

INDEPENDENT AUDITOR'S REPORT

To the Members of Top Movies Entertainment Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Top Movies Entertainment Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

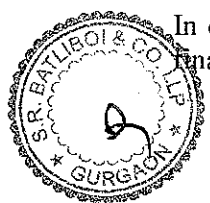
Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true



S.R. BATLIBOI & CO. LLP

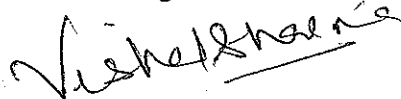
Chartered Accountants

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, 2015, its loss, and its cash flows for the year ended on that date.

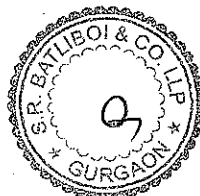
Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements 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 written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) 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 which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E



Vishal Sharma
Partner
Membership Number: 96766
Place of Signature: New Delhi
Date: May 14, 2015



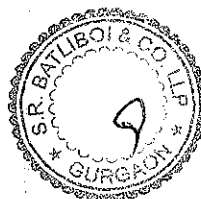
S.R. BATLIBOI & Co. LLP

Chartered Accountants

Annexure I referred to in paragraph 'Report on Other Legal and Regulatory Requirements' of our report of even date

Re: Top Movies Entertainment Limited

- (i)(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (i)(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (ii)(a) The Company being in service industry does not have any inventory. Therefore, clauses (ii) (a), (b) and (c) of the order is not applicable to the Company.
- (iii)(a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for rendering of services. The activities of the Company do not include purchase of inventory and the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.
- (vii)(a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, income-tax, service tax, cess and other material statutory dues applicable to it. The provisions relating to sales-tax, wealth-tax, customs duty, excise duty, value added tax and employees' state insurance are not applicable to the Company.
- (vii)(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to sales-tax, wealth-tax, customs duty, excise duty, value added tax and employees' state insurance are not applicable to the Company.
- (vii)(c) According to the information and explanations given to us, there are no dues of income tax, service tax, and cess which have not been deposited on account of any dispute. The provisions relating to sales-tax, wealth-tax, customs duty, excise duty and value added tax are not applicable to the Company.



S.R. BATLIBOI & CO. LLP

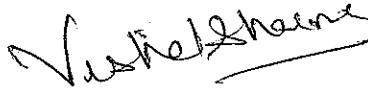
Chartered Accountants

- (vii)(d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder..
- (viii) The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in the current financial year and in the immediately preceding financial year.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions or banks.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E



Vishal Sharma

Partner

Membership Number: 96766

Place of Signature: New Delhi

Date: May 14, 2015



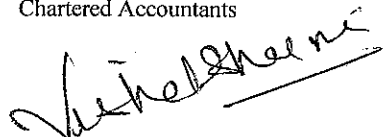
Topmovies Entertainment Limited
Balance Sheet as at March 31, 2015

Particulars	Notes	As at March 31, 2015 (Rs.)	As at March 31, 2014 (Rs.)
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3.1	38,470,000	38,000,000
Reserves and surplus	3.2	9,450,873	(11,558,724)
		47,920,873	26,441,276
Non-current liabilities			
Long-term provisions	3.3	275,023	332,938
		275,023	332,938
Current liabilities			
Trade payables	3.4	3,118,649	2,949,368
Other current liabilities	3.4	580,492	379,245
Short-term provisions	3.3	132,750	124,233
		3,831,891	3,452,846
TOTAL		52,027,787	30,227,060
ASSETS			
Non-current Assets			
Tangible assets	3.5	265,520	74,523
Intangible assets	3.6	8,259,006	13,279,460
Long-term loans and advances	3.7	220,788	7,039
		8,745,314	13,361,022
Current assets, loans and advances			
Trade receivables	3.8	4,281,187	2,928,168
Cash and bank balances	3.9	37,605,146	12,890,612
Short-term loans and advances	3.7	247,579	437,340
Other assets		1,148,561	609,918
		43,282,473	16,866,038
TOTAL		52,027,787	30,227,060

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements.

For S.R. Batliboi & Co. LLP
 Firm Registration No.: 301003E
 Chartered Accountants



per Vishal Sharma
 Partner
 Membership No. 96766



For Topmovies Entertainment Limited


 Amit Garg
 Director


 Dipesh Mittal
 Director



Place: New Delhi
 Date: May 14, 2015

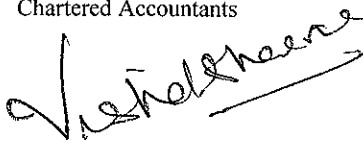


Topmovies Entertainment Limited
Statement of profit and loss for the year ended March 31, 2015

Particulars	Notes	For the year ended March 31, 2015 (Rs.)	For the period May 24, 2013 to March 31, 2014 (Rs.)
INCOME			
Income from operations		12,501,117	3,752,815
Other income	3.10	1,126,752	118,750
		13,627,869	3,871,565
EXPENDITURE			
Employee benefits expense	3.11	11,439,700	5,559,663
Other expenses	3.12	22,610,397	7,572,347
Financial expenses	3.13	22,222	11,180
Depreciation/amortisation	3.14	5,075,953	2,287,099
		39,148,272	15,430,289
Loss before tax		(25,520,403)	(11,558,724)
Provision for tax		-	-
Total tax expense		-	-
Net Loss after tax		(25,520,403)	(11,558,724)
Earning/(Loss) Per Share (Rs.)	3.15 b	(6.72)	(8.51)
Basic and Diluted [Nominal value of shares Rs.10 each]			
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

For S.R. Batliboi & Co. LLP
 Firm Registration No.: 301003E
 Chartered Accountants



per Vishal Sharma
 Partner
 Membership No. 96766



For Topmovies Entertainment Limited


 Amit Garg
 Director


 Dinesh Mittal
 Director



Place: New Delhi
 Date: May 14, 2015



Topmovies Entertainment Limited
Cash flow statement for the year ended March 31, 2015

Particulars	For the year ended March 31, 2015 (Rs.)	For the period May 24, 2013 to March 31, 2014 (Rs.)
Cash flow from operating activities		
Loss before tax	(25,520,403)	(11,558,724)
Depreciation/amortization	5,075,953	2,287,099
Provision for doubtful debts	722,374	101,124
Net profit on sale of fixed assets	(5,997)	-
Interest income	(557,724)	(118,750)
Operating loss before working capital changes	(20,285,797)	(9,289,251)
Movements in working capital :		
Increase/(decrease) in trade payables and other liabilities	321,130	(5,141,627)
Decrease/(increase) in trade receivables	(2,075,393)	(890,517)
Decrease / (increase) in loans and advances	(348,882)	(399,704)
Cash generated from / (used in) operations	(22,388,942)	(15,721,099)
Direct taxes paid (net of refunds)	(213,749)	(7,039)
Net cash flow from/ (used in) operating activities (A)	(22,602,691)	(15,728,138)
Cash flows from investing activities		
Purchase of business undertaking	-	(9,500,000)
Purchase of fixed assets	(246,499)	-
Investment in fixed deposits with original maturity of more than three months but less than twelve months	(20,000,000)	-
Proceeds from sale of fixed assets	6,000	-
Interest received	557,724	118,750
Net cash flow from/(used in) investing activities (B)	(19,682,775)	(9,381,250)
Cash flows from financing activities		
Proceeds from equity capital	47,000,000	38,000,000
Net cash flow from/(used in) in financing activities (C)	47,000,000	38,000,000
Net increase/(decrease) in cash and cash equivalents (A + B + C)	4,714,534	12,890,612
Cash and cash equivalents at the beginning of the year	12,890,612	-
Cash and cash equivalents at the end of the year	17,605,146	12,890,612
Components of cash and cash equivalents		
With banks- on current account	105,146	390,612
-- on deposit account	17,500,000	12,500,000
Total cash and cash equivalents	17,605,146	12,890,612

Summary of significant accounting policies

Note: The above Cash Flow Statement has been prepared under the "Indirect Method" as stated in Accounting Standard 3 on Cash Flow Statement

The accompanying notes are an integral part of the financial statements.

For S.R. Batliboi & Co. LLP
 Firm Registration No.: 301003E
 Chartered Accountants

per Vishal Sharma
 Partner
 Membership No. 96766



Place: New Delhi
 Date: May 14, 2015

For Topmovies Entertainment Limited

Amit Garg
 Director

Dinesh Mittal
 Director



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Topmovies Entertainment Limited

Notes to the financial statement for the year ended March 31, 2015

Significant Accounting Policies and Notes to accounts

1. Corporate Information

Topmovies Entertainment Limited is a wholly owned subsidiary of HT Media Limited. The Company was incorporated on May 24, 2013 to carry on internet related business for providing movie reviews and ratings business. During the previous year, the Company had purchased a movie reviews and ratings business, DesiMartini.com from its fellow subsidiary company Firefly e-Ventures Limited.

2. Basis of preparation

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2.1 Summary of Significant Accounting Policies

Change in accounting policy

I. Depreciation on fixed assets

Till the year ended 31 March 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to depreciation of fixed assets. Unless stated otherwise, the impact mentioned for the current year is likely to hold good for future years also.

a. Useful lives/ depreciation rates

Till the year ended 31 March 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II. Hence, this change in accounting policy did not have any material impact on financial statements of the company.

b. Depreciation on assets costing less than Rs. 5,000/-

Till year ended 31 March 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the company was charging 100% depreciation on assets costing less than Rs 5,000/- in the year of purchase. However, Schedule II to the Companies Act 2013, applicable from the current year, does not recognize such practice. Hence, to comply with the requirement of Schedule II to the Companies Act, 2013, the company has changed its accounting policy for depreciations of assets costing less than Rs 5,000/-. As per the revised policy, the company is depreciating such assets over their useful life as assessed by the management. The management has decided to apply the revised accounting policy prospectively from accounting periods commencing on or after 1 April 2014.

The change in accounting for depreciation of assets costing less than Rs 5,000/- did not have any material impact on financial statements of the company for the current year.



Topmovies Entertainment Limited

Notes to the financial statement for the year ended March 31, 2015

c. Employee stock compensation cost

Till 27 October 2014, the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, dealt with the grant of share-based payments to employees. Among other matter, these guidelines prescribed accounting for grant of share-based payments to employees. Hence, the company being a listed entity was required to comply with these Guidelines as well as the Guidance Note on Accounting for Employee Share-based Payments with regard to accounting for employee share-based payments. Particularly, in case of conflict between the two requirements, the SEBI guidelines were prevailing over the ICAI Guidance Note. For example, in case of equity settled option expiring unexercised after vesting, the SEBI guidelines required expense to be reversed through the statement of Profit and Loss whereas the reversal of expense through the statement of profit and loss is prohibited under the ICAI Guidance Note. In these cases, the company was previously complying with the requirement of SEBI guidelines.

From 28 October 2014, the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 have been replaced by the SEBI (Share Based Employee Benefits) Regulations, 2014. The new regulations don't contain any specific accounting treatment; rather, they require ICAI Guidance Note to be followed. Consequent to the application of the new regulations, the company has changed its accounting for equity settled option expiring unexercised after vesting in line with accounting prescribed in the Guidance Note, i.e., expense is not reversed through the statement of profit and loss. The management has decided to apply the revised accounting policy prospectively from the date of notification of new regulation, i.e., 28 October 2014.

Since there are no equity settled options expiring unexercised after 28 October 2014, the change in accounting policy did not have any material impact on financial statements of the company for the current year. However due to application of the regulation, the manner of presentation of "Employee Stock Option Outstanding Account" under the head "Reserves and Surplus" has changed. The company has changed this presentation for the current as well as previous year

a) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities, at the date of the reporting year end. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b) Tangible Fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and 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.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed 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.

The company adjusts exchange differences arising on translation/ settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset. In accordance with MCA circular dated 09 August 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period. In other words, the company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized



Topmovies Entertainment Limited
Notes to the financial statement for the year ended March 31, 2015

c) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The company has used the following rates to provide depreciation on its fixed assets:

	Useful lives (in years)
Plant and Machinery	15-20
Computers (included in Plant and Machinery)	3

d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Goodwill

Goodwill acquired separately are measured on initial recognition at cost. The cost of goodwill acquired in an slump sale is their fair value as at the date of purchase. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Copyrights

Purchased copyrights are accounted for at costs. In case of slump purchases, value for copyright acquired is allocated based on the valuation carried out by an independent expert at the time of acquisition. Copyrights are amortized over the estimated useful life of six years from the date of acquisition on a straight line basis.

Website costs

Website recognized on purchase of business are amortized over the estimated useful life of three years from the date of recognition of intangible asset on a straight line basis.



Topmovies Entertainment Limited

Notes to the financial statement for the year ended March 31, 2015

Gains or losses arising from de-recognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

e) Leases

Leases where the lesser effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

f) Impairment of tangible and intangible 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 units (CGU) net selling price and its value in use. The 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. 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 pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering 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.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

g) Revenue recognition

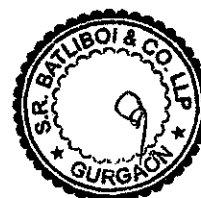
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Revenue is recognized when persuasive evidence of an arrangement exists, service has been rendered, the sales prices are fixed or determinable and collection is probable. Revenues associated with multiple element contracts are allocated based on the fair value of the services included in the contract.

Revenue from online advertising on www.desimartini.com is recognised when persuasive evidence of an arrangement exists, the consideration is fixed or determinable; and it is reasonable to expect ultimate collection. Such revenues are recognised as the services are provided.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "Other Income" in the statement of profit and loss.



Topmovies Entertainment Limited

Notes to the financial statement for the year ended March 31, 2015

h) Foreign currency translation

Foreign currency transactions and balances

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are measured at fair value or other similar valuation denominated in a foreign currency are translated using the exchange rates that existed when the values were determined.

(iii) Exchange Differences

The company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

1. Exchange differences arising on a monetary item that, in substance, forms part of the company's net investment in a non-integral foreign operation is accumulated in the foreign currency translation reserve until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.
2. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.
3. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
4. All other exchange differences are recognized as income or as expenses in the period in which they arise.

For this purpose 2 and 3 above, the company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated 09 August 2012, exchange difference for this purpose, are total difference arising on long term foreign currency monetary items for the period. In other words, the Company does not differentiate between exchange difference arising for foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

(iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/ income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period. Any gain/ loss arising on forward contracts which are long-term foreign currency monetary items is recognized in accordance with paragraph (iii)(2) and (iii)(3).

i) Retirement and other employee benefits

Retirement benefits in the form of provident fund are a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to respective funds.



Topmovies Entertainment Limited

Notes to the financial statement for the year ended March 31, 2015

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

Accumulated leave, which is expected to be utilized within the calendar year, is treated as short term employee benefits. The measure the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlements that has accumulated at the reporting date.

The Company treats accumulated leaves expected to be carried forward beyond 12 months, as long term employee benefit for measurement purposes. Such long term compensated absences are provided for based on the actuarial valuations using the projected unit credit method made at the end of each financial year.

Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

j) Income taxes

Tax expense comprises 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 enacted in India.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for all timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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 tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

k) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

l) Employee Stock Compensation Cost

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

In accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method. The cumulative expense recognized 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 expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee



Topmovies Entertainment Limited
Notes to the financial statement for the year ended March 31, 2015

benefits expense.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total intrinsic value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

m) Provisions

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

n) 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.

o) Cash and Cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.



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Topmovies Entertainment Limited
Notes to the financial statements for the year ended March 31, 2015

3.1. Share capital

Particulars	As at March 31, 2015 (Rs.)	As at March 31, 2014 (Rs.)
Authorized shares (No.)		
5,000,000 (Previous year: 5,000,000) equity shares of Rs. 10 each	50,000,000	50,000,000
500,000,000 (Previous year: Nil) preference shares Shares of Re 0.10/- each)	50,000,000	-
	<u>100,000,000</u>	<u>50,000,000</u>
Issued, subscribed and fully paid-up shares (No.)		
3,800,000 (Previous year: Nil) equity shares of Rs. 10 each	38,000,000	38,000,000
0.1% 4,700,000 (Previous year Nil) Optionally Convertible Cumulative Preference Shares of Re 0.10 each	470,000	-
Total issued, subscribed and fully paid-up share capital	38,470,000	38,000,000

Refer note (a) to (f) below:

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at		As at	
	March 31, 2015 No.	March 31, 2015 (Rs.)	March 31, 2014 No.	March 31, 2014 (Rs.)
Equity shares				
At the beginning of the year	3,800,000	38,000,000	-	-
Issued during the year	-	-	3,800,000	38,000,000
Outstanding at the end of the year	3,800,000	38,000,000	3,800,000	38,000,000
Preference shares				
At the beginning of the year	-	-	-	-
Issued during the year	4,700,000	470,000	-	-
Outstanding at the end of the year	4,700,000	470,000	-	-

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing annual general meeting. 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.

c. Terms of conversion/ redemption of OCCPS

During the year ended March 31, 2015, the company had issued 4,700,000 OCCPS of Re. 0.10 each fully paid-up at a premium of Rs 9.90 per share. OCCPS carry cumulative dividend @ 0.1% p.a. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Each holder of OCCPS is entitled to one vote per share only on resolutions placed before the company which directly affect the rights attached to OCCPS.

Each holder of OCCPS can opt to redeem its preference shares or convert its preference shares into equity shares anytime during the period of 5 years from the date of Issue at a predetermined price.

d. Shares held by Holding Company

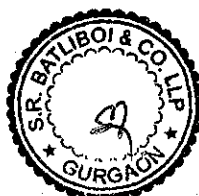
Particulars	As at March 31, 2015 (Rs.)	As at March 31, 2014 (Rs.)
HT Media Limited, the Holding Company		
3,800,000 (Previous year: 3,800,000) equity shares of Rs. 10 each	38,000,000	38,000,000
0.1% 4,700,000 (Previous year Nil) Optionally Convertible Cumulative Preference Shares of Re 0.10 each	470,000	-
	<u>38,470,000</u>	<u>38,000,000</u>

e. Details of shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2015		As at March 31, 2014	
	No.	% holding in the class	No.	% holding in the class
Equity shares of Rs 10 each fully paid up				
HT Media Limited, Holding Company	3,800,000	99.99%	3,800,000	99.99%
Preference shares of Re. 0.10 each fully paid up				
HT Media Limited, Holding Company	4,700,000	100.00%	-	0.00%

f. Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the company, please refer note 3.15 d.



Topmovies Entertainment Limited
Notes to the financial statements for the year ended March 31, 2015

3.2 Reserves and surplus

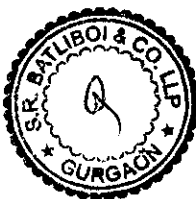
Particulars	As at	As at
	March 31, 2015 (Rs.)	March 31, 2014 (Rs.)
Securities premium account		
Balance as per the last financial statements	-	-
Add : Received during the year on account of fresh issue of preference shares	46,530,000	-
	46,530,000	-
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	(11,558,724)	-
Loss for the year	(25,520,403)	(11,558,724)
Net surplus in the statement of profit and loss	(37,079,127)	(11,558,724)
Total reserves and surplus	9,450,873	(11,558,724)

3.3 Provisions

Particulars	Long-term		Short-term	
	As at	As at	As at	As at
	March 31, 2015 (Rs.)	March 31, 2014 (Rs.)	March 31, 2015 (Rs.)	March 31, 2014 (Rs.)
Provision for employee benefits				
Provision for gratuity (refer note 3.15 c)	275,023	332,938	1,993	5,867
Provision for leave benefits	-	-	130,757	118,366
	275,023	332,938	132,750	124,233

3.4 Trade payables and other current liabilities

Particulars	As at	As at
	March 31, 2015 (Rs.)	March 31, 2014 (Rs.)
Trade payables (refer note 3.15 g for details of dues to micro and small enterprises)	3,118,649	2,949,368
(A)		
Other liabilities:		
Withholding and other taxes payable	324,100	379,245
Payable to subsidiaries	27,637	-
Advances from customers	6,255	-
Others	222,500	-
(B)	580,492	379,245
Total (A+B)	3,699,141	3,328,613



Topmovies Entertainment Limited

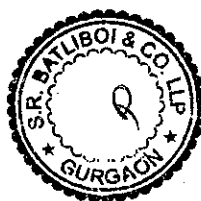
Notes to the financial statements for the year ended March 31, 2015

3.5 Tangible assets

			(Rs.)
	Plant and equipment's	Office Equipment's	Total
Gross Block			
At April 1, 2013			-
Additions			-
Additions on purchase of business undertaking	188,532	675	189,207
At March 31, 2014	188,532	675	189,207
Additions	222,500	23,999	246,499
Disposals	6,293		6,293
At March 31, 2015	404,739	24,674	429,413
Depreciation			
At April 1, 2013			-
Charge for the year	114,010	674	114,684
At March 31, 2014	114,010	674	114,684
Charge for the year	55,017	482	55,499
Disposals	6,290		6,290
At March 31, 2015	162,737	1,156	163,893
Net Block			
At March 31, 2014	74,522	1	74,523
At March 31, 2015	242,002	23,518	265,520

3.6 Intangible asset

				(Rs.)
	Website	Copyrights	Goodwill	Total
Gross block				
At April 1, 2013				-
Additions	15,061,363	-	295,051	15,356,414
Additions on purchase of business undertaking	-	95,461	-	95,461
At March 31, 2014	15,061,363	95,461	295,051	15,451,875
Additions				
Disposals				
At March 31, 2015	15,061,363	95,461	295,051	15,451,875
Amortization				
At April 1, 2013	-	-	-	-
Charge for the year	2,076,955	95,460	-	2,172,415
At March 31, 2014	2,076,955	95,460	-	2,172,415
Charge for the year	5,020,454	-	-	5,020,454
Disposals	-	-	-	-
At March 31, 2015	7,097,409	95,460	-	7,192,869
Net block				
At March 31, 2014	12,984,408	1	295,051	13,279,460
At March 31, 2015	7,963,954	1	295,051	8,259,006



Topmovies Entertainment Limited
Notes to the financial statements for the year ended March 31, 2015

3.7 Loans and advances

Particulars	Non-current		Current	
	As at March 31, 2015 (Rs.)	As at March 31, 2014 (Rs.)	As at March 31, 2015 (Rs.)	As at March 31, 2014 (Rs.)
Advances recoverable in cash or kind				
Unsecured considered good	-	-	113,781	437,340
	-	-	113,781	437,340
Other loans and advances				
Balance with customs, excise authorities etc	-	-	133,798	-
Tax deducted at source	220,788	7,039	-	-
	220,788	7,039	133,798	-
Total	220,788	7,039	247,579	437,340

3.8 Trade receivables

Particulars	As at March 31, 2015 (Rs.)	As at March 31, 2014 (Rs.)
	Outstanding for a period exceeding six months from the date they are due for payment	
Unsecured, considered good	1,431,711	1,092,293
Unsecured, considered doubtful	823,498	101,124
(A)	2,255,209	1,193,417
Other receivables		
Unsecured, considered good	2,849,476	1,835,875
(B)	2,849,476	1,835,875
Total (A + B)	5,104,685	3,029,292
Less: Provision for doubtful debt	823,498	101,124
Total (A + B)	4,281,187	2,928,168

3.9 Cash and bank balances

Particulars	As at March 31, 2015 (Rs.)	As at March 31, 2014 (Rs.)
	Cash and cash equivalents	
Balances with banks:		
-On current accounts	105,146	390,612
-Deposits with original maturity of less than three months	17,500,000	12,500,000
	17,605,146	12,890,612
Other bank balances		
-Deposits with original maturity of more than three months but less than twelve months	20,000,000	-
	37,605,146	12,890,612

3.10 Other income

Particulars	For the year ended March 31, 2015	For the period May 24, 2013 to March 31, 2014
	Interest from bank on	
-Deposits (TDS deducted Rs. 112,076 (Previous year: Rs. 11,887))	1,120,755	118,750
Profit on sale of fixed assets	5,997	-
	1,126,752	118,750



Topmovies Entertainment Limited
Notes to the financial statements for the year ended March 31, 2015

3.11 Employee benefits expense

Particulars	For the year ended	For the period
	March 31, 2015	May 24, 2013 to
	(Rs.)	March 31, 2014
		(Rs.)
Salaries, wages and bonus	10,985,126	5,220,623
Contribution to provident and other fund	437,804	190,077
Gratuity expense (refer note 3.15 c)	-	137,913
Staff welfare expenses	16,770	11,050
	11,439,700	5,559,663

3.12 Other expenses

Particulars	For the year ended	For the period
	March 31, 2015	May 24, 2013 to
	(Rs.)	March 31, 2014
		(Rs.)
Advertising and sales promotion	16,473,055	4,946,300
Rent	1,376,093	671,280
Rates and taxes	565,064	210,138
Travelling and conveyance	316,348	-
Legal and professional fees	1,091,711	801,988
Payment to Auditor : (excluding service tax)		
Audit fee	200,000	200,000
Tax audit fees	50,000	-
Certification fees	-	50,000
Out of pocket expenses	15,400	-
Foreign Exchange	-	5,782
Provision for doubtful debt	722,374	101,124
Preliminary expenses written off	-	182,560
Insurance	106,442	-
Loss on sale of fixed assets (net)	-	-
Miscellaneous expenses	1,693,910	403,175
	22,610,397	7,572,347

3.13 Financial expenses

Particulars	For the year ended	For the period
	March 31, 2015	May 24, 2013 to
	(Rs.)	March 31, 2014
		(Rs.)
Bank charges	22,222	11,180
	22,222	11,180

3.14 Depreciation and amortization

Particulars	For the year ended	For the period
	March 31, 2015	May 24, 2013 to
	(Rs.)	March 31, 2014
		(Rs.)
Depreciation of tangible assets	55,499	114,684
Amortization of intangible assets	5,020,454	2,172,415
	5,075,953	2,287,099



Topmovies Entertainment Limited

Notes to the financial statement for the year ended March 31, 2015

3.15 Additional Information to the financial statements

a) Pursuant to Business Purchase Agreement dated October 31, 2013, executed between Firefly e-Ventures Limited (Fellow Subsidiary Company), the Company had with effect from November 1, 2013 purchased the movie reviews and ratings business, primarily carried on through the website, DesiMartini.com (movie review and rating site) from the fellow subsidiary Company, on slump sale and going concern basis for a lump-sum cash consideration of Rs. 95 lacs comprising of intangible value of website of Rs 150.61 lacs, fixed assets of Rs. 2.85 lacs and net working capital liability of Rs 61.41 lacs. Accordingly, the Company had recognized Rs 2.95 lacs as goodwill, being the difference in purchase consideration and the aggregate value of assets as per the valuation report paid by the Company.

b) Earnings per share (EPS)

Particulars	For the Year Ended March 31, 2015 Rs.	For the Year Ended March 31, 2014 Rs.
Net profit/ (loss) for the period after tax for calculation of basic & diluted EPS	(25,520,403)	(11,558,724)
Weighted average number of equity shares in calculating basic & diluted EPS	3,800,000	1,357,604
Earnings/ (Loss) per share (EPS) (Basic & Diluted)	(6.72)	(8.51)

c) Employee benefits plan

Gratuity

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

The following table summarizes the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for Gratuity.

Statement of profit and loss

Net employee benefit expense recognized in the employee cost

Particulars	2014-15 (Rs.)	2013-14 (Rs.)
Current service cost	82,979	106,487
Interest cost on benefit obligation	30,492	17,076
Expected return on plan assets	-	-
Net actuarial (gain)/ loss recognised in the year	(175,260)	14,350
Past service cost	-	-
Net benefit expense	(61,789)	1,37,913
Actual return on plan assets	-	-

Balance sheet

Benefit asset/liability

Particulars	2014-15 (Rs.)	2013-14 (Rs.)
Defined benefit obligation	(277,016)	(338,805)
Fair value of plan assets	-	-
Less: Un-recognized past service cost	-	-
Plan asset / (liability)	(277,016)	(338,805)



Topmovies Entertainment Limited

Notes to the financial statement for the year ended March 31, 2015

Changes in the present value of the defined benefit obligation are as follows:

Particulars	2014-15 (Rs.)	2013-14 (Rs.)
Opening defined benefit obligation	338,805	-
Add: Transferred on account of business purchase	-	200,892
Opening defined benefit obligation (net)	338,805	200,892
Interest cost	30,492	17,076
Current service cost	82,979	106,487
Benefits paid	-	-
Actuarial (gains)/ losses on obligation	(175,260)	14,350
Closing defined benefit obligation	277,016	338,805

Changes in the fair value of plan assets are as follows:

There are no plan assets for gratuity.

The principal assumptions used in determining gratuity and post-employment medical benefit obligations for the company's plans are shown below:

Particulars	2014-15 (In %)	2013-14 (In %)
Discount rate	7.75	9.00
Future Salary Increase	7.50	7.50
Expected rate of return on plan assets	-	-
Employee turnover:		
Up to 30 years	3	3
From 31 to 44 years	2	2
Above 44 years	1	1

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The discount rate is based upon the market yields available on Government bonds at the accounting date with a term that matches that of liabilities.

Amounts for the current years are as follows:

	2014-15* (Rs.)	2013-14* (Rs.)
Gratuity		
Defined benefit obligation	(277,016)	(338,805)
Plan assets	-	-
Surplus/(deficit)	(175,260)	14,350
Experience adjustments on plan liabilities	-	-
Experience adjustments on plan assets	-	-

* Previous four year numbers are not available as this is the second year of operations.

d) Employee stock option plans

The company provides share-based payment schemes to its employees. During the year ended 31 March 2015, an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below.



Topmovies Entertainment Limited

Notes to the financial statement for the year ended March 31, 2015

The Company has granted Employee Stock Options (ESOPs) to its own employees and to the employees of its Ultimate Holding Company "HT Media Limited" and to the employees of its Fellow subsidiaries "Hindustan Media Ventures Limited" during the year.

A. Details of these plans are given below:

Employee Stock Options

Stock option gives an employee, the right to purchase equity shares of Topmovies Entertainment Limited at a fixed price within a specific period of time. The grant price (or strike price) shall be the fair market value of one share as on the date of grant or face value of share whichever is higher.

B. Details of stock options granted during the year ended 31 March, 2014 are as given below:

Employee Stock Options	31 March 2014
Dates of Grant	13-Feb-14
Options granted (nos.)	297,240
Fair market value on the grant date (Rs.)	4.28
Weighted average remaining contractual life in years	12
Vesting Conditions	Starts from the date of listing of the Company as per the following vesting schedule 33% On the date of grant 33% 12 months from the date of grant 34% 24 months from the date of grant

C. Summary of activity under the plan for the year ended 31 March 2015 is given below.

Employee Stock Options

Employee Stock Options	Year ended 31 March 2015			Year ended 31 March 2014		
	Number of options	Weighted-average exercise price	Weighted-average remaining contractual life	Number of options	Weighted-average exercise price	Weighted-average remaining contractual life
Outstanding at the beginning of the year	297,240	10	12	-	-	-
Granted during the year	-	-	-	356,200	10	12
Forfeited during the year	54,000	10	-	58,960	10	-
Exercised during the year	-	-	-	-	-	-
Expired during the year	-	-	-	-	-	-
Outstanding at the end of the year	243,240	10	11	297,240	10	12

Weighted average fair value of the options outstanding is Rs. 10 per option. Since no options have been exercised during the period, thus weighted average share price has not been disclosed.

The estimated fair value of each stock option granted on each date was made using the Black-Scholes option pricing model with the following assumptions:

Grant Date	Expected volatility for stock options	Contractual life in years	Dividend yield	Risk-free interest rate	Exercise price of options	Fair Value of options granted
February 13, 2014	0%	12	0%	8.97%	10	4.28



Topmovies Entertainment Limited

Notes to the financial statement for the year ended March 31, 2015

Difference between the employee compensation cost (calculated on the fair value of the options) and employee compensation cost (calculated using the intrinsic value of stock options) is Rs. 328,077 (Previous Year: Rs. 576,966). Had the fair value method been used the loss would have been higher by Rs. 328,077 (Previous year: Rs. 576,966) & adjusted basic & diluted EPS would have been higher by Rs. 0.15 (Previous year: Re. 0.42) (Nominal value of share Rs.10).

e) Related Party Disclosures

- The list of related parties as identified by the management is as under:

Name of the Party	Relationship
a) Parties having direct or indirect control over the Company :	
Earthstone Holding (Two) Limited	Ultimate Holding Company
HT Digital Media Holdings Limited (HTDML)	Holding Company
HT Media Limited (HTML)	Ultimate Holding Company
The Hindustan Times Limited (HTL)	Ultimate Holding Company
b) Names of other related parties :	
HT Music and Entertainment Company Limited	Fellow Subsidiary
Hindustan Media Ventures Limited	Fellow Subsidiary
Firefly e-Ventures Limited	Fellow Subsidiary
HT Mobile Solutions Limited	Fellow Subsidiary
HT Overseas Pte. Limited	Fellow Subsidiary
HT Education Limited	Fellow Subsidiary
HT Learning Centers Limited	Fellow Subsidiary
HT Global Education	Fellow Subsidiary
Ed World Private Limited	Fellow Subsidiary
Ivy Talent India Private Limited	Fellow Subsidiary
HT Information Services Limited (Formerly HT Films Ltd.)	Fellow Subsidiary
Birla Cotton Spinning & Weaving Mills Limited	Fellow Subsidiary
Earthstone Holding Overseas Private Limited	Fellow Subsidiary
Paxton Trexim Private Limited	Companies where common control exists
Duke Commerce Limited	Companies where common control exists
India Education Services Private Limited	Companies where common control exists
c) Key Management Personnel	
Priyavrat Bhartia	Whole-time Director
d) Enterprises owned or significantly influenced by Key management personnel or their relatives * :	
Shine Foundation	

*For sake of brevity, companies which are already considered above have not been included here.

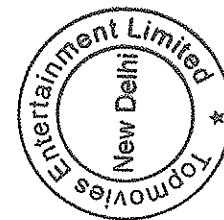
The Hindustan Times Limited (HTL) and HT Media Limited do not hold any direct investment in the Company. However, HTL' subsidiary HT Media Limited through its subsidiary HT Digital Media Holdings Limited holds shares in the Company.



Topmovies Entertainment Limited
Notes to the financial statement for the year ended March 31, 2015

The following transactions were carried out with the related parties and the balances of these related parties as at March 31, 2015 for the year then ended are presented herein below:

Particulars	Holding Company		Fellow subsidiaries				Total	
	HT Media Ltd.		Hindustan Media Ventures Limited		Firefly e-Ventures Limited		HT Mobile Solutions Limited	
	Mar-15	Mar-14	Mar-15	Mar-14	Mar-15	Mar-14	Mar-15	Mar-14
Transactions during the year								
Expenses reimbursement	1,731,100	182,560	-	-	1,206,916	368,815	-	2,938,016
Equity share capital received	-	38,000,000	-	-	-	-	-	38,000,000
Preference share capital received	470,000	-	-	-	-	-	-	470,000
Advertising and Sales Promotion	7,018,362	3,091,574	924,182	87,721	-	60,000	266,999	8,209,543
Payment for Employees on Deputation	-	457,749	-	-	-	-	-	457,749
Purchase of business undertaking	-	-	-	-	-	9,500,000	-	9,500,000
Infrastructure Support (Seat) Taken	1,202,865	358,459	-	-	-	238,973	-	1,202,865
Amount debited on account of collection	115,612	-	-	-	850,306	506,686	-	965,918
Revenue sharing	2,012,073	108,087	-	-	-	-	160,000	2,172,073
Closing balance								
Trade payables	27,637	-	-	-	-	-	-	27,637
Trade receivables	2,176,112	-	-	-	-	-	-	2,176,112
Equity Share Capital	38,000,000	38,000,000	-	-	-	-	-	38,000,000
Preference share capital	470,000	-	-	-	-	-	-	470,000



Topmovies Entertainment Limited

Notes to the financial statement for the year ended March 31, 2015

f) Un hedged foreign currency exposure

Description	Currency	2013-14	2013-14
		(Rs.)	(Rs.)
Unbilled revenue	USD	5,482	9,342
	Rate	63	60
	INR	343,133	561,442

g) Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

On the basis of information available with the Company based on the identification process carried out by it, there are no amounts due to Micro, Small and Medium enterprises registered under Micro Small and Medium Enterprises Development Act, 2006.

h) Earnings in foreign currency (on accrual basis)

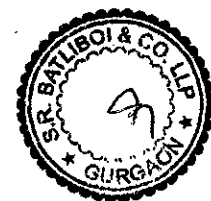
Particulars	2014-15 Rs.	2013-14 Rs.
Income from Operations	4,179,451	2,089,753
Total	4,179,451	2,089,753

i) Deferred Tax

The Company has carried out its tax computation in accordance with the mandatory standard on accounting, AS 22 – 'Taxes on Income' as notified by the Companies (Accounting Standard) Rules, 2006. Having regard to the significant accumulated losses, the Company has not recognised the net deferred tax assets of Rs. 12,030,323 (Previous year: Rs. 3,571,646), in the absence of virtual or reasonable certainty at this stage that there will be sufficient future taxable income available to realize such assets.

The Company has deferred tax assets on account of losses and depreciation respectively which is as follows:

Particulars	As at March 31, 2015 (Rs.)	As at March 31, 2014 (Rs.)
Deferred tax assets		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	968,425	92,392
Carry forward of unabsorbed depreciation and losses	649,661	2,821,381
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	12,349,087	657,873
	12,030,323	3,571,646
Net deferred tax assets	12,030,323	3,571,646



Topmovies Entertainment Limited


Notes to the financial statement for the year ended March 31, 2015

j) Previous year figures

Previous year figures have been regrouped/ reclassified, where necessary, to conform to this year's classification.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E



per Vishal Sharma
Partner
Membership No. 96766



For Topmovies Entertainment Limited



Amit Garg
Director



Dinesh Mittal
Director



Place: New Delhi
Date: May 14, 2015