



July 01, 2020.

The BSE Limited

P. J. Towers, 25th Floor,
Dalal Street, MUMBAI – 400001.
Scrip Code: **532368**

The National Stock Exchange of India Ltd.

Exchange Plaza, Bandra Kurla Complex,
Bandra (E), Mumbai-400051.
Symbol: **BCG**

Dear Madam/Sir,

Sub: Note on Impairment of Assets for Financial Year 2019-20

With respect to the recently declared financials results for the FY 2019-20, please find enclosed a detailed note on the Impairment of assets during that period. Kindly disseminate the same to the shareholders of the Company through Stock Exchanges.

This is for your information only.

Thanking you.

Yours faithfully,

For BRIGHTCOM GROUP LIMITED

M. SURESH KUMAR REDDY
CHAIRMAN & MANAGING DIRECTOR
DIN: 00140515



NOTE ON ASSETS IMPAIRED IN FY 19 – 20

- Given that there is a global change in the way businesses are operating due to the COVID pandemic and our future plans for the coming fiscal year in this environment, Brightcom Group decided to test its assets for Impairment.
- The company decided to take a look, as a prudent measure, at all its assets across its subsidiaries in this context.
- Over a period of last 12 years, we have built products, developed a number of databases, created an inventory of internal productivity tools, given publisher advances, developed brands, paid advances to collocation centres and other service providers amongst other things.
- As an example, a product was current when built. However, given the nature of the business we are in, new technologies emerge and newer ideas replaces some of the old ones and these products have become outdated gradually.
- This normally occurs in any business that spends money on building or buying assets, but changing circumstances caused the asset to be obsolete or out of use.
- Similarly, publisher advances, wherein we anticipated flow of traffic through their media for reasons beyond anyone's control start to trickle down and remain unfulfilled at times.
- These assets and advances were showing up in the balance sheets across our subsidiaries.
- The asset classes that were examined were reported under three broad heads in the books.
- Long term loans and advances: Advances to collocation centres, service providers such as algorithm developers.
- Short term loans and advances: Advances to publishers, brand development in geographies, and new market development.
- Other current assets: Investments in products, databases, internal productivity tools.
- Asset impairment might result from regulatory changes, technology changes, significant shifts in consumer preferences or community outlook, a change in the asset's usage rate, or other forecasts of long-term non-profitability.
- Assets are considered impaired when the book value, or net carrying value, exceeds expected future cash flows from that asset.
- If the impairment is permanent, it must be reflected in the financial statements.
- The general threshold for impairment, as described under [generally accepted accounting principles \(GAAP\)](#), is a lack of recoverability of the net carrying amount.
- Once an asset is deemed to be impaired, its owner is charged with calculating the difference between the net carrying amount and the [fair value](#) of the asset.

ASSETS IMPAIRED: FY19-20

Particulars	Amount in USD	Amount in INR
Long term loans and advances	\$3,794,192	₹ 26,89,32,329
Short term loans and advances	\$47,533,166	₹ 3,36,91,50,785
Other current assets	\$71,176,229	₹ 5,04,49,71,095
Total	\$122,503,586	₹ 8,68,30,54,209

AMOUNT BY SUBSIDIARY

Particulars	Consolidated	DA-Argentina	DA-Chile	DA- Mexico	DA-Panama	Dyomo Corp	Frontier Data	Intl Expresions	Max Interactive	Online Media	YDL Brasil
Advances to service providers such as Collocation centres	\$3,794,192							\$3,223,026		\$571,166	
Advances to Publishers and agencies in developing new markets	\$47,533,166	\$6,182,124	\$2,112,046	\$948,388	\$3,891,972	\$3,880,439	\$6,099,232	\$4,003,843	\$4,207,412	\$12,381,634	\$3,826,076
Products, Internal tools and databases	\$71,176,229	\$5,181,880	\$6,863,842	\$4,224,536	\$2,520,188	\$4,532,714	\$13,386,267	\$2,849,946	\$4,009,691	\$16,754,380	\$10,852,785
Total	\$122,503,586	\$11,364,004	\$8,975,887	\$5,172,923	\$6,412,160	\$8,413,153	\$19,485,499	\$10,076,815	\$8,217,103	\$29,707,180	\$14,678,861