






Topmovies Entertainment Limited			
Balance sheet as at March 31, 2018			
		As at March 18	As at March 17
	Notes	(INR '000)	(INR '000)
ASSETS			
1) Non-current assets			
(a) Property, plant and equipment	3	-	229.23
(b) Intangible assets	4	-	295.05
(c) Income Tax Assets	5	2,695.88	1,930.33
		2,695.88	2,454.61
2) Current assets			
(a) Financial assets			
(i) Trade receivables	6	-	23,317.92
(ii) Cash and cash equivalents	7	82,498.90	17,801.70
(iii) Others (Other receivables)	8	-	5,124.92
(b) Other current assets	9	52.52	987.53
		82,551.42	47,232.07
TOTAL ASSETS		85,247.30	49,686.68
EQUITY AND LIABILITIES			
1) Equity			
(a) Equity share capital	10	115,000.00	68,470.00
(b) Other equity	11	(60,540.29)	(39,141.64)
Total equity		54,459.71	29,328.36
2) Liabilities			
Non-current liabilities			
(a) Provisions	12	-	388.41
		-	388.41
Current liabilities			
(a) Financial liabilities			
(i) Trade Payables	13	30,267.23	18,891.30
(b) Other current liabilities	14	520.36	928.06
(c) Provisions	12	-	150.55
		30,787.59	19,969.91
Total liabilities		30,787.59	20,358.32
TOTAL EQUITY AND LIABILITIES		85,247.30	49,686.68
Summary of Significant accounting policies	2		
The accompanying notes are an integral part of the financial statements			
As per our report of even date			
For MRKS And Associates Chartered Accountants ICAI Firm Registration Number: 023711N  Sunil Garg Partner Membership No. 505870 		For and on behalf of the Board of Directors of Topmovies Entertainment Limited  Nikita Bhura Company Secretary Membership No. A35054  Rajiv Verma Director (DIN: 00017110)	
Place: New Delhi Date: April 27, 2018		 Dinesh Mittal Director (DIN: 00105769)	

Ajay [Signature]

Topmovies Entertainment Limited
Statement of Profit and Loss for the year ended March, 2018

Particulars	Notes	March 18 (INR '000)	March 17 (INR '000)
I Income			
a) Revenue from operations		-	-
b) Other Income	15	1,339.10	929.73
Total Income		1,339.10	929.73
II Expenses			
a) Employee benefits expense	16	803.66	730.60
b) Finance costs	17	144.08	3.43
c) Depreciation and amortization expense		-	-
d) Other expenses	18	639.77	868.80
Total expenses		1,587.52	1,602.83
III Profit/(loss) before exceptional items and tax (I-II)		(248.41)	(673.11)
IV Exceptional items	19	34,390.48	-
V Profit before tax from continuing operations(III+IV)		34,142.07	(673.11)
VI Profit/ (Loss) before interest, tax, depreciation and amortization (EBITDA)			
-Continuing operation		34,286.15	(669.68)
-Discontinuing Operation	20	(9,010.72)	(10,965.15)
VII Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
Total tax expense		-	-
VIII Profit (Loss) for the year from continuing operations (V-VII)		34,142.07	(673.11)
IX Profit/(loss) from discontinued operations	20	(9,010.72)	(10,965.15)
X Profit/ (loss) for the period (VIII+IX)		25,131.35	(11,638.26)
XI OTHER COMPREHENSIVE INCOME			
<u>Items that will not be reclassified to profit or loss</u>			
Remeasurement of the defined benefit plans	21	-	257.92
Income tax effect		-	-
		-	257.92
XII TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		25,131.35	(11,380.34)
XIII Earnings/(loss) per share			
Basic	22	2.19	(2.10)
Diluted	22	2.19	(2.10)

The accompanying notes are an integral part of the financial statements
As per our report of even date

For MRKS And Associates

Chartered Accountants

ICAI Firm Registration Number: 023711N

Sumit Garg

Partner

Membership No. 505870



Place: New Delhi

Date: April 27, 2018

For and on behalf of the Board of Directors of
Topmovies Entertainment Limited

Nikita Bhura

Nikita Bhura

Company Secretary

Membership No. A35054

Rajiv Verma

Rajiv Verma

Director

(DIN: 00017110)

Dinesh Mittal

Dinesh Mittal

Director

(DIN: 00105769)

Ajay

PRR

Topmovies Entertainment Limited			
Cash Flow Statement for the year ended March 31, 2018			
		(INR '000)	
Particulars	March 31, 2018	March 31, 2017	
Cash flow from Operating activities			
Profit before tax	25,131.35	(11,638.25)	
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and amortization expense	119.55	3,122.34	
Gain on disposal of property, plant and equipment	295.05	(5.00)	
Employee Stock Option Scheme	-	(345.86)	
Interest income from deposits and others	-	(924.73)	
Impairment for doubtful debts and advances (includes bad debts written off)	1,400.00	314.92	
Operating profit before working capital changes	26,945.95	(9,476.58)	
Working capital adjustments:			
(Increase)/Decrease in trade receivables	21,917.92	(22,013.91)	
(Increase)/Decrease in current and non-current financial assets and other current and non-current assets	6,059.93	(1,512.23)	
Increase/ (Decrease) in trade payables	10,429.27	10,869.68	
(Decrease)/Increase in provision	-	133.89	
Increase/(Decrease) in Other Current Liabilities	-	322.69	
Total Cash From Operations	65,353.07	(21,676.47)	
Income tax paid	(765.56)	(1,342.50)	
Net cash flows from operating activities (A)	64,587.51	(23,018.97)	
Cash flow from Investing activities			
Purchase of property, plant and equipment	-	-	
Proceeds from sale of property, plant and equipment	109.70	5.00	
Interest received	-	711.51	
Net cash flows from investing activities (B)	109.70	716.50	
Net cash flow from Financing activities			
Proceeds from issue of Equity Share Capital	-	30,000.00	
Net cash flows from financing activities (C)	-	30,000.00	
Net increase/ (decrease) in cash and cash equivalents (D=A+B+C)	64,697.21	7,697.53	
Cash and cash equivalents as at the beginning of the year (E)	17,801.68	10,104.15	
Cash and cash equivalents at the end of the year (D+E)	82,498.90	17,801.68	



Particulars	March 31, 2017	March 31, 2016
Components of cash and cash equivalents as at end of the year (Refer note 7)		
Balance with banks		
-on current accounts		5,301.70
-on deposit accounts	82,498.90	12,500.00
Cash and Cash equivalents as per Cash Flow Statement	82,498.90	17,801.70

The accompanying notes are an integral part of the financial statements

As per our report of even date

For MRKS And Associates
Chartered Accountants
ICAI Firm Registration Number: 023711N

Sunil Garg
Sunil Garg
Partner
Membership No. 505870



Place: New Delhi
Date: April 27, 2018

For and on behalf of the Board of Directors of Topmovies Entertainment Limited

Nikita Bhura
Nikita Bhura
Company Secretary

Rajiv Verma
Rajiv Verma
Director
(DIN: 00017110)

Dinesh Mittal
Dinesh Mittal
Director
(DIN: 00105769)

Ajay

Topmovies Entertainment Limited
Statement of changes in equity as on March 31, 2018

A. Equity Share Capital
 Equity Shares of INR 10 each issued, subscribed and fully paid up

Particulars	Equity Share Capital	
	Number	Amount (INR '000)
Balance as at April 1, 2016	3,800,000	38,000
Changes in share capital during the year	3,000,000	30,000
Balance as at March 31, 2017	6,800,000	68,000
Changes in share capital during the year	4,700,000	47,000
Balance as at March 31, 2018	11,500,000	115,000

B. Instruments entirely equity in nature
 Optionally Convertible Cumulative Preference Shares of Re.0.10 each issued, subscribed and fully paid up

Particulars	Preference Share Capital	
	Number	Amount (INR '000)
Balance as at April 1, 2016	4,700,000	470
Changes in share capital during the year	-	-
Balance as at March 31, 2017	4,700,000	470
Changes in share capital during the year	(4,700,000)	(470)
Balance as at March 31, 2018	-	-

C. Other Equity (INR '000)

Particulars	Share Premium	Reserves and Surplus		Share based Payments	Total
		Retained earnings	Share based Payments		
Balance as at April 1, 2016	46,530	(74,291)	346		(27,415)
Changes during the year	-	(11,638)	(346)		(11,984)
Other comprehensive income	-	258	-		258
Balance as at March 31, 2017	46,530	(85,672)	-		(39,142)
Changes during the year	(46,530)	25,131	-		(21,399)
Balance as at March 31, 2018	-	(60,540)	-		(60,540)

The accompanying notes are an integral part of the financial statements
 As per our report of even date

For MRKS And Associates

Chartered Accountants

ICAI Firm Registration Number: 02371HN



Sunil Garg

Partner

Membership No. 505870

For and on behalf of the Board of Directors of Topmovies
 Entertainment Limited

Nikhil Bhura

Nikhil Bhura

Company Secretary

Rajiv Verma

Rajiv Verma

Director

(DIN: 000171110)

Dinesh Mittal

Dinesh Mittal

Director

(DIN: 00105769)

2018/002

Topmovies Entertainment Limited
Notes to financial statements for the year ended March 31, 2018

Note 3 : Property, Plant and Equipment

(INR '000)

Particulars	Plant and Machinery	Office Equipments	Total
<u>Cost or Valuation</u>			
As at 1 April 2016	392.40	163.14	555.54
Disposals/ Adjustments	34.70	-	34.70
As at 31 March 2017	357.70	163.14	520.84
Additions		218.37	218.37
Discontinued Operations	357.70	381.51	739.21
As at 31 March 2018	-	-	-
<u>Depreciation</u>			
As at 1 April 2016	130.06	17.41	147.47
Charge for the year	124.30	54.54	178.84
Disposals	34.70	-	34.70
As at 31 March 2017	219.66	71.95	291.61
Charge for the year	82.75	36.30	119.05
Discontinued Operations	302.41	108.25	410.66
As at 31 March 2018	-	-	-
<u>Net Block</u>			
As at 31 March 2018	-	-	-
As at 31 March 2017	138.04	91.19	229.23
As at 31 March 2016	262.34	145.73	408.07



Topmovies Entertainment Limited
Notes to financial statements for the year ended March 31, 2018

Note 4 : Intangible Assets and Intangible Assets under development

Particulars	Website/Sof tware	Goodwill	Total (Intangible Assets)	(INR '000)
Cost or Valuation				
As at 1 April 2016	7,963.95	295.05		8,259.00
As at 31 March 2017	7,963.95	295.05		8,259.00
Disposals/ Adjustments	-	295.05		295.05
Discontinued Operations	7,963.95	-		7,963.95
As at 31 March 2018	-	-		-
Depreciation				
As at 1 April 2016	5,020.45	-		5,020.45
Charge for the year	2,943.50	-		2,943.50
As at 31 March 2017	7,963.95	-		7,963.95
Discontinued Operations	7,963.95			7,963.95
As at 31 March 2018	-	-		-
Net Block				
As at 31 March 2018	-	-		-
As at 31 March 2017	-	295.05		295.05
As at 31 March 2016	2,943.50	295.05		3,238.55



Topmovies Entertainment Limited
Notes to financial statements for the year ended March 31, 2018

Note 5 : Income Tax Assets			(INR '000)
Particulars	31 st March, 2018	31 st March, 2017	
Income Tax Assets	2,695.88	1,930.33	
Total	2,695.88	1,930.33	

Note 6 : Trade Receivables			(INR '000)
Particulars	31 st March, 2018	31 st March, 2017	
Trade receivables	-	2,876.30	
Receivables from related parties	-	20,441.62	
Total	-	23,317.92	

Particulars	31 st March, 2018	31 st March, 2017	
Secured, considered good	-	-	
Unsecured, considered good	-	23,317.92	
Unsecured, considered doubtful	-	2,594.28	
	-	25,912.20	
Provision for Doubtful Debts	-	(2,594.28)	
	-	23,317.92	
Total Trade Receivables	-	23,317.92	

Note 7 : Cash and cash equivalents			(INR '000)
Particulars	31 st March, 2018	31 st March, 2017	
Balance with banks :			
- On current accounts	82,498.90	5,301.70	
- On deposit accounts	-	12,500.00	
Total	82,498.90	17,801.70	

Note 8 : Other Financial Assets			(INR '000)
Particulars	31 st March, 2018	31 st March, 2017	
Financial Assets at amortised cost			
Interest accrued on deposits	-	431.85	
Income accrued but not due	-	4,693.07	
Total	-	5,124.92	

Note 9 : Other Current Assets			(INR '000)
Particulars	31 st March, 2018	31 st March, 2017	
Prepaid Expenses	-	131.60	
Advances Recoverable in cash or kind	2.93	12.75	
Balance with statutory/government authorities	49.59	843.18	
Total	52.52	987.53	



Topmovies Entertainment Limited
Notes to financial statements for the year ended March 31, 2018

Note 10 : Equity Share Capital and Instruments entirely equity in nature

Authorized Share Capital

(A) Equity Share Capital

Particulars	Number of shares	Amount (INR '000)
At April 1, 2016	5,000,000	50,000.00
Increase/(decrease) during the year	3,000,000	30,000.00
At March 31, 2017	8,000,000	80,000.00
Increase/(decrease) during the year	-	-
At March 31, 2018	8,000,000	80,000.00

Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share.

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.

(B) Instruments entirely equity in nature
Optionally Convertible Cumulative Preference Shares (OCCPS) of Re 0.10 each

Particulars	Number of shares	Amount (INR '000)
At April 1, 2016	500,000,000	50,000.00
Increase/(decrease) during the year	(300,000,000)	(30,000.00)
At March 31, 2017	200,000,000	20,000.00
Increase/(decrease) during the year	(200,000,000)	(20,000.00)
At March 31, 2018	-	-

Issued and subscribed capital

(A) Equity Share Capital

Particulars	Number of shares	Amount (INR '000)
Equity shares of INR 10 each issued, subscribed and fully paid		
At April 1, 2016	3,800,000	38,000.00
Changes during the year	3,000,000	30,000.00
At March 31, 2017	6,800,000	68,000.00
Changes during the year	4,700,000	47,000.00
At March 31, 2018	11,500,000	115,000.00



(B) Instruments entirely equity in nature

	Number of shares	Amount (INR '000)
Optionally Convertible Cumulative Preference Shares of Re 0.10 each		
At April 1, 2016	4,700,000	470.00
Changes during the year	-	-
At March 31, 2017	4,700,000	470.00
Changes during the year	(4,700,000)	(470.00)
At March 31, 2018	-	-

Reconciliation of the equity shares outstanding at the beginning and at the end of the year :

Particulars	March 31, 2018		March 31, 2017	
	Number of shares	Amount (INR '000)	Number of shares	Amount (INR '000)
Equity shares of INR 10 each issued, subscribed and fully paid				
Shares outstanding at the beginning of the year	6,800,000	68,000.00	3,800,000	38,000.00
Shares issued during the year	4,700,000	47,000.00	3,000,000	30,000.00
Shares outstanding at the end of the year	11,500,000	115,000.00	6,800,000	68,000.00
Optionally Convertible Cumulative Preference Shares of Re 0.10 each				
Shares outstanding at the beginning of the year	4,700,000	470.00	4,700,000	470.00
Shares Issued during the year	-	-	-	-
Shares converted into equity shares during the year	4,700,000	470.00	-	-
Shares outstanding at the end of the year	-	-	4,700,000	470.00

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

Out of shares issued by the company, shares held by its holding company are as below:

Particulars	Amount (INR '000)	
	March 31, 2018	March 31, 2017
HT Media Limited, the holding company		
Equity shares of INR 10 each issued, subscribed and fully paid	115,000.00	68,000.00
111,500 thousand (March 31, 2017 - 6,800 thousand) equity shares of INR 10 each fully paid		
Optionally Convertible Cumulative Preference Shares of Re 0.10 each	-	470.00
NIL (March 31, 2017 - 4,700 thousand) preference shares of INR 0.10 each fully paid	115,000.00	68,470.00

Details of shareholders holding more than 5% shares in the company

Particulars	March 31, 2018		March 31, 2017	
	Number of shares	% holding in the class	No in Number of shares	% holding in the No in class
HT Media Limited, the holding company	11,499,994	99.99%	6,799,994	99.99%
Equity shares of INR 10 each issued, subscribed and fully paid	-	-	4,700,000	100.00%
Optionally Convertible Cumulative Preference Shares of Re 0.10 each				

As per records of the Company, including its register of shareholders/members and other declaration received from the shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.



Topmovies Entertainment Limited
Notes to financial statements for the year ended March 31, 2018

Note 11 : Other Equity

Particulars	31-Mar-18	31-Mar-17	(INR '000)
Share Premium	-	46,530.00	46,530.00
Retained Earnings	(60,540.27)	(85,671.62)	(85,671.62)
Total	(60,540.27)	(39,141.62)	(39,141.62)

Share Premium	INR '000
Particulars	
At 1 April, 2016	46,530.00
Changes during the Year	-
At 31 March, 2017	46,530.00
Changes during the Year	(46,530.00)
At 31 March, 2018	-

Retained Earnings	31-Mar-18	31-Mar-17	(INR '000)
Particulars			
Opening Balance	(85,671.62)	(74,291.29)	(74,291.29)
Net Profit for the year	25,131.35	(11,638.25)	(11,638.25)
Items of other comprehensive income recognised directly in retained earnings			
- Remeasurements of post-employment benefit obligation, net of tax	-	257.92	257.92
Closing Balance	(60,540.27)	(85,671.62)	(85,671.62)



Topmovies Entertainment Limited

Notes to financial statements for the year ended March 31, 2018

Note 12 : Provisions (INR '000)

Particulars	31 st March, 2018	31 st March, 2017
Provision for employee benefits		
Provision for Leave Benefits	-	145.71
Provision for Gratuity	-	393.25
Total Provisions	-	538.96
Current	-	150.55
Non- Current	-	388.41

Note 13 : Trade Payables (INR '000)

Particulars	31 st March, 2018	31 st March, 2017
Trade Payables	34.77	9,408.30
Trade Payables to related parties	30,232.47	9,482.98
Total	30,267.24	18,891.28
Current	30,267.24	18,891.28
Non- Current	-	-

Terms and conditions of the above financial liabilities:

- Trade Payables are non-interest bearing and are normally settled in the range of 0 to 90 days terms
- For terms and conditions with related parties. refer to Note 25

Note 14 : Other current liabilities (INR '000)

Particulars	31 st March, 2018	31 st March, 2017
Customers and agents balances	461.94	-
Statutory dues	58.42	928.06
Total	520.36	928.06



Topmovies Entertainment Limited
Notes to financial statements for the year ended March 31, 2018

Note 15 : Other Income		(INR '000)	
Particulars	31st March, 2018	31st March, 2017	
Interest income on bank deposits	1,339.10	924.73	
Net gain on disposal of property, plant and equipment	-	5.00	
Total	1,339.10	929.73	

Note 16 : Employee benefits expense		(INR '000)	
Particulars	31st March, 2018	31st March, 2017	
Salaries, wages and bonus	773.04	702.76	
Contribution to provident and other funds	30.62	27.84	
Total	803.66	730.60	

Note 17 : Finance costs		(INR '000)	
Particulars	31st March, 2018	31st March, 2017	
Bank charges/Interest expense	144.08	3.43	
Total	144.08	3.43	

Note 18 : Other expenses		(INR '000)	
Particulars	31st March, 2018	31st March, 2017	
Rent	432.00	432.00	
Legal and professional fees	132.77	101.86	
Payment to auditor (refer details below)	75.00	334.94	
Total	639.77	868.80	

Payment to auditors		(INR '000)	
Particulars	31st March, 2018	31st March, 2017	
As auditor :			
- Audit fee	75.00	250.00	
- Tax audit fee		75.00	
- Out of Pocket expenses		9.94	
Total	75.00	334.94	



Topmovies Entertainment Limited
Notes to financial statements for the year ended March 31, 2018

Note 19 : Exceptional items

During the year, the Board of Directors and Shareholders of the Company, Topmovies Entertainment Limited approved a slump sale agreement to transfer the business of desimartini.com from Topmovies Entertainment Limited to HT Media Limited wef 1st December, 2017. In terms of Ind-AS 105 Discontinuing Operations, additional information with respect to transfer of the Desi Martini undertaking of the Company into HT Media Limited is as under:

Details of assets and liability proposed to be transferred as on the Appointed date (i.e. Dec 1, 2017) are as below:-
(INR '000)

Particulars		Amount
A	Assets	
	1 Non-current Assets	
	a) Property, plant and equipment	328
	b) Intangible assets	-
	c) Income Tax Assets (Net)	-
	2 Current Assets	
	a) Financial assets	
	Trade receivables	10,843
	Cash and cash equivalents	30,000
	Others financial assets	6,848
	b) Other current assets	-
	Total Assets	48,019
B	Liabilities	
	1 Non-current liabilities	
	a) Provisions	457
	2 Current liabilities	
	a) Financial liabilities	
	Trade Payables	31,452
	b) Other current liabilities	225
	Total Liabilities	32,134
C	Net Asset to be transferred to the Company (A-B)	15,884
	Sales Consideration	50,275
	Income on Sale of investments (Exceptional Item)	34,391



Topmovies Entertainment Limited
Notes to financial statements for the year ended March 31, 2018

Note 20 : Transfer of Desi Martini business to HT Media Limited

During the year, the Board of Directors and Shareholders of the Company, Topmovies Entertainment Limited approved a slump sale agreement to transfer the business of desimartini.com from Topmovies Entertainment Limited to HT Media Limited wef 1st December, 2017.

In terms of Ind-AS 105 Discontinuing Operations, additional information with respect to transfer of the Desi Martini undertaking of the Company into HT Media Limited is as under:

Details of assets and liability proposed to be transferred as on the Appointed date (i.e. Dec 1, 2017) are as below:-
(InR '000)

Particulars	Amount
A Assets	
1 Non-current Assets	
a) Property, plant and equipment	328
b) Intangible assets	-
c) Income Tax Assets (Net)	-
2 Current Assets	
a) Financial assets	
Trade receivables	10,843
Cash and cash equivalents	30,000
Others financial assets	6,848
b) Other current assets	-
Total Assets	48,019
B Liabilities	
1 Non-current liabilities	
a) Provisions	457
2 Current liabilities	
a) Financial liabilities	
Trade Payables	31,452
b) Other current liabilities	225
Total Liabilities	32,134
C Net Asset to be transferred to the Company (A-B)	15,884

The details of income and expenses relating to discontinuing operations for the year ended March 31, 2018 and March 31, 2017 are as below:-

Particulars	Year Ended March 31, 2018			Year Ended March 31, 2017		
	Continuing operations	Discontinuing operations	Total	Continuing operations	Discontinuing operations	Total
I Total Income	35,730	21,857	57,587	930	26,612	27,541
II Expenses						
Employee benefits expense	804	11,644	12,448	731	15,222	15,952
Finance costs	144	-	144	3	-	3
Depreciation and amortization expense	-	120	120	-	3,122	3,122
Other expenses	640	19,105	19,744	869	19,233	20,102
Total Expenses	1,588	30,868	32,456	1,603	37,577	39,180
III Profit/ (Loss) before interest, tax, depreciation and amortization (EBITDA)	34,286	(8,891)	25,395	(670)	(7,843)	(8,512)
IV Profit / (Loss) before tax (I-II)	34,142	(9,011)	25,131	(673)	(10,965)	(11,638)
Tax Charges to Discounting operations	-	-	-	-	-	-
IV Profit/(Loss) from discounting operations	34,142	(9,011)	25,131	(673)	(10,965)	(11,638)



Topmovies Entertainment Limited
Notes to financial statements for the year ended March 31, 2018

Note 21 : Other Comprehensive Income

The disaggregation of changes to OCI by each type of reserve in equity is shown below :

During the year ended 31 March, 2018

Particulars	(INR '000)	
	Retained earnings	Total
Re- measurement gains(losses) on defined benefit plans	-	-
Total	-	-

During the year ended 31 March, 2017

Particulars	(INR '000)	
	Retained earnings	Total
Re- measurement gains(losses) on defined benefit plans	257.92	257.92
Total	257.92	257.92



Topmovies Entertainment Limited
Notes to financial statements for the year ended March 31, 2018

Note 22 : Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	(INR '000 except earnings per share)	
	31 st March, 2018	31 st March, 2017
Profit/loss attributable to equity holders for the basic earnings	25,131.35	(11,638.25)
Weighted average number of Equity shares for basic EPS	11,500.00	5,550.00
Weighted average number of Equity shares adjusted for the effect of dilution	11,500.00	5,550.00
Earnings/(loss) per share		
Basic EPS	2.19	(2.10)
Diluted EPS	2.19	(2.10)



Topmovies Entertainment Limited
Notes to financial statements for the year ended March 31, 2018

Note 23 : Gratuity

	(INR '000)	
Particulars	March 31, 2018	March 31, 2017
Gratuity Plan	-	393.25
Total	-	393.25
Current	-	4.84
Non- Current	-	388.41

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of services gets a gratuity on separation at 15 days salary (last drawn salary) for each completed year of service. The liability is provided as per actuarial valuation.

The gratuity plan is governed by the Payment of Gratuity Act, 1972.

The following tables summarise the components of net benefit expense recognized in the Statement of Profit and Loss and the funded status and amounts recognized in the balance sheet:

Defined Gratuity Plan

Changes in the defined benefit obligation and fair value of plan assets as at March 31, 2018 :

	(INR '000)	
Particulars	March 31, 2017	March 31, 2016
Present value of Obligation		
Opening Balance	393.25	451.96
Current Service Cost		168.27
Interest Expense or cost		34.71
Re-measurement (or Actuarial) (gain) / loss arising from:		
- change in financial assumptions		17.04
- experience variance (i.e. Actual experience vs assumptions)		(274.96)
Benefits Paid		-
Inter group transfers/ adjustments	(393.25)	(3.77)
Total	-	393.25



The principal assumptions used in determining gratuity obligation for the Company's plans are shown below:

Particulars	March 31, 2018	March 31, 2017
Discount Rate	8.00%	7.50%
Salary Growth Rate	8.00%	7.50%
Withdrawal Rate		
Up to 30 years	3%	3%
31 - 44 years	2%	2%
Above 44 years	1%	1%

A quantitative sensitivity analysis for significant assumption is as shown below:

Defined Gratuity Plan	(INR '000)	
Particulars	March 31, 2018	March 31, 2017
Defined Benefit Obligation (Base)	-	393.25

Impact on defined benefit obligation

Particulars	March 31, 2018		March 31, 2017	
Assumptions	Decrease	Increase	Decrease	Increase
Discount Rate (-/+ 1%)	-	-	78.32	(62.76)
Salary Growth Rate (-/+ 1%)	-	-	(61.82)	75.43
Withdrawal Rate (-/+ 1%)	-	-	7.31	(7.12)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following represents the maturity profile of the defined benefit plan in future years:

	(INR '000)	
	March 31, 2018	March 31, 2017
Within the next 12 months (next annual reporting period)	-	4.84
Between 2 and 5 years	-	33.60
Between 6 and 10 years	-	55.82
Beyond 10 years	-	1,777.41
Total expected payments	-	1,871.67

Defined Contribution Plan

(INR '000)



Particulars	March 31, 2018	March 31, 2017
Contribution to Provident and Other funds		
Charged to Statement of Profit and Loss	455.77	640.32



Topmovies Entertainment Limited
Notes to financial statements for the year ended March 31, 2018

Note 24 : Share-based payments

The Company provided share-based payment schemes to its employees and employees of HT Media Limited (ultimate holding company) and employees of Hindustan Media Ventures limited (a fellow subsidiary), during the year ended 31st March 2017 an employee stock option plan (ESOP) was in existence. Although, no such scheme was there in existence during the year ended 31st March 2018

The scheme detailed below was managed and administered, compensation benefits in respect of the scheme is assessed and accounted by the Company in accordance with Ind AS 102 (Share based payments).

The relevant details of the scheme and the grant are as below:

Employee Stock Options

Stock options gives an employee, the right to purchase equity shares of the Company at a fixed price within a specified period of time. The grant price (or strike price) shall be the fair market value on the date of grant or face value of share, whichever is higher.

A. Details of Options granted as on March 31, 2017 are given below:

Type of Arrangement	Date of Grant	Number of options granted	Fair Value on the date of Grant (INR)	Vesting conditions	Weighted average remaining contractual life (in years)	Method of Settlement
Employee Stock Option	September 13, 2014	356,200	4.28	33% on the date of grant, 33% 12 month from the date of grant, 34% 24 months from the date of grant.	10.00	Equity

Summary of Activities under the plan for the year ended March 31, 2018 and March 31, 2017 is given below:

Employee Stock Options	Year ended 31 March 2018				Year ended 31 March 2017				
	Number of options	Weighted-average exercise price	Weighted-average remaining contractual life	Number of options	Weighted-average exercise price	Weighted-average remaining contractual life	Number of options	Weighted-average exercise price	Weighted-average remaining contractual life
Outstanding at the beginning of the year	-	-	-	80,808	10.00	10.00	-	-	-
Granted during the year	-	-	-	-	-	-	-	-	-
Forfeited/ expired during the year	-	-	-	80,808	10.00	10.00	-	-	-
Exercised during the year	-	-	-	-	-	-	-	-	-
Outstanding at the end of the year	-	-	-	-	-	-	-	-	-

Weighted average fair value of the options outstanding is Rs. 10 per option. Since no options have been exercised during the period, thus weighted average share price has not been disclosed. The estimated fair value of each stock option granted on each date was made using the Black-Scholes option pricing model with the following assumptions:

Grant Date	Expected volatility for stock options	Contractual life in years	Dividend yield	Risk-free interest rate	Exercise price of options	Fair Value of options granted
February 13, 2014	0%	12.00	0%	8.97%	10.00	4.28

The employee compensation cost (accounting reversal) calculated using the fair value of stock options is INR NIL Thousands (March 31, 2017: INR 345.86 Thousands)



Leave Encashment (unfunded)

The Company recognizes the leave encashment expenses in the Statement of Profit and Loss based on actuarial valuation.

The expenses recognized in the Statement of Profit and Loss and the Leave encashment liability at the beginning and at the end of the year :

Particulars	(INR '000)	
	March 31, 2018	March 31, 2017
Liability at the beginning of the year	145.71	211.03
Re-measurement (or Actuarial) (gain) / loss	-	(136.35)
Acquisition Adjustment during the year	-	(2.78)
Provided during the year	-	73.81
Inter group transfers/ adjustments	(145.71)	-
Liability at the end of the year	-	145.71



Topmovies Entertainment Limited
Notes to financial statements for the year ended March 31, 2018

Note 25 : Related party transactions

i) List of Related Parties and Relationships:-

Name of related parties where control exists whether transactions have occurred or not.	HT Media Limited (Holding Company)
Fellow Subsidiaries (with whom transactions have occurred during the year)	The Hindustan Times Limited #
	Earthstone Holding (Two) Limited ##
	Hindustan Media Ventures Limited
	Firefly e-Ventures Limited
	HT Mobile Solutions Limited
	HT Digital Streams Limited

The Hindustan Times Limited (HTL) does not hold any direct investment in the Company. However, HTL's subsidiary HT Media Limited holds shares in the Company.

Earthstone Holding (Two) Limited is the holding Company of The Hindustan Times Limited.

ii) Transactions with related parties
Refer Note 25 A

iii) Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

iv) Transactions with key managerial personnel or their relatives

No transactions with key management personnel or their relatives have occurred during the year



Topmovies Entertainment Limited
Notes to financial statements for the year ended March 31, 2018

Note 25A: Transactions during the year with related parties

(INR '000)

Particulars	Holding Company		Fellow subsidiaries								Total	
	HT Media Limited		Hindustan Media Ventures Limited		Firefly e-Ventures Limited		HT Mobile Solutions Limited		HT Digital Streams Limited			
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Revenue transactions:												
Income												
Revenue from operations- [Share of revenue received]	4,619.00	13,126.00	-	-	-	-	-	-	-	5,752.40	4,619.00	18,878.40
Expense												
Advertising and Sales Promotion	5,567.00	3,276.84	-	-	-	-	1.20	-	-	9,824.06	5,567.00	13,102.10
Rent Expenses- [Infrastructure Support Services (Seats Taken)]	864.00	1,296.00	-	-	-	-	-	-	-	-	864.00	1,296.00
Others												
Reimbursement of expenses incurred on behalf of the company by parties	998.00	2,671.00	-	3,071.00	-	-	-	-	-	2,609.25	998.00	8,351.25
Sale of Business pursuant to Slump sale agreement	50,275.00	-	-	-	-	-	-	-	-	-	50,275.00	-
Issue of Equity Shares	-	30,000.00	-	-	-	-	-	-	-	-	-	30,000.00

Note - The transactions above do not include GST, etc.

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Topmovies Entertainment Limited
Notes to financial statements for the year ended March 31, 2018

Note 25A: Transactions during the year with related parties

(INR '000)

Particulars	Holding Company		Fellow subsidiaries						Total		
	HT Media Limited		Hindustan Media Ventures Limited		Firefly e-Ventures Limited		HT Mobile Solutions Limited		HT Digital Streams Limited		
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	
Balance outstanding:											
Trade Payables	30,232.47	5,927.00	-	832.10	-	-	-	-	2,723.88	30,232.47	9,482.98
Trade Receivables	-	2,661.00	-	-	-	-	-	-	17,780.62	-	20,441.62
Equity Share Capital	115,000.00	68,000.00	-	-	-	-	-	-	-	115,000.00	68,000.00
Preference Share Capital	-	470.00	-	-	-	-	-	-	-	-	470.00

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Topmovies Entertainment Limited
Notes to financial statements for the year ended March 31, 2018

Note 26 : Fair values

The management assessed that cash and cash equivalents, trade receivables, trade payables, other financial liabilities and current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Note 27

Figures for the previous year have been regrouped wherever necessary

As per our report of even date

For MRKS and associates

Chartered Accountants

ICAI Firm Registration Number: 023711N



Sunil Garg

Partner

Membership No. 505870



**For and on behalf of the Board of Directors of
Topmovies Entertainment Limited**



Nikita Bhura

Company Secretary

Membership No. A35054



Rajiv Verma

Director

(DIN: 0017110)



Dinesh Mittal

Director

(DIN: 00105769)

Place: New Delhi

Date: April 27, 2018

Handwritten initials

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the display of advertisement on websites and delivery of content and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b) Foreign currencies

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on the settlement of monetary items or on restatement of the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

c) Fair value measurement

The Company measures financial instruments, such as, derivatives and certain investments at fair value at each reporting/ balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an



orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.



1. Corporate information

Topmovies Entertainment Limited (“TMEL or the Company”) is a wholly owned subsidiary of HT Media Limited, domiciled in India and incorporated under the provision of the Companies Act, 1956 to carry on internet related business for providing movie reviews and ratings business in the name of www.desimartini.com.

The registered office of the company is located at Hindustan Times House, 2nd Floor, 18-20 Kasturba Gandhi Marg, New Delhi 110001.

Information on related party relationships of the company is provided in Note 25.

The financial statements of the Company for the year ended March 31, 2018 are authorized for issue in accordance with a resolution of the Board of Directors on April 27, 2018.

2. Significant accounting policies followed by company

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (‘Ind-AS’) notified under the Companies (Indian Accounting Standard) Rules, 2015 as amended.

For the year ended March 31, 2017 and March 31, 2018, the Company prepared its financial statements in accordance with Ind-AS.

The accounting policies are applied consistently to all the periods presented in the financial statements.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

-Defined benefit plans - plan assets measured at fair value.

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousands as per the requirement of Schedule III, unless otherwise stated.

The financial statements are presented in INR, which is also the Company’s functional currency.

2.2 Summary of significant accounting policies

a) Current versus non- current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:



e) **Taxes**

Current income tax:

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax:

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.



Sales/ value added taxes paid on acquisition of assets or on incurring expenses:

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

f) Property, plant and equipment

The Company has applied one time transition option of considering the carrying cost of Property, plant and equipment on the transition date i.e. April 1, 2015 as the deemed cost under Ind- AS.

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Cost comprises the purchase price, borrowing costs (if any) if capitalization criteria are met and any directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Recognition:

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

- (a) it is probable that future economic benefits associated with the item will flow to the entity; and
- (b) the cost of the item can be measured reliably

All other expenses on existing assets, including day- to- day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Type of asset	Useful lives estimated by management (Years)
Plant and Machinery	15-20
Office Equipments	3

Depreciation on the property, plant and equipment is provided over the useful life of assets as specified in Schedule II to the Companies Act, 2013. Property, Plant and Equipment which are added/disposed off during the year, depreciation is provided on pro-rata basis with reference to the month of addition/deletion.



Modification or extension to an existing asset, which is of capital nature and which becomes an integral part thereof is depreciated prospectively over the remaining useful life of that asset.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

g) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in statement of profit and loss in the period in which the expenditure is incurred.

On transition to Ind-AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at April 1, 2015 measured as per the Indian GAAP and use that carrying value as the deemed cost of the intangible assets.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets with finite lives are amortised on straight line basis using the estimated useful lives as follows:

Intangible Assets	Useful life (in years)
Copyright	6
Website/ Softwares	3

Goodwill is not amortised, but is tested for impairment annually.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the



Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as principal in all of its revenue arrangements.

GST is not received by the Company on its own account. Rather, it is tax collected on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised:

Revenue from online Advertising

Revenue from digital platforms by display of internet advertisements are typically contracted for a period of one to twelve months. Revenue in this respect is recognized over the period of the contract, in accordance with the established principles of accrual accounting. Unearned revenues are reported on the balance sheet as deferred revenue.

Interest Income

For all debt instruments measured either at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.



An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

k) Retirement and Other Employee Benefits

Short term employee benefits and defined contribution plans:

All employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc. are recognised in the statement of profit and loss in the period in which the employee renders the related service.

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity

Gratuity is a defined benefit scheme. The defined benefit obligation is Computed by actuaries using the projected unit credit method.

The Company recognizes termination benefit as a liability and an expense when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the termination benefits fall due more than 12 months after the balance sheet date, they are measured at present value of future cash flows using the discount rate determined by reference to market yields at the balance sheet date on government bonds.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:



- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring cost

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Compensated Absences

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long- term employee benefit for measurement purposes. Such long- term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the period end. Re-measurements, comprising of actuarial gains and losses, are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non- current liability.

1) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, Debt instruments are measured at amortized cost.

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The





statement of profit and loss when the asset is derecognised.

h) Borrowing cost

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

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

i) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

j) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded Company's or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss.

EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e. removed from the Company's consolidated balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b) Lease receivables under Ind-AS 17
- c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind-AS 11 and Ind-AS 18 (referred to as 'contractual revenue receivables' in these financial statements)

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind-AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for



impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortized cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount. For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and bank overdrafts.



Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109.

Financial liabilities designated upon initial recognition at fair value through profit and loss are designated as such at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss. This category generally applies to borrowings.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract - with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit and loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind-AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind-AS 109 to the entire hybrid contract. Derivatives embedded in all other host



contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit and loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit and loss, unless designated as effective hedging instruments.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

m) Share-based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The Company has availed option under Ind-AS 101, to apply intrinsic value method to the options already vested before the date of transition and applied Ind-AS 102 Share-based payment to equity instruments that remain unvested as of transition date.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The Statement of Profit and Loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.



n) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2015, the Company has determined whether the arrangement contains lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are recognised in finance costs in the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leasehold improvements represent expenses incurred towards civil works, interiors furnishings, etc. on the leased premises at various locations.

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

o) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of Cash Flow Statement, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

p) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an



outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements. Contingent assets are only disclosed when it is probable that the economic benefits will flow to the entity.

q) Measurement of EBITDA

The Company has elected to present earnings before interest expense, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. In the measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.

r) Earnings per Share

Basic earnings per share

Basic earnings per share are calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.



2.3 Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The areas involving critical estimates or judgement are as below:

Assessment of lease contracts

Significant judgement is required to apply lease accounting rules under Appendix C to Ind-AS 17: determining whether an Arrangement contains a Lease. In assessing the applicability to arrangements entered into by the Company, management has exercised judgement to evaluate the right to use the underlying assets, substance of the transaction including legally enforced arrangements and other significant terms and conditions of the arrangement to conclude whether the arrangements meet the criteria under Appendix C to Ind-AS 17.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax assessments and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the Companies.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those



mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent markets transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.





INDEPENDENT AUDITOR'S REPORT

To the Members of Top Movies Entertainment Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Top Movies Entertainment Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity, the Statement of Cash Flows, for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS financial statements").

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements, that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. While conducting the Audit, we have taken into account the provisions of the Act, the accounting standards and standards on auditing and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the Ind AS financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at March 31, 2018, and its financial performance including other comprehensive income, the changes in equity and its cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required under provisions of Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Ind AS financial statements.
 - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Ind AS financial statements have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss, the Statement of changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Ind AS financial statements.
 - d. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).
 - e. On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors of the Company, none of the directors is disqualified as on March 31, 2018 from being appointed as a director of the Company in terms of Section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.



- iii. There were no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company during the year.

For MRKS and Associates
Chartered Accountants
Firm's Registration No.: 023711N



per Sunil Garg
Partner
Membership No.: 505870



Gurgaon
Date:

Annexure A to the Independent Auditor's Report of even date on the Financial Statements of Top Movies Entertainment Limited for the year ended March 31, 2018

Report on the statement of matters specified in paragraphs 3 and 4 of the Order.

- (i) In respect of the Company's fixed Assets:
 - (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) These fixed assets have been physically verified by the management at reasonable intervals in accordance with a regular programme of verification. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given by the management, there are no immovable properties, included in fixed assets of the company and accordingly, the requirement under paragraph 3 (i) (c) of the Order are not applicable to the Company.
- (ii) The Company does not have any inventories; accordingly, the provisions of clause 3 (ii) of the Order are not applicable to the Company.
- (iii) According to information and explanations given to us, the Company has not granted loans secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause (iii) (a), (b), (c) of the Order are not applicable to the company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, securities and guarantees given in respect of which provisions of section 185 and 186 of companies Act 2013 are applicable and hence not commented upon.
- (v) According to information and explanations given to us, the Company has not accepted any deposits during the year and doesn't have any unclaimed deposits during the year within the meaning of Sections 73 to 76 of the Act and Companies (Acceptance of Deposits) Rules, 2014 (as amended). Therefore, the provisions of clause 3 (v) are not applicable to the Company.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 Companies Act, 2013 to the products/services of the Company. Accordingly, the provisions of clause 3 (vi) are not applicable to the Company.
- (vii) (a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, income-tax, goods and services tax, sales tax, service tax, duty of customs, cess and any other statutory dues with the appropriate authorities, to the extent applicable to it. The provisions relating to employees' state insurance, sales tax, value added tax, duty of excise are not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect provident fund, , income-tax, goods and services tax, cess, service tax and were outstanding , at the year end, for a period of more than six months from the date they become payables. The provisions relating to employees' state insurance, sales tax, value added tax, duty of excise are not applicable to the company.

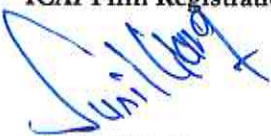


- (c) According to the information and explanations given to us, there are no dues of provident fund, income-tax, goods and services tax, sales tax, service tax, duty of customs, cess and any other statutory dues which have not been deposited on account of any disputes. The provisions relating to employees' state insurance, sales tax, value added tax, duty of excise are not applicable to the company.
- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financial institutions.
- (ix) According to the information and explanations given to us, the Company has not raised moneys raised by way of public issue, follow-on offer (including debt instruments) and term loans hence, reporting under clause (ix) is not applicable to the company and hence not commented upon.
- (x) In our opinion and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers/ employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of records of the Company, the provisions of section 197 read with schedule V of the Act are not applicable to the company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.
- (xii) The Company is not a Nidhi Company. Accordingly, the provisions of clause 3 (xii) are not applicable to the Company.
- (xiii) According to the information and explanations given to us, all transactions with the related parties are in compliance with section 188 and 177 of Companies Act 2013 to the extent applicable to it and the details have been disclosed in the financial statements as required by the accounting standards and Companies Act, 2013.
- (xiv) According to the information and explanations given to us, the Company has not made any preferential allotment / private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them and hence provisions of Section 192 of the companies Act is not applicable to the company.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For MRKS AND ASSOCIATES

Chartered Accountants

ICAI Firm Registration No 023711N


Per Sunil Garg

Partner

Membership no: 505870



Place of Signature: Gurgaon

Date:

Annexure B to the Independent Auditor's Report of even date on The Financial Statements of Top Movies Entertainment Limited for the year ended March 31, 2018

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

We have audited the internal financial controls over financial reporting of Top Movies Entertainment Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by Institute of Chartered Accountants of India and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:



- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of Management and directors of the Company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For MRKS AND ASSOCIATES

Chartered Accountants

ICAI Firm Registration No 023711N



Per Sunil Garg

Partner

Membership no: 505870



Place of Signature: Gurgaon

Date: