

### INDEPENDENT AUDITOR'S REPORT

To the Members of B4U Broadband (India) Private Limited

### Report on the Audit of Financial Statements

#### Opinion

We have audited the accompanying financial statements of B4U Broadband (India) Private Limited ("the Company"), which comprise the Balance Sheet as at March 31 2019, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India 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 audit opinion on the financial statements.

#### Information Other than the Financial Statements and Auditor's Report Thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (AS) specified under section 133 of the Act read with para 7 of the Companies (Accounts) Rules, 2014, as amended. 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

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

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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



## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with para 7 of Companies (Accounts) Rules, 2014, as amended;
  - (e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these financial statements, refer to our separate Report in "Annexure B" to this report;
  - (g) The provisions of section 197 is not applicable to the Company;
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The financial statements disclose the impact of pending litigations on its financial position. Refer Note 25 to the financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For Singhi & Co.**  
Chartered Accountants  
Firm Registration Number: 302049E

  
**Nikhil Singhi**  
Partner  
Membership No:061567



Place: Mumbai  
Date: 27 June 2019

## Annexure – A to the Independent Auditor's Report

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

We report that:

- i. In respect of its fixed assets:
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) As explained to us, the fixed assets have been physically verified by management every year. In accordance with this program, all fixed assets have been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion this periodicity of physical verification is reasonable having regard to the size of Company and nature of its assets.
  - c) According to the information and explanations given to us and on the basis of our examination, the Company do not hold any immovable property.
- ii. The inventory of the Company comprises of film rights which are physically not verifiable. Hence, no physical verification is done.
- iii. As informed to us, the Company has not granted loans, secured or unsecured to companies, firms, LLP or other parties covered in the registered maintained under Section 189 of the Companies Act, 2013.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provision of section 185 and 186 of the Act in respect of investments. The Company has not given any loan, guarantee or security during the year.
- v. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) rules 2014 (as amended).
- vi. According to the information and explanations given to us, Central Government has specified maintenance of cost records under sec 148 (1) of Companies Act, 2013. The Company has maintained cost records prescribed by the Central Government but no detailed examination of such records has been carried out by us.
- vii. According to the information and explanations given to us and the records of the Company examined by us:
  - a) The Company has been regular in depositing amounts deducted/accrued in the books of accounts in respect of undisputed statutory dues, including Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income tax, Custom Duty, cess, Goods & Service Tax and other statutory dues, as applicable.
  - b) According to the records examined and information and explanations given to us, no undisputed amount payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Cess, Goods & Service Tax and other material statutory dues is outstanding as at 31st March 2019, for a period of more than six months from the date they became payable.
  - c) There are no dues of Income tax, sales tax, Wealth tax, Service tax, Customs duty, Excise duty and Cess, Goods & Service Tax which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the Statute	Period to which the amount relates	Forum where dispute is pending	Amount in dispute (Rs. Lacs)
Income Tax Act, 1961	FY 2009-10 and FY 2010-11	High Court of India	246.80

- viii. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not defaulted in repayment of loans or borrowings to any financial institution, bank or Government. The Company had neither any outstanding debenture at the beginning of the year nor has it issued any debenture during the year.

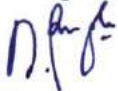


- ix. According to the information and explanations given to us and based on our examination of the records of the Company, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. The term loans were applied for purpose for which they were raised.
- x. To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations give to us and based on our examination of the records of the Company, provisions of section 197 of the Act is not applicable to the Company.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- 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. The Company has not made any private placement of shares during the year. So, the provisions of section 42 of the Act 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. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For Singhi & Co.**

Chartered Accountants

Firm Registration Number: 302049E



**Nikhil Singhi**

Partner

Membership No:061567



Place: Mumbai

Date: 27 June 2019

## **Annexure - B to the Independent Auditor's Report**

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

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

We have audited the internal financial controls over financial reporting of B4U Broadband (India) Private Limited ('the Company') as of 31<sup>st</sup> March 2019 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

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

1. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). 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 Act.

#### **Auditor's Responsibility**

2. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
3. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
4. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

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



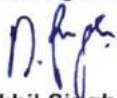
### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

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

**For Singhi & Co.**  
Chartered Accountants  
Firm Registration Number: 302049E



**Nikhil Singhi**  
Partner  
Membership No:061567



Place: Mumbai  
Date: 27 June 2019

**B4U Broadband (India) Private Limited**

**Balance Sheet as at 31st March 2019**

(Amount in Rs.)

Particulars		Note No.	As At 31st March 2019	As At 31st March 2018
<b>I.</b>	<b><u>EQUITY AND LIABILITIES</u></b>			
<b>1</b>	<b>Shareholders funds</b>			
	(a) Share capital	3	829,915,750	829,915,750
	(b) Reserves and surplus	4	(175,029,466)	(545,806,220)
<b>2</b>	<b>Non-current liabilities</b>			
	(a) Long-term borrowings	5	-	-
	(b) Long-term provisions	6	8,601,311	5,643,455
<b>3</b>	<b>Current liabilities</b>			
	(a) Short-term borrowings	7	224,805,587	31,894,847
	(b) Trade payables	8		
	(i) Total outstanding dues of micro enterprises and small enterprises		5,584,500	1,383,635
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		242,793,906	219,250,842
	(c) Other current liabilities	9	372,738,773	77,154,784
	(d) Short-term provisions	10	19,050,634	824,662
	<b>TOTAL</b>		<b>1,528,460,995</b>	<b>620,261,755</b>
<b>II.</b>	<b><u>ASSETS</u></b>			
<b>1</b>	<b>Non-current assets</b>			
	(a) Property, plant & equipment	11	15,321,997	15,758,565
	(b) Capital work in progress	11	12,672,322	-
	(c) Intangible assets	11	396,234,035	139,603,765
	(d) Non-current investments	12	131,940	131,940
	(e) Deferred tax assets (net)	13	54,921,019	-
	(f) Long-term loans and advances	14	59,302,420	7,575,742
	(g) Other non-current assets	15	44,800,000	-
<b>2</b>	<b>Current assets</b>			
	(a) Inventories		23,558,750	-
	(b) Trade receivables	16	644,260,190	318,951,341
	(c) Cash and cash equivalents	17	16,051,580	15,728,336
	(d) Short-term loans and advances	18	261,206,742	122,512,066
	<b>TOTAL</b>		<b>1,528,460,995</b>	<b>620,261,755</b>

Significant accounting policies

2

Notes on financial statements

3 to 39

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached.

**For Singhi & Co.**

Chartered Accountants

Firm Registration No. 302049E

*N. Singhi*  
Nikhil Singhi

Partner

Membership No. 061567

Place: Mumbai

Date: **27 JUN 2019**



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

*Sandeep Gupta*  
Sandeep Gupta  
Director & CFO  
(DIN: 00589505)

*Santosh Garg*  
Santosh Garg  
Director  
(DIN: 07262936)

*Nikita Shah*  
Nikita Shah  
Company Secretary



Date: **27 JUN 2019**



**B4U Broadband (India) Private Limited**

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

(Amount in Rs.)

Particulars	Note No.	For the year Ended 31st March 2019	For the year Ended 31st March 2018
<b>I. Income</b>			
Revenue from operations	19	1,727,146,637	1,231,215,469
Other income	20	10,160,731	11,917,643
<b>II. Total Revenue</b>		<b>1,737,307,368</b>	<b>1,243,133,112</b>
<b>III. Expenses</b>			
Cost of Sales of film rights		150,229,042	2,044,000
Operating expenses	21	1,008,440,438	961,651,524
Employee benefits expense	22	90,862,759	67,911,634
Finance cost	23	9,815,606	1,218,030
Depreciation and amortization expense	11	107,516,128	122,238,135
Other expenses	24	53,867,738	38,091,171
<b>IV. Total expenses</b>		<b>1,420,731,711</b>	<b>1,193,154,494</b>
<b>V. Profit / (Loss) before tax (II-IV)</b>		<b>316,575,657</b>	<b>49,978,618</b>
<b>VI. Tax expense:</b>			
(1) Current tax - MAT		51,500,000	-
(2) MAT Credit		(51,500,000)	-
(3) Adjustment of tax relating to earlier periods		719,921	113,693
(4) Deferred tax		(54,921,019)	-
<b>VII. Profit (Loss) after tax (V-VI)</b>		<b>370,776,755</b>	<b>49,864,925</b>
<b>VIII. Earnings per equity share:</b>			
(1) Basic	27	4.47	0.60
(2) Diluted	27	4.47	0.60

Significant accounting policies

2

Notes on financial statements

3 to 39

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached.

**For Singhi & Co.**

Chartered Accountants

Firm Registration No. 302049E

  
Nikhil Singhi

Partner

Membership No. 061567

Place: Mumbai


Date: 27 JUN 2019



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

  
Sandeep Gupta  
Director & CFO  
(DIN: 00589505)

  
Santosh Garg  
Director  
(DIN: 07262936)

  
Nikita Shah  
Company Secretary



Date: 27 JUN 2019

**B4U Broadband (India) Private Limited**

**Cash Flow Statement for the year ended on 31st March 2019**

(Amount in Rs.)

Particulars		Year ended 31st March, 2019	Year ended 31st March, 2018
<b>A</b>	<b>Cash flows from operating activities</b>		
	Net profit before tax	316,575,657	49,978,618
	<b>Adjustments for:</b>		
	Depreciation & amortisation	107,516,128	122,238,135
	Interest income	(728,451)	(1,210,112)
	Expense for increase in authorized capital	6,650,000	-
	Finance cost	9,815,606	1,218,030
	Provision for doubtful debts	-	12,050,810
	Fixed assets written off	-	2,483,417
	Provisions for employee benefits	3,014,742	1,325,454
	<b>Operating Profit before working capital changes</b>	<b>442,843,682</b>	<b>188,084,352</b>
	<b>Working capital changes:</b>		
	(Increase) / decrease in trade and other receivables	(370,108,849)	(63,053,885)
	Increase / (decrease) in trade payables	27,743,930	(1,008,163)
	Increase / (decrease) in other current liabilities	296,000,656	6,318,600
	(Increase) / decrease in short term loans & advances	(145,920,362)	134,007,309
	(Increase) / decrease in long term loans & advances	(226,678)	(610,771)
	Increase / (decrease) in closing stocks	(23,558,750)	-
	Increase / (decrease) in long term & short provisions	147,947	(4,176,791)
	<b>Cash generated from operations</b>	<b>226,921,576</b>	<b>259,560,651</b>
	Direct taxes paid (net of refund)	(26,973,096)	2,579,162
	<b>Net cash flow from operating activities</b>	<b>199,948,480</b>	<b>262,139,813</b>
<b>B</b>	<b>Cash flows from investing activities</b>		
	Purchase of Tangible Assets	(3,560,863)	(468,473)
	Capital work in progress	(12,672,322)	-
	Purchase of Intangible Assets - movie rights	(360,148,969)	(179,262,457)
	Interest income	728,451	1,210,112
	<b>Net cash flow from investing activities</b>	<b>(375,653,703)</b>	<b>(178,520,818)</b>
<b>C</b>	<b>Cash flows from financing activities</b>		
	Repayment of vehicle loan	(416,667)	(517,819)
	Loan from holding company	247,000,000	-
	Repayment of loan to holding company	(54,089,260)	(84,050,000)
	Expense for increase in authorised capital	(6,650,000)	-
	Finance cost	(9,815,606)	(1,218,030)
	<b>Net cash flows from financing activities</b>	<b>176,028,467</b>	<b>(85,785,849)</b>
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	323,244	(2,166,854)
	Cash and cash equivalents at beginning of period	15,728,336	17,895,190
	<b>Cash and cash equivalents at end of the year</b>	<b>16,051,580</b>	<b>15,728,336</b>

**Notes:**

- The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 - Cash Flow Statement as specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).
- Figures for the previous year have been regrouped / rearranged wherever found necessary.

As per our report of even date attached.

**For Singhi & Co.**

Chartered Accountants

Firm Registration No. 302049E

*N Singh*  
Nikhil Singhi

Partner

Membership No. 061567

Place: Mumbai

Date:

**21 JUN 2019**



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

*Sandeep Gupta*  
Sandeep Gupta

Director & CFO

(DIN: 00589505)

*Santosh Garg*  
Santosh Garg

Director

(DIN: 07262936)

*Nikita Shah*  
Nikita Shah

Company Secretary



Date:

**27 JUN 2019**

## Notes to financial statements for the year ended 31st March 2019

### **Note 1 Corporate information**

B4U Broadband (India) Private Limited ("*the Company*") is a private company domiciled in India and incorporated under the provisions of the Companies Act, 2013. The Company is engaged in business of broadcasting television channels in India. The company is also in the business of trading of film rights, production of films and theatrical distribution of cinematography films. The Company is a wholly owned subsidiary of B4U Television Network India Limited.

### **Note 2 Significant accounting policies**

#### **a Basis of accounting and use of estimates**

- i The financial statements are prepared under historical cost convention, on accrual basis of accounting in accordance with the accounting principles generally accepted in India and the provision of the Companies Act, 2013. The Company has prepared these financial statements to comply in all material respects with the mandatory accounting standards notified under section 133 of the companies Act 2013, read together with rule 7 of the Companies(Accounts) Rules, 2014.
- ii The preparation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reported period. Difference between the actual result and estimates are recognized in the period in which the results are known/materialized.
- iii All assets and liabilities are classified as current or non-current as per Company's normal operating cycle and other criteria set out in schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, 12 months has been considered by the Company for the purpose of current/non current classification of assets and liabilities.

#### **b Revenue Recognition**

- i Advertisement revenue is recognized when the related advertisement or commercial is telecasted.
- ii Revenue from sale/assignment of film rights is recognised when the significant risks and rewards have been transferred as per agreed terms.
- iii Subscription revenue from cable is recognized as per agreement terms with the distributors, provided there is no uncertainty as to its ultimate collection.
- iv Revenue from sales of services is recognized when the service is completed.
- v Commission income on distribution of films is recognized on collection/confirmation basis.
- vi Income on distribution of films is recognized on collection/confirmation basis from sub distributors/exhibitors.
- vii Interest Income is recognized on a time proportion basis taking into consideration the amount outstanding and the rate applicable.

#### **c Property, plant & equipment**

- i Property, plant & equipment assets are stated at their original cost added on revaluation (if any) less accumulated depreciation and include all expenses relating to acquisition and installation.
- ii Depreciation on Property, plant & equipment is provided on Straight- Line Method at the rates specified in Schedule II of the Companies Act, 2013. Depreciation on addition/ deletion during the year is provided on pro-rata basis from the date of purchase/upto the date of sale.
- iii All Capital assets with individual value less than Rs. 5000/- are depreciated fully in the month in which they are purchased.

#### **d Intangible Assets**

- i Intangible Assets consisting of film rights are stated at cost less amortization thereon.
- ii Amortization on film rights:  
The Company amortizes the cost of film rights over the useful life of the film or in proportion to the estimated gross revenue, whichever is higher.  
Further, the maximum useful life in case of all film rights is considered to be eight years. The amortization policy is explained as under.  
For films with a useful life of 8 years or above:  
For the first 3 years      25 percent of cost p.a. from the date of commencement of exploitation or proportion of cost to the estimated gross revenue, which ever is higher.  
For the next 5 years      5 percent p.a. of cost or proportion of cost to the estimated gross revenue, which ever is higher.

No amortization is done if the film rights have not been exploited for first three years from date of acquisition. The amortization is done evenly over the balance useful life.

For films with estimated life of less than 8 years, amortization is spread evenly over the life of the right.



## Notes to financial statements for the year ended 31st March 2019

For films with estimated life of less than 8 years and are sold which were earlier capitalized under intangible assets, amortization is spread evenly over the life of the right or proportion of cost to the estimated gross revenue, whichever is higher.

For films which are purchased on basis of number of runs, the amortization is spread evenly over the number of runs upto the useful life.

In case of sale of film rights which are earlier capitalized under intangible assets, the total realizations from the sale of such film rights are recognized as revenue in the Statement of profit & loss and the remaining un-amortized value of such films rights is recognized as amortization.

Cost of film rights is ascertained as under:

- a) Specific identification basis wherever possible.
- b) In case multiple films are acquired, cost is allocated to each film on basis as estimated by the management.

### iii Amortization of Theatrical Film Rights

Amortization is charged at 60% of the cost of film rights upon first theatrical release or based on management estimates of revenue from these rights. The remaining 40% is amortized over the remaining license period or based on management estimate on the basis of future revenue potential as the case may be.

Amortization of Non-Theatrical Film Rights:

Amortization is done evenly over the balance useful life or 10 year whichever is less if the film rights have been exploited or based on management estimate on the basis of future revenue potential as the case may be.

### e Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

### f Investments

Non Current Investments are stated at cost less provision, if any, for a decline other than temporary in the value of investments. Current Investments are carried at lower of cost and fair value.

### g Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing at the date of transaction. Monetary items denominated in foreign currency outstanding at the period end are translated at rates prevailing as on year end. The exchange differences arising on settlement / translation or at the year end are recognized in the statement of profit and loss.

### h Employee Benefits

#### Short term employee benefits

The amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employee rendered the service.

#### Post Employment benefits

Defined contribution plans:

The Contribution to Employee Provident Fund and Employee's Pension fund are charged to statement of profit and loss for the year when contributions are due.

Defined benefit plans:

The company has Defined Benefit plans namely Gratuity and leave encashment for its employees, the liability for which is determined on the basis of an actuarial valuation at the end of the year using the projected unit credit method as stipulated in AS 15. Actuarial gains and losses are recognised in statement of profit and loss as income or expense each year.

### i Leases

#### Operating Lease

The company's significant leasing arrangements are in respect of operating leases of office premises. These leasing arrangements are usually renewable on mutually agreed terms but are cancelable during the primary lease period. Lease payments are shown as Lease Rent in Note 24, Other expenses.



**Notes to financial statements for the year ended 31st March 2019**

**j Earnings Per Share:**

The Company reports basic and diluted earnings per share in accordance with AS 20. Basic earnings per share is computed by dividing the net profit or loss attributable to equity share holders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share the net profit or loss attributable to equity share holders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**k Accounting for Taxes:**

Tax expense comprises current and deferred tax.

**Current Tax**

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Minimum Alternate Tax (MAT) is recognized as an asset only when and to the extent there is evidence that the Company will pay normal tax in the subsequent period. On each Balance Sheet date such asset is reviewed and carrying amount of MAT credit is ascertained

**Deferred Tax**

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**l Inventories**

Film rights acquired with an intent of selling/assignment are treated as inventory. These are stated at lower of cost or net realizable value. The company evaluates the realizable value and/or revenue potential of inventory based on management estimates of market conditions and future demand.

**m Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

**n Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimates required to settle the obligation at the balance sheet date. Provisions are reviewed at each balance sheet date and are adjusted to effect the current best estimation. A contingent liability is disclosed if the possibility of an outflow of resources embodying the economic benefits is remote or a reliable estimate of the amount of obligation cannot be made.

**Note 3 Share capital**

Particulars	As at	As at
	31st March 2019	31st March 2018
	Amount (Rs.)	Amount (Rs.)
<b>Authorized</b>		
153,500,000 (previous year 83,500,000 ) Equity Shares of Rs. 10 each	1,535,000,000	835,000,000
<b>Issued</b>		
82,991,575 (previous year 82,991,575) Equity Shares of Rs. 10 each	829,915,750	829,915,750
<b>Subscribed &amp; paid up</b>		
82,991,575 (previous year 82,991,575) Equity Shares of Rs. 10 each	829,915,750	829,915,750
<b>Total</b>	<b>829,915,750</b>	<b>829,915,750</b>



**Notes to financial statements for the year ended 31st March 2019**

**a Reconciliation of the no. of equity shares outstanding at the beginning and at the end the reporting period**

Particulars	As at	As at
	31st March 2019	31st March 2018
	Number	Number
Shares outstanding at the beginning of the year	82,991,575	82,991,575
Shares issued during the year	-	-
Shares bought back during the year	-	-
<b>Shares outstanding at the end of the year</b>	<b>82,991,575</b>	<b>82,991,575</b>

**b Terms/Rights attached to equity share**

The company has only one class of shares i.e. equity shares having a par value of Rs.10/- per share. Each shareholder of the equity shares is entitled to one vote per share. In the event of the liquidation of the company, the holder of the equity share will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in the proportion of number of equity shares held by the shareholders. In case the dividend is proposed by the Board of Director the same is subject to the approval of share holders in the ensuing Annual General Meeting.

**c Share held by holding/ultimate holding company and/or their subsidiaries/associates**

82,991,575 Equity Shares (Previous year 82,991,575 Equity Shares) are held by holding company B4U Television Network India Limited and its nominee.

**d Details of shareholders holding more than 5% shares in the Company**

Name of shareholder	As at 31st March 2019		As at 31st March 2018	
	No. of Shares held	% Holding	No. of Shares held	% Holding
B4U Television Network India Limited	82,991,575	100%	82,991,575	100%

**Note 4 Reserves & surplus**

Particulars	As at	As at
	31st March 2019	31st March 2018
	Amount (Rs.)	Amount (Rs.)
<b>a. Securities premium account</b>		
Opening balance	110,944,125	110,944,125
Add : Securities premium received during the year	-	-
<b>Closing balance</b>	<b>110,944,125</b>	<b>110,944,125</b>
<b>b. Surplus</b>		
Opening balance	(656,750,345)	(706,615,270)
Add: Net profit/(loss) for the current year	370,776,755	49,864,925
<b>Closing balance</b>	<b>(285,973,591)</b>	<b>(656,750,345)</b>
<b>Total</b>	<b>(175,029,466)</b>	<b>(545,806,220)</b>

**Note 5 Long-term borrowings**

Particulars	As at	As at
	31st March 2019	31st March 2018
	Amount (Rs.)	Amount (Rs.)
Car loan *	-	416,667
Less : Current maturity disclosed under "other current liabilities"	-	416,667
<b>Total</b>	<b>-</b>	<b>-</b>

\* Car loan taken from Axis Bank Limited was secured by hypothecation of vehicle acquired there against, carrying rate of interest of 9.67% which is repaid in full during the year .

**Note 6 Long term provisions**

Particulars	As at	As at
	31st March 2019	31st March 2018
	Amount (Rs.)	Amount (Rs.)
<b>Provision for employee benefits</b>		
Gratuity	5,404,700	3,360,139
Leave encashment	3,196,611	2,283,316
<b>Total</b>	<b>8,601,311</b>	<b>5,643,455</b>



**Notes to financial statements for the year ended 31st March 2019**

**Note 7 Short-term borrowings (Unsecured)**

Particulars	As at	As at
	31st March 2019	31st March 2018
	Amount (Rs.)	Amount (Rs.)
Loan from holding company	224,805,587	31,894,847
<b>Total</b>	<b>224,805,587</b>	<b>31,894,847</b>

**Note 8 Trade payables**

Particulars	As at	As at
	31st March 2019	31st March 2018
	Amount (Rs.)	Amount (Rs.)
Trade payables :		
(i) Total outstanding dues of micro enterprises and small enterprises (Refer note 33)	5,584,500	1,383,635
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	242,793,906	219,250,842
<b>Total</b>	<b>248,378,406</b>	<b>220,634,477</b>

**Note 9 Other current liabilities**

Particulars	As at	As at
	31st March 2019	31st March 2018
	Amount (Rs.)	Amount (Rs.)
TDS payable	19,212,890	16,367,229
Salary payable	5,732,135	160,666
Incentive & bonus payable	12,051,948	10,295,420
Payable for expenses	9,300,023	8,767,279
GST payable	7,904,648	2,152,852
Deposits	100,000	100,000
Current maturities of long term borrowings	-	416,667
Advance from related parties	135,876,342	36,680,241
Advance from others	182,560,787	2,214,429
<b>Total</b>	<b>372,738,773</b>	<b>77,154,784</b>

**Note 10 Short term provisions**

Particulars	As at	As at
	31st March 2019	31st March 2018
	Amount (Rs.)	Amount (Rs.)
<b>Provision for employee benefits</b>		
Gratuity	577,902	481,840
Leave encashment	451,593	342,822
Income tax payable (net)	18,021,139	-
<b>Total</b>	<b>19,050,634</b>	<b>824,662</b>

**Note 12 Non current investments (Unquoted at cost)**

Particulars	As at	As at
	31st March 2019	31st March 2018
	Amount (Rs.)	Amount (Rs.)
<b>Other investments</b>		
Investment in equity instruments (Holding company M/s B4U Television Network India Limited 13,194 (previous year 13,194) equity shares of Rs. 10 each)	131,940	131,940
<b>Total</b>	<b>131,940</b>	<b>131,940</b>

**Note 13 Deferred tax assets (net)**

Particulars	As at	As at
	31st March 2019	31st March 2018
	Amount (Rs.)	Amount (Rs.)
Provision for gratuity	1,742,134	1,270,274
Provision for earned leave	1,062,357	868,280
		cont...



## Note 11 Property, plant &amp; equipment and Intangible assets

	Assets	Gross Block			Accumulated Depreciation			Net Block			
		Balance as at 1 April 2018	Additions	Disposals	Balance as at 31 March 2019	Balance as at 1 April 2018	Depreciation charge for the year	On disposals	Balance as at 31 March 2019	Balance as at 31 March 2019	Balance as at 31 March 2018
		Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
a	<b>Property, plant &amp; equipment</b>										
	Plant and Equipment	20,475,178	-	-	20,475,178	7,513,433	2,708,239	-	10,221,672	10,253,506	12,961,745
	Furniture and Fixtures	100,266	199,240	-	299,506	62,495	109,297	-	171,792	127,714	37,771
	Office equipment	995,710	493,596	-	1,489,306	318,164	227,092	-	545,256	944,050	677,546
	Computers	1,754,615	2,868,028	-	4,622,643	1,205,884	689,301	-	1,895,185	2,727,458	548,731
	Vehicles	2,108,009	-	-	2,108,009	575,238	263,501	-	838,739	1,269,270	1,532,771
b	Capital work in progress				-				-	12,672,322	-
	<b>Total</b>	<b>25,433,778</b>	<b>3,560,863</b>	<b>-</b>	<b>28,994,641</b>	<b>9,675,214</b>	<b>3,997,430</b>	<b>-</b>	<b>13,672,644</b>	<b>27,994,319</b>	<b>15,758,564</b>
	Previous Year	29,882,549	468,473	4,917,244	25,433,778	8,042,934	4,066,107	2,433,827	9,675,214	15,758,564	
c	<b>Intangible Assets</b>										
	Copyrights, and patents and other intellectual property rights, services and operating rights	454,150,920	285,148,968	-	739,299,888	341,186,801	44,797,870	-	385,984,671	353,315,217	112,964,119
	Theatrical distribution rights	239,667,556	75,000,000	-	314,667,556	213,027,910	58,720,828	-	271,748,738	42,918,818	26,639,646
	<b>Total</b>	<b>693,818,476</b>	<b>360,148,968</b>	<b>-</b>	<b>1,053,967,444</b>	<b>554,214,711</b>	<b>103,518,698</b>	<b>-</b>	<b>657,733,409</b>	<b>396,234,035</b>	<b>139,603,765</b>
	Previous Year	514,556,019	179,262,457	-	693,818,476	436,042,683	118,172,028	-	554,214,711	139,603,765	





**Notes to financial statements for the year ended 31st March 2019**

Provision against advance	3,509,527	3,403,975
Unabsorbed losses	51,902,595	3,421,679
Provision for doubtful debts	5,057,688	-
<b>Total deferred tax assets</b> (refer note 35)	<b>63,274,301</b>	<b>8,964,208</b>
Book/tax depreciation difference	8,353,282	-
<b>Total deferred tax liability</b>	<b>8,353,282</b>	-
<b>Deferred tax asset (net)</b>	<b>54,921,019</b>	-

**Note 14 Long term loans & advances (Unsecured, considered good unless otherwise stated)**

Particulars	As at	As at
	31st March 2019	31st March 2018
	Amount (Rs.)	Amount (Rs.)
Security deposits	7,802,420	7,575,742
Minimum alternate tax credit (refer note 36)	51,500,000	-
Advance for film production & distribution	3,525,676	3,525,676
Less: Provision for doubtful advances	3,525,676	3,525,676
<b>Total</b>	<b>59,302,420</b>	<b>7,575,742</b>

**Note 15 Other non-current assets**

Particulars	As at	As at
	31st March 2019	31st March 2018
	Amount (Rs.)	Amount (Rs.)
Trade receivables (considered good, unsecured) *	44,800,000	-
<b>Total</b>	<b>44,800,000</b>	-

\* Pertains to assignment of movie rights pursuant to an agreement where the payment is due beyond 12 months from the date of Balance Sheet.

**Note 16 Trade receivables (Unsecured, unless otherwise stated)**

Particulars	As at	As at
	31st March 2019	31st March 2018
	Amount (Rs.)	Amount (Rs.)
<b>a. Outstanding for a period exceeding six months from the date they became due</b>		
Considered good	567,060	981,402
Doubtful	13,842,757	13,842,757
	<b>14,409,817</b>	<b>14,824,159</b>
Less: Provision for doubtful debts	13,842,757	13,842,757
<b>Total (a)</b>	<b>567,060</b>	<b>981,402</b>
<b>b. Other Receivables</b>		
Considered good - Current	643,693,130	317,969,939
<b>Total (b)</b>	<b>643,693,130</b>	<b>317,969,939</b>
<b>Total (a)+(b)</b>	<b>644,260,190</b>	<b>318,951,341</b>

**Note 17 Cash and cash equivalents**

Particulars	As at	As at
	31st March 2019	31st March 2018
	Amount (Rs.)	Amount (Rs.)
Balances with banks		
On current account	15,989,121	15,681,408
Cash on hand	62,459	46,928
<b>Total</b>	<b>16,051,580</b>	<b>15,728,336</b>

**Note 18 Short Term Loans & Advances (Unsecured, considered good unless otherwise stated)**

Particulars	As at	As at
	31st March 2019	31st March 2018
	Amount (Rs.)	Amount (Rs.)
Security deposits	718,000	520,000
Advance for film, Film production & distribution	105,985,535	30,590,510
Prepaid expenses- cable placement fees	107,250,831	55,932,215
		cont...



**Notes to financial statements for the year ended 31st March 2019**

Prepaid expenses - other	20,205,908	11,501,774
Loan and advance to employees	1,526,762	953,160
Advance paid to suppliers	2,568,413	1,584,562
Advance for capital assets	10,750,000	-
Cenvat credit (Input credit / available for utilization)	12,201,293	10,704,159
Income tax refundable (net)	-	10,725,686
<b>Total</b>	<b>261,206,742</b>	<b>122,512,066</b>

**Note 19 Revenue from operations**

Particulars	For the year ended	For the year ended
	31st March 2019	31st March 2018
	Amount (Rs.)	Amount (Rs.)
Sale of products	412,277,686	43,936,004
Sale of services	1,314,868,951	1,187,279,465
<b>Total</b>	<b>1,727,146,637</b>	<b>1,231,215,469</b>

Details of sale of products	Amount (Rs.)	Amount (Rs.)
Film rights-local	285,500,000	11,500,000
Film rights-exports	-	2,350,655
Film distribution revenue	126,777,686	30,085,349
<b>Total</b>	<b>412,277,686</b>	<b>43,936,004</b>

Details of sale of services	Amount (Rs.)	Amount (Rs.)
Advertisement sales	1,271,644,579	1,149,489,450
Other subscription	615,783	731,590
Programming contents	31,571,074	31,040,058
Teleshopping business income	805,465	-
Digital Income	10,232,050	5,923,908
Commission-film distribution	-	94,459
<b>Total</b>	<b>1,314,868,951</b>	<b>1,187,279,465</b>

**Note 20 Other income**

Particulars	For the year ended	For the year ended
	31st March 2019	31st March 2018
	Amount (Rs.)	Amount (Rs.)
Interest on income tax refund	-	863,749
Interest on short term bank deposits	728,451	346,363
Other income	14,159	4,659,500
Provisions written back (net)	5,012,154	484,474
Sundry balances written back (net)	4,405,967	5,563,557
<b>Total</b>	<b>10,160,731</b>	<b>11,917,643</b>

**Note 21 Operating expenses**

Particulars	For the year ended	For the year ended
	31st March 2019	31st March 2018
	Amount (Rs.)	Amount (Rs.)
Advertisement & business promotion expenses	6,464,542	2,206,019
Cable placement fees	630,200,603	557,547,043
Commission - advertisement sales	20,077,519	7,988,443
Commission - Other	4,304,087	23,719,694
Digital expenses	3,363,469	249,045
Film distribution expenses	37,901,953	126,177,800
Play out charges	6,108,785	8,367,027
Programming & content charges	240,464,121	185,468,553
Teleshopping Business Expenses	5,537,270	-
Up linking charges	16,376,633	15,101,636
Other operating expenses	37,641,456	34,826,264
<b>Total</b>	<b>1,008,440,438</b>	<b>961,651,524</b>



**Notes to financial statements for the year ended 31st March 2019**

**Note 22 Employee benefits expense**

Particulars	For the year ended	For the year ended
	31st March 2019	31st March 2018
	Amount (Rs.)	Amount (Rs.)
(a) Salaries and incentives	85,273,878	65,020,279
(b) Contributions to provident fund & other funds	3,278,205	1,736,425
(c) Staff welfare expenses	2,310,676	1,154,930
<b>Total</b>	<b>90,862,759</b>	<b>67,911,634</b>

**Note 23 Finance cost**

Particulars	For the year ended	For the year ended
	31st March 2019	31st March 2018
	Amount (Rs.)	Amount (Rs.)
Interest on car loan	16,776	67,781
Interest on income tax	3,500,000	-
Interest on loan from holding company	5,724,932	-
Interest on payment to MSME	-	78,208
Interest on placement fees	573,898	1,072,041
<b>Total</b>	<b>9,815,606</b>	<b>1,218,030</b>

**Note 24 Other expenses**

Particulars	For the year ended	For the year ended
	31st March 2019	31st March 2018
	Amount (Rs.)	Amount (Rs.)
Bank charges	98,232	71,031
Communication costs	995,973	919,193
Corporate social responsibility expenses (refer note 34)	870,000	200,000
Fixed assets written off	-	2,483,417
Foreign exchange loss (net)	2,053,523	265,101
Insurance	1,484,652	686,576
Legal and professional fees	15,251,498	5,907,469
Membership & subscription	1,100,000	1,100,000
Miscellaneous expenses	2,253,055	487,790
Payment to auditors*	1,150,000	870,000
Provision for doubtful debts	-	12,050,810
Power & fuel	365,373	456,783
Printing and stationery	113,122	61,604
Rates and taxes	6,899,484	2,763,501
Rent (refer note 32)	3,013,632	2,269,026
Repairs & maintenance	3,269,185	1,171,501
Travelling and conveyance	14,950,009	6,327,370
<b>Total</b>	<b>53,867,738</b>	<b>38,091,171</b>

**\* Details of payment to auditors**

Particulars	For the year ended	For the year ended
	31st March 2019	31st March 2018
	Amount (Rs.)	Amount (Rs.)
Audit fees	850,000	620,000
Taxation matters	200,000	150,000
Other services	100,000	100,000
<b>Total</b>	<b>1,150,000</b>	<b>870,000</b>



**Notes to financial statements for the year ended 31st March 2019**

**Note 25 Contingent liabilities**

Particulars	As at	As at
	31st March 2019	31st March 2018
	Amount (Rs.)	Amount (Rs.)
Claims against the company by Indian Performing Rights Society (IPRS)	29,181,600	29,181,600
Claims in respect of Income Tax (TDS) where the issues were decided in favour of the Company in ITAT, for which the department has appealed in high court during the year	24,679,660	-

**Note 26 Capital and other commitments**

- a Estimated amount of contracts remaining to be executed on capital account and not provided for are Rs. 20,42,50,000 (previous year Rs. Nil)
- b Other commitments as regards media content and others not provided for, as they are not due, are Nil (previous year Rs. Nil)

Additional information required to be given pursuant to Part II of Schedule III of the Companies Act, 2013 is as follows:

**Note 27 a Earnings in foreign currency (on accrual basis)**

Particulars	For the year ended	For the year ended
	31st March 2019	31st March 2018
	Amount (Rs.)	Amount (Rs.)
Sale of services	47,401,124	36,954,674
Sale of products	3,346,333	5,098,483
<b>Total</b>	<b>50,747,457</b>	<b>42,053,157</b>

**b Expenditure in foreign currency (on accrual basis)**

Particulars	For the year ended	For the year ended
	31st March 2019	31st March 2018
	Amount (Rs.)	Amount (Rs.)
Up linking charges	16,376,633	15,101,636
Film distribution expenses	1,924,145	24,030,151
Other operating expenses	701,862	642,293
<b>Total</b>	<b>19,002,640</b>	<b>39,774,080</b>

**Note 28 The Earning per share – basic & diluted for the year calculated as under**

Particulars	For the year ended	For the year ended
	31st March 2019	31st March 2018
	Amount (Rs.)	Amount (Rs.)
Profit used as numerator for the calculation of earnings per share	370,776,755	49,864,925
Weighted average number of shares used in computing earnings per share	82,991,575	82,991,575
<b>Earning per Shares (Rs.) (basic &amp; diluted)</b>	<b>4.47</b>	<b>0.60</b>

**Note 29 Related party disclosures**

**a Particulars of holding, subsidiary and associate companies**

Name of the related party	Nature of relationship
B4U Television Network India Limited	Holding Company
LMB Holdings (Mauritius) Limited.	Holding Company of Holding Company
LMB Holdings Limited	Ultimate Holding Company
B4U Network (Europe) Limited	Subsidiary of Ultimate Holding Company
B4U Media Ventures Private Limited	Fellow subsidiary



**Notes to financial statements for the year ended 31st March 2019**

**b Key Managerial Personnel**

Name of the related party	Nature of relationship
Mr. Sandeep Gupta	Director & CFO
Ms. Natasha Fernandes	Director (up to 22nd June 2018)
Mr. Santosh Garg	Director

**c The following transactions was carried out during the year with related parties in the ordinary course of business:**

Particulars	For the year ended	For the year ended
	31st March 2019	31st March 2018
	Amount (Rs.)	Amount (Rs.)
<b>Purchase of programming contents &amp; film rights</b>		
B4U Television Network India Limited	83,660,022	39,344,069
<b>Sale of programming contents</b>		
LMB Holdings (Mauritius) Limited	-	31,040,058
B4U Network (Europe) Limited	31,571,074	-
<b>Agent commission paid/payable</b>		
B4U Television Network India Limited	4,304,087	4,219,694
B4U Network (Europe) Limited	-	26,304
<b>Loans taken</b>		
B4U Television Network India Limited	247,000,000	-
<b>Loans repaid</b>		
B4U Television Network India Limited	58,500,000	84,050,000
<b>Sale of film rights</b>		
LMB Holdings Limited	-	2,350,655
<b>Film distribution income</b>		
B4U Network (Europe) Limited	3,102,809	2,308,083
<b>Reimbursement of expenses</b>		
LMB Holdings (Mauritius) Limited	-	2,000,000
B4U Network (Europe) Limited	-	906,057
<b>Income Reimbursement to</b>		
B4U Network (Europe) Limited	-	1,889,182
<b>Film distribution expenses</b>		
B4U Network (Europe) Limited	1,924,145	9,667,752
<b>Interest paid</b>		
B4U Television Network India Limited**	5,724,932	-
<b>Agent commission received</b>		
B4U Network (Europe) Limited	-	94,459

\*\* Charged on loan given subsequent to 01.04.2014

**d Amount Outstanding as at 31st March, 2019:**

Particulars	As at	As at
	31st March 2019	31st March 2018
	Amount (Rs.)	Amount (Rs.)
<b>Payables</b>		
B4U Television Network India Limited	62,158,478	3,950,792
B4U Network (Europe) Limited	-	9,200,858
<b>Receivable</b>		
LMB Holdings (Mauritius) Limited	-	4,491,412
<b>Advances/loan taken</b>		
B4U Television Network India Limited	224,805,587	31,894,847
<b>Advance against programming content/films</b>		
B4U Network (Europe) Limited	135,876,342	36,680,241



Notes to financial statements for the year ended 31st March, 2019

Note 30 Segment Reporting

Information about Primary Segment

(Amount in Rs.)

Particulars	Business Segment					Total
	Television	Film distribution	Film rights	Programming contents	Teleshopping Business	
<b>REVENUE</b>						
Revenue From Operations (External)	1,272,260,362	137,009,736	285,500,000	31,571,074	805,465	1,727,146,637
	(1,150,221,040)	(36,103,716)	(13,850,655)	(31,040,058)	(-)	(1,231,215,469)
<b>RESULTS</b>						
Segment Results	169,217,912	24,499,558	135,270,958	4,117,966	(7,302,339)	325,804,054
	(217,678,341)	(-179,355,367)	(11,706,655)	(4,048,703)	(-)	(54,078,333)
Unallocated Expenditure (Net of income)						(9,956,849)
						(-5,309,826)
Operating Profit / (Loss)						315,847,206
						(48,768,507)
Interest Income						728,451
						(1,210,112)
Taxation for the year						54,201,098
						(-113,693)
Net Profit / (Loss)						370,776,755
						(49,864,926)
<b>Other Information</b>						
Segment Assets	1,038,000,312	111,753,719	282,815,000	-	309,370	1,432,878,401
	(535,609,512)	(40,232,143)	(-)	(4,491,412)	(-)	(580,333,067)
Unallocated Corporate Assets						95,582,594
						(39,928,687)
Total Assets	1,038,000,312	111,753,719	282,815,000	-	309,370	1,528,460,995
	(535,609,512)	(40,232,143)	(-)	(4,491,412)	(-)	(620,261,755)
Segment Liabilities	232,809,767	140,591,449	192,310,000	-	1,204,320	566,915,536
	(212,945,254)	(53,915,374)	(-)	(-)	(-)	(266,860,627)
Unallocated Corporate Liabilities						306,659,175
						(69,291,597)
Total Liabilities	232,809,767	140,591,449	192,310,000	-	-	873,574,711
	(212,945,254)	(53,915,374)	(-)	(-)	(-)	(336,152,225)
Capital Expenditure						
For Segment	287,051,452	75,000,000	-	-	1,658,380	363,709,832
	(113,601,710)	(66,129,220)	(-)	(-)	(-)	(179,730,930)
Depreciation & Amortisation Expenses						
For Segment	48,484,992	58,720,828	-	-	310,308	107,516,128
	(47,982,490)	(74,255,645)	(-)	(-)	(-)	(122,238,135)
For corporate						-
						(-)
Total Depreciation &	48,484,992	58,720,828	-	-	-	107,516,128
	(47,982,490)	(74,255,645)	(-)	(-)	(-)	(122,238,135)

Previous year figures are stated in bracket

Note:

1. Business Segment

The company has considered "business segment" as primary reporting segment for disclosure. Company has identified the

- Television - It includes air time sale, cable subscription and other related revenue.
- Film Distribution - It includes theatrical distribution of films and digital syndication of content.
- Sale of Film Rights.
- Programming content.
- Teleshopping business.

The above business segments have been identified considering:

- The nature of products & services. & b. The different risks & returns.

2. There are no inter segment sales

3. Geographical Segment - Secondary Segment

Information about Geographical Segment

Country/Territory	2018-19	2017-18
	Amount (Rs.)	Amount (Rs.)
India	1,676,399,180	1,189,162,312
Overseas	50,747,457	42,053,157
<b>Total</b>	<b>1,727,146,637</b>	<b>1,231,215,469</b>

As it is not possible to allocate expenditure and ascertain assets & liabilities under geographical segment, hence the segment results, assets and liabilities under geographical segment are not given.



**Notes to financial statements for the year ended 31st March 2019**

**Note 31 Employee Benefits**

i Defined contribution plans – provident fund  
During the year, the company has recognized the following amounts in the statement of profit and loss - Employer's contribution to provident fund Rs. 10,26,633/-

ii Pension plans  
During the year, the company has recognized the following amounts in the statement of profit and loss - Employer's contribution to employee's Pension Scheme 1995 Rs. 5,02,561/-

iii Defined benefit plans (non-funded)

a The amount recognized in Balance Sheet are as follows:

Particulars		Gratuity Plan	
		As at 31st March 2019	As at 31st March 2018
		Amount (Rs.)	Amount (Rs.)
A	Present value of defined benefit obligation - Wholly unfunded	5,982,602	3,841,979
	Less : Fair value of plan assets	-	-
	Amount to be recognized as liability or (assets)	5,982,602	3,841,979
B	Amount reflected in the Balance Sheet - Liabilities	5,982,602	3,841,979
	Amount reflected in the Balance Sheet - Assets	-	-
	Net liability / (assets)	5,982,602	3,841,979

b. The amounts recognized in the Statement of Profit and Loss are as follows:

Particulars		Gratuity Plan	
		As at 31st March 2019	As at 31st March 2018
		Amount (Rs.)	Amount (Rs.)
1	Current service cost	688,270	760,484
2	Interest cost	300,827	283,683
3	Past service cost	-	52,093
4	Actuarial losses / (gain)	656,253	(333,973)
	<b>Total included in employee cost</b>	<b>1,645,350</b>	<b>762,287</b>

c. The change in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars		Gratuity Plan	
		As at 31st March 2019	As at 31st March 2018
		Amount (Rs.)	Amount (Rs.)
	Opening balance of the present value of defined benefit obligation	3,841,979	3,940,045
	Add: Current service cost	688,270	760,484
	Add: Interest cost	300,827	283,683
	Add:(less): actuarial losses / (gains)	656,253	(333,973)
	Add:(less): Net liability/Assets transfer in/out	864,889	-
	Less: Benefits paid	369,616	860,353
	Add: Past service cost	-	52,093
	<b>Closing balance of the present value of defined benefit obligation</b>	<b>5,982,602</b>	<b>3,841,979</b>

d. In Accordance with Accounting Standard 15 (revised 2005), actuarial valuation was done in respect of the aforesaid defined 'benefit plans' based on the following assumptions:

Particulars	Employee's Gratuity Fund	
Date of valuation	31.03.2019	31.03.2018
Retirement age	58 years	58 years
Rate of discounting	7.79%	7.83%
Future salary rise	5%	5%
Attrition rate	2%	2%
Mortality table	Indian Assured Lives Mortality (2006-08)	

**Note 32 Operating lease**

The aggregate lease rentals for operating leases for the period aggregate to Rs. 30,13,632/- (Previous year: Rs. 22,69,026/-).

The total of future minimum lease payment commitments under non-cancellable operating lease agreement are nil.



**Notes to financial statements for the year ended 31st March 2019**

**Note 33** Information related to Micro and Small Enterprises, as per the Micro, Small and Medium Enterprises Development Act, 2006 (MSME Development Act), are given below. The information given below have been determined to the extent such enterprises have been identified on the basis of information available with the Company

Particulars	As at	As at
	31st March 2019	31st March 2018
	Amount (Rs.)	Amount (Rs.)
a. Principal amount outstanding -not due	5,584,500	1,383,635
b. Interest on principal amount due	-	-
c. The amount of interest paid by the buyer in terms of section 16 of the MSME Development Act, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
d. 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 MSME Development Act	-	-
e. The amount of interest accrued and remaining unpaid at the end of each accounting year	-	78,208
f. The amount of further interest remaining due and payable even in the succeeding years, 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 of the MSME Development Act	-	-

**Note 34** During the current year, the Company has spent Rs. 8,70,000/- ( Previous year Rs. 2,00,000) on Corporate Social Responsibility (CSR) Projects as prescribed in Schedule VII of the Companies Act, 2013. The prescribed CSR expenditure required to be spent in the current year as per the Companies Act, 2013 was Rs. 13,26,165/- (Previous year Rs. 4,45,071/-).

**Note 35** Having regard to the conditions specified in AS - 22 "Accounting for Taxes on Income", wherein Deferred Tax Asset should be recognized and carried forward only to the extent there is virtual certainty, supported by convincing evidence that the sufficient future taxable income will be available against the loss can be set-off as per the provisions of the Act. During current year, the company has assessed the position of the brought forward losses and other components creating deferred tax asset (DTA) in view of the increase in business, huge profitability and projections for future profitability and has accordingly, recognized the DTA amounting to Rs. 5,49,21,019 (net of DTL of Rs. 83,53,282/-).

**Note 36** The Company will be paying current year Income Tax as per the provisions of section 115JB of the Income Tax Act, 1961, "Minimum Alternate Tax". In view of the tax liability for the year and projections for future with respect to profitability, the Company has recognized MAT Credit Entitlement aggregating to Rs. 5,15,00,000/- as at 31st March 2019.

**Note 37** In the Opinion of the management and to the best of its knowledge and belief, the value on realization of current assets, loans, advances and payment of current liabilities and provisions in the ordinary course of business would not be less/ more than the amount at which they are stated in the Balance sheet.

**Note 38** Balances of some of the trade receivables, trade payables, loans & advances are subject to reconciliation / confirmation from the respective parties and the consequential adjustments, if any. The management, however, of the view that there will be no material adjustments in this regard.

**Note 39** Previous year figures have been regrouped / rearranged wherever necessary to confirm to current years classification.


As per our report of even date attached

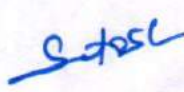
**For Singhi & Co.**  
Chartered Accountants  
Firm Registration No. 302049E


  
**Nikhil Singhi**  
Partner  
Membership No. 061567  
Place: Mumbai  
Date: **27 JUN 2019**



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

  
**Sandeep Gupta**  
Director & CFO  
(DIN: 00589505)

  
**Santosh Garg**  
Director  
(DIN: 07262936)

  
**Nikita Shah**  
Company Secretary

Date: **27 JUN 2019**

