

## Independent Auditor's Report

**To the Board of Directors  
Digicine PTE Limited**

### **Opinion**

We have audited the accompanying financial statements of **Digicine PTE Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, Statement of changes in Equity and the 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.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 Indian Accounting Standards ("Ind AS") specified under Section 133 of the Companies Act, 2013 ("the Act"), and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its loss including other comprehensive income, 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 Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

### **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 Act, with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and fair presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibility**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not 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.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are

also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Basis of Accounting and Restriction on Distribution and Use**

We draw attention to Note 2 (i) to the Ind AS Financial Statements, which describes the basis of accounting. These Ind AS Financial Statements have been prepared by the management for the specific purpose of submission to Eros International Media Limited for the purpose of the consolidation. As a

result, Ind AS Financial Statements may not be suitable for any other purpose to any other person. Our report on this Ind AS Financial Statement is not to be distributed or used for the purpose other than specified above.

For **Chaturvedi & Shah LLP**  
Chartered Accountants  
Firm Registration No. 101720W/W100355

**Amit Chaturvedi**  
Partner  
Membership No. 103141  
UDIN:- 21103141AAAAOH1765  
Place:-Mumbai  
Date: 28<sup>th</sup> July, 2021

Digicine PTE Limited  
Balance Sheet as at 31 March 2021

Amount ₹ in Lakhs

Particulars	Notes	As at 31 March 2021	As at 31 March 2020
<b>Assets:</b>			
<b>Non current assets</b>			
Intangible assets	4	1,573	2,694
<b>Total non current assets</b>		<b>1,573</b>	<b>2,694</b>
<b>Current assets</b>			
Trade receivables	5	498	512
Cash and cash equivalents	6	6	109
<b>Total current assets</b>		<b>504</b>	<b>621</b>
<b>Total Assets</b>		<b>2,077</b>	<b>3,315</b>
<b>Equity and liabilities:</b>			
<b>Equity</b>			
Equity share capital(*)	7	0	0
Other equity	8	(822)	237
		<b>(822)</b>	<b>237</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Other non-current liabilities	9	38	39
<b>Total non-current liabilities</b>		<b>38</b>	<b>39</b>
<b>Current liabilities</b>			
Financial Liabilities			
Trade payables	10	2,851	3,034
Other current liabilities	11	10	5
<b>Total current liabilities</b>		<b>2,861</b>	<b>3,039</b>
<b>Total Equity and Liabilities</b>		<b>2,077</b>	<b>3,315</b>

Notes 1 to 24 form an integral part of these financial statements

(\*) Amount represent less than ₹ one Lakh  
As per our report of even date

For **Chaturvedi & Shah LLP**  
**Chartered Accountants**  
Firm Registration No.: 101720W/W100355

For and on behalf of the Board of Directors

**Amit Chaturvedi**  
**Partner**  
Membership No: 103141

**Surender Sadhwani**  
**Director**

Place: Mumbai  
Date: 28 June 2021

Place: Dubai  
Date: 28 June 2021

**Digicine PTE Limited**  
**Statement of Profit and Loss for the year ended 31 March 2021**

**Amount ₹ in Lakhs**

Particulars	Notes	Year ended 31 March 2021	Year ended 31 March 2020
<b>Revenue</b>			
Revenue from operations	12	-	481
Other income	13	-	152
<b>Total revenue</b>		<b>-</b>	<b>633</b>
<b>Expenses</b>			
Amortisation expenses	14	1,065	999
Other expenses	15	10	11
<b>Total expenses</b>		<b>1,075</b>	<b>1,010</b>
<b>Net loss before tax</b>		<b>(1,075)</b>	<b>(377)</b>
<b>Tax expense</b>			
Current tax		-	-
Deferred tax		-	-
<b>Net loss after tax</b>		<b>(1,075)</b>	<b>(377)</b>
<b>Other Comprehensive income</b>		-	-
<b>Items that will be reclassified to profit and loss</b>			
Exchange difference on translating foreign operation		16	22
<b>Total other comprehensive (loss)/income for the year</b>		<b>16</b>	<b>22</b>
<b>Total comprehensive income for the year</b>		<b>(1,059)</b>	<b>(355)</b>
<b>Earnings/(loss) per equity share (EPS):</b>			
- Basic ( In ₹)	16	(1,059,000)	(354,988)
- Diluted ( In ₹)	16	(1,059,000)	(354,988)

**Notes 1 to 24 form an integral part of these financial statements**

As per our report of even date

For **Chaturvedi & Shah LLP**  
**Chartered Accountants**  
Firm Registration No.: 101720W/W100355

For and on behalf of the Board of Directors

**Amit Chaturvedi**  
**Partner**  
Membership No: 103141

**Surender Sadhwani**  
**Director**

Place: Mumbai  
Date: 28 June 2021

Place: Dubai  
Date: 28 June 2021

**Digicine PTE Limited**  
**Cash Flow Statement for the year ended 31 March 2021**

Amount ₹ in Lakhs

	Year ended 31 March 2021	Year ended 31 March 2020
<b>Cash flow from operating activities</b>		
<b>Loss before tax</b>	(1,075)	(377)
Adjustments for non-cash transactions:		
Amortisation expenses	1,065	999
Interest income	-	(151)
Foreign exchange gain/(loss) (*)	1	(0)
<b>Operating profit before working capital changes</b>	<b>(9)</b>	<b>471</b>
Movements in working capital:		
Decrease in trade payables	(95)	(6,694)
(Decrease)/increase in other current liabilities (*)	4	(0)
Decrease in other non current liabilities (*)	(1)	(0)
Decrease/(Increase) in trade receivables	-	(481)
<b>Cash used in operations</b>	<b>(101)</b>	<b>(6,706)</b>
Taxes paid (net of refunds)	-	-
<b>Net cash used in operating activities</b>	<b>(101)</b>	<b>(6,706)</b>
<b>Cash flow from investing activities</b>		
Deposits with banks	-	6,550
Interest received	-	249
<b>Net cash generated from investing activities</b>	<b>-</b>	<b>6,799</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(101)</b>	<b>93</b>
<b>Cash and cash equivalents at the beginning of the year</b> (refer note: 6)	109	9
Effects of exchange rate changes on cash and cash equivalents	(2)	7
<b>Cash and cash equivalents at the ending of the year</b> (refer note: 6)	<b>6</b>	<b>109</b>

(\*) Amount represent less than ₹ one Lakh

**Notes 1 to 24 form an integral part of these financial statements**

As per our report of even date

For **Chaturvedi & Shah LLP**  
**Chartered Accountants**  
Firm Registration No.: 101720W/W100355

For and on behalf of the Board of Directors

**Amit Chaturvedi**  
**Partner**  
Membership No: 103141

**Surender Sadhwani**  
**Director**

Place: Mumbai  
Date: 28 June 2021

Place: Dubai  
Date: 28 June 2021

**Digicine PTE Limited**  
**Statement of Changes in Equity for the year ended 31 March 2021**

**A. Equity share capital**

Amount ₹ in Lakhs

	Number	Amount
Balance as at 1 April 2019(*)	100	0
Changes in equity share capital during the year	-	-
<b>Balance as at 31 March 2020(*)</b>	<b>100</b>	<b>0</b>
Changes in equity share capital during the year	-	-
<b>Balance as at 31 March 2021(*)</b>	<b>100</b>	<b>0</b>

(\*) Amount represent less than ₹ one Lakh

**B. Other equity**

Amount ₹ in Lakhs

	Retained earnings	Foreign currency translation reserve	Total
<b>Balance as at 31 March 2019</b>	<b>583</b>	<b>9</b>	<b>592</b>
Effect of foreign exchange rate variations during the year	-	22	22
Loss for the year	(377)	-	(377)
<b>Balance as at 31 March 2020</b>	<b>206</b>	<b>31</b>	<b>237</b>
Effect of foreign exchange rate variations during the year	-	16	16
Loss for the year	(1,075)	-	(1,075)
<b>Balance as at 31 March 2021</b>	<b>(869)</b>	<b>47</b>	<b>(822)</b>

**Notes 1 to 24 form an integral part of these financial statements**

As per our report of even date

For **Chaturvedi & Shah LLP**  
**Chartered Accountants**  
 Firm Registration No.: 101720W/W100355

For and on behalf of the Board of Directors

**Amit Chaturvedi**  
**Partner**  
 Membership No: 103141

**Surender Sadhwani**  
**Director**

Place: Mumbai  
 Date: 28 June 2021

Place: Dubai  
 Date: 28 June 2021



**Digicine PTE Limited**  
**Summary of significant accounting policies and other explanatory information**

**Significant accounting policies and other explanatory information**

**1: Nature of Operations**

Digicine PTE Limited (the 'Company') is domiciled in Singapore. The Company's registered office is at 9 Raffles Place, #27-00, Republic Plaza, Singapore 048619.

The principle activities of the Company are related to purchase and sale of film rights. There have been no significant changes in the nature of these activities during the current financial year.

**2: General information and statement of compliance with Ind AS**

**(i) Statement of Compliance**

The financial statements have been prepared in accordance with Ind AS's notified under the Companies (Indian Accounting Standards) Rules, 2015 for the purpose of consolidation by Eros International Media Limited.

**(ii) Basis of preparation**

The financial statements are prepared in accordance with the Indian accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. The Company considers 12 months to be its normal operating cycle.

All values are rounded to the nearest rupees in lakhs, except where otherwise indicated.

**(iii) Historical cost convention**

The financial statements have been prepared on accrual basis of accounting using historical cost basis, except for the following:

- certain financial assets and liabilities that is measured at fair value;

**3: Significant accounting policies**

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

**a. Revenue recognition**

- Sale of film rights: Sale of film/serial rights is recognized on effective delivery of materials to customers as per terms of the sale agreements.
- Interest income: Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

**b. Intangible assets**

Intangible assets acquired by the Company are stated at cost less accumulated amortisation less impairment loss, if any, (film production cost and content advances are transferred to film and content rights at the point at which content is first exploited).

The film content that is acquired by the Company after its initial exploitation, commonly referred to as Library, is amortised evenly over the lesser of 10 years or the license period. The amortisation charge is recognized in the Statement of profit and loss. The determination of useful life is based upon management's judgment and includes assumptions on the timing and future estimated revenues to be generated by these assets, which are summarized in note 4.

**Digicine PTE Limited**  
**Summary of significant accounting policies and other explanatory information**

**c. Impairment of non-financial assets**

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at the cash generating unit level. All individual assets or cash generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on external or internal factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the net selling price of assets and their 'value in use'.

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 companies or other available fair value indicators.

Film and content rights are stated at the lower of unamortized cost and estimated recoverable amounts. In accordance with Ind AS 36 'Impairment of assets', film content costs are assessed for indication of impairment on a library basis as the nature of the Company's business, the contracts it has in place and the markets it operates in do not yet make an ongoing individual film evaluation feasible with reasonable certainty. Impairment losses on content advances are recognized when film production does not seem viable and refund of the advance is not probable.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist.

**d. 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 risk exposure arising from financial assets like trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL's at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the ECL's 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.

ECL's 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.

**Digicine PTE Limited****Summary of significant accounting policies and other explanatory information**

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.

**e. Provisions and contingencies**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

**f. Foreign currency transactions****(i) Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR) and Company's functional currency is USD.

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the Statement of Profit and Loss.

**g. Taxes**

Taxation on profit and loss comprises current tax and deferred tax. Tax is recognized in the statement of profit and loss except to the extent that it relates to items recognized directly in equity or other comprehensive income in which case tax impact is also recognized in equity or other comprehensive income.

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted at the balance sheet date along with any adjustment relating to tax payable in previous years.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

**h. Earnings per share**

Basic earnings per share is computed using the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is computed by considering the impact of the potential issuance of ordinary shares, on the weighted average number of shares outstanding during the period except where the results would be antidilutive.

**i. Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments which are readily convertible into known amounts of cash and are subject to insignificant risk of changes in value. Bank overdrafts, if any are shown within borrowings in current liabilities on the balance sheet.

**j. Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

## **Digicine PTE Limited**

### **Summary of significant accounting policies and other explanatory information**

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

#### **k. Fair value of financial instruments**

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices, without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation models. Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs.

#### **l. Fair value measurement**

The Company measures financial assets and financial liabilities at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing 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.

#### **m. Current vs non-current classification**

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. The Company considers 12 months to be its normal operating cycle.

#### **n. Significant accounting judgements, estimates and assumptions**

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. Uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amount of assets or liabilities affected in future periods.

**Digicine PTE Limited**  
**Summary of significant accounting policies and other explanatory information**

**Impairment of non-financial assets**

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

**Recoverability of trade receivable**

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include assessing credit risk based on jurisdiction of operation of the customers, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

**Provisions**

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

**Fair value measurement**

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

**Intangible assets**

The Company is required to identify and assess the useful life of intangible assets and determine their income generating life. Judgment is required in determining this and then providing an amortisation rate to match this life as well as considering the recoverability or conversion of advances made in respect of securing film content or the services of talent associated with film production.

Accounting for the film content requires management's judgment as it relates to total revenues to be received and costs to be incurred throughout the life of each film or its license period, whichever is shorter. These judgements are used to determine the amortisation of capitalized film content costs.

In the case of film content that is acquired by the Company after its initial exploitation, commonly referred to as Library, amortisation is spread evenly over the lesser of 10 years or the license period. Management's policy is based upon factors such as historical performance of similar films, the star power of the lead actors and actresses and others. Management regularly reviews, and revises when necessary, its estimates, which may result in a change in the rate of amortisation and/or a write down of the asset to the recoverable amount.

The Company tests annually whether intangible assets have suffered any impairment, in accordance with the accounting policy. These calculations require judgements and estimates to be made, and in case of an unforeseen event these judgements and assumptions would need to be revised and the value of the intangible assets could be affected. There may be instances where the useful life of an asset is shortened to reflect the uncertainty of its estimated income generating life.

Digicine PTE Limited  
Notes to the Financial Statements and other explanatory information

4 Intangible assets

Amount ₹ in Lakhs

Gross block	Film rights	Total
<b>Balance as at 31 March 2019</b>	<b>16,628</b>	<b>16,628</b>
Additions	-	-
Foreign currency translation difference	1,460	1,460
<b>Balance as at 31 March 2020</b>	<b>18,088</b>	<b>18,088</b>
Additions	-	-
Foreign currency translation difference	(528)	(528)
<b>Balance as at 31 March 2021</b>	<b>17,560</b>	<b>17,560</b>
<b>Accumulated amortisation</b>		
<b>Balance as at 31 March 2019</b>	<b>13,163</b>	<b>13,163</b>
Amortisation charge	999	999
Foreign currency translation difference	1,232	1,232
<b>Balance as at 31 March 2020</b>	<b>15,394</b>	<b>15,394</b>
Amortisation charge	1,065	1,065
Foreign currency translation difference	(472)	(472)
<b>Balance as at 31 March 2021</b>	<b>15,987</b>	<b>15,987</b>
<b>Net block</b>		
<b>Balance as at 31 March 2020</b>	<b>2,694</b>	<b>2,694</b>
<b>Balance as at 31 March 2021</b>	<b>1,573</b>	<b>1,573</b>

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Digicine PTE Ltd

Summary of significant accounting policies and other explanatory information

Particulars	<u>As at 31 March 2021</u>	<u>As at 31 March 2020</u>
<b>5 Trade receivables</b>		
Dues from related parties (refer note 17)	498	512
<b>Total</b>	<u><b>498</b></u>	<u><b>512</b></u>
<b>6 Cash and cash equivalent</b>		
Balances with banks		
- In current accounts	6	109
	<u><b>6</b></u>	<u><b>109</b></u>

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Particulars	As at 31 March 2021		As at 31 March 2020	
	Number	Amount	Number	Amount
<b>7 Equity Share capital</b>				
<b>Authorised share capital</b>				
100 Equity Shares of USD 1 each(*)	100	0	100	0
	<b>100</b>	<b>0</b>	<b>100</b>	<b>0</b>
<b>Issued, subscribed and fully paid up</b>				
100 Equity Shares of USD 1 each(*)	100	0	100	0
<b>Total</b>	<b>100</b>	<b>0</b>	<b>100</b>	<b>0</b>

**a) Reconciliation of paid-up share capital (equity shares)**

Balance at the beginning of the year(*)	100	0	100	0
Addition during the year	-	-	-	-
Balance at the end of the year	<b>100</b>	<b>0</b>	<b>100</b>	<b>0</b>

**b) Rights, preferences, restrictions of Equity Shares**

The Company has only one class of equity shares having par value of USD 1 per share. Every holder is entitled to one vote per share and the dividend, if any, proposed by the Board of Directors.

after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c) Shares in the Company held by holding company**

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number	Amount	Number	Amount
Eros International Media Limited - holding Company(*)	100	0	100	0

**d) Details of shareholders holding more than 5 % of shares in the Company**

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number	% of Holding	Number	% of Holding
Eros International Media Limited - holding Company	100	100	100	100

(\*) Amount represent less than ₹ one Lakh

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**Digicine PTE Limited**  
**Notes to the Financial Statements and other explanatory information**

**Amount ₹ in Lakhs**

<b>Particulars</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
<b>8 Other Equity</b>		
<b>a. Foreign Currency Translation Reserves</b>		
Balance at the beginning of the year	31	9
Add: Effect of foreign exchange rate variations during the year	16	22
<b>Balance at the end of the year</b>	<b>47</b>	<b>31</b>
<b>b. Retained earnings</b>		
Balance at the beginning of the year	206	583
Add: Profit/(loss) for the year	(1,075)	(377)
<b>Balance at the end of the year</b>	<b>(869)</b>	<b>206</b>
<b>Total</b>	<b>(822)</b>	<b>237</b>
<b>9 Other non-current liabilities</b>		
Advance from related parties (refer note 18)	38	39
<b>Total</b>	<b>38</b>	<b>39</b>
<b>10 Trade payables</b>		
Payables to related parties (refer note 18)	2,851	3,027
Payables to others	-	7
	<b>2,851</b>	<b>3,034</b>
<p>The carrying value of trade payable is considering to be a reasonable approximation of fair value.</p>		
<b>11 Other current liabilities</b>		
Accrued expenses	10	5
<b>Total</b>	<b>10</b>	<b>5</b>

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**Digicine PTE Limited**  
**Notes to the Financial Statements and other explanatory information**

**Amount ₹ in Lakhs**

<b>Particulars</b>	<b>Year ended 31 March 2021</b>	<b>Year ended 31 March 2020</b>
<b>12 Revenue from operations</b>		
Revenue from sale of film and other rights	-	481
<b>Total</b>	<b>-</b>	<b>481</b>
<b>13 Other income</b>		
Interest on fixed deposit	-	152
Gain on foreign currency transactions and translation (net) (*)	-	0
<b>Total</b>	<b>-</b>	<b>152</b>
(*) Amount represent less than ₹ one Lakh		
<b>14 Amortization expenses</b>		
Amortization of film rights (refer note 4)	1,065	999
<b>Total</b>	<b>1,065</b>	<b>999</b>
<b>15 Other Expenses</b>		
Payment to auditors (refer 17)		
- Statutory audit fees	7	11
Legal and Professional fees	2	-
Loss on foreign currency transactions and translation (net)	1	-
Bank charges (*)	0	0
<b>Total</b>	<b>10</b>	<b>11</b>
(*) Amount represent less than ₹ one Lakh		

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**Digicine PTE Limited**  
**Notes to the Financial Statements and other explanatory information**

**16 Earnings per share**

<b>Particulars</b>	<b>Year ended 31 March 2021</b>	<b>Year ended 31 March 2020</b>
<b>Earnings per share</b>		
(a) Net loss for the year (in ₹)	(1,059)	(355)
(b) Weighted average number of equity shares	100	100
(c) Computation		
<b>Nominal value of shares (in USD per share)</b>	<b>1</b>	<b>1</b>
Basic EPS (in ₹)	(1,059,000)	(354,988)
Diluted EPS (in ₹)	(1,059,000)	(354,988)
<b>17 Auditors' remuneration</b>		
Statutory audit fees	7	11
<b>Total</b>	<b>7</b>	<b>11</b>

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**Digicine PTE Limited**

**Notes to the Financial Statements and other explanatory information**

**18 Related party disclosures**

**a) Names of related parties**

<b>Relationship</b>	<b>Name</b>	<b>Place of incorporation</b>
Ultimate Holding Company	Eros STX Global Corporation (formerly known as Eros International)	Isle of Man
Step up Holding Company	Eros Worldwide FZ-LLC	Dubai
Holding Company	Eros International Media Limited	India
Fellow subsidiary companies with whom transactions exist	Copsale Limited	British Virgin of Islands
Entities under common control with whom transactions exist	Eros International Limited	United Kingdom
Key Management Personnel (KMP)	Mr Vijay Ahuja (Director) (resigned on 30 June 2019) Mr Surender Sadhwani (Director) Mrs Gowri Saminathan (Director) Mr. Farokh P. Gandhi - Chief Financial Officer (India)	

**Percentage number of share held by related parties**

	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
	%	%
Eros International Media Limited - holding company	100%	100%
	<b>100%</b>	<b>100%</b>

**b) Transactions with related parties**

	<b>Amount ₹ in Lakhs</b>	
	<b>Year ended 31 March 2021</b>	<b>Year ended 31 March 2020</b>
<b>Sale of Film Rights</b>		
Copsale Limited	-	481
	<b>-</b>	<b>481</b>
<b>Loans and advances given</b>		
Eros Wordwide FZ LLC	10	97
<b>Total</b>	<b>10</b>	<b>97</b>
<b>Repayment of Loans and advances given</b>		
Eros Wordwide FZ LLC	98	6,798
<b>Total</b>	<b>98</b>	<b>6,798</b>

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**Digicine PTE Limited****Notes to the Financial Statements and other explanatory information****c) Balances with related parties**

	<b>As at 31 March 2021</b>	<b>Amount ₹ in Lakhs As at 31 March 2020</b>
<b>Other non-current liabilities</b>		
Eros International Media Limited	38	39
<b>Total</b>	<b>38</b>	<b>39</b>
<b>Trade receivable</b>		
Copsale Limited	498	512
	<b>498</b>	<b>512</b>
<b>Trade payables</b>		
Eros Worldwide FZ LLC	2,851	3,027
<b>Total</b>	<b>2,851</b>	<b>3,027</b>

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**Digicine PTE Limited**  
**Notes to the Financial Statements and other explanatory information**

**19 Management of Capital Risk and Financial Risk**

**1) Capital management policies and procedures**

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance commensurately with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity plus its borrowings, less cash and cash equivalents as presented on the face of the balance sheet.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The amounts managed as capital by the Company for the reporting period are summarized as follows:

<b>Particulars</b>	<b>Amount ₹ in Lakhs</b>	
	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Total equity	(822)	237
Less : Cash and bank balances	6	109
<b>Capital</b>	<b>(828)</b>	<b>128</b>

**2) Risk management objectives and policies**

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated in close cooperation with the board of directors, and focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed is described below.

**a) Market risk analysis**

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from both its operating and investing activities.

**Currency sensitivity**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company does not have major exposure in currency fluctuation.

**Interest rate sensitivity**

Interest rate risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, the Company performs a comprehensive corporate interest rate risk management.

The Company is not exposed to significant interest rate risk as at the respective reporting dates as it does not have any external borrowings .

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**Digicine PTE Limited****Notes to the Financial Statements and other explanatory information****b) Credit risk analysis**

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example receivables from customers, placing deposits with banks etc. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at 31 March, as summarised below:

	<b>As at</b>	<b>Amount ₹ in Lakhs</b>
	<b>31 March 2021</b>	<b>As at</b>
		<b>31 March 2020</b>
<b>Classes of financial assets-carrying amounts:</b>		
Trade receivables	498	512
Cash and bank balances	6	109
	<b>504</b>	<b>621</b>

The carrying amounts disclosed above are the Company's maximum possible credit risk exposure in relation to these instruments

**c) Liquidity risk analysis**

There is no material impact of liquidity risk on the Company.

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**Digicine PTE Limited**  
**Notes to the Financial Statements and other explanatory information**

**20 Categories of financial assets and financial liabilities**

**Amount ₹ in Lakhs**

	Carrying value/fair value		Total Amount in ₹
	Financial assets/liabilities at FVTPL Amount in ₹	Financial assets/liabilities at amortised cost Amount in ₹	
	<b>31 March 2021</b>		
<b>Financial assets</b>			
<b>Measured at amortised cost</b>			
Trade receivables	-	498	498
Cash and bank balances	-	6	6
	-	<b>504</b>	<b>504</b>
<b>Financial liabilities</b>			
Trade payables	-	2,851	2,851
	-	<b>2,851</b>	<b>2,851</b>
<b>31 March 2020</b>			
<b>Financial assets</b>			
<b>Measured at amortised cost</b>			
Trade receivables	-	512	512
Cash and bank balances	-	109	109
	-	<b>621</b>	<b>621</b>
<b>Financial liabilities</b>			
Trade payables	-	3,034	3,034
	-	<b>3,034</b>	<b>3,034</b>

The net carrying value of cash and bank balances, trade receivables, investments, other financial assets and trade payables is a reasonable approximation of fair value largely due to short term maturities of these instruments.



**Digicine PTE Limited**  
**Notes to the Financial Statements and other explanatory information**

**21 Fair value measurement of financial instruments**

Financial assets and financial liabilities measured at fair value in the balance sheet are grouped into three Levels of a fair value hierarchy. The three Levels are defined based in the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

There are no assets and liabilities which have been measured at fair value

**22 Segment Reporting**

The Company is predominantly engaged in the business of purchase and sale of film rights, Accordingly the Company has only one identifiable segment reportable under IND AS 108 "Operating Segment".

**23 Contingent liability and commitments**

The Company has no contingent liabilities or commitments

**24 Post reporting date events**

No adjusting or significant non-adjusting events have occurred between 31 March 2021 and the date of authorisation of these financial statements.

For **Chaturvedi & Shah LLP**  
**Chartered Accountants**  
Firm Registration No.: 101720W/W100355

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

**Amit Chaturvedi**  
**Partner**  
Membership No: 103141

**Surender Sadhwani**  
**Director**

Place: Mumbai  
Date: 28 June 2021

Place: Dubai  
Date: 28 June 2021