

Ref: DCL/CS/160/202117th June, 2021**BSE Limited**
P. J. Tower, Dalal Street
Mumbai- 400 001**National Stock Exchange of India Limited**
Exchange Plaza, C-1, Block G,
Bandra-Kurla Complex, Bandra (East)
Mumbai- 400 051**Scrip Code: 542685****Trading Symbol: DGCONTENT**

Dear Sirs,

Sub: Statement on impact of audit qualification on the Audited Consolidated Financial Results for the quarter and financial year ended on 31st March, 2021

In continuation to our letters dated 15th June, 2021 and 16th June, 2021, please find enclosed the statement on impact of audit qualification on the Audited consolidated Financial Results for the quarter and financial year ended on 31st March, 2021.

This is for your information and record.

Thanking you,

Yours faithfully,

For **DIGICONTENT LIMITED**

(Vikas Prakash)
Company Secretary



Encl.: As above

Statement on Impact of Audit Qualifications submitted
alongwith Annual Audited Consolidated Financial Results

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2021
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (INR in Lakhs)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	25,385	Not Applicable
	2.	Total Expenditure (including exceptional item)	28,688	
	3.	Net Profit/(Loss) before tax	(3,303)	
	4.	Net Profit/(Loss) after tax	(4,359)	
	5.	Earnings Per Share	(7.49)	
	6.	Total Assets	15,984	
	7.	Total Liabilities	17,340	
	8.	Net Worth	(1,356)	
	9.	Any other financial item(s) (as felt appropriate by the management)	Nil	
II.	<u>Audit Qualification (each audit qualification separately):</u>			
	<p>a. Details of Audit Qualification:</p> <p>"We draw attention to Note 11 to the consolidated annual financial results, which explains that the Company, basis the financial information as per its last audited financial statements for the year ended 31 March 2020, holds not less than 90% of its net assets in the form of investment in equity shares and loans in/ to group companies and its investments in the equity shares in the group companies constitute not less than 60% of its net assets. However, as per the aforesaid financial statements, the Company did not satisfy the income criterion of principal business criteria as defined by the Reserve Bank of India ('RBI') of being classified as a Non-banking Financial Company (NBFC). Further, till 31 March 2020, the Company did not carry on any other financial activity referred to in Section 45I(c) and 45I (f) of the Reserve Bank of India Act, 1934. In this context, the status of the Company is under discussion with RBI i.e. whether it is a NBFC since it does not satisfy the income criterion of principal business criteria and further whether it should be registered as a Systemically Important Core Investment Company (SI-CIC) as per the conditions as stated in the Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016, as amended ('Regulations') issued by the RBI, since it holds total assets of not less than Rs.100 crore and holds public funds as at 31 March 2020.</p> <p>The Company has filed various letters with the RBI and provided unaudited provisional Balance sheet and Income statement as at 31 December 2020 and 31 January 2021 along with audited financial statements of 31 March 2020 and explanations, wherein it has stated that it need not be registered as a NBFC and SI-CIC since it does not meet the criteria as per the financial statements for the year ended 31 March 2020. However, RBI vide letter dated 23 March 2021, has stated that it appears that the Company qualifies to be a NBFC and it is required to apply for certificate of registration as a NBFC or merge with another NBFC/non-financial company or wind up the business of NBFC. The Management is of the view that the RBI has not fully considered the Company's contentions as detailed in various letters submitted earlier with the RBI, before arriving at the conclusion. The Company vide letter dated 9 June 2021, has submitted its representation to the RBI, wherein, the Company has reiterated that the Company does not fulfil principal business criteria to be classified as a NBFC or register as a SI-CIC and in any case the Company has drawn up a scheme of merger for merging the Company and its two other fellow subsidiary companies with HT Media Limited (a Non-Financial Company and a fellow subsidiary) for which the scheme has been approved by the Board of Directors in February 2021 and filed with the stock exchanges in March 2021 for approval.</p> <p>Pending resolution of this matter, we are unable to comment on the impact thereof, if any, on the consolidated annual financial results for the year ended 31 March 2021."</p>			
	b. Type of Audit Qualification : Qualified Opinion			
	c. Frequency of qualification: Appeared first time			
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not Applicable			
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:			
	(i) Management's estimation on the impact of audit qualification: Not Determinable			
	(ii) If management is unable to estimate the impact, reasons for the same:			
	<p>The Management believes that the RBI has not fully considered the Company's submissions and accordingly the Company has submitted a detailed representation, vide letter dated 9 June 2021 to RBI, reiterating that the Company believes that, on the basis of the latest audited Financial Statements as on 31 March 2020, the Company does not fulfil the income criteria of the Principal Business Criteria and hence is not a NBFC. Accordingly, the management is of the view that the Company did not need to register as a SI-CIC.</p> <p>The Company also represented that it is already in the process of merging with HT Media Limited, a Non Financial operating company and a fellow subsidiary, along with two fellow subsidiaries, the merger scheme for the same has been approved by the Boards of the respective Companies in February 2021 and filed with the Stock exchanges in March 2021 for their approval.</p> <p>The Company is therefore already in the process of implementing one of the three actions stipulated by RBI in its letter dated 23 March 2021, to comply with the above-mentioned NBFC matter. Hence impact is not determinable.</p>			
	(iii) Auditors' Comments on (i) or (ii) above: Pending resolution of this matter, Auditors are unable to comment on the impact thereof, if any, on the consolidated financial results for the year ended 31 March 2021			

For B S R and Associates

Chartered Accountants

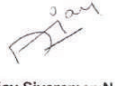
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RAJESH ARORA Digitally signed by RAJESH ARORA
Date: 2021.06.17 12:03:30 +05'30'

Rajesh Arora
Partner
Membership No. 076124
Place: Gurugram

For and on behalf of Digicontent Limited


Puneet Jain
Chief Executive Officer
Place: Faridabad


Ajay Sivaraman Nair
Chief Financial Officer
Place: Gurugram


Vivek Mehra
Audit Committee Chairman
Place: Mukteshwar

Date : June 16, 2021