tax</b>		
	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>	<b>As at 1 April 2018</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>	<b>As at 1 April 2018</b>
<b>Sensitivity</b>						
1% increase	(4.82)	-	-	(3.61)	-	-
1% decrease	4.82	-	-	3.61	-	-

The interest rate sensitivity is based on the closing balance of secured term loans from banks

**Asianet Digital Network Private Limited**  
**Notes to the financial statements (continued)**  
(All amounts in Indian rupee lakhs)

**35 Capital Management**  
**Risk Management**

The key objective of the Company's capital management is to ensure that it maintains a stable capital structure with the focus on total equity to uphold investor, creditor and customer confidence and to ensure future developments of the business. The Company is focused on maintaining a strong equity base to ensure independence, security as well as financial flexibility for potential future borrowings, if required, without impacting the risk profile of the Company.

The capital structure as of 31 March 2020 and 31 March 2019 was as follows:

Particulars	As at 31 March 2020	As at 31 March 2019
Total liabilities	19,073.77	15,298.03
Less: cash and cash equivalents	(374.27)	(363.14)
<b>Net debt (A)</b>	<b>18,699.50</b>	<b>14,934.89</b>
<b>Total equity (B)</b>	<b>8,752.38</b>	<b>8,960.12</b>
<b>Debt to equity ratio (A/B)</b>	<b>2.14</b>	<b>1.67</b>

There are no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

**36 Leases**

The Company has taken office premises on lease from various parties. The leases typically run for a period of 1 year - 15 years. Lease payments are renegotiated nearing the expiry to reflect market rentals.

The Company has adopted Ind AS 116 Leases as notified by MCA. The entity has elected the modified retrospective approach from 1 April 2018, the transition date, for adopting Ind AS 116 in accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards. On transition to Ind AS 116, the Company recognised Rs. 236 lakhs of right-of-use assets and Rs. 222.62 lakhs of lease liabilities. When measuring lease liabilities, the Company discounted lease payments using the incremental borrowing rate.

*(i) Lease liabilities*

Following are the changes in the lease liabilities for the year ended 31 March 2020, 2019 and 2018:

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	236.81	222.62
Additions	45.65	41.80
Finance cost accrued during the period (refer note 26)	21.91	18.33
Payment of lease liabilities	(63.91)	(45.94)
<b>Balance at the end of the year</b>	<b>240.46</b>	<b>236.81</b>
Non-current lease liabilities	194.93	201.59
Current lease liabilities	45.53	35.22

\* Non current and current lease liabilities as at 1 April 2018 are Rs. 195.01 lakhs and Rs. 27.61 lakhs respectively.

*(ii) Maturity analysis – contractual undiscounted cash flows*

Particulars	As at 31 March 2020	As at 31 March 2019
Less than one year	65.03	63.91
One to five years	150.35	190.67
More than five years	40.57	65.28
<b>Total undiscounted lease liabilities</b>	<b>255.95</b>	<b>319.86</b>

*(iii) Right-of-use assets*

Right-of-use assets are presented on the balance sheet.

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	240.06	236.00
Addition to right-of-use assets	46.48	42.56
Depreciation for the year (refer note 27)	(55.74)	(38.50)
<b>Balance at the end of the year</b>	<b>230.80</b>	<b>240.06</b>

*(iv) Amounts recognised in statement of profit or loss*

Particulars	As at 31 March 2020	As at 31 March 2019
Depreciation on right-of-use assets (refer note 27)	55.74	38.50
Interest on lease liabilities (refer note 26)	21.91	18.33

*(v) Amounts recognised in statement of cash flows*

Particulars	As at 31 March 2020	As at 31 March 2019
Total cash out flow for leases	63.91	45.94

**Asianet Digital Network Private Limited**  
**Notes to the financial statements (continued)**  
(All amounts in Indian rupee lakhs)

**37 Related party transactions**

**(A) Related party relationships:**

(a) Holding and Ultimate holding company	Asianet Satellite Communications Private Limited (formerly known as Asianet Satellite Communications Limited)
(b) Key managerial personnel (KMP)	P S Suresh (Director w.e.f 15 April 2019) G Sankaranarayana (Director) Joby Mathew, Company Secretary

**(B) Details of related party transactions**

Name of the Related Party	Nature of Transaction	Volume of transactions for the year ended		Outstanding balance as at	
		31 March 2020	31 March 2019	As at 31 March 2020	As at 31 March 2019
Asianet Satellite Communications Private Limited (formerly known as Asianet Satellite Communications Limited)	<b>Expenses incurred by holding company on behalf of Company *</b>			(1,459.61)	(4,665.45)
	<b>Operating expenses</b>				
	Consumption of stores, spares and consumables	(156.37)	(308.37)		
	Pole rent / inspection charges	(1,525.78)	(1,717.43)		
	Power (network)	(30.04)	(393.49)		
	Repairs & maintenance - machinery	(316.56)	(356.41)		
	Lease/ bandwidth charges	(215.76)	(360.01)		
	Programme production expenses	(0.02)	(0.14)		
	Service charges to associates	0.23	2.11		
	Pay channel cost	-	(82.10)		
	Customer care expenses	-	(4.33)		
	Operating lease rentals	-	(23.20)		
	<b>Finance costs</b>				
	Interest on bank borrowings	(70.35)	(46.36)		
	<b>Employee benefits expense</b>				
	Staff welfare expenses	(20.64)	(170.46)		
	<b>Other expenses</b>				
	Advertising and marketing	(80.29)	(21.99)		
	Asset usage charges	(944.83)	(1,583.24)		
	Communication	(45.80)	(45.08)		
	Electricity charges	(16.64)	(18.91)		
	Legal and professional	(171.94)	(178.52)		
	Miscellaneous expenses	(1.59)	(3.47)		
	Office maintenance expenses	(49.49)	(53.36)		
	Printing and stationery	(15.13)	(26.77)		
	Rates and taxes	(610.84)	(15.95)		
	Rent	(81.80)	(217.46)		
	Repairs and maintenance - buildings	(6.17)	(3.38)		
	Repairs and maintenance - others	(16.60)	(13.63)		
	Travelling and conveyance	(67.62)	(83.89)		
	Contract labour	(2,030.01)	(2,413.23)		
	Bank charges and commission	-	(24.74)		
	<b>Cable services billed</b>	50.04	-		
	<b>Expenses incurred by the Company on behalf of holding company</b>				
	<b>Other operating revenues</b>				
	Support service income	179.04	118.60		
	<b>Operating expenses</b>				
	Customer care expenses	1.49	-		
	<b>Employee benefits expense</b>				
	Salaries and allowances	5.91	-		
Staff welfare expenses	91.48	-			
<b>Other expenses</b>					
Contract Labour	44.16	-			
Purchase of capital goods	(660.90)	(2,764.44)			
Interest on loan	(240.99)	(354.10)			
Guarantee commission received	82.33	47.33			
Guarantee commission paid	(2.09)	-			
Issue of shares	-	8,011.58			
Guarantee given	3,277.75	13,800.34	19,128.46	15,850.71	
Guarantee received	(1,159.49)	(780.24)	1,939.73	780.24	

\*The expenses incurred by the Holding company on behalf of the Company includes amount incurred in respect of short term employee benefits of KMP.

**Asianet Digital Network Private Limited**  
**Notes to the financial statements (continued)**  
(All amounts in Indian rupee lakhs)

**38 Revenue from contracts with customers**

(a) Revenue is disaggregated by major products / service lines and timing of revenue recognition are as follows:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
<b>Timing of Revenue Recognition</b>		
Products and services transferred at a point in time	282.00	68.13
Products and services transferred over time	30,534.39	27,795.45
	<b>30,816.39</b>	<b>27,863.58</b>

**(b) Contract Balances**

The following table provides information about unbilled revenue and deferred revenue from contract with customers

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Unbilled receivables (refer note 13)	589.57	2,118.62	1,448.69
Advance from franchisees (refer note 18)	366.05	181.25	315.12
Advance from customers (refer note 18)	2,807.29	1,700.35	1,888.39
Unearned revenue (refer note 18)	1,395.19	835.94	3,712.91

39 Covid-19 pandemic has been rapidly spreading throughout the world, including India. Government in India has taken significant measures to curb the spread of the virus including imposing mandatory lockdowns and restrictions in activities. Management believes that it has taken into account all the possible impacts of known events arising from COVID-19 pandemic and the resultant lockdowns in the preparation of the financial statements including but not limited to its assessment of Company's liquidity position and recoverable values of its property, plant and equipment. However, given the effect of these lockdowns on the overall economic activity, the impact assessment of COVID-19 on the above mentioned financial statement captions is subject to significant estimation uncertainties given its nature and duration and, accordingly, the actual impacts in future may be different from those estimated as at the date of approval of these financial statements. The Company will continue to monitor any material changes to future economic conditions and consequential impact on these financial statements.

40 The net current liability of the Company as at 31 March 2020 and 31 March 2019 was Rs.5,131.09 lakhs and Rs. 7,149.73 lakhs respectively, including working capital borrowings which is expected to be renewed as and when due for renewal. Further, the Company has generated cash profits during the current and previous year and also the net worth is positive as at the year end. Management believes that, the Company will be able to continue its operations on a going concern basis and meet all its liabilities as they fall due for payment in the foreseeable future, at least for a period of twelve months from the balance sheet date based on business strategies and operating plans which will enable the Company to generate positive operating cash flows in the future.

Asianet Digital Network Private Limited  
Notes to the financial statements (continued)  
(All amounts in Indian rupee lakhs)

41 First time adoption of Ind AS

A. Comparative balance sheet as at 1 April 2018 and 31 March 2019

The following reconciliations provides the effect of transition to Ind AS from previous GAAP in accordance with Ind AS 101.

Particulars	Note No.	As at 31 March 2019			As at 1 April 2018		
		Previous GAAP **	Adjustments on transition to Ind AS	Ind AS	Previous GAAP **	Adjustments on transition to Ind AS	Ind AS
<b>Assets</b>							
<b>Non-current assets</b>							
Property, plant and equipment		15,782.55	-	15,782.55	14,246.86	-	14,246.86
Capital work-in-progress		673.38	-	673.38	2,200.02	-	2,200.02
Right-of-use assets	a	-	240.06	240.06	-	236.00	236.00
Intangible assets		37.82	-	37.82	38.39	-	38.39
<b>Financial assets</b>							
Loans	b	69.25	(12.61)	56.64	68.01	(13.38)	54.63
Deferred tax assets (net)	c	32.35	950.29	982.64	-	1,552.67	1,552.67
Income tax assets (net)		175.61	-	175.61	0.18	-	0.18
Other non-current assets		2.41	-	2.41	2.64	-	2.64
<b>Total non-current assets</b>		<b>16,773.37</b>	<b>1,177.74</b>	<b>17,951.11</b>	<b>16,556.10</b>	<b>1,775.29</b>	<b>18,331.39</b>
<b>Current assets</b>							
Inventories		5.81	-	5.81	13.59	-	13.59
<b>Financial assets</b>							
Investments		-	-	-	-	-	-
Trade receivables	d	3,839.68	251.99	4,091.67	2,739.97	(262.87)	2,477.10
Cash and cash equivalents		363.14	-	363.14	515.37	-	515.37
Other bank balances		2.51	-	2.51	-	-	-
Loans	b	32.31	-	32.31	507.56	-	507.56
Other financial assets	d	2,118.64	(887.56)	1,231.08	1,448.69	(554.18)	894.51
Other current assets		580.52	-	580.52	639.90	-	639.90
<b>Total current assets</b>		<b>6,942.61</b>	<b>(635.57)</b>	<b>6,307.04</b>	<b>5,865.08</b>	<b>(817.05)</b>	<b>5,048.03</b>
<b>Total assets</b>		<b>23,715.98</b>	<b>542.17</b>	<b>24,258.15</b>	<b>22,421.18</b>	<b>958.24</b>	<b>23,379.42</b>
<b>Equity and liabilities</b>							
<b>Equity</b>							
Equity share capital		8,011.58	-	8,011.58	*	-	*
Other equity		30.18	918.36	948.54	(528.51)	977.50	448.99
<b>Total equity</b>		<b>8,041.76</b>	<b>918.36</b>	<b>8,960.12</b>	<b>(528.51)</b>	<b>977.50</b>	<b>448.99</b>
<b>Liabilities</b>							
<b>Non-current liabilities</b>							
<b>Financial liabilities</b>							
Lease liabilities	a	-	201.59	201.59	-	195.01	195.01
Other financial liabilities		655.39	-	655.39	675.89	-	675.89
Provisions		984.28	-	984.28	891.19	-	891.19
Deferred tax liabilities (net)	c	565.68	(565.68)	-	241.88	(241.88)	-
Other non-current liabilities		-	-	-	95.26	-	95.26
<b>Total non-current liabilities</b>		<b>2,205.35</b>	<b>(364.09)</b>	<b>1,841.26</b>	<b>1,904.22</b>	<b>(46.87)</b>	<b>1,857.35</b>
<b>Current Liabilities</b>							
<b>Financial liabilities</b>							
Borrowings		5,445.68	(47.32)	5,398.36	11,503.59	-	11,503.59
Lease liabilities	a	-	35.22	35.22	-	27.61	27.61
Trade payables		2,487.89	-	2,487.89	2,827.80	-	2,827.80
Other financial liabilities	e	2,228.63	-	2,228.63	403.57	-	403.57
Other current liabilities		3,224.65	-	3,224.65	6,249.68	-	6,249.68
Provisions		82.02	-	82.02	60.83	-	60.83
<b>Total current liabilities</b>		<b>13,468.87</b>	<b>(12.10)</b>	<b>13,456.77</b>	<b>21,045.47</b>	<b>27.61</b>	<b>21,073.08</b>
<b>Total equity and liabilities</b>		<b>23,715.98</b>	<b>542.17</b>	<b>24,258.15</b>	<b>22,421.18</b>	<b>958.24</b>	<b>23,379.42</b>

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

\*\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

41 First time adoption of Ind AS (continued)

B. Comparative statement of profit and loss for the year ended 31 March 2019

Particulars	Note No.	Year ended 31 March 2019		
		Previous GAAP **	Adjustments on transition to Ind AS	Ind AS
<b>Revenue</b>				
Revenue from operations		27,863.58	-	27,863.58
Other income	<b>b</b>	724.47	48.86	773.33
<b>Total income</b>		<b>28,588.05</b>	<b>48.86</b>	<b>28,636.91</b>
<b>Expenses</b>				
Operational expenses		14,552.90	-	14,552.90
Purchases of stock-in-trade		14.26	-	14.26
Changes in inventories		7.78	-	7.78
Employee benefits expense	<b>e</b>	2,511.69	24.75	2,536.44
Finance costs	<b>a</b>	483.83	18.33	502.16
Depreciation and amortisation expense	<b>a</b>	3,583.40	38.50	3,621.90
Other expenses	<b>a,d</b>	6,551.70	(227.42)	6,324.28
<b>Total expenses</b>		<b>27,705.56</b>	<b>(145.84)</b>	<b>27,559.72</b>
<b>Profit before tax</b>		<b>882.49</b>	<b>194.70</b>	<b>1,077.19</b>
<b>Tax expense</b>				
Current tax (including MAT for the current year)		32.36	-	32.36
Deferred tax (credit)/ charge (including MAT credit entitlement)	<b>c</b>	291.44	271.38	562.82
<b>Total tax expense</b>		<b>323.80</b>	<b>271.38</b>	<b>595.18</b>
<b>Profit for the year</b>		<b>558.69</b>	<b>(76.68)</b>	<b>482.01</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Remeasurement of net defined benefit liability	<b>e</b>	-	24.75	24.75
Income tax relating to items that will not be reclassified to profit or loss	<b>c</b>	-	(7.21)	(7.21)
<b>Other comprehensive income, net of taxes</b>		<b>-</b>	<b>17.54</b>	<b>17.54</b>
<b>Total comprehensive income for the year</b>		<b>558.69</b>	<b>(59.14)</b>	<b>499.55</b>

C. Reconciliation of other equity for 31 March 2019 and 1 April 2018

Particulars	Note No.	31 March 2019	1 April 2018
<b>Other equity under previous GAAP</b>		30.18	(528.51)
<b>Increase / (decrease):</b>			
Effect of application of lease accounting	<b>a,b</b>	37.96	-
Effect of expected credit losses	<b>d</b>	(635.57)	(817.05)
Deferred tax adjustments	<b>c</b>	1,515.97	1,794.55
<b>Other Equity as reported under Ind AS</b>		<b>948.54</b>	<b>448.99</b>

D. Statement of cash flows

There were no significant reconciliation items between cash flows prepared under Indian GAAP and those prepared under Ind AS.

\*\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

E. Notes to first time adoption

a Accounting for Leases

Ind AS 116 'Leases' requires the Company to recognise the right-of-use asset and corresponding lease liabilities at transition date. The Company has adopted Ind AS 116 from 1 April 2018 using the modified retrospective approach and recognised right-of-use assets and lease liabilities. Right-of-use assets are depreciated as per the requirements of Ind AS 116. Interest is recognised on the remaining balance of the lease liabilities during the lease term and disclosed under finance costs.

Under previous GAAP, the operating lease rentals was recognised as an expense on a straight line basis over the lease period. Under Ind AS, where the escalation rate is in line with the general inflation rate, straight lining of lease rentals is not required.

**Asianet Digital Network Private Limited**  
**Notes to the financial statements (continued)**  
(All amounts in Indian rupee lakhs)

**41 First time adoption of Ind AS (continued)**

**b Amortisation of security deposit**

As per Ind AS 109, long term security deposits are recognised at amortised cost. Related interest income have also been recognised.

**c Deferred tax**

Under the previous GAAP, deferred tax was accounted using the income statement approach, based on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using balance sheet approach which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The difference in the approach has been adjusted in opening retained earnings. Various other transitional adjustments has also resulted in recognition of temporary differences.

**d Impairment of financial instruments**

The Company has recognised impairment loss on trade receivables and unbilled receivables based on the expected credit loss model as required by Ind AS 109.

**e Remeasurement of net defined benefit liability/ asset**

Under Ind AS, re-measurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised in other comprehensive income. Under previous GAAP, the Company has recognised actuarial gains and losses in profit or loss. However, this has no impact in the total comprehensive income and total equity as on 1 April 2018 or as on 31 March 2019.

As per our report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

Firm registration number: 116231W /W-100024

**BABY PAUL**  
Digitally signed by BABY PAUL  
Date: 2020.12.05 23:03:54 +05'30'

**Baby Paul**

Partner

Membership number: 218255

Kochi

5 December 2020

for and on behalf of the Board of Directors of

**Asianet Digital Network Private Limited**

CIN :U74999KL2015PTC039405

**SURESH PAZHEMPALLI L SIVARAMAN NAIR**  
Digitally signed by SURESH PAZHEMPALLI L SIVARAMAN NAIR  
Date: 2020.12.05 22:23:51 +05'30'

**P S Suresh**

Director

DIN: 08421313

Thiruvananthapuram

5 December 2020

**JOBY MATHEW**  
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Date: 2020.12.05 22:23:51 +05'30'

**Joby Mathew**

Company Secretary

Membership no: A 24411

Thiruvananthapuram

5 December 2020

**SANKARANARAYANA ANA GOPALAN**  
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Date: 2020.12.05 22:28:25 +05'30'

**G Sankaranarayana**

Director

DIN: 07247965

Thiruvananthapuram

5 December 2020

