

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Topmovies Entertainment Limited

### **Report on the Ind AS Financial Statements**

#### **Opinion**

We have audited the accompanying Ind AS Financial Statements of Topmovies Entertainment Limited, which comprise the balance sheet as at March 31, 2020, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the Ind AS financial statements)

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, of the state of affairs of the Company as at March 31, 2020, and profit/loss, changes in equity and its cash flows for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the year ended March 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We do not observed any Key Audit Matters that, in our professional judgment, were of most significance on our audit of Ind AS Financial Statements of the year ended March 31, 2020.

#### **Other Information**

The Company's Board of Directors is responsible for the other information. The Other Information comprises the information included in the other reports, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the

financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. Based on the work we have performed, we conclude that there is a no material misstatement of this other information.

### **Responsibility of Management for 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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. 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 judgments 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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 Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

1. As required by 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;
  - b) In our opinion, proper books of account as required by law 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 and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) On the basis of the information and explanation provided to us by the Company the internal financial control framework, in our opinion, the Company has, in all material aspects, adequate internal financial controls systems in place and such controls are operating effectively as at 31st March 2020. A separate report on this clause has been attached as Annexure B to this report as prescribed by the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.
- 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, 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, required to be transferred to the investor Education and Protection Fund by the Company.

**For MRKS AND ASSOCIATES**  
Chartered Accountants  
(ICAI Registration No. 023711N)

**Saurabh Kuchhal**  
**Partner**  
Membership No. 512362  
Date:  
Place: New Delhi  
UDIN: 20512362AAAAFS4341

**Annexure A to the Independent Auditor's Report of even date on the Financial Statements of Topmovies Entertainment Limited for the year ended March 31, 2020**

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

- (i) The Company own Fixed Assets; accordingly, the provisions of clause 3 (i) of the Order are applicable to the Company.
  - a.) The Company maintains proper records showing full particulars including details of quantity & Situation of Fixed Assets.
  - b.) Physical verification of the Fixed Assets is conducted by the management at reasonable interval.
  - c.) No material discrepancies were noticed on physical verification.
  
- (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 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 and same of the order is complied with.
  
- (iv) According to information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, in respect of loans, investments, guarantees and security as applicable.
  
- (v) According to information and explanations given to us, the Company has not accepted any deposits during the year. Accordingly, the provisions of clause 3 (v) are not applicable to the Company.
  
- (vi) According to the information and explanations given to us, the company is not required to maintained cost records as specified by central government under sub-section (1) of section 148 Companies Act, 2013. 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, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax, cess and any other statutory dues with the appropriate authorities, to the extent applicable to it. There are no arrears of outstanding statutory dues as at March 31, 2020 for a period of more than six months from the date they became payable.  
  
(b) According to the information and explanations given to us, the Company does not have any dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax or goods and service tax or cess which have not been deposited on account of any dispute.
  
- (viii) According to the information and explanations given to us, the Company does not have any loan or borrowing from financial institution, bank, government and does not issued debentures, Accordingly, the provisions of clause 3 (viii) are not applicable to the Company.



- (ix) According to the information and explanations given to us, the Company has not raised moneys by way of public issue, follow-on offer (including debt instruments) and raised any term loan during the year under audit.
- (x) In our opinion and according to the information and explanations given to us, no fraud by the Company and no significant fraud on the Company by its officers/ employees has been noticed or reported during the year, that ultimately causes the financial statements to be materially misstated.
- (xi) According to the information and explanations given to us, the provisions of clause (xi) in relation to managerial remuneration are not applicable to the company.
- (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 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 Registration No. 023711N)

**Saurabh Kuchhal**

**Partner**

Membership No. 512362

Date:

Place: New Delhi

UDIN: 20512362AAAAFS4341

## **Annexure B to the Independent Auditor's Report of even date on The Financial Statements of Topmovies Entertainment Limited for the year ended March 31, 2020**

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 Topmovies Entertainment Limited ("the Company") as of March 31, 2020 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 ICAI 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, 2020, 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 Registration No. 023711N)

**Saurabh Kuchhal**

**Partner**

Membership No. 512362

Date:

Place: New Delhi

UDIN: 20512362AAAAFS4341

<b>Topmovies Entertainment Limited</b>			
<b>Balance sheet as at March 31, 2020</b>			
		As at March 31, 2020	As at March 31, 2019
	Notes	INR ('000)	INR ('000)
<b>ASSETS</b>			
<b>1) Non-current assets</b>			
(a) Financial assets			
(i) Investments	3	8,000	-
(b) Income Tax Assets	4	3,072	4,511
<b>Total Non-current assets</b>		<b>11,072</b>	<b>4,511</b>
<b>2) Current assets</b>			
(a) Financial assets			
(i) Cash and cash equivalents	5	1,386	51,020
(ii) Loans	6A	45,302	-
(iii) Other financial assets	6 B	-	10,263
(b) Other current assets	7	342	303
<b>Total current assets</b>		<b>47,030</b>	<b>61,586</b>
<b>TOTAL ASSETS</b>		<b>58,102</b>	<b>66,097</b>
<b>EQUITY AND LIABILITIES</b>			
<b>1) Equity</b>			
(a) Equity share capital	8	1,15,000	1,15,000
(b) Other equity	8A	(57,387)	(60,349)
<b>Total equity</b>		<b>57,613</b>	<b>54,651</b>
<b>2) Liabilities</b>			
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Trade Payables			
a) total outstanding due of micro, small and medium enterprises	9	-	-
b) Total outstanding other than of micro enterprises, small and medium enterprises	9	470	11,259
(b) Other current liabilities	10	19	35
(c) Provisions	9A	-	152
<b>Total current liabilities</b>		<b>489</b>	<b>11,446</b>
<b>Total liabilities</b>		<b>489</b>	<b>11,446</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>58,102</b>	<b>66,097</b>
<b>Summary of Significant accounting policies</b>	<b>2</b>		
The accompanying notes are an integral part of the financial statements As per our report of even date			
<b>For MRKS And Associates</b>		<b>For and on behalf of the Board of Directors of Topmovies Entertainment Limited</b>	
Chartered Accountants ICAI Firm Registration Number: 023711N			
<b>Saurabh Kuchhal</b> Partner Membership No. 512362	<b>Arjit Gupta</b> Company Secretary Membership No.: A30696	<b>Ajay S Nair</b> Chief financial Officer	
Place: New Delhi Date:	<b>Pervez D Bajan</b> Director (DIN: 07474238)	<b>Piyush Gupta</b> Director (DIN: 03155591)	

**Topmovies Entertainment Limited**  
**Statement of Profit and Loss for the year ended March, 2020**

Particulars	Notes	March 31, 2020 INR ('000)	March 31, 2019 INR ('000)
<b>I Income</b>			
a) Other Income	11	3,330	3,258
<b>Total Income</b>		<b>3,330</b>	<b>3,258</b>
<b>II Expenses</b>			
a) Employee benefits expense	12	3	2,323
b) Finance costs	13	6	2
c) Other expenses	14	359	741
<b>Total expenses</b>		<b>368</b>	<b>3,066</b>
<b>III Profit/(loss) before exceptional items and tax (I-II)</b>		<b>2,962</b>	<b>192</b>
<b>IV Exceptional items</b>		-	-
<b>V Profit before tax from continuing operations(III+IV)</b>		<b>2,962</b>	<b>192</b>
<b>VI Profit/ (Loss) before interest, tax, depreciation and amortization (EBITDA)</b>		<b>2,968</b>	<b>194</b>
<b>VII Tax expense:</b>			
(1) Current tax		-	-
(2) Deferred tax		-	-
<b>Total tax expense</b>		<b>-</b>	<b>-</b>
<b>VIII Profit/ (loss) for the period (V-VII)</b>		<b>2,962</b>	<b>192</b>
<b>IX OTHER COMPREHENSIVE INCOME</b>		-	-
<b>X TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<b>2,962</b>	<b>192</b>
<b>XI Earnings/(loss) per share</b>			
Basic	15	0.26	0.02
Diluted	15	0.26	0.02

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

**For MRKS And Associates**

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

Chartered Accountants  
ICAI Firm Registration Number: 023711N

**Saurabh Kuchhal**  
Partner  
Membership No. 512362

**Arjit Gupta**  
Company Secretary  
Membership No.: A30696

**Ajay S Nair**  
Chief financial Officer

Place: New Delhi  
Date:

**Pervez D Bajan**  
Director  
(DIN: 07474238)

**Piyush Gupta**  
Director  
(DIN: 03155591)

**Topmovies Entertainment Limited**  
**Cash Flow Statement for the year ended March 31, 2020**

(INR '000)

Particulars	March 31, 2020	March 31, 2019
<b>Cash flow from Operating activities :</b>		
Profit before tax	2,962	192
Adjustments for:		
Interest income from deposits and others	(3,330)	(3,258)
<b>Cash flows from operating activities before changes in following assets and liabilities</b>	<b>(368)</b>	<b>(3,066)</b>
<b>Changes in operating assets and liabilities</b>		
(Increase)/Decrease in Financials assets	(45,302)	-
(Increase)/Decrease in current and non-current financial assets and other current and non-current assets	10,224	(250)
Increase/ (Decrease) in trade payables	(15)	(486)
(Decrease)/Increase in provision	(152)	152
Increase/(Decrease) in Other Current Liabilities	(10,789)	(29,271)
<b>Cash generated from operations</b>	<b>(46,403)</b>	<b>(32,922)</b>
Income tax paid	1,439	(1,815)
<b>Net cash flows from operating activities (A)</b>	<b>(44,964)</b>	<b>(34,737)</b>
<b>Cash flow from Investing activities :</b>		
Purchase of investments	(8,000)	-
Interest received	3,330	3,258
<b>Net cash flows from investing activities (B)</b>	<b>(4,670)</b>	<b>3,258</b>
<b>Net cash flow from Financing activities :</b>	-	-
<b>Net cash flows from financing activities (C)</b>	-	-
<b>Net increase/ (decrease) in cash and cash equivalents (D=A+B+C)</b>	<b>(49,634)</b>	<b>(31,479)</b>
<b>Cash and cash equivalents as at the beginning of the year (E)</b>	<b>51,020</b>	<b>82,499</b>
<b>Cash and cash equivalents at the end of the year (D+E)</b>	<b>1,386</b>	<b>51,020</b>

Particulars	March 31, 2020	March 31, 2019								
<b>Components of cash and cash equivalents as at end of the year (Refer note 5)</b>										
Balance with banks										
-on current accounts	1,386	51,020								
<b>Cash and Cash equivalents as per Cash Flow Statement</b>	<b>1,386</b>	<b>51,020</b>								
<p>Note: The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS 7 - Statement of Cash Flows.</p> <p>The accompanying notes are an integral part of the financial statements</p> <p>As per our report of even date</p>										
<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <p><b>For MRKS And Associates</b> Chartered Accountants ICAI Firm Registration Number: 023711N</p> </td> <td style="width: 50%; vertical-align: top; text-align: center;"> <p><b>For and on behalf of the Board of Directors of Topmovies</b></p> </td> </tr> <tr> <td style="vertical-align: top;"> <p><b>Saurabh Kuchhal</b> Partner Membership No. 512362</p> </td> <td style="vertical-align: top; text-align: center;"> <p><b>Arjit Gupta</b> Company Secretary Membership No.: A30696</p> </td> <td style="vertical-align: top; text-align: center;"> <p><b>Ajay S Nair</b> Chief financial Officer</p> </td> </tr> <tr> <td style="vertical-align: top;"> <p><b>Place: New Delhi</b> <b>Date:</b></p> </td> <td style="vertical-align: top; text-align: center;"> <p><b>Pervez D Bajan</b> <b>Director</b> (DIN: 07474238)</p> </td> <td style="vertical-align: top; text-align: center;"> <p><b>Piyush Gupta</b> <b>Director</b> (DIN: 03155591)</p> </td> </tr> </table>			<p><b>For MRKS And Associates</b> Chartered Accountants ICAI Firm Registration Number: 023711N</p>	<p><b>For and on behalf of the Board of Directors of Topmovies</b></p>	<p><b>Saurabh Kuchhal</b> Partner Membership No. 512362</p>	<p><b>Arjit Gupta</b> Company Secretary Membership No.: A30696</p>	<p><b>Ajay S Nair</b> Chief financial Officer</p>	<p><b>Place: New Delhi</b> <b>Date:</b></p>	<p><b>Pervez D Bajan</b> <b>Director</b> (DIN: 07474238)</p>	<p><b>Piyush Gupta</b> <b>Director</b> (DIN: 03155591)</p>
<p><b>For MRKS And Associates</b> Chartered Accountants ICAI Firm Registration Number: 023711N</p>	<p><b>For and on behalf of the Board of Directors of Topmovies</b></p>									
<p><b>Saurabh Kuchhal</b> Partner Membership No. 512362</p>	<p><b>Arjit Gupta</b> Company Secretary Membership No.: A30696</p>	<p><b>Ajay S Nair</b> Chief financial Officer</p>								
<p><b>Place: New Delhi</b> <b>Date:</b></p>	<p><b>Pervez D Bajan</b> <b>Director</b> (DIN: 07474238)</p>	<p><b>Piyush Gupta</b> <b>Director</b> (DIN: 03155591)</p>								

**Topmovies Entertainment Limited**  
**Statement of changes in equity as on March 31, 2020**

**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, 2018	1,15,00,000	1,15,000
Changes in share capital during the year	-	-
Balance as at March 31, 2019	1,15,00,000	1,15,000
Changes in share capital during the year	-	-
Balance as at March 31, 2020	1,15,00,000	1,15,000

**B. Other Equity**

Particulars	Reserves and Surplus		Share based Payments	Total Amount INR ('000)
	Share Premium	Retained earnings		
<b>Balance as at April 1, 2018</b>	-	(60,540)	-	(60,540)
Changes during the year	-	192	-	192
Other comprehensive income	-	-	-	-
<b>Balance as at March 31, 2019</b>	-	(60,349)	-	(60,349)
Changes during the year	-	2,962	-	2,962
<b>Balance as at March 31, 2020</b>	-	(57,387)	-	(57,387)

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

**Saurabh Kuchhal**

Partner

Membership No. 512362

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

**Topmovies**

**Arjit Gupta**

Company Secretary

Membership No.: A30696

**Ajay S Nair**

Chief financial Officer

**Pervez D Bajan**

Director

(DIN: 07474238)

**Piyush Gupta**

Director

(DIN: 03155591)

Place: New Delhi

Date:



**Topmovies Entertainment Limited**  
**Notes to financial statements for the year ended March 31, 2020**

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**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.

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

Information on related party relationships of the company is provided in Note 16.

The financial statements of the Company for the year ended March 31, 2020 are authorized for issue in accordance with a resolution of the Board of Directors on .

**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, 2019 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:

- Expected to be realised or intended to sold or consumed in normal operating cycle

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- 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 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly'
- 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. 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.

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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.

**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.

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*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 recognized 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 Equipment	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.

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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:

<b>Intangible Assets</b>	<b>Useful life (in years)</b>
Copyright	6
Website/ Software	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 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.

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.

### **l) 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 EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized 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 recognizes 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

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significant increase in credit risk since initial recognition, then the entity reverts to recognizing 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) 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.

**m) Leases**

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

As a practical expedient a lessee (the company) has elected, by class of underlying asset, not to separate lease components from any associated non-lease components. A lessee (the company) accounts for the lease component and the associated non-lease components as a single lease component.

**Company as a lessor**

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

**Transition to Ind AS 116**

Ministry of Corporate Affairs (“MCA”) through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

**n) 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

**o) 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.

**p) 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.

**q) 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:

#### *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 recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, 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

**Topmovies Entertainment Limited**  
**Notes to financial statements for the year ended March 31, 2020**

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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.

**Topmovies Entertainment Limited**  
**Notes to financial statements for the year ended March 31, 2020**

**Schedule 3 : Investments (INR '000)**

Particulars	31st March, 2020	31st March, 2019
<b>Investment at fair value through profit and loss</b>		
<b>Investment in Equity shares</b>		
Unquoted	8,000	-
<b>Total</b>	<b>8,000</b>	<b>-</b>
<b>Current</b>	<b>-</b>	<b>-</b>
<b>Non current</b>	<b>8,000</b>	<b>-</b>

**Note 4 : Income Tax Assets (INR '000)**

Particulars	31st March, 2020	31st March, 2019
Advance tax deposited	1,350	1,350
TDS Receivables	1,722	3,161
<b>Total</b>	<b>3,072</b>	<b>4,511</b>
<b>Current</b>	<b>-</b>	<b>-</b>
<b>Non current</b>	<b>3,072</b>	<b>4,511</b>

**Note 5 : Cash and cash equivalents (INR '000)**

Particulars	31st March, 2020	31st March, 2019
Balance with banks :		
- On current accounts	1,386	51,020
<b>Total</b>	<b>1,386</b>	<b>51,020</b>

**Note 6 A : Loans (INR '000)**

Particulars	31st March, 2020	31st March, 2019
<b>Unsecured considered good at amortised cost</b>		
Inter-Corporate Deposits given (refer note 16A)	45,000	-
Income accrued but not due (refer note 16A)	302	-
<b>Total</b>	<b>45,302</b>	<b>-</b>
<b>Current</b>	<b>45,302</b>	<b>-</b>
<b>Non current</b>	<b>-</b>	<b>-</b>

**Note 6 B : Other financial assets (INR '000)**

Particulars	31st March, 2020	31st March, 2019
<b>Unsecured considered good at amortised cost</b>		
Other Receivables	-	10,263
<b>Total</b>	<b>-</b>	<b>10,263</b>

**Break up of financial assets carried at amortised cost (INR '000)**

Particulars	Note	31st March, 2020	31st March, 2019
Cash and cash equivalents	5	1,386	51,020
Loans	6 A	45,302	-
Other financial assets	6 B	-	10,263
<b>Total</b>		<b>46,688</b>	<b>61,283</b>

**Break up of financial assets carried at at fair value through profit and loss**

Particulars	Note	31st March, 2020	31st March, 2019
Investments	3	8,000	-
<b>Total</b>		<b>8,000</b>	<b>-</b>

**Note 7 : Other Current Assets (INR '000)**

Particulars	31st March, 2020	31st March, 2019
Balance with Government Authorities	342	303
<b>Total</b>	<b>342</b>	<b>303</b>

**Topmovies Entertainment Limited**  
**Notes to financial statements for the year ended March 31, 2020**

**Note 8 : 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, 2018	1,15,00,000	1,15,000
Increase/(decrease) during the year	-	-
At March 31, 2019	1,15,00,000	1,15,000
Increase/(decrease) during the year	-	-
At March 31, 2020	1,15,00,000	1,15,000

**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.

**Issued and subscribed capital**

**(A) Equity Share Capital**

Equity shares of INR 10 each issued, subscribed and fully paid	Number of shares	Amount (INR '000)
At April 1, 2018	1,15,00,000	1,15,000
Changes during the year	-	-
At March 31, 2019	1,15,00,000	1,15,000
Changes during the year	-	-
At March 31, 2020	1,15,00,000	1,15,000

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

Particulars	March 31, 2020		March 31, 2019	
	Number of shares	Amount (INR '000)	Number of shares	Amount (INR '000)
<b>Equity shares of INR 10 each issued, subscribed and fully paid</b>				
Shares outstanding at the beginning of the year	1,15,00,000	1,15,000	1,15,00,000	1,15,000
Shares Issued during the year	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>1,15,00,000</b>	<b>1,15,000</b>	<b>1,15,00,000</b>	<b>1,15,000</b>

**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	(INR '000)	
	March 31, 2020	March 31, 2019
HT Media Limited, the holding company		
Equity shares of INR 10 each issued, subscribed and fully paid	1,15,000	1,15,000
111,500 thousand (March 31, 2019 - 111500 thousand) equity shares of INR 10 each fully paid	1,15,000	1,15,000

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

Particulars	March 31, 2020		March 31, 2019	
	Number of shares	% holding in the No in class	Number of shares	% holding in the No in class
HT Media Limited, the holding company				
Equity shares of INR 10 each issued, subscribed and fully paid	1,14,99,994	99.99%	1,14,99,994	99.99%

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.

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**Topmovies Entertainment Limited**

Notes to financial statements for the year ended March 31, 2020

**Note 8A : Other Equity**

	(INR '000)	
Particulars	31-Mar-20	31-Mar-19
Retained Earnings	(57,387)	(60,349)
<b>Total</b>	<b>(57,387)</b>	<b>(60,349)</b>

**Retained Earnings**

Particulars	Amount
<b>At March 31, 2018</b>	<b>(60,540)</b>
Net profit for the year	192
<b>At March 31, 2019</b>	<b>(60,349)</b>
Net profit for the year	2,962
<b>At March 31, 2020</b>	<b>(57,387)</b>

**Topmovies Entertainment Limited**  
**Notes to financial statements for the year ended March 31, 2020**

**Note 9A: Provisions** (INR '000)

Particulars	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2020
<b>Provision for employee benefits</b>		
Provision for Leave Benefits	-	22
Provision for Gratuity (refer note 15A)	-	129
<b>Total Provisions</b>	<b>-</b>	<b>152</b>
<b>Current</b>	<b>-</b>	<b>152</b>
<b>Non- Current</b>	<b>-</b>	<b>-</b>

**Note 9: Trade Payables** (In INR '000)

Particulars	31st March, 2020	31st March, 2019
Trade Payables		
- Micro, small and medium enterprises (refer note 19)	-	-
- Related parties (refer note 16A)	-	11,155
- Others	470	103
<b>Total</b>	<b>470</b>	<b>11,259</b>
<b>Current</b>	<b>470</b>	<b>11,259</b>
<b>Non- Current</b>	<b>-</b>	<b>-</b>

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 16A

**Break up of financial liabilities carried at amortised cost** (INR '000)

Particulars	Note	31st March, 2020	31st March, 2019
Trade Payables	9	470	11,259
<b>Total</b>		<b>470</b>	<b>11,259</b>

**Note 10 : Other current liabilities**

Particulars	31st March, 2020	31st March, 2019
Customers and agents balances	-	-
Statutory dues	19	35
<b>Total</b>	<b>19</b>	<b>35</b>

**Topmovies Entertainment Limited**  
**Notes to financial statements for the year ended March 31, 2020**

**Note 11 : Other Income** (INR '000)

<b>Particulars</b>	<b>31<sup>st</sup> March, 2020</b>	<b>31<sup>st</sup> March, 2019</b>
Interest income on bank deposits	2,995	3,258
Other Miscellaneous income	335	-
<b>Total</b>	<b>3,330</b>	<b>3,258</b>

**Note 12 : Employee benefits expenses** (INR '000)

<b>Particulars</b>	<b>31st March, 2020</b>	<b>31st March, 2019</b>
Salaries, wages and bonus	2	2,101
Contribution to provident and other funds	1	92
Gratuity expense (refer note 15A)	-	129
<b>Total</b>	<b>3</b>	<b>2,323</b>

**Note 13 : Finance costs** (INR '000)

<b>Particulars</b>	<b>31st March, 2020</b>	<b>31st March, 2019</b>
Bank charges	6	2
<b>Total</b>	<b>6</b>	<b>2</b>

**Note 14 : Other expenses** (INR '000)

<b>Particulars</b>	<b>31st March, 2020</b>	<b>31st March, 2019</b>
Rates and taxes	0	61
Plant and machinery	1	-
Travelling and conveyance	-	547
Communication costs	1	48
Legal and professional fees	281	9
Payment to auditor (refer details below)	75	75
Miscellaneous expenses	1	-
<b>Total</b>	<b>359</b>	<b>741</b>

**Payment to auditors** (INR '000)

<b>Particulars</b>	<b>31st March, 2020</b>	<b>31st March, 2019</b>
<b>As auditor :</b>		
- Audit fee	75	75
<b>Total</b>	<b>75</b>	<b>75</b>

**Topmovies Entertainment Limited**  
**Notes to financial statements for the year ended March 31, 2020**

**Note 15 : 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:

<b>Particulars</b>	<b>31<sup>st</sup> March, 2020</b>	<b>31<sup>st</sup> March, 2019</b>
<b>Profit/loss attributable to equity holders for the basic earnings</b>	<b>29,62,019</b>	<b>1,91,651</b>
<b>Weighted average number of Equity shares for basic and diluted earnings per share</b>	<b>1,15,00,000</b>	<b>1,15,00,000</b>
<b>Earnings/(loss) per share</b>		
Basic earnings per share	0.26	0.02
Diluted earnings per share	0.26	0.02



**Topmovies Entertainment Limited****Notes to financial statements for the year ended March 31, 2019****Note 15A : Gratuity**

	(INR '000)	
<b>Particulars</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Gratuity Plan	-	129
<b>Total</b>	-	<b>129</b>

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, 2020 :

	(INR '000)	
<b>Present value of Obligation</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
<b>Particulars</b>		
Opening Balance	129.38	-
Current Service Cost	-	129
Interest Expense or cost	-	-
Re-measurement (or Actuarial) (gain) / loss arising from:	-	-
- change in financial assumptions	-	-
- experience variance (i.e. Actual experience vs assumptions)	-	-
Benefits Paid	-	-
Inter group transfers/ adjustments	(129.38)	-
<b>Total</b>	-	<b>129.38</b>

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

Particulars	March 31, 2020	March 31, 2019
Discount Rate	-	7.85%
Salary Growth Rate	-	7.50%
Withdrawal Rate	-	
Up to 30 years	-	3%
31 - 44 years	-	2%
Above 44 years	-	1%

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

Defined Gratuity Plan		(INR '000)	
Particulars	March 31, 2020	March 31, 2019	
Defined Benefit Obligation (Base)	-	129	

#### Impact on defined benefit obligation

Particulars	March 31, 2020		March 31, 2019		
	Assumptions	Decrease	Increase	Decrease	Increase
Discount Rate (-/+ 1%)		-	-	14.10%	-12.10%
Salary Growth Rate (-/+ 1%)		-	-	-12.30%	14.00%
Withdrawal Rate (-/+ 1%)		-	-	-0.40%	0.30%
Mortality Rate		-	-	0.00%	0.00%

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:

Total expected payments		(INR '000)	
	March 31, 2020	March 31, 2018	
Within the next 12 months (next annual reporting period)	-	3.30	
Between 2 and 5 years	-	10.36	
Between 6 and 10 years	-	16.45	
Beyond 10 years	-	359.98	

**Defined Contribution Plan****(INR '000)**

<b>Particulars</b>	<b>March 31, 2020</b>	<b>March 31, 2018</b>
<b>Contribution to Provident and Other funds</b>		
Charged to Statement of Profit and Loss	1	92

**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 :

**(INR '000)**

<b>Particulars</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Liability at the beginning of the year	22	-
Re-measurement (or Actuarial) (gain) / loss	-	22
Acquisition Adjustment during the year	-	-
Provided during the year	-	-
Inter group transfers/ adjustments	(22)	-
<b>Liability at the end of the year</b>	<b>-</b>	<b>22</b>

**Topmovies Entertainment Limited**

**Notes to financial statements for the year ended March 31, 2020.**

**Note 16 : 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)
	The Hindustan Times Limited #
	Earthstone Holding (Two) 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 16 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 (except remuneration) .

**Topmovies Entertainment Limited**  
**Notes to financial statements for the year ended March 31, 2020**

**Note 16A: Transactions during the year with related parties**

**(INR '000)**

Particulars	Holding Company HT Media Limited		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Revenue transactions:</b>				
<b>Income</b>				
Interest Earned on Inter Corporate Loan	335.34		335	-
<b>Others</b>				
Inter Corporate Loan given by the Company	45,000	-	45,000	-

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**Topmovies Entertainment Limited**  
**Notes to financial statements for the year ended March 31, 2020**

**Note 16A: Transactions during the year with related parties**

(INR '000)

Particulars	Holding Company		Fellow subsidiaries		Total	
	HT Media Limited		Digicontent Limited			
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Balance outstanding:</b>						
Trade Payables	-	11,155	-	-	-	11,155
Trade Receivables	-	-	-	10,263	-	10,263
Inter Corporate Deposit Given & Interest accrued on it	45,302	-	-	-	-	-
Equity Share Capital	1,15,000	1,15,000	-	-	1,15,000	1,15,000

*(This space has been intentionally left blank)*

**Topmovies Entertainment Limited****Notes to financial statements for the year ended March 31, 2020****Note 17 : Fair values**

Set out below, is a comparison by class of the carrying amounts and fair value of the companies financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Particulars	(INR '000)				
	Carrying value		Fair value		Fair Value measurement hierarchy level
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	
<b>Financial assets measured at fair Value through profit &amp; loss (FVTPL)</b>					
Investment in equity shares- Unquoted (refer note 3)	8,000	-	8,000	-	Level 3

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

The following methods and assumptions were used to estimate the fair values:

- The fair values of the investment in unquoted equity shares have been estimated using a Discounted Cash Flow (DCF) model and/or comparable investment price such as last round of funding made in the investee Company. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted investments.

- The loans are evaluated by the Company based on parameters such as interest rate, risk factors, risk characteristics and individual credit-worthiness of the counterparty. Based on this evaluation, allowances are taken into account for the expected losses.

**The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at March 31, 2020 is shown below:**

Particulars	Valuation technique	Significant unobservable inputs	Range (weighted average)	Impact of % Increase to fair value(INR'000)	Impact of % Decrease to fair value(INR'000)
Investment in unquoted debt/equity/preference instruments at Level 3*	Discounted cash flow	Weighted Average Cost of Capital (+/- 1%)	40%	(401)	427
		Terminal growth rate (+/- 1%)	5%	168	(160)

**Note 18 : Scheme of Arrangements**

**Scheme of amalgamation between Firefly e-Ventures Limited (FEVL), HT Digital Media Holdings Limited (HTDH), HT Education Liited (HTEL), HT Learning Centers Limited (HTLC), India Education Services Privale Limited (IESPL), Topmovies Entertainment Limited (TMEL) with HT Mobile Solutions Limited (HTMSL) :**

A scheme of amalgamation u/s 230-232 of the Companies Act, 2013 which provides for merger of Firefly e-Ventures Limited (FEVL), HT Digital Media Holdings Limited (HTDMH), HT Education Limited (HTEL), HT Learning Centers Limited (HTLC), India Education Services Private Limited (IESPL, the Company) and Topmovies Entertainment Limited (TMEL) with HT Mobile Solutions Limited (HTMS) ("Scheme"), has been approved by the respective Board of Directors of companies at their meetings held on March 18, 2020.

The Companies are in the process of filing the Scheme with the Hon'ble NCLT, New Delhi Branch. Pending the filing and approval of the Scheme by the Hon'ble NCLT, New Delhi Branch, the impact of the Scheme has not been considered in the financial satetements by the transferor and transferee Companies.

**Topmovies Entertainment Limited**

**Notes to financial statements for the year ended March 31, 2020**

**Note 19: Capital management**

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure through equity funding and its own operations. It does not have any debt.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

**Note 20: Details of dues to Micro and Small Enterprises as defined under the MSMED Act, 2006**

Based upon the information available with the Company, the balance due to suppliers registered under "The Micro, Small and Medium Enterprises Development Act, 2006" as on March 31, 2020 is Rs. Nil (As at March 31, 2019: Rs. Nil). Further, no interest during the year has been paid or is payable under the terms of the Act.

**Note 21 :**

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

**For and on behalf of the Board of Directors of**

**Topmovies Entertainment Limited**

**Saurabh Kuchhal**

Partner

Membership No. 512362

**Arjit Gupta**

Company Secretary

Membership No.: A30696

**Ajay S Nair**

Chief financial Officer

**Place: New Delhi**

Date:

**Pervez D Bajan**

Director

(DIN: 07474238)

**Piyush Gupta**

Director

(DIN: 03155591)