



# DEN NETWORKS LIMITED

## ANNUAL REPORT 2017 - 2018



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## CORPORATE INFORMATION

### Board of Directors and KMPs

**Mr. Sameer Manchanda**  
DIN: 00015459  
Chairman Managing Director

**Mr. Ankur Ambika Sahu**  
DIN: 03623120  
Non - Executive, Nominee Director

**Ms. Archana Niranjana Hingorani**  
DIN: 00028037  
Non - Executive, Independent Director

**Mr. Ajaya Chand**  
DIN: 02334456  
Non - Executive, Independent Director

**Mr. Atul Sharma**  
DIN: 00308698  
Non -Executive, Independent Director

**Mr. Robindra Sharma**  
DIN: 00375141  
Non - Executive, Independent Director

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

**Mr. Himanshu Jindal**  
Chief Financial Officer

**Mr. Jatin Mahajan**  
Company Secretary & Compliance Officer

### Auditors and Bankers

**M/s. Deloitte Haskins & Sells (2017-18)**  
Statutory Auditors  
7th Floor, Building 10, Tower B  
DLF Cyber City Complex, DLF Cyber City Phase-II,  
Gurugram, Haryana-122002

**M/s. NKJ & Associates**  
Secretarial Auditors  
F-130, Ground Floor, Street No. 7,  
Pandav Nagar, Delhi – 110091

**M/s. Ajay Kumar Singh & Co.**  
Cost Auditors  
1/26, 2nd Floor Lalita Park  
Laxmi Nagar Delhi-110092

**Bankers**  
HDFC Bank Limited  
Standard Chartered Bank  
ICICI Bank Limited  
IDFC Bank Limited  
Kotak Mahindra Bank Limited

**Registrar & Transfer Agent**  
Karvy Computershare Private Limited  
46, Karvy House, Avenue 4, Street No.1  
Banjara Hills, Hyderabad - 500034  
Landline: +91-40-23420815  
Fax: +91-40 -23420814  
Email: einward.ris@karvy.com

**Registered office**  
236, Okhla Industrial Estates, Phase –III  
New Delhi-110020  
Landline: + 91-011-40522200  
Fax: + 91-011-40522203  
Email: investorrelations@denonline.in



## Key Indicators

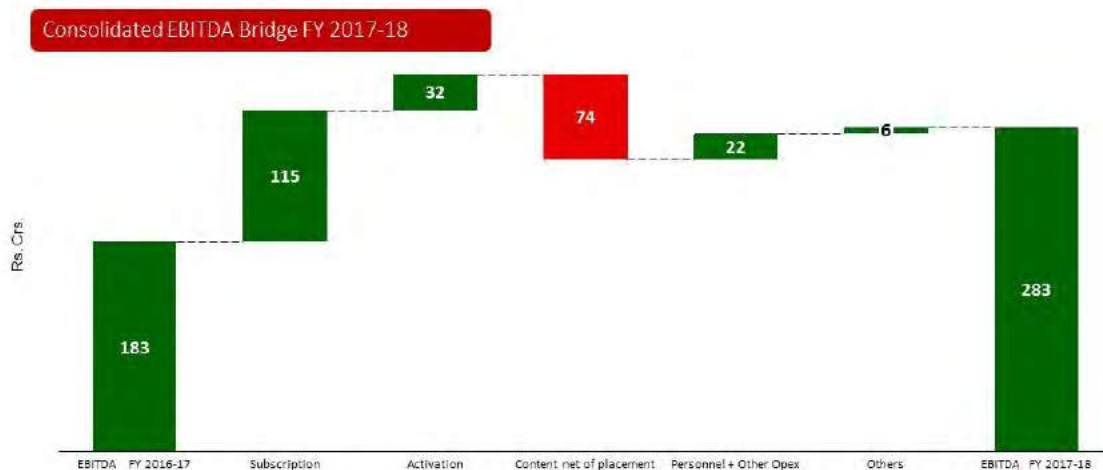
FY 2017-18 Consolidated Financial Highlights

**Cable  
Subscription  
Revenue**  
**Rs. 667Cr**  
FY 2017-18  
**Rs. 544 Cr**  
FY 2016-17  
Growth %- 22%

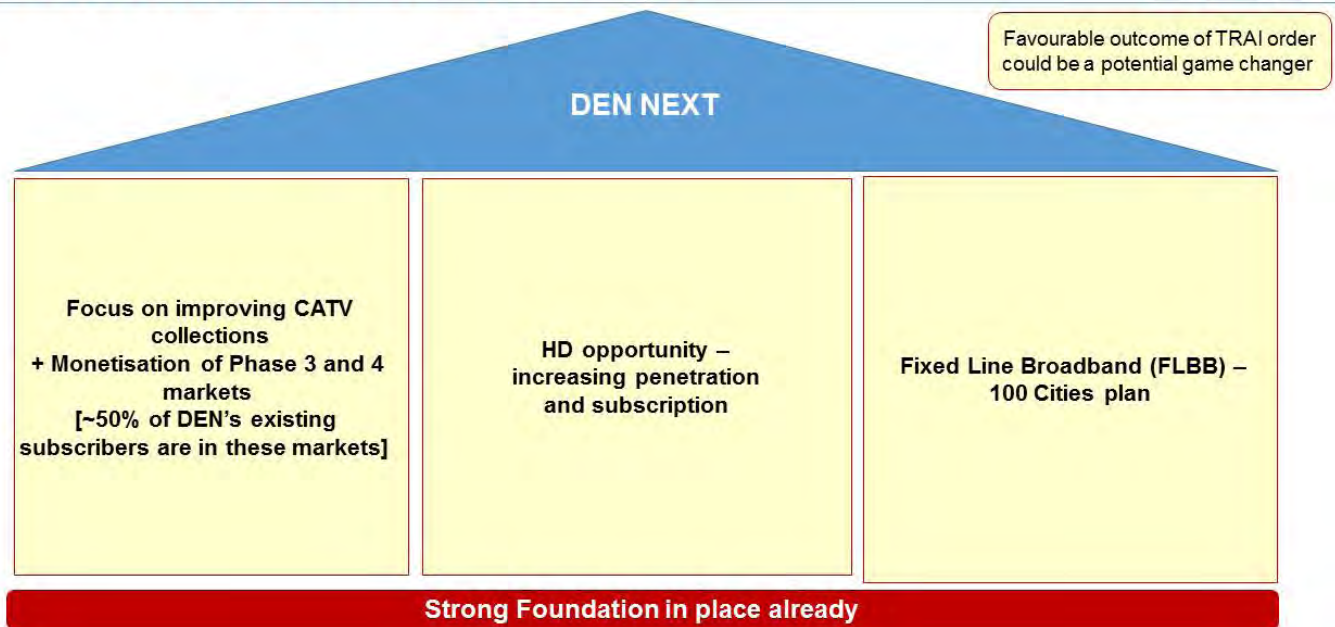
**Total Income**  
**Rs. 1315Cr**  
FY 2017-18  
**Rs. 1199 Cr**  
FY 2016-17  
Growth %- 10%  
(Inclusive of  
Activation)

**EBITDA  
(Post Activation)**  
**Rs. 283Cr** FY 2017-18  
**Rs. 183Cr** FY 2016-17  
Growth %- 55%  
Including Associates  
**Rs. 325 Cr** FY 2017-18  
**Rs. 220 Cr** FY 2016-17

### EBITDA Bridge – FY 2017-18



## Growth levers for the next level



## DIRECTORS' REPORT



Dear Members,

Your Directors have the pleasure in presenting the Eleventh Annual Report on the business & operations of your Company along with the Consolidated & Standalone Audited Financial Statements for the year ended March 31, 2018.

### 1. FINANCIAL AND OPERATIONAL OVERVIEW

#### a) Financial Highlights:

(₹ in million)

Particulars	Consolidated		Standalone	
	Financial year ended March 31, 2018	Financial year ended March 31, 2017*	Financial year ended March 31, 2018	Financial year ended March 31, 2017*
Total income	13,149.81	11,986.70	11,010.11	9472.71
Other expenses (other than Finance cost and Depreciation)	10067.80	9985.27	9270.90	8550.93
Finance Cost	660.51	651.62	596.01	603.92
Depreciation and amortisation expenses	2,485.90	2,761.00	1442.17	1848.15
Exceptional items	1.11	306.81	158.90	632.28
Share of profit/ (loss) of Associates	(5.90)	(29.71)	-	-
Net Profit/(loss) before tax after exceptional items	(71.54)	(1547.71)	(457.87)	(2162.55)
Total tax expense	99.65	329.89	(148.08)	-
<b>Profit/(loss) after tax</b>	<b>(171.19)</b>	<b>(1877.60)</b>	<b>(309.79)</b>	<b>(2162.55)</b>

\* Previous year figures had been re-stated as per applicable IND-AS.

During the year under review, the total revenue of your Company was ₹ 11,010.11 million on standalone basis and ₹13,149.81 million on consolidated basis as compared to the last year's revenue of ₹ 9472.71 million on standalone basis and ₹ 11,986.70 million on consolidated basis respectively. The Post Tax Loss of your Company was ₹ 309.79 million on standalone basis and ₹ 171.19 million on consolidated basis as compared to the last year's Post Tax Loss was ₹ 2162.55 million on standalone basis and ₹ 1877.60 million on consolidated basis respectively.



## b) Operational Highlights:

### Hi-Speed Fixed Line Broadband

DEN Broadband Private Limited, a 100% subsidiary of DEN Networks Limited and India's fastest growing fixed broadband Internet service provider (ISP) announces expansion of its hi-speed internet services to 100 cities across India by 2019. After an encouraging response to the pilot project in five cities, DEN has already started its first phase of expansion in 15 cities. DEN's expansion plan is in sync with the massive growth in the internet consumption in the country. Data usage in India has already jumped 144 per cent (y-o-y) with average consumption per user in 4G Broadband reaching 11GB per month. Moreover, the rise in data consumption has not been matched by a corresponding increase in the speed of connection. While India globally ranks 67th in fixed broadband speeds with an average download speed of 20.72 Mbps, mobile broadband speeds still lags at 109th rank with an average download speed of 9.01 Mbps, as per Ookla's speedtest Global Index, Feb 2018 report. With speeds up to 1Gbps at affordable prices, DEN Broadband will cater to the future needs of Internet while penetrating further into the untapped markets. Den Broadband intends to tap into high potential market by capitalizing existing Cable TV infrastructure of Den and providing Hi-Speed fixed broadband internet.

### Join hands with BARC India for RPD

TV viewership measurement in India is set to get a boost. In a major development, DEN has partnered with BARC India for measuring TV viewership using Return Path Data (RPD) via its digital set top boxes (STBs). As part of this partnership, BARC India will fetch data from STBs of DEN Networks. DEN networks, will use this data for subscriber management, packaging opportunities and to drive advertising revenue on their in-house channels. With this partnership, DEN has taken the first steps towards world class data analytics of subscriber viewing patterns which will help us to serve customers in a far more effective way and enabling us to offer personalized services.

### Technology & Services in Cable

DEN has recently launched its premium, 4K, Android Internet TV box, which will provide unified TV entertainment across Cable and Internet. DEN is the first MSO to launch unique offering which has features like voice search for browsing through channels and other content. The Internet TV box also provides hi-graphics games which use smartphones as gamepad, apart from other Wi-Fi enabled joysticks. It also use smart phones as remote controls and enables content sharing between mobile phone and TV. Using Wi-Fi and Bluetooth, this will integrate with IoT devices and act as a home gateway across all devices to create smart homes. With this offering, DEN becomes the first MSO to provide 4K services.

### Demerger of Broadband Undertaking:

The Company had filed a Composite Scheme of Arrangement between DEN Networks Limited ("the Company") and the Skynet Cable Network Private Limited ("Skynet") (a wholly

owned subsidiary of the Company), for demerger of Broadband/ Internet Service Provider ("ISP") Business Undertaking into Skynet during the financial year 2016-17. The honourable National Company Law tribunal vide its order dated September 19, 2017 has approved Demerger of Broadband division of the Company with DEN Broadband Private Limited (a wholly owned subsidiary Company) (Formerly known as Skynet Cable Network Private Limited). The demerger has enabled a focused attention on the ISP business and achieve structural and operational efficiency, enhanced competitiveness and greater accountability besides accelerating value creation for shareholders.

### Merger/Demerger of Subsidiaries

Den Futuristic Cable Networks Private Limited ("Den Futuristic"), a wholly owned subsidiary of the Company had filed a composite scheme of arrangement during the financial year 2016-17 for merger of 23 subsidiaries and demerger of cable business of Amogh Broad Band Services Private Limited ("Amogh Broad band") (another wholly owned subsidiary Company of Den) into DEN Futuristic. The Honorable National Company Law tribunal vide its order dated 16th August, 2017 has approved merger of 23 subsidiary Companies and demerger of cable business of Amogh Broad Band. The Company's expecting that the merger and demerger will facilitate operational synergies, which in turn eliminate inefficiencies and streamline corporate structures and cash flows. It is also expected that a single entity will result in better centralized management and oversight, cost efficiencies and supporting the group's competitive growth.

Den Ambey Cable Networks Private Limited ("Den Ambey") had filed a composite scheme of arrangement during the financial year 2017-18 under section 233 of the Companies Act, 2013 for merger of its eight wholly owned Subsidiary Companies with Den Ambey. Den is holding 61% equity stake in Den Ambey. Den Ambey has received order of the Honorable Regional Director, Northern region dated 06th July, 2018 for merger of its wholly owned subsidiaries into Den Ambey.

### Soccer:

During the financial year 2017-18, the Company sold its remaining 19.29% (approx.) to Wall Street Investments Limited. With this the Company has completely exited from the soccer business in order to focus on the core business of Cable and Broadband. The Company had acquired the 'Delhi Dynamos FC' team of the Indian Super League, a soccer league in India in 2014.

c) **Consolidated Financial Statements:** Pursuant to applicable Ind AS on Consolidated Financial Statements, the Audited Consolidated Financial Statements are provided in this Annual Report.

d) **Subsidiary Companies:** A statement containing the performance and financial position of each of the subsidiaries, associates and joint venture companies for the year ended 31st March, 2018 is given pursuant to Section 129(3) of the Companies Act, 2013 read with rule 5 and 8 of the Companies





(Accounts) Rules, 2014 in AOC-1 as “Annexure A”.

The Policy for determining material subsidiaries as approved may be accessed on the Company’s website at the link: <http://www.dennetworks.com/index.php/corporate-announcement#corporate-governance>

Details of Companies/entities which have become or ceased as subsidiary company, associates and joint ventures, up to the signing of this report, are as under:

S.No.	Name of Company	Relationship	Details of Changes	Date of Change
1	1. Aster Entertainment Private Limited 2. Capital Entertainment Private Limited (formerly known as Uttar Pradesh Entertainment Private Limited) 3. Den Bellary City Cable Private Limited 4. Den Digital Entertainment Gujarat Private Limited 5. Den Entertainment Network Private Limited 6. Den Montooshah Network Private Limited 7. Den RIS Cable Network Private Limited 8. Matrix Cable Network Private Limited 9. Shaakumbari Den Media Private Limited 10. Shine Cable Network Private Limited 11. Kerala Entertainment Private Limited (formerly known as BMC Cable Network Private Limited) 12. Rajasthan Entertainment Private Limited 13. Uttar Pradesh Digital Cable Network Private Limited (formerly known as Delhi Entertainment Private Limited), 14. Den Mewar Rajdev Cable Network Private Limited 15. Den Sky Media Network Private Limited 16. Den Narmada Network Private Limited 17. Den Infoking Channel Entertainers Private Limited 18. Mahadev Den Network Private Limited 19. Den Shiva Cable Network Private Limited 20. Astonishing Network Private Limited (formerly known as Den Nanak Communications Private Limited) 21. Scorpio Cable Network Private Limited 22. Den Krishna Vision Private Limited 23. Den UCN Network India Private Limited	Wholly Owned Subsidiaries / Indirect Subsidiaries	23 Subsidiary (Direct/ Indirect) Companies have been merged with Den Futuristic Cable Networks Pvt. Ltd. (a wholly owned subsidiary of DEN) pursuant to the order of the honorable National Company Law Tribunal.	16.08.2017
2	Amogh Broad Band Services Private Limited	Wholly Owned Subsidiary	Pursuant to the order of Honorable National Company Law Tribunal the Cable business of Amogh Broad Band has been demerged into DEN Futuristic. However Amogh Broad Band Services Private Limited will continue as a wholly owned subsidiary of the company.	16.08.2017
3	Delhi Sports & Entertainment Private Limited (Formerly known as Den Sports & Entertainment Private Limited)	Associate Company	The Company has diluted its remaining 19.29% Stake in Delhi Sports.	16.08.2017
4	DEN Broadband Private Limited (Formerly known as Skynet Cable Network Private Limited)	Wholly owned subsidiary	Pursuant to the order of the Honorable National Company Law Tribunal, the Broadband undertaking of DEN Networks (“the Company”) has been demerged into DEN Broadband Pvt. Ltd. (a wholly owned subsidiary Company).	19.09.2017
5	VBS Digital Distribution Network Private Limited	Subsidiary Company	The share-purchase and shareholders agreement was executed for acquisition of 51% stake in VBS Digital.	05.01.2018



The financial statements of the subsidiary companies and related information are available for inspection by the members at the Registered Office of your Company during business hours on all days except Saturdays, Sundays and public holidays up to the date of the Annual General Meeting as required under Section 136 of the Companies Act, 2013. The financial statements of the subsidiary companies are also uploaded on the Company's website <http://www.dennetworks.com/index.php/Investors#financial-result>. Any member desirous of obtaining a copy of the said financial statements may write to the Company Secretary at the Registered Office of your Company.

- e) **Particulars of Loans, Guarantees or Investments:** Particulars of loans, guarantees and investments made by the Company required under section 186(4) of the Companies Act, 2013 are contained in Notes of the Standalone Financial Statements and are not reproduced for the sake of brevity.
- f) **Dividend:** Your Directors do not recommend any Dividend for the financial year ended March 31, 2018.
- g) **Transfer to Reserves:** Your Company has not made any transfer to the Reserves during the financial year 2017-18.
- h) **Public Deposits:** Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.
- i) **Internal Financial Controls:** The Company has in place adequate internal financial controls with reference to financial statements. The Company's internal controls are commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use, executing transactions with proper authorization and ensuring compliance of corporate policies. It has continued its efforts to align all its processes and controls with global best practices. Your Company uses a System Applications Products (SAP) to record data for accounting and management information purposes and connects to different locations for efficient exchange of information. The Company has continued its efforts to align all its processes and controls with global best practices. The entity level policies include Code of Conduct, Whistle Blower Policy, and other policies (like Organization Structure, Insider Trading, HR Policy etc.)
- j) **Management's Discussion and Analysis Report:** The Management's Discussion and Analysis as stipulated under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirement), Regulations, 2015 forms an integral part of this Report and gives detail of the overall industry structure and development, business review, financial performance review in cable television business and broadband business, key growth drivers, opportunities and threats, risks and concerns, internal control system and its adequacy. It is presented in a

separate section forming part of the Annual Report.

## 2. MATTERS RELATED TO BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### a) Board of Director's & Key Managerial Personnel

As on March 31st, 2018, your Company had seven Directors which includes Four Independent, Two Non-Executive Directors and One Executive Director. However, as on date of adoption of this Director's Report, the Company has six Directors.

#### Directors:

(Ms.) Dr. Archana Niranjana Hingorani – She resigned from the Board w.e.f 1st August 2017. She was again appointed as an Additional Director (designated as Non-Executive Independent Director) w.e.f. 09th November, 2017.

Pursuant to the provisions of section 161 of the Companies Act, 2013 and other applicable provisions, an additional Director shall hold office up to the date of ensuing AGM. Accordingly, the Company has received notice under section 160 of the Companies Act, 2013 and other applicable provisions along with requisite fees from a shareholder proposing candidature of (Ms.) Dr. Archana Niranjana Hingorani for the office of Non-Executive Independent Director. It is proposed to appoint her as Non-Executive Independent Director for a period of 3 years i.e., upto 08th Nov, 2020.

Mr. Krishnakumar P. T Gangadharan was appointed as an Additional Director (designated as Non-Executive Nominee Director) by the Board w.e.f 01st August, 2017. Thereafter his appointment was regularized by the shareholders in Annual General Meeting of the Company held on 27th Sep, 2017. He has resigned from the directorship on 02nd August, 2018.

Mr. Sameer Manchanda was appointed as Chairman Managing Director for a period of three years from 10-09-2015 to 09-09-2018. His office as Chairman Managing Director will be completed on 09th Sep, 2018.

As per provisions of section 152 of the Companies Act, 2013 and its rules made thereunder, Mr. Ankur Ambika Sahu (DIN: 03623120), shall retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment for approval of shareholders.

#### Key Managerial Personnel:

Mr. Manish Dawar resigned as Key Managerial Personnel and Group Chief Financial Officer w.e.f. November 30, 2017.

Mr. Himanshu Jindal has been appointed by the Board of Directors as new Chief Financial Officer of the Company w.e.f 04th April, 2018.

- b) **Declaration by Independent Directors:** The Company has received declarations from all the Independent Directors of the Company under section 149 (6) of the Companies Act, 2013 and applicable regulation(s) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)

Regulations, 2015, if any, confirming that they meet the criteria of independence. The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which include criteria for performance evaluation of the non-executive directors and executive directors. The details of programs for familiarization of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at the link: <http://www.dennetworks.com/index.php/corporate-announcement#corporate-governance>

c) **Board Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements), Regulations 2015, the Board has carried out an evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report. The Schedule IV of the Companies Act, 2013 states that the performance evaluation of the Independent Directors shall be done by the entire Board of Directors, excluding the Director being evaluated.

3. **DISCLOSURE RELATED TO BOARD, COMMITTEES & POLICIES**

a) **BOARD MEETINGS**

The Board of Directors met 4 times during the financial year ended 31st March, 2018 in accordance with the provisions of Companies Act, 2013 and rules made thereunder. The dates on which the Board of Directors met during the financial year under review are as under:-

S. No.	Date of Board Meeting
1	22nd May, 2017
2	1st August, 2017
3	09th November, 2017
4	16th January, 2018

b) **DIRECTORS' RESPONSIBILITY STATEMENT**

**Your Directors state that:**

- in the preparation of the annual accounts for the year ended March 31, 2018, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the loss of the Company for the year ended on that date;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance

with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- the Directors have prepared the annual accounts on a 'going concern' basis;
- the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

c) **CORPORATE SOCIAL RESPONSIBILITY**

In terms of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors have constituted Corporate Social Responsibility Committee. However, since the Company has no profits in the preceding 3 financial years, no amount was required to be incurred for Corporate Social Responsibility activities. Hence, the Company hasn't undertaken any CSR initiatives during the year under review. The CSR Policy may be accessed on the Company's website at the link: <http://www.dennetworks.com/index.php/corporate-announcement#corporate-governance>

The key philosophy of all CSR initiatives of the Company is guided by three core commitments of Scale, Impact and Sustainability.

The Statutory disclosure with respect to CSR activities is annexed herewith as "Annexure B".

d) **RISK MANAGEMENT**

Pursuant to the regulation 21 (5) of SEBI (Listing Obligations and Disclosure Requirements) regulation, 2015, Top 500 listed entities, determined on the basis of market capitalization as at the end of immediate previous financial year needs to formulate Risk Management Committee. Your Company is not falling under Top 500 list. However, following the good corporate practice, the Company has formulated risk management committee as the better corporate practice and for the upward mobility of the Company. The Committee met once in during the financial year 2017-18. The Risk Management Committee consisting three Directors:

S.No.	Name of Committee Members	Designation
1	Mr. Ajaya Chand	Chairman
2	Mr. Robindra Sharma	Member
3	Mr. Ankur Ambika Sahu	Member

The Members has been entrusted with the responsibility to assist the Board in:

- Overseeing and approving the Company's enterprise wide risk management framework; and
- Overseeing that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security,