

Eros International Films Private Limited
Balance Sheet as at 31 March 2023

	Notes	As at	
		31 March 2023	31 March 2022
		Amount in ₹ '000	Amount in ₹ '000
ASSETS			
Non-current assets			
Property, plant and equipment	3	5	4
Intangible assets			
a) Content advances	4	-	-
b) Intangible assets under development	4	3,374	3,374
Financial assets			
Investments	5	7	7
Income tax assets (net)	6	30,369	18,873
Deferred tax assets	7	944	944
Other non-current assets	8	21,450	21,450
Current assets			
Inventories	9	604,500	250,000
Financial assets			
a) Trade receivables	10	5,405	12,412
b) Cash and cash equivalents	11	49,194	920
c) Loans	12	785,773	728,663
Other current assets	13	233,743	174,939
Total Assets		1,734,764	1,211,586
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	200,000	200,000
Other equity	15	(134,772)	(110,812)
		65,228	89,188
Liabilities			
Current liabilities			
Financial liabilities			
a) Borrowings	16	801,471	526,404
b) Trade payables	17		
i) Total outstanding dues of MSME		54	-
ii) Total outstanding dues of creditors other than MSME		784,269	512,000
c) Other financial liabilities	18	7,963	61,932
Other current liabilities	19	75,779	22,062
		1,669,536	1,122,398
Total Equity and Liabilities		1,734,764	1,211,586

Notes 1 to 39 form an integral part of these financial statements

As per our report of even date

For **Haribhakati & Co LLP**

Chartered Accountants

Firm Registration No.: 103523W/W100048

For and on behalf of the Board of Directors

Sumant Sakhardande

Partner

Membership No: 034828

Sunil Lulla

Director

(DIN :- 00243191)

K. Anand Shankar

Director

(DIN :- 02942810)

Rajesh Chalke

Chief Financial Officer

Vijay Thaker

Company Secretary

Place: Mumbai

Date: May 29 2023

Place: Mumbai

Date: May 29 2023

Place: Mumbai

Date: May 29 2023

Eros International Films Private Limited
Statements of Profit and Loss for the year ended 31 March 2023

	Notes	Year ended 31 March 2023 Amount in ₹ '000	Year ended 31 March 2022 Amount in ₹ '000
Revenue			
Revenue from operations (net)	20	500	120,000
Other income	21	65,151	75,569
Total revenue		65,651	195,569
Expenses			
Purchases/operating expenses	22	372,000	399,600
Changes in inventories	23	(354,500)	(250,000)
Finance costs	24	68,489	59,725
Other expenses	25	3,622	88,733
Total expenses		89,611	298,058
Loss before tax		(23,960)	(102,489)
Tax expense			
	26		
Current tax		-	-
Deferred tax		-	275
		-	275
Loss after tax		(23,960)	(102,764)
(i) Items that will not be reclassified to profit or loss		-	-
(ii) Items that will be reclassified to profit or loss		-	-
Total Comprehensive Income/(loss) for the year		(23,960)	(102,764)
Earnings per equity share of ₹ 10 each:			
	27		
- Basic (In ₹)		(1.20)	(5.14)
- Diluted (In ₹)		(1.20)	(5.14)

Notes 1 to 39 form an integral part of these financial statements

As per our report of even date

For **Haribhakti & Co LLP**
Chartered Accountants
Firm Registration No.: 103523W/W100048

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

Sumant Sakhardande
Partner
Membership No: 034828

Sunil Lulla
Chairman
(DIN :- 00243191)

K. Anand Shankar
Director
(DIN :- 02942810)

Rajesh Chalke
Chief Financial Officer

Vijay Thaker
Company Secretary

Place: Mumbai
Date: May 29 2023

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Date: May 29 2023

Eros International Films Private Limited
Statements of Cash Flow for the year ended 31 March 2023

	Year ended 31 March 2023 Amount in ₹ '000	Year ended 31 March 2022 Amount in ₹ '000
Cash flow from operating activities		
Loss before tax	(23,960)	(102,489)
Adjustments for non-cash transactions:		
Depreciation	-	-
Finance costs	68,489	59,725
Interest income on advance	(64,895)	(67,984)
Provision for doubtful advances	-	81,700
Balance written off	-	-
Balance written back	(10)	-
Unrealised foreign exchange	(246)	(763)
Operating profit before working capital changes	(20,620)	(29,811)
Movements in working capital:		
(Decrease)/Increase in trade payables	272,334	229,654
(Decrease)/Increase in other current liabilities	50,530	7,079
Decrease in inventories	(354,500)	(250,000)
(Increase)/Decrease in trade receivable	7,253	46,674
(Increase)/Decrease in other financial assets	-	6,769
(Decrease)/Increase other financial liabilities	5,945	153
(Increase)/ Decrease in other current assets	(58,808)	(49,142)
Cash (used in)/generated from operations	(97,866)	(38,624)
Taxes (paid)/refund received (net)	(11,496)	(12,398)
Net cash (used in)/generated from operating activities	(109,362)	(51,022)
Cash flow from investing activities		
Loan and advances given (net)	7,785	19,280
Purchase of intangible film rights and related content (net)	-	-
Net cash generated/(used in) from investing activities	7,785	19,280
Cash flows from financing activities		
Proceeds from short-term borrowings	366,367	147,404
Repayment of short-term borrowings	(91,300)	(91,300)
Finance costs	(125,216)	(25,144)
Net cash generated from/(used in) financing activities	149,851	30,960
Net increase in cash and cash equivalents	48,274	(782)
Cash and cash equivalents at the beginning of the year	920	1,702
Cash and cash equivalents at the end of the year (Refer Note 11)	49,194	920
Changes in liability arising from financing activities:		
Opening balance	526,404	470,300
Cashflows	275,067	56,104
Adjustments	(0)	-
Closing balance	801,471	526,404

Notes 1 to 39 form an integral part of these financial statements

The above cash flow statement has been prepared under the "indirect method" as set out in Indian Accounting Standard (Ind AS-7)- Statement of cash flow.

As per our report of even date

For **Haribhakti & Co LLP**
Chartered Accountants
Firm Registration No.: 103523W/W100048

Sumant Sakhardande
Partner
Membership No: 034828

For and on behalf of the Board of Directors

Sunil Lulla **K. Anand Shankar**
Chairman Director
(DIN :- 00243191) (DIN :- 02942810)

Rajesh Chalke **Vijay Thaker**
Chief Financial Officer Company Secretary

Place: Mumbai
Date: May 29 2023

Place: Mumbai Place: Mumbai
Date: May 29 2023 Date: May 29 2023

Eros International Films Private Limited
Statement of Changes in Equity for the year ended 31 March 2023

A. Equity Share Capital

	<u>Number</u>	<u>Amount in ₹ '000</u>
Balance as at 31 March 2021	20,000,000	200,000
Changes in equity share capital during the year	-	-
Balance as at 31 March 2022	<u>20,000,000</u>	<u>200,000</u>
Changes in equity share capital during the year	-	-
Balance as at 31 March 2023	<u><u>20,000,000</u></u>	<u><u>200,000</u></u>

B. Other Equity

	<u>Retained Earnings</u>	<u>Total</u>
	<u>Amount in ₹ '000</u>	<u>Amount in ₹ '000</u>
Balance at 31 March 2021	(8,048)	(8,048)
Loss for the year	(102,764)	(102,764)
Other comprehensive income for the year	-	-
Balance at 31 March 2022	<u>(110,812)</u>	<u>(110,812)</u>
Loss for the year	(23,960)	(23,960)
Other comprehensive income for the year	-	-
Balance as at 31 March 2023	<u><u>(134,772)</u></u>	<u><u>(134,772)</u></u>

As per our report of even date

For **Haribhakti & Co LLP**
Chartered Accountants
Firm Registration No.: 103523W/W100048

For and on behalf of the Board of Directors

Sumant Sakhardande
Partner
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Chief Financial Officer

Vijay Thaker
Company Secretary

Place: Mumbai
Date: May 29 2023

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Place: Mumbai
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Eros International Films Private Limited
Summary of significant accounting policies and other explanatory information

Significant accounting policies and other explanatory information

Note 1: Corporate Information

Eros International Films Private Limited (the 'Company') was incorporated in India, under the Companies Act, 1956. The Company deals in the Indian media and entertainment industry and is primarily engaged in the business of film production, distribution and incidental activities.

These separate financial statements were authorised for issue in accordance with a resolution passed in the Board of Directors meeting held on May 29, 2023.

Note 2: Significant Accounting Policies

(i) Basis of preparation

The separate financial statements are prepared in accordance with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules, 2015 and relevant provisions of the Act (as amended from time to time).

The financial statements have been prepared on accrual basis of accounting using historical cost basis.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. The Company considers 12 months to be its normal operating cycle.

(ii) Summary of 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.

Significant Accounting Policies

(a) Revenue recognition

Revenue is recognized on delivery of content to customers, on the basis of monthly log reports received from customers as per contracted terms. Revenue from rendering of services is recognized by measuring the progress towards complete satisfaction of performance obligation at the reporting period. The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

- Sale of film rights: Sale of new film/serial rights is recognised on effective delivery of materials to customers as per terms of the sale agreements. Sale of old film/serial rights is recognised when rights are sold as per the sale agreements and effective delivery is made.
- Non-operating income: Non-operating income represents commission on advertisement expenditure received from related party on incurrence of expenses for it by the Company. Revenue is recognised on receipt of confirmation from the related party or over the period of the contract or on completion of the Company's obligation, as applicable.
- Interest income is recognized using the effective interest rate method.

Eros International Films Private Limited
Summary of significant accounting policies and other explanatory information

(b) Property, plant and equipment and depreciation

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment comprises of its purchase price or construction cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any, and borrowing costs for assets that necessarily take a substantial period of time to get ready for their intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to statement of profit and loss during the reporting period in which they are incurred.

Depreciation is provided under written down value method at the rates and in the manner prescribed under Schedule II to the Companies Act, 2013. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Gains or losses arising from de-recognition of a property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is de-recognised.

(c) Intangible assets

Advances are paid to producers/owners of films and artists, in terms of the agreements entered into with them, for acquisition of associated rights. All advances are reviewed by the management periodically, considering facts of each case, to determine recoverability.

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).

Investments in films and associated rights, including acquired rights and distribution advances in respect of completed films, are stated at cost less amortisation less provision for impairment. Costs include production costs, overhead and capitalised interest costs net of any amounts received from third party investors. A charge is made to

write down the cost of completed rights over the estimated useful lives, writing off more in year one which recognises initial income flows and then the balance over a period of up to nine years, except where the asset is not yet available for exploitation. The average life of the assets is the lesser of 10 years or the remaining life of the content rights. The amortisation charge is recognised in the statement of profit and loss within cost of sales. 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.

(d) Impairment of non-financial assets

At each reporting date, 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 both internal and external indicates that the carrying amount may not be recoverable. An impairment loss is recognised 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.

Eros International Films Private Limited
Summary of significant accounting policies and other explanatory information

Film and content rights are stated at the lower of unamortised 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 recognised 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 recognised may no longer exist.

(e) Borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption value recognised in the statement of profit and loss within finance costs over the period of the borrowings using the effective interest method. Finance costs in respect of film productions and other assets which take a substantial period of time to get ready for use or for exploitation are capitalised as part of the assets. All other borrowing costs are recognised as expense in the period in which they are incurred and charged to the statement of profit and loss.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(f) Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources will be required to settle the obligations and can be reliably measured. Provisions are measured at Management's best estimate of the expenditure required to settle the obligations at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are not recognised in the financial statements but are disclosed by way of notes to accounts unless the possibility of an outflow of economic resources is considered remote.

Contingent assets are not recognised in financial statements. However, the same is disclosed, where an inflow of economic benefit is probable.

(g) 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), which is Company's functional and presentation currency.

(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 statement of profit and loss.

(h) Taxes

Taxation on profit and loss comprises current tax and deferred tax. Tax is recognised in the statement of profit and loss except to the extent that it relates to items recognised directly in equity or other comprehensive income in which case tax impact is also recognised 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 or substantively enacted at the balance sheet date along with any adjustment relating to tax payable in previous years.

Eros International Films Private Limited
Summary of significant accounting policies and other explanatory information

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 realised or the deferred income tax liability is settled.

Deferred tax is not recognised for all taxable temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where it is probable that the differences will not reverse in the foreseeable future.

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.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. MAT credit entitlement is recognised as a deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period, which is the period for which MAT credit is allowed to be carried forward. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

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

(i) Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit 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.

(j) 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 are shown within borrowings in current liabilities on the balance sheet.

(k) Financial instrument:

Financial assets

Initial recognition and measurement

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial instruments are recognised initially at fair value plus transactions costs that are directly attributable to the acquisition or issue of the financial instrument, except for financial assets at fair value through statement of profit and loss, which are initially measured at fair value, excluding transaction costs (which is recognised in statement of profit and loss).

Eros International Films Private Limited
Summary of significant accounting policies and other explanatory information

Subsequent measurement

- **Financial Assets at amortised cost:**
A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- **Financial assets at fair value through other comprehensive income (FVTOCI):**
A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- **Financial assets at fair value through statement of profit and loss (FVTPL):**
Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income (FVTOCI) are measured at fair value through statement of profit and loss. Gain and losses on fair value of such instruments are recognised in statement of profit and loss. Interest income from these financial assets is included in other income.

Impairment of financial assets: -

The Company assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Expected credit loss ('ECL') impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

Financial assets measured as at amortised cost and other contractual revenue receivables - ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

Financial Liabilities

Financial liabilities are classified as either 'financial liabilities at fair value through statement of profit and loss' or 'other financial liabilities'. Financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through statement of profit and loss.

Financial liabilities at fair value through statement of profit and loss are stated at fair value. Any gains or losses arising of held for trading financial liabilities are recognised in statement of profit and loss. Such gains or losses incorporate any interest paid and are included in the "other gains and losses" line item.

Other financial liabilities (including borrowing and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

De-recognition of financial instruments

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognised from the company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

Eros International Films Private Limited
Summary of significant accounting policies and other explanatory information

Offsetting of financial instruments

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

(l) Segment reporting

Ind-AS 108 Operating Segments (“Ind-AS 108”) requires operating segments to be identified on the same basis as is used internally for the review of performance and allocation of resources by the Chief Operating Decision Maker. The revenues of films are earned over various formats; all such formats are functional activities of filmed entertainment and these activities take place on an integrated basis. The management team reviews the financial information on an integrated basis for the Company as a whole, with respective heads of business for each region and in accordance with Ind-AS 108, the Company provides a geographical split as it considers that all activities fall within one segment of business which is filmed entertainment. The management team also monitors performance separately for individual films or for at least 12 months after the theatrical release.

The Company has identified three geographic markets: India and Rest of the world.

(m) Statement of cash flows

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

In line with the amendments to Ind AS 7 Statement of Cash flows (effective from 1 April 2017), the Company has provided disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The adoption of amendment did not have any material impact on the financial statements.

(n) Dividends

The Company recognises a liability for dividends to equity holders of the Company when the dividend is authorised and the dividend is no longer at the discretion of the Company. As per the corporate laws in India, a dividend is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

(o) Event occurring after the reporting date

Adjusting events (that provides evidence of condition that existed at the balance sheet date) occurring after the balance sheet date are recognised in the financial statements. Material non-adjusting events (that are inductive of conditions that arose subsequent to the balance sheet date) occurring after the balance sheet date that represents material change and commitment affecting the financial position are disclosed in the Directors’ Report.

(p) Significant accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions, as described below, that affect the reported amounts and the disclosures. The Company based its assumptions and estimates on parameters available when the financial statements were prepared and reviewed at each balance sheet date. Uncertainty about these assumptions and estimates could result in outcomes that may require a material adjustment to the reported amounts and disclosures.

Eros International Films Private 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.

Depreciation

Property, plant and equipment are depreciated over the estimated useful lives of the assets. Management reviews the estimated useful lives of the assets annually in order to determine the amount of depreciation to be recorded during any reporting period. The useful lives are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation for future periods is adjusted if there are significant changes from previous estimates.

Trade receivable

Judgments are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, 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 recognised 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 judgment 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.

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 the shorter. These judgments are used to determine the amortisation of capitalised film content costs. The Company uses a stepped method of amortisation on first release film content writing off more in year one which recognises initial income flows and then the balance over a period of up to nine years.

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.

Intangible assets are tested for impairment in accordance with the accounting policy. These calculations require judgments and estimates to be made, and in the event of an unforeseen event these judgments 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.

Eros International Films Private Limited
Summary of significant accounting policies and other explanatory information

(q) Standards issued but not effective

On March 23, 2022, the Ministry of Corporate Affairs (MCA) has notified Companies (Indian Accounting Standards) Amendment Rules, 2022. This notification has resulted into amendments in the following existing accounting standards which are applicable to company from April 1, 2022.

Ind AS 101 – First time adoption of Ind AS

Ind AS 103 – Business Combination

Ind AS 109 – Financial Instrument

Ind AS 16 – Property, Plant and Equipment

Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets

Ind AS 41 – Agriculture

Application of above standards are not expected to have any significant impact on the company's financial statements.

Eros International Films Private Limited
Notes to the financial statements and other explanatory information

(Amount in ₹ '000)

3 Property, plant and equipment

Gross carrying amount	Furniture and fixtures	Office equipment	Data processing equipment	Studio equipment	Total
Balance as at 31 March 2021	837	138	340	10,628	11,943
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Balance as at 31 March 2022	837	138	340	10,628	11,943
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Balance as at 31 March 2023	837	138	340	10,628	11,943
Accumulated depreciation					
Balance as at 31 March 2021	837	138	341	10,622	11,938
Depreciation charge	-	-	-	-	-
Disposals	-	-	-	-	-
Balance as at 31 March 2022	837	138	341	10,622	11,938
Depreciation charge	-	-	-	0	0
Disposals	-	-	-	-	-
Balance as at 31 March 2023	837	138	341	10,622	11,938
Net carrying amount					
Balance as at 31 March 2022	-	-	(0)	5	5
Balance as at 31 March 2023	-	-	(0)	5	5

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Eros International Films Private Limited
Notes to the financial statements and other explanatory information

4 Intangible assets - Content advances

(Amount in ₹ '000)

	Content advances	Intangible assets under development	Total
Balance as at 31 March 2021	81,700	3,374	85,074
Additions	-	-	-
Disposals/adjustment	-	(0)	(0)
Provision for doubtful advances	(81,700)	-	(81,700)
Balance as at 31 March 2022	-	3,374	3,374
Additions	-	-	-
Disposals/adjustment	-	-	-
Provision for doubtful advances	-	-	-
Balance as at 31 March 2023	-	3,374	3,374
Accumulated Amortization			
Balance as at 31 March 2021	-	-	-
Amortization charge	-	-	-
Balance as at 31 March 2022	-	-	-
Amortization charge	-	-	-
Balance as at 31 March 2023	-	-	-
Balance as at 31 March 2022	-	3,374	3,374
Balance as at 31 March 2023	-	3,374	3,374

4.1

(a) Ageing as at 31st March , 2023

	Amount in Content Advances for a period of				Total
	< 1 Year	1 - 2 Year	2 - 3 Year	> 3 Years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	81,700	81,700
Total	-	-	-	81,700	81,700

(a) Ageing as at 31st March , 2022

	Amount in Content Advances for a period of				Total
	< 1 Year	1 - 2 Year	2 - 3 Year	> 3 Years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	81,700	81,700
Total	-	-	-	81,700	81,700

4.2 Intangible Assets under development (IAUD)

(a) Ageing as at 31st March , 2023

	Amount in IAUD for a period of				Total
	< 1 Year	1 - 2 Year	2 - 3 Year	> 3 Years	
Projects in progress	-	3,374	-	-	3,374
Projects temporarily suspended	-	-	-	-	-
Total	-	3,374	-	-	3,374

(a) Ageing as at 31st March , 2022

	Amount in IAUD for a period of				Total
	< 1 Year	1 - 2 Year	2 - 3 Year	> 3 Years	
Projects in progress	3,374	-	-	-	3,374
Projects temporarily suspended	-	-	-	-	-
Total	3,374	-	-	-	3,374

Eros International Films Private Limited**Notes to the financial statements and other explanatory information**

	As at 31 March 2023	As at 31 March 2022
	(Amount in ₹ '000)	(Amount in ₹ '000)
5 Investment		
Non - current investments		
Investment carried at FVTOCI		
Unquoted equity shares		
Eros Animation Private Limited	7	7
(700 (31 March 2022: 700) equity shares of Rs 10 each, fully paid-up)		
Eros Digital Private Limited	0	0
(20 (31 March 2022: 20) equity shares of Rs. 1 each paid-up (31 March 2022 (₹ 1/-))		
Triple Com Media Private Limited		
(200,000 (31 March 2022 : 200,000) equity shares of Rs 1 each (31 March 2022 (₹ 1/-))	0	0
Total	7	7
Aggregate amount of unquoted investment	7	7

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Eros International Films Private Limited

Notes to the financial statements and other explanatory information

	As at 31 March 2023 <u>(Amount in ₹ '000)</u>	As at 31 March 2022 <u>(Amount in ₹ '000)</u>
6 Income tax assets (net)		
Income tax (net)	30,369	18,873
Total	<u><u>30,369</u></u>	<u><u>18,873</u></u>
	As at 31 March 2023 <u>(Amount in ₹ '000)</u>	As at 31 March 2022 <u>(Amount in ₹ '000)</u>
7 Deferred tax assets (net)		
MAT credit recoverable	944	944
Total	<u><u>944</u></u>	<u><u>944</u></u>
	As at 31 March 2023 <u>(Amount in ₹ '000)</u>	As at 31 March 2022 <u>(Amount in ₹ '000)</u>
8 Other non-current assets		
Deferred expenses	21,450	21,450
	<u><u>21,450</u></u>	<u><u>21,450</u></u>
	As at 31 March 2023 <u>(Amount in ₹ '000)</u>	As at 31 March 2022 <u>(Amount in ₹ '000)</u>
9 Inventories		
Film Rights	604,500	250,000
	<u><u>604,500</u></u>	<u><u>250,000</u></u>

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As at
31 March 2023 As at
31 March 2022

(Amount in ₹ '000) (Amount in ₹ '000)

10 Trade receivables

Unsecured, considered good		
Dues from related parties (refer note 28)	5,405	5,405
Dues from others	-	7,007
Total	5,405	12,412

10.1 Trade Receivables ageing schedule

As at 31st March, 2023

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 year	2 - 3 year	More than 3 year	
Undisputed Trade receivables – considered good	-	-	-	5,405	-	5,405
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
Disputed Trade receivables – considered good	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Total	-	-	-	5,405	-	5,405

As at 31st March, 2022

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 year	2 - 3 year	More than 3 year	
Undisputed Trade receivables – considered good	7	7,000	5,405	-	-	12,412
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
Disputed Trade receivables – considered good	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Total	7	7,000	5,405	-	-	12,412

The net carrying value of the trade receivable is considering a reasonable approximation of fair value.

11 Cash and cash equivalents

Cash on hand		34	689
Balances with banks			
In current account		49,160	231
Total		49,194	920

12 Loans

Unsecured, considered good

Loan to related parties (refer note 28)		785,773	728,663
Total		785,773	728,663

The said loan is repayable on demand and Interest is payable @ 8.9% (P.Y. @ 8.9% p.a.)

12.1 Following loans have been granted to promoters, directors, KMPs and the related parties, either severally or jointly with any other person, that are repayable on demand :

As at 31 March 2023

Type of borrower	Amount of loan or advance in the nature of loan	Percentage of the total loans and Advances in the nature of loans
Related parties	785,773	100%

As at 31 March 2022

Type of borrower	Amount of loan or advance	Percentage of the total loans and Advances in
Related parties	728,663	100%

13 Other current assets

Advance to related party (refer note 28)		6,016	5,561
Balance with statutory authorities		227,727	169,378
(a) Service tax		30,356	30,356
(b) MVAT		19,998	19,998
(c) GST		177,373	119,024
Total		233,743	174,939

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Eros International Films Private Limited
Notes to the financial statements and other explanatory information

	As at 31 March 2023		As at 31 March 2022	
	Number	Amount in ₹ '000	Number	Amount in ₹ '000
14 Share capital				
Authorised share capital				
Equity shares of ₹ 10 each	20,000,000	200,000	20,000,000	200,000
	20,000,000	200,000	20,000,000	200,000
Issued, subscribed and fully paid up				
Equity shares of ₹ 10 each	20,000,000	200,000	20,000,000	200,000
Total	20,000,000	200,000	20,000,000	200,000

a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	Number	Number
Equity shares		
At the beginning of the year	20,000,000	20,000,000
Add:- share issue during the year	-	-
At the end of the Year	20,000,000	20,000,000

b) Terms/preferences and restrictions attached to 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 and carry a right to dividend. On the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholders.

c) Shares held by holding company, Subsidiary of Step up Holding Company

	As at 31 March 2023		As at 31 March 2022	
	Number of shares held	Amount in ₹ '000	Number of shares held	Amount in ₹ '000
Eros International Media Limited - Holding Company	19,930,300	199,303	19,930,300	199,303
Eros Digital Private Limited - Subsidiary of Step up Holding Company	69,700	697	69,700	697

* 69,700 shares held by Eros Digital Private Limited (subsidiary of Step up Holding Company (up to 13 September 2021) as nominee share holder, whereas beneficiary share holder is Eros International Media Ltd (Holding Company)

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

	As at 31 March 2023		As at 31 March 2022	
	Number of shares held	% holding	Number of shares held	% holding
Eros International Media Limited - Holding Company	19,930,300	99.65	19,930,300	99.65

* 0.35% shares held by Eros Digital Private Limited (subsidiary of Step up Holding Company) as nominee share holder, whereas beneficiary share holder is Eros International Media Ltd (Holding Company)

e) Share holding of Promoter

As at 31st March 2023

Classs of Equity share	Promoter's Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares	% change during the year
Equity Shares	Eros International Media Limited	19,930,300	-	19,930,300	99.65	-

As at 31st March 2022

Classs of Equity share	Promoter's Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares	% change during the year
Equity Shares	Eros International Media Limited	19,930,300	-	19,930,300	99.65	-

Eros International Films Private Limited
Notes to the financial statements and other explanatory information

As at
31 March 2023
(Amount in ₹ '000)

As at
31 March 2022
(Amount in ₹ '000)

15 Other equity

Surplus/(Deficit) in the statement of profit and loss

Balance at the beginning of the year	(110,812)	(8,048)
Add: Net profit/(loss) for the year	(23,960)	(102,764)
Balance at the end of the year	<u><u>(134,772)</u></u>	<u><u>(110,812)</u></u>

16 Short term borrowing

Secured

Loan from related party (refer note 28)*	270,853	112,904
Loan from others**	530,618	413,500

Total

801,471 526,404

*The said loan is repayable on demand and Interest is payable @ 8.9% (P.Y. @ 8.9% p.a.)

**The Company has obtained the borrowing to meet general working capital requirement for a period of 1 year at 13% per annum rate of interest and the borrowings are secured against 15,00,000 shares pledged by Eros Worldwide FZ LLC - step up holding company (up to 13 September 2021)

17 Trade payables

Payable to MSME	54	-
Payable to other than MSME	236,383	236,423
Trade payables - Related parties	547,886	275,577
Total	<u><u>784,323</u></u>	<u><u>512,000</u></u>

17.1 Trade Payable Ageing

As at 31 March 2023:

Particulars	Less than 1 year	1-2 years	2-3 years	> 3 years	Total
i) MSME	54	-	-	-	54
ii) Others	493,978	109,732	65	180,494	784,269
iii) Disputed dues -MSME					-
iv) Disputed dues -Others					-
Total	494,032	109,732	65	180,494	784,323

As at 31 March 2022:

Particulars	Less than 1 year	1-2 years	2-3 years	> 3 years	Total
i) MSME	-	-	-	-	-
ii) Others	281,419	50	21,970	208,561	512,000
iii) Disputed dues -MSME	-	-	-	-	-
iv) Disputed dues -Others	-	-	-	-	-
Total	281,419	50	21,970	208,561	512,000

The carrying value of trade payable is considering to be a reasonable approximation of fair value.

18 Other financial liabilities

Unsecured, considered good

Dues from related parties (refer note 28)	1,589	1,468
Interest accrued and due on borrowings	-	59,914
Payables for expenses	6,374	550

Total

7,963 61,932

19 Other current liabilities

Advances from customers - including related parties	1,482	1,393
Unearned Income	49,500	
Duties and taxes payable	24,797	20,669

Total

75,779 1,415,049

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Eros International Films Private Limited
Notes to the financial statements and other explanatory information

	Year ended 31 March 2023 (Amount in ₹ ' 000)	Year ended 31 March 2022 (Amount in ₹ ' 000)
20 Revenue from operations (net)		
Revenue from sale of film rights	500	120,000
Total	500	120,000
21 Other income		
Other non-operating income	-	6,822
Gain on foreign currency transactions and translation (net)	246	763
Interest income on advance	64,895	67,984
Sundry balances written back	10	-
Total	65,151	75,569
22 Purchases/ operating expenses		
Film rights cost	372,000	399,600
Total	372,000	399,600
23 Changes in inventories		
Opening stock		
- Finished goods (Film Right)	250,000	-
	250,000.00	-
Closing stock		
- Finished goods (Film Right)	604,500	250,000
	604,500	250,000
Total	(354,500)	(250,000)
24 Finance costs		
Interest expenses	65,302	56,766
Interest on late payment of taxes	3,187	2,959
Total	68,489	59,725

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Eros International Films Private Limited
Notes to the financial statements and other explanatory information

	Year ended 31 March 2023 <u>(Amount in ₹ '000)</u>	Year ended 31 March 2022 <u>(Amount in ₹ '000)</u>
25 Other expenses		
Payments to auditors (refer note 34)	405	350
Processing and other direct cost	750	4,352
Subscription and membership fees	-	35
Travelling and conveyance	25	174
Legal and professional expenses	464	622
Rates and taxes	454	13
Bank charges	3	25
Provision for doubtful advances	-	81,700
Director sitting fees	180	150
Administrative expenses	1,200	1,200
Miscellaneous expenses	141	112
Total	<u><u>3,622</u></u>	<u><u>88,733</u></u>

Eros International Films Private Limited
Notes to the financial statements and other explanatory information

26 Income tax expenses

Current tax

Current tax on profit

- -

Deferred tax assets

Depreciation on tangible assets

- 275

- 275

Reconciliation of statutory rate of tax and effective rate of tax

Profit/ (Loss) before tax

(23,960) (102,489)

Tax expense

0 275

Tax rate as a % of profit before tax

0.00% -0.27%

Adjustments

Effect of Items deductible for tax purpose

7.13 30.11

Non-deductible expenses for tax purposes

-27.02 -4.35

Effect of unrecognised deferred tax assets

0.00 0.00

Tax impact of earlier years

0.00 0.00

Impact of MAT

0.00 0.00

At India's statutory income tax rate of 26 % in cuurent year

-19.90 25.76

27 Earnings per share (EPS)

a) Computation of net profit for the year

Profit/(loss) after tax attributable to equity shareholders

(23,960) (102,764)

b) Computation of number of shares for basic earnings per share

Weighted average number of equity shares

20,000,000 20,000,000

c) Computation

Basic and diluted EPS (face value ₹ 10 each)

(1.20) (5.14)

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Eros International Films Private Limited
Notes to the financial statements and other explanatory information

28 Related party disclosures

a) Names of related parties

Relationship	Name
Ultimate Holding Company	Eros STX Global Corporation, Isle of Man (up to 13 September 2021) (Formerly known as Eros International PLC)
Step up Holding Company	Eros Worldwide FZ-LLC, Dubai (up to 13 September 2021)
Holding Company	Eros International Media Limited
Fellow Subsidiary	Eros Now Private Limited
Entities under common control with whom Company had transactions	Eros International Limited, UK Eros Digital FZ - LLC, Dubai
Key Management Personnel (KMP)	Mr. Sunil Lulla – Director Mr. K. Anand Shankar - Director Mr. Rajesh Chalke - Chief Financial Officer

b) Transactions with related parties

	Year ended 31 March 2023 (Amount in ₹ '000)	Year ended 31 March 2022 (Amount in ₹ '000)
Purchase of film rights		
Eros International Media Limited	372,000	399,600
	372,000	399,600
Interest income on advance		
Eros International Media Limited	64,895	67,984
	64,895	67,984
Interest expenses on advances		
Eros Now Private Limited	12,943	4,410
	12,943	4,410
Administrative expenses		
Eros International Media Limited	1,200	1,200
	1,200	1,200
Proceeds from borrowings		
Eros Now Private Limited	179,300	144,200
	179,300	144,200
Trade advance given/repayment		
Eros International Media Limited	-	12,000
	-	12,000
Repayment of advance given		
Eros International Media Limited	-	815
	-	815
Repayment of borrowings		
Eros Now Private Limited	33,000	92,506
	33,000	92,506

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Eros International Films Private Limited
 Summary of significant accounting policies and other explanatory information

	As at 31 March 2023 (Amount in ₹ '000)	As at 31 March 2022 (Amount in ₹ '000)
c) Balances with related parties		
Loan - current assets		
Eros International Media Limited	785,773	728,663
Total	785,773	728,663
Trade receivables		
Eros International Media Limited	5,405	5,405
Total	5,405	5,405
Other current assets		
Eros International Limited, UK	6,016	5,561
	6,016	5,561
Other financial liabilities		
Eros Digital FZ-LLC, Dubai	1,589	1,468
	1,589	1,468
Borrowings		
Eros Now Private Limited	270,853	112,904
	270,853	112,904
Other current liabilities		
Eros International Limited, UK	1,182	1,093
	1,182	1,093
Trade Payable		
Eros International Media Limited	547,886	275,577
	547,886	275,577

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Eros International Films Private Limited**Notes to the financial statements and other explanatory information****29 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

The following table shows the financial assets and liabilities measured at amortised cost on a recurring basis:

	31 March 2023	31 March 2022
	Amount in ₹ '000	Amount in ₹ '000
Financial assets		
Measured at FVTOCI		
Investment	7	7
Measured at amortised cost		
Loans	785,773	728,663
Trade receivables	5,405	12,412
Other financial assets	-	-
Cash and cash equivalents	49,194	920
	840,379	742,002
Financial liabilities		
Measured at amortised cost		
Borrowings	801,471	526,404
Trade payables	784,269	512,000
Other financial liabilities	7,963	61,932
	1,593,703	1,100,336

During the year ended 31st March 2023 and 31st March 2022 there was no transfer between level 2 and level 3 hierarchy.

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Eros International Films Private Limited

Notes to the financial statements and other explanatory information

30 Financial instruments and Risk management

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarised in Note 31. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated at its office, in close cooperation with the board of directors and audit committee meetings. The most significant financial risks to which the Company is exposed are described below.

The Company has established objectives concerning the holding and use of financial instrument. The underlying basis of these objectives is to manage the financial risk faced by the Company.

Management of Capital Risk and Financial Risk

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Company monitors capital using a gearing ratio, which is net debt divided by total capital. For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Company. Net debt is calculated as borrowing (refer note 16) less cash and cash equivalent.

The gearing ratio at the end of the reporting period was as follows:

	As at 31 March 2023 (Amount in ₹ '000)	As at 31 March 2022 (Amount in ₹ '000)
Debt	801,471	526,404
Less: -Cash and cash equivalents	(49,194)	(920)
Net debt	<u>752,277</u>	<u>525,484</u>
Equity	<u>65,228</u>	<u>89,188</u>
Net debt to equity	<u>1153%</u>	<u>589%</u>

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Eros International Films Private Limited

Notes to the financial statements and other explanatory information

31 Categories of financial assets and financial liabilities

	<u>Carrying value/fair value</u>		
	Financial assets/liabilities at FVTPL	Financial assets/liabilities at amortised cost	Total
	(Amount in ₹ '000)	(Amount in ₹ '000)	(Amount in ₹ '000)
31 March 2023			
Financial assets			
Investment	7	-	7
Loans	-	785,773	785,773
Trade receivables	-	5,405	5,405
Other financial assets	-	-	-
Cash and cash equivalents	-	49,194	49,194
	7	840,372	840,379
Financial liabilities			
Borrowings	-	801,471	801,471
Trade payables	-	784,269	784,269
Other financial liabilities	-	7,963	7,963
	-	1,593,703	1,593,703

	<u>Carrying value/fair value</u>		
	Financial assets/liabilities at FVTPL	Financial assets/liabilities at amortised cost	Total
	(Amount in ₹ '000)	(Amount in ₹ '000)	(Amount in ₹ '000)
31 March 2022			
Financial assets			
Investment	7	-	7
Loans	-	728,663	728,663
Trade receivables	-	12,412	12,412
Other financial assets	-	-	-
Cash and cash equivalents	-	920	920
	7	741,995	742,002
Financial liabilities			
Borrowings	-	526,404	526,404
Trade payables	-	512,000	512,000
Other financial liabilities	-	61,932	61,932
	-	1,100,336	1,100,336

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Eros International Films Private Limited

Notes to the financial statements and other explanatory information

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 its operating activities.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This risk exist mainly on account of borrowings of the Company. However, all these borrowings are at fixed interest rate and hence the exposure to change in interest rate is insignificant.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company is not exposed to significant foreign currency risk as at the respective reporting dates. Therefore, the Company does not enters into forward exchange contracts to hedge against its foreign currency exposures relating to the recognised underlying assets and liabilities. The Company does not enter into any derivative instruments for trading or speculative purposes.

Particulars	Currency	Amount in foreign currency		Amount in reporting currency	
		Balance as on		Balance as on	
		31 March 2023	31 March 2022	31 March 2023	31 March 2022
		(Amount in ₹ '000)	(Amount in ₹ '000)	(Amount in ₹ '000)	(Amount in ₹ '000)
Receivables					
Trade Receivable	USD	-	-	-	-
Other financial assets	USD	-	-	-	-
Other current assets	USD	73	73	6,016	5,561
Other current liabilities	USD	14	14	1,182	1,093
Intangible assets under dev	USD	24	25	1,941	1,903
Intangible assets under dev	EUR	-	0	-	37
Other financial liabilities	USD	19	19	1,589	1,468

Foreign currency sensitivity

Most of the Company's transactions are carried out in INR. Exposures to currency exchange rates arise from the Company's overseas transactions, which are primarily denominated in US dollars (USD).

The below table demonstrates the sensitivity to a 10% increase or decrease in the foreign currency against INR, with all other variables held constant. The sensitivity analysis is prepared on the unhedged exposure of the Company as at the reporting date. 10% represents management's assessment of reasonably possible change in foreign exchange rate.

If the INR had strengthened against the USD by 10% (2021-22: 10%), then this would have had the following impact:

Currency	Increase / (decrease) in profit or loss and Equity			
	10% Increase	10% decrease	10% Increase	10% decrease
	31 March 2023		31 March 2022	
USD	(519)	519	6,261	(6,261)
EUR	0	(0)	182	(182)

b Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. the Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at 31 March, as summarised below:

Classes of financial assets-carrying amounts:	As at	As at	
	31 March 2023	31 March 2022	
		(Amount in ₹ '000)	(Amount in ₹ '000)
Trade receivables (refer note 10)	5,405	12,412	
Loans (refer note 12)	785,773	728,663	
	791,178	741,075	

All trade receivables are related parties so the expose of significant credit risk is very low. The Company measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Based on the historical data, loss on collection of receivable is not material hence no additional provision considered.

Eros International Films Private Limited**Notes to the financial statements and other explanatory information****c Liquidity risk analysis**

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses.

The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31 March, 2023 and 31 March, 2022. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis. The Company regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents.

31 March 2023	Current	
	Within 6 months (Amount in ₹ '000)	6 to 12 months (Amount in ₹ '000)
Other borrowings	-	801,471
Other financial liabilities	-	7,963
Trade and other payables	-	784,269
Total	-	1,593,703

This compares to the maturity of the Company's non-derivative financial liabilities in the previous reporting periods as follows:

31 March 2022	Current	
	Within 6 months (Amount in ₹ '000)	6 to 12 months (Amount in ₹ '000)
Other borrowings	-	526,404
Other financial liabilities	-	61,932
Trade and other payables	-	512,000
Total	-	1,100,336

This compares to the maturity of the Company's non-derivative financial liabilities in the previous reporting periods as follows:

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Eros International Films Private Limited**Notes to the financial statements and other explanatory information****32 Segment Reporting****Description of segment and principal activities**

The Company acquires and distributes Indian films in multiple formats worldwide. Film content is monitored and strategic decisions around the business operations are made based on the film content. Hence, Management identifies only one operating segment in the business, film content. As a result of these distribution activities, the management examines the performance of the business from a geographical market perspective.

	<u>Year ended</u> <u>31 March 2023</u> <u>(Amount in ₹ '000)</u>	<u>Year ended</u> <u>31 March 2022</u> <u>(Amount in ₹ '000)</u>
Revenue by region of domicile of customer's location		
Rest of the world	-	-
India	500	120,000
Total revenue	<u>500</u>	<u>120,000</u>

Non-current assets other than financial instruments, investments accounted for using equity method and deferred tax

	<u>31 March 2023</u> <u>(Amount in ₹ '000)</u>	<u>31 March 2022</u> <u>(Amount in ₹ '000)</u>
Non-current assets		
Rest of the world	-	-
India	21,455	21,454
	<u>21,455</u>	<u>21,454</u>

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Eros International Films Private Limited
Notes to the financial statements and other explanatory information

33 Contingent Liabilities and commitments (to the extent not provided for)

Contingent liabilities	Balance as on	
	31 March 2023 (Amount in ₹ '000)	31 March 2022 (Amount in ₹ '000)
<u>Claims against the company not acknowledged as debt</u>		
Sales tax claims disputed by the company	51,456	54,074
Service tax on non Theatrical sales	874,195	907,134
	925,650	961,208

a) The Cumulative total tax disputed of VAT and CST as at 31 March 2023 is ₹ 51,456 (Previous Year ₹ 54,074). In line with film industry consensus the Company is of the opinion that there are no grounds for levying VAT on film distribution activity. On 26 June 2014, the State Government has announced a VAT exemption on transfer of copyrights in cinematographic films for exhibition in theatres for the period from 1 April 2005 to 30 April 2011. Accordingly, the Company does not expect any outflow in respect of the above levy.

b) During the previous year ended 31 March 2015, the Company received a show cause notice from the Commissioner of Service Tax to show cause why an amount aggregating to ₹ 759,031 for the period 1 April 2009 to 31 March 2014 should not be levied on and paid by the Company for service tax arising on temporary transfer of copyright services and other matters against which the company has paid ₹ 28,463 as Service Tax Pre Deposit CESTAT (09-14)

On 19 March 2015, the Company filed its objections against the said notice before the authorities. Considering the facts and nature of levies and the ad-interim protection for the period 1 July 2010 to 30 June 2012 granted by the Honorable High Court of Mumbai, the Company expects that the final outcome of this matter will be favorable. Accordingly, based on the assessment made after taking appropriate legal advice, no additional liability has been recorded in the financial statements.

c) On 18 April, 2016, the Company received a show cause notice from the Commissioner of Service Tax to show cause why an amount aggregating to ₹ 59,682 for the period 1 April 2014 to 31 March 2015 and ₹ 82,443 for the period 1 April 2015 to 31 March 2016 should not be levied on and paid by the Company for service tax arising on temporary transfer of copyright services and other matters.

Considering the facts and nature of levies and the ad-interim protection for the period 1 July 2010 to 30 June 2012 granted by the Honorable High Court of Mumbai, the Company expects that the final outcome of this matter will be favorable. Accordingly, based on the assessment made after taking appropriate legal advice, no additional liability has been recorded in the financial statements.

d) From time to time, the Company is involved in legal proceedings arising in the ordinary course of its business, typically intellectual property litigation and infringement claims related to the Company's feature films and other commercial activities, which could cause the Company to incur expenses or prevent the Company from releasing a film. While the resolution of these matters cannot be predicted with certainty, the Company does not believe, based on current knowledge or information available, that any existing legal proceedings or claims are likely to have a material and adverse effect on its financial position, results of operations or cash flows.

(b) Commitments

Estimated amount of contracts remaining to be executed on film content advance	138,300	138,300
	138,300	138,300

34 Auditors' remuneration

As auditor		
Statutory audit	150	350
Tax audit	202	-
	352	350
In other capacity		
Other services (certification fees)	53	-
	53	-
Total	405	350

35 Based on the information available with the Company, there are no dues payable as at the year end to micro, small and medium enterprises as defined in The Micro, Small & Medium Enterprises Development Act, 2006. This information has been relied upon by the statutory auditors of the Company.

36 Ratios Analysis

Sr. No.	Particulars		FY 2022-23	FY 2021-22	% Changes	Remarks
1	Current Ratio		1.01	1.04	-2.88%	
2	Debt Equity Ratio		12.29	5.90	108.31%	Current year loss has eroded the equity resulting in incremental debt equity position
3	Debt Service Coverage Ratio		0.65	(0.72)	-190.28%	Current year loss has adversely impacted the debt service position
4	Return on Equity		(0.37)	(1.15)	-67.83%	Current year loss has impacted the return on equity
5	Inventory Turnover Ratio		0.62	NA	100.00%	Current year inventory was acquired which was not sold at the end of the year resulting into increase
6	Trade Receivables Turnover Ratio		0.09	9.67	-99.07%	Recoverability from debtors has improved in the current financial year
7	Trade Payables Turnover Ratio		0.48	0.95	-49.47%	Inventory purchased during the year has not been sold resulting into non-realisation inturn increased the trade payables
8	Net Capital Turnover Ratio		0.01	1.35	-99.26%	Current year loss has impacted the net capital turnover ratio
9	Net Profit Ratio		(47.92)	(0.86)	5472.09%	Due to loss in business operations profitability has been hampered
10	Return on Capital Employed		(0.03)	(0.19)	-89.47%	Current year loss has impacted the return on capital employed
11	Return on Investments		0.08	0.10	-30.00%	

36.1 Formulae for computation of ratios are as follows

Sr. No.	Particulars	Formula
1	Current Ratio	Current Assets/ Current Liabilities
2	Debt Equity Ratio	Total Debt /Total Equity
3	Debt Service Coverage Ratio	Earnings before Interest, Tax and Exceptional Items/ (Interest Expense + Principal Repayments made during the period for long term loans)
4	Return on Equity Ratio	Profit After Tax (Attributable to Owners)/ Average Net Worth
5	Inventory Turnover Ratio	Cost of Goods Sold/ (Average Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade)
6	Trade Receivables Turnover	Value of Sales & Services/ Average Trade Receivables
7	Trade Payables Turnover Ratio	Cost of Materials Consumed (after adjustment of RM Inventory) + Purchases of Stock-in-Trade + Other Expenses/ Average Trade Payables
8	Net Capital Turnover Ratio	Value of Sales & Services/ Net Worth
9	Net Profit Ratio	Profit After Tax (after Exceptional items)/ Value of Sales & Services
10	Return on Capital Employed (Excluding Working Capital financing)	Net Profit After Tax + Deferred Tax Expense/(Income) + Finance Cost (-) Other Income/ Average Capital Employed
11	Return on Investments	Other Income (Excluding Dividend)/ Average Cash, Cash Equivalents & Other Marketable Securities

37 Other Statutory Information

- i) As per section 248 of the Companies Act, 2013, there are no balances outstanding with struck off companies.
- ii) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - b) Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- iii) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - b) Provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- iv) The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961.
- v) The Company have not traded or invested in Crypto currency or virtual currency during the financial year.