



**RAJEEV JAYATHILAKE & COMPANY**  
**CHARTERED ACCOUNTANTS**

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE SHAREHOLDERS OF DISH TV LANKA (PRIVATE) LIMITED**

*Report on the Audit of the Financial Statements*

**Qualified Opinion**

We have audited the financial statements of Dish TV Lanka (Private) Limited, which comprise the statement of financial position as at March 31<sup>st</sup> 2021, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the incomplete disclosure of the information referred to in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31<sup>st</sup> 2021, and its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting (SLFRS)

**Basis for Qualified Opinion**

We were unable to satisfy ourselves by other auditing procedures concerning the inventory held at March 31<sup>st</sup>, 2021, which is stated in the balance sheet at Rs. 5,660,219. The Management has not stated the inventories at the low of cost and net realizable value but has stated them solely at cost, which constitutes a departure from the Accounting Standard 2 "Valuation of Inventories".

As discussed in notes no. 15 & 16 of the financial statements, no provision for impairment has been provided on receivables of the Amount Due from Related Party & Trade and Other Receivables which has ceased trading. The Company has no security for this receivable and no cash has been received on this debt.

As discussed in note no. 19 & 22, the company financing arrangements expire and amounts outstanding are payable on 31<sup>st</sup> March 2021. The company has been unable to conclude re-negotiations or obtain replacement financing. This situation indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not adequately disclose this matter.

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuS). 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 ethical requirements of the Code of Ethics issued by CA Sri Lanka (Code of Ethics) that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Material Uncertainty Related to Going Concern**

- The company has informed Telecommunication Regulatory Authority (TRC) about the impending circumstances of challenges in its business operations with effects from 31<sup>st</sup> October 2019 due to high operating cost and threatening to switch off the satellite and impending threat on the business operations to Telecommunication Regulatory Commission of Sri Lanka by a letter dated on 04<sup>th</sup> November 2019. However, the Company has been providing services. We were unable to obtain sufficient appropriate audit evidence about the recommencement of revenue recharge operations as at 31<sup>st</sup> March 2021.

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- The Company incurred a net loss of Rs. 1,087,060,665 during the financial year ended 31st March 2021 and, as of that date, the company's net assets stood at Rs. (6,644,456,453), these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that 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 responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for 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 guarantee that an audit conducted in accordance with SLAuS 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 the financial statements.

#### **Report on Other Legal and Other Regulatory Requirements**

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanation that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.



**Rajeew Jayathilake & Co.**  
(Chartered Accountants)

26<sup>th</sup> June 2021



**DISH T V LANKA (PRIVATE) LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31ST MARCH 2021**

*Amounts in Sri Lankan Rupees*

	Notes	31/03/2021	31/03/2020
Revenue	4	-	133,786,559
Cost of Sales		(9,648,234)	(448,286,780)
<b>Gross Profit</b>		<b>(9,648,234)</b>	<b>(314,500,221)</b>
Other Income	5	38	2,278,187
Administrative Expenses		(155,277,127)	(197,362,373)
Finance Costs	6	(922,135,342)	(857,184,746)
<b>Loss before Income Tax</b>	7	<b>(1,087,060,665)</b>	<b>(1,366,769,153)</b>
Income Tax Expense	8	-	-
<b>Loss for the Year</b>		<b>(1,087,060,665)</b>	<b>(1,366,769,153)</b>
<b>Loss Per Share</b>	9	<b>(10,871)</b>	<b>(13,668)</b>

The Accounting Policies and Notes to the Financial Statements form an integral part of these Financial Statements.

*Figures in brackets indicate deductions.*





# DISH T V LANKA (PRIVATE) LIMITED

## STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31ST MARCH 2021

Amounts in Sri Lankan Rupees

	Notes	31/03/2021	31/03/2020
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property Plant and Equipment	10	221,427,482	346,019,123
Work in progress	11	4,894,954	4,894,955
Intangible Assets	12	-	-
Security Deposits	13	1,210,000	1,210,000
<b>Total Non - Current Assets</b>		<b>227,532,436</b>	<b>352,124,078</b>
<b>Current Assets</b>			
Inventory - CPE	14	5,660,219	5,660,219
Amount Due from Related Party	15	17,519,298	16,602,649
Trade and Other Receivables	16	5,853,281	12,532,428
Cash and Cash Equivalents	17	5,316,435	30,559,989
<b>Total Current Assets</b>		<b>34,349,234</b>	<b>65,355,285</b>
<b>Total Assets</b>		<b>261,881,670</b>	<b>417,479,363</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Stated Capital	18	1,000,000	1,000,000
Retained Loss		(6,645,456,453)	(5,558,395,788)
<b>Total Equity</b>		<b>(6,644,456,453)</b>	<b>(5,557,395,788)</b>
<b>Non-Current Liabilities</b>			
Loan and Interest Due to Related Parties	19	6,232,283,155	5,341,203,595
Provision for Retirement Benefit Obligations	20	1,622,922	1,206,971
<b>Total Non-Current Liabilities</b>		<b>6,233,906,077</b>	<b>5,342,410,566</b>
<b>Current Liabilities</b>			
Amount Due to Related Party	21	5,399,739	4,240,745
Other Payables and Liabilities	22	666,518,148	627,709,682
Income Tax Payable		514,158	514,158
Short-Term Provisions	23	-	-
<b>Total Current Liabilities</b>		<b>672,432,046</b>	<b>632,464,585</b>
<b>Total Equity and Liabilities</b>		<b>261,881,670</b>	<b>417,479,363</b>

The Accounting Policies and Notes to the Financial Statements form an integral part of these Financial Statements.

I certify that these Financial Statements have been prepared in compliance with the requirements of Companies Act No.07 of 2007.

Financial Controller

The Board of Directors is responsible for the preparation and presentation of these Financial Statements approved and signed for and on behalf of the Board of Directors of Dish T V Lanka (Private) Limited on.....

Director

Director



**DISH T V LANKA (PRIVATE) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**AS AT 31ST MARCH 2021**

Description	Stated Capital	Retained Profit	Total Rs.
	Rs.	Rs.	Rs.
Balance as at 31st Mar 2019	1,000,000	(4,191,626,635)	(4,190,626,635)
Net Loss for the Year	-	(1,366,769,153)	(1,366,769,153)
Balance as at 31st Mar 2020	1,000,000	(5,558,395,788)	(5,557,395,788)
Net Loss for the Period	-	(1,087,060,665)	(1,087,060,665)
Balance as at 31st March 2021	1,000,000	(6,645,456,453)	(6,644,456,453)

The Accounting Policies and Notes to the Financial Statements form an integral part of these Financial Statements.

*Figures in brackets indicates deductions.*



## DISH T V LANKA (PRIVATE) LIMITED STATEMENT OF CASHFLOW

FOR THE YEAR ENDED 31ST MARCH 2021

Amounts in Sri Lankan Rupees	Notes	31/03/2021	31/03/2020
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Loss Before Income Tax Expense		(1,087,060,665)	(1,366,769,153)
<b>Adjustment for</b>			
Interest Expense		592,560,270	510,925,700
Amortization of License Fees		-	-
Gratuity provision		415,951	402,320
Depreciation		124,591,642	128,883,444
Foreign Exchange Loss (Realised & Unrealised)		298,519,292	316,246,796
		(70,973,511)	(410,310,893)
<b>Operating Profit before Working Capital Changes</b>			
(Increase) / Decrease in Inventories		-	54,889,696
(Increase) / Decrease in Trade & Other Receivables		6,679,146	8,995,823
(Increase) / Decrease in Amount Due from Related Party		(916,649)	(1,099,687)
(Increase) / Decrease in Security Deposits		-	40,000
Increase / (Decrease) in Amount Due to Satnet (Pvt) Ltd		1,158,993	1,724,064
Increase / (Decrease) in Other Payables		38,808,467	172,769,069
<b>Cash Generated from Operations</b>		45,729,957	237,318,965
Income taxes (paid)		-	-
<b>Net Cash Flow from Operating Activities</b>		(25,243,554)	(172,991,928)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property Plant and Equipment (WIP)		-	3
<b>Net cash Flows from Investing Activities</b>		-	3
<b>CASH FLOW FROM FINANCING ACTIVITY</b>			
Loans Obtained during the period		-	268,345,000
Loans paid during the year		-	(92,967,619)
Interest paid on loan		-	(92,799,003)
<b>Net Cash Flow from Financing Activities</b>		-	82,578,377
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>		(25,243,554)	(90,413,548)
Cash and Cash Equivalents at the beginning of the year		30,559,987	120,973,536
<b>Cash and Cash Equivalents at the end of the year</b>	<b>17</b>	<b>5,316,433</b>	<b>30,559,988</b>

The Accounting Policies and notes form an integral part of these Financial Statements.

Figures in brackets indicate deductions.





**DISH T V LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31<sup>st</sup> MARCH 2021**

**1. REPORTING ENTITY**

Dish T V Lanka (Private) Limited is a Company incorporated and domiciled in Sri Lanka. The registered office of the Company and the principal place of business are located at 514, Thimbirigasyaya Road, Colombo - 05.

The principal activity of the Company is to undertake all the Direct to Home related activities and Teleport Services

The Company is a joint venture of Dish TV India Limited and Satnet (Private) Limited. Dish TV India Limited and Satnet (Private) Limited holds 70% shares and 30% shares of Dish T V Lanka (Private) Limited respectively.

**2. BASIS OF PREPARATION**

**2.1. Statement of Compliance**

The Financial Statements of the Company, have been prepared and presented in accordance with the Sri Lanka Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka (ICASL) and in compliance with the requirements of the Companies Act No, 07 of 2007.

The Board of Directors is responsible for the preparation and presentation of the Financial Statements of the Company and its subsidiaries as per provisions of Companies Act No, 07 of 2007 and the Sri Lanka Accounting Standards.

These Financial Statements include the following components:

- **The Statement of Comprehensive Income:** providing information on the financial performance of the Company for the year.
- **The Statement of Financial Position:** providing information on the financial position of the Company as at the year-end.
- **The Statement of Changes in Equity:** providing information on the movements of stated capital and reserves of the Company during the year under review.
- **The Statement of cash Flow:** providing information on the generating cash and cash equivalents and utilization of the same.
- **Notes to the Financial Statements:** comprising accounting policies and other notes.

**2.2. Approval of Financial Statements by Directors**

The Financial Statements were authorized for issue by the Board of Directors on 24<sup>th</sup> June 2021.

**2.3. Basis of Measurement**

The Financial Statements have been prepared on the historical cost basis and accounting policies are applied consistently with no adjustments being made for inflationary factors affecting the financial statements.

Where appropriate, the specific policies are explained in the succeeding Notes. No adjustments have been made for inflationary factors in the Financial Statements.



**DISH T V LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31<sup>st</sup> MARCH 2021**

**2.4. Functional and Presentation Currency**

The Financial Statements are presented in Sri Lankan Rupees, which is the company's functional currency. All financial information presented in Sri Lankan Rupees has been rounded to the nearest Rupee, unless stated otherwise.

**2.5. Use of estimates and judgments**

The preparation of financial statements in conformity with Sri Lanka Accounting Standards (SLFRS) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only the financial year or in the period of the revision and future periods if the revision affects both current and future financial years.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all the periods presented in these Financial Statements and have been applied consistently by the Company and its subsidiaries, unless otherwise stated.

**3.1. Financial Instruments**

**3.1.1. Non-derivative financial assets**

The Company initially recognizes loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in, which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, hold to-maturity financial assets, loans and receivables and available for sale financial assets.





**DISH T V LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31<sup>st</sup> MARCH 2021**

**Financial asset is classified as at fair value through profit or loss**

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income, are recognized in profit or loss.

**Held-to-maturity financial assets**

If the Company has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held to-maturity. Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

**Loans and receivables**

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, amount due from related parties and trade and other receivables.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

**Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

**3.1.2. Non-derivative financial liabilities**

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.



**DISH T V LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31<sup>st</sup> MARCH 2021**

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire. The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the Statement of cash flows.

### **3.2. Foreign Currency Transactions**

In preparing the Financial Statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions.

At each reporting date, monetary items denominated in foreign currencies are translated at the closing rate. Non-monetary items measured at fair value are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items measured at historical cost are translated at the rates prevailing on the date of transaction.

Exchange differences arising on the settlement of monetary items and on the translation of monetary items are included in profit or loss for the period

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences which are recognized in other comprehensive income.

### **3.3. Property, Plant & Equipment**

#### **3.3.1. Freehold Assets**

##### **a) Recognition and Measurement**

Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment; if any.

The cost of an item of property, plant and equipment comprise its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labor, and any other costs directly attributable to bringing the asset to the working condition for its intended use. This also includes cost of dismantling and removing the items and restoring in the site on which they are located.

##### **b) Gains and losses on disposal**

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within "other income/other expenses" in profit or loss.









**DISH T V LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31<sup>st</sup> MARCH 2021**

**3.4.1. Licenses**

Separately acquired licenses, which can be clearly identified, reliably measured and is probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category of intangible assets.

**3.4.2. Subsequent Expenditure**

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

**3.4.3. Amortization**

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in the profit or loss on a straight line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives and depreciation rates are as follows:

<u>Assets Category</u>	<u>Depreciation Rate (%)</u>
License Fee	20%

Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted prospectively, if appropriate.

**3.5. Impairment of Assets**

**3.5.1. Non-derivative financial assets**

A financial asset not classified at fair value through profit or loss, including an interest in an equity-accounted investee, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence; that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

**Financial assets measured at amortized cost**

The Company considers evidence of impairment for financial assets measured at amortize cost (loans and receivables and hold to-maturity financial assets) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are, then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are, collectively assessed for impairment by grouping together assets with similar risk characteristics.



**DISH T V LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31<sup>st</sup> MARCH 2021**

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognized. When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

**Available-for-sale financial assets**

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss recognized previously in profit or loss. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income.

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss. An impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

**3.5.2. Non-financial assets**

The carrying amount of the Company's non-financial assets, other than inventories is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite life intangible assets are tested annually for impairment. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.





**DISH T V LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31<sup>st</sup> MARCH 2021**

**3.6. Post-Employment Benefits**

**3.6.1. Defined Benefit Plan – Retirement Gratuity**

Provision recognized in the Financial Statements for retiring gratuity is based on Project Unit Credit (PUC) method as recommended by “Sri Lanka Accounting Standard – 19 Employee Benefits”.

**3.6.2. Defined Contribution Plans – Employees’ Provident Fund and Employee Trust Fund**

All employees who are eligible for Employees’ Provident Fund Contributions and Employees’ Trust Fund Contributions are covered by relevant contributions funds in line with the relevant statutes. Employer’s contributions to the defined contribution plans are recognized as an expense in profit or loss when incurred.

**3.7. Cash & Cash Equivalents**

Cash and cash equivalents comprise cash balances, call deposits, demand deposits and short term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value net of bank overdrafts that are repayable on demand for the purpose of the Statement of Cash Flows.

**3.8. Stated Capital**

**Ordinary shares**

Ordinary shares are classified as equity. As per the Companies Act No. 07 of 2007, section 58 (1), stated capital in relation to a Company means the total of all amounts received by the Company or due and payable to the Company in respect of the issue of shares and in respect of call in arrears.

**3.9. Provisions**

Provisions are recognized when the company has a legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

**3.10. Statement of Comprehensive Income**

For the purpose of presentation of the Statement of Comprehensive Income the directors are of the opinion that function of expenses method presents fairly the elements of the Company’s performance, and hence such presentation method is adopted in line with the provisions of Section 3 to the SLFRS for SMEs – ‘Financial Statement Presentation’.

**3.10.1. Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and the associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and revenue related taxes. The following specific criteria are used for the purpose of recognition of revenue.





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**a) Service income**

- Subscription and other service revenues are recognized on an accrual basis on rendering of the service.
- Lease rental is recognized as revenue as per the terms of the contract of operating lease over the period of lease on a straight line basis.

**b) Sale of goods**

- Revenue from sale of stock-in-trade is recognized when the products are dispatched against orders to the customers in accordance with the contract terms, which coincides with the transfer of risks and rewards.
- Sales are stated net of rebates, trade discounts, sales tax and sales returns.

**c) Interest income**

Income from deployment of surplus funds is recognized using the time proportion method, based on interest rates implicit in the transaction.

**3.10.2. Expenditure Recognition**

**3.10.2.1. Operating Expenses**

All expenses incurred in day to day operations of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Statement of Comprehensive Income in arriving at the profit/ (loss) for the year. Provision has also been made for impairment of trade receivables, all known liabilities and depreciation on property, plant and equipment.

**3.10.2.2. Finance Cost**

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and losses on disposal of available for sale financial assets, fair value losses on financial assets at fair value through profit or loss and impairment losses recognized on financial assets (other than trade receivables).

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

**3.10.2.3. Tax Expense**

Income Tax expense comprising of current and deferred tax. Income tax expense is recognized in Statement of Comprehensive Income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

**a) Current Taxes**

Current tax expense for the current and comparative periods are measured at the amount paid or expected to be payable to the Commissioner General of Inland Revenue on taxable income for the respective year of assessment computed in accordance with the provisions of the Inland Revenue Act



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No 10 of 2006 as amended by subsequent legislation enacted or substantively enacted by the reporting date.

**b) Deferred Taxation**

Deferred tax is recognized using the Statement of Financial Position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

The principal temporary differences arise from depreciation on property, plant and equipment; and provisions for defined benefit obligations. Deferred tax assets relating to the carry forward of unused tax losses are recognized to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend is recognized.

**3.11. Related Party Transactions**

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is being charged or not.

The details of Related Party Transaction are presented in Note 24.

**3.12. Cash Flow Statement**

Interest received and dividends received are classified as investing cash flows, while dividend paid is classified as financing cash flows for the purpose of presentation of Cash Flow Statement which has been prepared using the 'Indirect Method'.

**3.13. General**

**3.13.1. Events occurring after the reporting period**

All material post balance sheet events have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the Financial Statements.

**3.13.2. Earnings per Share**

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of shares outstanding during the period.





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**3.13.3. Capital Commitments and Contingencies**

All material capital commitments and contingent liabilities of the Company are disclosed in the respective notes to the accounts.

**3.14. Sri Lanka Accounting Standards (SLFRS/LKAS) Issued But Not Yet Effective**

Standard issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards issued, which the Company reasonably expects to be applicable at a future date. The company intends to adopt those standards when they become effective.

**a) SLFRS 9 – Financial Instruments**

SLFRS 9 as issued reflects the replacement of LKAS 39 and applies to the classification and measurement of financial assets and financial liabilities as defined in LKAS 39. This standard becomes effective for annual periods beginning on or after January 01, 2015. The adoption of SLFRS 9 will have an impact on classification and measurement of companies' financial assets.

**b) SLFRS 15 – Revenue from Contracts with Customers**

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the existing revenue recognition guidance including LKAS 18 Revenue and LKAS 11 Construction Contracts.

SLFRS 15 is effective for annual reporting periods beginning on or after 01st January 2018, with early adoption permitted.

The Company is currently in the process of evaluating the potential effect of these standards on its financial statements and the impacts of the adoption of these standards have not been quantified as at the reporting date.

**3.15. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of financial statements in conformity with SLFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are based on historical experience and various other factor that are believed to be reasonable under the circumstances, the results which form the basis of making the judgments about the carrying amount of assets and liabilities that are not readily apparent from other sources.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimates uncertainties that have a significant risk of resulting in a material adjustment in the financial statements are included in the table below:

<b>Critical accounting estimate/judgment</b>	<b>Note Reference</b>
Income tax expenses	8
Property, plant and equipment	10
Intangible Assets	11





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Amounts in Sri Lankan Rupees

	31/03/2021	31/03/2020
	Rs.	
<b>4. Revenue</b>		
Sale of CPE	-	7,049,531
Subscription Revenue	-	126,737,028
	-	<b>133,786,559</b>
<b>5. Other Income</b>		
Bank Interest	38	625,136
Notice Deduction	-	53,051
Miscellaneous Income	-	1,600,000
	<b>38</b>	<b>2,278,187</b>
<b>6. FINANCE COSTS</b>		
Bank Charges	58,420	295,638
Related Party Loan Interest	592,560,270	510,925,700
Unrealised Foreign Exchange (Gains) / Losses	329,516,652	345,963,408
	<b>922,135,342</b>	<b>857,184,746</b>
<b>7. LOSS BEFORE TAX</b>		
is stated after charging all expenses including the following:		
Auditor's Remuneration	500,000	200,000
Depreciation of Property, Plant & Equipment	124,591,642	128,883,444
Amortization of Licence Fees	-	-
<b>Staff Related Costs</b>		
- Salaries & Wages	10,901,107	16,554,315
- EPF	1,180,602	3,230,740
- ETF	295,135	807,652
- Other Staff Cost	5,206,883	12,723,112
No of Staff	14	14



**DISH T V LANKA (PRIVATE) LIMITED**  
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**8. INCOME TAX EXPENSES**

The Company is liable for income tax at 28% on its taxable income in accordance with the provision of the Inland Revenue Act, No. 10 of 2006 and subsequent amendments thereto. However, the Company shall qualify for a tax exemption period of a maximum of seven (07) years as stipulated in the Inland Revenue (Amendment) Act No.08 of 2014 (Section 17A) based on the investment in fixed assets of the Project not later than 31st March 2015.

For the above purpose the year of assessment shall be reckoned from the year in which the Company commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operations whichever comes first as determined by the Commissioner General of Department of Inland Revenue.

<i>Amounts in Sri Lankan Rupees</i>		31/03/2021	31/03/2020
<b>8.1 Current Taxes</b>			Rs.
<b>Current Tax Expense</b>			
On current year profit (Note 8.2)		-	-
<b>8.2 Reconciliation between Accounting Loss &amp; Taxable Profit/(Loss)</b>			
Accounting Loss before Income Tax Expenses	(1,087,060,665)	(1,366,769,153)	
Other Sources of Income	(38)	(625,136)	
Aggregate Disallowed Items	1,047,356,965	986,457,405	
Aggregate Allowable Items	-	(173,404)	
Tax adjusted Loss from Business	(39,703,738)	(381,110,287)	
Total Statutory Income	38	625,136	
Losses utilised - (35% of Total Statutory Income)	(38)	(625,136)	
Taxable Income	-	-	
Income tax Rate Applicable	24%	24%	
Income tax for the year	-	-	





**DISH T V LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH 2021**

Amounts in Sri Lankan Rupees

	31/03/2021	31/03/2020
		Rs.
<b>8.3 Tax Losses</b>		
Tax Losses Brought Forward	3,264,322,021	2,883,836,870
Tax Loss for the year	39,703,738	381,110,287
Losses utilized during the year	(38)	(625,136)
Tax Losses Carried Forward	<u>3,304,025,721</u>	<u>3,264,322,021</u>

**8.4 Unrecognized Deferred tax asset**

Deferred Tax Asset has not been recognized on Tax Losses carried forward and Property, Plant and Equipment as management is of the opinion that it is not probable that future taxable profit will be available against which the company can utilize the benefit there on, since commercial operations have commenced from this year only and the company is still making losses.

Tax loss carried forward (Temporary Difference)	3,304,025,721	3,264,322,021
Property Plant and Equipment (Temporary Difference)	-	(173,404)
	<u>3,304,025,721</u>	<u>3,264,148,617</u>
Tax effect there on @ 24%	792,966,173	783,395,668

**9. LOSS PER SHARE**

Basic earnings / (loss) per share is calculated by dividing the net profit attributable to shareholders by the weighted average numbers of ordinary shares in issue during the year.

Loss attributable to ordinary shareholders (Rs.)	(1,087,060,665)	(1,366,769,153)
Number of Ordinary Shares as at the Balance Sheet Date	100,000	100,000
Loss Per Share (Rs.)	<u>(10,871)</u>	<u>(13,668)</u>



# DISH T V LANKA (PRIVATE) LIMITED NOTES TO THE ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 2021

## 10 Property Plant & Equipment

Description	Cost As At 01/04/2020	Addition (Disposal)	Cost As At 31/03/2021	Rate %	Accu.Dep 01/04/2020	Depreciation for the year	Accu.Dep 31/03/2021	W.D.V. As At 31/03/2021
Office Furniture	4,212,099	-	4,212,099	10%	2,530,359	420,059	2,950,418	1,261,681
Office Equipment	7,695,032	-	7,695,032	5%	6,973,583	375,354	7,348,937	346,095
Computers	2,869,313	-	2,869,313	33%	2,817,355	44,838	2,862,193	7,120
Vehicles	3,513,171	-	3,513,171	13%	2,636,081	437,947	3,074,028	439,144
P & M	738,253,198	-	738,253,198	13%	469,463,448	98,000,234	567,463,682	170,789,517
Building	65,403,868	-	65,403,868	5%	15,868,479	3,261,258	19,129,737	46,274,130
CPE	126,735,482	-	126,735,482	20%	102,373,736	22,051,951	124,425,687	2,309,795
Improvement in building	715,820	-	715,820		715,820	-	715,820	0
	949,397,984	-	949,397,984		603,378,861	124,591,642	727,970,503	221,427,482





**DISH T V LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Amounts in Sri Lankan Rupees

**11 Work in progress**

Description	Balance as at 01.04.2020	Additions	Transfers	Balance as at 31.03.2021
Work in progress	4,894,955	-	-	4,894,955
	4,894,955	-	-	4,894,955

**12 Intangible Assets**

Description	Balance as at 01.04.2020	Additions	Disposals/Transfers	Balance as at 31.03.2021
Cost	Rs.	Rs.	Rs.	Rs.
License	5,102,041	-	-	5,102,041
Accumulated Depreciation				
License	5,102,041	-	-	5,102,041
Carring Value	-			-

**13. SECURITY DEPOSITS**

Security Deposit paid to Vendors  
Security Deposits to Others

31/03/2021	31/03/2020
10,000	10,000
1,200,000	1,200,000
<b>1,210,000</b>	<b>1,210,000</b>

**14 INVENTORY**

Inventory

5,660,219	5,660,219
<b>5,660,219</b>	<b>5,660,219</b>

**15 AMOUNT DUE FROM RELATED PARTY**

Dish TV India Limited

17,519,298	16,602,649
<b>17,519,298</b>	<b>16,602,649</b>

**16 TRADE AND OTHER RECEIVABLES**

Trade Receivables  
Lease Rent Paid in Advance  
Prepayments  
Salary Advance  
Advances Paid  
Other Advances  
Withholding Tax Recoverable

1,675,949	1,675,949
-	-
2,815,308	9,328,235
-	148,000
-	-
1,189,648	1,207,867
172,376	172,376
<b>5,853,281</b>	<b>12,532,428</b>



**DISH T V LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH 2021**

*Amounts in Sri Lankan Rupees*

**17 CASH & CASH EQUIVALENTS**

Cash in Hand	528,296	580,622
Cash at Bank	4,788,139	29,979,367
Cash & Cash Equivalents for the purpose of Cash flow Statement	<u>5,316,435</u>	<u>30,559,989</u>

**18 STATED CAPITAL**

100,000 Ordinary shares	<u>1,000,000</u>	<u>1,000,000</u>
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The Holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the shareholders.





**DISH T V LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Amounts in Sri Lankan Rupees

31/03/2021

31/03/2020

**19 LOANS DUE TO RELATED PARTIES**

Dish T V India Limited

-Loan amount Due

3,874,600,561

3,668,630,463

-Interest Payable

2,357,682,594

1,672,573,131

**6,232,283,155**

**5,341,203,595**

According to the IVth amendment into loan agreement entered into by Dish TV India Ltd (the lender) and Dish TV Lanka (Private) Limited (the borrower) dated on 4th July 2013 (IVth Amendment Dated 07th August 2019), the lender has agreed to provide aggregate principal amount not exceeding USD 20,000,000 (USD Twenty Million Only) for the purpose of establishing DTH service in Sri Lanka at the interest rate of 10.5% per annum

Furthermore, Interest and further interest shall be payable together with the loan in 12 quarterly instalments commencing from the first repayment date immediately falling after the expiry of the first date of disbursement of loan (i.e.10th July 2012) or whenever the lender demands repayment. However, as confirmed by Dish TV India Limited duly signed by company secretary dated on 16th May 2014, the principal loan along with the interest to be repayable in 12 equally quarterly instalments commencing from the first repayment date immediately falling after the expiry of 5 years from the date of first disbursement.

**20 PROVISION FOR RETIREMENT BENEFIT OBLIGATIONS**

Balance as at the beginning of the year

1,206,971

804,651

Amount recognise in Statement of Profit or Loss

674,074

402,320

Payment

(258,123)

Balance as at end of the year

**1,622,922**

**1,206,971**

**20.1 INTEREST COST**

This cannot be estimated as the Company has not done an actuarial valuation of the gratuity liabilities for the previous year.

**20.2 ACTUARIAL GAIN/LOSS**

This does not arise as the Company has not done an actuarial valuation of the gratuity liabilities for the previous year.



**DISH T V LANKA (PRIVATE) LIMITED**  
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Amounts in Sri Lankan Rupees

31/03/2021

31/03/2020

**20.3 CHANGES IN THE PRESENT VALUE OF OBLIGATION**

This cannot be determined as the Company has not done an actuarial valuation of the gratuity liabilities for the previous year.

**20.4 FUNDING ARRANGMENTS**

The gratuity liability is not externally funded.

**21. AMOUNT DUE TO RELATED PARTY**

Amount Receivable- Security Deposit given to Satnet	(250,000)	(250,000)
Amount payable-Satnet (Private) Limited	5,649,739	4,490,746
Satnet (Private) Limited	<u>5,399,739</u>	<u>4,240,746</u>

**22. OTHER PAYABLES & LIABILITIES**

Accrued Expenses	5,190,658	2,257,354
Other Payables	634,103,357	598,096,926
Security Deposit Received from Distributors	4,961,417	5,092,686
Advance from Customers	22,262,715	22,262,715
	<u>666,518,148</u>	<u>627,709,682</u>

**23. SHORT-TERM PROVISIONS**

Provision for doubtful advance

-	-
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**24. Financial Instruments**

Financial Instruments - Statement of Financial Positions

*Financial Assets*

**Loans and Receivables**

Trade and Other Receivables	1,848,325	2,181,133
	<u>1,848,325</u>	<u>2,181,133</u>

Cash and Cash Equivalents	5,316,435	120,181,133
	<u>7,164,760</u>	<u>122,362,266</u>

*Financial Liabilities*

*Other Financial Liabilities*

Other Payable	666,518,148	451,940,612
	<u>666,518,148</u>	<u>451,940,612</u>





**DISH T V LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH 2021**

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**25.1 Financial Risk Management**

*Overview*

The Company has exposure to the following risks from its use of financial instruments:

- \* Credit risk
- \* Liquidity risk
- \* Market risks (Including currency risk and interest rate risk)

This note present qualitative and quantitative information about the Company's exposure to each of the above risks, The Company's objectives, policies and measuring and managing risk.

**Risk Management Framework**

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

**26 Post balance sheet events**

No events have occurred since the balance sheet date which would require adjustments to, or disclosure in, the financial statements.

