

SKYNET CABLE PRIVATE LIMITED

Balance Sheet as at March 31,

Note

2014

2013

EQUITY AND LIABILITIES
SHAREHOLDERS' FUNDS

Share Capital	2.1	100,000	100,000
Reserves and Surplus	2.2	(188,105)	(10,000)
		(88,105)	90,000

SHARE APPLICATION MONEY PENDING FOR ALLOTMENT

8,050,000 -

CURRENT LIABILITIES

Trade payables	2.3	3,735,952	-
Other current liabilities	2.4	575,846	60,992
		4,311,798	60,992

Total

12,273,693 150,992
ASSETS
NON-CURRENT ASSETS

Fixed assets			
Tangible assets	2.5	7,452,304	-
Long-Term Loans and Advances	2.6	4,256,252	-
		11,708,556	-

CURRENT ASSETS

Cash and cash equivalents	2.7	96,869	100,000
Short-Term Loans and Advances	2.8	468,268	-
Other Current Assets	2.9	-	50,992
		565,137	150,992

Total

12,273,693 150,992

Significant Accounting Policies

1

Notes on Financial Statements

2

As per our attached report of even date

For and on behalf of the Board of Directors

For Mittal Nirbhay & Company

FRN No. 013097C

Chartered Accountants

Kamal Kumar

Partner

Membership No. : 502549

Place: New Delhi

Date:



Director

DIN:

Place:

Dated:

Director

DIN: 06585221

Place:

Dated:



SKYNET CABLE PRIVATE LIMITED
Statement of Profit and Loss for the Year ended March 31,

	Note	2014	2013
Revenue from Operations	2.10	13,572,123	-
Total Revenue		13,572,123	-
Expenses			
Operating cost	2.11	12,660,164	-
Depreciation and amortization expense		797,796	-
Other expenses	2.12	292,268	5,000
Total Expenses		13,750,228	5,000
PROFIT AFTER TAX		(178,105)	(5,000)
EARNING PER EQUITY SHARE	2.13		
Equity shares of par value 10/- each			
Basic	2.14	(17.81)	(0.50)
Diluted		(17.81)	(0.50)
Weighted Average Number of Equity Shares used in calculating earning per share			
Basic		10,000	10,000
Diluted		10,000	10,000
Significant Accounting Policies	1		
Notes on Financial Statements	2		

As per our attached report of even date

For Mittal Nirbhay & Company

FRN No. 013097C

Chartered Accountants

Kamal Kumar

Partner

Membership No. : 502549

Place: New Delhi

Date:



For and on behalf of the Board of Directors

Director

DIN:

Place:

Dated:

Director

DIN: 06585221

Place:

Dated:



SKYNET CABLE PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED,
March 31, 2014 March 31, 2013
A CASH FLOW FROM OPERATING ACTIVITIES

Net Profit/(Loss) before tax

(Rs.)

(Rs.)

(178,105)

(5,000)

Adjustments for:

Depreciation/Amortization

797,796

-

Provision for doubtful debts

-

-

Provision for Gratuity

-

-

Operating profit before working capital changes

619,691

(5,000)

Adjustments for changes in working capital

(Increase) / Decrease in Trade Receivables

-

-

(Increase) / Decrease in Loans, Advances & Other Current Assets

(4,673,528)

-

Increase / (Decrease) in Liabilities & Provisions

4,250,806

5,000

Cash generated from operations

196,969

-

Taxes paid / received

-

-

Net Cash from Operating Activities

196,969

-

B CASH FLOW FROM INVESTING ACTIVITIES

Purchase of Fixed Assets

(8,250,100)

-

Net Cash used in Investing Activities

(8,250,100)

-

C CASH FLOW FROM FINANCING ACTIVITIES
Net Cash from Financing Activities

Share Application Money Pending For Allotment

8,050,000

100,000

8,050,000

100,000

Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)

(3,131)

100,000

Cash and Cash Equivalents at the beginning of the period

100,000

-

Cash and Cash Equivalents at the end of the period

96,869

100,000

Cash and Cash Equivalents at the end of the period comprise of:

Cash on Hand

-

-

Balances with Banks in Current Accounts

96,869

100,000

96,869

100,000

Note : The above Cash Flow Statement has been prepared under the indirect method set out in AS-3 issued by the Central Government under the Companies (Accounting Standards) Rule 2006.

As per our attached report of even date

For Mittal Nirbhay & Company

FRN No. 013097C

Chartered Accountants

Kamal Kumar

Partner

Membership No. : 502548

Place: New Delhi

Date:



For and on behalf of the Board of Directors

Director

DIN:

Place:

Dated:

Director

DIN: 06585221

Place:

Dated:



SKYNET CABLE PRIVATE LIMITED
Company Overview

BACKGROUND AND OPERATIONS

DEN Ashu Cable Private Limited is a Company incorporated in India on August 13, 2008. The Company is primarily engaged in providing cable television distribution and other related services. It is a subsidiary of DEN Networks Limited which is listed on BSE & NSE.

1 Significant accounting policies

1.01 Basis of preparation

The financial statements are prepared and presented under the historical cost convention, in accordance with the Indian Generally Accepted Accounting Principles ("GAAP"), the applicable accounting standards notified u/s 211(3C) of the Companies Act, 1956 and the other relevant provisions of the Companies Act, 1956.

1.02 Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the results of operations during the reporting period. Examples of such estimates include estimates of income taxes, employment retirement benefit plans, provision for doubtful debts and advances and estimated useful life of fixed assets. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

1.03 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company, the revenue can be reliably measured and as per the management's assessment no significant uncertainty exists regarding realisation of the consideration.

i) Service Revenue

Income from services is recognised upon completion of services as per the term of contract. Period based services are accrued and recognised pro-rata over the contractual period.

Service revenue comprises of income from subscription, placement of channels, advertisement revenue and other services. These are recognised to the extent the amount is billable.

ii) Revenue billed but not recognised at the end of the year has been disclosed as deferred revenue under current liabilities.

iii) Digital Activation Charges on Set Top Boxes (STB) is recognized as revenue at the end of the month of activation of boxes, on issue of STBs to the customers.

1.04 Expenditure

Expenses are accounted for on the accrual basis and provisions are made for all known losses and liabilities. Digital Activation Charges on Set Top Boxes (STB) is recognized as expenses at the end of the month of activation of boxes, on issue of STBs to the customers.



A large, stylized handwritten signature in black ink, likely belonging to an authorized signatory of the company.

1.05 Fixed assets

i) Tangible Assets

Fixed assets are stated at the cost of acquisition including incidental costs related to acquisition and installation less accumulated depreciation. The actual cost capitalized includes material cost, freight, installation costs, duties and taxes, finance charges and other incidental expenses incurred during the construction / installation stage. Fixed Assets acquired during business acquisitions are accounted for at the fair market value of the assets.

Fixed assets under construction and cost of assets not ready for use before the year-end, are disclosed as capital work in progress.

ii) Intangible Assets

Intangible assets acquired in a business acquisition are recorded at fair value basis determined by the management of the Company. Other Intangible Assets are stated at cost.

iii) Digital Activation Charges on Set Top Boxes (STB) is recognized as revenue at the end of the month of activation of boxes, on issue of STBs to the customers.

1.06 Depreciation /Amortization

Depreciation on fixed assets except leasehold improvements is provided on the straight-line method over their estimated useful lives, as determined by the management, at the rates which are equal to or higher than the rates prescribed under Schedule XIV of the Companies Act, 1956. Depreciation is charged on a pro-rata basis for assets purchased/sold during the year. Assets costing less than Rs. 5,000 are fully depreciated in the year of purchase. The management's estimate of the useful life of the various fixed assets is as follows:

Head End Equipments	10 Years	Furniture & Fixtures	6 Years
Distribution Equipments	6 Years	Computers	6 Years
Office Equipments	10 Years	Vehicles	10 Years
Set-up Boxes	8 Years		

Fixed assets acquired through acquisition of business purchase are depreciated over remaining useful life of 5 years as estimated by an approved valuer.

Leasehold improvements are amortised over the lower of the useful life or the period of the lease.

Intangible assets are amortized on a straight line method over their estimated useful lives.

1.07 Borrowing Costs

Borrowing costs attributable to the acquisition or construction of a qualifying asset are capitalized as part of cost of the asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Other borrowing costs are recognized as an expense in the period in which they are incurred.

1.08 Investments

Trade investments are the investments made to enhance the company's business interests. Investments are either classified as long term or current investments, based on management's intention at the time of purchase. Long-term investments are stated at cost and provision is made to recognise any decline, other than temporary, determined separately for each investment. Current investments are stated at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments.



1.09 Leases

Operating leases

Lease payments under an operating lease are recognised as an expense in the profit and loss account on a straight line basis over the lease term.

1.10 Taxation

Income tax expenses comprise current tax and deferred tax charge or credit (reflecting the tax effects of the timing differences between the accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in the future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed for the appropriateness of their carrying values at each balance sheet date.

1.11 Retirement benefits

Gratuity:

The Company provides for gratuity, a defined benefit retirement plan. The plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company.

Liability with regard to gratuity is accrued based on actuarial valuations at the balance sheet date, carried out by an independent actuary. Gains and losses arising out of actuarial evaluations are recognised immediately in the Profit and Loss account as income or expense.

1.12 Earnings per share

In determining earnings per share, the company considers the net profit after tax and includes the post tax effect of any extra ordinary /exceptional item. Basic earning per share is computed using the weighted average number of equity shares outstanding during the year. Diluted earning per share is computed using the weighted average number of equity shares outstanding during the year and dilutive equity equivalent shares outstanding at the year end, except where the results would be anti dilutive.

1.13 Impairment of assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price, and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

1.14 Provisions and Contingent liabilities

A provision is recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. A disclosure of a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.



SKYNET CABLE PRIVATE LIMITED

2. NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014

2.1 SHARE CAPITAL

Particulars	As at March 31,	
	2014	2013
Authorised		
Equity Share Capital		
100,000 (100,000) Equity Shares of Rs. 10/- each	100,000	100,000
Issued, Subscribed and Paid up		
57,300 Equity Shares of Rs. 10/- each, fully paid up	100,000	100,000
	<u>100,000</u>	<u>100,000</u>

a) The reconciliation of the number of shares outstanding and the amount of share capital as at March 31, 2014 and March 31, 2013 is set out below:

Particulars	March 31, 2014		March 31, 2013	
	No of shares	Amount	No of shares	Amount
Numbers of shares at the Begning	10,000	100,000	10,000	100,000
Add: Shares issued during the year	-	-	-	-
Numbers of shares at the end	10,000	100,000	10,000	100,000

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

Particulars	March 31, 2014		March 31, 2013	
	No of shares	Amount	No of shares	Amount
Den Network Limited (Holding Company)	-	-	-	-

c) Number of Shares held by each shareholder having more than 5% shares:

Particulars	March 31, 2014		March 31, 2013	
	No of shares	% Holding	No of shares	% Holding
Amogh Broadband Services Pvt. Ltd.	10,000	100.00%	5,000	50.00%
	-	0.00%	5,000	50.00%

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

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



SKYNET CABLE PRIVATE LIMITED

2.2 RESERVES AND SURPLUS

Particulars	As at March 31,	
	2014	2013
Surplus- Opening Balance	(10,000)	(5,000)
Add: Net profit after tax transferred from Statement of Profit and loss	(178,105)	(5,000)
Surplus- Closing Balance	(188,105)	(10,000)
Total	(188,105)	(10,000)

2.3 TRADE PAYABLES

Particulars	As at March 31,	
	2014	2013
Other payables	3,735,952	-
Total	3,735,952	-

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

2.4 OTHER CURRENT LIABILITIES

Particulars	As at March 31,	
	2014	2013
Advances received from clients	74,951	-
Statutory Payables	365,603	-
Payable on Account of Fixed Assets	-	-
Other payables *	135,292	60,992
Total	575,846	60,992

*(Includes Salary and Other Expenses Payables)



SKYNET CABLE PRIVATE LIMITED
2.5 FIXED ASSETS

	Gross Block				Depreciation		Net Block	
	Opening 1 April 2013	Additions	Sales/Adjustm ents	As at March 31, 2014	Opening 1 April 2013	For the Year March 31, 2014	As at March 31, 2014	As at March 31, 2013
Plant and Machinery	-	8,250,100	-	8,250,100	-	797,796	7,452,304	-
Grand Total	-	8,250,100	-	8,250,100	-	797,796	7,452,304	-
Previous Year	-	-	-	-	-	-	-	-

Pursuant to "AS28 - Impairment of Assets" issued by the Central Government under the Companies (Accounting Standards) Rule 2006 for determining impairment in carrying amount of the fixed assets, the Company has concluded that since recoverable amount of fixed assets is not less than its carrying amount, therefore, no provision for impairment is required in respect of fixed assets owned by the Company.



2.6 LONG TERM LOANS & ADVANCES

Particulars	As at March 31,	
	2014	2013
Unsecured considered good		
Security deposits *	4,256,252	-
Total	4,256,252	-

*(Includes Fixed Deposit of Rs. 15,000/- with Syndicate Bank pledged with Entertainment Tax Department)

2.7 CASH AND CASH EQUIVALENTS

Particulars	As at March 31,	
	2014	2013
Balances with banks		
In Current Accounts	96,869	100,000
Total	96,869	100,000

2.8 SHORT- TERM LOANS AND ADVANCES

Particulars	As at March 31,	
	2014	2013
Unsecured, Considered good		
Service Tax Receivable	468,268	-
Debtors Fixed Assets	-	-
Loans and advances to employees - considered good	-	-
Total	468,268	-

2.9 OTHER CURRENT ASSETS

Particulars	As at March 31,	
	2014	2013
Miscellaneous Expenditure (to the extent not written off or adjusted)	-	50,992
Total	-	50,992

2.10 REVENUE FROM OPERATIONS

Particulars	Current Year	Previous Year
Revenue from - Sale of services	13,572,123	-
Total	13,572,123	-



2.11 OPERATING COST

Particulars	Current Year	Previous Year
STB Activation expenses	9,060,164	-
Total	12,660,164	-

2.12 OTHER EXPENSES

Particulars	Current Year	Previous Year
Payment to Auditor	15,000	5,000
Rates & Taxes	164,537	-
Office Expenses	6,858	-
Legal & Professional Charges	48,525	-
Insurance Expenses	1,343	-
Printing & Stationery	3,000	-
Preliminary Expenses	50,992	-
Travelling & Conveyance**	700	-
Miscellaneous expenses	1,313	-
Total	292,268	5,000

2.12.1 PAYMENT TO AUDITOR

Particulars	Current Year	Previous Year
For Statutory Audit	15,000	5,000
Total	15,000	5,000

2.13 Earning Per Share

Particulars	As at March 31,	
	2014	2013
Opening Number of Equity Shares	-	-
Closing Number of Equity Shares	10,000	-
Weighted Average Number of Equity Shares	10,000	-
Net Profit for the year (Rs.)	(178,105)	-
Nominal Value of the share (Rs.)	10.00	-
Earning Per Share-Basic and Diluted (Rs.)	(17.81)	-



SKYNET CABLE PRIVATE LIMITED

2.15 Related Party Transactions

i) In accordance with the requirements of Accounting Standard – 18 on Related Party Disclosures, the names of the related parties where control exists and with whom transactions have taken place during the year and description of relationships as identified and certified by the management are given below:

b) Holding Company

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

ii) The following transactions were carried out during the period with the related parties in the ordinary course of business

Particulars	Holding Company	Companies under the common control of the Holding Company	Total
Sale of Services *	-	-	-
Share Application Money Pending For Allotment	8,050,000	-	8,050,000
Operating Cost *	12,660,164	-	12,660,164
	-	-	-
Closing Balances			
Trade Payables	3,684,960	-	3,684,960
Other Current Liability	61,870	-	61,870
	-	-	-

(Previous Year Figures are shown in Bracket)

*Figures net of Service Tax

2.16 The Company is a providing cable television network and allied services and hence has only one reportable segment. The operations of the Company are located in India.

2.17 Certain Debit/Credit balances included in Trade Receivables, Trade Payables, Short/Long Term Loans and Advances & Other Current Liabilities are pending for confirmation and consequential reconciliation

2.18 Previous year figures have been regrouped/reclassified wherever considered necessary, to make them comparable with

2.19 "As per para 7 (a) of Direction issued by TRAI on 22nd February 2013," All the linked cable operators of the MSO operating in DAS areas shall ensure that, the consumer application forms, in respects of all the subscribers where the set up boxes have been seeded, duly filled and complete in all respects have been collected from the subscribers".

Being the first year of operation in DAS scheme and after announcement of new directions from TRAI, Company is in process for getting the customer application form (CAF) from subscribers and Local cable

2.20 All figures are in Indian rupees

For and on behalf of the Board of Directors

Director
Place: New Delhi



Director
Place: New Delhi

