

October 3, 2018

To,  
The National Stock Exchange of India Ltd.  
Listing Department,  
Exchange Plaza,  
Bandra Kurla Complex  
Bandra East,  
Mumbai - 400 051  
Fax Nos.: 26598237 / 26598238

To,  
BSE Limited  
Listing Department,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400 001  
Fax Nos.: 22723121/2037/2039

Dear Sir,

**Sub: Soft copy of the Annual Report of Prime Focus Limited for FY 2017-18**

**Ref: Scrip Code: BSE – 532748/NSE – PFOCUS**

With reference to the captioned subject and pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, please find enclosed herewith the soft copy of Annual Report of Prime Focus Limited for FY 2017-18.

Kindly acknowledge the receipt and take the same on record.

**For Prime Focus Limited**

*Parina Shah*

**Parina Shah**  
**Company Secretary**



Encl.: As above



PRIME FOCUS  
LIMITED



# REINVENTION

Annual Report 2017 -18





# INTRODUCTION

A phoenix signifies renewal, hope and advent of a new life sculpted from its own unique blueprint. It also represents the intrinsic power that lies within us all, the choice of reinvention whenever we choose, to scale greater heights and break new grounds. This year has been a year of great transformation for Prime Focus, a transition from one phase to the next, where it can evolve and gather even greater strength for the journey ahead. It is a chance for metamorphosis — the breaking of the butterfly out of the cocoon, and into transformational new territory.

Without change there is no innovation, creativity, or incentive for improvement. Those who initiate change will have a better opportunity to manage the change that is inevitable. As globalization tears down the geographic boundaries and market barriers that once kept businesses from achieving their potential, a company's ability to innovate—to tap the fresh value-creating ideas of its employees and those of its partners, customers, suppliers, and other parties beyond its own boundaries. In fact, innovation has become a core driver of growth, performance, and valuation for Prime Focus.

Ever since its humble beginnings 21 years ago, Prime Focus has always adapted to the changing times and not only kept abreast of all the major technological developments but has been one of its earliest adopters. We were the first company in India to offer high-end post production finishing system; film scanning and recording system; and first in South Asia to offer 4K DI Facility. As a visual effects company, we were the first to operate a motion control rig. We re-invented the way that Bollywood films were made and delivered.

Our expansion offshore also saw us introducing new technologies and processes to the international film and media industries. Visionary deals were made with Tier 1 VFX house DNEG, Indian Film & Media Services giant Reliance MediaWorks, Emmy Award - winning U.S. technology company DAX and Canadian stereo conversion innovator Gener8.

Our technology division, Prime Focus Technologies, deployed the World's first Hybrid Cloud platform in 2009, and a year later we became the first company in the world to convert an entire Hollywood film from 2D to 3D - transforming the stereo conversion services landscape forever.

Consistent growth requires a commitment to strategy, innovation, and marketing and sales excellence and we motivate and encourage our people to grow with the ever increasing innovation, technology and the knowledge about the industry. Today, Prime Focus is poised for the next stage of its evolution. And with 3 Academy Award wins in 4 years, entry into the 'Fortune India 500' companies, increasing revenue and ever-expanding list of workforce and facilities, our evolution curve is already on the rise.

In the next step of evolution, Prime Focus would evolve into more of an institution and do more ground breaking work. But at the same time, carry the strength to be a very long-term and highly sustainable organization. Prime Focus is cohesively working towards positioning itself as a powerhouse in terms of not just the creative work it does but also from a financial stand-point, as a top-tier entity that has consistent earnings and long-term prospects for its employees who are a lot more secure, stable and successful in their careers.

Together, we have the power to inspire, connect, and deliver on new opportunities and rich experiences that can open doors to innovation and progress while growing global economies and increasing well-being.





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# Year in Numbers

22 Hollywood  
feature films  
currently in production

26 facilities in  
18 cities across  
5 continents

125 Bollywood  
feature films delivered

1200+  
advertisements  
delivered

22 Hollywood  
feature films  
delivered

20 Bollywood  
feature films  
currently in production





**9,098**  
staff members  
around the world

**1.5 MN** hours  
of content managed  
annually

**₹ 544 crore** in EBITDA\*  
\*Including Other Income and excluding ESOP

**400 TV**  
shows powered daily

**₹ 2,292 crore**  
of consolidated income  
from operations

**70%** of US primetime  
scripted network television  
production use CLEAR™





# EXECUTIVE CHAIRMAN'S MESSAGE

Since our earliest days, we have always recognised the importance of staying ahead of the curve, and have a proven history of adopting and utilising latest tools, pipelines, technologies and techniques of its time. From an editing suite started in a garage in Mumbai to a global creative and technological facility - we are a company that hasn't taken shortcuts to success and has time and again, proven its mettle on a global stage by pulling off the seemingly impossible.

Four years ago, Prime Focus' transformational partnership with DNEG elevated us into a position of being the world's largest integrated media services group and enabled us to offer our clients premium services of a quality and scale commensurate with the top giants of our business. The core vision behind this merger was to bring together the strengths of both companies and give rise to a new phase of exponential growth, which can build on our extraordinary legacies of innovation, excellence, fortitude and success. DNEG has since gone on to win 3 Oscars following the merger and this highlights the importance of industry collaboration and consolidation to enable growth and progress in our industry.

As we continue to best our creative and technical capabilities job after job, our aspiration remains to continue to serve the top film and media industries, to work with the best talents in the world, to be able to deliver latest tools and creative solutions to the best filmmakers and to truly be able to transform the future of our business through technology. I can proudly say that the company has reached a stage where it stands tall as a global brand and facilitates our clients with the leading innovations which make their dreams come true on the celluloid.

The challenges are aplenty still because we continue to grow our aspirations along with our ambitions. I say it with great pride that everything we said we'd do or had laid out as a metric, we're on track with. It's time to look towards the next levels in terms of scale and capability. The best is yet to come and we feel we are in a great shape to make the most of it.

**Namit Malhotra**

Founder, Chief Executive and Global CEO, Prime Focus Limited



HIGHLIGHTS OF THE YEAR

CELEBRATING  
**21 YEARS**  
IN THE INDUSTRY

## DNEG – International Creative Services

DNEG, now incorporating Prime Focus' Stereo 3D Conversion division, (previously Prime Focus World) is a market leader in the International Creative Services space. It is the largest independent Tier 1 Visual Effects player globally, commanding a higher share of the global stereo conversion market than any of its competitors, and its animation business continues to go from strength to strength.

DNEG's leadership position can be judged from the fact that it delivered 4 out of Top 10 Hollywood blockbusters in 2017, and has also delivered the highest grosser of 2018.

For the 3<sup>rd</sup> time in 4 years, DNEG brought home the Academy Award for Best Visual Effects in March 2018 for its work on 'Blade Runner 2049', as well as a BAFTA and two Visual Effects Society Awards. DNEG TV also received recognition this year with a BAFTA TV Craft Award win for its work on 'Black Mirror Season 4', while delivering projects for Netflix, BBC, Hulu and NBC. And with a second significant project win our Feature Animation team is poised to make an impact on the mainstream animation industry.



## Prime Focus Technologies – Global Cloud Technology Business



This year, PFT reached a momentous landmark – its tenth anniversary. The past decade has witnessed PFT evolve from a humble beginning to an international powerhouse which serves some of the world's biggest broadcasters, studios, brands and service providers. Each year has seen us scaling new heights of success, and the past year was no different. We unveiled several industry first solutions at major trade events, grew our order book significantly, secured coveted certifications, launched powerful go-to-market campaigns and strengthened our global leadership base. Our cloud-enabled solutions and services were well received by Media & Entertainment (M&E) enterprises across the globe, and our contribution to the M&E industry was recognized with numerous prestigious awards and accolades.

## Prime Focus Limited – Film & Media Services

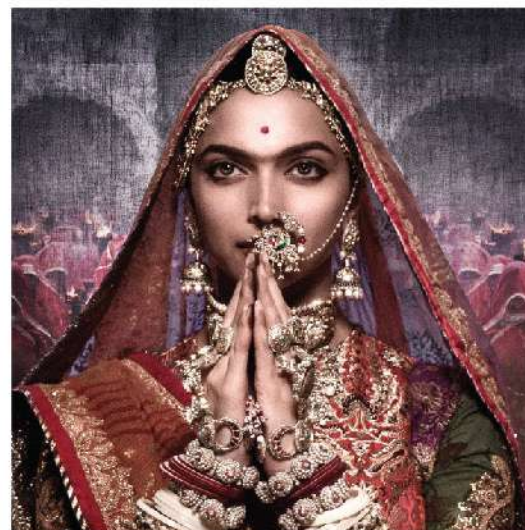
That Prime Focus remains the top choice for leading filmmakers in India can be best judged from the fact that 4 out of the Top 5 highest-grossing Indian films of 2018 were brought to Prime Focus for post-production services.

With both top tier production houses and independent and regional filmmakers opting to use our services, Prime Focus had the distinct honor of being associated as post-production partner on 12 National Award-winning films in 2017.

Additionally, the Prime Focus Advertising division in India delivered creative post production services on four Abby Awards 2018 winners.

This was also the year when Prime Focus broke into the prestigious 'Fortune India 500' list of companies, ranked 432<sup>nd</sup> in recognition of its remarkable achievements and progress over the years.

With work already in progress on some of the biggest upcoming Bollywood releases, including Race 3, 2.0, Thugs of Hindostan and Brahmastra, this has been a very strong year for the India FMS team.





## Awards

- DNEG won the Academy Award for Best Visual Effects for 'Blade Runner 2049'
- DNEG won the BAFTA for 'Best Special Visual Effects' at the EE BAFTAs 2018 Awards Ceremony in London for 'Blade Runner 2049'
- DNEG was honoured with two Visual Effects Society Awards for 'Outstanding Supporting Visual Effects in a Photoreal Feature' category for 'Dunkirk' and in the 'Outstanding Created Environment in a Photoreal Feature' category for 'Blade Runner 2049'
- DNEG won the BAFTA TV Craft Award for 'Black Mirror – Metalhead' in the 'Special, Visual and Graphic Effects' category at the 2018 BAFTA TV Craft Awards Ceremony in London
- Raabta Won Best Visual Effect in Feature Film – India at MAAC's 24FPS International Animation Awards
- Prime Focus Advertising delivers post production services for 4 ABBY Award winners (1 Gold, 1 Silver & 2 Bronze)
- Digital Studio featured Ramki Sankaranarayanan, Founder and CEO, PFT, as a leading technocrat in the M&E industry for the second time in a row
- Ramki Sankaranarayanan was honored with NewBay's Industry Innovator Award 2017
- PFT's Secure Subtitling Tool for pre-release content won several prestigious awards, including IABM's 2018 BaM™ (Broadcast and Media) award, as well as TV Technology's 'Best of Show Award' at NAB 2018
- PFT's ground-breaking Work Order Management system won TV Technology's 'Product Innovation Award' 2017
- CLEAR™ Media ERP's industry first Interoperable Master Format (IMF) Media Player, which provides playback over streaming proxy, won TV Technology's 'Best of Show Award' at IBC 2017
- PFT was awarded Digital Production Partnership's 'Committed to Security' mark for both Broadcast and Production categories
- PFT won Gold at the PromaxBDA India Awards 2018 for 'Best Original Music Composition' for a Tata Sky advertisement
- PFT won Gold at the Hermes Creative Awards 2018 in the Marketing Collateral/Branding category & Honorable Mention in the Communication/Marketing Campaign category





## Launches

- PFT launched powerful content supply chain solutions for OTT & Digital Transformation at NAB 2018
- Launched Prime Focus Academy of Media & Entertainment Studies for training of entry level artists in India
- Prime Focus EQR launched Sports Division, JIO Dhan Dhana Dhan becomes first project.
- PFT bolstered CLEAR Media ERP with powerful Work Order Management pre-integrated with its Media Asset Management (MAM), Workflow Engine and Video Tools
- PFT launched Content Acquisition Portal to facilitate management, planning, acquiring, evaluating, cataloguing and scheduling of content
- PFT debuted CLEAR OTT Distribution to address the growing need for improved content distribution and publishing to VoD platforms
- PFT unveiled CLEAR Digital Lab, ONE system that connects the production ecosystem, and acts as Your Media Universe® for secure content operations from content acquisition through distribution and archiving
- PFT showcased Cloud MAM, with automation across content supply chain powered by Work Order
- PFT introduced centralization to help broadcasters reduce the global effort involved in operations like Content Download, Compliance Editing, QC, Mastering, Archival and Promo Versioning
- PFT launched its latest go-to-market campaign 'Think Automation. Think CLEAR'
- PFT strengthened CLEAR Media ERP with a host of new security features including integration with OKTA Identity Cloud and a new desktop app for secured content downloads & playback

## Deals

- PFT signed a deal with Discovery Communications India for On-Air Promo production services, long form content operations and delivery of locally produced content to Netflix
- PBS selected PFT's CLEAR Media ERP Suite to automate its Direct-to-NOC file-based delivery process
- PFT renewed its contract with 21<sup>st</sup> Century Fox-owned Star India for a landmark 5-year deal
- PFT signed a deal for Secure Screeners with Nordisk Film, a leading Nordic entertainment company
- PFT signed deals with leading brands like OPPO, TVS Motor Company, Big Bazaar, Jabong, Marico, Xiaomi, Vodafone and Brooke Bond Red Label

## Partnerships

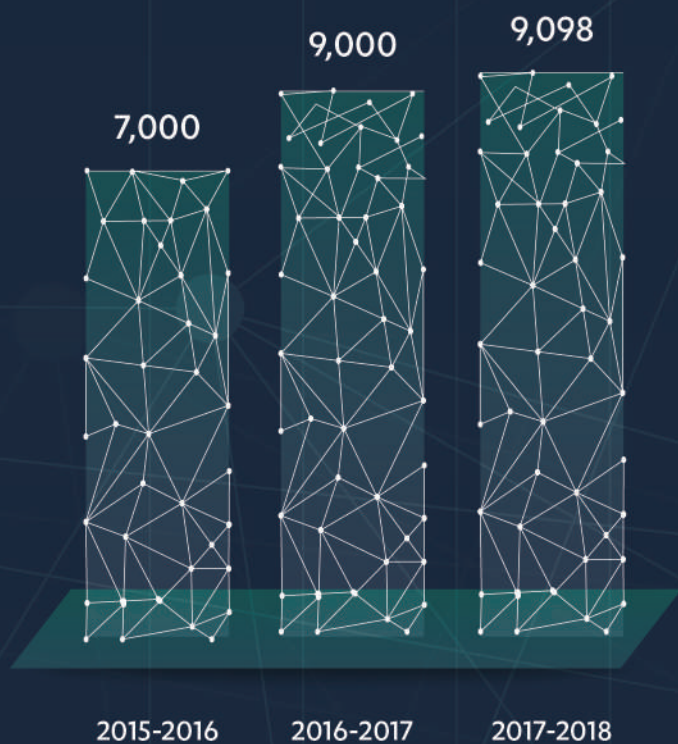
- PFT and Microsoft forged a pivotal partnership to implement CLEAR across geographies with extreme reliability, scalability, performance and global accessibility
- PFT collaborated with GrayMeta to enhance CLEAR Media ERP's Artificial Intelligence (AI) / Machine Learning Capabilities
- PFT enhanced Adobe® Premiere Pro CC integration with CLEAR Media ERP

## Events & Announcements

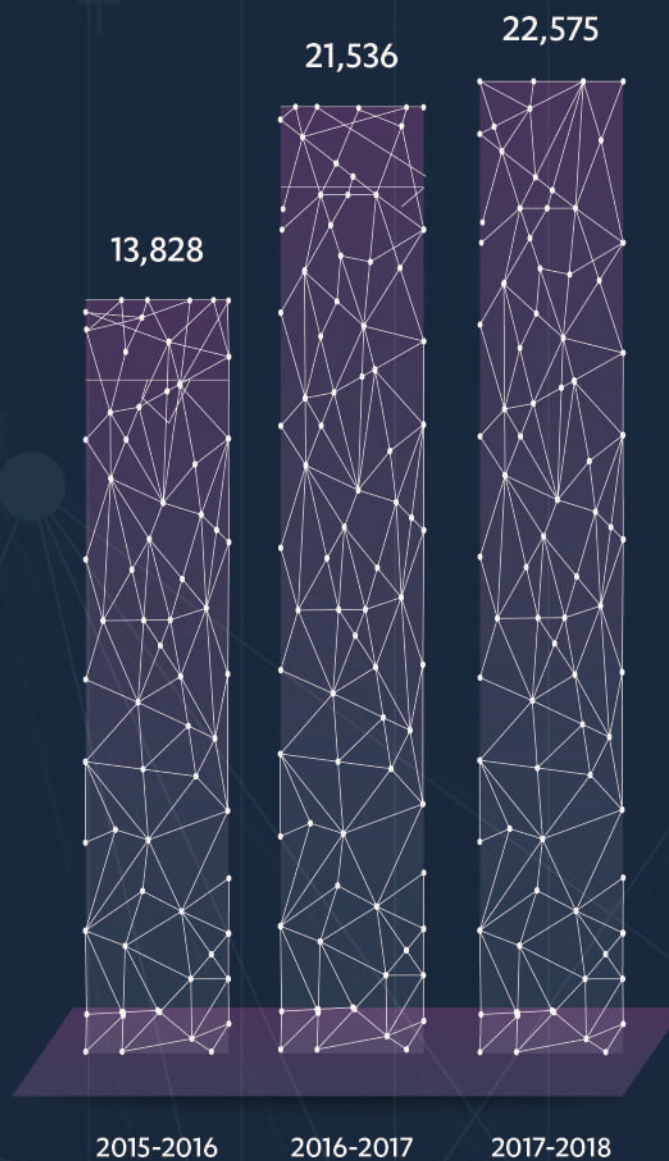
- Prime Focus is now a 'Fortune India 500' company
- Expansion continued with a new office in Sydney, Australia, to provide an increased level of local support to customers in the region
- Produced 3 films for MAMI festival on TATA Sky and did successful rebranding of Star Bharat
- DNEG opened new facilities in Chennai (India) and Montreal (Canada), in line with strategic initiatives to increase delivery from cost advantageous locations
- Namit Malhotra attended the round table discussion on 'Reframing The Future Of Films' with Christopher Nolan, Tacita Dean, Kamal Haasan, Shah Rukh Khan and Amitabh Bachchan
- PFT powered IPL 2018 coverage for Hotstar, which garnered 10.7 million concurrent views, setting a new global record
- PFT fortified content protections with the appointment of Caesar Sedek as Chief Security Officer
- Ramki Sankaranarayanan, PFT's Founder & CEO reinforced focus on the U.S. market, relocated to California headquarters
- Digital Production Partnership (DPP) awarded its 'Committed to Security' mark to PFT for both Broadcast and Production categories
- Nick Kaimakami joined PFT as Senior Vice President and Sales Leader for EMEA region
- PFT strengthened leadership in North America by welcoming James Eccles as Vice President, Key Accounts, Sales Cloud Applications & Media Services
- Nishant Fadia came back as Chief Financial Officer (CFO) of Prime Focus Limited

# FINANCIAL HIGHLIGHTS

## Number of Personnel (PFL)



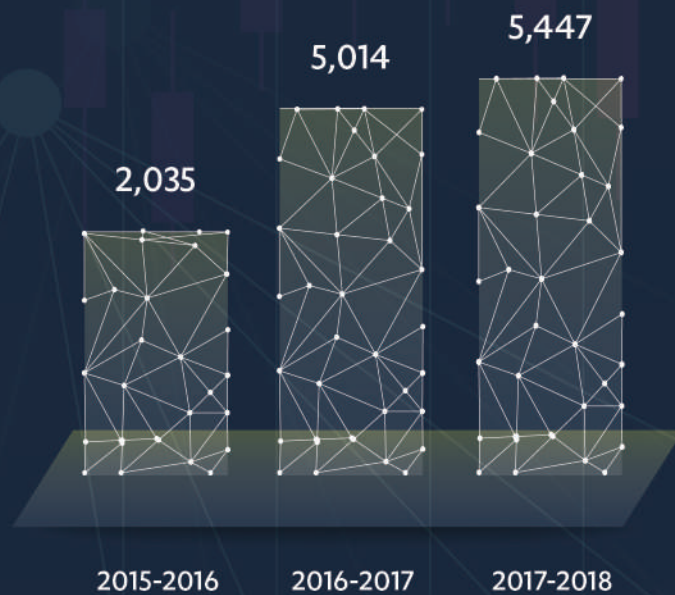
## Revenue (₹ MN)





## EBITDA (₹ MN)

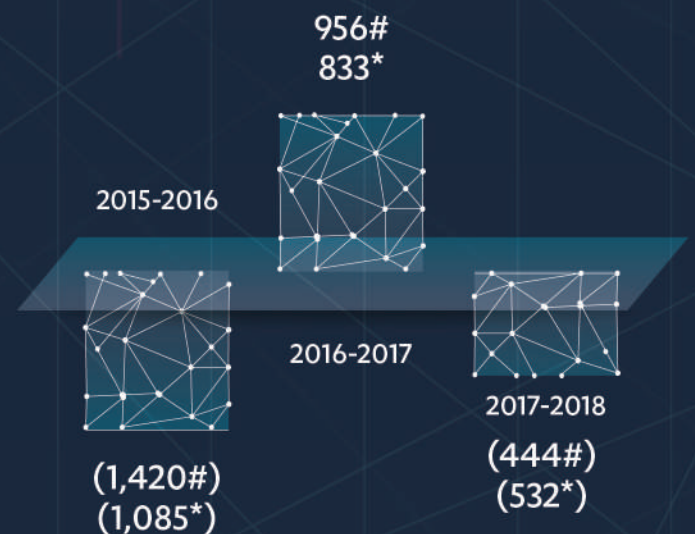
Including other income and excluding ESOP and one-time expense



## Profit After Tax (₹ MN)

#consolidated profit before minority

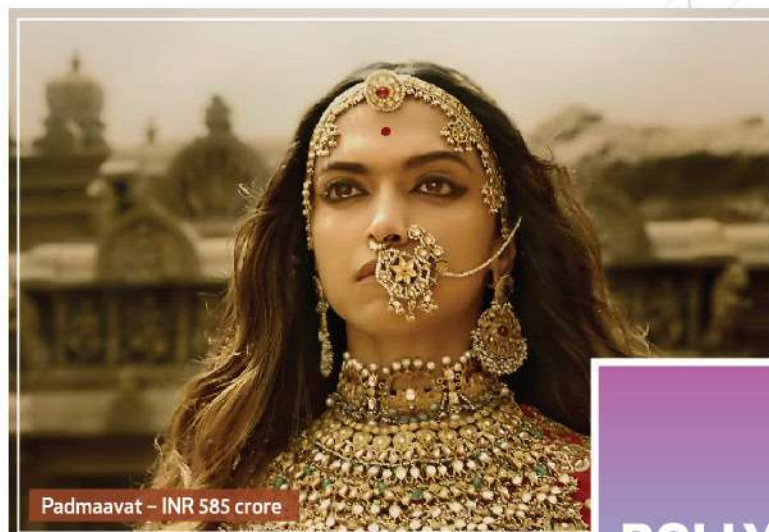
\* consolidated profit after minority



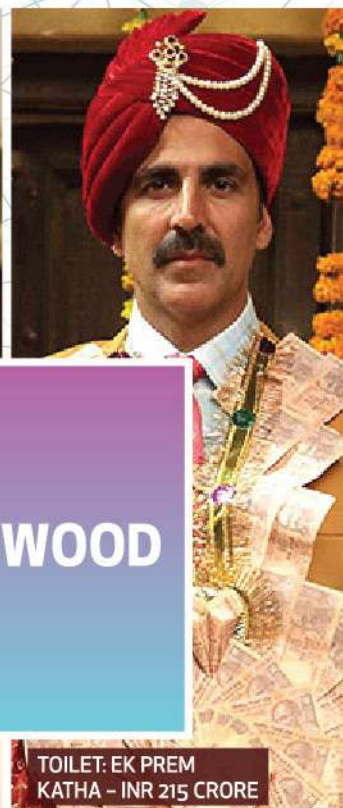
Figures for FY 2015-16 pertain to the nine months ended 31 March 2016  
 ^ 2016-17 numbers are restated



# PROJECT HIGHLIGHTS



Padmaavat - INR 585 crore



TOILET: EK PREM KATHA - INR 215 CRORE



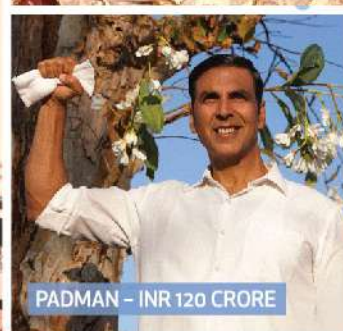
TIGER ZINDA HAI - INR 570 CRORE



HINDI MEDIUM - INR 334 CRORE



BAADSHAHO - INR 160 CRORE



PADMAN - INR 120 CRORE



JUDWAA 2 - INR 227 CRORE



BAAGHI 2 - INR 252 CRORE



TUBELIGHT - INR 211 CRORE

**BOLLYWOOD**





BLADE RUNNER: 2049 - \$259MN



JUSTICE LEAGUE - \$657 MN



THE FATE OF THE FURIOUS - \$1,236 MN



TRANSFORMERS: THE LAST KNIGHT - \$605 MN



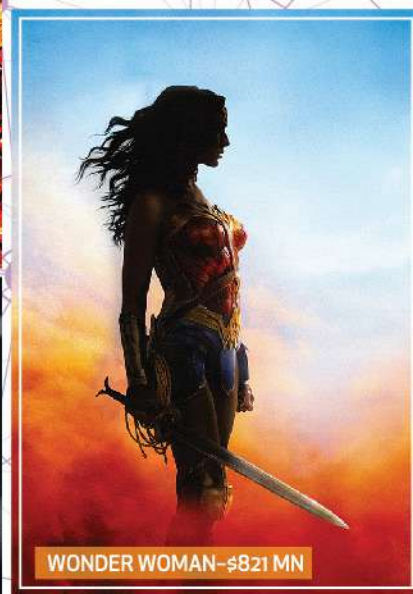
DUNKIRK - \$525MN



RED SPARROW - \$150MN



BLACK PANTHER - \$1,345 MN



WONDER WOMAN - \$821 MN



PACIFIC RIM UPRISING - \$290MN



THOR: RAGNAROK - \$853MN



PIRATES OF THE CARIBBEAN: DEAD MEN TELL NO TALES - \$800MN



JUMANJI: WELCOME TO THE JUNGLE - \$961 MN



BABY DRIVER - \$226 MN



THE MUMMY - \$409 MN



A WRINKLE IN TIME - \$130MN

# HOLLYWOOD



# GROUP STRUCTURE



73.75%

Prime Focus Technologies  
Global Cloud Technology Business



88.3% PFL

Prime Focus World N.V.  
(Netherlands)



+

ONEG  
GENER8

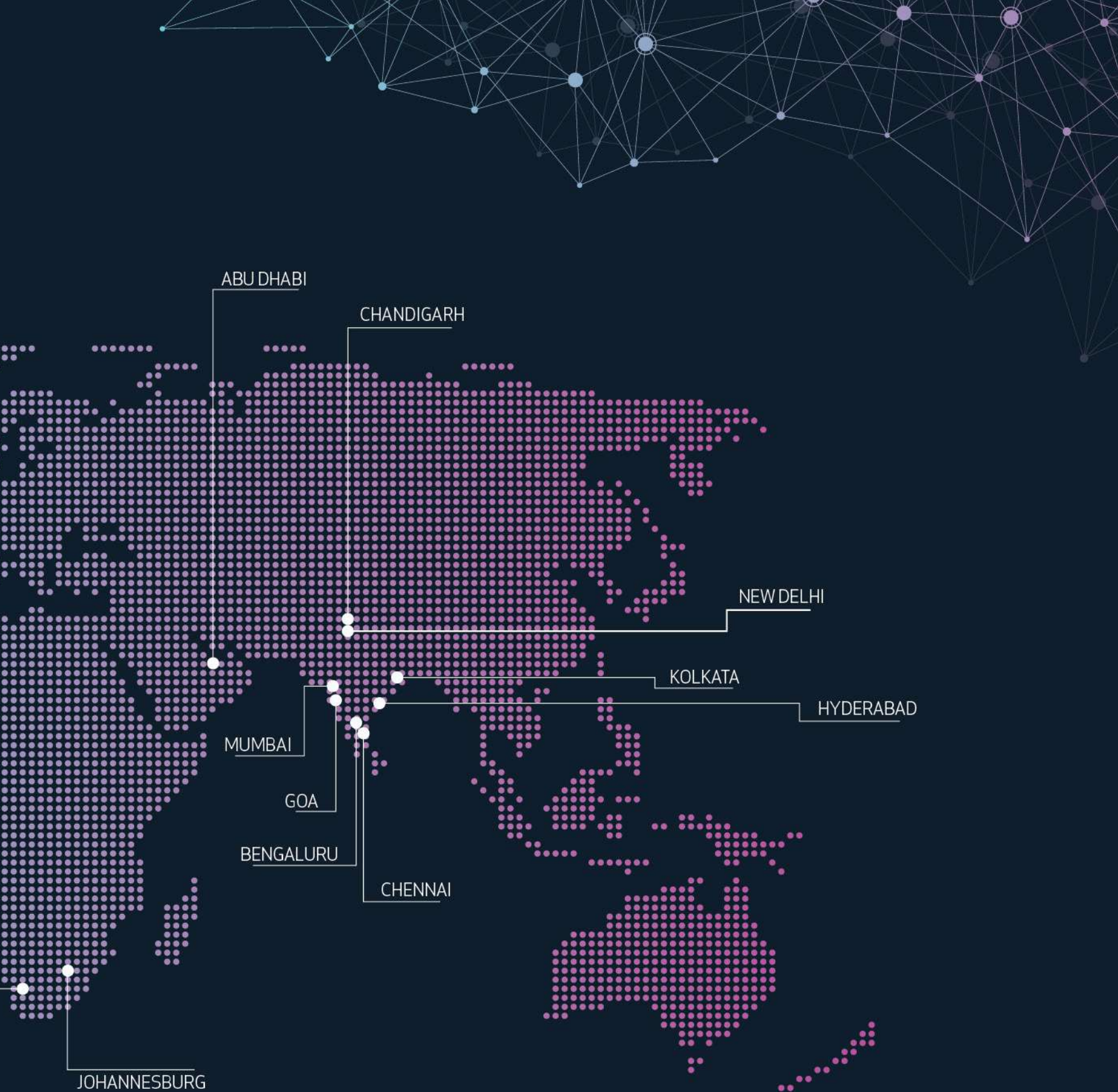
3D Conversion +  
Animation +  
Visual Effects

Prime Focus World N.V. (Netherlands)  
International Creative Services



# GLOBAL PRESENCE





**07** Time Zones



**17** Cities



# BUSINESS OVERVIEW

**78%**  
of Global  
Revenue

## International Creative Services

DNEG, our International Creative Services division, incorporating Prime Focus' Stereo division (previously Prime Focus World) and Gener8, offers clients a compelling, full-service solution that allows grouping of services and global sourcing for complete end-to-end delivery of projects of any size; access to the highest-quality, award-winning talent at the most efficient pricing; and international tax advantages that can generate significant additional top line savings.

**DNEG**

**GENER8**

**15%**  
of Global  
Revenue

## Global Cloud Technology Business

Our Global Cloud Technology business, Prime Focus Technologies, is the creator of Enterprise Resource Planning (ERP) software, CLEAR™ for the Media & Entertainment (M&E) industry. It offers broadcasters, studios, brands and service providers transformational solutions that help them lower their Total Cost of Operations by automating business processes around content and managing their business of content better.



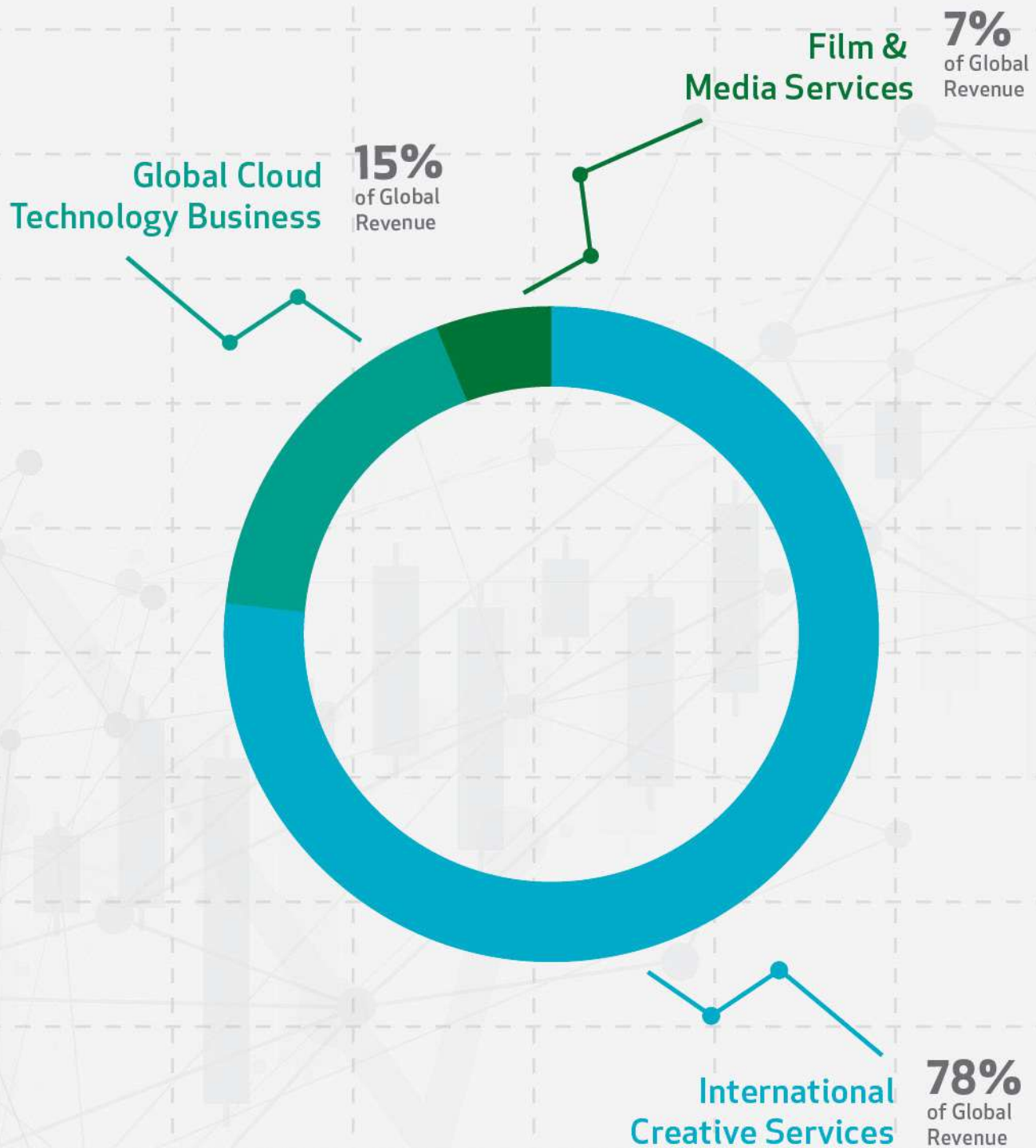
**7%**  
of Global  
Revenue

## Film & Media Services

Our India Film & Media Services business is indisputably India's largest production, post-production and creative services provider to the film, broadcast and advertising industries in India.



# Revenue Split by Business Area





# INTERNATIONAL CREATIVE SERVICES: VISUAL EFFECTS

## Introduction

DNEG began this year's awards season with a BAFTA for 'Best Special Visual Effects' for its work on 'Blade Runner 2049' followed by VES Awards in the 'Outstanding Supporting Visual Effects in a Photoreal Feature' category for 'Dunkirk' and in the 'Outstanding Created Environment in a Photoreal Feature' category for 'Blade Runner 2049'. It culminated with DNEG bringing home the Academy Award for Best Visual Effects – its third Oscar since the merger with Prime Focus and fourth overall.

Supplementing the strength of its international network of facilities, DNEG opened new facilities in Montreal and Chennai this year, which quickly started contributing to some of DNEG's biggest VFX shows alongside the teams in Mumbai, Vancouver, LA and London.

In early 2018 DNEG launched a refreshed brand and website, and formalised the integration of the company's stereo conversion offering under the DNEG banner. With the addition of the stereo teams in Vancouver, Montreal, London, Mumbai, Chandigarh, Hyderabad and Goa, the global DNEG team grew from 2,485 professionals last year to almost 5,000 staff by March 2018, delivering work on 23 feature films over the course of the year.

DNEG's expanded global network of facilities ensures that it remains responsive to the needs of its clients, providing tax advantages, increased scale and reduced costs without compromising the highly creative, award-winning work that the company is known for.

The future pipeline of work for DNEG is strong, with work in production on some of the year's biggest upcoming films, including Deadpool 2, Ant-Man and the Wasp, Mission: Impossible - Fallout, First Man, Venom, Mowgli, Godzilla: King of the Monsters and Fantastic Beasts: The Crimes of Grindelwald.



## Film VFX

As of March 2018, DNEG had provided creative services on the highest grossing film of 2018 – Black Panther (\$1.34bn) - and four of the Top 5 highest grossing films of 2017 at the worldwide box office - Beauty and the Beast (\$1.2bn), The Fate of the Furious (\$1.2bn), Thor: Ragnarok (\$654mn) and Wonder Woman (\$822mn)

In total, the films that DNEG worked on over the last year made a total of \$8.8bn in international box office receipts.

DNEG continues to enjoy strong working relationships with all the major Hollywood studios, and to nurture creative partnerships with some of the biggest directors working in Hollywood today, including (latest shows in bold):

- **Christopher Nolan:** Batman Begins, The Dark Knight, Inception, The Dark Knight Rises, Interstellar, **Dunkirk**
- **Joe Cornish:** Attack the Block, **The Kid Who Would Be King**
- **Anthony and Joe Russo:** Captain America: Civil War, **Avengers: Infinity War**
- **Edgar Wright:** Shaun of the Dead, Hot Fuzz, Scott Pilgrim Vs The World, Grindhouse, World's End, **Baby Driver**
- **David Yates:** Harry Potter and the Half-Blood Prince, Harry Potter and the Order of the Phoenix, Harry Potter and the Deathly Hallows Parts 1 and 2, Fantastic Beasts and Where to Find Them, **Fantastic Beasts: The Crimes of Grindelwald**
- **Paul Greengrass:** United 93, The Bourne Ultimatum, Greenzone, Captain Phillips, **Jason Bourne**
- **Robert Rodriguez:** Grindhouse, Sin City: A Dame To Kill For, The Limit, **Alita: Battle Angel**
- **Francis Lawrence:** The Hunger Games: Catching Fire, The Hunger Games: Mockingjay – Part 1 & 2, **Red Sparrow**

## TV VFX

DNEG TV, the company's dedicated television VFX department, continued on its path of growth and success this year by winning the BAFTA TV Craft Award for 'Special, Visual and Graphic Effects' for the exceptional work it delivered for 'Black Mirror Season 4 –Metalhead'. Over the course of the year, DNEG TV acquired an even larger share of the high-end TV drama market, delivering work for Warner Bros. Television ('Krypton'), Netflix ('Altered Carbon', 'Black Mirror'), Sony Pictures Television ('Electric Dreams'), Marvel Television / ABC Studios ('Marvel's Inhumans'), TNT ('Will'), Sky ('Riviera') and the BBC ('Strike: The Silkworm').







## Stereo Conversion

It has been another stellar year for the stereo 3D conversion division, with DNEG Stereo and Gener8 delivering work on a slew of blockbuster 3D movies throughout the year, including Beauty and the Beast, Pacific Rim Uprising, Transformers: The Last Knight, Pirates of the Caribbean: Dead Men Tell No Tales, King Arthur: Legend of the Sword, Jumanji: Welcome to the Jungle and A Wrinkle in Time.

DNEG also capitalized on its ability to offer both VFX and stereo conversion services to clients, with 'bundled' services delivered on projects such as 'Black Panther', Pacific Rim Uprising' and 'The Hurricane Heist'.

DNEG Stereo and Gener8 have a strong pipeline of work to look forward to, including 'Avengers: Infinity War', 'Ant-Man and the Wasp', 'Mowgli' and 'Fantastic Beasts: The Crimes of Grindelwald'.





## Feature Animation

Set up in 2014, DNEG's Feature Animation division works in tandem with IP creators and filmmakers to create high-end animated features, based out of DNEG's London headquarters.

The DNEG Feature Animation division is currently in production on its first two animated feature films, and continues to work in partnership with animation studio Locksmith Animation on a co-development deal with Twentieth Century Fox.



## Prime Focus Animation

Prime Focus continued to deliver a major broadcast series for a global toy manufacturer. Having previously delivered Season 1 & 2, the Prime Focus Animation team completed production for seasons 3 & 4 (24 x 22 minute episodes of fully CG animated content) along with an additional 120 minutes of Webisodes, all on schedule and on budget.

The animation team also delivered new CGI animated feature-length production for Universal Studios titled 'Mariah Carey's All I Want For Christmas Is You', which was released during the holiday season.

Prime Focus Animation is currently at work on the third chapter of Harry Baweja's mega-successful 2014 original 'ChaarSahibzaade', which became the highest grossing Punjabi film of all time.



# INTERNATIONAL CREATIVE SERVICES STRONG PIPELINE OF UPCOMING WORK



Avengers: Infinity War



Deadpool 2



Mission: Impossible - Fallout



Ant-Man and the Wasp



Bad Times at the El Royale



The Meg

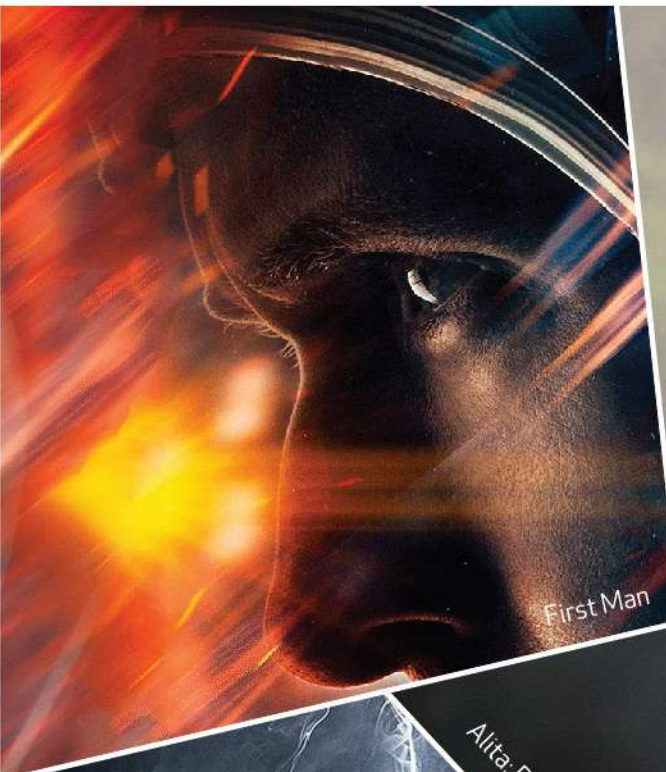


Alpha



Venom





First Man



The Kid Who Would Be King



Godzilla: King of the Monsters



Mowgli



Alita: Battle Angel



The New Mutants



Fantastic Beasts: The Crimes of Grindelwald



Bohemian Rhapsody





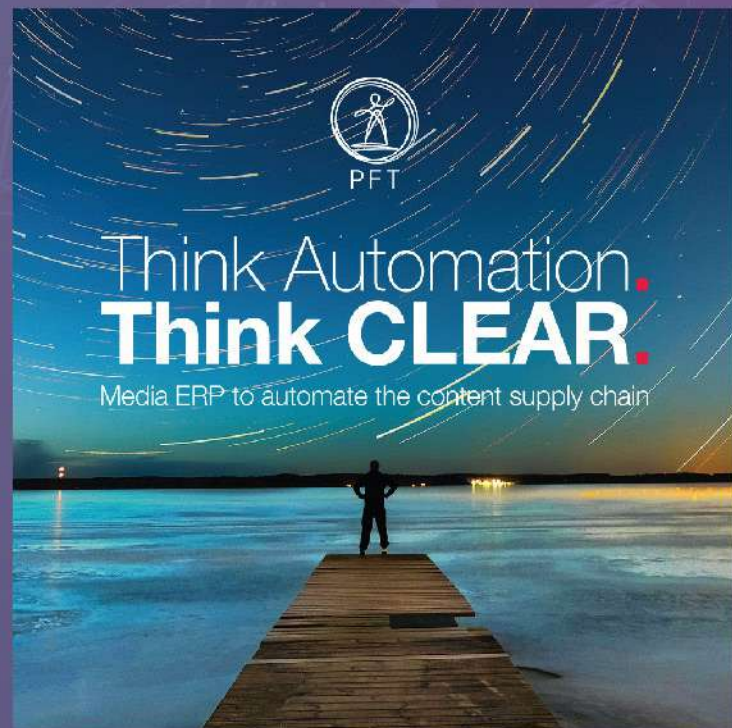


For our global cloud technology business, Prime Focus Technologies (PFT), the year was marked by tremendous growth and progress. PFT continued to provide broadcasters, studios, brands, sports organizations and service providers transformational solutions to meet the myriad challenges of today's 'TV Everywhere' universe.

We strengthened our flagship product CLEAR™ Media ERP with several new additions, including a revolutionary Work Order Management functionality which enables Media & Entertainment (M&E) enterprises to manage assets, tasks and resources on ONE system. We also struck strategic partnerships with industry giants, inked major deals with new customers, expanded our global leadership, and bagged several prominent awards.

With a strategic focus on product versatility, PFT teamed up with several leading industry players to empower M&E companies through faster automation-driven content operations and improved decision making. This included partnership with GrayMeta, a leading provider of professional media players and metadata solutions, to enhance CLEAR Media ERP's Artificial Intelligence (AI)/Machine Learning capabilities. PFT also selected Microsoft Azure as its preferred cloud hosting platform to best implement CLEAR across geographies with extreme reliability, scalability, performance, and global accessibility. In addition, PFT enhanced the Adobe® Premiere Pro CC integration with CLEAR, enabling Work Order driven task management for Editorial, QC and Mastering.

To support a growing regional customer base, the company strengthened its Australian presence by opening a new office in Sydney. The company's leadership base was also expanded in key global locations. In North America, James Eccles was hired as Vice President, Key Accounts, Sales Cloud Applications & Media Services; and Ceasar Sedek was welcomed on board as Chief Security Officer. In the EMEA region, Nick Kaimakami joined as Senior Vice President and Sales Leader.



At NAB 2018, PFT announced its go-to-market campaign 'Think Automation. Think CLEAR.', that urges M&E enterprises to embrace automation not just within their silos, but across the content supply chain to lower costs. The campaign emphasizes the fact that CLEAR's end-to-end Work Order Management, pre-integrated with its Media Asset Management (MAM), Workflow Engine and Video Tools, is uniquely positioned to help content enterprises achieve faster time-to-market and increased efficiencies along with substantial cost savings. CLEAR was also bolstered with a host of new security features for pre-release content security and media exchange security, along with a desktop app for secured content downloads & playback, and integration with OKTA Identity Cloud. Another landmark achievement for PFT was powering the coverage of IPL 2018 for Hotstar, which garnered 10.7 million concurrent views, setting a new global record.

We remain focused on helping M&E players embrace automation across the content supply chain to enhance efficiencies, increase monetization and lower their Total Cost of Operations (TCOP).



## Product Launches

### **Content Acquisition Portal: Automated Work Order to manage planning, acquiring, evaluating, cataloguing and scheduling content**

CLEAR™ Media ERP's Content Acquisition Portal serves as a secure entry point for all media and ancillary files remotely from any geographical location across the global supply chain, without the need of a VPN. Once ingested onto the portal, users can either trigger further downstream actions manually, or automate these actions based on business rules. Powered by Work Order Management, the solution enables users to perform work order-based ingest, assign tasks to relevant resources/vendors and track the status of all tasks conveniently through a unified dashboard. It is equipped with best-in-class tools for content acquisition operations like file transfers (via Aspera/Signiant), auto QC (pre-integrated with Baton/Cerify), full QC (pre-integrated with Adobe Premiere Pro), content enrichment (cataloguing/subtitling) and archival. CLEAR's Content Acquisition Portal can seamlessly integrate with other, existing IT systems like Rights Management, BMS, MAM etc.

### **CLEAR™ OTT Distribution: ONE Software with end-to-end automation for OTT Distribution – from Scheduling to Delivery**

CLEAR OTT Distribution addresses the growing need for improved content distribution and publishing to VoD platforms. Leveraging automation, it uses an extensive data model to create packages, transcode in multiple formats and deliver to different OTT platforms. Built on Work Order Management, it includes 450+ API bots for delivery to popular platforms, advanced tools for review & approval, a unified dashboard for tracking task status, and seamless integration with Scheduling and Rights Management Systems. With OTT Distribution, users can manage all tasks and operations involved in OTT Distribution from start to end, securely, on ONE system. The solution facilitates quicker fulfilment, and lowers Total Cost of Operations (TCOP) by reducing the amount of effort and infrastructure involved in OTT Distribution operations.

### **CLEAR™ Digital Lab: Your Media Universe® for Production Supply Chain**

CLEAR Digital Lab brings together the various stakeholders and suppliers engaged in the production and post production processes with supply chain vendors for various tasks, such as editorial, VFX, post production, sound, localization, mastering, and downstream distribution. CLEAR Digital Lab creates a connected Cloud ecosystem for collaborators making it their media universe. Built around CLEAR's Primetime Emmy® award winning DAX® Production Cloud and Cloud MAM software modules, the solution is well equipped to handle scripted, unscripted, short form, and digital content genres; files of different resolutions; and tracks and manages media logistics including distribution of varied content types across the production supply chain. Leveraging Microsoft Azure's best-in-class cloud services, CLEAR Digital Lab gives users unparalleled advantages of security, privacy, transparency and scalability.



### **Centralization: Prep once, distribute globally**

Typically, broadcasters have decentralized operating models. Operations like Content Download, Quality Control (QC), House Master creation, Compliance Editing, Mastering and Archival are performed separately for each territory. Each territory creates its own On Air Promos of the shows as well. Add to that, program scheduling operations and entering the metadata of the same show or movie in each of the locations. The outcome is rampant duplication of effort, heavy investment on in-house capex infrastructure and increase in outsource spends in the local territories. Adopting centralization with CLEAR Media ERP helps broadcasters reduce the global effort involved in content operations, fostering a higher level of collaboration, flexibility and speed over existing systems.

### **Cloud MAM: Automation across content supply chain powered by Work Order**

CLEAR Cloud MAM is a single, holistic MAM solution, which enables Media & Entertainment (M&E) companies to build a truly connected enterprise with digital workflows. With work order automation to manage tasks efficiently across the supply chain, Cloud MAM offers much more than a traditional MAM system. It is a single MAM with media management capabilities across global sites, that integrates production, distribution, broadcasting and OTT related business activities. Cloud MAM extends beyond the Technical Operations teams and is usable by creative, marketing, legal, operations, sales and senior executive leadership teams. It helps content enterprises digitize media management processes (Mastering, Compliance etc.), handle clip-based workflows, distribute screeners, manage & version On Air Promos, and collaborate seamlessly with multiple stakeholders.

### **The Roadmap Ahead**

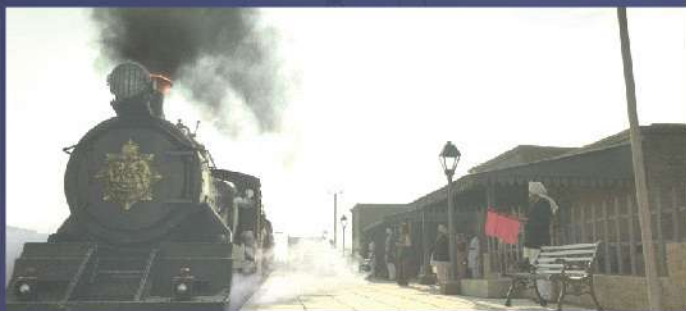
With multi-platform content explosion on the rise and the need to meet increased demands from consumers, content creators can no longer rest on existing and independently functioning systems that result in Islands of Automation. They need automation not just within their silos but across the content supply chain. PFT's Hybrid Cloud-enabled CLEAR Media ERP with Work Order Management embedded in MAM, is uniquely positioned to help them deal with the complexities of new-age supply chains. Our recent collaborations have also helped us enhance CLEAR's Artificial Intelligence (AI) and Machine Learning capabilities to empower M&E enterprises with greater decision making capabilities. With all these power-packed additions to our product and services suite, PFT is fully geared up to penetrate new markets and deliver CLEAR solutions, CLEAR outcomes, CLEAR value and CLEAR results. The team continues to work relentlessly towards setting new benchmarks of global excellence and delivering greater value to customers.



## FILM AND MEDIA SERVICES - **VISUAL EFFECTS**

The Indian VFX team continued to push the envelope for visual effects in the Indian Film Industry by delivering top-flight VFX services for some of the biggest Bollywood projects this year - Baaghi 2, Hindi Medium, Tubelight, Baadshaho and Judwaa 2.

The team is currently working on three of the biggest releases of 2018 (Salman Khan-starrer Race 3, Rajinikanth's 2.0 and Vikas Bahl's Super 30) along with Netflix's Sacred Games and Amazon Prime Video's The Forgotten Army.





# FILM AND MEDIA SERVICES – DIGITAL INTERMEDIATE / COLOR GRADING

Our Digital Intermediate division remains the undisputed market leader in India, with more than 99 movies delivered this year comprising a healthy mix of big budget, regional and independent movies.

It is testament to the trust and confidence that filmmakers from Bollywood and across the country continue to place in our finishing services that 12 of the National Award winning films in 2017 were post-produced in Prime Focus.

That Prime Focus' DI facility remains the top choice among leading filmmakers and content creators can be best judged from the fact that more than ever before regional films comprised of a major chunk of our projects in addition to web series for Netflix and Amazon Prime.

## HIGHLIGHTS OF THE YEAR FOR THE DI DEPARTMENT INCLUDED



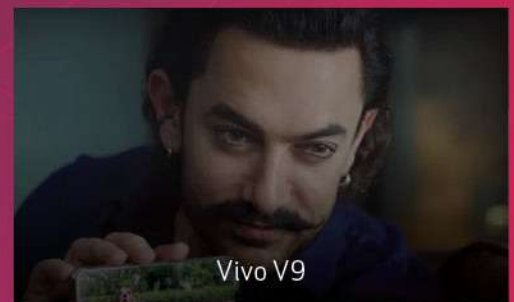
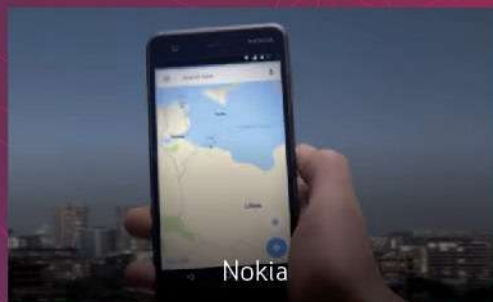


# FILM AND MEDIA SERVICES - ADVERTISING SERVICES

The Advertising division, being one of the oldest division of Prime Focus has changed and advanced year by year with its technology and creative services. The division has delivered more than 1200 ad films this year and are associated with the top advertising agencies, production houses and well known directors in the industry. We have always been the first preference when it comes to creativity and the expertise of our in-house talent.

Prakash Kurup, Co-founder at Prime Focus won 4 ABBY Awards (1 Gold, 1 Silver & 2 Bronze) for the division this year.

## TOP ADS

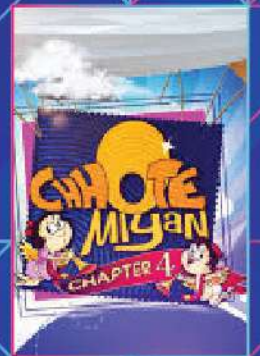
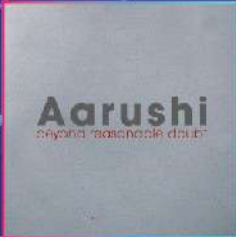




## FILM AND MEDIA SERVICES - **BROADCAST**

Prime Focus Technologies (PFT) works with major broadcasters across the world, delivering cutting edge creative services that include post production, color grading, animation, sound design and on air promotions. The company's extensive in-house resources include 400 creative minds, 150 edit suites, 14 Dolby 5.1 enabled sound studios, along with a Tier 3 Data Centre. PFT's creative expertise goes hand-in-hand with innovative cloud technology that helps broadcasters manage, distribute and exhibit video assets effectively.





Here are a few television shows  
for which **PFT provided**  
**Broadcast services**



## FILM AND MEDIA SERVICES - **EQUIPMENT RENTAL**

One of the largest camera equipment rental companies in India, Prime Focus EQR services, with its huge inventory of over 40 high-end feature film cameras, has established itself as the undisputed market leader in the camera rental industry in India.

Since opening our doors over 8 years ago, the Prime Focus EQR division has been supplying creative and professional filmmakers with the tools needed for production. The EQR division caters to a large client base ranging from independent filmmakers working on their first short or feature film to large studios producing mega-budget movies for mass audiences.



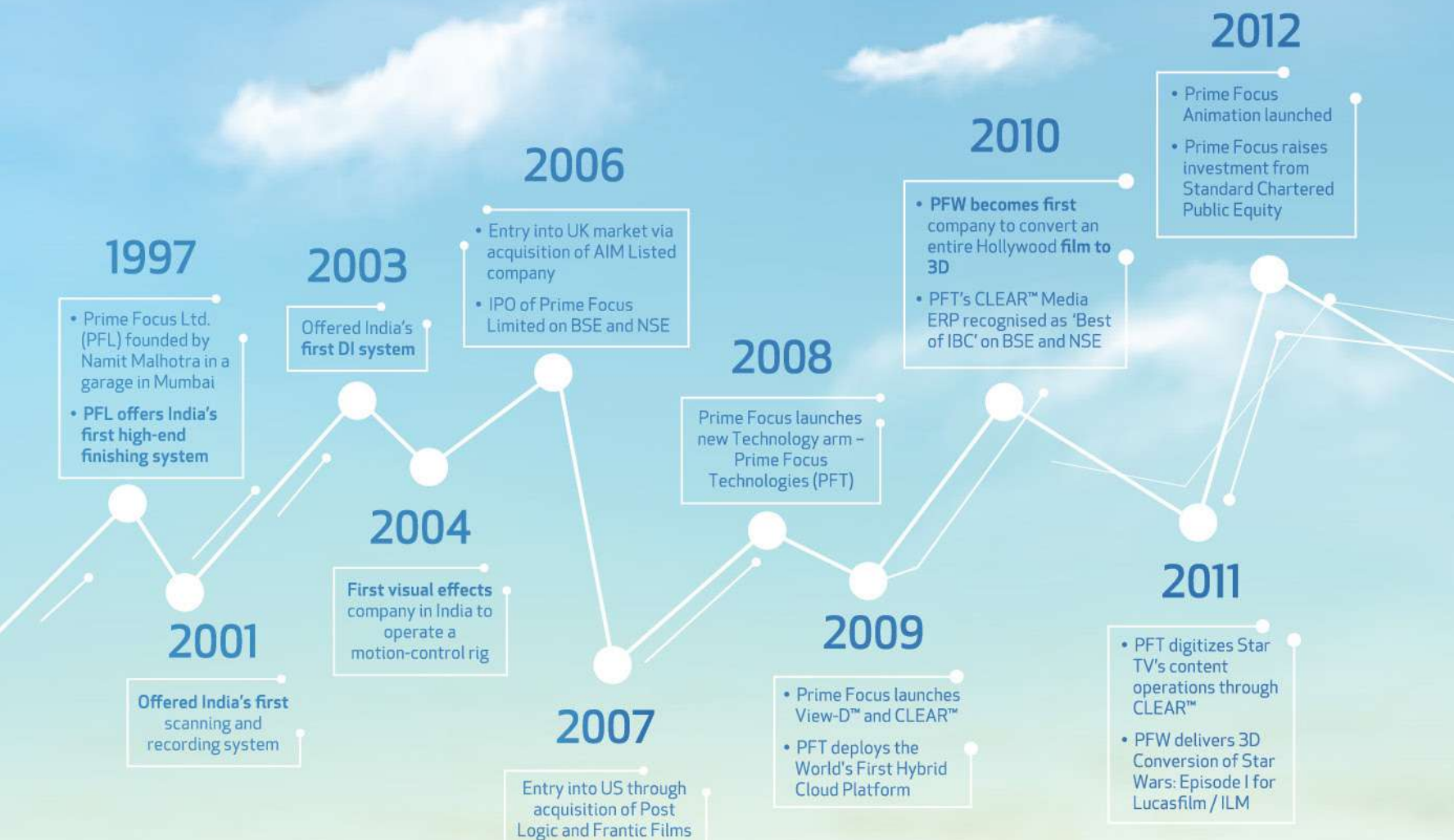




Our EQR division  
supplied equipment for  
over **125 projects** last year,  
servicing some of the biggest  
**Bollywood movies**



# MAJOR MILESTONES





## 2015

- Double Negative wins Academy Award, BAFTA and VES Award for Interstellar

- PFW and Gener8 sign Technology Licensing Partnership

- Prime Focus wins Best VFX Awards for 'Kick' (IIFA Awards) and 'Sin City: A Dame To Kill For' (Apollo Asia Awards)

- PFT honoured with Frost & Sullivan's 2015 Global Growth Excellence Leadership Award

- Prime Focus merges with Film & Media Services business of Reliance Media Works

## 2017

- Prime Focus bags honor at Fortune India 'Next 500' 2016 Awards

- Prime Focus Ltd reports FY17 Consolidated Income of Rs. 21.8bn

- Prime Focus delivers post-production services for 12 National Award winning films

- Advertising Division of Prime Focus Delivered Post Production Services for the World's Best Advertisement of 2016

## 2013

- Prime Focus raises US\$38 MN investment from Macquarie Capital

- PFW wins Advanced Imaging Society 3D Award for 'Gravity'

- PFT launches world's largest digital media services cloud

- Prime Focus raises US\$10 MN from AID Partners Public Equity

- PFT wins Aegis Graham Bell Award 2013 for Innovation in Cloud-based Solutions

## 2014

- PFW works on more than half of all the summer releases of the major Hollywood studios

- PFT acquires DAX® (creators of PrimeTime Emmy® award-winning Digital Dailies®) and Academy® Award winning Lowry Digital

- PFW and Double Negative merge their Hollywood-facing VFX businesses

- PFW secures U.S. Patent for View-D stereo conversion technology

- Reliance Capital picks up 30.2% in Prime Focus; Prime Focus merges Film & Media Services business of Reliance MediaWorks

- PFT-restored Associated Press Archive Digitization wins FOCAL International Award

## 2016

- Double Negative wins Academy Award and British Independent Film Award for 'Ex Machina'

- PFW's 'DeepGen' Stereo Technology recognised with AIS Lumiere Technology Award

- PFT picks up two awards at 2016 CMO Asia Awards, including 'Marketing Campaign of the Year'

- Prime Focus divests 30% stake in Digital Domain-Reliance, LLC; to form Virtual Reality and Advertising JV in India; Total Deal Value at US\$ 55 million

- Prime Focus Technologies secures investment from Ambit Pragma Private Equity

## 2018

- DNEG wins Academy Award, BAFTA and VES Award for Blade Runner: 2049

- DNEG wins BAFTA TV Award for Best Special Visual Effects for Black Mirror: Metalhead

- Prime Focus Advertising delivers post production services for 4 ABBY Award winners (1 Gold, 1 Silver & 2 Bronze)

- Prime Focus limited reports FY18 consolidated income of ₹22.9 bn

- Prime Focus Limited enters 'Fortune India 500' companies

- PFT powered IPL 2018 coverage for Hotstar garners 10.7 million concurrent views, setting a new global record



# THE BOARD

## Naresh Malhotra

Chairman Emeritus and Whole-time Director

A veteran in the Indian M&E industry, best known for producing the Amitabh Bachchan starrer Shahenshah, Naresh realized early the potential boom in the Indian television industry. He set up India's first digital audio studio in 90s and also started providing equipment rental services to TV and ad filmmakers. Naresh was Chairman of the Board from 1997 to June 2014.



## Namit Malhotra

Founder, Executive Chairman, Global CEO & Executive Director

As the founder of Prime Focus, Namit has been responsible for the strategy, growth and success of Prime Focus from its modest beginnings in Mumbai in 1997 to its current position as the world's largest independent and integrated media services powerhouse. Namit's perpetual optimism and entrepreneurial spirit is written throughout the Prime Focus identity. Actively seeking out projects that will expand the strengths of the company, and challenge its team to push themselves to the next level, Namit is devoted to nurturing talent and ambition, and to delivering world-class creative and technical services, and intelligent financial solutions.

## Ramakrishnan Sankaranarayanan

Managing Director, Prime Focus Limited; Founder & CEO, Prime Focus Technologies

Ramakrishnan Sankaranarayanan is MD, Prime Focus and Founder & CEO of Prime Focus Technologies. In his role as MD of Prime Focus India, he is responsible for all operations and business lines throughout India, and as Founder & CEO of Prime Focus Technologies, he is responsible for the pioneering ERP Suite tailor-made for Media and Entertainment companies globally. With over 23 years of rich experience performing technical, strategy, customer service, marketing, sales & general management roles in the IT industry, Ramakrishnan has solid experience in the deployment of technology within the Media & Entertainment sector. Prior to starting PFT in 2008, he was CEO of Subex Technologies.



## Rivkaran Chadha

Independent and Non-Executive Director

Rivkaran Chadha is an MBA in finance from Cardiff University, Wales. A successful businessman, he provides valuable inputs for the framing and implementation of the financial strategies of Prime Focus.

## Kodi Raghavan Srinivasan

Independent and Non-Executive Director

Kodi Raghavan Srinivasan is a Chartered Accountant and Cost Accountant with extensive experience in the fields of Internal, Statutory and Management audits, corporate laws, taxation laws, financial consultancy, and Costing and Management Information services.



## Amit Bapna

Non-Executive Director (Resigned w.e.f. May 30, 2018)

Amit is a Chartered Accountant with extensive experience in varied business environments, from manufacturing to financial services. He is the Chief Financial Officer at Reliance Capital, where he provides financial direction, oversight and control for Reliance Capital and Group companies. He earlier worked in the capacity of CFO of Reliance Capital Asset Management Ltd and Reliance Consumer Finance where he played a key role and has been a significant contributor to the exponential growth of the business.



### **Padmanabha Gopal Aiyar**

Independent and Non-Executive Director

Padmanabha Gopal Aiyar has been a practicing Advocate at the Bombay High Court for the past 31 years. He has expert knowledge of Civil Law, Company Law and industrial arbitration matters. He is well respected in judicial circles for his sincerity and integrity.



### **Dr. Hemalatha Thiagarajan**

Independent and Non-Executive Director

Dr. Hemalatha Thiagarajan is an accomplished academic with over 36 years of experience. She has taught at both Loyola College and Meenakshi College for Women in Chennai, was the principal of Regional Engineering College, Trichy and Director of National Institute of Technology. She holds MSc. and MPhil. degrees in mathematics and a doctorate in operational research.



### **Udai Dhawan**

Non-Executive Director

Udai is Managing Director and Head for Standard Chartered Private Equity (SCPE) in India.

He joined SCPE in 2008 and has been involved in a substantial number of SCPE's investments in India, serving on the board of many of the fund's portfolio companies. Prior to SCPE, Udai worked for 13 years in financial services focused on corporate investing, M&A and corporate finance, both in India and the United States. Udai's roles have included senior positions with Kotak Mahindra Capital in investment banking, with Sabre Inc. in corporate development, and with Arthur Andersen in corporate finance advisory. Udai is an MBA from the Wharton School, University of Pennsylvania and is a Chartered Accountant from the Institute of Chartered Accountants of India.



### **Samu Devarajan**

Independent and Non-Executive Director

An industry veteran, Mr. Samu Devarajan brings a wealth of management experience having previously held the position of Managing Director of CISCO Systems India. As CEO and MD, he helped TATA Elxsi from loss-making organization to one of the most successful companies of the TATA Group. Dev is currently the Chairman of Board of Directors at ADC India Communications Limited, Independent Director at Neilsoft Limited and founder and President of Transmation Consulting, his own strategy consulting firm.



### **Anand Natarajan**

Non-Executive Director (Appointed as an Additional Director w.e.f. May 30, 2018)

Mr. Anand Natarajan is the Chief Operating Officer of Reliance Capital Limited. He is a qualified Chartered Accountant and holds a degree in Masters in Business Administration. He has three decades of experience in consumer banking, risk management, retail and wholesale banking operations and large-scale process and people integration. Prior to Reliance Capital Limited, Anand worked with Fullerton India Credit Co. Limited, where he was head of Strategy and Business Execution for the NBFC. Prior to Fullerton, he was the Chief Operating Officer for PT Bank ANZ, Indonesia and based in Jakarta. He spent over 23 years career at Standard Chartered Bank in various roles in wholesale and retail banking across India, South Asia, Middle East and Africa. He was last, the Regional Chief Risk Officer – Consumer Banking for Standard Chartered's South Asia business.









# MANAGING DIRECTOR'S MESSAGE

The Media & Entertainment (M&E) industry is currently witnessing huge momentum. Original content is being generated at a frequency and speed never seen before, with 484 original scripted TV shows being aired in 2017. Digital OTT businesses have given rise to new complexities in content operations, including a growing number of versions, formats and new technologies that content creators need to manage across sprawling supply chains. The need for reducing turnaround time (TAT) and operating costs is hitting broadcasters harder than ever, especially those with wide global footprints, struggling to perform content operations separately in each territory. Studios are singularly focused on international expansion to enlist more subscribers, which further entails making content relevant for global audiences. In the midst of all this, Artificial Intelligence (AI) is gaining ground as the next big disruptor, and business use cases are emerging with new possibilities.

All these developments present immense growth opportunities for Prime Focus. As a core participant in the content supply chain, with creative, software and media service offerings; we are in a vantage position to solve critical challenges faced by M&E companies on the creation, marketing and distribution fronts. The past year has been an extremely exciting one for Prime Focus. We recently won our 3<sup>rd</sup> Oscar in 4 years for DNEG's work on 'Blade Runner 2049' as well as the BAFTA TV Craft Award for 'Black Mirror – Metalhead'. We also bagged numerous accolades for our innovative tech offerings, including a revolutionary Work Order Management system that takes our promise of enterprise digitization to the next level, and lays a strong foundation for our latest go-to-market campaign 'Think Automation. Think CLEAR'. We struck several strategic partnerships, and signed big-ticket contracts with major studios, broadcasters, service providers and brands, strengthening our toehold in strategic regions like EMEA, APAC and the Americas. My recent decision to move to the US and work out of our California headquarters is also an important part of the Group's global growth strategy.

On the financial front, we are thrilled to have delivered steady growth across all business divisions, with income from Operations touching \$356 million, as compared to \$325 million in the previous year. Our EBITDA margin also crossed last year's figure, touching 23.7% and exceeding the mid-term target of 20%. The infusion of additional funds from promoters will allow the company to reduce its debt substantially going forward. With a robust order book of more than \$500 million, and 9000 highly talented professionals on board, the Group's future is looking brighter than ever. Our success hinges on the fact that 21 years since inception, our pioneering spirit, hunger for innovation and desire to question the status quo remain as strong as ever. If our two decade journey so far has been characterized by market trust and growth, the next two decades are equally critical for our success – in India and across the globe. We have always recognized the need to reinvent ourselves in the light of changing market dynamics, and we will continue to innovate with our core principles: seeking and delivering excellence, customer first mind set, growth and agility.

I would like to take this opportunity to thank our partners and shareholders for their continued trust, and our employees for their focused commitment and fervor to deliver nothing but the best. I would also like to express my heartfelt gratitude to our customers for the opportunity to serve them every day. It is a privilege to collaborate with each one of you, and we will to leave no stone unturned to ensure the continued success of our partnership. I look forward to the invaluable support of the Group's stakeholders for all our future endeavors.

**Ramki Sankaranarayanan**

Managing Director, Prime Focus

Founder & CEO, Prime Focus Technologies



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Namit Malhotra -  
Chairman & Global CEO

Mr. Naresh Malhotra -  
Whole-time Director

Mr. Ramakrishnan Sankaranarayanan -  
Managing Director

### Non-Executive Directors

Mr. Kodi Raghavan Srinivasan -  
Independent Director

Mr. Rivkaran Chadha -  
Independent Director

Mr. Padmanabha Gopal Aiyar -  
Independent Director

Mrs. (Dr.) Hemalatha Thiagarajan -  
Independent Director

Mr. Samu Devarajan -  
Independent Director

Mr. UdaiDhawan

Mr. Anand Natarajan -  
(Appointed w.e.f 30th May 2018)

Mr. Amit Bapna -  
(Resigned w.e.f 30th May 2018)



## CHIEF FINANCIAL OFFICER

Mr. Nishant Fadia  
w.e.f 15th February 2018

Mr. Vikas Rathee upto  
14th February 2018

## COMPANY SECRETARY

Ms. Parina Shah

## STATUTORY AUDITORS

M/s. Deloitte Haskins  
& Sells (Registration  
No. 117364W)

## BANKERS

Yes Bank Limited

## REGISTRAR & SHARE TRANSFER AGENTS

Link Intime India Private Limited  
C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai-400 083  
Tel: +91 22 49186000 Fax: +91 22 49186060  
Email: [ishwar.suvarna@linkintime.co.in](mailto:ishwar.suvarna@linkintime.co.in)  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)

## REGISTERED OFFICE

Prime Focus House,  
Opposite Citi Bank, Linking Road, Khar (West), Mumbai 400 052  
Tel: +91 22 6715 5000 Fax: +91 22 6715 5001  
Email: [irindia@primefocus.com](mailto:irindia@primefocus.com)  
Website: [www.primefocus.com](http://www.primefocus.com)

## CORPORATE IDENTITY NUMBER (CIN)

L92100MH1997PLC108981







# DIRECTORS' REPORT



To  
The Members of

## Prime Focus Limited

Your Company's Directors are pleased to present the Twenty-first Annual Report together with Audited Financial Statements for financial year ended March 31, 2018.

## 1. FINANCIAL PERFORMANCE SUMMARY

The Consolidated and Standalone Audited Financial Results for the financial year ended March 31, 2018 are as follows:

(₹ In Crores)

Particulars	Consolidated		Standalone	
	2017-18	2016-17*	2017-18	2016-17
Income from operations	2,227.52	2,139.62	136.44	145.60
Other operating income	29.96	14.00	8.88	8.91
Total income from operations	2,257.48	2,153.62	145.32	154.51
Less: Expenses	2,118.39	1,998.32	167.37	167.68
Add: Other income	34.44	24.45	26.76	15.36
Less: Finance costs	212.31	172.02	74.13	32.75
Less: Exceptional items	-	(96.82)	-	(18.46)
Less: Tax expense	5.63	8.96	(12.83)	(1.06)
Less: Minority interest	8.78	12.29	-	-
Net Profit / (Loss) for the year / period	(53.19)	83.30	(56.60)	(11.04)

\*Restated - Refer notes to consolidated financial statements

## 2. OPERATIONS AND PERFORMANCE REVIEW

### Consolidated

During the year under review, total income of the Company and its subsidiaries stood at ₹ 2,257.48 crores as compared to ₹ 2,153.62 cores in the previous year. Profit/(loss) before exceptional items and tax during the year was ₹ (38.78) cores as compared to ₹ 7.74 cores in previous year. The Net profit/(loss) after tax was ₹ (53.19) cores as compared to ₹ 83.30 cores in previous year

### Standalone

Total income during the year was ₹ 145.32 cores as compared to ₹ 154.51 cores in the previous year. Profit/(loss) before exceptional items and tax during the year was ₹ (69.42) cores as compared to ₹ (30.56) cores in the previous year. The Net profit/(loss) after tax was ₹ (56.60) cores as compared to ₹ (11.04) cores in the previous year.

A detailed analysis on the Company's performance, both Consolidated & Standalone, is included in the "Management Discussion & Analysis" Report which forms part of this Annual Report.

## 3. DIVIDEND

In view of the losses in Financial Year 2017-18, your Board did not recommend any dividend for its equity shares.



#### 4. DIVIDEND DISTRIBUTION POLICY

In compliance with the listing regulations your board had formulated a dividend distribution policy. A copy of the said policy is available on the website of the company: <http://www.primefocus.com/sites/default/files/pdf/Dividend-Distribution-Policy.pdf> and the same is attached as **Annexure A**.

#### 5. TRANSFER TO RESERVES

During the year under review the company has transferred ₹ 37.47 crores from Debenture Redemption Reserve to General Reserve.

#### 6. SHARE CAPITAL

In view of the present size of the Company's operations and its future requirement of capital, and the proposed allotment of equity shares (pursuant to conversion of the Warrants proposed to be issued pursuant to a preferential allotment), the company at EOGM (Extra-Ordinary General Meeting) held on January 05, 2018, increased its Authorized Capital of the Company from ₹ 35,00,00,000 (Rupees Thirty Five Crores Only) to ₹ 45,00,00,000 (Rupees Forty Five Crores Only). The increased share capital of ₹ 45,00,00,000 (Rupees Forty Five Crores Only) will consist of 45,00,00,000 (Forty Five Crores) Equity Shares of Re 1 (Rupee One Only) each. The necessary amendments were made to Clause V in the Memorandum of Association.

The paid-up equity share capital of the Company as on March 31, 2018 was ₹ 299,165,645 comprising of 299,165,645 equity shares of Re 1/- each. During the year under review, the Company has allotted 286,671 equity shares of Re 1/- each pursuant to exercise of employee stock options, the Company has not issued share with differential voting rights nor sweat equity. As on March 31, 2018, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

#### 7. ISSUE OF WARRANTS

Pursuant to the special resolution passed by the shareholders of the Company at its Extra – Ordinary General Meeting held on January 05, 2018, the Board of Directors of the Company in its meeting held on February 14, 2018 have allotted 31,132,076 warrants, convertible into the equal number of equity shares of the Company of face value of ₹ 1 each at a price of ₹ 106/- per warrant to Monsoon Studio Private Limited (Promoter) and Mr. Anshul Doshi (Non-Promoter), on preferential basis.

#### 8. SECRETARIAL STANDARDS

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) and approved by the Central Government under Section 118 (10) of the Companies Act, 2013 for the Financial Year ended 2017-18.

#### 9. EMPLOYEE STOCK OPTION SCHEME (ESOP)

The Company has implemented 'PFL-ESOP Scheme 2014' compliant with the SEBI (Share Based Employee Benefits) Regulations, 2014 to reward and retain the qualified and skilled employees and to give them an opportunity to participate in the growth of the Company; these schemes are administered by the Compensation Committee of the Company.

A certificate from the Statutory Auditors of the Company as required under Regulation 13 of the SEBI (Share Based Employee Benefits) Regulations, 2014 shall be placed at the ensuing Annual General Meeting for inspection by the Members. The disclosures as required under Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 read with SEBI Circular dated June 16, 2015 are accessible on Company's website : [http://www.primefocus.com/investor-center#Corporate\\_Governance](http://www.primefocus.com/investor-center#Corporate_Governance) The details of Employee Stock Options form part of the Notes to accounts to financial Statements in this Annual Report. No employee of the Company received grant of options during the year amounting to 5% or more of the options granted or exceeding 1% of issued capital of the Company.

#### 10. MATERIAL CHANGES AND COMMITMENT AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of financial year of the Company to which the Financial Statements relate and the date of this Report.

#### 11. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the financial year under review, there were no significant or material orders passed by the Regulators or Courts or Tribunal which would impact the going concern status of the Company and its future operation.





## 12. RISK MANAGEMENT

The Company is exposed to inherent uncertainties owing to the sectors in which it operates. A key factor in determining a company's capacity to create sustainable value is the risks that the company is willing to take (at strategic and operational levels) and its ability to manage them effectively. Many risks exist in a company's operating environment and they emerge on a regular basis. The Company's Risk Management processes focuses on ensuring that these risks are identified on a timely basis and addressed.

The Company is well aware of the above risks and as part of business strategy has put in a mechanism to ensure that they are mitigated with timely action. The Company has a Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage.

## 13. INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems. For further details, please refer to the Management Discussion and Analysis Report which forms a part of the Annual Report.

## 14. HUMAN RESOURCES

Human Resource is considered as one of the most critical resource in the business which can be continuously smoothened to maximize the effectiveness of the organization. Human Resource build the Enterprise and the sense of belonging would inculcate the spirit of dedication and loyalty amongst them towards strengthening the Company's Policies and Systems. All personnel continue to have healthy, cordial and harmonious approach thereby enhancing the contributory value of the Company. The Company has generally enjoyed cordial relations with its personnel. Further, the total number of permanent employees of the Company as on March 31, 2018 is 508.

## 15. PREVENTION OF SEXUAL HARASSMENT

The Company has zero tolerance for sexual harassment at workplace and has a mechanism in place for prevention, prohibition and redressal

of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. The Company is committed to providing equal opportunities without regard to their race, caste, sex, religion, colour, nationality, disability, etc. All employees are treated with dignity with a view to maintain a work environment free of sexual harassment whether physical, verbal or psychological. All employees (permanent, contractual, temporary, trainees) are covered.

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment at workplace. During the year under review, Company has not received any complaints on sexual harassment.

## 16. REDEMPTION OF DEBENTURES

During the financial year under review, Company has made payment of redemption amount and interest to debenture holders. The details of redemption are as mentioned below:-

Sr. No.	Type of Security	Redemption Date	No of Security	Face Value
1	Unlisted, Unrated, Redeemable, Non Convertible Debenture	September 03, 2017	2891	1,00,000/-
2	Series A - Zero Coupon Unsecured Redeemable Non-Convertible Debentures	October 04, 2017	1010	10,00,000/-
3	Unlisted, Unrated, Redeemable, Non Convertible Debenture	November 06, 2017 & November 08, 2017	2000	1,00,000/-

The Debenture Trustee for 891 Series B Zero Coupon Unsecured Redeemable Non-Convertible Debentures was changed from Unit Trust of India Investment Advisory Services Limited (Retiring Trustee) to SBICAP Trustee Company Limited (New Trustee) due to withdrawal of activity of trusteeship by the Retiring Trustee.

## 17. PUBLIC DEPOSITS

The Company has not accepted any deposits from the public falling within the ambit of Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014.

## 18. EXTRACT OF ANNUAL RETURN

The Extract of Annual Return in Form MGT-9 pursuant to Section 92(3) of the Act and Rule 12 of the Companies (Management and Administration) Rules, 2014 is annexed as **Annexure-B** to this Report.

## 19. CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company and its subsidiaries have been prepared in accordance with the provisions of the Act read with the Companies (Accounts) Rules, 2014, applicable Accounting Standards and the SEBI (Listing obligations and Disclosure Requirement) Regulations, 2015 and it forms part of the Annual Report. Pursuant to Section 129(3) of the Act, a statement containing the salient features of the financial statements of the subsidiary companies for the Financial year 2017-18 is attached in Form AOC-1. The Company will make available the said financial statements and related detailed information of the subsidiary companies upon request by any member of the Company or its subsidiary companies. These financial statements will also be kept open for inspection by any Member at the Registered Office of the Company.

Pursuant to the provisions of section 136 of the Act, the Audited financial statements of the Company, consolidated financial statements along with relevant documents and separate Audited Accounts in respect of subsidiaries, are available on the website of the Company viz. [www.primefocus.com](http://www.primefocus.com)

## 20. SUBSIDIARY COMPANIES, JOINT VENTURE AND ASSOCIATE COMPANIES

The company has 45 subsidiaries as on March 31, 2018. During the financial year, the following changes have taken place in subsidiary companies:-

### a. Companies which have become subsidiary Company:

1. Double Negative Montreal Productions Ltd.
2. Gener8 Digital Media Services Montreal Ltd.
3. Prime Focus Creative Services Montreal Inc.

### b. Companies which ceased to be subsidiary Company:

Prime Focus Animation UK Ltd.

### c. Name changes:

1. Name of Prime Focus World Creative Services Private Limited has been changed to DNEG Creative Services Private Limited w.e.f. March 12, 2018.

2. Name of Prime Focus North America, Inc. was changed to DNEG North America Inc. w.e.f. March 05, 2018.

### d. Joint Venture / Associate Companies :

During the financial year under review, there are no Companies which have become or ceased to be Associate / Joint Venture.

## 21. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

### A. CONSERVATION OF ENERGY

- i. The steps taken to or impact on conservation of energy-**  
Although the Company is not engaged in manufacturing activities, as a responsible corporate citizen, we continue to pursue and adopt appropriate energy conservation measures. The Company makes every effort to conserve energy as far as possible in its post-production facilities, Studios, Offices, etc. The Company also takes significant measures to reduce energy consumption by using energy efficient computers and by purchasing energy efficient equipment. The Company purchases PCs, laptops, air conditioners etc. that meet environment standards, wherever possible and replace old equipment with more energy-efficient equipment.
- ii. The Steps taken by the Company for utilizing alternate sources of energy -** Not applicable.
- iii. The capital investment on energy conservation equipment's -** The Company constantly evaluates new developments and invests into latest energy efficient technology.

### B. TECHNOLOGY ABSORPTION

- i. The efforts made towards technology absorption -** The Company adopts the latest trends in the technology development and introduces the same so as to ensure reduction in cost with best quality output.
- ii. The benefits derived like product improvement, cost reduction, Product development or import substitution -** Not applicable.

### C. IMPORTED TECHNOLOGY

- i. The details of technology imported -** Not Applicable
- ii. The year of import -** Not applicable
- iii. Whether the technology has been fully absorbed -** Not applicable





iv. **If not fully absorbed** - Not applicable

**Expenditure incurred on Research and Development (R&D):**

Your company is predominantly a service provider and therefore has not set up a formal R&D unit, however continuous research and development is carried out at various development centers as an integral part of the activities of the Company.

**Particulars of foreign currency earnings and outgo are asunder:**

(₹ Crores)		
Particulars	March 31, 2018	March 31, 2017
Foreign Exchange Earned: Revenue from operations and interest income	7.53	16.00
Foreign Exchange Outgo: Technical service cost, repairs and maintenance, interest and others	0.75	0.73

## 22. MANAGEMENT DISCUSSION AND ANALYSIS

Management's Discussion and Analysis Report for the financial year ended March 31, 2018 as stipulated under Regulation 34 of Securities and Exchange Board of India (Listing obligations and Disclosure Requirement) Regulations, 2015, is included as a separate section forming part of the Annual Report.

## 23. CORPORATE GOVERNANCE REPORT

A separate section on Corporate Governance forming part of the Directors' Report and the certificate from the Practicing Company Secretary confirming compliance of Corporate Governance norms as stipulated in Regulation 34 read along with schedule V of SEBI (Listing obligations and Disclosure Requirement) Regulations, 2015 is included in the Annual Report for the Financial Year 2017-18.

## 24. DIRECTORS

As per the relevant provisions of Companies Act, 2013 and SEBI (Listing Obligations Disclosure Requirement) Regulations, 2015, during the financial year under review, the following changes in Directors are detailed as follows:

**Appointment of Directors:**

Pursuant to the provisions of Section 149(10) of the Companies Act, 2013, read along with the Rules framed thereunder, Mr. Udai Dhawan (DIN: 03048040) was appointed as Director of the Company at the Annual General meeting of the Company on September 27, 2017 who was appointed as an Additional, Non-Executive Director

[(Nominee of Standard Chartered Private Equity (Mauritius) III Limited and Standard Chartered Private Equity Mauritius Limited)] by Board of Directors pursuant to recommendation of Nomination and Remuneration Committee effective from December 14, 2016.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mr. Samu Devarajan (DIN: 00878956) was appointed as Non-Executive Independent Director at the Annual General meeting of the Company on September 27, 2017 for a period of five consecutive years w.e.f. December 14, 2016 who was appointed as an Additional, Non Executive, Independent director by the Board of Directors pursuant to recommendation of Nomination and Remuneration Committee effective from December 14, 2016.

Further, pursuant to the Section 149(13) and 152 of the Act, provisions for the retirement of rotation of directors shall not apply to such Independent Directors.

**Further the following changes were taken place after the financial year till the date of this report:**

**Resignation and Appointment:**

Mr. Amit Bapna (DIN: 00008443) (Nominee of Reliance Mediaworks Financial Services Private Limited, wholly owned subsidiary Reliance Mediaworks Limited) resigned as Non-Executive Director w.e.f. May 30, 2018 due to pre-occupancy. The Board placed on record its appreciation for the services rendered by him during his tenure with the company

Pursuant to the recommendation of Nomination and Remuneration Committee, Mr. Anand Natarajan was appointed as an Additional Non-Executive Director in place of Mr. Amit Bapna (Nominee of Reliance Mediaworks Financial Services Private Limited, wholly owned subsidiary Reliance Mediaworks Limited) of the company by the Board of Directors with effect from May 30, 2018 in respect of whom the company has received a notice in writing under section 160 of the Act from member proposing Mr. Anand Natarajan as Director in the ensuing AGM.

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 dated May 9, 2018, a special resolution is required to be passed for continuing the directorship of any person as a non-executive director who has attained the age of seventy five. In view of the above, it is proposed to obtain shareholders' approval at the ensuing Annual General Meeting for continuing the Directorship of Mr. G.P. Aiyar who is above 75 years of age as on the date of this report.

**Re-appointment of Director**

Pursuant to the resolutions passed by the Nomination and

Remuneration Committee, the Board of Directors at their meeting held on May 22, 2017 and members of the Company at the Annual General Meeting of the Company held on September 27, 2017 re-appointed Mr. Namit Malhotra (DIN: 00004049) as a Chairman and Executive Director and Mr. Ramakrishnan Sankaranarayanan (DIN: 02696897) as a Managing Director w.e.f June 25, 2017 for a period of 3 years.

In accordance with the provisions of Section 152 of the Act and Articles of Association of the Company, Mr. Ramakrishnan Sankaranarayanan (DIN: 02696897) will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer himself for re-appointment.

The Board recommends for the above appointment / reappointment. Items seeking your approval on the above are included in the Notice convening the Annual General Meeting. Brief resume of the directors being appointed / re-appointed / whose remuneration is proposed to be increased / fix forms part of the Notice of the ensuing Annual General Meeting.

## 25. DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16 of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015.

## 26. RECEIPT OF REMUNERATION OR COMMISSION FROM HOLDING COMPANY OR SUBSIDIARY COMPANY

Mr. Ramakrishnan Sankaranarayanan, Managing Director of the Company was re-appointed as a Whole Time Director in Prime Focus Technologies Limited ("PFT"), a subsidiary company on June 25, 2017. He is in receipt of ₹ 0.74 Crores p.a. as remuneration in his capacity as a Whole-Time Director of PFT.

## 27. KEY MANAGERIAL PERSONNEL

During the year under review, the following directors / executives continued as KMPs during Financial Year 2017-18:

- Mr. Ramakrishnan Sankaranarayanan, Managing Director
- Mr. Namit Malhotra, Executive Director
- Mr. Vikas Rathee, Chief Financial Officer\*
- Mr. Nishant Fadia, Chief Financial Officer\*\*
- Ms. Parina Shah, Company Secretary

### Note:

- \* Mr. Vikas Rathee resigned from the post of Chief Financial Officer w.e.f. February 14 2018
- \*\* Mr. Nishant Fadia was appointed as Chief Financial Officer w.e.f. February 15 2018

## 28. BOARD EVALUATION

Pursuant to the provisions of the Act and the corporate governance requirements as prescribed by SEBI (Listing obligations and Disclosure requirements) Regulations, 2015, the Board of Directors ("Board") has carried out an annual evaluation of its own performance, and that of its Committees and individual Directors.

The performance evaluation of the Independent Directors was carried out by the entire Board, excluding the Director being evaluated. The performance evaluation of the Chairman and the Non Independent Directors were carried out by the Independent Directors who also reviewed the performance of the Board as a whole. The Nomination and Remuneration Committee also reviewed the performance of the Board, its Committees and of the Directors.

The criteria for performance evaluation of the Board included aspects like Board composition and structure; effectiveness of Board processes, information and functioning etc. The criteria for performance evaluation of Committees of the Board included aspects like composition of Committees, effectiveness of Committee meetings etc. The criteria for performance evaluation of the individual Directors included aspects on contribution to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings etc. In addition the Chairperson was also evaluated on the key aspects of his role. The Criteria for performance evaluation of Independent Directors included aspects like Invests time in understanding the company and its unique requirements; Brings in external knowledge and perspective to the table for discussions at the meetings; Expresses his / her views on the issues discussed at the Board; and keeps himself/herself current on areas and issues that are likely to be discussed at the Board level.

### Selection and procedure for nomination and appointment of Directors

The Nomination and Remuneration Committee is responsible for developing competency requirements for the Board based on the industry and strategy of the Company. The Board composition analysis reflects in-depth understanding of the Company, including its strategies, environment, operations, financial condition and compliance requirements.





The Committee is also responsible for reviewing and vetting the CVs of potential candidates' vis-à-vis the required competencies, undertake a reference and due diligence and meeting potential candidates, prior to making recommendations of their nomination to the Board. At the time of appointment, specific requirements for the position, including expert knowledge expected, is communicated to the appointee.

#### **Criteria for Determining Qualifications, Positive Attributes and Independence of a Director**

The Nomination and Remuneration Committee has formulated the criteria for determining qualifications, positive attributes and independence of Directors in terms of provisions of Section 178(3) of the Act and Regulation 19 of the Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015, which is annexed as **Annexure C**.

#### **Familiarisation Programme for Independent Directors**

Pursuant to Regulation 25 (7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has in place a programme for familiarisation of the Independent Directors, details of which is available on the website of the company:

[http://www.primefocus.com/sites/default/files/pdf/Familiarisation\\_programme\\_for\\_Independent\\_Directors.PDF](http://www.primefocus.com/sites/default/files/pdf/Familiarisation_programme_for_Independent_Directors.PDF)

### **29. NOMINATION AND REMUNERATION POLICY**

The Company has in place a Remuneration Policy for the Directors, Key Managerial Personnel, Senior Management and other Employees pursuant to the provisions of the Act and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Nomination and Remuneration policy forms a part of this report and is annexed as **Annexure -D**.

### **30. BOARD MEETINGS**

During the financial year under review, Six (6) Board Meetings were held. The details of which are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Act and Regulation 17 of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015.

Currently the Board has Five (5) committees, namely, Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility ("CSR") Committee, Stakeholders' Relationship Committee and ESOP Compensation Committee.

Details of the composition of the Board and its Committees and of the Meetings held, attendance of the Directors at such Meetings and other relevant details are provided in the Corporate Governance Report.

### **31. AUDIT COMMITTEE**

The Audit Committee comprises of following members:

Name of the Members	Positions
Mr. Rivkaran Chadha	Chairman
Mr. Kodi Raghavan Srinivasan	Member
Mr. Padmanabha Gopal Aiyar	Member
Mr. Amit Bapna*	Member
Mr. Samu Devarajan	Member
Mr. Anand Natarajan**	Member

\*Mr. Amit Bapna resigned from Audit committee w.e.f. May 30, 2018 and ceased to be a member

\*\*Mr. Anand Natarajan was appointed as a member in audit committee w.e.f. May 30, 2018.

Further, details relating to the Audit Committee are provided in the Corporate Governance Report.

### **32. VIGIL MECHANISM**

The Company has adopted a Whistle Blower Policy establishing vigil mechanism, to provide a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee. The policy of vigil mechanism is available on the Company's website (Weblink: [http://www.primefocus.com/sites/default/files/pdf/Vigil\\_Mechanism\\_Policy.pdf](http://www.primefocus.com/sites/default/files/pdf/Vigil_Mechanism_Policy.pdf))

### **33. PARTICULARS OF EMPLOYEES**

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to the Report as **Annexure E**.

In terms of Section 136 of the Act, the Report and Accounts are being sent to the members, excluding the information on

employees' particulars which is available for inspection by the Members at the Registered Office of the Company during the business hours on working days of the Company. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

### 34. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The brief outline of the CSR Policy of the Company alongwith the Annual Report on CSR activities is set out in **Annexure F** of this report. The policy is available on the Company's website. (Weblink: <http://www.primefocus.com/sites/default/files/pdf/CSR Policy.pdf>)

### 35. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The particulars of Loans given, Investments made, Guarantees given and Securities provided during the financial year under Section 186 of the Act are stated in the Notes to Accounts which forms part of this Annual Report.

### 36. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts/arrangements/ transactions entered by the Company with the Related Parties during the financial period were on an Arm's length basis and were in compliance with the applicable provisions of the Act and the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions were entered into only with prior approval of the Audit Committee, except transactions which qualify under Omnibus approval as permitted under the law. A statement of all Related Party Transactions is placed before the Audit Committee and Board for its review on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

The policy on Related Party Transactions is available on the Company's website (URL: <http://www.primefocus.com/sites/default/files/pdf/Policy on Related parties.pdf>) There are no transactions that are required to be reported in Form AOC-2 and as such do not form part of the Report.

### 37. BUSINESS RESPONSIBILITY REPORT

Pursuant to Regulation 34(2)(f) of the Listing Regulations, the Business Responsibility initiatives taken on environmental, social and governance perspective, in the prescribed format is available as a separate section in the Annual Report.

### 38. INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Pursuant to the provisions of Section 124 and other applicable provisions, if any of the Companies Act 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has transferred 9485 shares in respect of which dividend has not been paid or claimed for seven consecutive years or more to IEPF Authority including shares held in unclaimed suspense account on November 30, 2017.

The members, whose unclaimed shares have been transferred to IEPF, may claim the same by making application to the IEPF authority in form No. IEPF-5 available on [www.iepf.gov.in](http://www.iepf.gov.in) for details of unclaimed shares transferred to IEPF please refer company's website viz. [www.primefocus.com](http://www.primefocus.com)

### 39. AUDITORS

#### Statutory Auditors

At the AGM held on December 24, 2014, Deloitte Haskins & Sells (DHS), Chartered Accountants (Registration No. 117364W), were appointed as Statutory Auditors of the Company to hold office from the conclusion of 17th Annual General Meeting till the conclusion of 22nd Annual General Meeting of the Company.

The Auditors Report for the Financial year 2017-18 does not contain any qualification, reservation or adverse remark.

#### Secretarial Auditors

Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s. D M Zaveri and Company, Practicing Company Secretaries has been appointed as Secretarial Auditor, to undertake Secretarial Audit of the Company for the financial year 2017-18. The report of the Secretarial Auditor is annexed to this report as **Annexure G**.

The Secretarial Auditors' Report for the Financial year 2017-18 does not contain any qualification, reservation or adverse remark.





#### 40. DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SECTION 143(12)

During the year under review, there were no frauds reported by the auditors to the Audit Committee or the Board under section 143(12) of the Companies Act, 2013.

#### 41. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors acknowledge the responsibility for ensuring compliances with the provisions of section 134(3)(c) read with section 134(5) of the Companies Act, 2013 in the preparation of the annual accounts for the year ended on March 31, 2018 and to the best of their knowledge and ability, confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at the March 31, 2018 and of the loss of the Company for that year on that date;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis;

- e) the directors had laid down proper systems of internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### 42. CHIEF EXECUTIVE OFFICER & CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

In terms of Regulation 17(8) of SEBI (LOOR) Regulations, 2015, the Company has obtained compliance certificate from the CEO and the CFO.

#### ACKNOWLEDGMENT

Your Directors would like to express their sincere appreciation to its stakeholders financial institutions, bankers and business associates, Government authorities, customers and vendors for their co-operation and support and looks forward to their continued support in future. Your Directors also place on record, their deep sense of appreciation for the committed services by the employees of the Company.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**Ramakrishnan Sankaranarayanan**  
Managing Director  
DIN: 02696897

**Naresh Malhotra**  
Whole-Time Director  
DIN: 00004597

Date : May 30, 2018  
Place: Mumbai

## ANNEXURE - A DIVIDEND DISTRIBUTION POLICY

### 1. Background, Scope and Applicability

The SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 ("Regulations") require the top 500 listed companies (by market capitalisation) to disclose a Dividend Distribution Policy ("Policy") in the annual report and on the corporate website. The entities other than top 500 listed companies may adopt and disclose their dividend distribution policies on voluntary basis.

The Company currently has only one class of shares, viz. equity, for which this policy is applicable. The policy is subject to review if and when the Company issues different classes of shares.

The intent of the Policy is to broadly specify the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend and how the retained earnings shall be utilized, etc.

### 2. Dividend

Dividend represents the profit of the Company, which is distributed to shareholders in proportion to the amount paid-up on shares they hold. Dividend includes Interim Dividend.

### 3. Circumstances under which shareholders can expect Dividend

The Board shall before declaring any dividend assess the Company's financial performance, long term strategy, present and future organic and inorganic growth plans and other relevant factors (as mentioned elsewhere in this policy) and ensure that sufficient funds are retained for growth of the Company.

The Dividend for any financial year shall normally be paid out of the Company profits for that year. If circumstances require, the Board may also declare dividend out of accumulated profits of any previous financial year(s) in accordance with provisions of the Act and Regulations, as applicable.

### 4. Parameters for declaration of Dividend

The Board of Directors of the Company, shall consider the following parameters for declaration of Dividend:

Financial Parameters / Internal Factors :

The Board of Directors of the Company would consider the following financial parameters before declaring or recommending dividend to shareholders:

- (a) Net operating profit after tax;
- (b) Distributable surplus available as per the Act and Regulations;
- (c) Working capital requirements;
- (d) Capital expenditure requirements;
- (e) Resources required to fund acquisitions and / or new businesses;
- (f) Cash flow required to meet contingencies;
- (g) Outstanding borrowings;
- (h) Additional investment in subsidiaries and associates of the company;
- (i) Stipulations/ Covenants of loan agreements; and
- (j) Past Dividend Trends.

#### External Factors:

The Board of Directors of the Company would consider the following external factors before declaring or recommending dividend to shareholders:

- (a) Prevailing legal requirements, regulatory conditions or restrictions laid down under the applicable laws including tax laws;
- (b) Global conditions; and
- (c) Dividend pay-out ratios of companies in the same industry.

### 5. Utilization of Retained Earning

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- Market expansion plan;
- Increase in production capacity;
- Modernization plan;
- Diversification of business;
- Long term strategic plans;
- Replacement of capital assets;
- Dividend payment; and
- Such other criteria as the Board may deem fit from time to time.





## 6. Manner of Dividend Payout

Interim dividend: Interim dividend, if any, shall be declared by the Board. Before declaring interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration to the shareholders entitled to receive the dividend on the record date, as per the applicable laws.

Final dividend: Recommendation, if any, shall be done by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company. The dividend as recommended by the Board shall be approved/declared at the Annual General Meeting of the Company. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration, to those shareholders who are entitled to receive the dividend on the record date/book closure period, as per the applicable law.

## 7. Disclosures

The Dividend Distribution Policy shall be disclosed in the Annual Report and on the website of the Company i.e. at [www.primefocus.com](http://www.primefocus.com). The Company shall also make appropriate disclosures as required under the SEBI Regulations.

## 8. General

This Policy would be subject to revision/amendment in accordance

with the guidelines as may be issued by Ministry of Corporate Affairs, Securities Exchange Board of India or such other regulatory authority as may be authorized, from time to time, on the subject matter.

The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

## 9. Disclaimer

This document does not solicit investments in the Company's securities. Nor is it an assurance of guaranteed returns (in any form), for investments in the Company's equity shares.

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**Ramakrishnan Sankaranarayanan**  
Managing Director  
DIN: 02696897

**Naresh Malhotra**  
Whole-Time Director  
DIN:00004597

Date : May 30, 2018

Place : Mumbai

## ANNEXURE B

### Annexure to Directors' Report

### FORM NO. MGT 9 - EXTRACT OF ANNUAL RETURN

As on financial year ended on March 31, 2018

[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014]

#### I. REGISTRATION & OTHER DETAILS

1. CIN	L92100MH1997PLC108981
2. Registration Date	JUNE 24, 1997
3. Name of the Company	Prime Focus Limited
4. Category/Sub-category of the Company	Public Company/ Limited by shares
5. Address of the Registered office and contact details	Prime Focus House, Opp. Citi Bank, Linking Road, Khar (West) – Mumbai – 400 052 Tel: +91 22 67155000; Fax +91 22 67155001 Email : <a href="mailto:ir.india@primefocus.com">ir.india@primefocus.com</a> Website: <a href="http://www.primefocus.com">www.primefocus.com</a>
6. Whether listed company	Yes
7. Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai-400 083 Tel: +91 22 49186000 Fax: +91 22 49186060 Email: <a href="mailto:ishwar.suvarna@linkintime.co.in">ishwar.suvarna@linkintime.co.in</a> Website: <a href="http://www.linkintime.co.in">www.linkintime.co.in</a>

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company have been stated)

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Motion picture, video and television programme post-production activities	5912	100

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section	Note
1.	<b>Prime Focus Technologies Limited</b> Address: True North, Plot No.63, Road No. 13, MIDC, Andheri (East), Mumbai-400093	U72200MH2008PLC179850	Subsidiary	73.75	2(87)	-
2.	<b>Prime Focus Visual Effects Private Limited</b> Address: 2nd Floor, Building - H, Mainframe IT Park, Royal Palms, Near Aarey Colony, Goregaon (East), Mumbai-400065	U52392MH2008PTC179538	Subsidiary	100	2(87)	-
3.	<b>Prime Focus Motion Pictures Limited</b> Address: 2nd Floor, Building-H, Mainframe IT Park, Royal Palms, Near Aarey Colony, Goregaon (East), Mumbai-400065	U92120MH2008PLC186091	Subsidiary	100	2(87)	-





Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section	Note
4.	<b>GVS Software Private Limited</b> Address: 2nd Floor, Building - H, Mainframe IT Park, Royal Palms, Near Aarey Colony, Goregaon (East), Mumbai-400065	U72100MH2007PTC174803	Subsidiary	100	2(87)	-
5.	<b>Prime Focus 3D India Private Limited</b> Address: 2nd Floor, Building - H, Mainframe IT Park, Royal Palms, Near Aarey Colony, Goregaon (East), Mumbai-400065	U92100MH2011PTC218470	Subsidiary	100	2(87)	-
6.	<b>Gener8 India Media Services Limited</b> (Formerly known as Prime Focus Entertainment Services Limited/ Reliance Media Works Entertainment Services Limited) Address: 2nd Floor, Building - H, Mainframe IT Park, Royal Palms, Near Aarey Colony, Goregaon (East), Mumbai-400065	U70100MH2006PLC160748	Subsidiary	100	2(87)	-
7.	<b>DNEG Creative Services Pvt. Ltd</b> (Formerly known as Prime Focus World Creative Services Private Limited)  Address: 2nd Floor, Building - H, Mainframe IT Park, Royal Palms, Near Aarey Colony, Goregaon (East), Mumbai-400065	U92412MH2011PTC218562	Subsidiary	100	2(87)	4
8.	<b>De-Fi Media Limited</b> (Formerly known as Prime Focus International Limited) Address: Suite 55, Rochester Mews, LondonNW193B	NA	Subsidiary	100	2(87)	-
9.	<b>PF Investments Limited (Mauritius)</b> Address: C/o .Amicorp (Mauritius) Limited, 6th Floor, 1 Nexteracom Building, Ebene, Republic of Mauritius	NA	Subsidiary	100	2(87)	-
10.	<b>PF World Limited</b> Address: C/o .Amicorp (Mauritius) Limited, 6th Floor, 1 Nexteracom Building, Ebene, Republic of Mauritius	NA	Subsidiary	100	2(87)	-
11.	<b>PF Overseas Limited</b> Address: C/o Amicorp (Mauritius) Limited, 6th Floor, 1 Nexteracom Building, Ebene, Republic of Mauritius	NA	Subsidiary	100	2(87)	-
12.	<b>Reliance MediaWorks (Mauritius) Limited</b> Address: C/o Financial consulting associates limited, 3rd Floor, CerneHouse, La Chaussee, Port Louis, Mauritius. P.O. Box322	N.A.	Subsidiary	100	2(87)	-

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section	Note
13.	<b>Prime Focus Luxembourg S.a.r.l.</b> Address: 6, rue Eugène Ruppert L-2453 Luxembourg	N.A.	Subsidiary	100	2(87)	1
14.	<b>Gener8 Digital Media Services Ltd, Canada</b> Address: 20th Floor, 250 Howe Street Vancouver BC V6C 3R8, Canada	N.A.	Subsidiary	100	2(87)	4
15.	<b>Prime Focus 3D Cooperatief U.A.</b> Address: Prins Bernhardplein 200, 1097 JB, Amsterdam, The Netherlands	N.A.	Subsidiary	100	2(87)	2
16.	<b>Prime Focus World N.V.</b> Address: Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands	N.A.	Subsidiary	88.34*	2(87)	3
17.	<b>Prime Focus International Services UK Limited</b> Address: 160 Great Portland Street, London,W1W5QA	N.A.	Subsidiary	100	2(87)	4
18.	<b>Prime Focus Creative Services Canada, Inc</b> Address: 20th Floor, 250 Howe Street Vancouver BC V6C 3R8, Canada	N.A.	Subsidiary	100	2(87)	4
19.	<b>Prime Focus VFX USA Inc.</b> Address: Prime Focus VFX USA 5750Hannum Ave. Suite 100 Culver City, CA90230	N.A.	Subsidiary	100	2(87)	4
20.	<b>DNEG North America, Inc.</b> (Formerly known as Prime Focus North America Inc) Address: 5750 Hannum Ave. Suite 100 Culver City, CA 90230	N.A.	Subsidiary	100	2(87)	4
21.	<b>Prime Focus ME Holdings Limited</b> Address: Mill Mall, Suite 6, Wickhams Cay1, PO Box 3085, Road Town, Tortola, Virgin Islands, British Virgin Islands.	N.A.	Subsidiary	100	2(87)	4
22.	<b>Prime Focus China Limited</b> Address: Akara Bldg., 24 De Castro Street,Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	N.A.	Subsidiary	70	2(87)	4
23.	<b>Double Negative Holdings Limited</b> Address: 160 Great Portland Street, LondonW1W 5QA	N.A.	Subsidiary	100	2(87)	4
24.	<b>1800 Vine street LLC</b> Address: 5750 Hannum Ave. Suite 100 Culver City, CA 90230	N.A.	Subsidiary	100	2(87)	5
25.	<b>Vegas II VFX Limited</b> Address: 20th Floor, 250 Howe Street,Vancouver, BC V6C 3R8 Canada	N.A.	Subsidiary	100	2(87)	6
26.	<b>Prime Focus Technologies UK Limited</b> Address: Suite 55, Rochester Mews, London NW193B	N.A.	Subsidiary	100	2(87)	7





Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section	Note
27.	<b>Prime Focus Technologies Inc</b> Address: 300 DELAWARE AVE STE 210-A, Wilmington, DE 19801, Wilmington, DE 19803	N.A.	Subsidiary	100	2(87)	7
28.	<b>Prime Focus (HK) Holdings Limited</b> Address: Room 501-7, 5th Floor, Sands Building, 17 Hankow Road, Tsimi Sha Tsui, Kowloon, Hong Kong	N.A.	Subsidiary	100	2(87)	8
29.	<b>Reliance Lowry Digital Imaging Services Inc.</b> Address: 5750 Hannum Ave. Suite 100 Culver City, CA 90230	N.A.	Subsidiary	100	2(87)	9
30.	<b>Double Negative Limited</b> Address: 160 Great Portland Street, London, W1W5QA, United Kingdom	N.A.	Subsidiary	100	2(87)	10
31.	<b>Double Negative Singapore Pte. Limited</b> Address: 80 Raffles Place, #32-01, UOB Plaza 1, Singapore – 048624	N.A.	Subsidiary	100	2(87)	10
32.	<b>Double Negative Canada Productions Limited</b> Address: 20th Floor, 250 Howe St, Vancouver, BC V6C 3R8, Canada	N.A.	Subsidiary	100	2(87)	10
33.	<b>Double Negative Films Limited</b> Address: 160 Great Portland Street, London, W1W5QA, United Kingdom	N.A.	Subsidiary	100	2(87)	10
34.	<b>DAX PFT LLC</b> 1675 S State St Ste B, Dover, DE, 19901US	N.A.	Subsidiary	100	2(87)	11
35.	<b>DAX Cloud ULC</b> Address: 1500, 850 – 2 Street SW, Calgary, Alberta, T2P 0R8	N.A.	Subsidiary	100	2(87)	12
36.	<b>Prime Post Europe Limited</b> (formerly known as Prime Focus (MW) Limited) Address: Suite 55 Rochester Mews, London NW1 9JB	N.A.	Subsidiary	100	2(87)	13
37.	<b>Prime Focus Malaysia SDN. BHD (Malaysia)</b> Address: Attentus Corporate Services Sdn. Bhd., 5th Floor, Wisma Harwant, 106, Jalan Tuanku Rahman, 50100, Kuala Lumpur, Wilayah Persekutuan	N.A.	Subsidiary	70	2(87)	-
38.	<b>Prime Focus World Malaysia SDN. BHD (Malaysia)</b> Address: Attentus Corporate Services Sdn. Bhd., 5th Floor, Wisma Harwant, 106, Jalan Tuanku Rahman, 50100, Kuala Lumpur, Wilayah Persekutuan	N.A.	Subsidiary	100	2(87)	4

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section	Note
39.	<b>Double Negative India Private Limited</b> (formerly known as Reliable Laptops Private Limited) Address: 2nd Floor, Building-H, Main Frame IT Park, Royal Palms, Near – Aarey Colony, Goregaon (East), Mumbai-400065	U72900MH2008PTC183047	Subsidiary	100	2(87)	14
40.	<b>Double Negative Huntsman VFX Ltd</b> Address: 20th Floor, 250 Howe Street, Vancouver BC V6C 3R8, Canada	N.A.	Subsidiary	100	2(87)	15
41.	<b>Prime Focus Academy of Media and Entertainment Studies Private Limited</b> (formerly known as Filmesocial Private Limited) Address: 2nd Floor, Building-H, Mainframe It Park Royal Palms, Near Aarey Colony, Goregaon (East) Mumbai-400065	U74110MH2016PTC281032	Subsidiary	100	2(87)	14
42.	<b>Double Negative LA LLC</b> Address:- 6725 W, Sunset Boulevard, Los Angeles, California 90028	NA	Subsidiary	100	2(87)	10
43	<b>Gener8 Digital Media Services Montreal Ltd.</b> Montreal Ltd 3900-1 Place Ville-Marie Montréal (Québec) H3B4M7 Canada	NA	Subsidiary	100	2(87)	4
44	<b>Prime Focus Creative Services Montreal Inc.</b> Montreal Inc 3900-1 Place Ville-Marie Montréal (Québec) H3B4M7 Canada	NA	Subsidiary	100	2(87)	4
45	<b>Double Negative Montreal Productions Ltd.</b> 3900-1 Place Ville-Marie Montréal (Québec) H3B4M7 Canada	NA	Subsidiary	100	2(87)	10

#### NOTES:

1. Subsidiary of PF World Limited (Mauritius)
2. Subsidiary of Prime Focus Luxembourg S.a.r.l.
3. Subsidiary of Prime Focus 3D Cooperatief U.A.
4. Subsidiaries of Prime Focus World N.V.
5. Subsidiary of DNEG North America, Inc.
6. Subsidiary of Prime Focus Creative Services Canada, Inc.
7. Subsidiary of Prime Focus Technologies Limited
8. Subsidiary of Prime Focus China Limited
9. 90% held by Reliance MediaWorks (Mauritius) Limited and 10% held by Prime Focus Limited
10. Subsidiary of Double Negative Holdings Limited
11. Subsidiary of Prime Focus Technologies Inc.
12. Subsidiary of DAX PFT LLC.
13. Subsidiary of Prime Focus Technologies UK Limited
14. Subsidiary of DNEG Creative Services Pvt. Ltd (formerly known as Prime Focus World Creative Services Private Limited)
15. Subsidiary of Double Negative Canada Productions Ltd

\*80.71% on fully diluted basis after considering Preferred Stock.





#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### A) CATEGORY-WISE SHARE HOLDING

Category of Shareholders	No. of Shares held at the beginning of the year [As on April 1, 2017]				No. of Shares held at the end of the year [As on March 31, 2018]				% Change During the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
(1) Indian										
a) Individual/ HUF	77,101,546	Nil	77,101,546	25.80	77,101,546	Nil	77,101,546	25.78	-0.02	
b) Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
c) State Govt.(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
d) Bodies Corp.	27,506,095	Nil	27,506,095	9.20	27,506,095	Nil	27,506,095	9.19	-0.01	
e) Banks / FI	Nil	Nil	Nil	Nil	Ni	Ni	Ni	Ni	Nil	
f) Any other	Nil	Nil	Nil	Nil	Ni	Ni	Ni	Ni	Nil	
Sub Total (A) (1)	104,607,641	Nil	104,607,641	35.00	104,607,641	Nil	104,607,641	34.970	-0.03	
(2) Foreign										
a) NRI –Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
b) Other Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
c) Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
d) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
e) Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
Sub Total (A) (2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
Total shareholding of Promoter (A) = (A) (1) + (A) (2)	104,607,641	Nil	104,607,641	35.00	104,607,641	Nil	104,607,641	34.97	-0.03	
B. Public Shareholding										
1. Institutions										
a) Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
b) Banks / FI	32,074	Nil	32,074	0.01	56,265	Nil	56,265	0.02	0.01	
c) Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NA	
d) State Govt.(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NA	
e) Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NA	
f) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NA	
g) FIIs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NA	
h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NA	
i) Others (specify) Foreign Portfolio Investors	3,00,90,234	Nil	3,00,90,234	10.07	2,98,32,078	Nil	2,98,32,078	9.97	-0.10	
Sub-total (B)(1):-	3,01,22,308	Nil	3,01,22,308	10.08	2,98,88,343	Nil	2,98,88,343	9.99	-0.09	
2. Non-Institutions										
a) Bodies Corp.										
i) Indian	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
b) Individuals										

Category of Shareholders	No. of Shares held at the beginning of the year [As on April 1, 2017]				No. of Shares held at the end of the year [As on March 31, 2018]				% Change During the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i) Individual shareholders holding nominal share capital upto ₹1 lakh	6,864,413	20	6,864,433	2.30	80,20,364	20	80,20,384	2.68	0.38
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	3,227,133	0	3,227,133	1.08	3,207,717	0	3,207,717	1.07	-0.01
<b>Others (Specify)</b>									
i) Bodies Corporate	11,59,68,234	Nil	11,59,68,234	38.80	114,966,966	Nil	1,14,966,966	38.43	-0.37
ii) Clearing Members	384,632	Nil	384,632	0.13	1,062,052	Nil	1,062,052	0.36	0.23
iii) Foreign Individuals or NRI	636,536	Nil	6,36,536	0.21	379,800	Nil	379,800	0.13	-0.09
iv) Foreign Companies	36,549,990	Nil	36,549,990	12.23	36,549,990	Nil	36,549,990	12.22	-0.01
v) Hindu undivided family	517,967	Nil	517,967	0.17	482,652	Nil	482,652	0.16	(0.01)
vi) Foreign Nationals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
vii) Trusts	100	Nil	100	0.00	100	Nil	100	0.00	-
<b>Sub-total (B)(2):-</b>	<b>164,149,005</b>	<b>20</b>	<b>164,149,025</b>	<b>54.92</b>	<b>16,466,9641</b>	<b>20</b>	<b>16,466,9661</b>	<b>55.04</b>	<b>0.12</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>194,271,313</b>	<b>20</b>	<b>194,271,333</b>	<b>65.00</b>	<b>194,557,984</b>	<b>20</b>	<b>194,558,004</b>	<b>65.03</b>	<b>0.03</b>
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Grand Total (A+B+C)</b>	<b>298,878,954</b>	<b>20</b>	<b>298,878,974</b>	<b>100.00</b>	<b>299,165,625</b>	<b>20</b>	<b>299,165,645</b>	<b>100.00</b>	<b>Nil</b>

## B) SHAREHOLDING OF PROMOTERS

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on April 1, 2017)			Shareholding at the end of the year (as on March 31, 2018)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Mr. Naresh Malhotra	62,201,546	20.81	14.18	62,201,546	20.79	7.32	-0.02
2	Mr. Namit Malhotra	14,900,000	4.99	2.86	14,900,000	4.98	1	-0.01
3	Monsoon Studio Private Limited	27,506,095	9.20	1.48	27,506,095	9.19	0	-0.01

## C) CHANGE IN PROMOTERS' SHAREHOLDING

There was no change in promoters' shareholding in Financial Year 2017-18. However the percentage of Promoters' shareholding has decreased marginally due to increase in the paid up capital of the Company during the financial year 2017-18.





#### D) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (as on April 01, 2017)		Cumulative Shareholding at the end of the year (as on March 31, 2018)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Reliance MediaWorks Financial Services Private Limited#/\$				
	At the beginning of the year	10,49,39,361	35.11		
	Purchase(s) during the year	-	-	-	-
	At the end of the year	-	-	10,49,39,361	35.08
2.	Standard Chartered Private Equity (Mauritius) Limited				
	At the beginning of the year	2,92,41,817	9.78		
	Purchase(s) during the year	-	-		
	At the end of the year	-	-	2,92,41,817	9.77
3.	Marina IV (Singapore) Pte. Ltd.				
	At the beginning of the year	2,33,90,875	7.83		
	Purchase(s) during the year	-	-		
	At the end of the year	-	-	2,33,90,875	7.82
4.	STANDARD CHARTERED PRIVATE EQUITY (MAURITIUS) III LIMITED****				
	At the beginning of the year	1,04,58,768	3.50		
	Purchase(s) during the year	-	-		
	At the end of the year	-	-	1,04,58,768	3.50
5.	Top Class Capital Markets Private Limited				
	At the beginning of the year	73,08,400	2.45		
	Purchase(s) during the year	2,18,000	0.07	75,26,400	2.52
	At the end of the year	-	-	75,26,400	2.52
6.	Marina Horizon (Singapore) Pte. Ltd				
	At the beginning of the year	27,00,347	0.90		
	At the end of the year	-	-	27,00,347	0.90
7.	MADHUSUDAN KELA				
	At the beginning of the year	18,00,028	0.60		
	At the end of the year	-	-	18,00,028	0.60
8.	MERLIN MARKETING PRIVATE LIMITED *				
	At the beginning of the year	13,95,000	0.47		
	Purchase(s) during the year	7,30,000	0.24	21,25,000	0.71
	Sale(s) during the year	(21,25,000)	(0.71)	0	0
	At the end of the year	0	-	0	0
9.	PREMIER INVESTMENT FUND LIMITED *				
	At the beginning of the year	6,86,588	0.23		
	Sale(s) during the year	(6,86,588)	(0.23)	0	0
	At the end of the year			0	0

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (as on April 01, 2017)		Cumulative Shareholding at the end of the year (as on March 31, 2018)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
10	IL AND FS SECURITIES SERVICES LIMITED *				
	At the beginning of the year	4,68,190	0.16		
	Purchase(s) during the year	3,12,552	0.10	7,80,742	0.26
	Sale(s) during the year	(5,71,658)	(0.19)	2,09,084	0.07
	At the end of the year			2,09,084	0.07
11	PACE STOCK BROKING SERVICES PVT LTD **				
	At the beginning of the year	25,065	0.01		
	Purchase(s) during the year	10,00,557	0.33	10,25,622	0.34
	Sale(s) during the year	(3,95,687)	(0.13)	6,29,935	0.21
	At the end of the year			6,29,935	0.21
12	ANGEL FINCAP PRIVATE LIMITED **				
	At the beginning of the year	78	0.00		
	Purchase(s) during the year	5,18,070	0.17	5,18,148	0.17
	Sale(s) during the year	(68,272)	(0.02)	4,49,876	0.15
	At the end of the year			4,49,876	0.15
13	INDIA OPPORTUNITIES GROWTH FUND LTD - PINWOOD STRATEGY **				
	At the beginning of the year	0	0		
	Purchase(s) during the year	3,00,000	0.10	3,00,000	0.10
	At the end of the year			3,00,000	0.10

**Note:**

- \* Ceased to be in the list of Top 10 as on March 31, 2018. The same is reflected above since the shareholder was one of the Top 10 shareholders as on April 1, 2017.
- \*\* Not in the list of Top 10 shareholders as on April 1, 2017. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on March 31, 2018.
- # Persons Acting In Concert with Promoter's.
- ₹ As set out in the Letter of Offer dated December 08, 2014 issued by Reliance MediaWorks Limited alongwith Reliance Land Private Limited (PAC 1), Mr. Namit Malhotra (PAC 2), Mr. Naresh Malhotra (PAC 3), Monsoon Studio Private Limited (PAC 4), this includes 10,49,39,361 shares which were held by Reliance MediaWorks Limited, a person acting in concert with the Promoters. Further, Reliance MediaWorks Limited sold 10,49,39,361 shares on March 30, 2017 to Reliance MediaWorks Financial Services Private Limited (a wholly owned subsidiary of Reliance MediaWorks Limited ) by way of inter-se transfer of shares under Regulation 10(I) (a)(iii) of SEBI (SAST) Regulations, 2011.
- \*\*\*\* Out of the 10458768 (3.5%) held by Standard Chartered Private Equity (Mauritius) III Limited, Marina IV (Singapore) Pte. Ltd. is the beneficial owner of 41,79,961 constituting 1.40% of the paid up capital of the Company which are currently held by Standard Chartered Private Equity (Mauritius) III Limited. Further Standard Chartered Private Equity (Mauritius) III Limited and Marina IV (Singapore) Pte. Ltd. are affiliates under the common control of Standard Chartered Plc.
- Shareholding is consolidated based on permanent account number (PAN) of the Shareholder.
- Date wise increase / decrease in the shareholding is available on the website [www.primefocus.com](http://www.primefocus.com)





#### E) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Sr. No.	Name Directors and Key Managerial Personnel	Shareholding at the beginning of the year (As on April 01, 2017)		Cumulative Shareholding at the end of the year (As on March 31, 2018)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Naresh Malhotra				
	At the beginning of the year	6,22,01,546	20.81		
	At the end of the year			6,22,01,546	20.79
2.	Namit Malhotra				
	At the beginning of the year	1,49,00,000	4.99		
	At the end of the year			1,49,00,000	4.98
3.	Ramakrishnan Sankaranarayanan				
	At the beginning of the year	50	0.00		
	At the end of the year			50	0.00
4.	Amit Bapna				
	At the beginning of the year	-	0.00		
	At the end of the year			-	0.00
5.	Kodi Raghavan Srinivasan				
	At the beginning of the year	-	0.00		
	At the end of the year				
6.	Samu Devarajan				
	At the beginning of the year	-	0.00		
	At the end of the year			-	0.00
7.	Rivkaran Singh Chadha				
	At the beginning of the year	-	0.00		
	At the end of the year			-	0.00
8.	Padmanabha Gopal Aiyar				
	At the beginning of the year	-	0.00		
	At the end of the year			-	0.00
9.	Udai Dhawan				
	At the beginning of the year	-	0.00		
	At the end of the year			-	0.00
10.	Hemalatha Thiagarajan				
	At the beginning of the year	-	0.00		
	At the end of the year			-	0.00
11	Nishant Fadia**				
	At the beginning of the year	60,687	0.02		
	At the end of the year			60,687	0.02
12	Vikas Rathee*				
	At the beginning of the year	-	-		
	At the end of the year			-	0.00
13	Parina Shah				
	At the beginning of the year	0.00	0.00		
	Purchase(s) / Stock options exercised during the year	10,000	0.00	10,000	0.00
	Sale(s) during the year	(3,500)	(0.00)	6,500	0.00
	At the end of the year			6,500	0.00

**Note:**

\* Mr. Vikas Rathee resigned from the Post of CFO w.e.f. February 14, 2018

\*\* Mr. Nishant Fadia was appointed as CFO w.e.f. February 15, 2018

V) INDEBTEDNESS -INDEBTEDNESS OF THE COMPANY INCLUDING INTEREST OUTSTANDING/ACCRUED BUT NOT DUE FOR PAYMENT

(₹ in Crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	297.73	190.10	-	487.83
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2.71	-	-	2.71
iv) Premium payable on NCD	1.99	142.28	-	144.27
<b>Total (i+ii+iii+iv)</b>	<b>302.42</b>	<b>332.38</b>	<b>-</b>	<b>634.81</b>
<b>Change in Indebtedness during the financial year</b>				
<b>*Addition</b>				
ii) Principal Amount	69.90	-	-	69.90
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	37.38	-	-	37.38
iv) Premium payable on NCD	0.78	32.33	-	33.11
<b>Total (i+ii+iii+iv)</b>	<b>108.07</b>	<b>32.33</b>	<b>-</b>	<b>140.39</b>
<b>*Reduction</b>				
ii) Principal Amount	122.58	101.00	-	223.58
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	37.54	-	-	37.54
iv) Premium payable on NCD	2.77	86.98	-	89.75
<b>Total (i+ii+iii+iv)</b>	<b>162.88</b>	<b>187.98</b>	<b>-</b>	<b>350.86</b>
Net Change	-54.82	-155.65	-	-210.57
<b>Indebtedness at the end of the financial year</b>				
ii) Principal Amount	245.06	89.10	-	334.16
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2.55	-	-	2.55
iv) Premium payable on NCD	-	87.63	-	87.63
<b>Total (i+ii+iii+iv)</b>	<b>247.61</b>	<b>176.73</b>	<b>-</b>	<b>424.34</b>

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER:

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Mr. Naresh Malhotra	Mr. Ramakrishnan Sankaranarayanan	Mr. Namit Malhotra	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6,000,000	4,583,337	5,000,004	15,583,341
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil	Nil	Nil
2.	Stock Option	NA	Nil	NA	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil





Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Mr. Naresh Malhotra	Mr. Ramakrishnan Sankaranarayanan	Mr. Namit Malhotra	
4.	Commission - as % of profit - others, specify...	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil
	Total (A)	6,000,000	4,583,337	5,000,004	15,583,341
	Ceiling as per the Act	As per Schedule V of the Companies Act, 2013.			

#### B. REMUNERATION TO OTHER DIRECTORS

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Mr. G. P. Aiyar	Mr. Rivkaran Chadha	Mr. K. R. Srinivasan	Ms. (Dr.) Hemalatha Thiagarajan	Mr. Samu Devarajan	Mr. Udai Dhawan	Mr. Amit Bapna	Total Amount
1	Non-Executive Independent Directors								
	*Fee for attending board meetings	20,000	80,000	40,000	40,000	60,000	NA	NA	240,000
	Commission	Nil	Nil	Nil	Nil	Nil	N.A.	N.A.	-
	Others, please specify	Nil	Nil	Nil	Nil	Nil	N.A.	N.A.	-
	Total (1)	20,000	80,000	40,000	40,000	60,000	NA	NA	240,000
2	Non-Executive Directors								
	*Fee for attending board meetings	NA	NA	NA	NA	NA	120,000	80,000	200,000
	Commission	N.A.	N.A.	N.A.	N.A.	N.A.	Nil	Nil	-
	Others, please specify	N.A.	N.A.	N.A.	N.A.	N.A.	Nil	Nil	-
	Total (2)	NA	NA	NA	NA	NA	120,000	80,000	200,000
	Total (B)=(1+2)	20,000	80,000	40,000	40,000	60,000	120,000	80,000	440,000
	Total Managerial Remuneration	Nil	Nil	Nil	Nil	Nil	Nil		-
	Overall Ceiling as per the Act	100,000 per meeting as per the provisions of the Companies Act, 2013							
	Note : *₹ 20,000 Per Board Meeting								

#### C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of Key Managerial Personnel				Total
		CEO (Mr. Namit Malhotra)	CS (Ms. Parina Shah)	CFO (Mr. Vikas Rathee)*	CFO (Mr. Nishant Fadia)**	
1	Gross salary					
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5,000,004	2,349,189	4,583,337	735,843	12,668,373
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	476,000	Nil	Nil	476,000

						(Amount in ₹)
Sr. No.	Particulars of Remuneration	Name of Key Managerial Personnel				Total
		CEO (Mr. Namit Malhotra)	CS (Ms. Parina Shah)	CFO (Mr. Vikas Rathee)*	CFO (Mr. Nishant Fadia)**	
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil	Nil
2	Stock Option	NA	#	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil	Nil	Nil
	- as % of profit	Nil	Nil	Nil	Nil	Nil
	Others, specify...	Nil	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total	5,000,004	2,825,189	4,583,337	735,843	13,144,373

**NOTES:**

Mr. Namit Malhotra is the CEO (Key Managerial Personnel) as well as Executive Director in the Company.

\* Mr. Vikas Rathee resigned from the Post of CFO w.e.f. February 14, 2018

\*\* Mr Nishant Fadia was appointed as CFO w.e.f. February 15, 2018.

#During FY 2017-18, Ms. Parina Shah, Company Secretary has exercised 10,000 stock options at an exercise price of ₹ 52 per option.

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES**

There were no penalties / punishment / compounding of offences for breach of any section of Companies Act against the Company or its Directors, if any, during the financial year ended March 31, 2018

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**Ramakrishnan Sankaranarayanan**  
Managing Director  
DIN: 02696897

**Naresh Malhotra**  
Whole-Time Director  
DIN:00004597

Date : May 30, 2018

Place : Mumbai





## ANNEXURE C

### CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES AND INDEPENDENCE OF A DIRECTOR

#### 1. Definition of Independence

A director will be considered as an “Independent Director” if the person meets with the criteria for ‘Independent Director’ as laid down in the Companies Act and Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as may be applicable).

The definition of independence as provided in the Act and Clause 16 is as follows:

“An independent director in relation to a company, means a non-executive director, other than a nominee director of the listed entity;—

- I. who, in the opinion of the board of directors, is a person of integrity and possesses relevant expertise and experience;
- II. who is or was not a promoter of the listed entity or its holding, subsidiary or associate company;
- III. who is not related to promoters or directors in the listed entity, its holding, subsidiary or associate company;
- IV. who, apart from receiving director’s remuneration, has or had no material pecuniary relationship, other than remuneration as such director or having transaction not exceeding ten per cent. of his total income or such amount as may be prescribed with the listed entity, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- V. None of whose relatives
  - (i) is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year: Provided that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two per cent. of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed;
  - (ii) is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;

- (iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; or
- (iv) has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii)”

#### VI. who, neither himself, nor any of his relative(s) —

- a) holds or has held the position of a key managerial personnel or is or has been an employee of the listed entity or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;  
Provided that in case of a relative who is an employee, the restriction under this clause shall not apply for his employment during preceding three financial years.
- b) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of
  - i) A firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
  - ii) Any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
- c) holds together with his relatives two per cent or more of the total voting power of the listed entity; or
- d) is a chief executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts or corpus from the listed entity, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the listed entity;

- e) is a material supplier, service provider or customer or a lessor or lessee of the listed entity;

VII. who is not less than 21 years of age.

- Current and ex-employees of a Prime Focus may be considered as independent only if he/ she has or had no pecuniary relationship with any Group company (due to employment/ receipt of monthly pension by way of Special Retirement Benefits/ holding consultant or advisor positions) during the two immediately preceding financial years or during the current financial year.

## 2. Qualifications of Directors

- Board will ensure that a transparent board nomination process is in place that encourages diversity of thought, experience, knowledge, perspective, age and gender.
- It is expected that boards have an appropriate blend of functional and industry expertise.
- While recommending appointment of a director, it is expected that the Nomination and Remuneration Committee ("NRC") consider the manner in which the function and domain expertise of the individual contributes to the overall skill domain mix of the Board.
- Independent Directors ("ID") ideally should be thought/ practice leaders in their respective functions/ domains.

## 3. Positive attributes of Directors

Directors are expected to comply with duties as provided in the Act. For reference, the duties of the Directors as provided by the Act are as follows:

- 1) "Act in accordance with the articles of the company.
- 2) Act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.
- 3) Exercise duties with due and reasonable care, skill and diligence and exercise independent judgment.
- 4) Not be involved in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- 5) Not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates.
- 6) Not assign his office."

Additionally, the Directors on the Board of Prime Focus are also expected to demonstrate high standards of ethical behavior, strong interpersonal and communication skills and soundness of judgment.

IDs are also expected to abide by the 'Code for Independent Directors' as outlined in Schedule IV to section 149(8) of the Act. The Code specifies the guidelines of professional conduct, role and function and duties of Independent Directors. The guidelines of professional conduct specified in the Code are as follows:

"An independent director shall:

- 1) uphold ethical standards of integrity and probity;
- 2) act objectively and constructively while exercising his duties;
- 3) exercise his responsibilities in a bona fide manner in the interest of the company;
- 4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- 5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- 6) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining director indirect personal advantage or advantage for any associated person;
- 7) refrain from any action that would lead to loss of his independence;
- 8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- 9) assist the company in implementing the best corporate governance practices."

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**Ramakrishnan Sankaranarayanan**  
**Managing Director**  
**DIN: 02696897**

**Naresh Malhotra**  
**Whole-Time Director**  
**DIN: 00004597**

Date : May 30, 2018  
Place : Mumbai





## ANNEXURE - D

### NOMINATION AND REMUNERATION POLICY

#### 1. PREAMBLE

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

In pursuance of the Company's policy to consider human resources as its most valuable assets, ensure equitable remuneration to all viz. Directors, Key Managerial Personnel (KMP) and other employees of the Company, this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management Members and other employees has been formulated by the Nomination and Remuneration Committee and approved by the Board of Directors.

#### 2. OBJECTIVE AND PURPOSE OF THE POLICY:

The objective and purpose of this policy are:

- To formulate the criteria and terms to determine qualifications, attributes and independence of Directors;
- To identify the qualification, key attributes and profile required of persons who may be appointed in Senior Management and Key Managerial positions;
- To determine remuneration of the Directors, Key Managerial Personnel and Senior Management employees and other employees based on the Company's size of business, financial position and trends and practices prevailing in similar companies in the industry;
- To devise mechanism and carry out evaluation of the performance of Directors;
- To devise and achieve diversity on the composition of Board, an essential element to support quality of performance;
- To retain, motivate and promote talent and create a sense of participation and ownership.

Accordingly, the following policy formulated by the Nomination and Remuneration Committee and applicable to Directors (Executive and Non Executive), Key Managerial Personnel and Senior Management Personnel and other employees was recommended for adoption to the Board of Directors. The key features of the Remuneration policy and the evaluation criteria followed shall be disclosed in the Annual Report of the Company.

#### 3. RELEVANT PARTICULARS

##### Effective Date:

This policy as formulated by the Nomination and Remuneration Committee and approved by the Board shall be effective from October 1, 2014.

##### Nomination and Remuneration Committee:

The Board has changed the nomenclature of the Company's existing Remuneration Committee by renaming it as Nomination and Remuneration Committee on May 12, 2014 pursuant to the requirements of the Companies Act, 2013 and the revised Listing Agreement. The Nomination and Remuneration Committee of the Company comprises of the following Directors:

Sr. No.	Name	Position
1.	Mr. Rivkaran Chadha	Chairman
2.	Mr. K. R. Srinivasan	Member
3.	Mr. G. P. Aiyar	Member
4.	Mr. Amit Bapna*	Member
	Mr. Anand Natarajan**	Member
5.	Mr. SamuDevarajan	Member

The Board has the power to reconstitute the Committee consistent with the Company's policy and in compliance with the applicable statutory requirements.

Note: \* Mr. Amit Bapna resigned from the Company w.e.f. May 30, 2018 and hence ceased to be a Member of the Nomination and Remuneration Committee.

\*\* Mr. Anand Natarajan was appointed in place of Mr. Amit Bapna w.e.f. May 30, 2018.

##### Definitions

- Key Managerial Personnel (KMP): Key Managerial Personnel means:
  - 1) Managing Director or Chief Executive Officer or Manager;
  - 2) Whole-time Director;
  - 3) Chief Financial Officer;
  - 4) Company Secretary;
  - 5) such other Officer not more than one level below the

Directors who is in whole-time employment, designated as key managerial personnel by the Board; and

- 6) such other officer as may be prescribed under the applicable statutory provisions or regulations;
- Senior Management: Senior Management means personnel of the Company occupying the position of one level below the Board of Directors of the Company.

#### General

This Policy is divided in three parts:

Part – A covers the matters to be dealt with and recommended by the Committee to the Board

Part – B covers the appointment criteria and nomination

Part–C covers remuneration criteria.

#### PART – A

##### MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE

The Committee shall, based on the requirement from time to time:

- Identify and formulate criteria to determine qualifications, positive attributes and independence of a Director.
- Formulate criteria to identify persons who are qualified to become Directors and persons who may be appointed in Key Managerial and Senior Management positions.
- Recommend to the Board, appointment of Director, KMP and Senior Management Personnel and other employees.

#### PART – B

##### APPOINTMENT CRITERIA

##### Appointment criteria and qualifications:

1. The Committee shall identify and ascertain the integrity, professional qualifications, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and other employees and recommend to the Board his/her appointment. While doing this the Committee shall also take into account the mandatory requirement for the composition of the Board, Audit Committee, the Stakeholders' Relationship Committee. The Committee shall lay emphasis on a diverse Board composition based on a range of diversity perspectives such as gender, age, educational background, skills, experience etc. The ultimate decision shall be based on merit.
2. The Committee has discretionary power to decide whether

qualification, expertise and experience possessed by a person is sufficient/satisfactory for the concerned position as a KMP or Senior management personnel.

3. The Committee shall not recommend for appointment or continuation of any person as Director who:
  - Is of unsound mind and so declared by a competent court;
  - Is an undischarged insolvent;
  - Has applied to be adjudicated as an insolvent and his application is pending;
  - Has been convicted by a Court of any offence whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence;
  - Has been convicted of any offence and sentenced in respect thereof to imprisonment for seven years;
  - An order disqualifying him for appointment as Director has been passed by a Court or Tribunal and the order is in force;
  - Has not paid any calls in respect of the shares of the Company held by him and six months have elapsed from the last day fixed for the payment of the call;
  - Has been convicted of the offence dealing with related party transactions under Section 188 at any time during the last preceding 5 years;
  - Has not been allotted the DIN under Section 152 of the Companies Act 2013;
  - Has not completed the age of twenty-one years and has attained the age of 70 years. If any Director who has completed the age of 70 years and the appointment is approved by special resolution passed by the Company in General Meeting, no further approval of the Central Government shall be required;
  - Is a managerial person in more than one company and draws remuneration from one or more companies above the ceiling provided in Section V of Part II of Schedule V of the Companies Act, 2013.
  - Further no person who has been a Director of the Company shall be eligible to be reappointed as Director of that Company or appointed as Director in any other Company for a period of five years from the date on which the Company fails to:
  - File financial statements or annual returns for any continuous period of three financial years





- Repay deposits accepted or pay interest thereon or redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure continues for one year.
- No person can be appointed as Director in more than twenty companies and maximum number of public companies in which he can be a Director shall not exceed ten. Similarly a person cannot be a Managing Director in more than two companies.
- There shall be a minimum of three Directors and a maximum of fifteen in a Company. The Company can appoint a higher number of Directors on approval by Members vide special resolution.

#### Term and Tenure

##### 1. Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director or Whole-time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

##### 2. Independent Director:

As per Companies Act, 2013 an Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment for another term of five years on passing of a special resolution by the Company and disclosure of such appointment in the Board's Report. No Independent Director shall hold office for more than two consecutive terms of five years and thereafter he shall be eligible for appointment after expiry of three years (cooling period) of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director it should be ensured that the number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director but only three listed companies as an Independent Director in case such person is also serving as a Whole-time Director of a listed company.

##### 3. Senior Management Personnel:

In terms of the provisions of Section 203 of the Companies Act 2013, a Whole-time Key managerial personnel (KMP) shall not hold office in more than one Company except in its subsidiary company at the same time.

However the KMP can be a Director in any other Company (which may or may not be a subsidiary) with the approval of the Board. Any remuneration payable to a Managing Director/Whole-time Director/ Executive Director who is also drawing remuneration in another Company in a similar position shall be subject to the highest maximum limit admissible from any one Company calculated in such manner as provided in Schedule V and other applicable provisions of the Companies Act 2013.

#### Evaluation:

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular intervals (yearly or such other interval as the Committee deems fit).

#### PART – C

#### POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

##### A) General:

1. The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel and other employees will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
2. The remuneration and commission to be paid to the Whole-Time Director shall be in accordance with the percentage/slabs/conditions laid down under Section 197, 198 and other applicable provisions of the Companies Act, 2013, read with Schedule V and rules 4 and 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014 made thereunder.
3. Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board which should be within the ceiling limit slabs approved by the Shareholders in the case of Whole-time Director.

##### B) Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

###### 1. Fixed pay:

The Whole-time Director/KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to PF, pension scheme, medical expenses, club fees etc. shall be decided

and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

**2. Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

**3. Provisions for excess remuneration:**

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or the prior sanction of the Central Government, where required, is not obtained, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless it is approved by the Central Government.

**C) Remuneration to Non- Executive/Independent Director:**

**1. Remuneration/Commission:**

The remuneration/commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Companies Act, 2013 and the rules made thereunder.

**2. Sitting Fees:**

The Non-Executive/Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rupees One lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

**3. Commission:**

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

**4. Stock Options:**

An Independent Director shall not be entitled to any stock option of the Company..

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**Ramakrishnan Sankaranarayanan**  
**Managing Director**  
**DIN: 02696897**

**Naresh Malhotra**  
**Whole-Time Director**  
**DIN:00004597**

Date : May 30, 2018

Place : Mumbai





## “ANNEXURE E” PARTICULARS OF EMPLOYEES

[Pursuant to Section 197(12) of the Companies Act, 2013, and Rule 5(1) of the Companies  
(Appointment and Remuneration of Managerial Personnel), Rules, 2014]

1. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year and the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

(Amount in ₹)

Sr. No.	Names of Directors/Key Managerial Personnel	Designation	Remuneration	Ratio of Directors remuneration to Median remuneration	% increase in the remuneration
<b>DIRECTORS</b>					
1	Mr. Namit Malhotra	Chairman, Chief Executive Officer and Executive Director	50,00,004	11.90	Nil
2	Mr. Naresh Mahendranath Malhotra	Whole – time Director	60,00,000	14.27	Nil
3	Mr. Ramakrishnan Sankaranarayanan	Managing Director	45,83,337	^	^
<b>KEY MANAGERIAL PERSONNEL</b>					
1.	Mr. Vikas Rathee*	Chief Financial Officer	45,83,337	N.A.	NA
2.	Ms. Parina Shah	Company Secretary	2,349,189	N.A.	10
3.	Mr. Nishant Fadia**	Chief Financial Officer	735,843	N.A.	N.A

^ Since remuneration to Mr. Ramakrishnan Sankaranarayanan is Nil w.e.f. March 1, 2018 the ratio of their remuneration to median remuneration and % increase in remuneration is not comparable and hence, not stated

\* Mr. Vikas Rathee resigned from the post of CFO w.e.f. February 14, 2018

\*\* Mr Nishant Fadia was appointed as CFO w.e.f. February 15, 2018

**Note:**

Non-Executive Directors are paid remuneration only by way of sitting Fees.

2. **The percentage increase in the median remuneration of employees in the financial year:**

Percentage of increase in the median remuneration on employees is 9.95%.

3. **The number of permanent employees on the rolls of Company;**

The number of permanent employees on the rolls of Company as on March 31, 2018 was 508.

4. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;**

Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year was 5.00%.

The increase in remuneration is determined based on the performance by the employee of the Company.

5. **Affirmation**

It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

Ramakrishnan Sankaranarayanan  
Managing Director  
DIN: 02696897

Naresh Malhotra  
Whole-Time Director  
DIN: 00004597

Date : May 30, 2018

Place: Mumbai

## “ANNEXURE F”

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs	<p>CSR is strongly connected with the principles of Sustainability; an organization should make decisions based not only on financial factors, but also on the social and environmental consequences. Therefore, it is the core corporate responsibility of Prime Focus Limited to practice its corporate values through its commitment to grow in a socially and environmentally responsible way, while meeting the interests of its stakeholders.</p> <p>The CSR policy of the Company can be viewed on website of the Company at (Weblink:<a href="http://www.primefocus.com/sites/default/files/pdf/CSR_Policy.pdf">http://www.primefocus.com/sites/default/files/pdf/CSR_Policy.pdf</a>)</p>		
2. Composition of the CSR Committee.	<b>Sr. No.</b>	<b>Name of the Member</b>	<b>Position in Committee</b>
	1.	Mr. Rivkaran Chadha	Chairman
	2.	Mr. Naresh Malhotra	Member
	3.	Mr. Amit Bapna*	Member
		Mr. Anand Natarajan**	Member
	4.	Mr. Samu Devarajan	Member
3. Average net profit of the company for last three financial years -	₹ (299,907,240)		
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	Not Applicable in view of Loss		
5. Details of CSR spent during the financial year:	Not Applicable		
a. Total amount to be spent for the financial year;	NIL		
b. Amount unspent, if any;-	Not Applicable		
c. Manner in which the amount spent during the financial year	Not Applicable		
6. Reasons for failure to spend the two percent of the average net profit of the last three financial years or any part thereof:	Not Applicable		
7. Responsibility statement of CSR Committee of the Board	The CSR Committee states that the implementation and monitoring of the CSR Policy, is in compliance with the CSR objectives and Policy of the Company.		

Note: \* Mr. Amit Bapna resigned from the Company w.e.f. May 30, 2018 and hence ceased to be a Member of the Corporate Social Responsibility Committee.

\*\* Mr. Anand Natarajan was appointed in place of Mr. Amit Bapna w.e.f. May 30, 2018.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Rivkaran Chadha  
Chairman - CSR Committee  
DIN:00308288

Naresh Malhotra  
Whole-Time Director  
DIN:00004597

Date : May 30, 2018

Place : Mumbai





## ANNEXURE G

### SECRETARIAL AUDIT REPORT

Form No. MR-3

For the Financial year ended 31st March, 2018

*[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members,  
Prime Focus Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Prime Focus Limited (hereinafter called 'the Company'). Secretarial audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial year ended on 31st March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st, March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and the Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('The SEBI'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not relevant / applicable, since there is no delisting of equity shares during the year)
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not relevant / applicable, since there is no buyback of equity shares during the year)
- (i) The Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015.

I further report that based on the explanation given by the management of the Company, there are no other laws that are specifically applicable to the company

I have also examined compliance with the applicable clauses to the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited in accordance with SEBI (Listing obligations and Disclosure Requirements) Regulations 2015;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that, the Board of Directors of the Company is duly

constituted with proper balance of Executive, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all the directors to schedule the Board Meeting, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**For D. M. Zaveri & Co  
Company Secretaries**

**Sd/-  
Dharmesh Zaveri  
(Proprietor)  
FCS. No.: 5418  
CP No.: 4363**

Date : May 30, 2018  
Place: Mumbai



# MANAGEMENT DISCUSSION & ANALYSIS



## Section 1

Prime Focus Limited (PFL) is today the world's largest and leading integrated media services powerhouse. From its humble beginnings in a small garage in Mumbai, PFL today is present across 18 cities in 5 continents and 7-time zones. A team of over 9,000 professionals provide end-to-end techno-creative solutions (visual effects, stereo 3D conversion and animation), Technology Products & Services (Media ERP Suite and Cloud-enabled media services), Production Services (equipment rental) and Post-production Services (digital intermediate and picture post) to the Media and Entertainment industry globally. The Group is now the largest employer of its services globally and is also ranked 18th amongst the "Fortune India Next 500" list of companies.

For over two decades, PFL has earned an impeccable reputation for its quality service to top global studios, broadcasters, advertisers and production houses. The Company owns creative and digital assets like View-D™ (stereoscopic 2D to 3D conversion), CLEAR™ (Hybrid Cloud technology enabled Media ERP Suite) and Primetime Emmy® award-winning DAX Digital Dailies®. Prime Focus Limited has pioneered World Sourcing delivery model and leveraged its Global Digital Pipeline, partnering with content creators at every stage of the process, ensuring creative enablement, workflow efficiencies and cost optimization.

Prime Focus (together with its subsidiaries) has developed a formidable position in the global Media & Entertainment industry – VFX arm DNEG has won three Academy Awards in last four years having previously won an Oscar in 2010. The Company generated 84% of its revenue from overseas markets, boasting leading Hollywood studios like Disney, Warner Bros, Paramount, 21st Century Fox, Universal and Sony as major clients.

The three verticals of PFL, viz. International Creative Services, Tech/Tech-Enabled Services and Indian Film & Media Services (FMS) are operating on a robust growth trajectory backed by latest technologies, integration of synergies and a growing order books (US\$500million+). These strong growth enablers coupled with operating efficiencies have set the stage for a sustained growth momentum in the years ahead.

## Section 2

### Financial Year 2017-18 Key Highlights

#### Financial Year 2017-18 - A year of ALL-ROUND GROWTH

The year under the review was another year of robust performance

by Prime Focus. The Company continues to deliver strong financial and operational performance while further expanding its reach. The company's strategic approach of expansion in cost advantageous locations has helped improve profitability.

The Company delivered some of the highest grossers of the year. The year saw improvement in operational efficiencies and posted EBITDA Margin of over 23.7%, above the mid-term target set out by the Company as it went through the integration phase post the landmark transactions executed 4 years ago.

The year saw continued trend of rising global acclaim for the quality of the company's work across multiple platforms. The company won its third Oscar in four years for best VFX when DNEG was honoured at the 90th Academy Awards for its work on 'Blade Runner 2049'. DNEG also won the BAFTA award for 'Best Special Visual Effects' and Visual Effects Society (VES) Awards for 'Dunkirk' and 'Blade Runner 2049' at the 16th Annual VES Awards Gala in Los Angeles.

The Company delivered VFX and Stereo work on the highest grosser of 2018 (January 1 To April 1) – Black Panther (US\$1.2 billion) and 5 of the Top 10 blockbuster movies of 2017 CY, including the likes of The Fate of the Furious (US \$1.2 billion), Beauty and the Beast (US\$1.2 billion), Jumanji: Welcome to the Jungle (\$ 959 million), Wonder Woman (US\$821million) and Thor: Ragnarok (US\$ 853 million), .

The combined order book of the Company has reached US \$500 million+ as the business witnessed increased traction both in indigenous and international markets. Current order book is a strong indicator of promising business in the coming year. The Creative Services order book has some of the most anticipated movies of 2018 and 2019, such as Deadpool 2, Avengers: Infinity War, Venom, Ant-Man and the Wasp and Mission Impossible: Fallout , while the Tech/Tech-Enabled Services order book continues to be robust on the back of new client-wins and renewed/new contracts from existing clients.

During the year, promoters plan to infuse ₹ 330 crore which will largely be used to reduce leverage of the Company, further helping to improve the financial performance for the Company.

#### Creative Services

- Delivered top Hollywood box office hits viz. Beauty and the Beast, The Fate of the Furious, Black Panther, Blade Runner 2049,

<sup>1</sup>Worldwide Box Office collections as of 1 April 2018 – source: boxofficemojo.com

Transformers: The Last Knight, Wonder Woman Jumanji: Welcome to the Jungle and Pirates of the Caribbean: Dead Men Tell No Tales, Justice League, Pacific Rim: Uprising, Thor: Ragnarok and many more

- Other movies delivered during the year are King Arthur: Legend of the Sword, The Mummy Dunkirk, Baby Driver, Red Sparrow etc.
- Order book is at about US\$270 million, significantly higher than the US\$200 million a year ago and include projects like Avengers: Infinity War, Godzilla: King of the Monsters, Venom, Alpha, Deadpool 2, Mission Impossible: Fallout, Ant-Man and the Wasp, Fantastic Beasts: The Crimes of Grindelwald, Mowgli and First Man among others.
- Made foray into the OTT video streaming content market and delivered 'Altered Carbon' for Netflix/Skydance
- Forayed into mainstream Film Animation – working on a project for a marquee global studio
- Launched Prime Focus Academy of Media and Entertainment Studies (PFAMES) for training of entry level effects artists in India
- Creative Services division continues on its profitable growth path with Adjusted EBITDA growing 25% year on year; EBITDA margins continue to be healthy at 23.9%
- Strong growth in Film Animation and content focused on OTT Platforms is expected to boost revenue growth

#### **Tech/Tech-Enabled Services business**

- **New Client Wins:**
  - Signed a deal with ICC for CLEAR Media ERP and Cloud Media services
  - Signed a deal for IPL streaming with Star India and VoD creation with BCCI
  - Signed a deal with BYJU's for dubbing and animation post-production
  - Signed a deal with Nordisk Film for Secure Screeners
  - Signed a deal with Indira Gandhi National Centre for Arts (IGNCA) for digitization
  - Signed a deal with Discovery Communications India for On Air Promo production services, long form content operations and delivery of locally produced content to Netflix
  - Signed a deal with U.S. Public Broadcasting Service (PBS) to automate its Direct-to-Network Operations Center (NOC) file-based delivery process

- Signed a deal with Times Group for CLEAR Digital Lab
- Signed a long form content deal with National Geographic Channel India for 'Mega Icons' series
- Signed a deal with Sony Pictures Entertainment for LTO migration, localization and content distribution; and Sony Bengali for dubbing
- Signed a deal with EROS for Media Asset Management (MAM) and Cloud Media services
- Produced 2 ad films for Oppo
- Signed deals with leading brands like TVS Motor Company, Big Bazaar, Jabong, Marico, Xiaomi and Brooke Bond Red Label
- Bagged post production retainerships with Vodafone and Big Bazaar
- Signed a deal with Alt Balaji for localization
- **New Contracts with Existing Clients:**
  - Migrated existing clients like CBS and Warner Brothers to DAX® Production Cloud
  - Signed new contracts with Hearst, BCCI, Star India, Tata Sky, IMG Reliance, Lionsgate, HOOQ etc.
- **Other Initiatives:**
  - Powered coverage of IPL 2018 for Hotstar, which garnered 10.7 million concurrent views, setting a new global record
  - Forged pivotal partnership with Microsoft and selected Azure as the preferred cloud hosting platform for CLEAR Media ERP Suite
  - Collaborated with GrayMeta to enhance CLEAR's Artificial Intelligence (AI) / Machine Learning Capabilities
  - Enhanced Adobe® Premiere Pro CC integration with CLEAR
  - Launched powerful content supply chain solutions for OTT & Digital Transformation at NAB 2018
  - Launched a channel partner relationship with Los Angeles-based ColorTime

#### **India FMS business**

- The Company worked on marquee projects like Padmaavat (₹ 585 crore), Hindi Medium (₹ 334 crore), Baaghi 2 (₹ 253 crore), Raid (₹ 142 crore), Judwaa 2 (₹ 227 crore) Tubelight (₹ 211 crore) and Baadshahi (₹ 160 crore) among others<sup>1</sup>





- Improved EBITDA margin to 38.7% from 30.8% last year owing to strategic decisions to reduce cost
- Pipeline includes movies like Thugs of Hindustan, Race 3, Brahmastra, Parmanu: The Story of Pokhran, 2.0, Manikarnika: The Queen of Jhansi, Super 30, etc.

<sup>1</sup> source: Bollywood Hungama

### Other Highlights

- Launched PFAMES – Prime Focus’ in-house training academy to upskill Indian talent for the global Media and Entertainment Industry; should help to increase margins going forward
- The Company successfully redeemed the Standard Chartered PE NCDs due in November 2017 ahead of time; continues to focus on Interest rate reduction with higher proportion of Debt being dollar denominated
- Added 2 new locations this year – Montreal and Chennai – both spends ahead of time to cater to the burgeoning Order Book
- Successfully delivered the largest contract in the history of the Company – project Pacific Rim: Uprising

## Section 3

### Global & Indian Media & Entertainment Industry Landscape

#### World Economy

Decent recovery and rebound was seen in investment, trade and manufacturing activity in 2017. This was a year when the global economic environment was seen stabilizing. This is driven by accommodative policies and firming commodity prices. The pickup in investment reflected in increased capacity utilization, favorable financing conditions, rising profits and business sentiment. World Output is expected to grow at 3.8% in 2017 on the back of rebound in global investment growth and is projected to increase at 3.9% in both 2018 and 2019. The growth is expected to further accelerate with broad base and positive upswing in European and Asian economies.

Economic activity in advanced economies is forecasted to grow at 2.5% in 2018 and 2.2% in 2019 as compared to 2.3% growth registered in 2017. This growth is driven by a recovery in capital spending and exports, upswing in capital spending, a turnaround in inventories, and strengthening external demand. While growth accelerated in all major economies, the improvement was markedly stronger than expected in the Euro Area.

Growth in emerging markets reflects firming activity in commodity exporters and continued solid growth in commodity importers. From 4.8% in 2017, emerging markets and developing economies are forecasted to grow at about 4.9% and 5.1% in 2018 and 2019 respectively. The contribution of net exports declined in commodity exporters, as import growth rebounded substantially.

(Source: Global Economic Prospects - World Bank - January 2018)

	2016	2017	2018	2019
World Output	3.2	3.8	3.9	3.9
Advanced economies	1.7	2.3	2.5	2.2
United States	1.5	2.3	2.9	2.7
Euro Area	1.8	2.3	2.4	2.0
Emerging and Developing economies	4.4	4.8	4.9	5.1
China	6.7	6.9	6.6	6.4
India	7.1	6.7	7.4	7.8
Russia	-0.2	1.5	1.7	1.5
Brazil	-3.5	1.0	2.3	2.5

(Source: Global Economic Prospects - World Bank - April 2018)

#### Indian Economy

Indian economy is projected to achieve 7.3% growth rate in 2018, gradually recovering from the transitory adverse impact of rolling out of the GST and demonetization. Indian Economy had a major indirect tax reform in July 2017 soon after the demonetization when the government introduced the Goods and Services Tax. It was implemented to replace several cascading taxes levied by the central and state governments. GST aimed at an accelerated growth of GDP, replaced over 15 different taxes and various cess imposed by central and state governments.

Another key issue during the year was rising bad loans, particularly the state-owned banks are heavily burdened with non-performing assets (NPAs). In a big move to help the stressed banks, the Finance Ministry announced Rs 2.11 trillion bank recapitalization plan in October for state-owned lenders in a bid to stimulate the flow of credit and boost private investment.

As a reflection of the cumulative actions to improve the business environment, India's rank jumped 30 spots on the World Bank's Ease of Doing Business rankings. Although higher oil prices kept fiscal deficit and inflation higher than expected, Economic Survey suggests that if the pace of structural reform continues and fiscal stability is kept under control, GDP growth in medium term has potential to reach 8%.

WPI Inflation surged in early 2017 due to sudden spurt in global crude oil prices. The WPI inflation stood at 2.9% in 2017-18 (Apr-Dec) as against 0.7% in 2016-17 (Apr-Dec). Till July 2017, the moderation in the global crude prices, led to moderation inflation. But as the oil prices bounced back along with rise in food prices, inflation rose and reached the level of 3.6% in December 2017.

(Source: OECD report dated Nov 2017 & Economic Survey dated Jan 2018)

### Outlook

Post the historic economic reforms, India's GDP growth saw a temporary dip in the last two quarters of 2016-17 and the first quarter of 2017-18, due to demonetization and implementation of GST. Economic activity has begun to stabilize since August 2017. India's growth in recent times has been supported by prudent macroeconomic policies and a stable balance of payment situation. In addition, recent policy reforms have helped India improve the business environment, ease inflows of foreign direct investment and improve credit behaviour.

As per World economic outlook Report dated April 2018, the GDP growth is expected to achieve around 7.5% in 2018 and 7.8% in 2019. This growth will be largely driven by the accelerated pace of structural reforms, focus towards a rule-based policy framework, improvement in the ease of doing business. India's recent reforms are expected to encourage formal sector activity, broaden the tax base, and improve long-term growth prospects.

### Indian GDP and inflation trend

	GDP growth	Inflation
2009	8.5	10.6
2010	9.5	10.3
2011	6.6	9.5
2012	5.6	9.9
2013	6.6	9.4
2014	7.2	5.9
2015	8.0	4.9
2016	7.1	4.5
2017 e	6.7	3.3
2018 P	7.4	4.6
2019 P	7.8	4.2

(Source: IMF)

### Global Media and Entertainment (M&E) industry

As per 2016-2020 Entertainment & Media Outlook by Price water house Coopers (PwC), the global Media & Entertainment (M&E) market reached US\$1.9 trillion in revenues in 2016, and is expected to grow by 5% to reach US\$2 trillion in 2017. In 2016, the top five markets in the industry were the United States (US\$712 billion), China (US\$190 billion) followed by Japan (US\$157 billion), Germany (US\$97 billion) and the United Kingdom (US\$96 billion). The six largest Latin American M&E

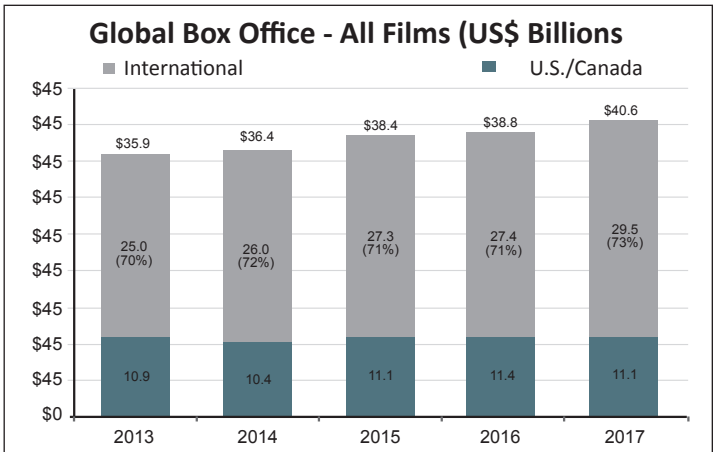
markets grew to US\$96 billion combined in 2016. Demonstrating major contributions of uniquely American culture, the United States boasts the largest global share of M&E earnings for filmed entertainment, music, book publishing, and video games. The M&E industry consists primarily of small businesses but large corporations, often diversified with the digital and tech sectors, dominate the industry.

The policies and regulations around media and entertainment are transforming as governments try to keep up with the pace of change seen in the industry. As consumers want faster, easier, and sometimes free content, industry leaders go to great lengths to meet this demand, while governments seek ways to protect their markets. The United States has a creative and entrepreneurial culture that is reflected in its share of M&E earnings across film, music, book publishing and video games. According to PwC, the United States' M&E market comprises a third of the global industry and will reach US\$771 billion by 2019, up from US\$632 billion in 2015. Other promising markets are India and Canada.

The global box office for all films produced across globe reached a record high of US\$40.6 billion in 2017, up 5% from 2016. International box office for all films, foreign and domestic, increased 7% to US\$29.5 billion. Global Movie ticket sales by more than US\$7 billion last year, surging 11% to US\$47.8 billion.

United States digital home entertainment spending increased 20% at US\$13.7 billion was US\$2.6 billion more than movie ticket sales. Whereas, international digital home entertainment spending increased 41%. Online video content viewing continued to increase in 2017 to reach US\$167.5 billion views marking a 41% increase compared to 2016. Americans now spend 49% of their media time on a digital platform. However, movie admissions in the United States and Canada dropped 6% to 1.24 billion tickets sold.

### Global box office collections



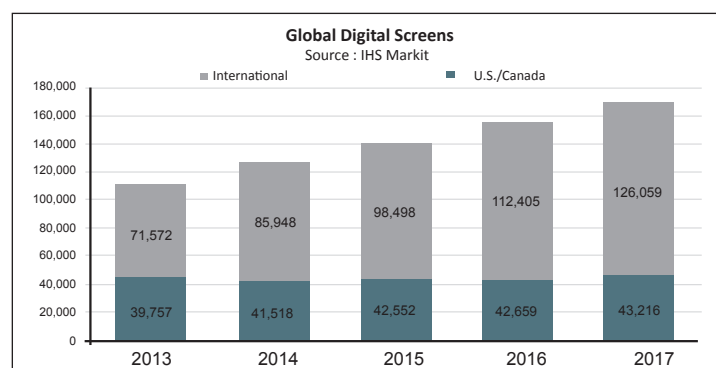
(MPAA report <https://pmcdeadline2.files.wordpress.com/2018/04/mpaa-theme-report-2017.pdf>)





In 2017, Global 3D digital screen increased to 14% to a lakh and now account for 59% of the total digital screen globally. The growth was seen across the globe though at a pace lower than what was achieved in 2016. Globally, Asia Pacific continues to have highest ratio of digital screen at 81%.

	2013	2014	2015	2016	2017	2017 % of Digital
U.S./Canada	15,782	16,143	16,441	16,745	16,978	39%
EMEA	15,813	16,880	17,580	18,278	18,971	45%
Asia Pacific	17,726	27,472	35,807	46,949	58,259	81%
Latin America	3,748	4,294	4,733	5,204	5,431	43%
Total	53,069	64,788	74,562	87,176	99,639	59%
% Change vs. Previous Year	17%	22%	15%	17%	14%	--



### Indian Media and Entertainment (M&E) Sector

The Indian Media and Entertainment (M&E) sector grew 13% over 2016 and reached Rs 1.5 trillion (US\$22.7 billion) in 2017. The M&E Sector is expected to grow at CAGR of 11.6% to reach Rs 2 trillion (US\$31 billion) by 2020. The digital segment led growth, demonstrating that advertising budgets are in line with the changing content consumption patterns. The M&E sector continues to grow at a faster rate reflecting the growing disposable income led by stable economic growth and changing demographics. As per the FICCI Report, the subscription growth outpaced advertising growth in 2017 but advertising will continue to grow till 2020 led by digital advertising. The report also estimates that approximately 1.5 million consumers in India today are digital only and would not normally use traditional media. It is expected that this customer base will grow to ~4 million by 2020 generating significant digital subscription revenues of approximately 20 billion. Going forward, micro payments enabled through the Unified Payment Interface (UPI)

and Bharat Interface for Money (BHIM) platforms developed by the National Payments Corporation of India (NPCI) will further accelerate subscription revenues for entertainment content.

### Indian M&E industry: size and projections

					(₹ billion)
Segment	CY2016	CY2017	CY2018E	CY2020E	CAGR 2016-20
Television	594	660	734	862	9.8%
Print	296	303	331	369	5.7%
Filmed entertainment	122	156	166	192	11.9%
Digital media	92	119	151	224	24.9%
Animation and VFX	54	67	80	114	20.4%
Live events	56	65	77	109	18.0%
Online gaming	26	30	40	68	27.5%
Out of Home media	32	34	37	43	7.7%
Radio	24	26	28	34	8.6%
Music	12	13	14	18	10.6%
Total	1,308	1,473	1,660	2,032	11.6%

All figures are gross of taxes (INR in billion)

(EY FICCI Report March 2018)

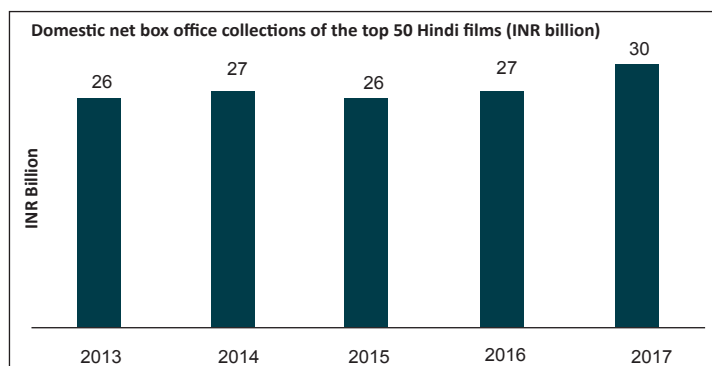
### Indian Film Industry

In 2017, the Indian film Industry segment grew 27% on the back of box office growth in both domestic and international segments. This was coupled with increased revenues from sale of satellite and digital rights. The growth was witnessed in almost all the sub-segments except for home video grew and the film segment reached Rs 156 billion in 2017. The Hindi films which comprised of the majority component contributed almost 40% of the net domestic box office collections with only 17% of the films made. Box office collections of the top 50 films grew by 11.60% in 2017 and contributed approximately 97.75% of the total net box office collection.

Revenues	2016	2017	2018E	2020E
Domestic theatricals	85.6	96.3	103.0	118.0
Overseas theatricals	8.5	25.0	25.0	28.0
Broadcast rights	16.0	19.0	20.0	22.0
Digital / OTT rights	6.0	8.5	10.0	14.5
In cinema advertising	5.9	6.4	7.5	9.0
Home video	0.4	0.3	0.2	0.2
Total	122.4	155.5	165.7	191.7

(Gross of taxes, INR billion)

(EY FICCI Report March 2018)



In 2017, nine films joined the Rs1 billion club, the biggest grosser for the year was Baahubali 2: The Conclusion which was a Tamil-Telugu bilingual dubbed in Hindi film emerged as one of the greatest blockbusters of all time, selling 52.5 million tickets at the box office for its Hindi language release. Amongst the other were, Tiger Zinda Hai, Golmaal Again, Judwaa 2, Toilet EkPrem Katha, Fukrey Returns and Badrinath Ki Dulhania were the big hits for Bollywood for the year 2017.

Bollywood stories aside, regional cinema too left a mark in 2017. The Telugu film segment clocked a 47% growth. Backed by Baahubali, Telegu film's net domestic collection in 2017 was Rs 15.33 billion, up from Rs10.42 billion in 2016. Gujarati films registered a 44% increase over 2016 in terms of transactions on the site, followed by Malayalam films registering a 38% rise. Malayalam, Bengali and Marathi cinema in particular have been known to for their keen focus on content-driven cinema and they did not disappoint this year as well. A very significant revenue for the regional language films, with the exception of Tamil and Telugu to some extent, still accrues from theatrical window while the growth of vernacular television and OTT make incremental contributions.

After three consecutive years of healthy growth since 2013, Hollywood footfalls in India remained stagnant at 75 million last year, marginally down from 78 million in 2016. In 2017, the box office collections of Hollywood in India remained stagnant in 2017 with size of ₹ 8.01 billion, as compared to ₹ 7.95 billion in 2016. This comprises around 13% of the total theatrical box office.

Going forward, the growth in Indian Cinema is expected to be driven by:

In India, cinema operators pay amongst the highest rentals compared to some of the developed market of the world. Rental expenses in India are ranging around 30% of the total expenses amongst the key players as compared to 8-10% paid by firms in the western markets. In order to

address this issue, certain state governments have announced scheme for low cost lease land parcel for initial years. This is a welcome move for Indian Film industry.

Another issue with is the lack of a single window clearance. Currently, cinema owners are required to obtain multiple clearances. These licenses are for shorter period of time of about 1-2 years. Delay in clearance impacts their operations. The ease of doing business in the segment can be significantly improved with single window clearance system.

In India, Entertainment Tax is significantly higher than the developed markets. The pre-GST tax rate of 28% for all rates of tickets has now changed to 18% for tickets priced below Rs 100. This tax reduction has benefited only small operators.

### VFX and Post-Production

The animation and Visual Effects (VFX) industry continues to steadily gain acceptance as Indian talent rubs shoulders with global counterparts. The Indian animation and VFX industry grew at 23% in 2017 to reach a size of Rs 67 billion, driven majorly by a 35% growth in VFX, with animation remaining steady at a growth rate of 13%

	CY16	CY17	CY18E	CY20E
Animation	15.0	17.0	18.9	23.2
Post Production	15.9	18.3	20.9	26.9
VFX	23.2	31.3	40.6	63.5
Total	54.1	66.6	80.4	113.6

*Amount are gross of tax, in INR billion*

*(EY FICCI Report March 2018)*

The VFX industry is a fast emerging as an indispensable part of film making. Cutting-edge work done by Indian studios has catapulted the country on the global VFX center-stage. To further build upon this success requires a strong push from the government in the form of incentives as well as an evolved mindset and approach of the creators to be a success. Recently, many states like Maharashtra, Karnataka, Telangana have announced, or are coming up with, policies in support of the animation and VFX industry. These initiatives would enable the Indian animation and VFX industry to effectively compete with established markets such as the US, Canada and emerging centers like South Korea, France, China and Malaysia.

VFX industry in India is expected to boost as Hollywood studios are

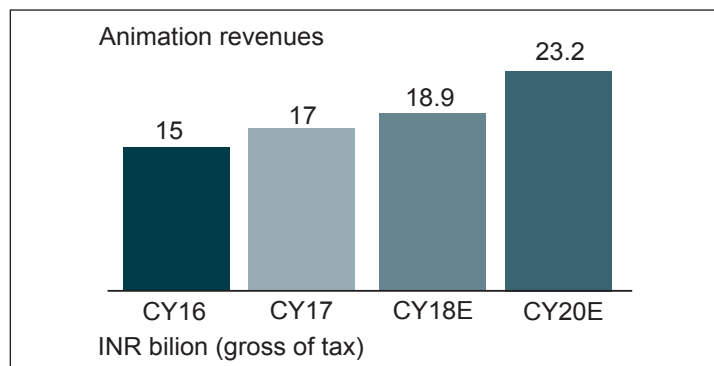




eyeing the compelling cost advantages of India. India also has an edge in English speaking animators who are familiar with western culture. The animation market in India is led by its content it creates for its television. The film segment is still nascent in domestic market and working towards parts of various Hollywood animation features. The Indian animation sector is growing steadily and registered a growth of 13% in 2017 to reach Rs 17billion and is expected to grow at a CAGR of 11% till 2020. This growth is driven by:

- Increased share of Domestic Content in TV and this trend is set to continue for medium term period
- Emergence of global digital platform like Netflix, Amazon and VooT contents globally and in India
- Large animation studios picking end to end work and outsourcing less intensive job to smaller studios

#### Animation Revenues



(EY FICCI Report March 2018)

With the changing mindset of the audiences, animation has the potential of becoming one of the most sought-after mediums for entertainment and storytelling in India. VFX is making its presence felt in films of all genres be it action, comedy or romance. However, Bollywood is constrained by the slow pace of screen growth as well as increased competition from Hollywood and regional content. Demand for locally produced animation also grew in 2017.

The year 2017 also a significant amount of quality outsourcing work done by Indian studios. Considering the incentives provided by the government, the trend of Hollywood and other developed countries outsourcing VFX projects to low-cost ones has been significantly on the rise. While the industry will get a boost after the release of a few big films in 2018, the television space is also not to be underestimated. The mobile

and internet gaming area, although still not big enough, should also see accelerated growth in the next couple of years. It is expected that digital will drive growth, and innovation will be the key which will be driven by creative expression. Although nascent, the coming of age of Augmented Reality / Virtual Reality technologies could be the key trigger for an even better-than-estimated growth of the animation and VFX 2018 industry.

(EY FICCI Report and franchiseindia.com)

## Section 4

### Company/Business Overview

Prime Focus Limited is the world's largest integrated media services provider, offering creative services, tech products & services, and other post-production services to the media & entertainment industry. PFL employs over 9,000 professionals in 19 cities across 5 continents and 7 Time zones.

Headquartered in Mumbai, PFL was established in 1997 by Namit Malhotra. Today, PFL has presence in London, Los Angeles, New York, Vancouver, Montreal, Chennai, Mumbai, Toronto, Sydney, Johannesburg, Cape Town, Delhi, Goa, Hyderabad, Bangalore, Kolkata, Chandigarh, and Abu Dhabi. PFL boasts of a robust business model, pool of skilled professionals strong balance sheet and reputed investors like Standard Chartered Private Equity, AID Partners Capital Limited, Macquarie Capital, Reliance Capital and Ambit Pragma Private Equity.

PFL is a global leader in integrated media services providing comprehensive solutions to leading studios, and broadcast and advertising industries worldwide. It has a robust track record of delivering high-end franchise movies in collaboration with top-tier studios. Its range of products and services include:

- Creative services like visual effects, stereo 3D conversion and animation
- Tech/Tech-Enabled Services like Media ERP Suite and Cloud enabled media services
- Production and Post-production services like digital intermediate, picture post, equipment rental, shooting floors and sound stages

The Company has a unique business model that facilitates seamless blending of creative and technological aspects to provide holistic solutions to its clients. Over 80% of the Company's revenues come from international markets, leveraging the best of talent and

technology across its multiple facilities spread across the globe. Its Global Digital Pipeline and pioneering World Sourcing delivery model facilitate partnering with content creators across all stages for creative enablement, deriving better efficiencies and cost optimization. PFL is listed on the BSE and the NSE of India.

Over the years, the Company has undertaken several strategic mergers and acquisitions to enhance its capabilities and establish global presence. These include:

- Merged operations of PFL's Creative Services arm with Double Negative (DNEG), a global leader in visual effects, in 2014
- Merged operations with the film and media services business of Reliance MediaWorks in 2015
- Entered into a strategic tie-up with Canada's Gener8 Media Corp, a significant player in stereo 3D conversion technology in 2015
- Acquired DAX®, creators of Primetime Emmy® award-winning Digital Dailies® in 2014 and Academy Award®-winning Lowry Digital in 2015

#### **Our Client Base:**

- Studios – Warner Bros., Disney, Marvel, Universal Studios, Paramount, Sony, Twentieth Century Fox, Legendary Pictures, Lionsgate and DreamWorks
- Broadcast networks – Bloomberg, Disney, Star, Hearst, Associated Press and Zee
- Others – ICC, BCCI, Cricket Australia, JWT, Lowe Lintas, Netflix, Amazon and Sky

#### **Key businesses**

##### **Creative Services**

To scale up its international operations, PFL merged its creative services offering with Double Negative (DNEG) in July 2014 and is now one of the largest independent and integrated VFX players in the world. DNEG is amongst the leading 'tier one' independent VFX providers in the world, and its ability to bundle VFX with industry-leading stereo 3D conversion services makes it a unique proposition for leading Hollywood studios. PFL is also a leading creative provider of VFX services to the Indian M&E industry and has worked on a number of blockbuster titles this year.

Creative Services: Selected Projects 2017-18

#### **Hollywood**

Black Panther  
Beauty and the Beast  
Transformers: The Last Knight  
Wonder Woman  
Pirates of the Caribbean: Dead Men Tell No Tales  
Justice League  
Jumanji: Welcome to the Jungle  
Pacific Rim: Uprising  
Thor: Ragnarok  
The Fate of the Furious

#### **Bollywood**

##### **Production & Post-Production Services**

Another key segment of the Company is production and post-production services. PFL employs skilled professionals capable of delivering differentiated post-production services, such as professional digital intermediate/colour grading, sound and picture post. The Company merged operations with Reliance MediaWorks in 2015 enabling it to further strengthen its offerings and capture market share.

Production & Post-Production: Selected Projects 2017-18

Padmaavat  
Hindi Medium  
Baaghi 2  
Raid  
Judwaa 2  
Tubelight  
Baadshaho  
Bareilly ki Barfi  
Mom

##### **Tech/Tech-Enabled Services**

PFT offers a unique combination of Media and IT skills backed by a deep understanding of the global media and entertainment industry. PFT's award-winning Hybrid Cloud-enabled Media ERP Suite, CLEAR™ along with its high quality Cloud Media Services help broadcasters, studios, brands, sports and digital businesses drive creative enablement, enhance operational efficiencies, reduce cost and realize new monetization opportunities. PFL's worldwide network of studios and WorldSourcing® model supported by a Global Digital Pipeline allows PFT to offer customers across the globe transformational solutions that help them automate business processes around content and manage the business of content better.





1.5 million hours of content managed annually  
183 Hybrid Cloud locations  
400 TV shows powered by CLEAR daily  
VoD fulfillment of 10 million assets annually  
35,000 hours of Subtitling and Closed Captioning annually  
70% of US primetime scripted network television production use PFT's product

### Double Negative (DNEG)

DNEG is the Creative Services arm of PFL engaged in providing visual effects, stereo 3D conversion and animation services. In 2014, PFL's creative services division merged operations with DNEG, a leader in visual effects with experience in working with leading Hollywood studios (Marvel, Universal, Warner Bros, Paramount, Twentieth Century Fox, Sony, Disney and Lionsgate) and directors (Christopher Nolan, David Yates, Ron Howard, Zack Snyder and Steven Spielberg amongst others).

The merged entity has emerged as the largest independent creative services provider with presence in 9 cities across three continents, employing almost 5,000 professionals. The advantage of DNEG's VFX leadership position and its stereo 3D conversion leadership position, further enhanced by a strategic partnership with stereo conversion company Gener8, has enabled the Company to offer high-quality bundled services at competitive prices. DNEG and Gener8 combined are a global leader in the stereo 3D conversion space commanding nearly 30% market share. These competitive advantages make DNEG a "house of choice" for Hollywood's VFX and stereo 3D conversion requirements.

The Creative Services division also provides animation services, partnering with content creators across the production life-cycle to facilitate development of beautifully animated CG content. The Company leverages its experience, scale of operations and pioneering delivery model (WorldSourcing) to deliver high-end projects whilst ensuring high efficiencies, quality and cost optimization.

### Highlights: 2017-18

- Launched Prime Focus Academy of Media & Entertainment Studies for training of entry level personnel in India
- Delivered movies like Black Panther, Beauty and the Beast, Transformers: The Last Knight, Wonder Woman, The Mummy, Pirates of the Caribbean: Dead Men Tell No Tales, , Dunkirk, Geostorm, Blade Runner 2049, American Assassin, Justice League, Thor: Ragnarok, Hostiles, The Hurricane Heist and The 15:17 to Paris.

- Opened new facilities in Chennai (India) and Montreal (Canada), in line with strategic initiatives to increase delivery from cost advantageous locations
- Film Animation and content focused on OTT Platforms is expected to grow well; Delivered Altered Carbon for Netflix / Skydance
- Strong market demand driving additional capacity growth initiatives ahead of prior expectations – launched Montreal facility

### Awards & Accolades:

- DNEG won the Academy Award for Best Visual Effects for Blade Runner 2049
- DNEG won the BAFTA for 'Best Special Visual Effects' at the EE BAFTAs 2018 Awards Ceremony in London for Blade Runner 2049
- DNEG won the BAFTA for 'Special, Visual and Graphic Effects' at the 2018 BAFTA TV Craft Awards Ceremony in London for 'Black Mirror – Metalhead'
- DNEG was honoured with two Visual Effects Society Awards for 'Outstanding Supporting Visual Effects in a Photoreal Feature' category for 'Dunkirk' and in the 'Outstanding Created Environment in a Photoreal Feature' category for 'Blade Runner 2049'

Prime Focus and Bad Robot delivered immersive, multi-screen experience for the Barco Escape release of 'Star Trek Beyond'. Barco Escape brings audiences inside the action like never before, expanding the storytelling across three screens to create a thrilling new movie-going experience

- Entered mainstream Film Animation services with a significant project-win from a major global studio in addition to a healthy pipeline
- Operating EBITDA margin of over 23.9% on account of consolidation of work flow and facilities across India

Order book at over US\$270 million with projects like Venom, The New Mutants, Ant-Man and the Wasp, Avengers: Infinity War, Mission: Impossible - Fallout, Godzilla: King of the Monsters, Mowgli and Fantastic Beasts: The Crimes of Grindelwald, among others.

### Prime Focus Technologies (PFT)

Prime Focus Technologies (PFT), the Tech/Tech-Enabled Services subsidiary of PFL, is the creator of Enterprise Resource Planning (ERP) software, CLEAR™ for the Media & Entertainment (M&E)

industry. It offers broadcasters, studios, brands and service providers transformational solutions enabling them to lower their Total Cost of Operations (TCOP) by automating business processes around content and managing their business of content better. As a cloud solutions provider with a global delivery model and the world's largest digital media services cloud infrastructure at its disposal, PFT also delivers a range of technical, creative and new media services on cloud with defined Service Level Agreements (SLAs). These include Localization (Closed Captioning, Subtitling, Dubbing and Audio Description), Digital Packaging & Delivery, 4K Remastering & Upconversion, Quality Control (QC), OTT Packaging & Delivery, Production & Post-Production and Metadata Services among others.

PFT works with major M&E companies like Disney, Turner, PBS, 21st Century Fox-owned Star TV, Hearst, Warner Bros., CBS Television Studios, 20th Century Fox Television Studios, Lionsgate, Starz Media (a Lionsgate company), Showtime, A+E Networks, Complex Networks, HBO, IFC Films, FX Networks, Miramax, CNBC Africa, TERN International, Sony Music, Google, YouTube, Novi Digital – Hotstar, Amazon, HOOQ, Viacom's Voot, Cricket Australia, BCCI, Indian Premier League and The Associated Press.

#### Highlights: 2017-18

- Expansion continued with a new office in Sydney, Australia, to provide an increased level of local support to customers in the region
- Continued to build momentum in the international markets with new customer additions. In EMEA, added clients like Vodacom, Nordisk Film and Yanga TV
- In the Americas, added clients like Public Broadcasting System (a US-based channel), and signed new deals with Hearst and Turner Latin America
- In APAC, added clients like Discovery Communications India, and signed new contracts with existing clients such as BCCI, IMG Reliance, Sony Pictures Networks India, Sony Music, HOOQ and Star India
- Brand Services grew with additions like Oppo, TVS Motor Company, Big Bazaar, Jabong, Marico, Xiaomi and Brooke Bond Red Label. New deals were signed with existing clients like Tata Sky and Vodafone

#### Awards & Accolades:

- PFT's Secure Subtitling Tool for pre-release content won IABM's 2018 BaM™ (Broadcast and Media) award, as well as TV Technology's 'Best of Show Award' at NAB 2018
- Ramki Sankaranarayanan, PFT's Founder & CEO, was featured as a leading technocrat in the M&E industry for the second time in a row by Digital Studio in July 2017
- Ramki Sankaranarayanan, PFT's Founder & CEO, won NewBay's Industry Innovator Award in November 2017
- CLEAR Media ERP's ground-breaking Work Order Management functionality won TV Technology's 'Product Innovation Award 2017'
- CLEAR's Interoperable Master Format (IMF) Media Player won TV Technology's 'Best of Show Award' at IBC 2017
- PFT won Gold at the PromaxBDA India Awards 2018 for 'Best Original Music Composition' for a Tata Sky advertisement
- PFT won Gold at the Hermes Creative Awards 2018 in the Marketing Collateral/Branding category & Honorable Mention in the Communication/Marketing Campaign category

#### Financial performance and highlights

Prime Focus delivered stellar financial performance with significant improvement in profitability led by Creative Service. The Company reported Income from Operations of Rs 347 crore in Financial Year 2017-18, with 58% and 42% contribution from Creative and Tech/Tech-Enabled Services, respectively. EBITDA margin increased by 3.4% as revenue synergies realized in terms of cross-selling and execution from lower cost-centres, such as India and Vancouver, climbed. The Company returned to positive xIPAT after going through a phased Integration plan across geographies and businesses.

Financial Highlights of Financial Year 2017-18 (Consolidated Audited Financials):

- Total Income of the Company is at ₹ 2,292 crores, compared to ₹ 2,178 crores for the year ended March 31, 2017
- Adjusted EBITDA Margin reached 23.7%, above the mid-term target of 20%, up 0.7% from the year ended March 31, 2017
- Cash Profit (PAT + Depreciation + ESOP) is at ₹267.70 crore; Cash Profit Margin at 11.68%





- All business divisions on profitable growth curve:
- Creative Services revenue has grown 7% to ₹ 1,788 crore in Financial Year 2017-18 from ₹ 1,671 crore in the year ended March 2017. This business now contributes 78% to Group revenues and has an EBITDA margin of 23.9%
- Tech/Tech-Enabled Services revenue marginally up at ₹347 crore in Financial Year 2017-18 from ₹ 341 crore in the year ended March 2017; EBITDA Margin at 26.5%, maintained in the range of 25-30%
- India FMS revenue marginally up. EBITDA Margin is at 38.7%, in the price-competitive Indian Market, a testimony to PFL's quality work
- Net Debt (Debt-Cash) at ₹ 1,540 crore as of March 2018
- Constant efforts towards reducing high-cost India debt via re-financing with cheaper and longer-tenure debt; current blended interest cost is 10%
- Also undertook various initiatives such as release of trapped cash (e.g. security deposits), internal accruals

## Section 5

### Business Strategy

Over the years, the Company has grown profitably. In about five years the Company's revenue has grown 3 fold with EBITDA margin of 23.7% in Financial Year 2017-18. Going forward, the Company aims to continue to continue this pace of profitable growth led by following key drivers:

- In Creative Services, the Company continues to offer its services globally and expand its footprints to newer geographies. To drive revenue growth and cost optimization, the Company continues to cross-sell through bundled offering
  - o In Tech/Tech-Enabled Services, the Company entered into a channel partner relationship with ColorTime in Los Angeles, and joined hands with Microsoft and GrayMeta in order to open up new monetization avenues
  - o In Tech/Tech-Enabled Services, the Company signed contracts with new and existing clients, thereby expanding customer base and creating an opportunity to cross-sell other modules and increase revenue from existing clients
- Operating efficiency and ongoing reduction in personal cost is helping us to improve the margins and push it northwards of 25%

- Prudent Debt Management: With the infusion of additional funds from promoters, the Company reduced its debt substantially and reduction in interest rate further added to rationalizing of the interest costs

## Section 6

### Outlook

As the M&E Industry is maturing, increasing number of companies are making their content available to international market. This trend leads to the future of M&E industry making it competitive and promising. The Company is ideally poised to capitalize on the potential opportunity, being one of the world's largest independent & integrated media services players. It is confident of accelerated profitable growth with its higher scale, cutting edge technology, substantial combined order book of US\$500 million and increasing efficiencies across geographies.

With the digitization wave all over the world, the global M&E industry has witnessed shift from over the past few years. The share of traditional media is being rapidly captured by digital media and data analytics is playing a crucial role in areas like advertising and marketing, which is being done through new media. The next few years will see digital technologies increase their influence across the industry leading to a sea change in consumer behaviour across all segments. The key growth drivers of the industry are expected to be:

- Demand growth, supply advantages and policy support are the key drivers in attracting FDI. FDI inflows into the entertainment sector during April 2000 to June 2017 rose up to US\$ 6.6 billion.
- Growth in international animation films, especially 3D productions and the subsequent work for Indian production houses will help the growth in this segment
- In order to promote India as a location destination for foreign production houses, the government is setting up a single window clearance system for shooting permissions
- To promote joint productions, co-production agreements have been signed with Italy, Germany, Brazil, UK, France, New Zealand, Poland, Spain and Canada
- The government has carved out a National Film Policy to tap the potential of the film sector mainly for the animation segment. State-level initiative by governments to encourage animation industry.

- Apart from the impact of rising incomes, widening of the consumer base will also be aided by expansion of the middle class, increasing urbanisation and changing lifestyles

(Source: IBEF Report dated Oct 2017)

Today, global firms see India as highly attractive market with huge potential driven by a number of factors which are unique to India like demographics, aspirational middle class, rapid urbanization and growing economic prosperity. While the media industry is maturing in other markets, it is developing in India, making India a key growth hot-spot on the global M&E map.

## Section 7

### Opportunities and Threats

The rapid move towards digital world is opening up new opportunities in the M&E industry. The disruptions created by digital technologies is giving rise to several benefits and challenges. While content production, distribution and consumption have become easier and faster than ever before, the policies and regulations governing the industry are lagging behind.

As globalization is the rising trend, the entry of several global content leaders in new formats and the rise of tech-savvy start-ups has increased, while governments are focusing on protecting their regional markets. As the penetration of hardware devices is increasing, coupled with lower cost of internet, the industry is witnessing the opening-up of several new revenue streams; consumers want more content faster, easier and cheaper. The scenario is compelling for industry leaders to offer interesting and relevant content. Producers are focused on monetizing demand to the maximum through identifying newer platforms and revenue streams. Besides, most regulators across the globe are focusing on reviewing their copyright and Intellectual Property laws as well as the technology and telecommunications regulations which might require industry players to rethink their strategies across markets. (Source: 2016 Top Markets Report, U. S. Department of Commerce)

The Indian M&E sector is growing rapidly. With increasing penetration of internet, higher data speeds at lower costs, there is a marked shift in consumption patterns towards internet-based screens. As on November 2017, the average download speed was 8.8 mbps and that of fixed broadband was 18.8 mbps. The data consumption has grown to 3.9 GB per month after the recent developments in telecom sector. In India, the penetration of high speed broadband to be reached to 53% by

2020 implying a bullish run of the industry going forward. At the same time, there are typical challenges in the industry too. The Indian M&E industry has high level of piracy as compared to the world. This causes the losses of around US\$ 2.8 billion. Piracy also impacts theatre business model is threatened due to rise and easy availability of pirated contents. Moreover, Indian market is highly price sensitive and advertisement driven. Currently, only 1-2% of the consumers pay for online media. Lastly, though the ease of doing business has improved significantly, a lot needs to be done in terms.

## Section 8

### Risks and Concerns

Being a diversified into various business verticals and geographies, the Company is prone to multiple factors that affect the performance of the Company. Some significant risks that could affect the operations at the Company have been identified as below:

- **Industry risks:** Industry risk refers to any slowdown in the general economic scenario, and in specific the M&E sector, may negatively impact the Company's business growth.

**Risk mitigation:** Indian M&E sector is growing rapidly with digitization and change in the consumer behaviour very fast. With data consumption and increasing internet penetration the industry's overall outlook remains positive. The Company's robust order book and diversification will help to mitigate any slowdown in the industry.

- **Competition Risk:** The industry in which the Company operates is growing at a rapid pace and is exposed to tremendous competition at the national as well as international level. Strong growth prospects combined with liberalization of services sector have prompted the entry of newer foreign and domestic players in the industry.

**Risk mitigation:** Diversified and innovative service offerings keep the customers and other stakeholder's intact as well as continuous research and development helps in mitigating the competition risk. Fair and transparent practices always ensure long-term stability. The Company is well has established name in delivering quality work for leading production houses in Hollywood and Bollywood, employing best professionals in the industry and collaborating with leading global media service providers. The Company has also been instrumental in developing novel patented technologies that have





revolutionized the sector. It also offers the advantage of providing a wide range of service offerings and holistic packages under one roof making it a “house of choice” for leading studios.

- **HR Related Risk:** The Company operates in the industry which is highly dependent on talent and capabilities of its personal. The Company needs to continuously invest in employee training and development which is intellectual capital for firms. Employee attrition is a major threat that drains the Company’s intellectual capital and renders un-competitiveness.

**Mitigation Strategy:** The Company has very effective people management systems and strategies, these has resulted to retained attrition levels to lowest in the industry. The Company is focused on building a robust training framework to cater to the development needs of employees across leadership level. This includes professional, functional, technical and leadership development interventions.

- **Profitability risks:** The Industry in which operate has is very thin margins owing to low budgets from production houses and high cost of professional talent. The Company’s Inability of the Company to manage costs may lead to losses and hamper the financial performance.

**Mitigation Strategy:** With increasing Content availability and fast digitization, the animation, VFX and post-production segments are evolving rapidly with more production houses inclined to use the same owing to the rising acceptance and positive appreciation from global audiences. PFL being a leading player in the segment having the ability to offer bundled services and deliver internationally acclaimed projects is well placed to capitalize on this opportunity. The Company has time and again proven that the quality work done by it generates higher box office collections compared to the investment made by the filmmaker, besides the audience appreciation.

- **Product risk:** Product risk refers to the risks arising out of the products the Company’s inability of the Company to increase the number of projects may impact its profitability.

**Mitigation Strategy:** The Company has diversified this risk by consciously spreading its operations across key markets in various geographies. In addition to this, the Indian film industry being

huge and with directors increasingly resorting to visual effects, significant opportunities are expected to come up. Apart from this, the Company also works with regional (Tamil, Telugu and Kannada) filmmakers to ensure better sweating of assets.

- **Information and Cyber Security Risk:** In present environment, cyber security risks are becoming more severe and widespread. This risk is integral in this industry and is of utmost priority due to the fear of sophisticated target attacks and increasing ransom ware threats.

**Mitigation Strategy:** The Company has revamped its information security priorities with an emphasis on protecting confidential data. The Company has in-depth strategy to strengthen controls, protection against data loss and continued availability of business. In addition, the incident management process has been revisited to enhance response plans, to promote better response coordination and to shorten incident response time.

## Section 9

### Internal Control Systems and their Adequacy

The Company’s Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company. The Company’s internal controls systems are commensurate with the nature, size and complexities of operations. The Company has well defined and adequately documented systems, policies, procedures and guidelines that have been reviewed by the Board. The Company strictly followed the statute, laws, rules and regulations of the land. It ensures stringent compliance at all levels and across all business units and departments for safeguarding its assets, prevention and detection of fraud and errors, completeness of accounting records and timely preparations of financial statements. These systems are regularly reviewed by the statutory and internal auditors. Significant audit observations and follow up actions thereon are reviewed by the Audit Committee.

## Section 10

### Human Resources

The Company believes that its people are its most important asset and thus continuously strives to scaleup its employee engagement through well-structured systems and a visionary HR philosophy. The Company is committed to nurturing an open environment which

allows for easy assimilation of ideas and enriches the Company's collective knowledge pool. The Company aspires to evolve into a future-ready organization centered on promoting a collaborative and cohesive culture.

The Company continuously invests in role-based training and upskilling of its employees at all levels to ensure that they remain at the forefront of skill-set upgradation in the industry. The Company also continues to facilitate learning process across all levels through blended learning approach of In-house programs and external trainings encompassing behavioral and management areas. The Company fosters work-life balance and several health and wellness initiatives are offered on an ongoing basis. The Company maintains cordial relationship with its employees at all its manufacturing units. The total strength of the Company's workforce as on 31st March, 2018, was over 9000.

## **Section 11**

### **Cautionary Statement**

This report contains statements that may be "forward looking" including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to the Company's future business developments and economic performance. While these forward-looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, general market, macroeconomic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance. The Company undertakes no obligation to publicly revise any forward-looking statements to reflect future / likely events or circumstances.



# REPORT ON CORPORATE GOVERNANCE



## 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's corporate governance philosophy rests on the pillars of integrity, accountability, equity, transparency and environmental responsibility that conform fully with laws, regulations and guidelines. The company's philosophy on corporate governance is to achieve business excellence and maximizing shareholder value through ethical business conduct. The Company's philosophy also includes building partnerships with all stakeholders, employees, customers, vendors, service providers, local communities and government. The Company has always set high targets for the growth, profitability, customer satisfaction, safety and environmental performance and continues its commitment to high standards of corporate governance practices. During the year under review, the Board continued its pursuit of achieving its objectives through the adoption and monitoring of corporate strategies and prudent business plans.

## 2. BOARD OF DIRECTORS

The Board of Directors of the Company has an appropriate mix of Executive Directors ("ED"), Non-Executive Directors ("NED") and Independent Directors ("ID") to maintain the Board's independence, and separate its functions of governance and management. Currently, the Board comprises of 3 Executive Directors, 2 Non-Executive Directors and 5 Independent Non-Executive Directors. Except Mr. Naresh Malhotra and Mr. Namit Malhotra who are related to each other by way of father and son relationship, none of the other Directors are related to each other.

None of the Directors on the Company's Board is a Member of more than ten Committees and Chairman of more than five Committees [Committees being, Audit Committee and Stakeholder Relationship

Committee] across all the Indian public limited companies in which he/she is a Director. All the Directors have made necessary disclosures regarding Committee positions held by them in other companies and do not hold the office of Director in more than twenty companies, including ten public companies. All Directors except Nominee and Independent Directors are liable to retire by rotation.

The required information, including information as enumerated in Part A of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is made available to the Board of Directors for discussions and consideration at Board Meetings. The Managing Director and the Chief Financial Officer (CFO) have certified to the Board upon inter alia, the accuracy of the financial statements and adequacy of internal controls for the financial reporting, in accordance with Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, pertaining to CEO and CFO certification for the Financial Year ended March 31, 2018.

During the year under review Six (6) Board meetings were held on May 22, 2017, August 09, 2017, October 04, 2017, November 14, 2017, December 07, 2017 and February 14, 2018 out of which the Board Meeting held on May 22, 2017 was adjourned and held on May 23, 2017. The Company has complied with the terms of section 173(1) of Companies Act, 2013 and Regulation 17(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for conducting minimum 4(four) meetings of Board of Directors during the year and the maximum time-gap between any two meetings did not exceed 120 days.

The Board of Directors of the Company has an optimum combination of Executive and Non-Executive Directors. The names and categories of the Directors on the Board, the number of directorships and committee positions held by them in other Public Limited Companies as on the date of signing this report are as under:

Sr. No.	Name of Director	Category of Director	No. of Directorship held in other Companies #1	Membership held in Committees of other Companies #2	Chairmanship held in Committees of other Companies #2	No. of Board meetings attended during the year #3	Attendance at last Annual General Meeting	Shareholding in the Company #4
1.	Mr. Namit Malhotra DIN: 00004049	Chairman & Executive Director (Promoter)	1	Nil	Nil	5	Absent	1,49,00,000 equity shares
2.	Mr. Naresh Malhotra DIN: 00004597	Whole-Time Director (Promoter)	3	Nil	Nil	5	Present	6,22,01,546 equity shares

Sr. No.	Name of Director	Category of Director	No. of Directorship held in other Companies #1	Membership held in Committees of other Companies #2	Chairmanship held in Committees of other Companies #2	No. of Board meetings attended during the year #3	Attendance at last Annual General Meeting	Shareholding in the Company #4
3.	Mr. Ramakrishnan Sankaranarayanan DIN: 02696897	Managing Director	5	Nil	Nil	2	Absent	50 equity shares
4.	Mr. Amit Bapna DIN: 00008443 #5	Non-Executive Director	6	3	Nil	4	Absent	Nil
5.	Mr. Kodi Raghavan Srinivasan DIN: 00012449	Non-Executive Director (Independent)	Nil	Nil	Nil	2	Absent	Nil
6.	Mr. Padmanabha Gopal Aiyar DIN: 02722981	Non-Executive Director (Independent)	2	2	Nil	1	Absent	Nil
7.	Mr. Rivkaran Chadha DIN: 00308288	Non-Executive Director (Independent)	7	Nil	3	4	Present	Nil
8.	Dr. (Mrs.) Hemalatha Thiagarajan DIN: 07144803	Non-Executive Director (Independent)	Nil	Nil	Nil	2	Absent	Nil
9.	Mr. Samu Devarajan DIN: 00878956	Non-Executive Director (Independent)	3	2	2	3	Absent	Nil
10.	Mr. Udai Dhawan DIN: 03048040 #6	Non-Executive Director	3	4	Nil	6	Absent	Nil

#1 Excludes directorship held in Private Companies, Foreign Companies and Companies formed under Section 8 of the Companies Act 2013 ("the Act") and Alternate Directorships.

#2 Includes Memberships/Chairmanships of only Audit Committees and Stakeholder Relationship Committees (excluding Prime Focus Limited)

#3 Includes meetings attended via video conference facility.

#4 None of the Directors hold the convertible warrants issued by the company during the F.Y. 2017-18.

#5 Mr. Amit Bapna is a Non-Executive Director (Nominee of Reliance MediaWorks Financial Services Private Limited (the wholly owned subsidiary of Reliance MediaWorks Limited).

Further, Mr. Amit Bapna resigned from the Board and Committees of the Company w.e.f. May 30, 2018 and Mr. Anand Natarajan was appointed in his place w.e.f. May 30, 2018.

#6 Mr. Udai Dhawan is a Non-Executive Director (Nominee of Standard Chartered Private Equity (Mauritius) III Limited, Standard Chartered Private Equity Mauritius Limited, Marina IV (Singapore) Pte. Ltd. and Marina Horizon (Singapore) Pte. Ltd.)

**Annual Independent Directors Meeting:** In accordance with the provisions of schedule IV of the Act & Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors was held during the year on February 14, 2018, to review the performance of the Non-Independent Non-Executive Directors including the Chairman of the Board and performance of the Board as a whole. The Non-Independent Directors did not take part in the meeting.

**Board Effectiveness Evaluation:** Pursuant to the Regulation 17 and Regulation 34 of SEBI (Listing Obligations and Disclosure

Requirements) Regulations, 2015 and the Act, Board evaluation involving evaluation of the Board of Directors, its Committees and individual Directors, including the role of the Board Chairman, was conducted during the year. For details kindly refer the Directors' Report.

Further, the evaluation criteria of the Independent Directors are detailed in the Board's Report.

**Familiarization Programme for Independent Directors:** The details of Familiarization Programme for Independent Directors are available on the website of the Company at <http://www.primefocus.com/investor-center#FamiliarisationPrgmforID>.



### 3. COMMITTEES OF THE BOARD

The Board Committees plays a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities which concern the Company and need a closer review. The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by members of the Board, as a part of good governance practice. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The minutes of the meetings of all Committees are placed before the Board for review. The Board Committees can request special invitees to join the meeting, as appropriate.

**The Board has currently established the following Committees:**

#### A. AUDIT COMMITTEE

The Audit Committee of the Company functions in accordance with the requirement of Section 177 of the Act and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The composition of the Audit Committee is in compliance of Regulation 18(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Audit Committee comprises of 5 Directors, out of which four are Independent Directors and one is Non-Executive Director. The Members of the Audit Committee possess financial/accounting expertise/exposure.

The meetings of the Audit Committee are also attended by the Chief Financial Officer, Representatives of the Statutory Auditors and other Senior Officials of the Company as special invitees. The Company Secretary of the Company acts as the Secretary to the Audit Committee. The minutes of each Audit Committee meeting are noted in the next meeting of the Board. The quorum of Committee is two members or one-third of its members, whichever is higher with minimum 2 Independent Directors. During the year under review, 4 (Four) Audit Committee meetings were held on May 19, 2017, August 08, 2017, November 13, 2017 and February 13, 2018 out of which meeting held on May 19, 2017 was adjourned and was held on May 22, 2017 which was further adjourned and was held on May 23, 2017.

As on the date of signing this report, the Audit Committee comprises of the following members of the Board:

Composition	Category	Position	Meetings attended <sup>#1</sup>
Mr. Rivkaran Chadha	Independent & Non-Executive Director	Chairman	4
Mr. Kodi Raghavan Srinivasan	Independent & Non-Executive Director	Member	2
Mr. Padmanabha Gopal Aiyar	Independent & Non-Executive Director	Member	1
Mr. Amit Bapna*	Non-Executive Director	Member	3
Mr. Samu Devarajan	Independent & Non-Executive Director	Member	3

#### Note:

*\*Mr. Amit Bapna resigned from the Board and Committees of the Company w.e.f. May 30, 2018 and Mr. Anand Natarajan was appointed in his place w.e.f. May 30, 2018.*

*#1 Includes meetings attended via video conference facility.*

#### TERMS OF REFERENCE:

The broad terms of reference includes the following as is mandated in Part C of Schedule II of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Act:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommend to the Board, the appointment, re-appointment, terms of appointment, remuneration and, if required, replacement or removal of Statutory Auditors and fixation of Audit fees.
- Approval of payment to statutory auditors for any other services rendered by them.
- Reviewing, with the management the annual financial statements and auditor's report thereon before submission to the Board for approval with particular reference to the matters stated under sub clause (a) to (g) of Part C of Schedule II of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015
- Reviewing, with the management the quarterly financial results before submission to the Board for approval.



- f. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency, monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- g. Review and monitor the auditor's independence and performance and effectiveness of audit process.
- h. Approval or any subsequent modification of transactions of the Company with related parties.
- i. Scrutiny of inter-corporate loans and investments.
- j. Valuation of undertakings or assets of the Company, wherever it is necessary.
- k. Evaluation of internal financial controls and risk management systems.
- l. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- m. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- n. Discussion with internal auditors of any significant findings and follow up there on.
- o. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- p. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- q. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non- payment of declared dividends) and creditors.
- r. To review the functioning of the Whistle Blower mechanism.

- s. Approval of appointment of Chief Financial officer after assessing the qualifications, experience & background, etc. of the candidate.
- t. examination of the financial statement and the auditors' report thereon
- u. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Deloitte Haskins & Sells, Chartered Accountants (ICAI Firm Registration No. 117364W), the Company's Statutory Auditor, is responsible for performing an independent audit of the Financial Statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in India.

## **B. NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee (NRC) of the Company functions in accordance with the Act and Listing Requirements, which are reviewed from time to time. The broad terms of reference of the Nomination and Remuneration Committee are as follows:

- a. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- b. formulation of criteria for evaluation of performance of independent directors and the board of directors;
- c. Devising a policy on Board diversity;
- d. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- e. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

During the year under review, 2 (two) meetings of the Committee were held on May 19, 2017 and February 13, 2018. The decisions are taken by the Committee, at meetings or by passing circular resolutions.



As on the date of this report, the Nomination and Remuneration Committee comprises of 5 Directors, all of them being Non-Executive Directors with half the composition being Independent Directors. The Composition of Nomination and Remuneration Committee and attendance at its meeting is as follows:

Composition	Category	Position	Meetings attended
Mr. Rivkaran Chadha	Independent & Non-Executive Director	Chairman	2
Mr. Kodi Raghavan Srinivasan	Independent & Non-Executive Director	Member	0
Mr. G.P. Aiyar	Independent & Non-Executive Director	Member	2
Mr. Amit Bapna*	Non-Executive Director	Member	2
Mr. Samu Devarajan	Independent & Non-Executive Director	Member	2

**Note:**

\*Mr. Amit Bapna resigned from the Board and Committees of the Company w.e.f. May 30, 2018 and Mr. Anand Natarajan was appointed in his place w.e.f. May 30, 2018.

**Nomination and Remuneration Policy**

The Company adopted a Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other employees in accordance with the provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. For details on the Nomination and Remuneration Policy, kindly refer to the 'Annexure-D' of the Directors' Report.

**Remuneration to Directors:**

**Non-Executive Director:**

The Non-Executive Directors of the Company are paid sitting fees of Rs. 20,000/- per meeting for attending the meeting of the Board of Directors. No sitting fees were paid to the Directors for attending the Meeting of the Committees of the Board and attending the separate meeting of Independent Directors.

Details of the Remuneration paid to Non-Executive Directors for the year ended March 31, 2018 are as follows:

Amount in ₹

Name of Director	Remuneration Paid	Sitting Fees	Total
<b>Non-Executive Directors</b>			
Mr. Padmanabha Gopal Aiyar	-	20,000	20,000
Mr. Rivkaran Chadha	-	80,000	80,000
Mr. Kodi Raghavan Srinivasan	-	40,000	40,000
Dr. (Mrs.) Hemalatha Thiagarajan	-	40,000	40,000
Mr. Amit Bapna	-	80,000	80,000
Mr. Samu Devarajan	-	60,000	60,000
Mr. Udai Dhawan	-	120,000	120,000

**Executive Director:**

The remuneration paid to the Executive Directors is commensurate with industry standards and Board level positions held in similar sized companies, taking into consideration the individual responsibilities shouldered by them and is in consonance with the terms of appointment approved by the Members, at the time of their appointment.

Details of Remuneration paid to the Executive Chairman, Managing Director and Whole time Director for the financial year ended March 31, 2018 are as follows:

(Amount in ₹)

Name of the Director	Naresh Malhotra Whole Time Director	Namit Malhotra Executive Chairman	Ramakrishnan Sankaranarayanan Managing Director
Remuneration (in ₹)	60,00,000 P.A.	50,00,004 P.A.	45,83,337 P.A.
Service Contracts	5 YEARS	3 YEARS	3 YEARS
Performance linked Incentives	Nil	Nil	Nil
Stock options	Nil	Nil	Nil

**C. STAKEHOLDERS RELATIONSHIP COMMITTEE**

The Stakeholders Relationship Committee functions with the objective of looking into the redressal of Shareholders'/Investors' grievances. The Stakeholders Relationship Committee is primarily responsible to:

1. Review statutory compliance relating to all securities holders.
2. Consider and resolve the grievances of security holders of the Company including complaints related to transfer of securities, non-receipt of annual report/declared dividends/ notices/ balance sheet.
3. Oversee compliances in respect of dividend payments and transfer of unclaimed amounts to the Investor Education and Protection Fund.
4. Approve issue of duplicate certificates of the Company.
5. Recommend measures for overall improvement of the quality of investor services.

The Stakeholders' Relationship Committee's composition and the terms of reference meet with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provisions of the Act. During the year under review, 4 (Four) meetings were held on May 19, 2017, August 08, 2017, November 13, 2017 and February 13, 2018.

As on the date of signing this report, the Committee comprises of 5 Directors. The Composition of Committee and attendance at the meetings are as follows:

Composition	Category	Position	Meetings attended
Mr. Rivkaran Chadha	Independent & Non-Executive Director	Chairman	3
Mr. Kodi Raghavan Srinivasan	Independent & Non-Executive Director	Member	2
Mr. Naresh Malhotra	Whole-time Director (Promoter)	Member	3
Mr. Amit Bapna*	Non-Executive Director	Member	3
Mr. Samu Devarajan	Independent & Non-Executive Director	Member	3

**Note:**

*\*Mr. Amit Bapna resigned from the Board and Committees of the Company w.e.f. May 30, 2018 and Mr. Anand Natarajan was appointed in his place w.e.f. May 30, 2018.*

**Compliance Officer**

Ms. Parina Shah is the Company Secretary & Compliance Officer of the Company and the designated e-mail address for investor complaints is [ir.india@primefocus.com](mailto:ir.india@primefocus.com).

**Complaints from Investors**

During the financial year 2017-18, the Company has not received any complaint from the investors. There were no complaints pending as at the end of the financial year. Complaints or queries relating to the shares and/or Debentures can be forwarded to the Company's Registrar and Transfer Agent- Link Intime India Private Limited at 'C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai-400 083'; Tel: +91 22 49186000 Fax: +91 22 49186060.

**D. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE**

The CSR committee has been constituted in accordance with the Act to:

- a) Formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII;
- b) Recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- c) Monitor the CSR policy of the Company from time to time.

During the year under review, one meeting of the Committee was held on May 22, 2017. The composition of the CSR Committee and attendance at its meeting is given hereunder:

Composition	Category	Position	Meetings attended
Mr. Rivkaran Chadha	Independent & Non-Executive Director	Chairman	1
Mr. Naresh Malhotra	Whole-time Director (Promoter)	Member	1
Mr. Amit Bapna*	Non-Executive Director	Member	1
Mr. Samu Devarajan	Independent & Non-Executive Director	Member	1

**Note:**

*\*Mr. Amit Bapna resigned from the Board and Committees of the Company w.e.f. May 30, 2018 and Mr. Anand Natarajan was appointed in his place w.e.f. May 30, 2018.*

**E. ESOP COMPENSATION COMMITTEE**

Pursuant to the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and provisions of the Act, the Board of Directors in its meeting held on July 02, 2014





constituted ESOP Compensation Committee. During the year under review, two meetings of the committee were held on December 07, 2017 and February 14, 2018.

Composition	Category	Position	Meetings attended
Mr. Rivkaran Chadha	Independent & Non-Executive Director	Chairman	2
Mr. K. R. Srinivasan	Independent & Non-Executive Director	Member	1
Mr. Amit Bapna*	Non-Executive Director	Member	1
Mr. Samu Devarajan	Independent & Non-Executive Director	Member	1

*\*Mr. Amit Bapna resigned from the Board and Committees of the Company w.e.f. May 30, 2018 and Mr. Anand Natarajan was appointed in his place w.e.f. May 30, 2018.*

The terms of reference of ESOP Compensation Committee include, inter-alia, granting of Stock Options to the eligible employees, ascertaining the detailed terms and conditions for such grants, administering the Employee Stock Option Schemes of the Company and exercising the powers and performing the duties as prescribed under Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and/or any amendment or repealment thereto.

## 4. GENERAL BODY MEETINGS

### i. Annual General Meeting

Location and time, where last three Annual General Meetings were held is given below:

Financial year	Date	Location	Time
2014-2015	December 24, 2015	9th Floor, 'True North', Plot No. 63, Road No. 13, Opp. Hotel Tunga Paradise, Midc, Andheri (East), Mumbai - 400093	10.00 a.m.
2015-2016	September 30, 2016	9th Floor, 'True North', Plot no. 63, Road no. 13, Opp. Hotel Tunga Paradise, MIDC, Andheri (East), Mumbai - 400093	10.00 a.m.
2016-2017	September 27, 2017	9th Floor, 'True North', Plot no. 63, Road no. 13, Opp. Hotel Tunga Paradise, MIDC, Andheri (East), Mumbai - 400093	10.00 a.m.

### ii. Special Resolutions

a. Details of special resolutions passed in the previous three Annual General Meetings are as follows:

Date of General Meeting	Number of Special resolutions passed	Details of Special Resolutions
December 24, 2015	1	1. Offer or invite for Subscription of Secured / Unsecured Non-Convertible Debentures and/or other Debt securities on private placement basis.
September 30, 2016	2	1. Offer or invite for Subscription of Secured / Unsecured Non-Convertible Debentures and/or other Debt securities on private placement basis 2. Issue of Securities to the Qualified Institutional Buyers
September 27, 2017	5	1. Offer or invite for Subscription of Secured / Unsecured Non-Convertible Debentures and/or other Debt securities on private placement basis 2. Issue of Securities to the Qualified Institutional Buyers 3. Re-appointment of Mr. Namit Malhotra (DIN: 00004049) as a Chairman and Executive Director 4. Re-appointment of Mr. Ramakrishnan Sankaranarayanan (DIN: 02696897) as a Managing Director 5. Fixing minimum fee for serving various documents on members of the company

b. Details of special resolutions passed in the Extra-Ordinary General Meetings during the last three financial years are as follows:

Date of Extra-Ordinary General Meeting	Number of Special Resolutions passed	Details of Special Resolutions
August 1, 2014	6	<ol style="list-style-type: none"> <li>1. Increase in the Authorised Share Capital from Rs. 25,00,00,000/- to Rs. 35,00,00,000/- and alteration of the Capital Clause in the Memorandum of Association of the Company.</li> <li>2. Preferential Issue of Equity Shares of 113,461,538 equity shares of Re. 1/- each to Reliance MediaWorks Limited (RMW) and Monsoon Studio Private Limited</li> <li>3. Authorization for ESOP Scheme of the Company</li> <li>4. Approval of extension of the benefits of the PFL-ESOP Scheme 2014 to the eligible employees of the holding company, subsidiary and, associate companies, if any, of the Company as per applicable laws</li> <li>5. Appointment of Mr. Ramakrishnan Sankaranarayanan as a Managing Director for a period of 3(three) years with effect from June 25, 2014</li> <li>6. Appointment of Mr. Namit Malhotra as a Chairman and Executive Director for a period of 3 (three) years with effect from June 25, 2014..</li> </ol>
January 28, 2015	1	<ol style="list-style-type: none"> <li>1. Preferential Issue of Equity Shares</li> </ol>

During the financial year 2017-18 following special resolutions were passed at Extra-Ordinary General Meeting of the Company held on January 05, 2018:

1. Increase in the authorised share capital of the Company from ₹ 35,00,00,000/- to ₹ 45,00,00,000 and alteration of the capital clause in the Memorandum of Association of the Company
2. Issue of Warrants, convertible into Equity Shares on a Preferential Basis to a member of the Promoter and Promoter Group and to a Non Promoter

### iii. Details of Resolution passed through postal ballot, the persons who conducted the postal ballot exercise and details of the voting pattern

During the year under review, no special resolution has been passed through the exercise of postal ballot.

Currently, no resolution is proposed to be passed through postal ballot. However, if required, the same shall be passed in compliance of provisions of Companies Act, 2013, listing regulations or other applicable laws.

## 5. DISCLOSURES

### a. Related Party Transactions

Details of the relevant related party transactions entered into by the Company are set out in the Notes to Accounts. During the year under review, materially significant transactions with related parties were on an arm's length basis and did not have potential conflicts with the interests of the Company at large. Suitable disclosures as required by the Accounting Standard (AS18) have been made in the Annual Report. All transactions with related parties entered into by the Company were on an arm's length basis and were approved by the Audit Committee.

Pursuant to the Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board of Directors has adopted the 'Related Party Transaction Policy'. The said policy is available on the Company's website.

(Weblink: [http://www.primefocus.com/sites/default/files/pdf/policy\\_on\\_related\\_parties.pdf](http://www.primefocus.com/sites/default/files/pdf/policy_on_related_parties.pdf))

### b. Compliances by the Company

The Company has complied with various rules and regulations prescribed by the Stock Exchanges, Securities Exchange Board of India or any other statutory authority relating to the capital markets during the last three years except of the following:

1. The composition of Board of Directors was not in compliance with erstwhile Clause 49(II)(A)(2) of the Listing Agreement / Regulation 17(1) (b) of the SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "the listing regulations"), effective from September 16, 2015, with regard to having atleast half of the Board of directors of the Company to comprise of independent directors when chairperson of board of directors is an executive director. However, in order to comply with the aforesaid listing



regulations, the Board of Directors of the Company had appointed a Non-Executive Independent Director w.e.f. December 14, 2016;

2. The Company had delayed in submission of its annual audited financial results for the financial year ended June 30, 2015 as required under erstwhile Clause 41(l)(d) of the Listing Agreement within sixty days from the end of the financial year. In this regard the company had paid the penalties imposed by stock exchange(s) concerned and, no other penalties or strictures have been imposed on the Company during the last three years.

**c. Whistle Blower Policy/Vigil Mechanism**

Pursuant to Regulation 22 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 and the provisions of Section 177 of the Act, the Board of Directors has adopted a 'Whistle Blower Policy/Vigil Mechanism', which provides a formal mechanism for all Directors and employees of the Company to approach the Management of the Company and make protective disclosure to the Management about unethical behavior, actual or suspected fraud. A copy of the policy is available on the website of the Company.

(Weblink:[http://www.primefocus.com/sites/default/files/pdf/Vigil\\_Mechanism\\_Policy.pdf](http://www.primefocus.com/sites/default/files/pdf/Vigil_Mechanism_Policy.pdf)). The Company affirms that no director or employee of the Company has been denied access to the Audit Committee.

No complaint has been received as at the Financial Year ended March 31, 2018 and no employee of the Company was denied access to meet the Chairman of the Audit Committee in this regard.

**d. CEO/CFO certification**

In terms of requirements of Regulation 33(2) of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, the CEO and CFO of the Company have certified to the Board in the prescribed format for the year under review and the same has been reviewed by the Audit Committee and taken on record by the Board.

**e. Compliance with mandatory and non-mandatory requirements**

The Company has complied with all the mandatory requirements of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015. The details of these compliances have been given in the relevant sections of this report. The Company also incorporates certain non-

mandatory recommendations and among the non-mandatory requirements SEBI Listing obligations and Disclosure Requirements) Regulations, 2015, the Company has complied with the following:

**1. The Board:**

The Company has an Executive Chairman and the office provided to him for performing his executive duties is also utilised by him for discharging his duties as Chairman. No separate office is maintained for the non-executive Chairman of the Audit Committee but Secretarial and other assistance is provided to him whenever needed, in performance of his duties.

**2. Shareholder Rights:**

Audited and Un-audited quarterly financial results are sent to the stock exchanges and published in the newspapers as per the Listing Regulation.

**3. Modified opinion(s) in audit report:**

Company's financial statements are unqualified

**4. Reporting of internal auditor:**

The Internal Auditor reports directly to the Audit Committee

**f. Reconciliation of Share Capital Audit**

A Company Secretary in Practice carries out audit of Reconciliation of Share Capital on quarterly basis to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. This Report is also placed before the Board for its noting.

## 6. CODE OF CONDUCT

The Company has laid down a Code of Conduct for all its Board Members and Senior Management Personnel for avoidance of conflicts of interest and ensuring the highest standard of honesty, dedication and professionalism in carrying out their functional responsibilities. The Code of Conduct is in consonance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Code of Conduct is available on the Company's website (weblink: [http://www.primefocus.com/sites/default/files/pdf/pfl\\_code\\_of\\_conduct.pdf](http://www.primefocus.com/sites/default/files/pdf/pfl_code_of_conduct.pdf)). The Code has been circulated to all the members of the Board and the Senior



Management. The Directors and the Senior Management have affirmed compliance of the Code.

The Annual Report of the Company contains a declaration to this effect duly signed by the CEO of the Company.

## 7. MEANS OF COMMUNICATION

- a. The Board of Directors of the Company approves and takes on record the quarterly, half yearly and yearly financial results in the format prescribed by Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 within prescribed time limits. Quarterly results are submitted to the Stock Exchanges in terms of the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- b. The quarterly/half yearly and annual financial results are regularly submitted to Stock Exchanges in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and published in one English national daily newspaper circulating in the whole or substantially the whole of India i.e. either of Business Standards / Economic Times / The Free Press Journal and one Marathi daily newspapers i.e. either of Pudhari Kokan/ Maharashtra Times / Navshakti.

The Company's website [www.primefocus.com](http://www.primefocus.com) contains a separate dedicated section "investors" where shareholders information is available. Full Annual Reports are also available on the website in a user- friendly and downloadable format.

The Company posts its Quarterly / Half Yearly/Annual Results, Annual Report, official news releases, presentations made to investors and transcripts of the meetings with institutional investors / analysts on its website i.e. [www.primefocus.com](http://www.primefocus.com). This website contains the basic information about the Company, e.g, details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company who is responsible for assisting and handling investor grievances and such other details as may be required under Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company ensures that the contents of this website are updated at all times.

## 8. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 124 and other applicable provisions, if any, of the Companies Act 2013 and Investor

Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, the Company transferred 9485 shares in respect of which dividend has not been paid or claimed for seven consecutive year or more to IEPF Authority including shares held in unclaimed suspense account on 30th November 2017.

The members, whose unclaimed shares have been transferred to IEPF, may claim the same by making application to the IEPF authority in form No. IEPF-5 available on [www.iepf.gov.in](http://www.iepf.gov.in) for details of unclaimed shares transferred to IEPF please refer company's website viz. [www.primefocus.com](http://www.primefocus.com)

## 9. UNCLAIMED SHARES/AMOUNTS

Unclaimed shares issued pursuant to Initial Public Offer (IPO): Regulation 39 read with Schedule VI of SEBI (Listing Obligation and Disclosure Requirements), Regulation, 2015 stipulates a uniform procedure for dealing with unclaimed shares lying in the escrow account. Under the regulation, the said unclaimed shares are to be credited to a separate dematerialized suspense account. Accordingly, all the corporate benefits accruing on these shares will also be credited to such account. All the voting rights shall remain frozen till the rightful owner claims the shares. All such rightful owners may approach the Company for re-transfer of such shares to their account which will be effected on proper verification of the identity of such owner.

Accordingly, as on March 31, 2018, the unclaimed shares lying in 'Prime Focus Limited-Unclaimed Securities Suspense Account' held with Centrum Broking Limited are as tabled below:

Particulars	No. of cases	No. of Shares
Number of Shareholders and the outstanding shares in the suspense account lying at the beginning of the Year 2017-18 i.e. as on April 1, 2017.	15	3960
Number of Shareholders who approached for Issuer/ Registrar for transfer of shares from suspense account during the year 2017-18	1	500
Number of shareholders whom shares were transferred from suspense account during the year 2017-18.	1	500
Transferred to IEPF account	14	3460
Number of Shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. as on March 31, 2018	-	-



## 10. SUBSIDIARY COMPANIES

The Company has adopted a Policy for Determining Material Subsidiaries of the Company, pursuant to the provisions of Regulation 23 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, states the following:

- i. meaning of 'Material' Subsidiary
- ii. Requirement of Independent Director in certain Material Non Listed Indian Subsidiaries
- iii. Restriction on disposal of Shares of a Material Subsidiary by the Company
- iv. Restriction on transfer of Assets of a Material Subsidiary and
- v. Disclosure requirements, based on Regulation 23 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 and any other laws and regulations as may be applicable to the Company.

This policy is available on the website of the Company (weblink: [http://www.primefocus.com/sites/default/files/pdf/Policy\\_on\\_Material\\_Subsidiaries.pdf](http://www.primefocus.com/sites/default/files/pdf/Policy_on_Material_Subsidiaries.pdf))

In terms of the provisions of Regulation 24 of the (Listing obligations and Disclosure Requirements) Regulations, 2015), the minutes of the board meetings of subsidiary companies are placed before the Board of Directors of the Company and the attention of the Directors is drawn to significant transactions and arrangements entered into by the subsidiary companies. The performance and summary of key decisions of the subsidiaries is also reviewed by the Board periodically.

## 11. PREVENTION OF INSIDER TRADING

The Company has instituted mechanism to avoid Insider Trading. In accordance with the SEBI Regulations as amended, the Company has established systems and procedures to restrict insider trading activity and has framed a Code of Fair Disclosure and Conduct to prevent misuse of any unpublished price sensitive information and prohibit any insider trading activity, in order to protect the interest of the shareholders at large. The said Code of Fair Disclosure and Conduct is available on the Company's website.

### a. GENERAL SHAREHOLDER INFORMATION

1. Annual General Meeting Date, Time and Venue	Date: September 28, 2018 Time: 10.30 a.m. Venue: 9th Floor, 'True North', Plot no. 63, Road no. 13, Opp. Hotel Tunga Paradise, MIDC, Andheri (East), Mumbai - 400093
2. Financial Year	March 31, 2018
3. Dates of Book Closure	September 22, 2018 (Saturday) to September 28, 2018 (Friday) (both days inclusive).
4. Dividend	In view of losses, no Dividend has been declared
5. Listing on Stock Exchanges	The equity shares of your Company are listed on: BSE Limited (BSE) Add:- P.J. Towers, Dalal Street, Fort, Mumbai - 400 001; & National Stock Exchange of India Limited (NSE) Add:- Exchange Plaza, Bandra-Kurla Complex, Bandra, Mumbai - 400 051. The Zero Coupon Unsecured Redeemable Non-Convertible Debentures (NCDs) issued by the Company under Series B are listed on Wholesale Debt Market Segment of the BSE Limited (BSE). Your Company has paid Annual Listing Fees to all the exchanges for the financial year 2018-19 within the prescribed time limit.
6. Stock Code	For Equity Shares BSE Limited (BSE):- "532748" National Stock Exchange of India Limited (NSE):- "PFOCUS" ISIN Code : INE367G01038 For NCDs (Listed on BSE - Wholesale Debt Market segment) SERIES B-ISIN Code : INE367G08025
7. Registrar to issue & Share Transfer Agents	Link Intime India Private Limited Add: C-101, 247 Park, L B S Marg, Vikhroli West, Mumbai -400 083 Tel: +91 22 49186000 Fax: +91 22 49186060 Website: <a href="http://www.linkintime.co.in">www.linkintime.co.in</a> ; email: <a href="mailto:ishwar.suvarna@linkintime.co.in">ishwar.suvarna@linkintime.co.in</a>

8. Share Transfer System	The Board of Directors has delegated the authority to transfer the shares to M/s Link Intime India Private Limited, Registrar and Share Transfer Agent of the Company. The Share Transfer Agent attends to share transfer formalities, if any, once in a fortnight.
9. Commodity price risk or foreign exchange risk and hedging activities;	The Company seeks to minimize the effects of adverse exchange rate fluctuations on the financial positions of the Company by closely monitoring the Foreign Exchange Exposure and taking the adequate measures when needed.
10. Plant Location	<p>The Company is not a manufacturing unit and thus not having any Plant. Following are the Offices where the business of the Company is being conducted:</p> <p><b>Goregaon-Film City Office</b></p> <ul style="list-style-type: none"> <li>i. FC Main Building, Film City Complex, Dadasaheb Phalke Film City, Goregaon (East), Mumbai - 400065.</li> <li>ii. 1st, 2nd &amp; 3rd Floor, Mainframe, B Wing, Royal Palms, Aarey Colony, Goregaon (East), Mumbai - 400 065</li> <li>iii. Recording &amp; Dubbing Studio, Dadasaheb Phalke Film City Complex, Goregaon (East), Mumbai - 400065.</li> <li>iv. RMW Studios, Film City Complex, Dadasaheb Phalke Chitranagri, Goregaon (East), Mumbai - 400 065</li> <li>v. Unit 748, B Wing, Royal Palms, Aarey Colony, Goregaon (East), Mumbai - 400 065</li> </ul> <p><b>Santacruz Office</b> 2nd and 3rd Floor, Anandkunj, North Avenue, Linking Road, Santacruz (West), Mumbai – 400 054.</p> <p><b>Khar Office</b></p> <ul style="list-style-type: none"> <li>i. Prime Focus House, Linking Road, Opposite Citibank, Khar (West) Mumbai-400052.</li> <li>ii. 201, Glacis, Linking Road, Above IndusInd Bank, Khar (West), Mumbai – 400 052.</li> <li>iii. Ground Floor, Business Plaza, Khar (West), Mumbai – 400 054.</li> </ul> <p><b>Lower Parel Office</b> 2nd Floor, Raghuvanshi Mills Compound, SB Marg, Lower Parel (West), Mumbai - 400 013</p> <p><b>Hyderabad Office</b> Rama Naidu Studios Complex, 79, Film Nagar, Jubilee Hills, Hyderabad - 500033, India.</p>
11. Address for Correspondence	<p>Ms. Parina Shah, Company Secretary and Compliance Officer</p> <p>Prime Focus Limited</p> <p>Registered Office:</p> <p>Prime Focus House, Linking Road, Opposite Citibank, Khar (West), Mumbai-400052, India.</p> <p>Phone: +91-22-67155000; Fax: +91-22-67155001</p> <p>Website: <a href="http://www.primefocus.com">www.primefocus.com</a> ;</p> <p>email: <a href="mailto:ir.india@primefocus.com">ir.india@primefocus.com</a></p>
12. Dematerialization of Shares and liquidity	As on March 31, 2018; 29,91,65,625 equity shares of the Company constituting 99.99% of the equity share capital are held in Dematerialized form. The equity shares of the Company are traded only in dematerialized form in the stock exchanges.
13. Electronic Clearing Services (ECS)	Members are requested to update their bank account details with their respective Depository Participants for shares held in the electronic form or write to the Company's Registrar and Share Transfer Agent M/s Link Intime India Private Limited for the shares held in physical form.
14. Investor Complaints to be addressed to	Registrar and Share Transfer Agent - M/s Link Intime India Private Limited at <a href="mailto:helpdesk@linkintime.co.in">helpdesk@linkintime.co.in</a> or to Ms. Parina Shah, Company Secretary at <a href="mailto:ir.india@primefocus.com">ir.india@primefocus.com</a> .
15. Outstanding GDRs/ ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity.	<p>During the financial year under review, the Company issued and allotted 3,11,32,076 warrants to Monsoon Studio Private Limited (member of the Promoter &amp; Promoter Group) and Mr. Anshul Doshi (a Non Promoter) convertible into Equity Shares at the option of the respective Warrant Holders, in one or more tranches on or after April 1, 2018, but not later than 18 (eighteen) months from the date of the allotment i.e. February 14, 2018.</p> <p>No warrants have been converted into equity shares up to the date of this report.</p>
16. Name and Address of Debenture Trustee	<p>For Listed NCDs - Series B :</p> <p>SBICAP Trustee Company Ltd.*</p> <p>6th Floor, Apeejay House,</p> <p>3, Dinshaw Wachha Road, Churchgate, Mumbai 400 020</p> <p>Phone: +91-022-43025529</p> <p>(*The Company had appointed SBICAP Trustee Company Limited as Debenture Trustee w.e.f. March 16, 2018 in place of Unit Trust of India Investment Advisory Services Limited)</p>

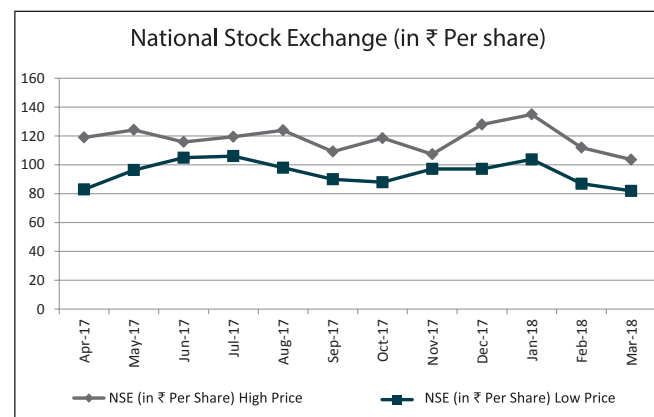
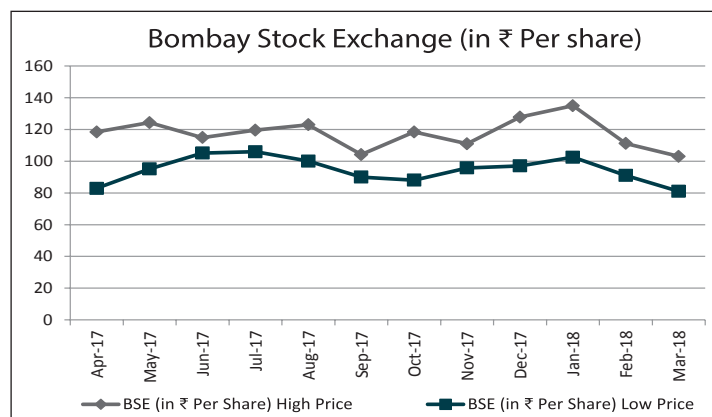




## b. Market Price Data

The price of the Company's Share-High, Low during each month in the financial year 2017-18 on the Stock Exchanges is given below in a tabular form:

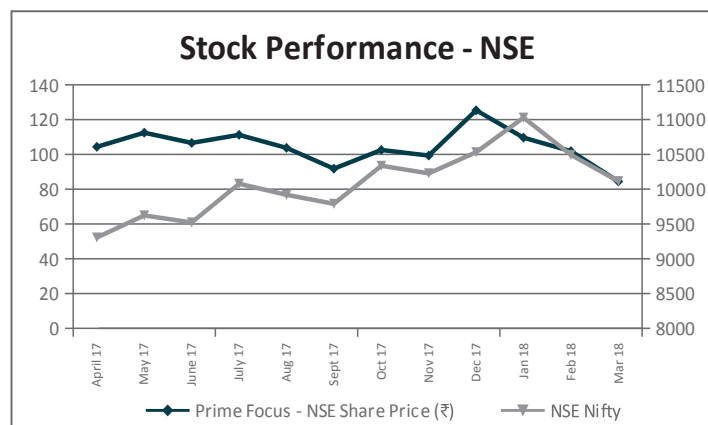
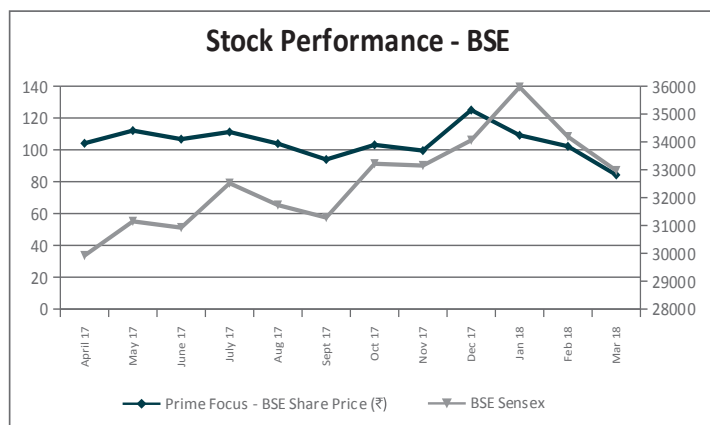
Month	BSE Limited			National Stock Exchange of India Limited		
	High Price (₹)	Low Price (₹)	Volume (No. of shares)	High Price (₹)	Low Price (₹)	Volume (No. of shares)
APRIL, 2017	118.4	82.85	9,53,885	119	83	62,17,360
MAY, 2017	124.35	95.1	5,45,907	124.25	96.4	29,37,608
JUNE, 2017	114.9	105.15	8,45,717	115.9	105	8,42,020
JULY, 2017	119.6	106	9,00,947	119.5	106.1	20,85,817
AUGUST, 2017	123	100.1	1,96,296	124	98.05	11,36,637
SEPTEMBER, 2017	104.2	90	1,19,847	109.2	90	5,79,499
OCTOBER, 2017	118.4	88.1	10,93,732	118.6	88	66,82,326
NOVEMBER, 2017	111	95.75	3,00,985	107.4	97.2	24,79,986
DECEMBER, 2017	127.8	97.05	8,36,621	128	97.2	81,06,186
JANUARY, 2018	135	102.5	9,50,040	135	103.8	83,59,674
FEBRUARY, 2018	111.2	91	1,58,778	112	86.95	13,30,775
MARCH, 2018	103	81	1,40,888	103.7	82	16,25,366



## c. Performance of share price of the Company in comparison with the broad based indices

Prime Focus Share Price compared with BSE Sensex & NSE Nifty (Month-end closing):

Month	BSE Share Price (₹)	Sensex	NSE Share Price (₹)	NSE Nifty
APRIL 2017	104.10	29,918.40	104.3	9,304.05
MAY 2017	112.10	31,145.80	112.45	9,621.25
JUNE 2017	106.70	30,921.61	106.55	9,520.9
JULY 2017	111.20	32,514.94	111.2	10,077.1
AUGUST 2017	103.90	31,730.49	103.7	9,917.9
SEPTEMBER 2017	93.95	31,283.72	91.75	9,788.6
OCTOBER 2017	103.15	33,213.13	102.5	10,335.3
NOVEMBER 2017	99.50	33,149.35	99.3	10,226.55
DECEMBER 2017	125.00	34,056.83	125.3	10,530.7
JANUARY 2018	109.15	35,965.02	109.6	11,027.7
FEBRUARY 2018	102.20	34,184.04	101.8	10,492.85
MARCH 2018	84.20	32,968.68	84.4	10,113.7



**d. Distribution of Shareholding as on March 31, 2018**

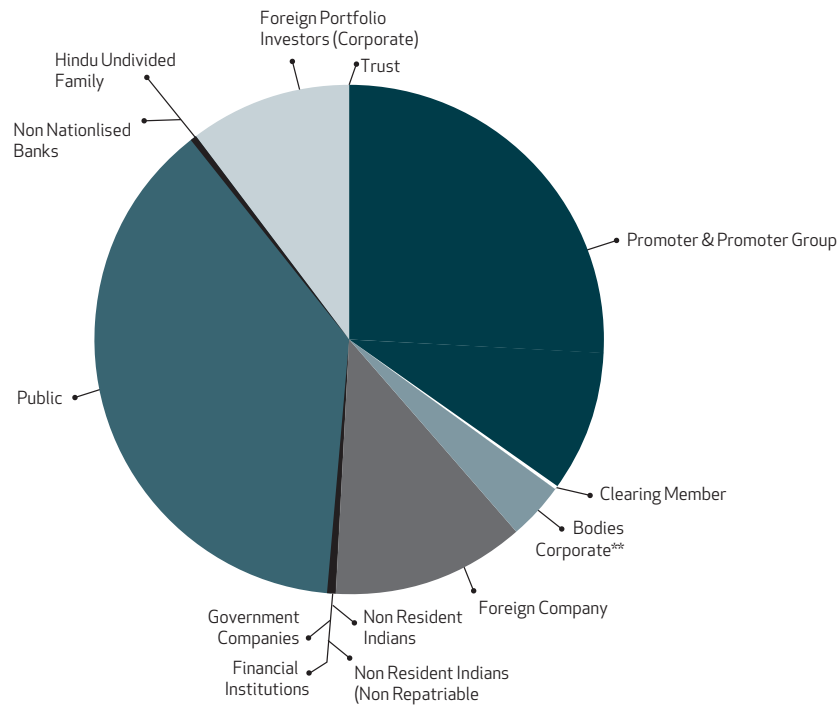
The broad shareholding distribution of the Company as on March 31, 2018 with respect to categories of investors was as follows:

Sr. No.	Category	No. of Equity Shares	Percentage%
1.	Promoter & Promoter Group	104,607,641	34.97
2.	Clearing Member	1,062,052	0.36
3.	Other Bodies Corporate	10,027,605	3.35
4.	Foreign Company**	36,549,990	12.22
5.	Non Resident Indians	182,589	0.06
6.	Non Resident Indians (Non Repatriable)	197,211	0.07
7.	Public *	116,157,977	38.83
8.	Foreign Portfolio Investors (Corporate)	29,832,078	9.97
9.	Trusts	100	0.00
10.	Hindu Undivided Family	482,652	0.16
11.	Financial Institutions	44,515	0.01
12.	Government Companies	9,485	0.00
13.	Non Nationalised Banks	11,750	0.00
	<b>Total</b>	<b>299,165,645</b>	<b>100</b>

**Note:**

\*As set out in the Letter of Offer dated December 08, 2014 issued by Reliance MediaWorks Limited alongwith Reliance Land Private Limited (PAC 1), Mr. Namit Malhotra (PAC 2), Mr. Naresh Malhotra (PAC 3), Monsoon Studio Private Limited (PAC 4), this includes 10,49,39,361 shares which were held by Reliance MediaWorks Limited, a person acting in concert with the Promoters. Further, Reliance MediaWorks Limited sold 10,49,39,361 shares on March 30, 2017 to Reliance MediaWorks Financial Services Private Limited (a wholly owned subsidiary of Reliance MediaWorks Limited) by way of inter-se transfer of shares under Regulation 10(1) (a)(iii) of SEBI (SAST) Regulations, 2011.

\*\*Out of the 10458768 (3.5%) held by Standard Chartered Private Equity (Mauritius) III Limited, Marina IV (Singapore) Pte. Ltd. is the beneficial owner of 41,79,961 constituting 1.40% of the paid up capital of the Company which are currently held by Standard Chartered Private Equity (Mauritius) III Limited. Further Standard Chartered Private Equity (Mauritius) III Limited and Marina IV (Singapore) Pte. Ltd. are affiliates under the common control of Standard Chartered Plc.



e. The broad shareholding distribution of the Company as on March 31, 2018 with respect to/ holdings was as follows:

Range	No. of Holders	Percentage %	No. of Shares	Percentage %
1- 500	8,826	79.12	1,355,705	0.4532
501-1000	1,042	9.34	873,625	0.2920
1001-2000	490	4.39	768,104	0.2567
2001-3000	207	1.86	532,419	0.1780
3001-4000	80	0.72	294,452	0.0984
4001-5000	106	0.95	509,075	0.1702
5001- 10000	175	1.57	1,395,720	0.4665
10001 AND ABOVE	229	2.05	293,436,545	98.0850
<b>Total</b>	<b>11,155</b>	<b>100</b>	<b>299,165,645</b>	<b>100</b>

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Ramakrishnan Sankaranarayanan  
Managing Director  
DIN:02696897

Naresh Malhotra  
Whole-Time Director  
DIN:00004597

Place : Mumbai

Date : May 30, 2018



**ANNUAL DECLARATION BY THE CHIEF EXECUTIVE OFFICER PURSUANT TO THE SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS), REGULATIONS, 2015**

This is to confirm that the Company has adopted Code of Conduct for its Board Members and Senior Management Personnel. This Code of Conduct is available on the Company's website.

As per the requirements of Regulation 34 (3) and Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, I, Namit Malhotra, Chief Executive Officer, hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Business Conduct and Ethics for the Financial Year ended March 31, 2018.

**For and on behalf of the Board**

**Namit Malhotra**

**Chief Executive Officer**

**Place: Mumbai**

**Date: May 30, 2018**

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## **CERTIFICATE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE**

To

The Members,

**Prime Focus Limited**

I have examined the compliance of conditions of Corporate Governance by Prime Focus Limited ('the Company'), for the Financial Year ended 31st March 2018, as stipulated in regulations 17 to 27 and clauses

(b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the Company.

I have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

In my opinion and to the best of my information and according to our examination of the relevant records and the explanations given to me and the representations made by the Directors and the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of the Schedule V of the Listing Regulations during the period ended March 31, 2018.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For D. M. Zaveri & Co  
Company Secretaries**

**Dharmesh Zaveri  
(Proprietor)  
FCS No. 5418  
CP No. 4363**

**Place : Mumbai**

**Date : May 30, 2018**

# BUSINESS RESPONSIBILITY REPORT 2017-2018

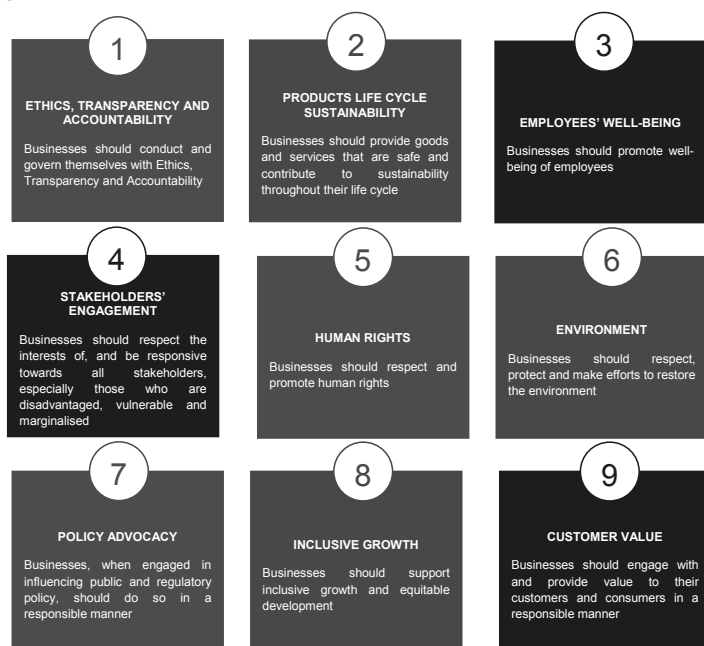


## Introduction

The Securities and Exchange Board of India (SEBI) in 2012 mandated the top 100 listed entities based on market capitalization at BSE and NSE to include 'Business Responsibility Report' as part of the annual report. Later in 2015, this was extended to the top 500 listed entities as per clause (f) of sub regulation (2) of regulation 34 of Listing Regulations of SEBI.

As a demonstration of our commitment to sustainable business, we initiated our journey of developing the Business Responsibility Report (BRR) as a part of our annual report FY'16-17 based on the suggested framework by SEBI. This is our second year into BRR and we look forward to it as a platform facilitating dialogue on our performance against the triple bottom-line of economy, environment and society. This report is a testimony of our commitment towards monitoring and reporting on the non-financial parameters and thereby enhancing stakeholder confidence.

Following are the 9 principles discussed in the NVG-SEE guidelines that govern the content of a Business Responsibility Report:



## Section A: General Information about the Company

- Corporate Identity Number (CIN) of the Company: L92100MH1997PLC108981
- Name of the Company: Prime Focus Limited (PFL)

- Registered address: Prime Focus House  
Opp. Citi Bank,  
Linking road, Khar (West),  
Mumbai- 400052.
- Website: [www.primefocus.com](http://www.primefocus.com)
- E-mail id: [brr.india@primefocus.com](mailto:brr.india@primefocus.com)
- Financial Year reported: 2017-18
- Sector(s) that the Company is engaged in (industrial activity code-wise): 5912 - Services
- List three key products/services that the Company manufactures/ provides (as in balance sheet)  
Following are the key services provided by PFL
  - Film, video camera, light equipment & accessories renting
  - Post Production – Advertisement, digital intermediation
  - Visual effects, animation and digital cinema packaging
- Total number of locations where business activity is undertaken by the Company
  - Number of International Locations (Provide details of major 5) - None
  - Number of National Locations – 11 offices including registered office and regional office.
- Markets served by the Company – We serve the Domestic and International Markets.

## Section B: Financial Details of the Company

- Paid up Capital (INR) – ₹ 299,165,645
- Total Turnover (INR) - ₹ 145.32 crores
- Total profit after taxes (INR) – ₹ (56.60) crores
- Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):  
Nil. We take social responsibility as a paramount importance and have formulated our CSR policy. We did not spend on the CSR activities during FY 2017-18 considering the losses.
- List of activities in which expenditure in 4 above has been incurred  
Not Applicable

## Section C: Other Details

1. Does the Company have any Subsidiary Company/ Companies?

Yes, we have 45 subsidiaries.

2. Do the Subsidiary Company/Companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

Nil. None of our subsidiaries have been involved in our BR initiatives.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, more than 60%]

None of the entities, we conduct business with are involved in our BR initiatives.

## Section D: BR Information

### 1. Details of Director/Directors responsible for BR

a) Details of the Director/Directors responsible for implementation of the BR policy/policies

Name	DIN Number	Designation
Mr. Rivkaran Singh Chadha	00308288	Director

b) Details of the BR head

Sr. no	Particulars	Details
1.	DIN Number (if applicable)	00308288
2.	Name	Mr. Rivkaran Singh Chadha
3.	Designation	Director/HOD CSR Committee
4.	Telephone number	022-61785555
5.	e-mail id	brr.india@primefocus.com

### 2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

The National Voluntary Guidelines on social, environmental and economic responsibilities of business prescribed by the Ministry of Corporate Affairs advocates the nine principles (detailed below) as P1-P9 to be followed:

<b>Principle 1 (P1)</b>	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
<b>Principle 2 (P2)</b>	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
<b>Principle 3 (P3)</b>	Businesses should promote the wellbeing of all employees.
<b>Principle 4 (P4)</b>	Businesses should respect the interests of, and be responsive to the needs of all stakeholders, especially those who are disadvantaged vulnerable, and marginalized.
<b>Principle 5 (P5)</b>	Businesses should respect and promote human rights.
<b>Principle 6 (P6)</b>	Businesses should respect, protect, and make efforts to restore the environment.
<b>Principle 7 (P7)</b>	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
<b>Principle 8 (P8)</b>	Businesses should support inclusive growth and equitable development.
<b>Principle 9 (P9)</b>	Businesses should engage with and provide value to their customers and consumers in a responsible manner.





S. No	Particulars	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for....	Y	Y	Y	Y	Y	Y	NA	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
3.	Does the policy conform to any national /international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	NA	Y	Y
4.	Has the policy been approved by the Board? Is yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	NA	Y	Y
5.	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	NA	Y	Y
6.	Indicate the link for the policy to be viewed online?	For any queries related to the BR policies and the report, kindly reach out at <a href="mailto:brr@primefocus.com">brr@primefocus.com</a>								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
8.	Does the company have in-house structure to implement the policy/policies	Y	Y	Y	Y	Y	Y	NA	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
10.	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	NA	Y	Y

2a. If answer to Sr. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

S. No	Particulars	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles									
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

### 3. Governance related to BR

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year  
Our BR activities are overseen by the CSR committee and the BR performance is reviewed annually.
- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

This is our second Business Responsibility Report and we publish this report on an annual basis as a part of our Annual Report.

### Section E: Principle-wise performance

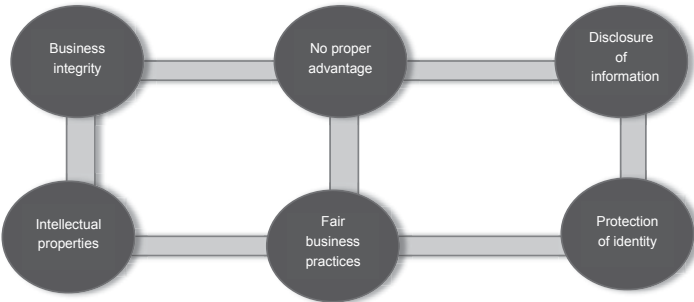
**Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability**

- Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

At Prime Focus Limited, our philosophy on Corporate Governance

drives ethical and transparent business operations. The purpose is to achieve business excellence and maximize shareholder value through ethical business conduct. Our philosophy is supported on pillars of integrity, accountability, equity, transparency and environmental responsibility that conform fully with laws, regulations and guidelines.

We ensure highest standards of business ethics in all our dealings with customers, suppliers, employees and other stakeholders for achieving success in the market place. We are committed to performing our business responsibly and following principles are ingrained into our operations:



Our Code of Conduct policy is approved by Board of Directors and is applicable to all the Directors on the Board and the Senior Management team. Apart from the code of conduct, we have also implemented the following policies which encompasses the Company as well as our suppliers:



2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

Our Whistle Blower Policy facilitates and provides a channel for employees and Directors to report on the management concerns about unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or any Policy of the Company  
 There have been no stakeholder complaints received during the FY 2017-18.

**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

1. **List up to 3 products or services whose design has incorporated social or environmental concerns, risks, and/or opportunities.**

Listed are our services whose design incorporates social or environmental concerns, risks and/or opportunities:



2. **For each such product, provide the following details in respect of resources use (energy, water, raw material etc.) per unit of product (optional)**

Though the nature of our business does not encompass any manufacturing activity we understand our role in environmental sustainability. We undertake several energy conservation initiatives by implementing energy efficient measures and replacing old equipment with new energy efficient equipment wherever feasible. Continuous efforts are also exerted to conserve energy in our post-production facilities and studio offices.

3. **Does the company have procedures in place for sustainable sourcing (including transportation)?**

Our policy on safety ascertains that all our goods and services are procured safely and sustainably. We develop and maintain a healthy working relationship with our vendors and suppliers and emphasize greatly on adherence to safe working conditions, prevention of child labour, business ethics and general housekeeping.

4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

We strive to contribute to the local economy by procuring services from suppliers in the vicinity of our operations. We acquire materials such as stationery, cleaning materials and manpower for facility maintenance and security from local agencies. Around 15-30% of our materials and services are procured locally. This serves two purposes, one being provision of regular source of income for local communities other being ready availability of resources for our operations.



We also recognize the need to support local business and industry. To encourage local industry to tender/quote for the provision of our goods and services, we ask for quotes from local suppliers and the supplier is chosen on the basis of the price quoted, performance, quality and suitability.

At some of our operations in Mumbai, over 50% of the staff employed on company's payroll & third party payroll are from the local vicinity. Some of our vendors & daily wage laborers (skilled / unskilled) are also from the vicinity.

**5. Does the company have mechanism to recycle products and waste? If yes, what is the percentage of recycling waste and products?**

The waste generated at our premises is managed through adequate waste disposal process. We have developed systems to dispose waste through authorised e-waste dealers and receive a certification from E- waste Recyclers India for the same. 100% of the e-waste generated at our premises is disposed through authorised dealers. We also ensure that all the paper waste generated in our offices are sold to agencies that further utilize the same for recycling. We have also been undertaking initiatives for management of bio-degradable waste.

**Bio-waste management:**

We envision a world where the waste is transformed into utilizable resources without exploitation of the people or the planet. The current waste management system involves a non-cyclic process of extraction, production, consumption and dumping or land filling, resulting in greenhouse gas emissions, ground water pollution and an ever increasing strain on natural resources. We are endeavoring to transform this non-cyclic process into a cyclic process through a decentralized waste management system. This not only reduces the expenditure of a centralized process but also reduces the increasing strain on our natural resources

- We are negotiating with Sampurn Earth Environment Solutions Ltd. for setting up a ITPD Bio Gas Plant in one of our complex to make it a zero waste generating zone.
- We have partnered with Bisleri bottles for Change program to donate used plastics for recycle to empower the waste pickers with better income – better life.

**Water recycling**

- The grey water after treatment by our Sewage Treatment Plant (STP) is reused for watering plants in our gardens & also in our toilet flushing system.

- We also undertake rainwater harvesting in one of our large complexes, through our well laid out Storm Water Drainage system.

**Principle 3: Businesses should promote the wellbeing of all employees**

**1. Please indicate the Total number of employees.**

The total number of employees at our organization are 508

**2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.**

The total no of contractual employees recruited through third party agencies for various activities like Housekeeping, Office assistants, janitors, Security, Electricians, etc. are 89.

**3. Please indicate the Number of permanent women employees.**

The total number of permanent women employees at our organization are 42

**4. Please indicate the Number of permanent employees with disabilities**

The total number of permanent employees with disabilities at our organization are 2

**5. Do you have an employee association that is recognized by management?**

No. We do not have an employee association.

**6. What percentage of your permanent employees is members of this recognized employee association?**

NA

**7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

Our employment agreement highlights a clause that ensures recruitment of candidates only above 18 years of age to eliminate any cases of child labour, Sexual harassment is perceived with zero tolerance at PFL and we have a system in place to prevent, prohibit and redress cases of sexual harassment at workplace. These systems have been developed in line with the provisions under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. We have in place an Internal Complaints Committee (ICC) to redress complaints received with respect to sexual harassment at workplace.



S. No.	Category	No of Complaints filed during the financial year	No of complaints pending as on end of this financial year
1.	Child labour/forced labour/involuntary labour	NIL	NIL
2.	Sexual harassment	NIL	NIL
3.	Discriminatory employment	NIL	NIL

**8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

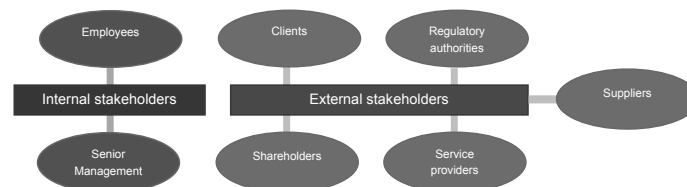
Category	Skill Up-gradation Training	Safety Training
Permanent Employees	100%	75%
Permanent Women Employees	100%	50%
Casual/Temporary/Contractual Employees	100%	100%
Employees with disabilities	100%	100%

We acknowledge that employees are most fundamental to our sustainable progress and we invest in several initiatives to promote an environment conducive to their growth. We provide them with several learning opportunities to enhance their skill-sets while also ensuring a safe working environment through workshops.

In this year, around 50 employees were trained on GST and 40 employees were trained on E-way. We consider it as our responsibility to educate and train our employees on matters that enhance safety at work place. We implement this through initiatives such as security fire drills, safety trainings for all our employees and an induction of our newly hired employees to train them on our code of conduct and business ethics.

**Principle 4: Businesses should respect the interests of, and be responsive to the needs of all stakeholders, especially those who are disadvantage vulnerable, and marginalized.**

- Has the company mapped its internal and external stakeholders?**  
Yes, we have identified our internal as well as external stakeholder and they are as follows:



**2. Has the company identified the disadvantaged, vulnerable, and marginalized stakeholders?**

Yes. As a part of our CSR policy, we have identified children, women, orphans, senior citizens, war widows and differently abled individuals under the category of disadvantaged, vulnerable and marginalized stakeholders.

**3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**

Our CSR policy provides an over-arching framework for undertaking initiatives to engage with the disadvantaged, vulnerable and marginalized stakeholders. These initiatives range between promoting education and employment of women and differently abled stakeholders, enhancing livelihood, and setting up of old age homes, day care centers, hostels etc. However, at present, we do not invest in any of the above activities in the view of losses.

**Principle 5: Businesses should respect and promote human rights**

**1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

We lay emphasis on protection of human rights and our activities are overlooked by governance policies, processes and monitoring systems to implement human rights in our operations. We assess solely on merit and ensure provision of equal opportunities to the meritorious without discriminating on the basis of race, caste, gender, religion, colour, nationality, disability, etc.

Our Code of Conduct dictates protocols that ensure conformance to human rights while our WhistleBlower Policy provides a platform to report violation of human rights within the organization. In addition, we have also formulated and implemented the anti-sexual harassment policy and have a zero tolerance for sexual harassment at workplace. These policies are applicable to the Company and the Group.



2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

No stakeholder complaints were received during the FY 2017-18 concerning to violation of human rights.

**Principle 6: Businesses should respect, protect, and make efforts to restore the environment**

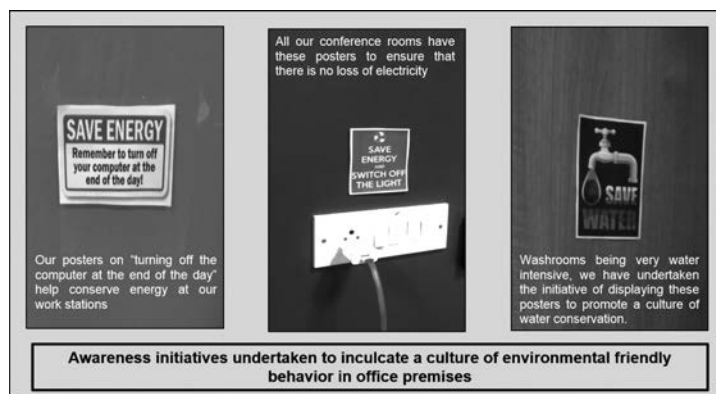
1. **Does the policy related to Principle 6 cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

Our CSR policy extends to our Company and provides guidance on the following aspects of environmental sustainability

Environmental sustainability	Ecological balance	Preservation of flora and fauna
Animal welfare and agro forestry	Conservation of natural resources	Maintaining quality of soil, air and water

2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? If yes, give hyperlink for the webpage etc.**

Despite being a service provider, we recognize the impact of our operations on the environment and have implemented initiatives to mitigate these impacts. We understand that awareness is key to effective environmental protection and have undertaken measures to increase awareness among our employees. We have displayed posters and flyers to sensitize on the paper waste reduction, conservation of water and electricity at relevant locations.



3. **Does the company identify and assess potential environmental risks?**

We have in place, a Risk Management Framework to identify and evaluate business and operational risks. However, currently, we have not identified any environmental risks.

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof. Also, if Yes, whether any environmental compliance report is filed?**

We currently do not have any projects related to Clean Development Mechanism.

5. **Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.? Y/N. If yes, please give hyperlink for web page etc.**

We continue to adopt different energy conservation initiatives by taking energy efficient measures and replace old equipment with new energy efficient equipment wherever possible. We also continuously strive to conserve energy in our post-production facilities and studio offices. We have undertaken initiatives such as follows:

#### **Roof top solar (RTS):**

A rooftop photovoltaic power station, is a photovoltaic system that has its electricity-generating solar panels mounted on the rooftop of building. The various components of such a system include photovoltaic modules, mounting systems, cables, solar inverters and other electrical accessories. Installers have the right to feed solar electricity into the public grid and hence receive a reasonable premium tariff per generated kWh reflecting the benefits of solar electricity to compensate for the current extra costs of PV electricity. We are in process of setting RTS in one of our large complexes in Goregoan, with a power generation capacity of 850 KWp. As per our analysis, this arrangement is expected to generate an average of 85,000 units per month in the 1st year.

#### **Procurement of power through renewable energy sources using open access system (wind and solar):**

Open access has been envisaged in the Electricity Act, 2003 (EA 2003) as a framework for encouraging competition in the electricity sector and for enabling consumers to choose their suppliers. The Regulatory Authority has issued the Open Access permissions to the renewable Power Generators like Solar power generators to issue credit notes for the energy injected by the said generators and benefit both the generators and end users. Prime Focus Ltd. has implemented Open Access System in one of its largest Facility at Royal Palms, Goregoan East, Mumbai.

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Since our business involves post production activities and we are not involved in manufacturing of any products, we collaborate with the municipal corporations who effectively manage our waste and effluents. Also, our facilities have DG Sets that are maintained as per the Pollution Control Board standards.

7. **Number of show cause/ legal notices received from CPCB/SPCB**

which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

We have not received any show cause notices from either CPCB or SPCB in the reporting year and we ensure that our emissions and waste generated at various operating locations are well below the limits prescribed by Central Pollution Control Board (CPCB) and State Pollution Control Board (SPCB).

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with**

We are a gold member of the following associations:

1. Service Export Promotion Council for Software
2. Electronic and Computer Software Council
3. Indian Motion Picture Producers Association
4. Association of Motion Picture Studios

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas ( drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

As a member of these associations, we contribute to the development and growth of the broadcasting industry across the globe through creation, coordination and dissemination of knowledge and information. This includes technology briefings, networking events, regular news bulletins and market intelligence.

**Principle 8: Businesses should support inclusive growth and equitable development.**

1. **Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

CSR is at the core of an organization's sustainability and we are equally responsible towards social well-being along with economic growth. Our CSR policy outlines the approach to implementation of initiatives for social upliftment. However, currently, we do not have any CSR activities being implemented in the view of losses.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organization?**

Not applicable

3. **Have you done any impact assessment of your initiative?**

Not applicable

4. **What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

Not applicable

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

Not applicable

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year?**

As of 31st March, 2018, no cases were pending against Prime Focus Limited.

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/N.A. /Remarks (additional information)**

Yes, the "Ethics Management Policy" outlines a protocol for factual and righteous display of information and truthful disclosure on our services to clients.

A clear guideline on our approach to ethical advertising and promotions, equitable competition and winning customers by the virtue of the quality of our services has been provided in the "Fair Business Practices" section of this policy.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

We understand that responsible business assures responsible advertising and marketing. We ensure our advertisements and promotions are not misleading.

There have not been any cases filed against us either for unfair trade practices, irresponsible advertising, or anti-competitive behavior in the last year.

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**

We do not have a formal consumer survey mechanism in place, however, we do seek feedback from our clients on closure of engagements. We have received several informal positive feedbacks from our clients for our services.

We have been recommended by our existing clients and re-appointed by them for multiple assignments. We consider this to be a testimony of their appreciation.



# INDEPENDENT AUDITOR'S REPORT



## To The Members of Prime Focus Limited

### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Prime Focus Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified

as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements, as referred to in note 35 to the financial statements;

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

- 2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For DELOITTE HASKINS & SELLS**  
**Chartered Accountants**  
**(Firm's Registration No. 117364W)**

**Abhijit A. Damle**  
**Partner**  
**(Membership No. 102912)**

**Mumbai, May 30, 2018**



## **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRIME FOCUS LIMITED**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Prime Focus Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and

appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on "the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 117364W)

**Abhijit A. Damle**  
Partner  
(Membership No. 102912)

**MUMBAI, May 30, 2018**



## ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2, under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date)

- i. In respect of its fixed assets:
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deeds / transfer deed / conveyance deed provided to us, we report that, the title deeds relating to all the immovable properties of buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties that have been taken on lease and disclosed as fixed assets in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- ii. The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.
- iii. According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
  - (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
  - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
  - (c) There is no overdue amount remaining outstanding as at the year-end.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities as applicable.

- v. According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- vi. Having regard to the nature of the Company's business / activities, reporting under clause (vi) of CARO 2016 is not applicable.
- vii. According to the information and explanations given to us, in respect of statutory dues:
  - a) The Company has been generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Goods and Services tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it with the appropriate authorities, except for payment of Service tax and Tax Deducted at Source, where delays have been noted. There were no undisputed amounts payable in respect of the aforesaid dues in arrears, as at March 31, 2018 for a period of more than six months from the date they became payable.
  - b) There are no cases of non- deposit with the appropriate authorities of disputed dues of Sales Tax, Goods and Services tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax and Cess. Details of dues which have not been deposited as on March 31, 2018 on account of disputes are given below:

Name of the Statute	Nature of Dues	Amount Involved (₹ in Crore)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Taxes	0.07	AY 2012-13	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Taxes	0.49	AY 2010-11	Income Tax Appellate Tribunal
The Mumbai Municipal Corporation Act, 1888	Octroi Duty	1.73	FY 2016-17	Metropolitan Magistrate 42nd court

- viii. In our opinion and according to the information and explanations given to us, the Company has generally been regular in the repayment of loans or borrowings to banks, financial institutions and debenture holders. There were no borrowings or loans from the Government.
- ix. In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company for the purposes for which they were raised. The Company has not raised monies by way of initial public offer or further public offer (including debt instruments).
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material



fraud on the Company by its officers or employees has been noticed or reported during the year.

- xi. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 is not applicable.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us, the Company has made preferential allotment of share warrants during the year.

In respect of the above issue, we further report that –

- a) the requirement of Section 42 and 62 of the Companies Act,

2013, as applicable, have been complied with; and

- b) the amounts raised have been applied by the Company during the year for the purposes for which the funds were raised, other than temporary deployment pending application.
- xv. In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or directors of its subsidiary companies or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For DELOITTE HASKINS & SELLS**

**Chartered Accountants  
(Firm's Registration No. 117364W)**

**Abhijit A. Damle**

**Partner**

**(Membership No.102912)**

**MUMBAI, May 30, 2018**

# BALANCE SHEET as at March 31, 2018

₹ Crores

	Notes	As at March 31, 2018	As at March 31, 2017
<b>Assets</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	4	390.49	388.52
(b) Capital work in progress		1.51	0.87
(c) Goodwill and other intangible assets	5	2.45	3.08
(d) Financial assets			
(i) Investments	6	938.68	944.28
(ii) Other financial assets	8	64.96	5.69
(e) Deferred tax assets (net)	26 d	25.48	44.58
(f) Income tax assets (net)		49.96	39.21
(g) Other non-current assets	9	2.77	2.86
<b>Total non-current assets</b>		<b>1,476.30</b>	<b>1,429.09</b>
<b>Current assets</b>			
(a) Financial assets			
(i) Trade receivables	10	49.09	54.83
(ii) Cash and cash equivalents	11	1.00	0.78
(iii) Bank balances other than (ii) above	11	3.29	10.41
(iv) Loans	7	98.58	220.72
(v) Other financial assets	12	27.49	66.14
(b) Other current assets	9	9.68	13.32
<b>Total current assets</b>		<b>189.13</b>	<b>366.20</b>
<b>Total assets</b>		<b>1,665.43</b>	<b>1,795.29</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
(a) Equity share capital	13	29.92	29.89
(b) Share warrants	13.6	82.50	-
(c) Other equity	14	1,004.63	1,066.83
<b>Total equity</b>		<b>1,117.05</b>	<b>1,096.72</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	15	189.76	267.12
(ii) Other financial liabilities	20	76.03	69.50
(b) Provisions	16	2.43	2.19
(c) Other non-current liabilities	17	1.15	-
<b>Total non-current liabilities</b>		<b>269.37</b>	<b>338.81</b>





₹ Crores

	Notes	As at March 31, 2018	As at March 31, 2017
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	21.74	42.59
(ii) Trade payables	19	19.89	26.72
(iii) Other financial liabilities	20	222.88	277.47
(b) Provisions	16	0.29	0.17
(c) Current tax liabilities (net)		2.58	3.26
(d) Other current liabilities	17	11.63	9.55
<b>Total current liabilities</b>		<b>279.01</b>	<b>359.76</b>
<b>Total liabilities</b>		<b>548.38</b>	<b>698.57</b>
<b>Total equity and liabilities</b>		<b>1,665.43</b>	<b>1,795.29</b>

See accompanying notes to the financial statements

1 to 39

In terms of our report attached.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 117364W)

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

**Abhijit A. Damle**  
Partner  
(Membership No. 102912)

**Naresh Malhotra**  
Whole-time Director  
DIN: 00004597

**Namit Malhotra**  
Chairman (Executive Director)  
and Chief Executive Officer  
DIN: 00004049

**Ramakrishnan Sankaranarayanan**  
Managing Director  
DIN: 02696897

Place : Mumbai  
Date : May 30, 2018

**Nishant Fadia**  
Chief Financial Officer

**Parina Shah**  
Company Secretary

# STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2018

₹ Crores

	Notes	Year ended March 31, 2018	Year ended March 31, 2017
Revenue from operations	21	145.32	154.51
Other income	22	26.76	15.36
<b>Total income</b>		<b>172.08</b>	<b>169.87</b>
<b>Expenses</b>			
Employee benefits expense	23	32.64	31.38
Employee stock option expense	30	24.71	25.55
Technician fees		17.12	19.67
Technical service cost		9.09	4.67
Finance costs	24	74.13	32.75
Depreciation and amortisation expense	4 & 5	33.42	30.80
Other expenses	25	49.57	46.53
Exchange loss (net)		0.83	9.08
<b>Total expenses</b>		<b>241.51</b>	<b>200.43</b>
<b>(Loss) before exceptional item and tax</b>		<b>(69.43)</b>	<b>(30.56)</b>
Exceptional items (gain)	6d	-	(18.46)
<b>(Loss) before tax</b>		<b>(69.43)</b>	<b>(12.10)</b>
<b>Tax expense</b>	26		
Current tax		-	0.17
Deferred tax (credit)		(12.83)	(1.23)
		<b>(12.83)</b>	<b>(1.06)</b>
<b>(Loss) for the year</b>		<b>(56.60)</b>	<b>(11.04)</b>
<b>Other comprehensive income:</b>			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit plans		0.16	(0.05)
Income tax relating to the above		(0.05)	0.02
<b>Total other comprehensive income for the year</b>		<b>0.11</b>	<b>(0.03)</b>
<b>Total comprehensive income for the year</b>		<b>(56.49)</b>	<b>(11.07)</b>
Earnings per equity share	27		
[Nominal value per share : ₹1 (Previous year: ₹1)]			
Before exceptional items (net of tax)			
Basic and diluted (₹)		(1.89)	(0.86)
After exceptional items (net of tax)			
Basic and diluted (₹)		(1.89)	(0.37)

See accompanying notes to the financial statements  
In terms of our report attached.

1 to 39

**For Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 117364W)

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

**Abhijit A. Damle**  
Partner  
(Membership No. 102912)

**Naresh Malhotra**  
Whole-time Director  
DIN: 00004597

**Namit Malhotra**  
Chairman (Executive Director)  
and Chief Executive Officer  
DIN: 00004049

**Ramakrishnan Sankaranarayanan**  
Managing Director  
DIN: 02696897

Place : Mumbai  
Date : May 30, 2018

**Nishant Fadia**  
Chief Financial Officer

**Parina Shah**  
Company Secretary

# STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2018



## A. Equity Share Capital

	₹ Crores
	<b>Total</b>
As at March 31, 2016	29.89
Changes in Equity Share Capital during the year	-
As at March 31, 2017	29.89
Issue of equity shares under employee stock option plan (Refer note 30)	0.03
As at March 31, 2018	29.92

## B. Other Equity

	Reserves and Surplus						₹ Crores
	Capital Reserve	General Reserve	Debenture Redemption Reserve	Securities Premium Reserve	Share Options Outstanding Account	Retained Earnings	Total
Balance as at March 31, 2016	51.77	1.34	59.75	821.38	-	144.13	1,078.37
Premium on NCD (net of tax)	-	-	-	(26.02)	-	-	(26.02)
Related to employee stock options	-	-	-	-	25.55	-	25.55
Loss for the year (net of tax)	-	-	-	-	-	(11.04)	(11.04)
Other comprehensive income for the year (net of tax)	-	-	-	-	-	(0.03)	(0.03)
Balance as at the March 31, 2017	51.77	1.34	59.75	795.36	25.55	133.06	1,066.83
Taxes related to redemption of NCD	-	-	-	(31.88)	-	-	(31.88)
Transferred to / from	-	37.47	(37.47)	-	-	-	-
Related to employee stock options	-	-	-	-	24.71	-	24.71
Exercise of stock options	-	-	-	2.31	(0.85)	-	1.46
Loss for the year (net of tax)	-	-	-	-	-	(56.60)	(56.60)
Total comprehensive income for the year (net of tax)	-	-	-	-	-	0.11	0.11
Balance as at March 31, 2018	51.77	38.81	22.28	765.79	49.41	76.57	1,004.63

See accompanying notes to the financial statements 1 to 39  
In terms of our report attached.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 117364W)

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

**Abhijit A. Damle**  
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**Ramakrishnan Sankaranarayanan**  
Managing Director  
DIN: 02696897

Place : Mumbai  
Date : May 30, 2018

**Nishant Fadia**  
Chief Financial Officer

**Parina Shah**  
Company Secretary



# CASH FLOW STATEMENT

for the year ended March 31, 2018

₹ Crores

	Year ended March 31, 2018	Year ended March 31, 2017
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before tax	(69.43)	(12.10)
Adjustments for:		
Depreciation and amortisation expense	33.42	30.80
Loss on sale of property, plant and equipment (net)	0.04	0.09
(Profit) on sale of investment in subsidiaries	(9.12)	(24.23)
Unrealized foreign exchange loss (net)	0.67	7.07
Bad debts written off	0.83	1.02
Provision for doubtful debts/ advances (net)	6.83	2.95
Stock option expense	24.71	25.55
Sundry credit balance written back	(2.02)	1.11
Interest income	(14.89)	(9.37)
Finance costs	74.13	32.75
<b>Operating profit before working capital changes</b>	<b>45.17</b>	<b>55.64</b>
<b>Changes in working capital:</b>		
Decrease in trade and other receivables	41.04	6.45
Increase / (Decrease) in trade and other payables	69.69	(4.46)
<b>Cash Generated from Operations</b>	<b>155.90</b>	<b>57.63</b>
Income taxes (paid)	(9.90)	(10.48)
<b>Net cash flow generated from operating activities (A)</b>	<b>146.00</b>	<b>47.15</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment and other intangible assets (including CWIP)	(42.10)	(21.69)
Proceeds from sale of property, plant and equipment and other intangible assets (including CWIP)	0.82	0.50
Purchase of investment in subsidiary	-	(95.45)
Sale of investment in subsidiary	118.75	48.38
Loans given to subsidiaries	(364.24)	(326.59)
Loans repaid by subsidiaries	312.58	392.40
Margin money and fixed deposits under lien	7.12	(6.20)
Interest received	16.90	5.03
<b>Net cash flow generated from / (used in) investing activities (B)</b>	<b>49.83</b>	<b>(3.62)</b>



₹ Crores

	Year ended March 31, 2018	Year ended March 31, 2017
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowings (net of expenses)	55.06	143.41
Repayment of long term borrowings	(189.45)	(125.62)
Repayment of short term borrowings (net)	(20.85)	(27.45)
Proceeds from issuance of shares / warrants	83.99	-
Finance costs paid	(124.36)	(34.10)
<b>Net cash (used in) financing activities (C)</b>	<b>(195.61)</b>	<b>(43.76)</b>
<b>Net Increase / (decrease) in Cash And Cash Equivalents (A+B+C)</b>	<b>0.22</b>	<b>(0.23)</b>
Cash and cash equivalents at the beginning of the year	0.78	1.01
<b>Cash and cash equivalent at end of year (Refer note 11a)</b>	<b>1.00</b>	<b>0.78</b>

Notes:

- During the year ended March 31, 2017, the Company received 83,916 equity shares of ₹ 10/- each at a premium of ₹ 3,977/- per share aggregating ₹ 33.46 Crores on conversion of 9% non-cumulative, redeemable, optionally convertible, preference shares of Prime Focus Technologies Limited (Refer note 6 d).
- During the year ended March 31, 2018, the Company received 895,110,000 equity shares of 1/- MUR each on conversion of loan receivable of ₹ 104.03 Crores of Reliance MediaWorks (Mauritius) Ltd.
- During the year, a loan of ₹ 64.40 Crores of Gener8 India Media Services Limited, a wholly owned subsidiary, was transferred to share application money account (pending for allotment of shares).
- Amendment to Ind AS 7 is effective from April 1, 2017 and the required disclosure is made below.

	Year ended March 31, 2017	Cash Flow	Non Cash movement	Year ended March 31, 2018
Borrowing - Non current (Refer note 15 and 20.1)	519.00	(134.38)	15.43	400.05
Borrowing - Current (Refer note 18)	42.59	(20.85)	-	21.74

See accompanying notes to the financial statements

1 to 39

In terms of our report attached.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 117364W)

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

**Abhijit A. Damle**  
Partner  
(Membership No. 102912)

**Naresh Malhotra**  
Whole-time Director  
DIN: 00004597

**Namit Malhotra**  
Chairman (Executive Director)  
and Chief Executive Officer  
DIN: 00004049

**Ramakrishnan Sankaranarayanan**  
Managing Director  
DIN: 02696897

Place : Mumbai  
Date : May 30, 2018

**Nishant Fadia**  
Chief Financial Officer

**Parina Shah**  
Company Secretary

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2018

## 1. General information

Prime Focus Limited (the 'Company') is a public limited company incorporated and domiciled in India. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The address of its registered office is Prime Focus House, Opp. Citi Bank, Linking Road, Khar (West) – Mumbai – 400 052

The Company is engaged in the business of post-production activities including digital intermediate, visual effects, 2D to 3D conversion and other technical and creative services to the Media and Entertainment industry.

## 2. Significant accounting policies

### 2.1 Statement of compliance

The financial statements have been prepared in accordance with the Indian Accounting Standards (herein after referred to as 'Ind AS') including the Rules notified under the relevant provisions of Companies Act, 2013.

### 2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the assets or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and services and the time between acquisition of assets for processing and their realisation in cash and cash equivalent, the Company has ascertained its operating cycle as twelve (12) months for the purpose of current or non-current classification of assets and liabilities.

These financial statements are the Company's Ind AS standalone financial statements.

The Company's financial statements are presented in Indian Rupees (₹), which is its functional currency.

### 2.3 Use of Estimates:

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

### 2.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of services. Revenue is shown net of applicable taxes.





#### 2.4.1 Rendering of services

The Company provides a variety of post-production services including digital intermediate, visual special effects (VFX), two dimensions to three dimensions (2D to 3D) conversion and other technical services to its subsidiaries and to clients in the film, broadcast and commercial sectors.

Revenue on time-and-material contracts are recognized as the related services are performed and the revenues from the end of the last billing to the balance sheet date are recognized as unbilled revenues. Revenue from services provided under fixed price contracts, where the outcome can be estimated reliably, is recognized following the percentage of completion method, where revenue is recognized in proportion to the progress of the contract activity. The progress of the contract activity is usually determined as a proportion of efforts incurred up to the balance sheet date, which bears to the total days estimated for the contract. If losses are expected on contracts these are recognized when such losses become evident.

Unbilled revenue is included within 'other financial assets' and billing in advance is included as deferred revenue in 'Other current liabilities'.

#### 2.4.2 Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### 2.4.3 Rental income

The Company's policy for recognition of revenue from operating leases is described in note 2.5.1 below.

### 2.5 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards

of ownership to the lessee. All other leases are classified as operating leases.

#### 2.5.1 The Company as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

#### 2.5.2 The Company as lessee

Assets held under finance lease are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligations so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs (see note 2.7 below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

## 2.6 Foreign currencies

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for further productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks.

## 2.7 Borrowing costs

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying

assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

## 2.8 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expense the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at below-market rate of interest is treated as a government grant measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

## 2.9 Employee benefits

### 2.9.1 Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuation being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of



a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

A liability for termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

#### 2.9.2 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

#### 2.10 Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 30.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest,

with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

#### 2.11 Taxation

Income tax expense represents the sum of current tax and deferred tax.

##### 2.11.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

##### 2.11.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences arise from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.



The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

#### 2.11.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

#### 2.12 Non-current assets held for sale

Non-current assets and disposal group are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal group) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

#### 2.13 Property, plant and equipment (PPE)

PPE are stated at cost of acquisition or construction. They are stated at historical cost less accumulated depreciation and impairment loss, if any. The cost comprises the purchase price and any directly attributable cost of bringing

the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of PPE is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standards of performance. All other expenses on existing PPE, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values using the straight-line method over their useful lives estimated by Management, which are similar to useful life prescribed under Schedule II of the Companies Act, 2013. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Cost of Leasehold improvements and Leasehold building is amortised over a period of lease.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

#### 2.14 Intangible assets

##### 2.14.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate



being accounting for on a prospective basis. Intangible assets with indefinite useful lives are acquired separately and are carried at cost less accumulated impairment losses.

#### 2.14.2 Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use it or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are separately acquired.

#### 2.14.3 Useful lives of intangible assets

Software is amortised on straight line basis over the estimated useful life of six years.

#### 2.14.4 De-recognition of intangible assets

An intangible asset is de-recognised on disposal, or when no future economic benefits are expected from use or

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

### 2.15 Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest of the cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-

generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

## 2.16 Provisions and Contingencies

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flow (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Contingent liabilities are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements.

### 2.16.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

### 2.16.2 Restructurings

A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

## 2.17 Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

## 2.18 Financial assets

All regular way purchases or sales of financial assets are recognised or de-recognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

### 2.18.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the impairment policy on financial assets measured at amortised cost, refer note 2.18.5

Debt instruments that meets the following conditions are measured at fair value through other comprehensive income (except for debt instruments that are designed as at fair value through profit or loss on initial recognition):





- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income. When the investment is disposed of, the cumulative gain or loss previously accumulated is reclassified to profit or loss.

For the impairment policy on debt instruments at FVTOCI, refer Note 2.18.5.

All other financial assets are subsequently measured at fair value.

#### 2.18.2 Effective interest method

The effective interest is a method of calculating the amortised cost of debt instruments and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (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 debt instrument, or, where applicable, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

#### 2.18.3 Investments in equity instruments at fair value through other comprehensive income (FVTOCI)

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This

election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in profit or loss are included in the 'Other income' line item.

#### 2.18.4 Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading (see note 2.18.3 above).

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial measurement if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different basis. The Company has not designated any debt instruments at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

#### 2.18.5 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss 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 Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses that represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, that is indicative of significant increase in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

#### 2.18.6 De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to



control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for the amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of financial asset other than its entirety (e.g. when the Company retains an option to repurchase part of the transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or losses if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair value of those parts.

#### 2.18.7 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

#### 2.18.8 Investments in subsidiaries

The Company accounts for its investments in subsidiaries at cost.

#### 2.19 Financial liabilities and equity instruments

##### 2.19.1 Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and equity instrument.

##### 2.19.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

##### 2.19.3 Compound financial instruments

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component



is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

#### 2.19.4 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for de-recognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

##### 2.19.4.1 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and the Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that liabilities that are designated as at FVTPL, the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of the liability is recognised in other comprehensive income, unless the recognition of the effects of changes mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are



recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified in profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in profit or loss.

#### 2.19.4.2 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

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.

#### 2.19.4.3 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- The amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

#### 2.19.4.4 Commitments to provide a loan at below-market interest rate

Commitments to provide a loan at below-market interest rate are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

#### 2.19.4.5 Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

#### 2.19.4.6 De-recognition of financial liabilities

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of a debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

#### 2.20 Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

#### 2.20.1 Embedded derivatives

Derivatives embedded in non- derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

#### 2.21 Offsetting

Financial assets and financial liabilities are off set and the net amount is presented when and only when, the Company has legally enforceable right to setoff the amount it intense, either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### 2.22 Cash and cash equivalent

The Company's cash and cash equivalents consists of cash on hand and in banks and demand deposits with banks, which can be withdrawn at any time, without prior notice or penalty on the principal.

For the purposes of cash flow Statement, cash and cash equivalent comprise cash and cheques in hand, bank balances, demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand and considered part of the Company's cash management system. In the balance sheet, bank overdraft are presented under borrowings within current financial liabilities.

#### 2.23 Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performances of the operating segments of the Company.

#### 2.24 Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such event is adjusted within the financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

#### 2.25 Recent accounting pronouncements

There are new standards and amendments to standards which are not yet effective for annual periods beginning after April 01, 2017 and have not been applied in preparing these financial statements. Such new standards and amendments which are applicable for the accounting

periods beginning from April 01, 2018, that could have a potential impact on the financial statements of the Company are:

#### 2.25.1 Standards issued but not yet effective

##### Ind AS 115- Revenue from Contract with Customers

In March 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. Ind AS 115 replaces existing revenue recognition standards Ind AS 11, Construction Contracts, Ind AS 18, Revenue and revised guidance note of the Institute of Chartered Accountants of India (ICAI) on Accounting for Real Estate Transactions for Ind AS entities issued in 2016. According to the new standard, revenue is recognised to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Ind AS 115 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligation; changes in contract asset and liability account balances between periods and key judgments and estimates.

The standard allows for two methods of transition:

- Retrospective approach – Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch-up approach).

The effective date for adoption of Ind AS 115 is financial period beginning on or after April 01, 2018. The Company will adopt the standard on April 01, 2018 by using the cumulative catch-up transition method and accordingly, comparative for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 on the financial statements is expected to be insignificant.

#### 2.25.2 Amendment to existing issued Ind AS

- Ind AS 21 - Foreign Currency Transactions and Advance Consideration





In March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign Currency Transactions and Advance Consideration which clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency. The effective date for adoption of the amendment is annual reporting periods beginning on or after April 01, 2018, though early adoption is permitted. The Company will apply the interpretation prospectively from the effective date and the effect on adoption of Appendix B to Ind AS 21 on the financial statements is expected to be insignificant.

- In March 2018, Ministry of Corporate Affairs ("MCA") has also notified amendments to the following Companies (Indian Accounting Standards)

Ind AS 12 – Income taxes

Ind AS 40 – Investment Property

Ind AS 28 – Investment in Associates and Joint venture

Ind AS 112 – Disclosure of Interests in other entities

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

### 3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experiences and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects

only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### 3.1.1 Revenue recognition

The Company derives revenues from fixed price VFX and 2D to 3D content conversion contracts. The revenue recognised on these contracts is dependent on the estimated percentage of completion at a point in time, which is calculated on the basis of the man days of work performed as a percentage of the estimated total man days to complete a contract. The actual man days and estimated man days to complete a contract are updated on a monthly basis.

The estimated man days remaining to complete a project are judgemental in nature and are estimated by experienced staff using their knowledge of the time necessary to the work.

If a contract is expected to be loss making, based on estimated costs to complete, the expected loss is recognised immediately.

#### 3.1.2 Taxation

The Company makes estimates in respect of tax liabilities and tax assets. Full provision is made for deferred and current taxation at the rates of tax prevailing at the year-end unless future rates have been substantively enacted. These calculations represent our best estimate of the tax charge that will be incurred and recovered but actuals may differ from the estimates made and therefore affect future financial results. The effects would be recognised in the Statement of Profit and Loss.

Deferred tax assets arise in respect of unutilised losses and other timing differences to the extent that it is probable that future taxable profits will be available against which the asset can be utilised or to the extent they can be offset against related deferred tax liabilities. In assessing recoverability, estimation is made of the future forecasts of taxable profit. If these forecast profits do not materialise, they change, or there are changes in tax rates or to the period over which the losses or timing differences might be recognised, then the value of deferred tax assets will need to be revised in a future period.

The Company has losses and other timing differences for which no deferred tax asset has been recognised in these financial statements. This situation can arise where the

future economic benefit of these timing differences is estimated to be not probable. It can also arise where the timing differences are of such a nature that their value is dependent on only certain types of profit being earned, such as capital profits. If trading or other appropriate profits are earned in future, these losses and other timing differences may yield benefit to the Company in the form of a reduced tax charge.

### 3.1.3 Depreciation and useful lives of property, plant and Equipment and intangible assets

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

### 3.1.4 Expected credit losses on financial assets

The impairment provision of financial assets are based on assumption about risk of default and expected timing of collection. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's history of collections, customer's creditworthiness, existing market condition as well as forward looking estimates at the end of each reporting period.

### 3.1.5 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.

### 3.1.6 Fair value measurements and valuation process

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. Further, the Company has used valuation experts for the purpose of ascertaining fair value for certain assets and liabilities. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent that it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The management reports the valuation findings to the Board of Directors of the Company to explain the cause of fluctuations in the fair value of the assets and liabilities.

### 3.1.7 Defined benefit obligations

The costs of providing other post-employment benefits are charged to the Statement of Profit and Loss in accordance with Ind AS 19 "Employee benefits" over the period during which benefits is derived from the employees' services and is determined based on valuation carried out by independent actuary. The costs are determined based on assumptions selected by the management. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to change in these assumptions.



## 4 Property, Plant and Equipment

₹ Crores

Description of Assets	Building	Plant and equipment	Furniture and fixtures	Lease Hold Improvement	Office equipments	Vehicles	Total
<b>I. Gross Block</b>							
Balance as at March 31, 2016	243.84	335.04	19.74	3.91	10.71	3.55	616.79
Additions	-	15.64	0.04	-	0.17	-	15.85
Deduction	-	-	(0.66)	-	(0.19)	(0.35)	(1.20)
Balance as at March 31, 2017	243.84	350.68	19.12	3.91	10.69	3.20	631.44
Additions	-	32.07	0.03	0.35	0.28	2.36	35.09
Deduction	-	(1.58)	-	-	(0.09)	(0.55)	(2.22)
Balance as at March 31, 2018	243.84	381.17	19.15	4.26	10.88	5.01	664.31
<b>II. Accumulated depreciation</b>							
Balance as at March 31, 2016	4.54	185.37	12.61	2.88	6.94	1.31	213.65
Depreciation for the year	5.86	21.07	1.55	0.30	0.70	0.39	29.87
Deduction	-	-	(0.21)	-	(0.18)	(0.21)	(0.60)
Balance as at March 31, 2017	10.40	206.44	13.95	3.18	7.46	1.49	242.92
Depreciation for the year	5.95	23.53	1.36	0.18	0.75	0.49	32.26
Deduction	-	(1.11)	-	-	(0.09)	(0.16)	(1.36)
Balance as at March 31, 2018	16.35	228.86	15.31	3.36	8.12	1.82	273.82
<b>Net block (I-II)</b>							
Balance as at March 31, 2018	227.49	152.31	3.84	0.90	2.76	3.19	390.49
Balance as at March 31, 2017	233.44	144.24	5.17	0.73	3.23	1.71	388.52

- a. Addition to plant and equipment includes ₹ 0.31 Crores (net loss) [Previous year ₹ 0.24 Crores (net gain)] on account of exchange difference during the year.
- b. Assets under lease:

₹ Crores

	Plant and equipment		Vehicle		Building includes leasehold premises	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Gross block	20.94	6.69	2.75	2.36	112.20	112.20
Depreciation charge for the year	1.34	0.78	0.23	0.29	3.52	3.43
Accumulated depreciation	2.57	1.30	0.32	0.90	10.17	6.65
Net block	18.37	5.39	2.43	1.46	102.03	105.55

- c. Refer note 15 and 18 for assets pledged/ hypothecated.
- d. Company has created second charge on certain immovable properties of the Company in favor of Bank of India - London for loan taken by Prime Focus Technologies UK Limited, a step-down subsidiary, of ₹ 27.24 Crores equivalent to GBP 3.00 million



## 5 Goodwill and other intangible assets

₹ Crores

Description of Assets	Goodwill	Film Rights	Computer Software	Total
<b>I. Intangible Assets</b>				
Balance as at March 31, 2016	0.53	3.00	8.09	11.62
Additions	-	-	0.95	0.95
Deduction	-	-	-	-
Balance as at March 31, 2017	0.53	3.00	9.04	12.57
Additions	-	-	0.53	0.53
Deduction	-	-	-	-
Balance as at March 31, 2018	0.53	3.00	9.57	13.10
<b>II. Accumulated amortisation</b>				
Balance as at March 31, 2016	0.53	2.85	5.18	8.56
Amortisation for the year	-	-	0.93	0.93
Deduction	-	-	-	-
Balance as at March 31, 2017	0.53	2.85	6.11	9.49
Amortisation for the year	-	0.15	1.01	1.16
Deduction	-	-	-	-
Balance as at March 31, 2018	0.53	3.00	7.12	10.65
<b>Net block (I-II)</b>				
Balance as at March 31, 2018	-	-	2.45	2.45
Balance as at March 31, 2017	-	0.15	2.93	3.08

**a. Software include assets taken on finance lease as under:**

Gross Block: ₹ 1.71 Crores (March 31, 2017: ₹ 1.25 Crores)

Amortisation for the year: ₹ 0.25 Crores (Previous year: ₹ 0.20 Crores)

Accumulated amortisation: ₹ 0.49 Crores (March 31, 2017: ₹ 0.24 Crores)

Net block: ₹ 1.22 Crores (March 31, 2017 ₹ 1.01 Crores)



## 6. Investments

₹ Crores

	As at March 31, 2018	As at March 31, 2017
<b>Non Current</b>		
<b>Unquoted equity instrument, fully paid up (at cost)</b>		
<b>Investment in subsidiaries:</b>		
<b>Prime Focus Technologies Limited (Refer note (f) below)</b>	33.46	33.46
1,601,466 equity shares of ₹ 10/- each (refer note (d) below)		
<b>Prime Focus Visual Effects Private Limited</b>	0.01	0.01
9,999 equity shares of ₹ 10/- each		
<b>De-fi Media Limited</b>	-	-
24,367,188 equity shares of British pound 1/- each		
<b>Prime Focus Motion Pictures Limited</b>	0.05	0.05
50,000 equity shares of ₹ 10/- each		
<b>GVS Software Private Limited</b>	0.01	0.01
10,000 equity shares of ₹ 10/- each		
<b>PF Investments Limited</b>	0.22	0.22
43,000 equity shares of \$ 1/- each		
<b>PF World Limited (Refer note (f) below)</b>	209.00	209.00
106,000 equity shares of \$ 1/- each		
<b>Prime Focus 3D India Private Limited</b>	0.05	0.05
50,000 equity shares of ₹ 10/- each		
<b>PF Overseas Ltd</b>	0.00	0.00
100 equity shares of \$ 1/- each		
<b>Prime Focus Malaysia SDN BHD</b>	0.06	0.06
35,000 equity shares of RM 1/- each		
<b>Gener8 India Media Services Limited</b>	-	-
850,000 equity shares of ₹ 10/- each (refer note (b) below)		
<b>Reliance Media Works (Mauritius) Limited</b>	104.03	-
895,111,000 ordinary shares (March 31, 2017: 1,000) of MUR 1/- each (refer note (b) and (e) below)		
<b>Reliance Lowry Digital Imaging Services Inc.</b>	-	-
100 equity shares of \$ 1/- each (refer note b below)		
<b>Unquoted Preference Shares, (at cost)</b>		
<b>Investment in subsidiaries:</b>		
<b>GVS Software Private Limited</b>	26.50	26.50
265,000 Redeemable Convertible Preference Shares of ₹ 10/- each		
<b>PF World Limited</b>	565.28	674.91
91,665,996 (March 31, 2017: 109,932,500) 12% optionally convertible preference shares of \$ 1/- each		

	As at March 31, 2018	As at March 31, 2017
<b>Gener8 India Media Services Limited</b>	-	-
1,200,000 Redeemable non-convertible preference share of ₹ 1/- each (refer note (b) below)		
	<b>938.67</b>	<b>944.27</b>
<b>Unquoted equity instruments - fully paid up (at FVTPL)</b>		
<b>Other Investment:</b>		
<b>The Shamrao Vithal Co-operative Bank</b>	0.01	0.01
4,000 equity shares of ₹ 25/- each		
<b>Mainframe Premises Co-Operative Society</b>	0.00	0.00
350 equity shares of ₹ 10/- each		
	<b>0.01</b>	<b>0.01</b>
	<b>938.68</b>	<b>944.28</b>
a) Aggregate amount of quoted Investments	-	-
Aggregate amount of unquoted Investments	<b>938.68</b>	<b>944.28</b>

- b) These investments form part of net assets acquired on slump sale basis, recorded at fair value ₹ NIL based on the valuation report obtained. (Refer note 32).
- c) The list of investment in subsidiaries, along with proportion of ownership held and country of incorporation are disclosed in note 1.1 of Consolidated Financial Statements.
- d) During previous year, 15,000,000 9% non-cumulative, redeemable, optionally convertible, preference shares of ₹10/- each of Prime focus Technologies Limited, a subsidiary, were converted to 83,916 equity shares of ₹10/- each at a premium of ₹3,977/- per share aggregating to ₹33.46 Crores. Consequent to conversion of the said investment into equity shares, the Company has recognised gain of ₹18.46 Crores. The said gain has been disclosed as an exceptional item in the Statement of Profit and Loss of the previous year.
- e) During the year ended March 31, 2018, received 895,110,000 equity shares of 1/- MUR each on conversion of loan receivable of ₹ 104.03 Crores of Reliance MediaWorks (Mauritius) Ltd.
- f) Refer note 15 (e) for investment in shares of subsidiaries pledged.

## 7. Loans (Unsecured, Considered good)

₹ Crores

	As at March 31, 2018	As at March 31, 2017
<b>Current</b>		
Loan to Subsidiaries (Refer note 31)	98.58	220.72
<b>Total</b>	<b>98.58</b>	<b>220.72</b>





a. **Loans given to Subsidiaries**

₹ Crores

Name of the Company	As at March 31, 2018	Maximum outstanding balance during the year	As at March 31, 2017	Maximum outstanding balance during the year
DNEG Creative Services Private Limited#	-	24.98	22.15	31.65
Gener8 India Media Services Limited	38.58	94.34	93.15	124.83
Reliance MediaWorks (Mauritius) Limited	-	104.03	105.12	107.35
Double Negative India Private Limited	-	0.32	0.30	0.30
De-Fi Media Limited	-	-	-	62.90
Prime Focus Technologies Limited	60.00	72.58	-	-
	<b>98.58</b>	<b>296.25</b>	<b>220.72</b>	<b>327.03</b>

#DNEG Creative Services Private Limited (formerly known as Prime Focus World Creative Services Private Limited).

- Loans given to subsidiaries are considered under "Current Loans" and are repayable on demand and management intends to receive the loan within the operating cycle.
- All the above loans carry interest @ 15% per annum.
- All loans are given for general corporate purpose.

b. **Advances in note 12 include amount due from private companies in which director is a member / director**

₹ Crores

	As at March 31, 2018	As at March 31, 2017
Prime Focus Visual Effects Private Limited *	0.00	0.00
GVS Software Private Limited	0.01	0.01
Prime Focus 3D India Private Limited *	0.00	0.00
DNEG Creative Services Private Limited #	0.07	0.82
Double Negative India Private Limited.	0.06	-
	<b>0.14</b>	<b>0.83</b>

\* The value 0.00 means amount is below ₹ 50,000/-

#DNEG Creative Services Private Limited (formerly known as Prime Focus world Creative Services Private Limited)

## 8. Other Financial Assets (non-current)

(Unsecured, considered good)

₹ Crores

	As at March 31, 2018	As at March 31, 2017
Security Deposits	0.56	5.69
Share Application (Pending allotment)*	64.40	-
<b>Total</b>	<b>64.96</b>	<b>5.69</b>

\* During the year, loan of ₹ 64.40 Crores of Gener8 India Media Services Limited was converted into share application money (pending for allotment of shares).

## 9. Other assets

₹ Crores

	As at March 31, 2018	As at March 31, 2017
<b>Other Non-current assets (unsecured, considered good)</b>		
Capital Advances	2.45	2.15
Other Loans and advances	0.32	0.71
<b>Total</b>	<b>2.77</b>	<b>2.86</b>
<b>Other current assets</b>		
Other Loans and advances		
Considered good	9.68	13.32
Doubtful	5.00	5.00
<b>Total</b>	<b>14.68</b>	<b>18.32</b>
Less: Provision for doubtful advances	(5.00)	(5.00)
<b>Total</b>	<b>9.68</b>	<b>13.32</b>

- a. Other loans and advances includes prepaid expenses, loans and advances to employees and others, advances to suppliers, service tax, VAT receivables and Goods and Services Tax (GST).

## 10. Trade Receivables (Unsecured)

₹ Crores

	As at March 31, 2018	As at March 31, 2017
Considered good	49.09	54.83
Considered doubtful	20.93	14.10
Allowance for doubtful receivables	(20.93)	(14.10)
	<b>49.09</b>	<b>54.83</b>
<b>The movement in allowance for bad and doubtful debts is as follows:</b>		
<b>Balance as at the beginning of the year</b>	<b>14.10</b>	<b>11.15</b>
Allowance for bad and doubtful debts during the year	6.83	2.95
<b>Balance as at the end of the year</b>	<b>20.93</b>	<b>14.10</b>

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivable are due and the rates as given in the provision matrix.



## 11. Cash and bank balances

₹ Crores

	As at March 31, 2018	As at March 31, 2017
<b>a. Cash and cash equivalents</b>		
Cash on hand	0.03	0.02
Bank balances		
In current accounts	0.97	0.76
<b>Total</b>	<b>1.00</b>	<b>0.78</b>
<b>b. Bank balances other than (a) above</b>		
Other Bank balances		
In deposits *	3.29	10.41
<b>Total</b>	<b>3.29</b>	<b>10.41</b>

\* Fixed deposits are provided as security against fund -based and non -fund based credit facilities.

## 12. Other Financial Assets (Current)

(Unsecured, Considered good)

₹ Crores

	As at March 31, 2018	As at March 31, 2017
Security Deposits (Refer note 31)	6.75	1.22
Inter Corporate Deposits	6.32	6.11
Advances to Subsidiaries (Refer note 7b and 31)	2.69	43.20
Interest accrued on bank deposits	0.02	0.05
Unbilled Revenue	11.30	15.56
Receivable towards sale of assets	0.41	-
<b>Total</b>	<b>27.49</b>	<b>66.14</b>

## 13. Equity Share Capital

₹ Crores

	As at March 31, 2018	As at March 31, 2017
Authorised:		
450,000,000 Shares of ₹ 1/- each (Previous year 350,000,000 Shares of ₹ 1/- each)	45.00	35.00
Issued, Subscribed and Paid up:		
299,165,645 Shares of ₹ 1/- each (Previous year 298,878,974 Shares of ₹ 1/- each)	29.92	29.89
<b>Total</b>	<b>29.92</b>	<b>29.89</b>



### 13.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year:

#### Fully paid equity shares:

₹ Crores

	As at March 31, 2018		As at March 31, 2017	
	Number of Shares	Amount	Number of Shares	Amount
Balance as at the beginning of the year	298,878,974	29.89	298,878,974	29.89
Additions during the year (Refer note 30)	286,671	0.03	-	-
<b>Balance as at the end of the year</b>	<b>299,165,645</b>	<b>29.92</b>	<b>298,878,974</b>	<b>29.89</b>

### 13.2

	As at March 31, 2018	As at March 31, 2017
Shares reserved for issue under options (Refer note 30) (nos)	17,646,067	17,932,738

### 13.3 Rights, preferences and restrictions attached to shares:

The Company has one class of equity shares having a par value of ₹1 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all liabilities, in proportion to their shareholding.

### 13.4 Details of shares held by each shareholder holding more than 5%

	As at March 31, 2018		As at March 31, 2017	
	Numbers	% of holding	Numbers	% of holding
Naresh Malhotra	62,201,546	20.79%	62,201,546	20.81%
Reliance MediaWorks Financial Services Private Limited	104,939,361	35.08%	104,939,361	35.11%
Standard Chartered Private Equity (Mauritius) III Limited	10,458,768	3.50%	10,458,768	3.50%
Standard Chartered Private Equity (Mauritius) Limited	29,241,817	9.77%	29,241,817	9.78%
Marina IV (Singapore) Pte. Limited	23,390,875	7.82%	23,390,875	7.83%
Monsoon Studio Private Limited	27,506,095	9.19%	27,506,095	9.20%
Namit Malhotra	14,900,000	4.98%	14,900,000	4.99%

### 13.5 Aggregate number of shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

	As at March 31, 2018	As at March 31, 2017
Equity shares allotted as fully paid up pursuant to business transfer agreement for consideration other than cash	67,307,692	67,307,692



### 13.6 Share warrants

Pursuant to the special resolution passed by the shareholders of the Company at its Extra-Ordinary General Meeting held on January 5, 2018, the Board of Directors of the Company at its meeting held on February 14, 2018 have issued and allotted 31,132,076 warrants, convertible into the equal number of equity shares of the Company of face value of ₹1 each, at a price of ₹106/- per warrant to Monsoon Studio Private Limited (promoter) and Mr. Anshul Doshi (non-promoter), on a preferential basis.

The Company has received ₹82.50 Crores, 25% of the total consideration for the aforesaid warrants as per the provisions of Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009, as amended.

## 14. Other equity

	₹ Crores	
	As at March 31, 2018	As at March 31, 2017
<b>Securities Premium</b>		
As per last balance sheet	795.36	821.38
(Less): Movement during the year	(29.57)	(26.02)
	<b>765.79</b>	<b>795.36</b>
<b>Capital Reserve</b>		
As per last balance sheet	51.77	51.77
	<b>51.77</b>	<b>51.77</b>
<b>General Reserve</b>		
As per last balance sheet	1.34	1.34
Add: Movement during the year	37.47	-
	<b>38.81</b>	<b>1.34</b>
<b>Debenture Redemption Reserve</b>		
As per last balance sheet	59.75	59.75
(Less): Movement during the year	(37.47)	-
	<b>22.28</b>	<b>59.75</b>
<b>Retained earnings*</b>		
As per last balance sheet	133.06	144.13
(Less): Movement during the year	(56.49)	(11.07)
	<b>76.57</b>	<b>133.06</b>
<b>Share options outstanding account</b>		
As per last balance sheet	25.55	-
Add: Movement during the year	23.86	25.55
	<b>49.41</b>	<b>25.55</b>
<b>Total</b>	<b>1,004.63</b>	<b>1,066.83</b>

\*Includes Re-measurement of defined benefit obligations (net of tax), gain / (loss) of ₹ 0.11 Crores (previous year ₹ (0.03) Crores).

## 15. Borrowings (Non-Current)

₹ Crores

	As at March 31, 2018	As at March 31, 2017
<b>Debentures (unsecured)</b>		
Non-convertible debentures - series B (Refer note (a) below)	-	89.10
<b>Term loans (secured)</b>		
from banks (Refer note (e) below)	143.06	127.51
from others (Refer note (c) below)	31.37	35.97
<b>Other loans and advances (secured)</b>		
Finance lease obligations (Refer note (f) below)	15.33	6.04
Foreign currency loans - buyers credit (Refer note (g) below)	-	8.50
<b>Total</b>	<b>189.76</b>	<b>267.12</b>

- a. On November 05, 2012, the Company issued 1,901 Zero Coupon Unsecured Redeemable Non-Convertible Debentures (NCDs) of ₹ 10 Lakhs each, of the aggregate nominal value of ₹ 190.10 Crores to Standard Chartered Private Equity (Mauritius) III Limited. The Debentures were issued in two series being the Series A NCDs and the Series B NCDs. The Series A NCDs comprised of 1,010 Debentures aggregating ₹ 101 Crores redeemable after 5 years and the Series B NCDs comprised of 891 Debentures aggregating ₹ 89.10 Crores redeemable after 6 years.

The amounts payable on redemption on Debentures are as follows:

- With respect to the Series A NCDs, an amount equal to 188.17% of the Principal amount of Series A NCDs.
- With respect to the Series B NCDs, an amount equal to 213.41% of the Principal amount of Series B NCDs.

In the event that, either the Company or the Debenture Holders are desirous of redeeming the Debentures prior to its scheduled maturity other than upon the occurrence of an Event of Default, the Company and the Debenture Holders shall mutually agree on the amounts payable to the Debenture Holders upon such early redemption and the other terms of such redemption. During the year, Series A debentures were redeemed for ₹ 187.98 Crores before maturity.

- b. During March to May 2015, the company allotted 4,891 unsecured unlisted redeemable debentures amounting to ₹48.91 Crores at 14% interest payable quarterly and a redemption premium payable on maturity of the debenture to make the IRR of 17%. Such debentures were redeemed during the year on maturity.
- c. On August 13, 2014, the Company entered into a long-term loan agreement with others to borrow ₹ 45 Crores at an interest rate of 12.50% p.a., to repay the existing term loan and for general corporate purpose which includes working capital and advance payment for capital expenditure. The term loan is to be repayable in 120 equated monthly installments starting from October 01, 2014 for loan availed on August 29, 2014 and from November 01, 2014 for loan availed on September 05, 2014. Further, the term loan is secured by a specific charge on certain immovable properties of the Company. At the year end March 31, 2018, ₹ 31.37 Crores is disclosed as non-current and ₹ 3.73 Crores is disclosed as current. At the year end March 31, 2017, ₹ 35.97 Crores is disclosed as non-current and ₹ 2.44 Crores is disclosed as current.
- d. On October 19, 2015, the Company entered into an agreement for term loan with others to borrow ₹ 20 Crores at an interest rate of 15.25% p.a., to repay the existing term loan and for general corporate purpose which includes working capital. The loan is repayable in 6 quarterly installments starting from end of 3rd quarter from the date of disbursement. The loan is secured by pledge of shares of the Company held by promoters (refer note h below). At the year end March 31, 2017, ₹ 11.25 Crores were disclosed as current. The loan was repaid during the year..
- e. During the previous year, the Company had availed a Term Loan facility aggregating to ₹ 191 Crores at an interest rate based on one-year MCLR + 1.90% with a reset on yearly basis. This term loan is repayable in 84 months from date of the 1st disbursement including 6 months moratorium, it is to be repaid in 26 quarterly installments (post 6 months moratorium). Such term loan is secured by charge over current assets and movable fixed assets, personal guarantee of Mr. Namit Malhotra, pledge of shares of the Company held by promoters (refer note h below), Corporate Guarantee of Reliance Capital Limited of ₹ 100 Crores, mortgage of immovable properties, pledge of 30% shares of subsidiaries and group companies viz; Prime Focus Technologies Limited, PF World Limited (Mauritius), Prime Focus Luxembourg s.a.r.l, Prime Focus 3D





Cooperatief U.A., and Gener8 India Media Services Limited. The company has created charge over all the above referred securities except pledge of 30% shares of subsidiaries viz; PF World Limited (Mauritius), Prime Focus Luxembourg s.a.r.l, and Prime Focus 3D Cooperatief U.A., for which the Company is in the process of creating security as at the balance sheet date.

As at March 31, 2018 out of the above availed facility, Company took the disbursement aggregating ₹ 183 Crores (net of transaction fees). At the year end March 31, 2018, ₹ 143.06 Crores (net of transaction fees) is disclosed as non-current and ₹ 12.94 Crores is disclosed as current. At the year end March 31, 2017, ₹ 127.51 Crores (net of transaction fees) is disclosed as non-current and ₹ 4.46 Crores is disclosed as current.

f. Finance Lease

The Company has acquired certain equipment (mainly equipment, office equipment, and vehicles) under finance leases. The average lease term is around 5 years. The Company has the option to purchase the equipment for a nominal amount at the end of the lease term. The Company's obligation under finance leases are secured by hypothecation of plant and equipment, office equipment and vehicles taken on lease.

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 11.50% to 14.50% per annum.

Finance lease obligation are payable as follows:

₹ Crores

	As at March 31, 2018			As at March 31, 2017		
	Future minimum lease payments	Interest element of MLP	PV of MLP	Future minimum lease payments	Interest element of MLP	PV of MLP
Within one year	9.28	2.60	6.68	2.15	0.64	1.51
Between one and five years	18.30	2.97	15.33	7.31	1.27	6.04
	<b>27.58</b>	<b>5.57</b>	<b>22.01</b>	<b>9.46</b>	<b>1.91</b>	<b>7.55</b>

- g. Foreign currency loans – buyer's credit of ₹ 10.22 Crores (March 31, 2017: ₹ 13.91 Crores) are secured by pari passu charge on the immoveable assets of the Company, both present and future (except building in Royal Palms, Goregaon, Mumbai), pari passu charge on the Company's current assets both present and future, personal guarantees of the promoter director and also secured against margin monies – fixed deposits. Interest rate ranges from 1% to 2% p.a. with maturity profile of 2-3 years. As at March 31, 2018 ₹ Nil (March 31, 2017: ₹ 8.50 Crores) is non-current and ₹ 10.22 Crores (March 31, 2017: ₹ 5.41 Crores) were current.

- h. The promoters of the Company have pledged 8.30% as at March 31, 2018 and 18.51% as at March 31, 2017 Company held shares towards various borrowings / commitments, including borrowings by the Company.

## 16. Provisions

₹ Crores

	As at March 31, 2018	As at March 31, 2017
<b>Provisions (non-current)</b>		
Provision for employee benefits: (Refer note 28)		
Provision for gratuity	1.79	1.52
Provision for compensated absences	0.64	0.67
<b>Total</b>	<b>2.43</b>	<b>2.19</b>
<b>Provisions (current)</b>		
Provision for employee benefits: (Refer note 28)		
Provision for gratuity	0.29	0.17
<b>Total</b>	<b>0.29</b>	<b>0.17</b>

## 17. Other Liabilities

	₹ Crores	
	As at March 31, 2018	As at March 31, 2017
<b>Other Non-Current Liabilities</b>		
Deferred rent	1.15	-
<b>Total</b>	<b>1.15</b>	<b>-</b>
<b>Other Current Liabilities</b>		
Advances received from clients	1.47	5.57
Deferred revenue	5.79	0.49
Deferred rent	0.55	0.63
Other Payable #	3.82	2.85
<b>Total</b>	<b>11.63</b>	<b>9.55</b>

# Other payables includes withholding taxes, goods and service tax payable, service tax payable and employer and employee contribution to provident and other funds.

## 18. Borrowings (Current)

	₹ Crores	
	As at March 31, 2018	As at March 31, 2017
<b>Cash credit / overdraft (secured)</b>		
from banks(Refer note (a) and (b) below)	11.74	32.59
<b>Short-term demand loan (secured)</b>		
from banks (Refer note (c) below)	10.00	10.00
<b>Total</b>	<b>21.74</b>	<b>42.59</b>

- On November 6, 2012, the Company entered in to an agreement for pre-shipment financing under export orders ("Facility") of ₹38.50 Crores for funding against confirmed orders up to 100% of export sales. The interest rate for the facility drawn in Indian rupees is base rate plus margin and for facility drawn in currency other than Indian rupees is LIBOR plus margin. There are sub-limits under the facility for financial guarantees / standby letter of credit for payment undertaking for buyer's credit, pre-shipment financing under export letter of credit, export bills discounting, export invoice financing, import invoice financing, overdraft, short-term loans and bonds/ guarantees. The Facility is secured by first pari-passu charge on stock and book debts of the Company, personal guarantee of the promoters, first pari-passu charge on movable fixed assets of the Company, first pari-passu charge on immovable fixed assets located at Royal Palms-Mastermind, Goregoan, Mumbai and Raghuvanshi Mills, Mumbai and pledge of shares of the Company held by promoters (refer note 15h). As at March 31, 2017 ₹12.90 Crores were outstanding under the Facility and included in cash credit/ overdraft. The said loan was repaid during the year.
- Cash credits/ overdraft from banks are secured against first pari passu charge on the Company's current assets both present and future, personal guarantees and pledge of shares of the Company held by promoters (refer note 15h). The cash credit is repayable on demand and carries interest at the rate of 13.20% to 14.75% per annum. As at March 31, 2018 the outstanding is ₹ 11.74 Crores and as at March 31, 2017 the cash credits/ overdraft outstanding were ₹19.69 Crores.
- On September 14, 2015, the Company entered into an agreement for a working capital demand loan of ₹10 Crores from a bank for a term of 90 days at an interest rate of 11.50% per annum (March 31, 2017; 13.90% per annum). This loan is renewed periodically and is secured by first pari passu charge on the Company's current assets both present and future, personal guarantees and pledge of shares of the Company held by promoters (refer note 15h). As at March 31, 2018 and as at March 31, 2017, ₹10 Crores are outstanding and is included in short-term demand loans.



## 19. Trade Payables

	₹ Crores	
	As at March 31, 2018	As at March 31, 2017
Total outstanding dues to creditors other than micro and small enterprises	19.27	23.86
Owed to Group Company (Refer note 31)	0.62	2.86
<b>Total</b>	<b>19.89</b>	<b>26.72</b>

19.1 According to the records available with the Company, there were no transactions and dues payable to entities that are classified as Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 for the above years.

## 20. Other financial liabilities

	₹ Crores	
	As at March 31, 2018	As at March 31, 2017
<b>Other financial liabilities (non-current)</b>		
Premium on Non-convertible debentures (Refer note 15a and 15b)	-	66.65
Deposit Received (Refer note 31)	76.03	2.85
<b>Total</b>	<b>76.03</b>	<b>69.50</b>
<b>Other financial liabilities (current)</b>		
Current maturities of long-term debt (Refer note 20.1)	210.30	251.88
Interest accrued and not due on borrowings	2.18	2.71
Accrued salaries and benefits	3.05	3.14
Deposits from customers	3.86	5.84
Capital Creditors	3.49	10.05
Others	-	3.85
<b>Total</b>	<b>222.88</b>	<b>277.47</b>

Note: There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at March 31, 2018 (March 31, 2017: Nil).

### 20.1 Current maturity of long term borrowings

	₹ Crores	
	As at March 31, 2018	As at March 31, 2017
<b>Debentures (unsecured)</b>		
Non-convertible debentures - series A (Refer note 15a)	-	101.00
Non-convertible debentures - series B (Refer note 15a)	89.10	-
Premium on Non-convertible debentures (Refer note 15a)	87.63	75.63
<b>Debentures (secured)</b>		
Non-convertible debentures (Refer note 15b)	-	48.19
Premium on Non-convertible debentures (Refer note 15b)	-	1.99
<b>Term loans (secured)</b>		
from banks (Refer note 15 e)	12.94	4.46
from others (Refer note 15 c and d)	3.73	13.69
<b>Other loans and advances (secured)</b>		
Finance Lease Obligations (Refer note 15 f)	6.68	1.51
Foreign Currency Loans - Buyers Credit (Refer note 15 g)	10.22	5.41
<b>Total</b>	<b>210.30</b>	<b>251.88</b>



## 21. Revenue from Operations

₹ Crores

	Year ended March 31, 2018	Year ended March 31, 2017
(a) Sale of Services	136.44	145.60
(b) Other Operating Income		
- Property rentals	8.85	8.20
- Export incentives	0.03	0.71
<b>Total Revenue from Operations</b>	<b>145.32</b>	<b>154.51</b>

Included in revenue arising from sales of services of ₹ 136.44 Crores (previous year ₹ 145.60 Crores) is revenue of approximately ₹ 31.65 Crores (previous year ₹ 33.73 Crores) which arose from sales to the Company's top 5 customers.

## 22. Other Income

₹ Crores

	Year ended March 31, 2018	Year ended March 31, 2017
Interest income:		
- Bank Deposits	0.61	0.39
- Others (includes loan to subsidiaries)	12.77	8.98
- Income Tax Refund	1.51	-
Dividend income on equity securities *	0.00	0.00
Gain on sale of investment	9.12	5.77
Net Gain on Disposal of property plant and equipments	-	0.01
Bad Debts recovered	0.66	0.12
Liabilities/provisions no longer required written back	2.02	-
Miscellaneous Income	0.07	0.09
<b>Total</b>	<b>26.76</b>	<b>15.36</b>

\* The value 0.00 means amount is below ₹ 50,000/-

## 23. Employee Benefits Expense

₹ Crores

	Year ended March 31, 2018	Year ended March 31, 2017
Salaries and wages	30.80	29.70
Contribution to Provident and Other Funds	0.87	0.78
Gratuity [Refer note 28]	0.58	0.47
Staff Welfare Expenses	0.39	0.43
<b>Total</b>	<b>32.64</b>	<b>31.38</b>



## 24. Finance costs

₹ Crores

	Year ended March 31, 2018	Year ended March 31, 2017
Interest on working capital finance	4.20	8.38
Interest on term loan	30.91	11.41
Interest on buyer's credit	0.26	0.36
Interest on Inter Corporate Deposits	-	5.06
Interest and Premium on Non Convertible Debenture	31.85	4.87
Interest on others	6.91	2.67
<b>Total</b>	<b>74.13</b>	<b>32.75</b>

## 25. Other Expenses

₹ Crores

	Year ended March 31, 2018	Year ended March 31, 2017
Rent	11.37	11.23
Rates and taxes	3.61	1.74
Rebates and discounts	0.70	1.06
Communication cost	1.50	1.98
Power and fuel	7.68	7.62
Insurance	0.44	0.56
Repairs to buildings	2.60	2.54
Repairs to plant and machinery	2.72	3.26
Legal and professional fees	3.74	2.43
Payment to Auditors:		
- Audit fees	0.28	0.28
- In other matters (certification, limited review, taxation, etc.)	0.19	0.13
Travelling and conveyance	1.82	1.48
Loss on disposal of PPE and other intangible assets	0.04	0.10
Allowance for bad and doubtful debts	6.83	2.95
Bad debts and advances written off	0.83	1.02
Directors Sitting Fees and Commission	0.04	0.05
Miscellaneous expenses	5.18	8.10
<b>Total</b>	<b>49.57</b>	<b>46.53</b>

## 26. Income Tax Expense

### A. Income tax recognised in Profit and Loss

₹ Crores

	Year ended March 31, 2018	Year ended March 31, 2017
<b>Current Tax</b>		
- In respect of prior years / periods (a)	-	0.17
<b>Deferred Tax ( b )</b>		
- In respect of the current year	(12.83)	(1.23)
<b>Total Income tax expenses / (credit) recognised in the current year (a+b)</b>	<b>(12.83)</b>	<b>(1.06)</b>

### B. Income tax recognised in other comprehensive income

₹ Crores

	Year ended March 31, 2018	Year ended March 31, 2017
- Re-measurement of defined benefit obligation	(0.05)	0.02
<b>Tax charge / (credit) recognised in other comprehensive income</b>	<b>(0.05)</b>	<b>0.02</b>

### C. Reconciliation of tax expense and the accounting profit/(loss) for the year is as under

₹ Crores

	Year ended March 31, 2018	Year ended March 31, 2017
Loss before tax	(69.43)	(12.10)
Applicable Tax rate	34.61%	34.61%
Computed Tax Expense	(24.03)	(4.19)
Tax Effect of:		
Effect of expenses that are not deductible	0.36	0.06
Effect on changes in income tax rate	0.79	0.15
Effect of differential tax and indexation benefit on capital gain	(3.15)	(2.41)
Effect of non recognition of deferred tax assets on losses and other adjustments	13.20	5.16
	(12.83)	(1.23)
Taxes pertaining to prior years	-	0.17
<b>Income tax expense recognised in profit or loss</b>	<b>(12.83)</b>	<b>(1.06)</b>

The tax rate used for reconciliation above is the corporate tax rate payable by corporate entities in India on taxable profit under the Income tax laws

### D. Recognised deferred tax assets and liabilities

₹ Crores

	As at March 31, 2018	As at March 31, 2017
Deferred tax on temporary differences	(18.63)	(37.73)
Mat credit entitlement	(6.85)	(6.85)
<b>Net deferred tax (assets)</b>	<b>(25.48)</b>	<b>(44.58)</b>





#### E. Movement in temporary differences

₹ Crores

	Balance as at March 31, 2018	Recognised in Profit / Loss during 2017-18	Recognised in other equity during 2017-18	Recognised in OCI during 2017-18	Balance as at March 31, 2017	Recognised in Profit / Loss during 2016-17	Recognised in other equity during 2016-17	Recognised in OCI during 2016-17	Balance as at March 31, 2016
<b>Deferred tax liability</b>									
Difference between tax books and written down value of PPE and other intangible assets	55.48	(11.27)	-	-	66.75	2.12	-	-	64.63
Others	0.05	(0.03)	-	-	0.08	(0.69)	-	-	0.77
	<b>55.53</b>	<b>(11.30)</b>	<b>-</b>	<b>-</b>	<b>66.83</b>	<b>1.43</b>	<b>-</b>	<b>-</b>	<b>65.40</b>
<b>Deferred tax assets</b>									
Unabsorbed loss carried forward	41.89	(7.89)	-	-	49.78	0.89	-	-	48.89
Related to premium on redemption of NCDs	24.12	9.62	(31.88)	-	46.38	-	14.53	-	31.85
Provision for doubtful debts/advances	7.55	0.94	-	-	6.61	1.12	-	-	5.49
Others	0.60	(1.14)	-	(0.05)	1.79	0.65	-	0.02	1.12
Mat credit entitlement	6.85	-	-	-	6.85	-	-	-	6.85
	<b>81.01</b>	<b>1.53</b>	<b>(31.88)</b>	<b>(0.05)</b>	<b>111.41</b>	<b>2.66</b>	<b>14.53</b>	<b>0.02</b>	<b>94.20</b>
<b>Net deferred tax (assets)</b>	<b>(25.48)</b>	<b>(12.83)</b>	<b>31.88</b>	<b>0.05</b>	<b>(44.58)</b>	<b>(1.23)</b>	<b>(14.53)</b>	<b>(0.02)</b>	<b>(28.80)</b>

#### F. Unrecognised deferred tax assets

₹ Crores

	As at March 31, 2018	As at March 31, 2017
Unabsorbed business loss FY 2017-18 (AY 2018-19)	24.83	-
Unabsorbed depreciation FY 2017-18 (AY 2018-19)	8.94	-
Unabsorbed depreciation FY 2016-17 (AY 2017-18)	4.71	6.49
Unabsorbed business loss FY 2014-15 (AY 2015-16)	2.52	2.99
Unabsorbed depreciation FY 2014-15 (AY 2015-16)	6.11	7.26
Unabsorbed business loss FY 2012-13 (AY 2013-14)	1.14	1.35
Unabsorbed depreciation FY 2012-13 (AY 2013-14)	7.05	8.38
	<b>55.30</b>	<b>26.47</b>

#### G. Tax losses carried forward

a. Tax losses for which no deferred tax asset was recognised expires as follows

₹ Crores

	As at March 31, 2018	Will expire in FY
Unabsorbed business loss FY 2017-18 (AY 2018-19)	85.27	2025-26
Unabsorbed business loss FY 2014-15 (AY 2015-16)	8.65	2022-23
Unabsorbed business loss FY 2012-13 (AY 2013-14)	3.91	2020-21
	<b>97.83</b>	

b. Unabsorbed depreciation of ₹ 92.06 Crores for which no deferred tax asset was recognised has indefinite life

## 27. Earnings Per Equity Share (EPS)

Basic EPS amounts are calculated by dividing the net (loss) / profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the net (loss) / profit attributable to equity shareholders of the Company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

	₹ Crores	
	Year ended March 31, 2018	Year ended March 31, 2017
Net loss after tax as per Statement of Profit and loss attributable to equity shareholders	(56.60)	(11.04)
Less: Exceptional items (net of tax)	-	(14.59)
Loss after tax (before exceptional items)	(56.60)	(25.63)
Weighted average number of Equity shares for basic EPS	298,959,213	298,878,974
Effects of dilution:		
Weighted average potential Equity shares	8,885,964	4,179,016
Weighted average number of Equity shares adjusted for the effect of dilution	307,845,177	303,057,990
<b>Earnings per share (before exceptional items)</b>		
Basic earnings per share (₹)	(1.89)	(0.86)
Diluted earnings per share (₹) (Refer note below)	(1.89)	(0.86)
<b>Earnings per share (after exceptional items)</b>		
Basic earnings per share (₹)	(1.89)	(0.37)
Diluted earnings per share (₹) (Refer note below)	(1.89)	(0.37)
Nominal value of shares (₹)	1.00	1.00

Note: Potential equity shares are anti-dilutive in nature and hence diluted earnings per share is same as basic earnings per share.

## 28. Employee benefit plans

### 28.1 Defined Contribution Plans

The Company makes provident fund, Employee State Insurance and employees' pension scheme contribution to the relevant authorities, which are defined contribution plans for the qualifying employees.

**Contribution to Defined Contribution Plans, recognised as expense for the year is as under :**

	₹ Crores	
	Year ended March 31, 2018	Year ended March 31, 2017
Employer's Contribution to Provident Fund and other funds	0.87	0.78



## 28.2 Defined Benefit Plans

The Company has a defined benefit gratuity plan (unfunded) for qualifying employees. The defined benefit plans are administered by the Company. Under this plan, the employee is entitled to a lump-sum payment upon retirement from the services of the Company. An employee becomes eligible to receive payment upon completion of 5 years of service at the rate of 15 days of service for each completed year of service.

These plans typically expose the Company to actuarial risks such as; longevity risk and salary risk.

Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such an increase in the salary of the plan participants will increase the plan's liability.

No other post-retirement benefits are provided to the employees.

In respect of the said plan, the most recent actuarial valuation and the present value of the defined benefit obligation were carried out by an external expert, who is a duly registered actuary. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the projected unit credit method.

### (i) Expense recognised in Statement of Profit and Loss:

₹ Crores

	Year ended March 31, 2018	Year ended March 31, 2017
<b>In Income Statement</b>		
Current service cost	0.34	0.35
Interest cost	0.13	0.12
Past Service Cost	0.11	-
<b>Net cost</b>	<b>0.58</b>	<b>0.47</b>
<b>In Other Comprehensive Income</b>		
Actuarial (gain) / loss	(0.16)	0.05
<b>Net expenses for the year recognised in OCI</b>	<b>(0.16)</b>	<b>0.05</b>

### (ii) Reconciliation of opening and closing balances of Defined Benefit Obligation:

₹ Crores

	Year ended March 31, 2018	Year ended March 31, 2017
Defined Benefit obligation at beginning of the year	1.69	1.50
Current Service Cost	0.34	0.35
Interest Cost	0.13	0.12
Past Service Cost	0.11	-
Actuarial (Gain)/Loss on obligation - due to change in demographic assumptions	(0.09)	-
Actuarial (Gain)/Loss on obligation - due to change in financial assumptions	(0.05)	0.09
Actuarial (Gain)/Loss on obligation - due to experience	(0.02)	(0.04)
Benefits Paid	(0.03)	(0.33)
<b>Defined Benefit obligation at year end</b>	<b>2.08</b>	<b>1.69</b>



(iii) Actuarial Assumptions:

	Year ended March 31, 2018	Year ended March 31, 2017
Discount Rate (p.a.)	7.78%	7.57%
Rate of escalation in salary (p.a.)	5.00%	5.00%
Attrition Rate	For Service period 4 years and below 10% p.a. and for service period of above 4 years 2.00% p.a.	2.00%
Mortality Table *	IALM 2006-08	IALM 2006-08
* IALM - Indian Assured Lives Mortality		

The discount rates reflect the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated term of the obligations.

The estimates of future salary increase, considered in actuarial valuation, take into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market. The above information is certified by the actuary.

(iv) Sensitivity Analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	2017-18		2016-17	
	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate (1% movement)	(0.21)	0.25	(0.19)	0.22
Future salary appreciation (1% movement)	0.23	(0.21)	0.23	(0.19)
Attrition rate (1% movement)	0.06	(0.07)	0.05	(0.05)

₹ Crores



## 29. Financial instruments

### 29.1 Capital risk management

The objectives when managing capital are to safeguard the ability to continue as a going concern to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The management sets the amounts of capital required in proportion to risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and risk characteristics of the underlying assets.

The capital structure of consists of borrowings (as detailed in note 15, 18 and 20), offset by cash and bank balances (note 11), equity (comprising issued capital, reserves and retained earnings as detailed in statement of changes in shareholders' equity), and share warrants. The debt equity ratio for current year is 0.38 as on March 31, 2018 (March 31, 2017: 0.58)

During the year, the Company's strategy was to monitor and manage the use of funds whilst developing business strategies and marketing.

### 29.2 Financial Risk Management objectives

A wide range of risks may affect the Company's business and financial results. Amongst other risks that could have significant influence on the Company are market risk, credit risk and liquidity risk.

The Board of Directors of the Company manage and review the affairs of the Company by setting up short term and long-term budgets by monitoring the same and taking suitable actions to minimise potential adverse effects on its operational and financial performance.

### 29.3 Market risk

The Company is primarily exposed to the following market risks.

#### 29.3.1 Foreign Currency risk management

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's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's net investments in foreign subsidiaries.

The Company's foreign currency exposure as at year end is as follows:

Particulars	Foreign Currency Denomination	As at March 31, 2018		As at March 31, 2017	
		Foreign Currency	₹ Crores	Foreign Currency	₹ Crores
Financial Assets*	GBP	469,450	4.26	496,488	4.01
	AED	29,791	0.05	29,791	0.05
	USD	668,467	4.33	21,618,949	139.92
	KES	71,085	0.00	71,085	0.01
	CAD	121,999	0.61	845,552	4.11
<b>Total</b>			<b>9.25</b>		<b>148.10</b>
Financial Liabilities	GBP	296,933	2.70	299,289	2.42
	EURO	375,532	3.00	1,004,738	6.95
	USD	833,836	5.41	1,903,925	12.32
<b>Total</b>			<b>11.11</b>		<b>21.69</b>
<b>Net Exposure</b>			<b>(1.86)</b>		<b>126.41</b>

\* The value 0.00 means amount is below ₹ 50,000/-

The Company's sensitivity to a 5% appreciation/depreciation of above mentioned foreign currencies with respect to Rupee would result in decrease/ increase in the Company's net (loss) / profit before tax by approximately ₹ (0.09) Crores for the year ended March 31, 2018 (March 31, 2017: ₹ 6.32 Crores). This sensitivity analysis includes only outstanding foreign currency denominated monetary items.

### 29.3.2 Interest rate risk management

The Company is exposed to interest rate risk because it borrows funds at floating interest rates also.

The sensitivity analysis for exposure to interest rates on borrowings as at the end of the reporting period indicates that a 50 basis point increase in floating interest rates on such borrowings would have decreased equity and profit for the year by ₹ 1.00 Crores and ₹ 1.03 Crores for March 31, 2018 and March 31, 2017 respectively and a 50 basis point decrease in floating interest rates on such borrowings would have increased equity and profit by the same amount respectively.

### 29.3.3 Credit risk management

Credit risk is the risk of financial loss to the Company if a client or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from clients and cash. Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis.

The Company has a low credit risk in respect of its trade receivables, its principal customers being reputed production houses, national broadcasters and major organisations which the Company has worked with for number of years. However, as Company grows its customer base and works with more independent producers it will experience an increased credit risk environment. The Company is also exposed to credit risk in respect of its cash and seeks to minimise this risk by holding funds on deposit with banks and others.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 73.20 Crores and ₹ 87.99 Crores as at March 31, 2018 and March 31, 2017 respectively, being the total of the carrying amount of the balances with banks, bank deposits, investments (excluding equity and preference investments), trade receivables, unbilled revenue and other financial assets (excluding group company receivables).

The Company's exposure to customers is diversified and no single customer contributes to more than 10% of outstanding trade receivables and unbilled revenue as at March 31, 2018 and March 31, 2017.

### 29.4 Liquidity risk management

Liquidity risk refers to the risk that the Company may not be able to meet its financial obligations timely.

Management monitors rolling forecasts of the Company's liquidity position (comprising of undrawn bank facilities and cash and cash equivalents) on the basis of expected cash flows. This monitoring includes financial ratios and takes into account the accessibility of cash and cash equivalents. The Company manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Company also has adequate credit facilities agreed with banks and others to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost effective manner.

The table below analyses the maturity profile of the Company's financial liabilities. The following break up is based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

₹ Crores		
As at March 31, 2018	Less than 1 year	Between 1 and 5 years
Long term and short term borrowings	144.41	189.76
Premium on NCD	87.63	-
Interest accrued but not due	2.18	-
Trade Payables and accruals	19.89	-
Deposit received	-	76.03
Others	10.40	-
	<b>264.51</b>	<b>265.79</b>
As at March 31, 2017	Less than 1 year	Between 1 and 5 years
Long term and short term borrowings	216.85	267.12
Premium on NCD	77.62	66.65
Interest accrued but not due	2.71	-
Trade Payables and accruals	26.72	-
Deposit received	-	2.85
Others	22.88	-
	<b>346.78</b>	<b>336.62</b>



## 29.5 Fair Value Instruments

					₹ Crores
	Carrying Value		Fair Value		Fair Value hierarchy
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	
<b>Financial Assets</b>					
<b>FVTPL</b>					
Investments *	0.01	0.01	0.01	0.01	Level 3
<b>Amortised Cost</b>					
Investments	938.67	944.27	-	-	
Loans	98.58	220.72	-	-	
Trade receivables	49.09	54.83	-	-	
Cash and cash equivalent	1.00	0.78	-	-	
Other Bank balances	3.29	10.41	-	-	
Other financial assets	92.45	71.83	-	-	
<b>Total</b>	<b>1,183.09</b>	<b>1,302.85</b>	<b>0.01</b>	<b>0.01</b>	
<b>Financial Liabilities</b>					
<b>FVTPL</b>					
Borrowings derivatives *	-	3.85	-	3.85	Level 3
<b>Amortised Cost</b>					
Borrowings	421.80	628.24	-	-	
Trade payable	19.89	26.72	-	-	
Deposits received	76.03	2.85	-	-	
Other financial liabilities	12.58	21.74	-	-	
<b>Total</b>	<b>530.30</b>	<b>683.40</b>	<b>-</b>	<b>3.85</b>	

### a. Accounting classification and fair value\*

The following table allows the fair values of financial assets and financial liabilities, including their levels in fair value hierarchy

								₹ Crores
Financial Assets / Liabilities	As at March 31, 2018	As at March 31, 2017	Fair Value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value		
<b>Financial Assets</b>								
Investment	0.01	0.01	Level 3	Discounted cash flows	Discount rate and probable cash flows	Higher the discount rate, lower the fair value		
<b>Financial Liabilities</b>								
Derivatives	-	3.85	Level 3	Discounted cash flows	Discount rate and probable cash flows	Higher the discount rate, lower the fair value		

### b. Reconciliation of Level 3 fair values

<b>Opening balance as at March 31, 2016 (Financial liability)</b>	<b>3.22</b>
Mark to market change in embedded derivative of NCD	0.63
<b>Closing balance as at March 31, 2017 (Financial Liability)</b>	<b>3.85</b>
Redemption of financial liability	(3.85)
<b>Closing balance as at March 31, 2018 (Financial Liability)</b>	<b>-</b>



### 30. Share based payments

- A. During the financial year 2014-15, the Board of Directors of the Company and its Shareholders' approved a share option plan and reserved 17,932,738 common shares for issuance thereunder. During the financial year 2016-17, options totalling to 17,932,738 ordinary shares were granted to certain identified eligible employees. Detailed description of share based payment arrangements is as below:

(a) Date of shareholders' approval	August 01, 2014
(b) Total number of options approved under ESOS	17,932,738
(c) Vesting requirements	Out of the total options granted, 45.88% options vest after 1st year, 45.88% options vest after 2nd year and 8.24% options vest after 3 <sup>rd</sup> year from the date of respective grant.
(d) Exercise price or pricing formula	₹ 52
(e) Maximum term of options granted	2 years from each vesting date
(f) Source of shares (primary, secondary or combination)	Primary
(g) Variation in terms of options	No Variation

- B. The weighted average fair value of the share option granted during the financial year 2016-17 is ₹ 32.26/-. Options were priced using a Black Sholes Merton Formula pricing model. Where relevant, the expected life used in this model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavior considerations. Expected volatility is based on historical sale price volatility of comparable companies in the industry over the expected life of 2 – 4 years.

**Inputs into the model were as follows:**

(a) Grant date share price	₹ 68.35
(b) Exercise Price	₹ 52.00
(c) Expected Volatility	49.67% – 46.62%
(d) Expected life	2 – 4 years
(e) Dividend yield	-
(f) Risk free interest rate	6.85% to 6.97%

- C. Reconciliation of outstanding share options:

	March 31, 2018		March 31, 2017	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at April 01	17,932,738	52.00	-	-
Granted during the year	-	-	17,932,738	52.00
Forfeited / lapsed during the year	-	-	-	-
Exercised during the year	286,671	52.00	-	-
Outstanding at March 31	17,646,067	52.00	17,932,738	52.00
Exercisable at March 31	7,940,908	52.00	-	-

Fair value of 8,227,579 option vested during the year is ₹ 24.35 Crores (previous year ₹ NIL)

Money realised by exercise of option during the year is ₹ 1.49 Crores (previous year ₹ NIL).

The options outstanding at March 31, 2018 have an exercise price of ₹ 52/- (March 31, 2017: ₹ 52/-) and a weighted average remaining contractual life of 2 years (March 31, 2017: 3 years)



Weighted average share price at the date of the exercise of share options exercised in 2017-18 is ₹ 99.60 (previous year not disclosed as no shares were exercised then).

D. Expense recognised in Statement of Profit and Loss

The Company has followed the fair value method to account for the grant of stock options and charge for the year ended March 31, 2018 is ₹ 24.71 Crores (previous year: ₹ 25.55 Crores)

## 31 Related party transactions

a. List of Parties where control exists, irrespective of transactions:

i) **Subsidiary companies**

De-fi Media Limited  
Prime Focus Technologies Limited  
Prime Focus Visual Effects Private Limited  
GVS Software Private Limited  
Prime Focus Motion Pictures Limited  
PF World Limited, (Mauritius)  
PF Investments Limited (Mauritius)  
Prime Focus 3D India Private Limited  
Gener8 India Media Services Limited  
Reliance MediaWorks (Mauritius) Limited  
PF Overseas Limited (Mauritius)  
Prime Focus Malaysia Sdn. Bhd.

ii) **Step-down subsidiary companies**

**Subsidiary companies of PF World Limited (Mauritius)**

Prime Focus Luxembourg S.a.r.l  
Prime Focus 3D Cooperatief U.A. (Subsidiary of Prime Focus Luxembourg S.a.r.l)  
Prime Focus World N.V. (Subsidiary of Prime Focus 3D Cooperatief U.A.)  
Prime Focus International Services UK Limited (Subsidiary of Prime Focus World N.V.)  
DNEG North America Inc. (Formerly known as Prime Focus North America Inc.) (Subsidiary of Prime Focus World N.V.)  
1800 Vine Street LLC (Subsidiary of DNEG North America, Inc.)  
Prime Focus Creative Services Canada Inc. (Subsidiary of Prime Focus World N.V.)  
Gener8 Digital Media Services Limited, Canada (Subsidiary of Prime Focus World N.V.)  
Vegas II VFX Limited (Subsidiary of Prime Focus Creative Services Canada Inc.)  
Prime Focus VFX USA, Inc. (Subsidiary of Prime Focus World N.V.)  
Prime Focus ME Holdings Limited (Subsidiary of Prime Focus World N.V.)  
Prime Focus World Malaysia Sdn. Bhd. (Subsidiary of Prime Focus World N.V.)  
Prime Focus China Limited (Subsidiary of Prime Focus World N.V.)  
Prime Focus (HK) Holdings Limited. (Subsidiary of Prime Focus China Limited)  
DNEG Creative Services Private Limited (Formerly known as Prime Focus World Creative Services Private Limited) (Subsidiary of Prime Focus World N.V.)

Double Negative India Pvt. Ltd.(Subsidiary of DNEG Creative Services Private Limited)  
 Double Negative Holdings Limited (Subsidiary of Prime Focus World N.V.)  
 Double Negative Limited (Subsidiary of Double Negative Holdings Limited)  
 Double Negative Singapore Pte Limited (Subsidiary of Double Negative Holdings Limited)  
 Double Negative Canada Productions Limited (Subsidiary of Double Negative Holdings Limited)  
 Double Negative Film Limited (Subsidiary of Double Negative Holdings Limited)  
 Double Negative Huntsman VFX Limited (Subsidiary of Double Negative Canada Productions Limited)  
 Double Negative LA LLC (w.e.f. 07.03.2017) (Subsidiary of Double Negative Holdings Limited)  
 Prime Focus Academy of Media & Entertainment Studies Private Limited (Subsidiary of DNEG Creative Services Private Limited)  
 Prime Focus Animation UK Limited (Subsidiary of Prime Focus International Services UK Limited) (till September 06, 2017)  
 Gener8 Digital Media Services Montreal Limited (w.e.f. May 25, 2017) (Subsidiary of Prime Focus World N.V.)  
 Prime Focus Creative Services Montreal Inc (w.e.f. May 25, 2017) (Subsidiary of Prime Focus World N.V.)  
 Double Negative Montreal Production Limited (w.e.f. June 22, 2017) (Subsidiary of Double Negative Holdings Limited)

**Subsidiary companies of Prime Focus Technologies Limited**

Prime Focus Technologies UK Limited  
 Prime Focus Technologies, Inc.  
 Prime Post Europe Ltd (Subsidiary of Prime Focus Technologies UK Limited)  
 DAX PFT LLC (Subsidiary of Prime Focus Technologies, Inc.)  
 DAX Cloud ULC (Subsidiary of DAX PFT LLC)

**Subsidiary companies of Reliance MediaWorks (Mauritius) Limited**

Reliance Lowry Digital Imaging Services Inc.

**iii) Key management personnel (KMP)**

Mr. Namit Malhotra – CEO, Chairman and Executive Director  
 Mr. Naresh Malhotra – Whole-time Director  
 Mr. Ramakrishnan Sankaranarayanan – Managing Director  
 Mr. Vikas Rathee – CFO (resigned w.e.f. February 14, 2018)  
 Mr. Nishant Fadia – CFO (w.e.f. February 15, 2018)  
 Ms. Parina Shah – Company Secretary

**iv) Enterprises owned or significantly influenced by Key Management Personnel or their relatives**

Blooming Buds Coaching Private Limited  
 Monsoon Studio Private Limited

**v) Enterprises exercising significant influence over the Company**

Reliance MediaWorks Limited  
 Standard Chartered Private Equity (Mauritius) III Limited  
 Standard Chartered Private Equity (Mauritius) Limited  
 Standard Chartered Bank



b. List of related parties with whom transactions have taken place during the year

(i) Subsidiary companies #

	₹ Crores	
	Year ended March 31, 2018	Year ended March 31, 2017
<b>Revenue</b>		
Prime Focus Technologies Limited	0.49	0.08
De-Fi Media Limited	-	7.72
<b>Other operating income - SFIS</b>		
Prime Focus Technologies Limited *	-	0.00
<b>Other operating income - Rent</b>		
Prime Focus Technologies Limited	-	0.05
<b>Technical service cost</b>		
Prime Focus Technologies Limited	0.01	0.11
<b>Reimbursement of expenses incurred by:</b>		
Prime Focus Technologies Limited	0.11	0.47

	₹ Crores	
	Year ended March 31, 2018	Year ended March 31, 2017
<b>Reimbursement of expenses incurred on behalf of:</b>		
Prime Focus Technologies Limited	1.19	1.51
GVS Software Private Limited *	0.00	0.00
PF World Limited, Mauritius	1.55	8.70
Prime Focus Visual Effects Private Limited *	0.00	0.00
De-Fi Media Limited	-	0.25
Prime Focus 3D India Private Limited *	0.00	0.00
Prime Focus Motion Pictures Limited *	0.00	0.00
Gener8 India Media Services Limited *	0.02	0.00
<b>Investments</b>		
PF World Limited, Mauritius	-	95.45
<b>Loan converted to equity</b>		
Reliance Media Works (Mauritius) Limited (Refer note 6e)	104.03	-
<b>Share application (pending allotment)</b>		
Gener8 India Media Services Limited (Refer note 8)	64.40	-
<b>Redemption of Investments</b>		
PF World Limited, Mauritius	118.75	48.38
<b>Conversion of Investment</b>		
Prime Focus Technologies Limited	-	18.46
<b>Advance given</b>		
Prime Focus Motion Pictures Limited	0.90	-
<b>Loans given</b>		
Gener8 India Media Services Limited	225.58	221.42
Prime Focus Technologies Limited	106.89	-



₹ Crores

	Year ended March 31, 2018	Year ended March 31, 2017
<b>Loans repaid (including interest, where applicable)</b>		
Gener8 India Media Services Limited	224.71	249.07
De-Fi Media Limited	-	50.35
Prime Focus Technologies Limited	48.26	-
<b>Interest on loans</b>		
Gener8 India Media Services Limited	8.96	4.53
De-Fi Media Limited	-	0.58
Prime Focus Technologies Limited	1.36	-
<b>Interest waived off</b>		
De-Fi Media Limited	-	2.83
<b>Security deposit received</b>		
Prime Focus Technologies Limited	60.00	-

₹ Crores

	Year ended March 31, 2018	Year ended March 31, 2017
<b>Balance outstanding ##</b>		
<b>Trade receivables</b>		
Prime Focus Technologies Limited	0.21	0.12
<b>Trade payables</b>		
Prime Focus Technologies Limited	-	1.68
<b>Other payables</b>		
Prime Focus 3D India Private Limited	0.05	0.05
<b>Other receivable</b>		
Prime Focus Visual Effects Private Limited *	0.00	0.00
GVS Software Private Limited	0.01	0.01
Gener8 India Media Services Limited	-	0.01
Prime Focus Motion Pictures Limited	0.06	0.06
Prime Focus Technologies Limited	0.13	3.17
Prime Focus 3D India Private Limited *	0.00	0.00
PF World Limited, Mauritius	-	32.59
<b>Loans receivable (including interest, where applicable)</b>		
De-Fi Media Limited	-	-
Prime Focus Technologies Limited	60.00	-
Gener8 India Media Services Limited	38.58	93.15
Reliance Media Works (Mauritius) Limited	-	105.12
<b>Advance receivable</b>		
Prime Focus Motion Pictures Limited	0.90	-
<b>Share application (pending allotment)</b>		
Gener8 India Media Services Limited	64.40	-
<b>Security deposit received</b>		
Prime Focus Technologies Limited	60.00	-



(ii) Step-down Subsidiaries #

₹ Crores

	Year ended March 31, 2018	Year ended March 31, 2017
<b>Other operating income - Rent</b>		
DNEG Creative Services Private Limited	2.50	7.88
Double Negative India Private Limited	5.73	-
<b>Other operating income - SFIS</b>		
DNEG Creative Services Private Limited	-	0.05
<b>Technical service cost</b>		
DNEG Creative Services Private Limited	0.57	-
Double Negative India Private Limited	0.57	-
<b>Manpower Cost</b>		
DNEG Creative Services Private Limited	0.04	0.81
<b>Revenue</b>		
DNEG Creative Services Private Limited*	-	0.00
Double Negative India Private Limited	0.37	0.27
<b>Sale of assets</b>		
Prime Focus International Services UK Limited	0.02	-
<b>Purchase of SFIS License</b>		
DNEG Creative Services Private Limited	1.85	0.14
<b>Reimbursement of expenses incurred by:</b>		
DNEG Creative Services Private Limited	0.15	1.22
<b>Reimbursement of expenses incurred on behalf of:</b>		
DNEG Creative Services Private Limited	0.99	1.79
Double Negative India Private Limited	0.13	-
Prime Focus International Services UK Limited	1.13	0.81
Prime Focus Creative Services Canada, INC	0.08	1.67
Gener8 Digital Media Services Ltd., Canada	0.61	0.42
Prime Focus World NV	-	0.32
Double Negative Montreal Production Limited	0.55	-
Double Negative Limited UK	0.12	-
Gener8 Digital Media Services Montreal Limited	0.36	-
Prime Focus Creative Services Montreal Inc.	0.32	-
<b>Loans given</b>		
DNEG Creative Services Private Limited	31.76	77.61
Double Negative India Private Limited	-	0.28
<b>Loans repaid (including interest)</b>		
DNEG Creative Services Private Limited	55.53	70.53
Double Negative India Private Limited *	0.33	0.00
<b>Interest on loans</b>		
DNEG Creative Services Private Limited	1.61	3.13
Double Negative India Private Limited	0.03	0.02
<b>Security deposit received</b>		
DNEG Creative Services Private Limited	60.00	-
Double Negative India Private Limited	4.30	-
<b>Security deposit repaid</b>		
DNEG Creative Services Private Limited	50.00	-

₹ Crores

	As at March 31, 2018	As at March 31, 2017
<b>Balance outstanding</b>		
<b>Trade receivables</b>		
DNEG Creative Services Private Limited	-	0.96
Double Negative India Private Limited	-	0.27
Prime Focus International Services UK Limited	0.02	-
<b>Trade Payables</b>		
DNEG Creative Services Private Limited	0.63	1.13
<b>Other receivable</b>		
Prime Focus International Services UK Limited	0.17	1.31
DNEG Creative Services Private Limited	0.07	0.82
Double Negative India Private Limited	0.06	-
Prime Focus Technologies Inc.	0.77	0.77
Prime Focus Creative Services Canada, INC	0.06	2.68
Gener8 Digital Media Services Ltd., Canada	-	1.42
Prime Focus World NV	-	0.31
Double Negative Montreal Production Limited	0.55	-
Double Negative Limited UK	0.12	-
Gener8 Digital Media Services Montreal Limited	0.36	-
Prime Focus Creative Services Montreal Inc.	0.32	-
<b>Loans receivable</b>		
DNEG Creative Services Private Limited	-	22.15
Double Negative India Private Limited	-	0.30
<b>Security deposit received</b>		
DNEG Creative Services Private Limited	13.57	3.57
Double Negative India Private Limited	4.30	-

## (iii) Key Management Personnel\*\*

₹ Crores

	Year ended March 31, 2018	Year ended March 31, 2017
<b>Remuneration</b>		
Mr. Naresh Malhotra	0.60	0.60
Mr. Ramakrishnan Sankaranarayanan @	0.46	0.50
Mr. Namit Malhotra	0.50	0.50
Mr. Vikas Rathee (resigned w.e.f. February 14, 2018) @	0.46	0.87
Mr. Nishant Fadia (w.e.f. February 15, 2018)	0.07	-
Ms. Parina Shah	0.23	0.21

@ During the year there was reallocation of senior management compensation within the company and its subsidiaries



₹ Crores

	As at March 31, 2018	As at March 31, 2017
<b>Balance Outstanding – Remuneration Payable</b>		
Mr. Naresh Malhotra	0.05	0.05
Mr. Ramakrishnan Sankaranarayanan	-	0.04
Mr. Namit Malhotra	0.04	0.04
Mr. Vikas Rathee	-	0.04
Mr. Nishant Fadia	0.05	-
Ms. Parina Shah	0.02	0.02

(iv) Enterprises owned or significantly influenced by key management personnel or their relatives

₹ Crores

	Year ended March 31, 2018	Year ended March 31, 2017
<b>Rent</b>		
Blooming Bud Coaching Private Limited	4.09	4.10
<b>Share warrant</b>		
Monsoon Studio Private Limited	75.00	-

₹ Crores

	As at March 31, 2018	As at March 31, 2017
<b>Balance outstanding</b>		
<b>Deposit</b>		
Blooming Buds Coaching Private Limited	5.30	5.30

(v) Enterprises exercising significant influence over the Company

₹ Crores

	Year ended March 31, 2018	Year ended March 31, 2017
<b>Loan (repayments) / taken, net</b>		
Standard Chartered Bank	(13.34)	4.14
<b>Finance costs</b>		
Standard Chartered Bank	0.35	1.97
<b>Premium on NCD</b>		
Standard Chartered Private Equity (Mauritius) Limited	32.33	39.46
<b>NCD repaid (including premium)</b>		
Standard Chartered Private Equity (Mauritius) Limited	187.98	-



₹ Crores

	As at March 31, 2018	As at March 31, 2017
<b>Balance outstanding</b>		
<b>Loan outstanding</b>		
Standard Chartered Bank	-	12.90
<b>Bank Balance in current account</b>		
Standard Chartered Bank *	0.00	0.00
<b>Non-convertible debentures</b>		
Standard Chartered Private Equity (Mauritius) Limited	89.10	190.10
<b>Premium on NCD accrued</b>		
Standard Chartered Private Equity (Mauritius) Limited	87.63	142.28

# The Company has given guarantee on behalf of subsidiaries and step-down subsidiaries as described below:

₹ Crores

	As at March 31, 2018	As at March 31, 2017
Prime Focus Technologies Limited	229.00	334.02
DNEG Creative Services Private Limited	121.44	139.43
Gener8 India Media Services Limited	74.00	74.00
DNEG North America, Inc \$ 5,372,904 (March 31, 2017; \$ 5,372,904)	34.83	34.78
PF World Limited, Mauritius \$ Nil (March 31, 2017; \$ 44,650,000)	-	288.99
Prime Focus Technologies UK Limited £ 3,000,000 (March 31, 2017; Nil)	27.24	-
	<b>486.51</b>	<b>871.22</b>

\* The value 0.00 means amount is below ₹ 50,000/-.

\*\* Key management personnel have given personal guarantee and have pledged part of their shareholdings for borrowings obtained by the Company (Refer Notes 15 and 18). The figures of Key management personnel do not include provisions for gratuity / other employee benefit as separate actuarial valuation not available. Under ESOP Scheme 2014, 1,030,000 options were granted to Key management personnel in previous year, of which 10,000 options were exercised by Key management personnel during the year. The stock options outstanding for KMP's as at March 31, 2018 is 2,770,000 and employee stock option expense for the year March 31, 2018 is ₹ 1.62 Crores (previous year ₹ 1.52 Crores)

## There are no provision for doubtful debts / amount write off / written back in respect of due from / to related parties other than disclosed above if any.

**Note :** All contracts / arrangements with related parties are at arms length

32. Vide Business Transfer Agreement dated November 19, 2014 between the Company, Reliance Media Works Limited (RMW) and Reliance Land Private Limited, the Company acquired RMW's film and media services business for consideration other than cash. Upon receipt of necessary statutory approvals, with effect from April 07, 2015, net assets of films and media services business including investments and loans in subsidiaries were transferred to and recorded by the company. Further in accordance with the said Agreement, the transfer of BOT Agreement pertaining to the Studio including other business assets and liabilities related to the BOT Agreement ("Studios") and debt facilities of ₹ 200 Crores were to be effected post receipt of the necessary additional approvals. Pending receipt of the additional approvals, the Studios' and the debt facilities have not been transferred to and recorded by the Company. However, based on the mutual understanding with RMW, the Company, continues to operate the Studio, recognize revenue from operations and incurs operating expenses including obligations towards lease rentals and property tax.



### 33. OPERATING LEASE ARRANGEMENT

	₹ Crores	
	As at March 31, 2018	As at March 31, 2017
Lease payment due within one year	1.31	0.55
Lease payment later than one year and not later than five years	3.21	0.33
	<b>4.52</b>	<b>0.88</b>

The Company has taken certain premises on cancellable and non-cancellable operating lease basis. The tenure of the lease ranges from 11 to 180 months.

Amount of lease rental charged to the Statement of Profit and Loss in respect of non-cancellable operating leases is ₹ 1.48 crore (Previous year: ₹ 0.52 crore).

Amount of lease rental charged to the Statement of Profit and Loss in respect of cancellable operating leases is ₹ 9.89 crore (Previous year: ₹ 10.71 crore).

The Company has sublet certain premises on cancellable operating lease basis. The tenure of the lease is of 60 months. An amount of ₹ 8.85 crore (Previous year ₹ 8.20 crore) has been recognised as other operating income in respect of the sublease.

### 34. CAPITAL AND OTHER COMMITMENTS

	₹ Crores	
	As at March 31, 2018	As at March 31, 2017
Estimated amount of contracts remaining to be executed on capital account net of advances, and not provided for:	6.12	3.46

### 35. CONTINGENT LIABILITIES

	₹ Crores	
	As at March 31, 2018	As at March 31, 2017
I <u>Income Tax matters under Dispute*</u> Relates to demands raised by the income tax authorities for various assessment years mainly on account of disallowance of depreciation on computer based assets, addition under Transfer Pricing provisions and Tax Deducted at source (TDS) amounts.	0.67	15.31
II Guarantees given on behalf of subsidiaries and step-down subsidiaries	486.51	871.22

\* In the above matter, the Company is hopeful of succeeding and as such does not expect any significant liability to crystalize.

### 36. CORPORATE SOCIAL RESPONSIBILITY

In view of the average net loss in past three years, the Company was not required to and did not incur any expenditure towards the Corporate Social Responsibility activities during FY 2017-18 (previous year ₹ NIL).

### 37. SEGMENT REPORTING

As per Ind AS 108 on "Segment Reporting", segment information has been provided under the Notes to Consolidated Financial Statements.

### 38. EVENT AFTER REPORTING PERIOD

There were no events after the reporting period.

### 39. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for issue by the Board of Directors on May 30, 2018.

**For Deloitte Haskins & Sells**

Chartered Accountants

(Firm's Registration No. 117364W)

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

**Abhijit A. Damle**

Partner

(Membership No. 102912)

**Naresh Malhotra**

Whole-time Director

DIN: 00004597

**Namit Malhotra**

Chairman (Executive Director)

and Chief Executive Officer

DIN: 00004049

**Ramakrishnan Sankaranarayanan**

Managing Director

DIN: 02696897

Place : Mumbai

Date : May 30, 2018

**Nishant Fadia**

Chief Financial Officer

**Parina Shah**

Company Secretary

# INDEPENDENT AUDITOR'S REPORT



## Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Prime Focus Limited (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), comprising the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

## Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to

obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries, referred to below in the Other Matters paragraph, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2018, and their consolidated loss, consolidated total comprehensive loss, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

## Other Matters

- (a) We did not audit the financial statements of 23 subsidiaries, whose financial statements/ financial information, before consolidation adjustments, reflect total assets of ₹ 2,172.24 Crores as at March 31, 2018, total revenues of ₹ 1,374.97 Crores and net cash outflows amounting to ₹ 22.58 Crores for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.



- (b) We did not audit the financial statements / financial information of 5 subsidiaries, whose financial statements/ financial information, before consolidation adjustments, reflect total assets of ₹ 1.90 Crores as at March 31, 2018, total revenues of ₹ 0.80 Crores and net cash outflows amounting to ₹ 0.09 Crores for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/ financial information are not material to the Group.

Our opinion on the consolidated Ind AS financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

#### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of other auditors on separate financial statements and the other financial information of subsidiaries companies, referred in the Other Matters paragraph above we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Parent as on March 31, 2018 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies, incorporated in India, is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Parent and subsidiary companies, incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, as referred to in note 37 to the financial statements.
  - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent and its subsidiary companies incorporated in India.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 117364W)

**Abhijit A. Damle**  
Partner  
(Membership No. 102912)

Mumbai, May 30, 2018



## **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Prime Focus Limited (hereinafter referred to as "Parent") and its subsidiary companies, which are companies incorporated in India, as of that date.

### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Parent and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of the subsidiary companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary companies, which are companies incorporated in India.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 7 subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matter.

**For DELOITTE HASKINS & SELLS**

**Chartered Accountants**

**(Firm's Registration No. 117364W)**

**Abhijit A. Damle**

**Partner**

**(Membership No. 102912)**

**Mumbai, May 30, 2018**

# CONSOLIDATED BALANCE SHEET as at March 31, 2018

₹ Crores				
	Notes	As at March 31, 2018	As at March 31, 2017 *	As at April 01, 2016 *
<b>ASSETS</b>				
<b>Non-current assets</b>				
(a) Property, plant and equipment	4	766.85	729.76	800.75
(b) Capital work-in-progress		6.26	2.66	0.90
(c) Goodwill	5a	973.08	971.93	969.82
(d) Other Intangible assets	5	524.13	545.70	551.65
(e) Intangible assets under development		48.85	17.01	49.88
(f) Financial assets				
(i) Investments	6	4.25	3.99	88.76
(ii) Other financial assets	10	22.78	64.52	72.92
(g) Deferred tax assets (net)	27	25.48	44.58	69.33
(h) Income tax asset (net)		77.47	58.68	52.98
(i) Other non-current assets	11	34.50	35.58	30.97
<b>Total non-current assets</b>		<b>2,483.65</b>	<b>2,474.41</b>	<b>2,687.96</b>
<b>Current assets</b>				
(a) Inventories	7	0.60	0.45	0.62
(b) Financial assets				
(i) Trade receivables	8	344.80	269.39	191.12
(ii) Cash and cash equivalents	9 a	79.46	105.99	90.81
(iii) Bank balance other than (ii) above	9 b	12.59	19.93	22.68
(iv) Other financial assets	10	431.13	275.55	98.43
(c) Other current assets	11	112.65	200.09	322.76
<b>Total current assets</b>		<b>981.23</b>	<b>871.40</b>	<b>726.42</b>
<b>Total assets</b>		<b>3,464.88</b>	<b>3,345.81</b>	<b>3,414.38</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity share capital	12	29.92	29.89	29.89
(b) Share warrant money received	12.6	82.50	-	-
(c) Other equity	13	463.17	510.11	363.77
<b>Equity attributable to owners of the Company</b>		<b>575.59</b>	<b>540.00</b>	<b>393.66</b>
Non-controlling interests		123.38	114.15	70.02
<b>Total Equity</b>		<b>698.97</b>	<b>654.15</b>	<b>463.68</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	14	926.86	909.16	555.51
(ii) Other financial liabilities	15	129.54	321.45	431.80
(b) Provisions	17	13.29	5.99	6.46
(c) Deferred tax liabilities (net)	27	97.87	113.24	151.53
(d) Other non-current liabilities	18	109.22	104.62	2.38
<b>Total non-current liabilities</b>		<b>1,276.78</b>	<b>1,454.46</b>	<b>1,147.68</b>



₹ Crores			
	Notes	As at March 31, 2018	As at March 31, 2017*      As at April 01, 2016*
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	19	353.95	158.39      735.26
(ii) Trade payables		164.39	129.65      201.24
(iii) Other financial liabilities	16	683.22	525.42      428.85
(b) Provisions	17	11.55	19.68      0.39
(c) Current tax liabilities (net)	20	52.70	21.17      14.55
(d) Other current liabilities	18	223.32	382.89      422.73
<b>Total current liabilities</b>		<b>1,489.13</b>	<b>1,237.20      1,803.02</b>
<b>Total liabilities</b>		<b>2,765.91</b>	<b>2,691.66      2,950.70</b>
<b>Total equity and liabilities</b>		<b>3,464.88</b>	<b>3,345.81      3,414.38</b>

\*Restated (Refer note 40)

See accompanying notes to the consolidated financial statements 1 to 42  
In terms of our report attached.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 117364W)

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

**Abhijit A. Damle**  
Partner  
(Membership No. 102912)

**Naresh Malhotra**  
Whole-time Director  
DIN: 00004597

**Namit Malhotra**  
Chairman (Executive Director)  
and Chief Executive Officer  
DIN: 00004049

**Ramakrishnan Sankaranarayanan**  
Managing Director  
DIN: 02696897

Place : Mumbai  
Date : May 30, 2018

**Nishant Fadia**  
Chief Financial Officer

**Parina Shah**  
Company Secretary



# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2018

₹ Crores

	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017 *
<b>Income</b>			
Revenue from operations	21	2,257.48	2,153.62
Other income	22	22.86	24.45
Exchange gain (net)		11.58	-
<b>Total Income</b>		<b>2,291.92</b>	<b>2,178.07</b>
<b>Expenses</b>			
Employee benefits expense	23	1,277.87	1,216.32
Employee stock option expense		34.79	25.67
Technician fees		46.52	36.99
Technical service cost		76.31	59.17
Finance costs	25	212.30	172.02
Depreciation and amortisation expense	4 & 5	277.31	254.61
Other expenses	24	405.59	364.17
Exchange loss (net)		-	41.39
<b>Total expenses</b>		<b>2,330.69</b>	<b>2,170.34</b>
<b>(Loss) / Profit before exceptional items and tax</b>		<b>(38.77)</b>	<b>7.73</b>
Exceptional Items (gain)	26	-	(96.82)
<b>(Loss) / Profit before tax</b>		<b>(38.77)</b>	<b>104.55</b>
<b>Tax expense</b>	27		
Current tax		32.93	8.61
Deferred tax (Credit)		(27.30)	0.35
		<b>5.63</b>	<b>8.96</b>
<b>(Loss) / Profit for the year</b>		<b>(44.40)</b>	<b>95.59</b>
<b>Other comprehensive income</b>			
A (i) Items that will not be reclassified to profit or loss			
Re-measurements of defined benefit obligation		(0.73)	(0.92)
(ii) Income tax relating to items that will not be reclassified to profit or loss		0.42	0.34
B (i) Items that will be reclassified to the profit or loss			
Exchange difference in translating the financial statements of foreign operations		3.83	(62.14)
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Total other comprehensive income / (loss)</b>		<b>3.52</b>	<b>(62.72)</b>
<b>Total comprehensive (loss) / income for the year</b>		<b>(40.88)</b>	<b>32.87</b>



₹ Crores

	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017 *
<b>(Loss) / Profit attributable to</b>			
Owners of the Company		(53.18)	83.30
Non-controlling interests		8.78	12.29
<b>Other comprehensive income attributable to</b>			
Owners of the Company		3.07	(61.78)
Non-controlling interests / (recoveries)		0.45	(0.94)
<b>Total comprehensive income attributable to</b>			
Owners of the Company		(50.11)	21.52
Non-controlling interests		9.23	11.35
<b>Earnings per equity share of face value of ₹ 1 each (before exceptional items and net off tax)</b>	29		
Basic (in ₹)		(1.49)	(0.04)
Diluted (in ₹)		(1.49)	(0.04)
<b>Earnings per equity share of face value of ₹ 1 each (after exceptional items and net off tax)</b>	29		
Basic (in ₹)		(1.49)	3.20
Diluted (in ₹)		(1.49)	3.15

\*Restated (Refer note 40)

See accompanying notes to the consolidated financial statements 1 to 42

In terms of our report attached.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 117364W)

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

**Abhijit A. Damle**  
Partner  
(Membership No. 102912)

**Naresh Malhotra**  
Whole-time Director  
DIN: 00004597

**Namit Malhotra**  
Chairman (Executive Director)  
and Chief Executive Officer  
DIN: 00004049

**Ramakrishnan Sankaranarayanan**  
Managing Director  
DIN: 02696897

Place : Mumbai  
Date : May 30, 2018

**Nishant Fadia**  
Chief Financial Officer

**Parina Shah**  
Company Secretary

# STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2018

## A. Equity share capital :

	in ₹ Crores Amount
Balance as at March 31, 2016	29.89
Changes in equity share capital during the year	-
Balance as at March 31, 2017	29.89
Issue of equity shares under employee stock option plan (refer note 33)	0.03
Balance as at March 31, 2018	29.92

## B. Other equity :

	Capital reserve	General reserve	Debt redemption reserve	Securities premium reserve	Share options outstanding account	Retained earnings	Other Comprehensive Income Foreign currency translation reserve	Total attributable to owners of the company	Attributable to Non- controlling interests	Total
<b>Balance as at the April 01, 2016*</b>	51.77	1.34	71.29	900.19	23.81	(650.14)	(34.49)	363.77	70.02	433.79
Securities premium on issue of Equity shares by subsidiary	-	-	-	29.99	-	-	-	29.99	-	29.99
Expenses related to issue of equity shares	-	-	-	(0.60)	-	-	-	(0.60)	-	(0.60)
Premium on Non Convertible Debentures (NCD) (net of tax)	-	-	-	(26.02)	-	-	-	(26.02)	-	(26.02)
Transfer to / from	-	-	7.17	-	-	(7.17)	-	-	-	-
Profit for the year (net of tax)	-	-	-	-	-	83.30	-	83.30	12.29	95.59
Other comprehensive income for the year (net of tax)	-	-	-	-	-	(0.58)	(61.20)	(61.78)	(0.94)	(62.72)
Related to Employee stock options (refer note 33)	-	-	-	-	25.67	-	-	25.67	-	25.67
Equity component of Ordinary shares II (refer note 15(a))	-	-	-	42.17	-	-	-	42.17	-	42.17
Change in ownership during the year / other adjustments	-	-	-	-	-	(1.82)	55.43	53.61	32.78	86.39
<b>Balance as at March 31, 2017*</b>	51.77	1.34	78.46	945.73	49.48	(576.41)	(40.26)	510.11	114.15	624.26
Taxes related to redemption of NCD (net of tax)	-	-	-	(31.88)	-	-	-	(31.88)	-	(31.88)
Transfer to / from	-	51.27	(51.27)	-	-	-	-	-	-	-
(Loss) / Profit for the year (net of tax)	-	-	-	-	-	(53.18)	-	(53.18)	8.78	(44.40)
Other comprehensive income for the year (net of tax)	-	-	-	-	-	(0.27)	3.34	3.07	0.45	3.52
Related to Employee stock options (refer note 33)	-	-	-	-	33.59	-	-	33.59	-	33.59
Exercise of stock options	-	-	-	2.31	(0.85)	-	-	1.46	-	1.46
<b>Balance as at March 31, 2018</b>	51.77	52.61	27.19	916.16	82.22	(629.86)	(36.92)	463.17	123.38	586.55

\* Restated (Refer note 40)

See accompanying notes to the consolidated financial statements 1 to 42

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

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

(Firm's Registration No. 117364W)

**Abhijit A. Damle**

Partner  
(Membership No. 102912)

**Naresh Malhotra**

Whole-time Director  
DIN: 00004597

**Namit Malhotra**

Chairman (Executive Director)  
and Chief Executive Officer  
DIN: 00004049

**Ramakrishnan Sankaranarayanan**

Managing Director  
DIN: 02696897

Place : Mumbai

Date : May 30, 2018

**Nishant Fadia**

Chief Financial Officer

**Parina Shah**

Company Secretary

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2018



₹ Crores

	Year ended March 31, 2018	Year ended March 31, 2017
<b>Cash flow from operating activities</b>		
(Loss) / Profit before tax	(38.77)	104.55
Adjusted for:		
Depreciation and amortisation expense	277.31	254.61
Net gain on sale of property, plant and equipment	(3.76)	(6.42)
Gain on sale of investment	-	(106.57)
Unrealised foreign exchange (gain) / loss (net)	(21.99)	45.01
Dividend Income *	(0.00)	(0.00)
Bad debts written off	1.88	1.22
Provision for doubtful debts/ advances (net)	24.98	3.43
Employee stock option expense	34.79	25.67
Change in fair value of deferred consideration	-	(20.30)
Expected loss on tax credit and other receivables	-	37.73
Sundry credit balance written back	(2.70)	-
Interest income	(7.19)	(4.86)
Finance Costs	212.30	172.02
<b>Operating profit before working capital changes</b>	<b>476.85</b>	<b>506.09</b>
Changes in working capital:		
(Increase) / Decrease in inventories	(0.15)	0.17
(Decrease) in trade and other payables	(111.34)	(41.03)
(Increase) in trade and other receivables	(149.14)	(166.03)
<b>Cash generated from operations</b>	<b>216.22</b>	<b>299.20</b>
Direct taxes paid (net)	(15.63)	(7.98)
<b>Net cash flow generated from operating activities (A)</b>	<b>200.59</b>	<b>291.22</b>
<b>Cash flow from investing activities</b>		
Purchase of Property, Plant and Equipment and other intangible assets (including capital work in progress)	(311.20)	(232.90)
Proceeds from sale of Property, Plant and Equipment and other intangible assets	8.23	9.13
Sale of investment	-	191.69
Payment of acquisition related deferred consideration	(80.77)	(61.44)
Margin money and fixed deposits under lien	7.33	2.75
Interest received	1.97	3.41
Dividend received *	0.00	0.00
<b>Net cash flow (used in) investing activities (B)</b>	<b>(374.44)</b>	<b>(87.36)</b>



₹ Crores

	Year ended March 31, 2018	Year ended March 31, 2017
<b>Cash flow from financing activities</b>		
Proceeds from long term borrowings (net)	97.61	333.66
Repayment of preference shares	-	(301.36)
Proceeds / (Repayment) from short term borrowings (net)	175.36	(174.78)
Proceeds from issuance of shares and warrants	83.99	-
Proceeds from issuance of Compulsory Convertible Debentures and Equity Shares of subsidiaries.	-	60.00
Finance costs paid	(209.77)	(104.67)
<b>Net Cash generated from / (used in) financing activities (C)</b>	<b>147.19</b>	<b>(187.15)</b>
<b>Effect of exchange rate change on cash and cash equivalents (D)</b>	<b>0.13</b>	<b>(1.53)</b>
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C+D)</b>	<b>(26.53)</b>	<b>15.18</b>
Cash and cash equivalents at the beginning of the year (refer note 9 a)	105.99	90.81
<b>Cash and cash equivalents at the end of the year (refer note 9 a)</b>	<b>79.46</b>	<b>105.99</b>

\* The value 0.00 means amount is below ₹ 50,000/-

\*Restated (Refer note 40)

Amendment to Ind AS 7 is effective from April 01, 2017 and the required disclosure is made below.

₹ Crores

	Year ended March 31, 2017	Cash Flow	Non Cash movement	Year ended March 31, 2018
Borrowing - Non current (Refer note 14 and 16)	1,180.34	97.61	5.46	1,283.41
Borrowing - Current (Refer note 19)	158.39	175.36	20.20	353.95

See accompanying notes to the consolidated financial statements 1 to 42

In terms of our report attached.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 117364W)

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

**Abhijit A. Damle**  
Partner  
(Membership No. 102912)

**Naresh Malhotra**  
Whole-time Director  
DIN: 00004597

**Namit Malhotra**  
Chairman (Executive Director)  
and Chief Executive Officer  
DIN: 00004049

**Ramakrishnan Sankaranarayanan**  
Managing Director  
DIN: 02696897

Place : Mumbai  
Date : May 30, 2018

**Nishant Fadia**  
Chief Financial Officer

**Parina Shah**  
Company Secretary

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018



## 1. Corporate information

Prime Focus Limited (the 'Company') is a public limited company domiciled in India. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Company and its subsidiaries (collectively referred as "Group") are engaged in the business of post-production activities including digital intermediate, visual effects, 2D to 3D conversion and providing complete solutions in terms of other technical and creative services to the Media and Entertainment industry. The address of the Company's registered office is Prime Focus House, Linking Road, Khar (West), Mumbai - 400052, India.

### 1.1 Subsidiaries of the Group

The consolidated financial statements relate to Prime Focus Limited ("the Company") and its subsidiaries as listed below:

Name of subsidiaries	Principal activity	Country of incorporation	As at March 31, 2018	As at March 31, 2017
De-Fi Media Limited	Media and other Investments	England & Wales	100%	100%
Prime Focus Technologies Limited	Digital Asset Management	India	73.75%	73.75%
Prime Focus Visual Effects Private Limited	Dormant	India	100%	100%
GVS Software Private Limited	Dormant	India	100%	100%
Prime Focus Motion Pictures Limited	Post Production Services	India	100%	100%
PF World Limited	Investments	Mauritius	100%	100%
PF Investments Limited	Investments	Mauritius	100%	100%
PF Overseas Limited	Investments	Mauritius	100%	100%
Prime Focus 3D India Private Limited	Dormant	India	100%	100%
Gener8 India Media Services Limited	Post Production Services	India	100%	100%
Reliance MediaWorks (Mauritius) Limited	Investments	Mauritius	100%	100%
Prime Focus Malaysia Sdn. Bhd.	Post Production Services	Malaysia	70%	100%
<b>Subsidiary company of Reliance MediaWorks (Mauritius) Limited</b>				
Reliance Lowry Digital Imaging Services Inc	Restoration	USA	90%#	90%#
#10% is held by Prime Focus Limited directly				
<b>Subsidiary companies of PF World Limited</b>				
Prime Focus Luxembourg S.a.r.l	Investments	Luxembourg	100%	100%
<b>Subsidiary company of Prime Focus Luxembourg S.a.r.l</b>				
Prime Focus 3D Cooperatief U.A	Investments	Netherlands	99.99%#	99.99%#
#0.01% is held by PF Investments Limited				
<b>Subsidiary company of Prime Focus 3D Cooperatief U.A.</b>				
Prime Focus World N.V.	Investments	Netherlands	88.34%	93.05%
<b>Subsidiary companies of Prime Focus World N.V.</b>				
Prime Focus Creative Services Canada Inc #	Post Production and VFX Services	Canada	100%	100%
Gener8 Digital Media Services Limited #	Post Production Services	Canada	100%	100%

Name of subsidiaries	Principal activity	Country of incorporation	As at March 31, 2018	As at March 31, 2017
Prime Focus VFX USA Inc	Dormant	USA	100%	100%
DNEG North America Inc. (Formerly known as Prime Focus North America Inc.)	Post Production and VFX Services	USA	100%	100%
Prime Focus International Services UK Limited.	Post Production and VFX Services	England & Wales	100%	100%
Prime Focus ME Holdings Limited	Post Production and VFX Services	British Virgin Island	100%	100%
DNEG Creative Services Private Limited (Formerly known as Prime Focus World Creative Services Private Limited)	Post Production and VFX Services	India	100%	100%
Prime Focus China Limited	Post Production and VFX Services	British Virgin Island	70%	70%
Double Negative Holdings Limited	Investments	England & Wales	100%	100%
Prime Focus World Malaysia Sdn. Bhd.	Post Production and VFX Services	Malaysia	100%	100%
Double Negative Canada Productions Limited*	Post Production and VFX Services	Canada	100%	100%
Double Negative Montreal Production Limited (w.e.f. June 22, 2017)*	Post Production and VFX Services	Montreal	100%	-
Prime Focus Creative Services Montreal Inc (w.e.f. May 25, 2017) ##	Post Production and VFX Services	Montreal	100%	-
Gener8 Digital Media Services Montreal Limited (w.e.f. May 25, 2017) ##	Post Production and VFX Services	Montreal	100%	-
*Formerly subsidiary of Double Negative Holdings Limited				
# Entities were amalgamated into Double Negative Canada Productions Limited on April 01, 2018				
## Entities were amalgamated into Double Negative Montreal Production Limited on April 01, 2018				
<b>Subsidiary companies of Double Negative Holdings Limited</b>				
Double Negative Limited	Post Production and VFX Services	England & Wales	100%	100%
Double Negative Singapore Pte Limited	Post Production and VFX Services	Singapore	100%	100%
Double Negative Films Limited	Dormant	England & Wales	100%	100%
Double Negative LA LLC	Post Production and VFX Services	USA	100%	-
<b>Subsidiary company of Double Negative Canada Productions Limited</b>				
Double Negative Huntsman VFX Limited	Post Production and VFX Services	Canada	100%	100%
<b>Subsidiary company of Prime Focus Creative Services Canada Inc.</b>				
Vegas II VFX Limited	Post Production and VFX Services	Canada	100%	100%
<b>Subsidiary company of DNEG North America Inc.</b>				
1800 Vine Street LLC	Administrative	USA	100%	100%



Name of subsidiaries	Principal activity	Country of incorporation	As at March 31, 2018	As at March 31, 2017
<b>Subsidiary company of Prime Focus China Ltd.</b>				
Prime Focus (HK) Holdings Limited	Post Production and VFX Services	Hong Kong	100%	100%
<b>Subsidiary company of Dneg Creative Services Private Limited.</b>				
Double Negative India Private Limited	Post Production and VFX Services	India	100%	100%
Prime Focus Academy of Media and Entertainment Studies Private Limited	Training Institute	India	100%	100%
<b>Subsidiary company of Prime Focus International Services UK Limited.</b>				
Prime Focus Animation UK Limited (Till September 06, 2017)	Dormant	England & Wales	-	100%
<b>Subsidiary companies of Prime Focus Technologies Limited</b>				
Prime Focus Technologies UK Limited (PFT UK)	Digital Asset Management	England & Wales	100%	100%
Prime Focus Technologies Inc.	Post Production Services	USA	100%	100%
<b>Subsidiary company of Prime Focus Technologies Inc.</b>				
DAX PFT LLC	Digital Asset Management	USA	100%	100%
<b>Subsidiary company of DAX PFT LLC</b>				
DAX Cloud ULC	Digital Asset Management	Canada	100%	100%
<b>Subsidiary company of Prime Focus Technologies UK Limited</b>				
Prime Post (Europe) Limited	Post Production Services	England & Wales	100%	100%

## 2. Significant accounting policies

### 2.1 Basis of preparation and presentation

The consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (herein after referred to as 'Ind AS') including the Rules notified under the relevant provisions of Companies Act, 2013.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are



within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the assets or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and services and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

Group's financial statements are presented in Indian Rupees (₹) which is functional currency of the Company.

## 2.2 Use of Estimates

The preparation of consolidated financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

## 2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its investment with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls, an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give its power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year/ period are included in the consolidated statement of profit and loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if the results in the non-controlling interests have a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.



### 2.3.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair-value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Ind AS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 109, or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

## 2.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange of control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Taxes and Ind AS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payment at the acquisition date (see note 2.12); and
- assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

In case of a bargain purchase, before recognising a gain in respect thereof, the Group determines whether there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. Thereafter, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognises any additional assets or liabilities that are identified in that reassessment. The Group then reviews the procedures used to measure the amounts that Ind AS requires for the purpose of calculating the bargain purchase. If the gain remains after this reassessment and review, the Group recognises it in other comprehensive income and accumulates the same in equity as capital reserve. This gain is attributed to the acquirer. If there does not exist clear evidence of the underlying reasons for classifying the business combination as a bargain purchase, the Group recognises the gain, after reassessing and reviewing (as described above), directly in equity as capital reserve.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at the fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Ind AS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent

consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill or capital reserve, as the case may be. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that we do not qualify as measurement period adjustment depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at fair value at subsequent reporting dates with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

## 2.5 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note 2.4 above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units (or groups of cash generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit prorate based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

## 2.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of services. Revenue is shown net of applicable taxes.

### 2.6.1 Rendering of services

The Group provides a variety of post-production services including digital intermediate, visual special effects (VFX), two dimension to three dimension (2D to 3D) conversion and other technical services to its clients in the film, broadcast and commercial sectors.

Revenue on time-and-material contracts are recognized as the related services are performed and the revenues from the end of the last billing to the balance sheet date are recognized as unbilled revenues. Revenue from services provided under fixed price contracts, where the outcome can be estimated reliably, is recognized following the percentage of completion method, where revenue is recognized in proportion to the progress of the contract activity. The progress of the contract activity is usually determined as a proportion of efforts incurred up to the balance sheet date, which bears to the total days estimated for the contract. If losses are expected on contracts these are recognized when such losses become evident.

Unbilled revenue is included within 'other financial assets' and billing in advance is included as deferred revenue in 'other current liabilities'.



### 2.6.2 Contracts with contingent revenue terms

Some customer contracts for the provision of services are structured so that the economic benefits that flow to the Group are contingent on a future event, such as the performance of the film at the box office. Further, some customer revenue arrangements also include an investment / financing component for the related movie project by the Group, the recovery of which is contingent upon performance of the film at the box office. In such cases, management performs an assessment of the probability that the contingent event will occur and recognises revenue after considering contingency related to revenue and the investment / financing component. These assessments are generally based on available market information, customers correspondence and confirmation and revenue will only be recognised when this assessment shows that it is probable the contingent event will occur and therefore it is probable the economic benefits will flow to the Group. When the determination to recognise revenue is reached, the Group calculates revenue in accordance with the fixed price contract policy with regard to percentage of completion method, unbilled revenue, deferred revenue and change orders.

### 2.6.3 Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### 2.6.4 Rental income

The Company's policy for recognition of revenue from operating leases is described in note 2.7.1 below

### 2.6.5 Tax credits

The Group's operations based in British Colombia (BC), Canada are eligible to earn tax credits on labour and related costs for the work performed. The Group's operations based in India are eligible to earn custom duty credits on realisation of export

proceeds. These credits are not recognised until there is reasonable assurance that the Company will comply with the local compliance regulations attaching to them and that the credits will be received.

Tax credits are recognised in Statement of Profit or Loss on a systematic basis over the periods in which the Group recognises as expenses the related costs which the credits are intended to compensate.

## 2.7 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

### 2.7.1 The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Group's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### 2.7.2 The Group as lessee

Assets held under finance lease are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligations so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see note 2.9 below). Contingent rentals are recognised as expenses in the periods in which they are incurred.



Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

## 2.8 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for further productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial

statements, the assets and liabilities of the Group's foreign operations are translated into Indian Rupees using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates for the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisitions of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

## 2.9 Borrowing costs

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are



assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

## 2.10 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expense the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated balance sheet and transferred to profit or loss on a systematic basis and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at below-market rate of interest is treated as a government grant measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

## 2.11 Employee benefits

### 2.11.1 Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuation being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a

charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Re-measurement

The Group presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated balance sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reduction in future contributions to the plans.

A liability for termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

### 2.11.2 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees' up to the reporting date.

## 2.12 Share-based payment arrangements

### 2.12.1 Share-based payment transactions of the Group

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year. Details regarding the determination of the fair value of share-based transactions are set out in note 33.

## 2.13 Taxation

Income tax expense represents the sum of current tax and deferred tax.

### 2.13.1 Current tax

The tax currently payable is based on taxable profit for the year/ period. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

### 2.13.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is

probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences arise from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### 2.13.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they related to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

## 2.14 Non-current assets held for sale

Non-current assets and disposal group are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing



use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal group) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

### 2.15 Property, plant and equipment (PPE) and depreciation

PPE are stated at cost of acquisition or construction. They are stated at historical cost less accumulated depreciation and impairment loss, if any. The cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of PPE is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standards of performance. All other expenses on existing PPE, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

Assets held under finance leases, Leasehold improvements and Leasehold building are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Depreciation on tangible assets of the Company and its subsidiaries is provided using the straight line method (SLM) as per useful lives which are similar to the useful life prescribed under Schedule II of the Companies Act, 2013. Depreciation on Property, Plant and Equipment of the Company's foreign subsidiaries other than De-fi Media Limited has been provided on SLM as per the estimated useful lives of such assets are as follows:

Plant and equipment, fixture and fittings- 3 years to 15 years

Motor Vehicles- Over 5 years

In case of, De-fi Media Limited, depreciation has been provided using Written Down Value ('WDV') Method, to write down the cost of property, plant and equipment to their residual values over the estimated useful economic lives as follows:

Plant and equipment – up to 8 years

In case of De-fi Media Limited Gross book value of assets is ₹ 39.36 Crores (March 31, 2017: 35.03 Crores), net book value of assets is ₹ 60.77 Crores (March 31, 2017: 17.82 Crores) and depreciation charge for the year is ₹ 3.05 Crores (Previous Period: ₹ 1.50 Crores)

Cost of leasehold improvements and leasehold building is amortised over a period of lease.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### 2.16 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any. Intangible assets are amortised on a straight line basis over the estimated useful economic lives.

The group amortised intangible assets pertaining to the 2D to 3D conversion business over 20 years as the Group believes the benefits from the intangible asset will accrue over 20 years.

#### Film rights

The Company amortises film costs using the individual film forecast method. Under the individual film forecast method, such costs are amortized for each film in the ratio that current year revenue for such films bears to management's estimate of remaining unrecognised ultimate revenue as at the beginning of the financial year. Management regularly reviews and revises, where necessary, its total estimates on a film by film basis, which may result in a change in the rate of amortization and/or a write down of the intangible asset to fair value. The period of amortization only starts at the point at which the asset starts to produce economic returns.

First look rights- Upon commencement of work on each movie over the period of performance of the contract with respect to each movie

#### Software

Software is amortised on straight line basis over the estimated useful life of upto 8 years.



### 2.16.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives based on license period. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounting for on a prospective basis. Intangible assets with indefinite useful lives are acquired separately are carried at cost less accumulated impairment losses.

### 2.16.2 Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use it or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are separately acquired.

The asset are amortised over the estimated lives of upto 20 years

### 2.16.3 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Finite-lived intangible assets that were acquired in a business combination, such as trade names, customer relationships and developed technology are amortised on a straight-line basis over their estimated useful life as follows:

Trade names- Upto 8 years

Non-compete - Over the contractual period (5 years)

Customer relationships and contracts- Upto 8 years

Software - Upto 8 years

The period of amortisation only starts at the point at which the asset becomes available to produce economic returns.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Brands- Indefinite life

### 2.16.4 De recognition of intangible assets

An intangible asset is de-recognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is de-recognised.

### 2.17 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of asset is estimated in order to determine the extent of the impairment loss (if any). When



it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest of the cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

## 2.18 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs for completion and costs necessary to make the sale.

## 2.19 Provisions and Contingencies

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flow (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements.

### 2.19.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

### 2.19.2 Restructurings

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

### 2.19.3 Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with Ind AS 37 and the amount initially recognised less cumulative amortisation recognised in accordance with Ind AS 18 Revenue.

## 2.20 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

## 2.21 Financial assets

All regular way purchases or sales of financial assets are recognised or de-recognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

### 2.21.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the impairment policy on financial assets measured at amortised cost, refer note 2.21.5

Debt instruments that meets the following conditions are measured at fair value through other comprehensive income (except for debt instruments that are designed as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in Profit or Loss for Fair Value Through Other Comprehensive Income (FVTOCI) debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

For the impairment policy on debt instruments at FVTOCI, refer Note 2.21.5.

All other financial assets are subsequently measured at fair value.

### 2.21.2 Effective interest method

The effective interest is a method of calculating the amortised cost of debt instruments and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees 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 debt instrument, or, where applicable, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at Fair Value Through Profit or Loss (FVTPL). Interest income is recognised in profit or loss and is included in the "Other income" line item.

### 2.21.3 Investments in equity instruments at FVTOCI

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.



A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-making; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Dividends on these investments in equity instruments are recognised in profit or loss when the Company has right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in profit or loss are included in the 'Other income' line item.

#### 2.21.4 Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as FVTPL, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading (see note 2.21.3 above).

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FTPL upon initial measurement if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different basis. The Group has not designated any debt instruments at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the

financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Group's right to receive dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

#### 2.21.5 Impairment of financial assets

The Group applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Group estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Group measures the loss allowance for a financial instrument at an amount equal to lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the lifetime expected credit losses that represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Group measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit



quality as compared to the previous period, the Group again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, that is indicative of significant increase in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

#### 2.21.6 De-recognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for the amounts it may have to pay. If

the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On de-recognition of financial asset other than its entirety (e.g. when the Group retains an option to repurchase part of the transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or losses if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair value of those parts.

#### 2.21.7 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency, denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign



currency rates are recognised in other comprehensive income.

- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

## 2.22 Financial liabilities and equity instruments

### 2.22.1 Classification as debt or equity

Debt and equity instruments issued by the group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and equity instrument.

### 2.22.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

### 2.22.3 Compound financial instruments

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

### 2.22.4 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for de-recognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

#### 2.22.4.1 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies or held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or

- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and the Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of the liability is recognised in other comprehensive income, unless the recognition of the effects of changes mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified in profit or loss.

Gains or losses on financial guarantee contracts and loan

commitments issued by the Group that are designated by the Group as at fair value through profit or loss are recognised in profit or loss.

#### 2.22.4.2 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

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.

#### 2.22.4.3 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- The amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

#### 2.22.4.4 Commitments to provide a loan at below-market interest rate

Commitments to provide a loan at below-market interest rate are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and



- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

#### 2.22.4.5 Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

#### 2.22.4.6 De-recognition of financial liabilities

The Group de-recognises financial liabilities when, and only when, the Groups obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of a debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### 2.23 Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

#### 2.23.1 Embedded derivatives

Derivatives embedded in non- derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

### 2.24 Offsetting

Financial assets and financial liabilities are off set and the net amount is presented when and only when, the Group has legally enforceable right to set off the amount it intense, either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### 2.25 Cash and Cash equivalent

The Group's cash and cash equivalents consists of cash on hand and in banks and demand deposits with banks, which can be withdrawn at any time, without prior notice or penalty on the principal.

For the purposes of cash flow Statement, cash and cash equivalent comprise cash and cheques in hand, bank balances, demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand and considered part of the Company's cash management system. In the balance sheet, bank overdraft are presented under borrowings within current financial liabilities.

### 2.26 Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performances of the operating segments of the Group.

### 2.27 Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such event is adjusted within the financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

### 2.28 Recent accounting pronouncements

There are new standards and amendments to standards which are not yet effective for annual periods beginning after April 1, 2017 and have not been applied in preparing these financial



statements. Such new standards and amendments which are applicable for the accounting periods beginning from April 1, 2018, that could have a potential impact on the financial statements of the Company are:

#### 2.28.1 Standards issued but not yet effective

##### Ind AS 115- Revenue from Contract with Customers

In March 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. Ind AS 115 replaces existing revenue recognition standards Ind AS 11, Construction Contracts, Ind AS 18, Revenue and revised guidance note of the Institute of Chartered Accountants of India (ICAI) on Accounting for Real Estate Transactions for Ind AS entities issued in 2016. According to the new standard, revenue is recognised to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Ind AS 115 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligation; changes in contract asset and liability account balances between periods and key judgments and estimates.

The standard allows for two methods of transition:

- Retrospective approach – Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Charges in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch-up approach).

The effective date for adoption of Ind AS 115 is financial period beginning on or after April 1, 2018. The Group will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly, comparative for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 on the financial statements is expected to be insignificant.

#### 2.28.2 Amendment to existing issued Ind AS

- Ind AS 21 - Foreign Currency Transactions and Advance Consideration

In March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign Currency Transactions and Advance Consideration which clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency. The effective date for adoption of the amendment is annual reporting periods beginning on or after April 1, 2018, though early adoption is permitted. The Group will apply the interpretation prospectively from the effective date and the effect on adoption of Appendix B to Ind AS 21 on the financial statements is expected to be insignificant.

- In March 2018, Ministry of Corporate Affairs ("MCA") has also notified amendments to the following Companies (Indian Accounting Standards)

Ind AS 12 – Income taxes

Ind AS 40 – Investment Property

Ind AS 28 – Investment in Associates and Joint venture

Ind AS 112 – Disclosure of Interests in other entities

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

### 3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, the management of the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experiences and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is reviewed if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### 3.1.1 Revenue recognition

The Group derives its revenues from fixed price VFX and 2D to 3D content conversion contracts. The revenue recognised on



these contracts is dependent on the estimated percentage of completion at a point in time, which is calculated on the basis of the man days of work performed as a percentage of the estimated total man days to complete a contract. The actual man days and estimated man days to complete a contract are updated on a monthly basis.

The estimated man days remaining to complete a project are judgemental in nature and are estimated by experienced staff using their knowledge of the time necessary to the work.

If a contract is expected to be loss making, based on estimated costs to complete, the expected loss is recognised immediately.

For some contracts the Group's ability to receive the economic benefits is contingent on a future event, such as the performance of the film at the box office. For these projects, management utilises available market information, customer correspondence and confirmation and the historical performance of similar films to assess the likelihood that the contingent event will occur, and to reliably estimate the total value of the economic benefit. Revenue for these projects will only be recognised when this assessment shows that it is probable the contingent event will occur, and all other revenue recognition criteria have been met.

### 3.1.2 Taxation

The Group makes estimates in respect of tax liabilities and tax assets. Full provision is made for deferred and current taxation at the rates of tax prevailing at the year-end unless future rates have been substantively enacted. These calculations represent our best estimate of the tax charge that will be incurred and recovered but actuals may differ from the estimates made and therefore affect future financial results. The effects would be recognised in the Statement of Profit or Loss.

Deferred tax assets arise in respect of unutilised losses and other timing differences to the extent that it is probable that future taxable profits will be available against which the asset can be utilised or to the extent they can be offset against related deferred tax liabilities. In assessing recoverability, estimation is made of the future forecasts of taxable profit. If these forecast profits do not materialise, they change, or there are changes in tax rates or to the period over which the losses or timing differences might be recognised, then the value of deferred tax assets will need to be revised in a future period.

The Group has losses and other timing differences for which no deferred tax assets has been recognised in these financial statements. This situation can arise in loss-making subsidiaries

where the future economic benefit of these timing differences is estimated to be not probable. It can also arise where the timing differences are of such a nature that their value is dependent on only certain types of profit being earned, such as capital profits. If trading or other appropriate profits are earned in future in these companies, these losses and other timing differences may yield benefit to the Group in the form of a reduced tax charge.

### 3.1.3 Recoverability of internally generated intangible asset

During the year, the Company considered the recoverability of the Group's internally generated intangible asset arising from its business development of tools and software, which is included in the consolidated balance sheet as at March 31, 2018.

The business continues to progress in a satisfactory manner, and customer reaction has reconfirmed the Company's previous estimates of anticipated revenues from the business. Detailed sensitivity analysis has been carried out and the Company is confident that the carrying amount of the asset will be recovered in full, even if returns are reduced. This situation will be closely monitored, and adjustments made in future periods if future market activity indicates that such adjustments are appropriate.

### 3.1.4 Impairment of goodwill

Determining, whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

### 3.1.5 Depreciation and useful lives of property, plant and equipment and other intangible assets.

Property, plant and equipment are depreciated over the estimated useful lives of the assets, after taking into account their estimated residual value. Intangible assets are amortised over its estimated useful lives. The Group reviews the estimated useful lives of all such assets at the end of each reporting period. There has been no requirement to revise to useful lives of any such assets as at the Balance Sheet date.

### 3.1.6 Fair value measurements and valuation process

Some of the Group's assets and liabilities are measured at fair

value for financial reporting purposes. Further, the Company has used valuation experts for the purpose of ascertaining fair value for certain assets and liabilities. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent that it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The management reports the valuation findings to the Board of Directors of the Company to explain the cause of fluctuations in the fair value of the assets and liabilities.

#### 3.1.7 Expected credit losses on financial assets

The impairment provision of financial assets are based on assumption about risk of default and expected timing of collection. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's history of collections, customer's creditworthiness, existing market condition as well as forward looking estimates at the end of each reporting period.

#### 3.1.8 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.

#### 3.1.9 Defined benefit obligation.

The costs of providing other post-employment benefits are charged to the Statement of Profit and Loss in accordance with Ind AS 19 "Employee benefits" over the period during which benefits is derived from the employees' services and is determined based on valuation carried out by independent actuary. The costs are determined based on assumptions selected by the management. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to change in these assumptions.



#### 4. Property, Plant and Equipment

₹ Crores

	Buildings	Plant and equipment	Furniture and fixtures	Leasehold Improvements	Office equipments	Vehicles	Total
<b>Gross Block</b>							
As at April 01, 2016	244.51	938.77	35.19	214.72	82.52	3.96	1,519.67
Additions	-	131.24	0.21	9.01	2.77	-	143.23
Deductions	-	(33.17)	(0.63)	-	(0.01)	(0.30)	(34.11)
Adjustments*	-	(58.41)	-	(15.28)	-	-	(73.69)
Exchange differences	-	(78.58)	(0.10)	(23.75)	(1.76)	-	(104.19)
As at March 31, 2017	244.51	899.85	34.67	184.70	83.52	3.66	1,450.91
<b>Depreciation</b>							
As at April 01, 2016	5.20	527.53	20.15	96.67	67.83	1.54	718.92
For the year	5.86	107.83	2.86	44.06	4.80	0.44	165.85
Deductions	-	(31.07)	(0.17)	-	-	(0.16)	(31.40)
Adjustments*	-	(34.68)	-	(15.53)	-	-	(50.21)
Exchange differences	-	(63.99)	(0.07)	(16.46)	(1.49)	-	(82.01)
As at March 31, 2017	11.06	505.62	22.77	108.74	71.14	1.82	721.15
<b>Net Block</b>							
As at March 31, 2017	233.45	394.23	11.90	75.96	12.38	1.84	729.76

₹ Crores

	Buildings	Plant and equipment	Furniture and fixtures	Leasehold Improvements	Office equipments	Vehicles	Total
<b>Gross Block</b>							
As at April 01, 2017	244.51	899.85	34.67	184.70	83.52	3.66	1,450.91
Additions	-	172.38	3.73	6.14	6.51	2.41	191.17
Deductions	-	(54.64)	(3.85)	(7.16)	(0.91)	(0.67)	(67.23)
Adjustment#	-	(17.37)	12.57	-	4.80	-	-
Exchange differences	-	29.45	0.66	16.79	2.78	-	49.68
As at March 31, 2018	244.51	1,029.67	47.78	200.47	96.70	5.40	1,624.53
<b>Depreciation</b>							
As at April 01, 2017	11.06	505.62	22.77	108.74	71.14	1.82	721.15
For the year	5.95	116.69	6.08	28.97	5.09	0.54	163.32
Deductions	-	(50.71)	(3.79)	(7.08)	(0.90)	(0.30)	(62.78)
Adjustment#	-	(5.74)	4.53	-	1.21	-	-
Exchange differences	-	19.75	0.30	14.98	0.96	-	35.99
As at March 31, 2018	17.01	585.61	29.89	145.61	77.50	2.06	857.68
<b>Net Block</b>							
As at March 31, 2018	227.50	444.06	17.89	54.86	19.20	3.34	766.85

\*Adjustments pertains to regrouping for class of assets from Tangible to Intangible (Software)

#Adjustments pertains to regrouping from plant and equipment to furniture and fixtures and office equipments

##### 4.1 Assets pledged as security

Refer note 14 and 19 regarding details of borrowings where assets have been placed as security.

4.2 Building includes leasehold premises of ₹112.88 Crores (March 31, 2017: ₹112.88 Crores) and its accumulated depreciation is ₹10.85 Crores (March 31, 2017: ₹7.33 Crores). Depreciation charge for the year is ₹3.52 Crores (period ended March 31, 2017: ₹3.43 Crores).

##### 4.3 Plant and equipment includes assets taken on finance lease as under:

Gross block: ₹355.25 Crores (March 31, 2017: ₹237.72 Crores)

Depreciation charge for the year: ₹51.95 Crores (Previous year: ₹40.11 Crores)

Accumulated depreciation: ₹160.65 Crores (March 31, 2017: ₹104.68 Crores)

Net block: ₹194.60 Crores (March 31, 2017: ₹133.04 Crores)

##### 4.4 Vehicles includes assets taken on finance lease as under:

Gross block: ₹2.75 Crores (March 31, 2017: ₹2.36 Crores)

Depreciation charge for the year: ₹0.23 Crores (Previous year: ₹0.29 Crores)

Accumulated depreciation: ₹0.32 Crores (March 31, 2017: ₹0.90 Crores)

Net block: ₹2.43 Crores (March 31, 2017: ₹1.46 Crores)



## 5. Other Intangible assets

₹ Crores

	Film / First look rights	Customer relationship and contracts	Trade names, Brand and Non-competes	Software	Total
<b>Gross Block</b>					
As at April 01, 2016	3.00	20.62	6.37	792.12	822.11
Additions	-	-	-	114.99	114.99
Deductions	-	-	-	-	-
Adjustments*	-	-	-	41.80	41.80
Exchange differences	-	(0.15)	(0.19)	(69.10)	(69.44)
As at March 31, 2017	3.00	20.47	6.18	879.81	909.46
<b>Depreciation</b>					
As at April 01, 2016	2.85	20.62	2.73	244.26	270.46
For the year	-	-	0.73	88.03	88.76
Deductions	-	-	-	-	-
Adjustments*	-	-	-	18.32	18.32
Exchange differences	-	(0.15)	(0.05)	(13.58)	(13.78)
As at March 31, 2017	2.85	20.47	3.41	337.03	363.76
<b>Net Block</b>					
As at March 31, 2017	0.15	-	2.77	542.78	545.70

₹ Crores

	Film / First look rights	Customer relationship and contracts	Trade names, Brand and Non-competes	Software	Total
<b>Gross Block</b>					
As at April 01, 2017	3.00	20.47	6.18	879.81	909.46
Additions	4.07	-	-	80.74	84.81
Deductions	-	-	-	(6.91)	(6.91)
Exchange differences	-	0.03	0.15	25.81	25.99
As at March 31, 2018	7.07	20.50	6.33	979.45	1,013.35
<b>Depreciation</b>					
As at April 01, 2017	2.85	20.47	3.41	337.03	363.76
For the year	1.10	-	0.72	112.17	113.99
Deductions	-	-	-	(7.06)	(7.06)
Exchange differences	0.01	0.03	0.05	18.44	18.53
As at March 31, 2018	3.96	20.50	4.18	460.58	489.22
<b>Net Block</b>					
As at March 31, 2018	3.11	-	2.15	518.87	524.13

\*Adjustments pertains to regrouping for class of assets from Tangible to Intangible (Software)

### Software include assets taken on finance lease as under:

Gross block: ₹ 70.11 Crores (March 31, 2017: ₹ 38.70 Crores)

Depreciation charge for the year: ₹ 16.22 Crores (Previous year: ₹ 10.04 Crores)

Accumulated depreciation: ₹ 44.06 Crores (March 31, 2017: ₹ 24.51 Crores)

Net block: ₹ 26.05 Crores (March 31, 2017: ₹ 14.20 Crores)



## 5.a Goodwill

Goodwill has been allocated for impairment testing purposes to the following cash-generating units.

- Creative services business
- Technology and technology enabled business
- Others

Before recognition of impairment losses, the carrying amount of goodwill (other than goodwill related to discontinuing operations) was allocated to cash-generating units as follows:

₹ Crores

	As at March 31, 2018	As at March 31, 2017
Creative services business	731.26	734.17
Technology and technology enabled business	185.17	181.64
Others	56.65	56.12
<b>Total</b>	<b>973.08</b>	<b>971.93</b>

The recoverable amount for these cash-generating units (CGU) is determined on a value in use calculation which uses cash flow projections based on financial budgets approved by the Management.

Following key assumptions were considered while performing Impairment testing

Long term sustainable growth rates : 2% to 5% (previous year : 2% to 5%)

Weighted Average Cost of Capital % (WACC) before tax : 12.2% to 17.1% (previous year : 13.2% to 14.5%)

EBITDA margins : 21.8% to 39.9% (previous year : 25.3% to 31.9%)

The projections cover a period of three to four years, as we believe this to be the most appropriate timescale over which to review and consider annual performances before applying a fixed terminal value multiple to the final year cash flows. The growth rates used to estimate future performance are based on the conservative estimates from past performance. EBITDA margins are based on historical performance and Group's strategies.

We have performed sensitivity analysis around the base assumptions and have concluded that no reasonable changes in key assumptions would cause the recoverable amount of the CGUs to be less than the carrying value.

Based on the value in use computations, no impairment provision was considered necessary.

## 6. Investments (Non-current)

₹ Crores

	As at March 31, 2018	As at March 31, 2017
<b>Unquoted equity instruments - fully paid up (at fair value through profit or loss)</b>		
<b>The Shamrao Vithal Co-operative Bank Ltd.</b>	0.01	0.01
4,000 shares of ₹ 25/- each		
<b>Mainframe Premises Co-Operative Society Ltd.</b>	0.00	0.00
350 shares of ₹ 10/- each *		
<b>Locksmith Ltd</b>	4.24	3.98
1,400 shares of £ 0.01 each		
	<b>4.25</b>	<b>3.99</b>

\*The value 0.00 means amount is below ₹ 50,000/-

## 7. Inventories

₹ Crores

	As at March 31, 2018	As at March 31, 2017
<b>Inventories (lower of cost and net realisable value)</b>		
Tapes	0.60	0.45
	<b>0.60</b>	<b>0.45</b>

## 8. Trade receivables (Unsecured)

₹ Crores

	As at March 31, 2018	As at March 31, 2017
<b>Current</b>		
Considered good	344.80	269.39
Considered doubtful	228.81	199.86
	<b>573.61</b>	<b>469.25</b>
Allowance for bad and doubtful debts during the year	228.81	199.86
	<b>344.80</b>	<b>269.39</b>

₹ Crores

	Year ended March 31, 2018	Year ended March 31, 2017
<b>The movement in allowance for doubtful receivables is as follows</b>		
Balance as the beginning of the year	199.86	236.82
Movement during the year	28.95	(36.96)
<b>Balance as at the end of the year</b>	<b>228.81</b>	<b>199.86</b>

The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivable are due and the rates as given in the provision matrix.

## 9. Cash and bank balances

₹ Crores

	As at March 31, 2018	As at March 31, 2017
<b>a. Cash and cash equivalents</b>		
Cash on hand (Refer note (a) below)	0.15	0.10
<b>Bank balances</b>		
In Current Accounts	79.31	105.89
	<b>79.46</b>	<b>105.99</b>
<b>b. Bank balances other than (a) above</b>		
Other Bank balances		
In deposits*	12.59	19.93
	<b>12.59</b>	<b>19.93</b>

\*Fixed deposits are provided as security against fund and non-fund based credit facilities.



## 10. Other financial assets (Unsecured, Considered good)

₹ Crores

	As at March 31, 2018	As at March 31, 2017
<b>Non-current</b>		
Deposits	12.33	64.52
Employee loans and advances	10.45	-
	<b>22.78</b>	<b>64.52</b>
<b>Current</b>		
Derivative assets	-	6.30
Deposits	9.90	5.69
Unbilled revenue	323.30	224.10
Export incentives receivable	14.68	-
Other loans and advances	83.25	39.46
	<b>431.13</b>	<b>275.55</b>

## 11. Other assets

₹ Crores

	As at March 31, 2018	As at March 31, 2017
<b>Non-current (Unsecured, considered good)</b>		
Capital advances	31.27	30.24
Prepaid expenses	3.23	4.63
Others*	-	0.71
	<b>34.50</b>	<b>35.58</b>
<b>Current (Unsecured)</b>		
Advances and other receivables*		
Considered good	36.20	57.79
Considered doubtful	5.65	5.00
Total	41.85	62.79
Less: Provision for doubtful advances	(5.65)	(5.00)
	36.20	57.79
Prepaid expenses	29.49	70.66
Tax credits receivable from foreign government	46.65	68.01
Advance payment of taxes (net of provision for tax)	0.31	3.63
	<b>112.65</b>	<b>200.09</b>

\*Others includes loans and advances to employees and others, advances to suppliers, service tax receivable, Goods and Services tax (GST) receivable and VAT receivables.

## 12. Equity share capital

₹ Crores

	As at March 31, 2018	As at March 31, 2017
<b>Authorised share capital:</b>		
450,000,000 (Previous year 350,000,000) equity shares of ₹ 1/- each	<b>45.00</b>	<b>35.00</b>
<b>Issued, subscribed and paid-Up:</b>		
299,165,645 (Previous year 298,878,974) equity shares of ₹ 1/- each	29.92	29.89
	<b>29.92</b>	<b>29.89</b>



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

Fully paid equity shares

	As at March 31, 2018		As at March 31, 2017	
	Number of Shares	Amount in ₹ Crores	Number of Shares	Amount in ₹ Crores
Balance as at the beginning of the year	298,878,974	29.89	298,878,974	29.89
Additions during the year (Refer note 33)	286,671	0.03	-	-
Balance as at the end of the year	299,165,645	29.92	298,878,974	29.89

12.2 Shares reserved for issuance under options

	As at March 31, 2018	As at March 31, 2017
Shares reserved for issue under options (Refer note 33)	17,646,067	17,932,738

12.3 Details of shares held by each shareholder holding more than 5%

	As at March 31, 2018		As at March 31, 2017	
	Number	% of holding	Number	% of holding
Naresh Malhotra	62,201,546	20.79	62,201,546	20.81
Reliance MediaWorks Financials Services Private Limited	104,939,361	35.08	104,939,361	35.11
Standard Chartered Private Equity (Mauritius) III Limited	10,458,768	3.50	10,458,768	3.50
Standard Chartered Private Equity (Mauritius) Limited	29,241,817	9.77	29,241,817	9.78
Marina IV (Singapore) Pte. Limited	23,390,875	7.82	23,390,875	7.83
Monsoon Studio Private Limited	27,506,095	9.19	27,506,095	9.20
Namit Malhotra	14,900,000	4.98	14,900,000	4.99

12.4 Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of ₹1 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all liabilities, in proportion to their shareholding.

12.5 Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	As at March 31, 2018	As at March 31, 2017
Equity shares allotted as fully paid up pursuant to business transfer agreement for consideration other than cash	67,307,692	67,307,692

12.6 Share warrants

Pursuant to the special resolution passed by the shareholders of the Company at its Extra-Ordinary General Meeting held on January 5, 2018, the Board of Directors of the Company at its meeting held on February 14, 2018 have issued and allotted 31,132,076 warrants, convertible into the equal number of equity shares of the Company of face value of ₹1 each, at a price of ₹106/- per warrant to Monsoon Studio Private Limited (promoter) and Mr. Anshul Doshi (non-promoter), on a preferential basis.

The Company has received ₹82.50 Crores, 25% of the total consideration for the aforesaid warrants as per the provisions of Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009, as amended.



### 13. Other equity

₹ Crores

	As at March 31, 2018	As at March 31, 2017
<b>Securities premium</b>		
As per last balance sheet	945.73	900.19
Movement during the year	(29.57)	45.54
	<b>916.16</b>	<b>945.73</b>
<b>Capital reserve</b>		
As per last balance sheet	51.77	51.77
	<b>51.77</b>	<b>51.77</b>
<b>General reserve</b>		
As per last balance sheet	1.34	1.34
Movement during the year	51.27	-
	<b>52.61</b>	<b>1.34</b>
<b>Debenture redemption reserve</b>		
As per last balance sheet	78.46	71.29
Movement during the year	(51.27)	7.17
	<b>27.19</b>	<b>78.46</b>
<b>Retained earnings*</b>		
As per last balance sheet	(576.41)	(650.14)
Movement during the year	(53.45)	73.73
	<b>(629.86)</b>	<b>(576.41)</b>
<b>Share options outstanding account</b>		
As per last balance sheet	49.48	23.81
Movement during the year	32.74	25.67
	<b>82.22</b>	<b>49.48</b>
<b>Other Comprehensive Income (FCTR)</b>		
As per last balance sheet	(40.26)	(34.49)
Movement during the year	3.34	(5.77)
	<b>(36.92)</b>	<b>(40.26)</b>
	<b>463.17</b>	<b>510.11</b>

\*Retained earnings includes Re-measurement of defined benefit obligation loss (net of tax) of ₹ 0.73 Crores (previous year ₹ 0.46 Crores)

### 14. Borrowings (Non – Current)

₹ Crores

	As at March 31, 2018	As at March 31, 2017
<b>Debentures (unsecured)</b>		
Non-convertible debentures - series B	-	89.10
(Refer note (a) below)		
<b>Debentures (secured)</b>		
Optionally convertible debentures	-	71.37
(Refer note (b) below)		
<b>Term loans (secured)</b>		
from banks	681.04	564.07

₹ Crores

	As at March 31, 2018	As at March 31, 2017
(Refer note (f), (g), (h), (k), and (l) below)		
from others	31.37	35.97
(Refer note (d) below)		
<b>Other loans and advances (secured)</b>		
Finance lease obligations	182.75	108.26
(Refer note (n) below)		
Foreign currency loans - buyers credit	-	8.69
(Refer note (m) below)		
<b>Other loans and advances (unsecured)</b>		
Inter corporate deposit received	31.70	31.70
(Refer note (i) below)		
	<b>926.86</b>	<b>909.16</b>

- a. On November 05, 2012, the Company issued 1,901 Zero Coupon Unsecured Redeemable Non-Convertible Debentures (NCDs) of ₹10 Lakhs each, of the aggregate nominal value of ₹ 190.10 Crores to Standard Chartered Private Equity (Mauritius) Limited. The Debentures were issued in two series being the Series A NCDs and the Series B NCDs. The Series A NCDs comprised of 1,010 Debentures aggregating ₹ 101 Crores redeemable after 5 years and the Series B NCDs comprised of 891 Debentures aggregating ₹ 89.10 Crores redeemable after 6 years.

The amounts payable on redemption on Debentures are as follows:

- With respect to the Series A NCDs, an amount equal to 188.17% of the Principal amount of Series A NCDs.
- With respect to the Series B NCDs, an amount equal to 213.41% of the Principal amount of Series B NCDs

In the event that, either the Company or the Debenture Holders are desirous of redeeming the Debentures prior to its scheduled maturity other than upon the occurrence of an Event of Default, the Company and the Debenture Holders shall mutually agree on the amounts payable to the Debenture Holders upon such early redemption and the other terms of such redemption. During the year, Series A debentures were redeemed for ₹ 187.98 Crores before maturity.

- b. During May 2016 and June 2016, Prime Focus Technologies Limited (PFT) raised through private placement of secured, unlisted, unrated, redeemable, optionally convertible debentures (OCDs) aggregating ₹ 74.83 Crores. After 24, 27 and 30 months from the date of allotment, Investors will have an option of converting up to 25% of the total principal amount (one third each) into equity shares of PFT. OCDs are secured by pledge of equity shares of PFT equivalent to 3 times of the issue size held by the Parent Company, guarantee issued by the Company and personal guarantees of promoters. Further, secured by second charge on all the fixed assets of PFT and first and exclusive charge on Debt Service Reserve Amount (DSRA). Interest rate 14.5% p.a. with maturity profile of 24, 27 and 30 months. Such OCDs were repaid during the year.
- c. During March to May 2015, the company allotted 4,891 unsecured unlisted redeemable debentures amounting to ₹48.91 Crores at 14% interest payable quarterly and a redemption premium payable on maturity of the debenture to make the IRR of 17%. Such debentures were redeemed during the year on maturity.
- d. On August 13, 2014, the Company entered into a long-term loan agreement with others to borrow ₹ 45 Crores at an interest rate of 12.50% p.a., to repay the existing term loan and for general corporate purpose which includes working capital and advance payment for capital expenditure. The term loan is to be repayable in 120 equated monthly installments starting from October 01, 2014 for loan availed on August 29, 2014 and from November 01, 2014 for loan availed on September 05, 2014. Further, the term loan is secured by a specific charge on certain immovable properties of the Company. At the year end March 31, 2018, ₹ 31.37 Crores is disclosed as non-current and ₹ 3.73 Crores is disclosed as current. At the year end March 31, 2017, ₹ 35.97 Crores is disclosed as non-current and ₹ 2.44 Crores is disclosed as current.
- e. On October 19, 2015, the Company entered into an agreement for term loan with others to borrow ₹ 20 crores at an interest rate of 15.25%



p.a., to repay the existing term loan and for general corporate purpose which includes working capital. The loan is repayable in 6 quarterly installments starting from end of 3rd quarter from the date of disbursement. The loan is secured by pledge of shares of the company held by promoters (refer note (o) below). At the year end March 31, 2017, ₹ 11.25 Crores were disclosed as current. The loan was repaid during the year.

- f. During the previous year, the Group had availed a Term Loan facility aggregating to ₹ 408 Crores at an interest rate based on one year MCLR + 1.90% with a reset on yearly basis. This term loan is repayable in 84 months from date of the 1st disbursement including 6 months moratorium, it is to be repaid in 26 quarterly installments (post 6 months moratorium). Such term loan is secured by exclusive charge over present and future current assets and movable fixed assets, personal guarantees of promoters, pledge of shares of the company held by promoters (refer note (o) below), Corporate Guarantee of Reliance Capital Limited of ₹ 100 Crores, exclusive charge by way of mortgage of immovable properties, pledge of 30% shares of subsidiaries viz; Prime Focus Technologies Limited, PF World Limited, Mauritius, Prime Focus Luxembourg s.a.r.l, Prime Focus 3D Cooperatief U.A. and Gener8 India Media Services Limited. The company has created charge over all the above referred securities except pledge of 30% shares of subsidiaries viz; PF World Limited (Mauritius), Prime Focus Luxembourg s.a.r.l, and Prime Focus 3D Cooperatief U.A., for which the Company is in the process of creating security as at the balance sheet date.

As at March 31, 2018, out of the above availed facility, the Group took disbursement of ₹ 408 Crores. At the year-end, out of the outstanding loan amount ₹ 311.54 Crores (net of transaction fees) is disclosed as non-current and ₹ 29.12 Crores is disclosed as current. As at March 31, 2017 ₹ 152.95 Crores (net of transaction fees) is disclosed as non-current and ₹ 5.20 Crores is disclosed as current.

- g. Term loans from bank in previous year includes ₹ 22.26 Crores taken by PFT, which is secured by first and exclusive charge on all existing and future current assets and existing and movable fixed asset except for fixed assets financed through equipment loan/lease, extension of mortgage property owned by the Group at Khar Mumbai, pledge of share of the Company held by promoter (refer note (o) below), corporate guarantee issued by the parent company and personal guarantees of promoters. Loan is repayable in 36 equal monthly instalments beginning after a moratorium of 6 months from the date of disbursement with an interest rate of 7.25% p.a to 12.50% p.a. As at March 31, 2017 ₹ 12.57 Crores was included in current maturities of long-term borrowings and balance of ₹ 9.69 Crores was included in long-term borrowings. During the year this was repaid in full.
- h. Term loans from bank include ₹ 19.45 Crores (Previous year: ₹ 22.65 Crores) taken by Prime Focus Technologies Inc. (PFT Inc.), which is secured by exclusive first charge on all assets including current assets of PFT Inc., cash margin, escrow of receivables, pledge of shares of PFT Inc. and DAX PFT LLC, pledge of certain shares of PFT and of the Company both backed by non-disposal undertaking, corporate guarantee of PFT and personal guarantee of the promoter. Term loan facility of \$ 2 million is repayable in 4 year equal instalments beginning from September 30, 2016 and facility 2 of \$ 2 million is on bullet payment basis. Interest rate on term loans are based on 6 months Libor plus 450 basis. As at March 31, 2018 ₹ 16.21 Crores (March 31, 2017: ₹ 16.18 Crores) is included in current maturities of long-term borrowings and balance of ₹ 3.04 Crores (March 31, 2017: ₹ 6.47 Crores) is included in long-term borrowings.
- i. During 2017, unsecured inter corporate deposit of ₹ 31.70 Crores was availed from financial institution at interest rate of 12.5% repayable within 2 years. As at March 31, 2018 ₹ 31.70 Crores (March 31, 2017: ₹ 31.70 Crores) was disclosed as non-current portion of long-term borrowing.
- j. Unsecured term loans from others are availed at interest rate of 15.00% per annum. As at March 31, 2018 ₹ 1.00 Crores (March 31, 2017: ₹ 1.00 Crores) is disclosed under current maturities of long term borrowings.
- k. A Bank held a charge on tangible and current assets of the Group for the loan facility of ₹ 492.67 Crores as working capital loan of ₹ 168.54 Crores (\$ 26 million) and Bank overdraft facility of ₹ 31.33 Crores (\$ 4.85 million), (March 31, 2017: ₹ 297.88 Crores). This facility is secured by way of pledge overall investment property of Prime Focus World NV, including shares held in Prime Focus Creative Services Canada Inc. and Gener8 Digital Media Services Limited, investment property of Double Negative Holdings Limited including shares held in Double Negative Canada Productions Limited and is secured by charge over all the assets and undertakings of Prime Focus Creative Services Canada Inc., Gener8 Digital Media Services Limited and Double Negative Canada Productions Limited. The rate of interest of the loan is in the range of Libor plus 3.25% to 4%. The loan is repayable over a period of four years. As at March 31, 2018 ₹ 366.46 Crores (March 31, 2017: ₹ 297.88 Crores) was disclosed under long term borrowings and ₹ 126.24 Crores (March 31, 2017: ₹ Nil) under current maturities of long term borrowings. As at March 31, 2018 ₹ 168.54 Crores (March 31, 2017: ₹ Nil) considered under short-term demand loan and ₹ 31.32 Crores (March 31, 2017: ₹ Nil) considered under cash credit / overdraft.
- l. In 2017 a Bank held a charge on tangible and current assets of the PFW Group for the line of credit of ₹ 97.08 Crores. Further, shares of Prime



Focus World NV held by Prime Focus 3D Cooperatief, Investments of Prime Focus World NV in Double Negative Holdings Limited, Prime Focus Creative Services Canada Inc, Gener8 Digital Media Services Limited and Prime Focus International Services UK Limited were pledged. The rate of interest of the loan was in the range of Libor plus 7% to 9%. During the year the loan was prepaid in full. As at March 31, 2017 ₹ 97.09 Crores was disclosed under long term borrowings.

m. Foreign currency loans

Foreign currency loans – buyer's credit of ₹ 10.22 Crores (March 31, 2017: ₹ 13.91 Crores) is secured by pari passu charge on the immoveable assets of the Company, both present and future (except building in Royal Palms, Goregaon, Mumbai), pari passu charge on the Company's current assets both present and future, personal guarantees of the promoter director and also secured against margin monies – fixed deposits. Interest rate ranges from 1% to 2% p.a. with maturity profile of 2-3 years. As at March 31, 2018 ₹ Nil (March 31, 2017: ₹ 8.51 Crores) is non-current and ₹ 10.21 Crores (March 31, 2017: ₹ 5.41 Crores) is current.

Foreign currency loans- buyer's credit of ₹ 0.29 Crores (March 31, 2017: ₹ 7.76 Crores) is secured against margin monies- fixed deposits pledged. Interest rate ranges from 1% to 2% p.a. with maturity profile of 2-3 years. As at March 31, 2018 ₹ Nil (March 31, 2017: ₹ 0.18 Crores) is non-current and ₹ 0.29 Crores (March 31, 2017: ₹ 7.58 Crores) is disclosed as current maturity of long term loan.

n. Finance lease

The Group leases certain equipment under finance leases. The average lease term is around 4 years. The Group has option to purchase the equipment for a nominal amount at the end of the lease term. The Group's obligation under finance leases are secured by hypothecation of plant and equipment and office equipment.

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 3.00% to 9.27% per annum in foreign subsidiaries and 6.12% to 14.50% per annum in Indian subsidiaries.

Finance lease obligations are payable as follows:

₹ Crores

Total minimum lease payments outstanding		
	As at March 31, 2018	As at March 31, 2017
Within one year	95.00	71.65
Later than one year and not later five years	200.96	120.56
	<b>295.96</b>	<b>192.21</b>
Future Interest on outstanding lease payments		
	As at March 31, 2018	As at March 31, 2017
Within one year	14.36	11.29
Later than one year and not later five years	18.21	12.30
	<b>32.57</b>	<b>23.59</b>
Present Value of minimum lease payments		
	As at March 31, 2018	As at March 31, 2017
Within one year	80.64	60.36
Later than one year and not later five years	182.75	108.26
	<b>263.39</b>	<b>168.62</b>

- o. The promoters of the Company have pledged 8.30% as at March 31, 2018 and 18.51% as at March 31, 2017 towards various borrowings / commitments, including borrowings by the Company.



## 15. Other financial liabilities (Non-Current)

₹ Crores

	As at March 31, 2018	As at March 31, 2017
Premium on non-convertible debentures	-	66.65
Deposits	0.68	1.65
Puttable equity instruments (refer note (a) below)	110.59	101.52
Class B Convertible Redeemable Preferred Shares and Derivatives (refer note (b) below & note 40)	16.47	84.98
Other long term payables	1.80	12.95
Deferred consideration for acquisition of subsidiaries and business	-	53.70
	<b>129.54</b>	<b>321.45</b>

### Note:

#### a. Class A convertible redeemable preferred shares

On June 21, 2013, Prime Focus World NV, a subsidiary Company ("PFW NV") issued 827,781 of Class A Convertible Redeemable Preferred Shares ("Class A Preferred"), which carry a par value of €0.01 per share for ₹ 245.94 Crores (\$ 38 million).

The Class A Preferred Shares contains two components: a host debt instrument measured at amortised cost and embedded derivatives for redemption and conversion features measured at FVTPL. The effective interest rate of the host debt instrument element on initial recognition is 4% per annum.

As per terms of instrument, if PFW NV has not consummated a qualified IPO before the outside date i.e. December 21, 2016, the holder has the right to require PFWNV to redeem all of the Class A Preferred shares for cash at the price of the amount of initial consideration plus all accrued and unpaid dividends. In addition, the redemption feature provides the holders of Class A Preferred Shares the right to receive a Redemption IRR Amount paid out in ordinary shares. The redemption IRR Amount is calculated to ensure a return that yields an internal rate of return of 12% - 17.3% per annum. Further, there is another redemption option if the above redemption option is not exercised by the investor. This option triggers if there is a non-qualified IPO before the outside date and the same is not consummated into a qualified IPO within two years from the date of issue of ordinary shares under non-qualified IPO. This redemption is to take place at the fair market value of the shares.

At the date of issue, the fair value of the embedded derivative redemption and conversion options are based on the present value of the expected proceeds to the security holders as a result of exercising the redemption and conversion options of the Class A Preferred. These proceeds were estimated based on a multi-step analysis which included a forecast of PFW NV's total equity and an assessment of the probability of the expected total equity value at each quarter end over a five year period. Based on these values, the probability of investor exit scenarios and related pay outs were determined and ultimately the present value of the probable pay out under each scenario, including the redemption and conversion options being exercised, was established.

During the previous year, PFW NV entered into a term sheet and a settlement agreement with Class A Preferred shareholders settling the amount at ₹ 305.30 Crores (\$ 45 Million) of cash (plus 5% interest till the date of settlement) and ₹ 146.54 Crores (\$ 21.60 Million) of equity (Ordinary II shares of PFWNV). The aforesaid equity shares has a put option exercisable after 90 days from maturity of the borrowing facilities drawn by PFWNV in June 2016, but no later than 48 months from the settlement date i.e. by December 21, 2020. The Ordinary II shares having put option have been treated as a compound financial instrument. Accordingly, the debt component with amortised cost of ₹ 104.37 Crores (\$ 15.7 million), has been presented as such, with the residual portion of ₹ 42.17 Crores (\$ 6.2 million) being equity retained as part of Other Equity. Also, refer note 40 on restatement.

#### b. Class B convertible redeemable preferred shares

On March 19, 2013, PFW NV issued 187,500 of Class B Convertible Redeemable Preferred Shares ("Class B Preferred"), which carry a par value of € 0.01 per share, for ₹ 66.96 Crores.

The Class B Preferred Shares contains two components: a host debt instrument measured at amortised cost and an embedded derivative conversion option measured at FVTPL. The effective interest rate of the host debt instrument element on initial recognition is 7.3% per annum.

At the date of issue, the fair value of the embedded derivative redemption option is based on the present value of the expected proceeds to the security holders as a result of exercising the redemption option of the convertible redeemable preferred shares. These proceeds were

estimated based on a multi-step analysis which included a forecast of the Company's total equity and an assessment of the probability of the expected total equity value at each quarter end over a five-year period. Based on these values the probability of investor exit scenarios and related pay outs were determined and ultimately the present value of the probable pay out under each scenario, including the redemption option being exercised, was established.

All outstanding Class B Preferred shares shall automatically be converted into ordinary shares in the event of a qualifying initial public offering (QIPO). A QIPO for the purposes of a required conversion is the listing of shares on an internationally recognised stock exchange with a minimum market capitalisation of \$ 370 million immediately after such listing. If the Company has not consummated an IPO within 66 months of the issuance of the Class B Preferred Shares, the holder has the right to require the Company to redeem all of the Class B Preferred shares for cash at the price of the amount of initial consideration plus a return that yields an internal rate of return of 5%. Refer note 40 on restatement.

## 16. Other financial liabilities (Current)

₹ Crores

	As at March 31, 2018	As at March 31, 2017
<b>Current maturity of long term borrowings</b>		
<b>Debentures (unsecured)</b>		
Non-convertible debentures - series A (Refer note (14.a))	-	101.00
Non-convertible debentures - series B (Refer note (14.a))	89.10	-
<b>Debentures (secured)</b>		
Non-convertible debentures (Refer note (14.c))	-	48.19
<b>Term loans (secured)</b>		
from banks (Refer note (14.f), (14.g), (14.h), (14.k), and (14.l))	171.57	33.95
from others (Refer note (14.d) and (14.e))	3.74	13.69
<b>Term loans (unsecured)</b>		
from others (Refer note (14.j))	1.00	1.00
<b>Other loans and advances (secured)</b>		
Finance lease obligations (Refer note (14.n))	80.64	60.36
Foreign currency loans - buyers credit (Refer note (14.m))	10.50	12.99
	<b>356.55</b>	<b>271.18</b>
Deferred consideration for acquisition of business	38.57	77.01
Premium on aforesaid debentures	87.63	77.62
Class B Convertible Redeemable Preferred Shares and Derivatives (refer note 15.(b))	81.58	-
Interest accrued but not due on borrowings	9.64	9.40
Security deposits	10.20	6.57
Deposit received from customers	6.53	7.98
Capital Creditors	13.83	12.57
Accrued salaries and benefits	62.75	59.22
Derivatives	-	3.87
Others	15.94	-
	<b>683.22</b>	<b>525.42</b>

**Note :** There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at March 31, 2018 (March 31, 2017 : Nil)



## 17. Provisions

₹ Crores

	As at March 31, 2018	As at March 31, 2017
<b>Non-current</b>		
Provision for employee benefits:		
Provision for gratuity (Refer note 31)	11.93	5.29
Provision for compensated absences	1.36	0.70
	<b>13.29</b>	<b>5.99</b>
<b>Current</b>		
Provision for employee benefits:		
Provision for gratuity (Refer note 31)	0.40	2.40
Provision for compensated absences	11.15	17.28
	<b>11.55</b>	<b>19.68</b>

The Group did not have any long-term contracts including derivative contracts for which any provision was required for any foreseeable losses.

## 18. Other liabilities

₹ Crores

	As at March 31, 2018	As at March 31, 2017
<b>Non-Current</b>		
Deferred rent	109.22	104.62
	<b>109.22</b>	<b>104.62</b>
<b>Current</b>		
Deferred rent	10.32	-
Deferred revenue	171.70	281.43
Book overdraft	1.96	1.60
Other payables #	39.34	99.86
	<b>223.32</b>	<b>382.89</b>

# Other payables include withholding taxes, service tax payable, Goods and services tax payable VAT payable and employer and employee contribution to provident fund and other funds liability.

## 19. Borrowings (Current)

₹ Crores

	As at March 31, 2018	As at March 31, 2017
<b>From Banks/ Others (Secured)</b>		
Cash credit/ overdraft (Refer note (a), (b), (d), (k) below and 14.(k))	87.10	34.22
Short-term demand loan (Refer note (c), (e), (j) below and 14.(k))	193.44	54.51
Invoice discounting facility (Refer note (f), (g), (h) and (i) below)	73.41	69.66
	<b>353.95</b>	<b>158.39</b>

- a. On November 6, 2012, the Company entered in to an agreement for pre-shipment financing under export orders ("Facility") of ₹ 38.50 Crores for funding against confirmed orders up to 100% of export sales. The interest rate for the facility drawn in Indian rupees is base rate plus margin and for facility drawn in currency other than Indian rupees is LIBOR plus margin. There are sub-limits under the facility for financial



guarantees / standby letter of credit for payment undertaking for buyer's credit, pre-shipment financing under export letter of credit, export bills discounting, export invoice financing, import invoice financing, overdraft, short-term loans and bonds/ guarantees. The Facility is secured by first pari-passu charge on stock and book debts of the Company, personal guarantee of the promoters, first pari-passu charge on movable fixed assets of the Company, first pari-passu charge on immovable fixed assets located at Royal Palms-Mastermind, Goregoan, Mumbai and Raghuvanshi Mills, Mumbai and pledge of shares of the Company held by promoters (refer note 14 (o)). As at March 31, 2017 ₹ 12.90 Crores was outstanding under the facility and included in cash credit/ overdraft. The said loan was repaid during the year.

- b. Cash credits/ overdraft from banks are secured against first pari passu charge on the Company's current assets both present and future, personal guarantees and pledge of shares of the Company held by promoters (refer note 14 (o)). The cash credit is repayable on demand and carries interest at the rate of 13.20% to 14.75% per annum. As at March 31, 2018 the outstanding is ₹ 11.74 Crores and as at March 31, 2017 the cash credits/ overdraft outstanding was ₹ 19.69 Crores.
- c. On September 14, 2015, the Company entered into an agreement for a working capital demand loan of ₹ 10.00 Crores from a bank for a term of 90 days at an interest rate of 11.50% per annum (March 31, 2017: 13.90% per annum). This loan is renewed periodically and is secured by first pari passu charge on the Company's current assets both present and future, personal guarantees and pledge of shares of the Company held by promoters (refer note 14 (o)). As at March 31, 2018 and as at March 31, 2017, ₹ 10.00 Crores is outstanding and is included in short-term demand loans.
- d. PFT has availed a cash credit and invoice discounting facility from bank, which is secured by first and exclusive charge on all existing and future current assets and all existing and future movable fixed assets except financed through equipment loan/lease pari-passu with term loans. The loans are further secured by corporate guarantee issued by the Company and personal guarantee of promoters. The rate of interest for cash credit / overdraft ranges from 12.65% p.a. to 14.90% p.a. As at March 31, 2018 ₹ 21.37 Crores (March 31, 2017: ₹ 1.63 Crores) was included in Cash Credit / Overdraft.
- e. Short term demand loan in 2017 includes loan of ₹ 28.21 Crores taken by PFW Group, which was collateralized by the tax credit receivables. The line of credit was bearing interest rate at the bank prime rate plus 0.75%. As at March 31, 2017, ₹ 28.21 Crores was outstanding. This was fully repaid during the year.
- f. PFW Group has availed borrowings for pre shipment and post shipment export finance at a rate of interest of LIBOR+2% with a tenor of upto one year. Sanctioned facility of ₹ 50 Crores is secured against current assets, movable assets and intangible assets of DNEG Creative Services Private Limited, corporate guarantee of the Reliance Capital Limited. The facility is repaid during the year and as at March 31, 2017, ₹ 41.30 Crores included in Invoice discounting facility.
- g. PFW Group has availed borrowings for pre shipment and post shipment export finance at a rate of interest of LIBOR+2.50% with a tenor of upto one year. Sanctioned facility of ₹ 18 Crores is secured against current assets and movable assets of DNEG Creative Services Private Limited, corporate guarantee of Prime Focus World NV and the Company. The facility is repaid during the year and as at March 31, 2017, ₹ 4.45 Crores included in Invoice discounting facility.
- h. During the year PFW Group has availed borrowings for pre shipment and post shipment export finance at a rate of interest of LIBOR+4% with a tenor of upto one year. Sanctioned facility of ₹ 20 Crores is secured against current assets and movable assets of DNEG Creative Services Private Limited, corporate guarantee of Prime Focus World NV and the Company, personal guarantee of promoters. As at March 31, 2018, ₹ 19.60 Crores (previous year ₹ Nil) included in Invoice discounting facility.
- i. PFW Group has availed pre shipment and post shipment export finance facility from bank, at a rate of interest of LIBOR+4% with a tenor of upto one year. Sanctioned facility of ₹ 60 Crores is secured against current assets and movable fixed assets of DNEG Creative Services Private Limited, exclusive charge by way of mortgage of immovable properties of the Company, pledge of 30% shares of subsidiaries viz: DNEG Creative Services Private Limited, Prime Focus Technologies Limited, PF World Limited, Mauritius, Prime Focus Luxembourg s.a.r.l., Prime Focus 3D Cooperartief U.A. held by the Company, corporate guarantee of the Company and personal guarantee of the promoter and pledge of shares of the Company held by promoters (refer note 14(o)) and corporate guarantee given by Prime Focus World Nv. As at March 31, 2018, ₹ 53.81 Crores (March 31, 2017: ₹ 23.91 Crores) included in Invoice discounting facility.
- j. Short term demand loan includes ₹ 14.92 Crores (March 31, 2017: ₹ 16.30 Crores) obtained at interest rate of CIBC current prime rate plus 2% (equivalent to 5%), with tax credit receivables as collateral.
- k. During the year PFT UK, a subsidiary has availed working capital facility of ₹ 22.67 Crores (GBP 2.5 million). The said working capital facility is secured by lien of stock and receivables, first and exclusive charge on all existing and future current assets and existing and movable fixed asset (except for leasehold assets/equipment, stock and receivables of PFT UK), second mortgage charge on property owned by the Company at Goregaon, personal guarantees of the Company's promotor, corporate guarantee of the Company, Prime Focus Technologies Limited, DNEG North America Inc. and 1800 Vine Street LLC. Interest rate for this facility is 5% p.a. over 3 months GBP LIBOR with quarterly re-sets. As at March 31, 2018, ₹ 22.67 Crores (March 31, 2017: ₹ Nil) included in cash credit / overdraft.



## 20. Current tax liabilities (Net)

₹ Crores

	As at March 31, 2018	As at March 31, 2017
Income and other tax payable (net of advance tax)	52.70	21.17
	<b>52.70</b>	<b>21.17</b>

## 21. Revenue from operations

₹ Crores

	Year ended March 31, 2018	Year ended March 31, 2017
Income from service	2,227.52	2,139.62
Other Operating Income:		
Property rentals	-	1.96
Export incentives	29.96	12.04
Total Other Operating Income	29.96	14.00
<b>Total Revenue from Operations</b>	<b>2,257.48</b>	<b>2,153.62</b>

## 22. Other income

₹ Crores

	Year ended March 31, 2018	Year ended March 31, 2017
Interest income:		
Bank deposits	1.82	1.27
on income tax refunds	2.10	1.80
Others	3.27	1.79
Dividend income *	0.00	0.00
Gain on sale of investment	-	5.79
Net gain on sale of property, plant and equipment	3.76	6.42
Sundry balance written back	2.70	-
Bad debts recovered	1.57	-
Others	7.64	7.38
<b>Total Other Income</b>	<b>22.86</b>	<b>24.45</b>

\*The value 0.00 means amount is below ₹ 50,000/-

## 23. Employee benefits expense

₹ Crores

	Year ended March 31, 2018	Year ended March 31, 2017
Salaries and wages	1,150.90	1,124.98
Contribution to provident fund and other funds (refer note 31)	103.91	74.59
Staff welfare expenses	23.06	16.75
<b>Total Employee benefits expense</b>	<b>1,277.87</b>	<b>1,216.32</b>

## 24. Other expenses

₹ Crores

	Year ended March 31, 2018	Year ended March 31, 2017
Rent	103.93	94.85
Communication cost	21.66	21.99
Consumable stores	3.77	5.28
Director's sitting fees	2.74	0.10
Electricity	41.10	38.85
Insurance cost	7.02	7.98
Rebates and discount	0.70	1.09
Traveling and conveyance	42.44	32.91
Bad debts written off	1.88	1.22
House keeping expenses	7.51	6.39
Rates and taxes	24.79	20.48
Legal and Professional fees	54.22	56.97
Payment to auditors (see Note below)	4.99	3.51
Repairs and maintenance	30.54	26.79
Provision for doubtful debts/ advances (net)	24.98	3.43
Miscellaneous expenses*	33.32	42.33
<b>Total Other expenses</b>	<b>405.59</b>	<b>364.17</b>
<b>Note:</b>		
<b>Payment to auditors</b>		
As auditor		
Audit fees	4.28	3.38
In other matters	0.71	0.13
	<b>4.99</b>	<b>3.51</b>

\* Miscellaneous expenses include allowances for tax credits and other receivable aggregating ₹ Nil Crores (previous year ₹ 37.73 Crores) and gain on settlement of deferred consideration payable aggregating ₹ Nil Crores (previous year ₹ 20.30 Crores)

## 25. Finance costs

₹ Crores

	Year ended March 31, 2018	Year ended March 31, 2017
Interest expense on financial liabilities measured at amortised cost	-	1.62
Interest on working capital finance	20.34	17.35
Interest on term loan	109.00	41.19
Interest on buyer's credit	0.34	0.50
Interest and premium on non convertible debentures	31.84	4.87
Interest on optionally convertible debentures	8.42	11.35
Interest on Inter Corporate Deposits	4.16	9.92
Interest on others	30.03	51.41
Change in fair value of financial liabilities	8.17	33.81
<b>Total Finance costs</b>	<b>212.30</b>	<b>172.02</b>



## 26. Exceptional items

₹ Crores

	Year ended March 31, 2018	Year ended March 31, 2017
Profit on sale of investments	-	(100.78)
Restructuring and integration costs	-	3.96
<b>Total Exceptional items</b>	<b>-</b>	<b>(96.82)</b>

- a. During previous year, the Group sold its 30% membership interest in Digital Domain – Reliance LLC and realised profit of ₹ 100.78 Crores.
- b. This is related to costs for closure of business operations in Singapore. The Group is in discussions with Economic Development Board (EDB) for closure of the Company.

## 27. Income tax

### A. Income tax recognised in profit or loss

₹ Crores

	Year ended March 31, 2018	Year ended March 31, 2017
Current tax		
- in respect of current year (a)	32.93	7.68
- in respect of prior years (b)	-	0.93
<b>Total current tax</b>	<b>32.93</b>	<b>8.61</b>
Deferred tax		
- in respect of current Year (c)	(27.30)	0.35
<b>Total income tax expense recognised in the current year (a) + (b) + (c)</b>	<b>5.63</b>	<b>8.96</b>

### B. Income tax recognised in other comprehensive income

₹ Crores

	Year ended March 31, 2018	Year ended March 31, 2017
- Re-measurement of defined benefit liability (asset)	0.42	0.34
<b>Tax recognised in other comprehensive income</b>	<b>0.42</b>	<b>0.34</b>

### C. The income tax expenses for the year can be reconciled to the accounting (Loss) / Profit as follows:

₹ Crores

	March 31, 2018		March 31, 2017	
	% of PBT	Amount	% of PBT	Amount
Profit/ (Loss) before tax		(38.76)		104.55
Tax using Company's domestic tax rate	34.61%	(13.40)	34.61%	36.18
Effect of:				
Effect of expenses that are not deductible and other adjustments		22.47		1.46
Effect of income that is exempt from taxation		-		(36.58)
Effect on deferred tax balances due to the change in income tax rate		0.79		0.15
Effect of differential tax and indexation benefits on capital gain		(3.15)		(2.41)
Effect of differential tax rates of subsidiaries operating in other jurisdictions		(13.64)		(9.03)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets		12.56		18.26
		<b>5.63</b>		<b>8.03</b>
<b>Adjustments recognised in the current year in relation to the current tax of prior years</b>				
Income tax expense recognised in profit or loss		-		0.93
<b>Income tax expenses recognised in Statement of Profit &amp; Loss</b>		<b>5.63</b>		<b>8.96</b>



#### D. Deferred tax balances

The following is the analysis of deferred tax assets / (liabilities) presented in the consolidated balance sheet :

₹ Crores

	As at March 31, 2018	As at March 31, 2017
Deferred tax assets	25.48	44.58
Deferred tax liabilities	(97.87)	(113.24)
	<b>(72.39)</b>	<b>(68.66)</b>

#### E. Movement in temporary differences

₹ Crores

	Balance as at March 31, 2016	Rec- ognised in Profit / Loss during 2016-17	Recognised in other eq- uity during 2016-17	Rec- ognised in OCI during 2016-17	Balance as at March 31, 2017	Recognised in Profit / Loss during 2017-18	Rec- ognised in other eq- uity during 2017-18	Rec- ognised in OCI during 2017-18	Balance as at March 31, 2018
<b>Deferred tax liability</b>									
Difference between tax books and written down value of PPE and intangible assets	(193.56)	11.71	-	-	(181.85)	13.48	-	-	(168.37)
Foreign currency translation reserve relating to net investments in foreign operations	(0.68)	0.68	-	-	-	-	-	-	-
Others	(0.76)	(0.07)	-	-	(0.83)	0.07	-	-	(0.76)
	<b>(195.00)</b>	<b>12.32</b>	<b>-</b>	<b>-</b>	<b>(182.68)</b>	<b>13.55</b>	<b>-</b>	<b>-</b>	<b>(169.19)</b>
<b>Deferred tax assets</b>									
Unabsorbed loss carried forward	62.73	(12.35)	-	-	50.38	(0.66)	-	-	49.72
Related to premium on redemption of debenture	33.56	(1.43)	14.25	-	46.38	9.18	(31.88)	-	23.68
Others	9.64	1.01	-	(0.34)	10.31	2.10	0.44	0.42	13.27
MAT credit entitlement	6.85	0.10	-	-	6.95	3.13	-	-	10.08
	<b>112.78</b>	<b>(12.67)</b>	<b>14.25</b>	<b>(0.34)</b>	<b>114.02</b>	<b>13.75</b>	<b>(31.43)</b>	<b>0.42</b>	<b>96.75</b>
<b>Net deferred tax (assets)</b>	<b>(82.22)</b>	<b>(0.35)</b>	<b>14.25</b>	<b>(0.34)</b>	<b>(68.66)</b>	<b>27.30</b>	<b>(31.43)</b>	<b>0.42</b>	<b>(72.39)</b>

The Group has carried forward losses against which deferred tax asset has not been recognised.

	As At March 31, 2018 ₹ Crores	Will expire in FY
Unabsorbed business loss	3.91	2020-21
Unabsorbed business loss	10.42	2022-23
Unabsorbed business loss	6.95	2023-24
Unabsorbed business loss	26.69	2024-25
Unabsorbed business loss	105.10	2025-26
Unabsorbed business loss	53.92	2026-27
Unabsorbed business loss	2.06	2031-32
Unabsorbed business loss	0.41	2032-33
Unabsorbed business loss	0.02	2033-34
Unabsorbed business loss	63.26	2034-35
Unabsorbed business loss	27.09	2035-36
Unabsorbed business loss	19.84	2036-37
Unabsorbed business loss	48.60	2037-38
Unabsorbed business loss	454.29	Indefinite life
Unabsorbed depreciation	227.91	Indefinite life
	<b>1,050.47</b>	



## 28. Segment information

### Operating segments:

- The segment information has been prepared in line with the review of operating results by chief operating decision maker (CODM) of Group i.e. the Group Chief Executive and Chairman
- The Group is presently operating as integrated post-production setup. The CODM decides on allocation of the resources to the business taking a holistic view of the entire setup and hence it is considered as representing a single operating segment.

### Geographical information

The Group operates in four principal geographical areas – India (Country of Domicile), United Kingdom, Canada and the United States of America (U.S).

The Group's revenue from continuing operations from external customers by location of customers and information about its non-current assets by location of assets are detailed below:

in ₹ Crores

	Income from service		Segment Non-current assets	
	Year ended March 31, 2018	Period ended March 31, 2017	As at March 31, 2018	As at March 31, 2017
India	324.71	336.59	1,230.30	1,072.33
United Kingdom	914.12	834.36	711.49	666.55
U.S.	251.39	232.00	212.15	310.08
Canada	696.35	694.26	277.22	255.34
Other Countries	40.95	42.41	-	57.04
	2,227.52	2,139.62	2,431.16	2,361.34

\*Non-current assets exclude investments, financial assets and deferred tax assets.

One customer (Previous year: Nil) contributed 10% or more of the group's total revenue for the year ended March 31, 2018.

## 29. Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the net profit / (loss) for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the net profit / (loss) attributable to equity share holders of the parent by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations

in ₹ Crores

	Year ended March 31, 2018	Year ended March 31, 2017
Net (loss) / profit attributable to equity shareholders	(44.40)	95.59
Exceptional items (net of tax)	-	(96.82)
Net loss before exceptional items but after tax	(44.40)	(1.23)
	<b>Number</b>	<b>Number</b>
Weighted average number of equity shares in calculating basic EPS	298,959,213	298,878,974
Weighted average number of equity shares in calculating diluted EPS	*307,845,177	*303,057,990
Earnings per share (before exceptional items)		
Basic EPS (in ₹)	(1.49)	(0.04)
Diluted EPS (in ₹)	(1.49)	(0.04)
Earnings per share (after exceptional items)		
Basic EPS (in ₹)	(1.49)	3.20
Diluted EPS (in ₹)	(1.49)	3.15

\*Potential equity shares are anti-dilutive in nature and hence diluted earning per share is same as basic earning per share.

### 30. Statement of net assets, net profit / loss after tax and other comprehensive income attributable to owners and non-controlling interest.

₹ Crores									
Sr No	Name of entity	Net Assets		Share in Profit / (loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
		as % of consol net assets	Amount	as % of consol profit / loss	Amount	as % of consol profit / loss	Amount	as % of consol profit / loss	Amount
	<b>Parent</b>								
1	Prime Focus Limited	194%	1,117.04	106%	(56.60)	4%	0.11	113%	(56.49)
	<b>Subsidiaries</b>								
	<b>Indian</b>								
2	Prime Focus Technologies Limited	52%	298.89	38%	(20.46)	2%	0.07	41%	(20.39)
3	Prime Focus Visual Effects Private Limited	0%	0.00	0%	(0.00)	0%	-	0%	(0.00)
4	GVS Software Private Limited	5%	26.48	0%	(0.00)	0%	-	0%	(0.00)
5	PF Motion Pictures Limited	(0)%	(0.01)	0%	(0.00)	0%	-	0%	(0.00)
6	Prime Focus 3D India Private Limited	0%	0.05	0%	(0.00)	0%	-	0%	(0.00)
7	Gener8 India Media Services Limited	(10)%	(55.50)	22%	(11.87)	16%	0.50	23%	(11.37)
8	DNEG Creative Services Private Limited	40%	229.97	4%	(2.17)	(24)%	(0.74)	6%	(2.91)
9	Prime Focus Academy of Media & Entertainment Studies Private Limited	3%	15.84	(2)%	0.91	0%	-	(2)%	0.91
10	Double Negative India Private Limited	0%	2.33	(4)%	2.20	(5)%	(0.14)	(4)%	2.06
	<b>Foreign</b>								
11	Prime Focus Technologies UK Limited	4%	24.35	2%	(0.86)	0%	-	2%	(0.86)
12	Prime Focus Technologies, Inc.	3%	15.27	(58)%	30.73	0%	-	(61)%	30.73
13	Prime Post Europe Limited	(0)%	(1.31)	(7)%	3.76	0%	-	(8)%	3.76
14	DAX PFT LLC	11%	60.79	(13)%	6.75	0%	-	(13)%	6.75
15	DAX Cloud ULC	(0)%	(1.61)	11%	(6.01)	0%	-	12%	(6.01)
16	De-Fi Media Limited	(46)%	(266.05)	(40)%	21.05	0%	-	(42)%	21.05
17	PF Investments Limited	(0)%	(0.19)	0%	(0.06)	0%	-	0%	(0.06)
18	PF Overseas Limited	(0)%	(0.39)	0%	(0.06)	0%	-	0%	(0.06)
19	PF World Limited	106%	612.76	(6)%	3.28	0%	-	(7)%	3.28
20	Prime Focus Luxembourg S.a.r.l.	15%	89.08	7%	(3.60)	0%	-	7%	(3.60)
21	Prime Focus 3D Cooperatief U.A.	39%	222.77	1%	(0.63)	0%	-	1%	(0.63)
22	Prime Focus Malaysia Sdn. Bhd.	0%	0.03	0%	(0.02)	0%	-	0%	(0.02)
23	Reliance Lowry Digital Imaging Services Inc.	(19)%	(109.27)	(0)%	0.26	0%	-	(1)%	0.26
24	Reliance MediaWorks (Mauritius) Limited	29%	168.44	10%	(5.22)	0%	-	10%	(5.22)
25	Prime Focus World N.V.	29%	167.76	161%	(86.13)	0%	-	172%	(86.13)
26	Prime Focus International Services UK Limited	11%	60.86	(89)%	47.38	0%	-	(95)%	47.38
27	DNEG North America Inc.	59%	339.09	8%	(4.51)	0%	-	9%	(4.51)
28	1800 Vine Street LLC	10%	59.12	0%	(0.00)	0%	-	0%	(0.00)
29	Prime Focus Creative Services Canada Inc.	(10)%	(59.69)	66%	(35.04)	0%	-	70%	(35.04)
30	Gener8 Digital Media Services Limited	8%	45.24	18%	(9.67)	0%	-	19%	(9.67)
31	Vegas II VFX Limited	(2)%	(11.00)	3%	(1.68)	0%	-	3%	(1.68)
32	Prime Focus VFX USA, Inc.	(0)%	(1.65)	0%	-	0%	-	0%	-
33	Prime Focus ME Holdings Limited	18%	105.16	2%	(0.83)	0%	-	2%	(0.83)



₹ Crores									
Sr No	Name of entity	Net Assets		Share in Profit / (loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
		as % of consol net assets	Amount	as % of consol profit / loss	Amount	as % of consol profit / loss	Amount	as % of consol profit / loss	Amount
34	Prime Focus China Limited	0%	-	0%	-	0%	-	0%	-
35	Prime Focus (HK) Holdings Limited	(1)%	(6.47)	0%	-	0%	-	0%	-
36	Prime Focus World Malaysia Sdn. Bhd.	0%	0.01	0%	(0.02)	0%	-	0%	(0.02)
37	Prime Focus Creative Services Montreal Inc.	0%	0.06	(0)%	0.06	0%	-	(0)%	0.06
38	Gener8 Digital Media Services Montreal Limited	4%	20.42	(38)%	20.41	0%	-	(41)%	20.41
39	Double Negative Holdings Limited	(0)%	(0.00)	0%	-	0%	-	0%	-
40	Double Negative Limited	(15)%	(87.77)	(234)%	124.41	0%	-	(248)%	124.41
41	Double Negative Singapore Pte Limited	0%	2.43	0%	(0.05)	0%	-	0%	(0.05)
42	Double Negative Canada Productions Limited	(1)%	(6.63)	(15)%	7.78	0%	-	(16)%	7.78
43	Double Negative Huntsman VFX Limited	(1)%	(4.31)	2%	(1.09)	0%	-	2%	(1.09)
44	Double Negative Films Limited	(8)%	(47.72)	84%	(44.87)	0%	-	90%	(44.87)
45	Double Negative LA LLC	(0)%	(1.49)	(1)%	0.55	0%	-	(1)%	0.55
46	Double Negative Montreal Production Limited	5%	28.66	(54)%	28.65	0%	-	(57)%	28.65
			3,051.84		6.73		(0.20)		6.53
	Add/(Less): Effects of Inter Company adjustments / eliminations	(409)%	(2,352.87)	96%	(51.13)	12%	3.72	95%	(47.41)
	Less: Minority Interest in all subsidiaries	(21)%	(123.38)	17%	(8.79)	(15)%	(0.45)	18%	(9.23)
			575.58		(53.19)		3.07		(50.11)

The value 0.00 means amount is below ₹ 50,000

### 31. Employee benefit plans

#### a. Defined contribution plans

The total amount recognised in profit or loss is ₹ 99.70 Crores (Year ended March 31, 2017 ₹ 70.89 Crores), which is included in note 23 as 'Contribution to Provident Fund and Other Funds'

#### b. Defined benefit plans

The Group sponsors defined benefit plans for qualifying employees. The defined benefit plans are administered by the Group directly. Under the plans, the employee are entitled to a lump-sum payment upon retirement from the services of the Group. An employee becomes eligible to receive payment upon completion of 5 years of service at the rate of 15 days of service for each completed year of service.

These plans typically expose the Group to actuarial risks such as; investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however this will be partially offset by an increase in the return on the plan's investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such an increase in the salary of the plan participants will increase the plan's liability.



No other post-retirement benefits are provided to the employees.

The Group had funded and unfunded plans till the previous year. During the year, the component having funded plan has discontinued such plan.

In respect of the plan in India, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out by an external expert, who is a duly registered actuary. The present value of the defined benefit obligation, the related current service cost and past service cost, were measured using the projected unit credit method.

**I. Reconciliation of opening and closing balances of defined benefit obligation:**

₹ Crores

	Funded		Unfunded	
	March 2018	March 2017	March 2018	March 2017
Defined benefit obligation at the beginning of the year	0.44	0.20	7.68	5.77
Scheme reclassified to Unfunded	(0.44)	-	0.44	-
Interest cost	-	0.02	0.62	0.46
Current service cost	-	0.24	3.48	2.98
Past service cost	-	-	0.11	-
Benefit paid directly by the employer	-	-	(0.70)	(0.62)
Actuarial (gains)/losses on obligations - due to change in demographic assumptions	-	-	(0.08)	-
Actuarial (gains)/losses on obligations - due to change in financial assumptions	-	0.04	1.72	0.27
Actuarial (gains)/losses on obligations - due to experience	-	(0.06)	(0.94)	(1.16)
<b>Present value of benefit obligation at the end of the year</b>	<b>-</b>	<b>0.44</b>	<b>12.33</b>	<b>7.69</b>

**II Reconciliation of opening and closing balances of fair value of plan assets:**

₹ Crores

	Funded		Unfunded	
	March 2018	March 2017	March 2018	March 2017
Fair value of plan assets at the beginning of the year	0.49	0.45	-	-
Interest income	-	0.04	-	-
Scheme reclassified to Unfunded	(0.49)	-	-	-
Return on the plan assets, excluding other income	-	-	-	-
<b>Present value of benefit obligation at the end of the year</b>	<b>-</b>	<b>0.49</b>	<b>-</b>	<b>-</b>

**III Reconciliation of fair value of assets and obligations:**

₹ Crores

	Funded		Unfunded	
	March 2018	March 2017	March 2018	March 2017
Present value of benefit obligation at the end of the year	-	(0.44)	(12.33)	(7.69)
Fair value of plan assets at the end of the year	-	0.49	-	-
<b>Net (liability)/asset recognized in the balance sheet</b>	<b>-</b>	<b>0.05</b>	<b>(12.33)</b>	<b>(7.69)</b>

**IV Expenses recognised in Statement of Profit and Loss during the year**

₹ Crores

	Funded		Unfunded	
	March 2018	March 2017	March 2018	March 2017
Current service cost	-	0.24	3.48	2.98
Net interest cost	-	0.02	0.62	0.46
Past service cost	-	-	0.11	-
<b>Expenses recognized</b>	<b>-</b>	<b>0.26</b>	<b>4.21</b>	<b>3.44</b>



## V Expenses recognised in the other comprehensive income (OCI)

₹ Crores

	Funded		Unfunded	
	March 2018	March 2017	March 2018	March 2017
Actuarial (gains)/losses on obligation for the year	-	(0.02)	0.70	(0.90)
Return on plan assets, excluding Interest Income	-	0.00	0.03	-
<b>Net (income) / expense for the year recognized in OCI</b>	<b>-</b>	<b>(0.02)</b>	<b>0.73</b>	<b>(0.90)</b>

## VI. Actuarial assumptions

	Funded		Unfunded	
	March 2018	March 2017	March 2018	March 2017
Expected return on plan assets	N.A.	N.A.		N.A.
Rate of discounting	N.A.	7.29%	7.73%-7.87%	7.57%-7.95%
Rate of salary increase	N.A.	5.00%	5.00%	5.00%
Rate of employee turnover	N.A.	5.00%	For Service 4 years and below 10.00% p.a. For Service 5 years and above 2.00% p.a.	2.00%
Mortality rate during employment	N.A.	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Mortality rate after employment	N.A.	N.A.	N.A.	N.A.

1. The discount rate is based on the prevailing market yields of the Government of India bonds as at the Balance Sheet date for the estimated term of the obligations
2. The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.
3. The Expected Rate of Return on Plan Assets is determined considering several applicable factors, mainly the composition of Plan Assets held, assessed risks, historical results of return on Plan Assets and the Group's policy for Plan Assets Management.

## VII Sensitivity analysis of the defined benefit obligations

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

₹ Crores

	March 31, 2018		March 31, 2017	
	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate (1% movement)	(1.70)	2.10	(1.10)	1.36
Future salary appreciation (1% movement)	2.08	(1.73)	1.38	(1.14)
Attrition rate (1% movement)	0.18	(0.24)	0.22	(0.28)

## 32. Financial instruments

### a. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group management sets the amounts of capital required in proportion to risk. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets.

The capital structure of the Group consists of borrowings offset by cash and bank balances, share warrants and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as detailed in statement of changes in shareholders' equity). The debt equity ratio for current year is 3.00 as on March 31, 2018 (2.62 as on March 31, 2017).

During the year, the Group's strategy was to monitor and manage the use of funds whilst developing business strategies and marketing.

**b. Financial risk management**

A wide range of risks may affect the Groups's business and financial results. Amongst other risks that could have significant influence on the Group are market risk, credit risk and liquidity risk.

The Board of Directors manage and review the affairs of the Group by setting up short term and long-term budgets by monitoring the same and taking suitable actions to minimise potential adverse effects on its operational and financial performance.

**c. Credit risk management**

Credit risk is the risk of financial loss to the Group if a client or counter-party to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from clients and cash. Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis.

The Group has a low credit risk in respect of its trade receivables, its principal customers being reputed production houses, national broadcasters and major organisations which the Group has worked with for number of years. However, as the Group grows its customer base and works with more independent producers it will experience an increased credit risk environment. The Group is also exposed to credit risk in respect of its cash and seeks to minimise this risk by holding funds on deposit with banks and others.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 890.61 Crores and ₹ 735.28 Crores as at March 31, 2018 and March 31, 2017 respectively, being the total of the carrying amount of the balances with banks, bank deposits, investments (excluding equity and preference investments), trade receivables, unbilled revenue and other financial assets.

The Group's exposure to customers is diversified and no single customer contributes to more than 10% of outstanding trade receivables and unbilled revenue as at March 31, 2018 and March 31, 2017.

**d. Liquidity risk management**

Liquidity risk refers to the risk that the Company may not be able to meet its financial obligations timely.

Management monitors rolling forecasts of the Company's liquidity position (comprising of undrawn bank facilities and cash and cash equivalents) on the basis of expected cash flows. This monitoring includes financial ratios and takes into account the accessibility of cash and cash equivalents. The Company manages the liquidity risk by maintaining adequate funds in cash and cash equivalent. The Company also has adequate credit facilities agreed with banks and others to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost effective manner.

The table below analyses the maturity profile of the Company's financial liabilities. The following break up is based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	₹ Crores	
	March 31, 2018	
	Less than 1 year	More than 1 year
<b>Financial Liabilities</b>		
Borrowings	353.95	926.86
Other financial liabilities	683.22	129.54
Trade payables	164.39	-
	<b>1,201.56</b>	<b>1,056.40</b>



	March 31, 2017	
	Less than 1 year	More than 1 year
<b>Financial Liabilities</b>		
Borrowings	158.39	909.16
Other financial liabilities	525.42	321.45
Trade payables	129.65	-
	<b>813.46</b>	<b>1,230.61</b>

**e. Market risk**

The primary market risks to which the Group is exposed are foreign currency and interest rate risk.

**i. Foreign currency risk management**

Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar, Euro, Great Britain Pound, Australian Dollar, Singapore Dollar and Emirati Dirham against the respective functional currencies of Prime Focus Limited and its subsidiaries.

The following analysis has been worked out based on the net exposures for each of the subsidiaries and Prime Focus Limited as of the date of Balance sheet which could affect the statement of profit and loss and other comprehensive income and equity.

The following table sets forth information relating to foreign currency exposure:

Particulars	Foreign Currency Denomination	As at March 31, 2018		As at March 31, 2017	
		Foreign Currency	₹ Crores	Foreign Currency	₹ Crores
<b>Asset</b>	AED	30,969	0.05	29,791	0.05
	AUD	387,068	1.93	56,274	0.28
	CAD	7,027,053	35.29	5,075,690	24.64
	EUR	294,355	2.35	813,778	5.63
	GBP	21,136,034	191.93	7,827,717	63.26
	KES	71,085	0.00	71,085	0.01
	SGD	2,253,208	11.12	-	-
	USD	135,001,081	875.12	48,856,972	316.22
	ZAR	-	-	3,146,898	1.57
<b>Asset Total</b>			<b>1,117.79</b>		<b>411.66</b>
<b>Liability</b>	AED	-	-	61,380	0.11
	AUD	5,300	0.03	38,257	0.19
	CAD	10,780,730	54.16	7,381,272	35.84
	EUR	789,023	6.30	1,336,039	9.24
	GBP	22,017,058	200.38	17,233,666	139.28
	INR	923,000	0.09	-	-
	SGD	2,251,305	11.11	2,218,736	10.27
	USD	157,954,515	1,023.91	100,509,689	650.53
<b>Liability Total</b>			<b>1,295.98</b>		<b>845.46</b>

5% appreciation/ depreciation of respective foreign currencies with respect to functional currency of Prime Focus Limited and its subsidiaries would result in decrease/ increase in the Group's profit before tax by approximately ₹ 8.89 Crores for the year ended March 31, 2018 [March 31, 2017: ₹ 21.69 Crores]. This sensitivity analysis includes only outstanding foreign currency denominated monetary items.

**ii. Interest rate risk management**

The Group is exposed to interest rate risk because the entities in the group borrow funds at both fixed and floating interest rates. The



risk is managed by the group by maintaining an appropriate mix between fixed and floating rate borrowings. The sensitivity analysis for exposure to interest rates on borrowings as at the end of the reporting period indicates that a 50 basis point increase in floating interest rates on such borrowings would have decreased equity and profit for the year by ₹ 5.80 Crores and ₹ 3.63 Crores for March 2018 and March 2017 respectively and a 50 basis point decrease in floating interest rates on such borrowings would have increased equity and profit by the same amount respectively.

**f. Fair value measurements**

**i. Accounting classifications and fair values**

The following table shows the fair values of financial assets and financial liabilities, including their levels in fair value hierarchy.

in ₹ Crores

	Carrying value			Fair value	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	Fair value hierarchy
<b>FINANCIAL ASSETS</b>					
<b>Financial assets measured at fair value</b>					
Investments	4.25	3.99	4.25	3.99	LEVEL 3
Derivatives - forward contract exchange contracts	-	6.30	-	6.30	LEVEL 2
Revenue participation in movies	8.10	9.16	8.10	9.16	LEVEL 3
<b>Financial assets measured at amortised cost</b>					
Deposits	22.23	70.21	-	-	
Trade receivables	344.80	269.39	-	-	
Cash and cash equivalents	79.46	105.99	-	-	
Bank balance others	12.59	19.93	-	-	
Other financial assets	423.58	254.40	-	-	
	<b>895.01</b>	<b>739.37</b>	<b>12.35</b>	<b>19.45</b>	
<b>FINANCIAL LIABILITIES</b>					
<b>Financial liabilities measured at fair value</b>					
Class B Convertible Redeemable Preferred Share Derivative	15.82	8.51	15.82	8.51	LEVEL 3
OCD and NCD derivative	-	8.45	-	8.45	LEVEL 3
Interest rate swaps	-	0.04	-	0.04	LEVEL 2
Derivatives - forward contract exchange contracts	0.06	1.86	0.06	1.86	LEVEL 2
Contingent consideration	8.99	10.83	8.99	10.83	LEVEL 3
<b>Financial liabilities measured at amortised cost</b>					
Class B Convertible Redeemable Preferred Shares	82.23	76.47	-	-	
Borrowings	1,724.99	1,474.55	-	-	
Deferred consideration	29.58	119.88	-	-	
Trade payables	164.39	129.65	-	-	
Other financial liabilities	231.90	213.83	-	-	
	<b>2257.96</b>	<b>2,044.07</b>	<b>24.86</b>	<b>29.69</b>	

(Financial Assets)/Financial Liabilities		Fair Value as at 31-Mar-18		Fair Value hierarchy		Valuation techniques and key inputs		Significant inputs		unobservable inputs to fair value		Relationship of unobservable inputs to fair value	
Forward contracts for receivables from customers		-		Level 2		Forward rate quotes for same periods obtained from Bankers		None		Not applicable			
Revenue participation in movies		(8.10)		Level 3		Undiscounted cash flow based on estimated theatrical box office performance		Future estimated theatrical box office performance. These estimates are based on available historical market information in respect of the actual performance of the films deemed to be generally comparable		Higher the discount rate, lower the fair value		Higher the discount rate, lower the fair value	
<b>Total Financial Assets</b>		<b>(4.25)</b>		<b>Level 3</b>		<b>Discounted cash flows</b>		<b>Discount rate and probable cash flows</b>		<b>Higher the discount rate, lower the fair value</b>			
Optionally Convertible Debentures Derivative Non-Convertible Debentures		-		Level 3		Third party valuation using Probability Expected Return Methodology ("PWERM")		Probability of expected return		The higher the expected returns, the higher the fair value. The higher the discount rate, the lower the fair value			
Derivatives for Redeemable Convertible Preferred Shares Class A and B		15.82		Level 3		Third party valuation using Probability Expected Return Methodology ("PWERM")		Probability of expected return		The higher the expected returns, the higher the fair value. The higher the discount rate, the lower the fair value			
Forward contracts for receivables from customers		0.06		Level 2		Forward rate quotes for same periods obtained from Bankers		None		Not applicable			
Contingent consideration		8.99		Level 3		Discounted cash flow method was used to capture present value		Risk-adjusted discount rate of 7% and 12%		An increase in discount rate used would result a significant decrease in fair value			
Interest rate swaps		-		Level 2		Based on valuation model using market quoted rate at the end of the year		Not applicable		Not applicable			
<b>Total Financial Liabilities</b>		<b>24.87</b>								<b>29.69</b>			



### Reconciliation of Level 3 fair values\*

in ₹ Crores

<b>Opening balance as at March 31, 2016 (Financial liabilities)*</b>	<b>217.81</b>
Mark to Market change in embedded derivative of Preferred shares Class A and Class B, Optionally convertible Debentures and Non-Convertible Debentures recognised in Profit or Loss (net of settlements)*	(158.44)
Contingent consideration for acquisition (net of payments)	(31.58)
<b>Closing balance as at March 31, 2017 (Financial liabilities)*</b>	<b>27.79</b>
Mark to Market change in embedded derivative of Preferred shares Class B, Optionally convertible Debentures and Non-Convertible Debentures recognised in Profit or Loss (net of settlements)	(1.14)
Contingent consideration for acquisition (net of payments)	(1.84)
<b>Closing balance as at March 31, 2018 (Financial liabilities)</b>	<b>24.81</b>
<b>Opening balance as at March 31, 2016 (Financial assets)</b>	<b>(91.23)</b>
Sale of Investment (net of exchange fluctuation)	84.77
Payments made for revenue participation in movies (net)	(6.69)
<b>Closing balance as at March 31, 2017 (Financial assets)</b>	<b>(13.15)</b>
Exchange fluctuation in Investment	(0.26)
Payments made for revenue participation in movies (net)	1.06
<b>Closing balance as at March 31, 2018 (Financial assets)</b>	<b>(12.35)</b>

\*Restated (refer note 40)

## 33. Share based payments

33.1. During the financial year 2014-15, the Board of Directors of the Company and its Shareholders' approved a share option plan and reserved 17,932,738 common shares for issuance thereunder. During the financial year 2016-17, options totalling to 17,932,738 ordinary shares were granted to certain identified eligible employees of the Company. Detailed description of share based payment arrangements is as below:

(a) Date of shareholders' approval	August 1, 2014
(b) Total number of options approved under ESOS	17,932,738
(c) Vesting requirements	Out of the total options granted, 45.88% options vest after 1st year, 45.88% options vest after 2nd year and 8.24% options vest after 3rd year from the date of respective grant.
(d) Exercise price or pricing formula	₹ 52
(e) Maximum term of options granted	2 years from each vesting date
(f) Source of shares (primary, secondary or combination)	Primary
(g) Variation in terms of options	No Variation

The weighted average fair value of the share option granted during the financial year 2016-17 is ₹32.26/-. Options were priced using a Black Sholes Merton Formula pricing model. Where relevant, the expected life used in this model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behaviour considerations. Expected volatility is based on historical sale price volatility of comparable companies in the industry over the expected life of 2 – 4 years.

Inputs into the model were as follows:

(a) Grant date share price	₹ 68.35
(b) Exercise Price	₹ 52.00
(c) Expected Volatility	49.67 – 46.62%
(d) Expected life	2 – 4 years
(e) Dividend yield	-
(f) Risk free interest rate	6.85% to 6.97%



Reconciliation of outstanding share options:

	March 31, 2018		March 31, 2017	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at April 1	17,932,738	52.00	-	-
Granted during the period	-	-	17,932,738	52.00
Forfeited / lapsed during the year	-	-	-	-
Exercised during the year	286,671	52.00	-	-
Outstanding at March 31	17,646,067	52.00	17,932,738	52.00
Exercisable at March 31	7,940,908	52.00	-	-

Fair value of 8,227,579 options vested during the year is ₹ 24.35 Crores (previous year ₹ Nil)

Money realised by exercise of option during the year is ₹ 1.49 Crores (previous year ₹ Nil)

The options outstanding at March 31, 2018 have an exercise price of ₹52/- (March 31, 2017: ₹ 52/-) and a weighted average remaining contractual life of 2 years (March 31, 2017: 3 years)

Weighted average share price at the date of the exercise of share options exercised in 2017-18 is ₹ 99.60 (previous year not disclosed as no shares were exercised during this year)

33.2.. During fiscal year 2014, the Board of Directors and Shareholders' of PFWNV (Prime Focus World NV) approved a share option plan for PFWNV and reserved 973,285 common shares for issuance thereunder.

Pursuant to such plan, Equity settled options totalling 408,586 ordinary shares were granted to certain executives and members of the Board of Directors of PFWNV and 57,429 cash settled options - Phantom stock options were issued to certain key employees in earlier year(s). During the current year, PFWNV granted 250,000 equity settled options to certain key employees.

(i) Equity settled options :

Each equity settled share option converts into one ordinary share of PFWNV on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of the expiry.

The following equity settled share options were in existence during the current year:

	Number	Grant date	Expiry date	Exercise Price per share	Fair value at grant date
Grant 1	408,586	1-Jul-2013	1-Jul-2023	\$ 13.13	\$ 8.92-9.31
Grant 2	250,000	15-Aug-2017	15-Aug-2027	\$ 88.50	\$ 3.48

All of the above options from Grant 1 are fully vested and exercisable over a period of ten years from the date of grant, or ninety days after the resignation of the optionee, if not exercised. All of the above options from Grant 2 vest equally over the period of 3 years and exercisable only upon listing of PFWNV shares on certain stock exchanges subject to some conditions.

Movement in equity settled shares options during the current year

	Fiscal year 2018		Fiscal year 2017	
	Numbers of options	Weighted average exercise price	Numbers of options	Weighted average exercise price
Balance at beginning of year	408,586	\$ 13.13	408,586	\$ 13.13
Granted during the year	250,000	\$ 88.50	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Balance at the end of the year	658,586	\$ 41.74	408,586	\$ 13.13
Exercisable at the end of the year	408,586	\$ 13.13	408,586	\$ 13.13



The average remaining contractual life in respect of share-based options is 2490 days (2017: 2283 days)

250,000 equity settled options were granted during the year. The grant date fair value of the share options granted during the year is \$ 3.48. Using a Monte Carlo option pricing model, Company has estimated payoffs based on future enterprise value of the Group and IPO or change of control trigger points, which are discounted at the valuation date to derive the value of option.

**Inputs into the model for fair valuation of grants during the year:**

Grant date share price	\$ 87.96
Exercise price	\$ 88.50
Dividend	-
Volatility	20.7%
Risk free interest rate	0.23 – 0.50%

(ii) Cash settled stock options

The Board of Directors approved grant of 57,429 cash settled options on 27 June 2017, which vest over a period of 48 months to 60 months from October 1, 2014 and expire within ten years from the aforesaid date. Out of the above, 6,502 options were forfeited, and the balance options were 50,927.

The following are the cash-settled share-based payment arrangements:

	Number	Expiry date	Excise Price per share	Fair value as at reporting date
Grant	57,429	September 30, 2024	€ 0.01	\$ 5.88

	Fiscal year 2018		Fiscal year 2017	
	Numbers of options	Weighted average exercise price	Numbers of options	Weighted average exercise price
Balance at beginning of year	-	-	-	-
Granted during the year	57,429	€0.01	-	-
Forfeited during the year	6,502	€0.01	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Balance at the end of the year	50,927	€0.01	-	-
Exercisable at the end of the year	-	-	-	-

The average remaining contractual life in respect of share-based options is 2375 days (2017 : Nil)

In case of phantom stock options, the participants are entitled to a cash payment amounting to the difference between the exercise price of the options and the exit proceeds allocated to each share underlying the options in case of an employee continuing employment and change of control or listing of PFWNV on certain stock exchange subject to some conditions.

The fair value as on reporting date of the share options granted is \$ 4.48. Using a Monte Carlo option pricing model, Company has estimated payoffs based on future enterprise value of the Group and IPO or change of control trigger points, which are discounted at the valuation date to derive the value of option.



**Inputs into the model were as follows:**

Reporting date share price	\$ 100.40
Exercise price	€ 0.01
Dividend	-
Volatility	20.3%
Risk free interest rate	0.427%

33.3. PFT ("Prime Focus Technologies Limited"), a subsidiary of the Company, has granted employee stock options under employee's stock options scheme. Each option entitles the holder to one equity share of ₹ 10 each. 1,90,970 options were outstanding as at March 31, 2018 (Previous year 2,03,019). 47,091 (Previous year 2,186) options were granted during the year. From options granted, 79,954 were vested during the year (Previous year 55,189).

The current status of the stock options granted to the Employees is as under:

Particulars	March 31, 2018		March 31, 2017	
	Numbers of options	Weighted average exercise price	Numbers of options	Weighted average exercise price
Outstanding at the beginning of the year	203,019	2,415	212,303	2,462
Granted during the year	47,091	3,996	2,186	3,996
Lapsed/ forfeited during the year	59,140	2,823	9,052	2,308
Exercised during the year	-	-	2,418	263
Expired during the year	-	-	-	-
Outstanding at the end of the year	190,970	2,679	203,019	2,415
Exercisable at the end of the year	113,165	2,043	90,058	1,895

For stock options outstanding as at March 31, 2018 the range of exercise price is ₹ 263 to ₹ 4,478 and weighted average remaining contractual life is 3.5 years

Weighted average fair value of options granted during the year is ₹ 1,140

Following are details with regard to determination of the fair value of stock options:

Option Pricing Model used – Black-Scholes-Merton formula

Weighted average fair value of share – ₹ 3,603.50 per share

Expected volatility – 26.3% - 29%

Option life – 4 - 7 years

Expected dividends – 0% yield

Risk-free interest rate – 6.64% – 6.94% p.a.

No options were exercised in 2017-18

Weighted average share price at the date of exercise of share options exercised in 2016-17 was ₹ 3,821.20 )

**Expenses recognised in Statement of Profit and Loss:**

The Group has followed the fair value method to account for the grant of stock options, profit and loss impact for the year ended March 31, 2018 is ₹ 34.79 Crores (previous period ₹ 25.67 Crores)

## 34. Related party transactions

List of related parties with whom transactions have taken place during the year

### i. Key management personnel (KMP)

Mr. Naresh Malhotra – Whole-time Director

Mr. Ramakrishnan Sankaranarayanan – Managing Director

Mr. Namit Malhotra – CEO, Chairman and Executive Director

Mr. Nishant Fadia – CFO of the Company (w.e.f. February 15, 2018)

Mr. Vikas Rathee – CFO (resigned as CFO of the Company w.e.f. February 14, 2018)

Ms. Parina Shah – Company Secretary

### ii. Enterprises owned or significantly influenced by Key Management Personnel or their relatives

Blooming Buds Coaching Private Limited

N2M Reality Private Limited

Monsoon Studio Private Limited

### iii. Enterprises exercising significant influence over the Company

Standard Chartered Private Equity (Mauritius) Limited

Standard Chartered Bank

#### (i) Key Management Personnel \*

₹ Crores

	Year ended March 31, 2018	Year ended March 31, 2017
<b>Remuneration</b>		
Mr. Naresh Malhotra	0.60	0.60
Mr. Ramakrishnan Sankaranarayanan	1.41	0.91
Mr. Namit Malhotra	8.15	6.06
Mr. Vikas Rathee	3.45	2.30
Mr. Nishant Fadia	0.07	-
Ms. Parina Shah	0.23	0.21

₹ Crores

	As at March 31, 2018	As at March 31, 2017
<b>Balance payable / (receivable)</b>		
Mr. Naresh Malhotra	0.05	0.05
Mr. Ramakrishnan Sankaranarayanan	-	0.15
Mr. Namit Malhotra	2.13	3.93
Mr. Vikas Rathee	(0.34)	0.04
Mr. Nishant Fadia	0.05	-
Ms. Parina Shah	0.02	0.02



(ii) Enterprises owned or significantly influenced by key management personnel or their relatives

₹ Crores

	Year ended March 31, 2018	Year ended March 31, 2017
<b>Rent</b>		
Blooming Bud Coaching Private Limited	4.09	4.10
<b>Share warrant</b>		
Monsoon Studio Private Limited	75.00	-

₹ Crores

	As at March 31, 2018	As at March 31, 2017
<b>Balance outstanding</b>		
<b>Deposit</b>		
Blooming Buds Coaching Private Limited	5.30	5.30
<b>Capital advance</b>		
N2M Reality Private Limited	26.50	26.50

(iii) Enterprises with significant influence over the Company

₹ Crores

	Year ended March 31, 2018	Year ended March 31, 2017
<b>Loan (repayments) / taken, net</b>		
Standard Chartered Bank	(13.34)	4.14
<b>Finance costs</b>		
Standard Chartered Bank	0.35	1.97
<b>Premium on NCD</b>		
Standard Chartered Private Equity (Mauritius) Limited	32.33	39.46
<b>NCD repaid (including premium)</b>		
Standard Chartered Private Equity (Mauritius) Limited	187.98	-

₹ Crores

	As at March 31, 2018	As at March 31, 2017
<b>Balance outstanding</b>		
<b>Loan outstanding</b>		
Standard Chartered Bank	-	12.90
<b>Bank Balance in current account</b>		
Standard Chartered Bank	0.00	0.00
<b>Non-convertible debentures</b>		
Standard Chartered Private Equity (Mauritius) Limited	89.10	190.10
<b>Premium on NCD accrued</b>		
Standard Chartered Private Equity (Mauritius) Limited	87.63	142.28

The value 0.00 means amount is below ₹ 50,000/-

\*Naresh Malhotra and Namit Malhotra (promoters) have given personal guarantees individually / jointly and have pledged part of their shareholdings for borrowings obtained by the Group (Refer note 14 and 19)



**Notes :**

- The figures of Key management personnel do not include provisions for gratuity / other employee benefit as separate actuarial valuation not available. Under ESOP Scheme 2014, 1,030,000 options were granted to Key management personnel in previous year, of which 10,000 options were exercised by Key management personnel during the year. The stock options outstanding for KMP's as at March 31, 2018 is 2,770,000 and employee stock option expense for the year March 31, 2018 is ₹ 1.62 Crores (previous year ₹ 1.52 Crores).
- Under ESOP scheme of the subsidiaries 330,422 options were granted to KMPs (previous year 2,75,422) and employee stock option expense for the year March 31, 2018 is ₹ 0.50 Crores (previous year ₹ 0.17 Crores)

**Note :** All contracts / arrangements with related parties are at arms length

### 35. Operating lease arrangement

The Company has taken certain premises on cancellable and non-cancellable operating lease basis. The tenure of the lease ranges from 11 to 180 months.

Amount of lease rental charged to the Statement of Profit and Loss in respect of cancellable operating leases is ₹ 33.09 Crores (Previous year: ₹ 37.53 Crores).

Amount of lease rental charged to the Statement of Profit and Loss in respect of non-cancellable operating leases is ₹ 70.84 Crores (Previous year: ₹ 57.32 Crores).

The future minimum lease payments under non-cancellable operating lease are under:

	in ₹ Crores	
	As at March 31, 2018	As at March 31, 2017
Lease Payments due within one year	73.67	52.28
Lease Payments due later than one year and not later than five years	243.33	164.47
Lease Payments due later than five years	408.13	357.73
	<b>725.13</b>	<b>574.48</b>

### 36. Commitments

	in ₹ Crores	
	As at March 31, 2018	As at March 31, 2017
Estimated amount of contracts remaining to be executed on capital account net of advances, and not provided for:	6.90	7.21

### 37. Contingent liabilities

	in ₹ Crores	
	As at March 31, 2018	As at March 31, 2017
i <u>Income Tax matters under dispute *</u> Relates to demands raised by the income tax authorities for various assessment years mainly on account of disallowances of depreciation on computer based assets, additions under the Transfer Pricing provisions and Tax deducted at source (TDS) amounts	0.67	15.31



		in ₹ Crores	
		As at March 31, 2018	As at March 31, 2017
* in the above matter, the Company is hopeful of succeeding and as such does not expect any significant liability to crystalize.			
ii	Guarantees given by the Group	73.83	437.77
iii	Earn outs and performance linked consideration payable for business acquisitions	-	6.47
iv	Disputed Cess Tax Demand pending with Deputy Commissioner, Navi Mumbai Municipal Corporation-Cess Department. The Company believes, being an SEZ unit it is fully exempt from payment of Octroi/Cess Tax as per Maharashtra IT-ITEs policy, 2009. The amount of ₹ 9,656,175/- deposited, as Tax demand under protest, for the purpose of admission of Appeal is reflected as Other Loans and Advances.	5.37	5.37
v	Claims against the Company not acknowledged as debts	61.58	62.79

38. Vide Business Transfer Agreement dated November 19, 2014 between the Company, Reliance Media Works Limited (RMW) and Reliance Land Private Limited, the Company acquired RMW's film and media services business for consideration other than cash. Upon receipt of necessary statutory approvals, with effect from April 07, 2015, net assets of films and media services business including investments and loans in subsidiaries were transferred to and recorded by the company. Further in accordance with the said Agreement, the transfer of BOT Agreement pertaining to the Studio including other business assets and liabilities related to the BOT Agreement ("Studios") and debt facilities of ₹ 200 Crores were to be effected post receipt of the necessary additional approvals. Pending receipt of the additional approvals, the Studios' and the debt facilities have not been transferred to and recorded by the Company. However, based on the mutual understanding with RMW, the Company, continues to operate the Studio, recognize revenue from operations and incurs operating expenses including obligations towards lease rentals and property tax.
39. During the previous year, there was an investment by a Private Equity Investor in PFT of ₹ 60 Crores, by way of Equity Share Capital of ₹ 30 Crores and Compulsorily Convertible Debentures of ₹ 30 Crores. The same has been disclosed as Non-Controlling Interest in Financial Statements.
40. One of the subsidiary has retrospectively adjusted the fair value as at April 01, 2016 and subsequent fair value changes in a derivative liability embedded in a debt contract in the year ended March 31, 2017 resulting in an increase in the non-current financial liability as at April 01, 2016 and a corresponding reduction in other equity by ₹ 14.51 Crores and an increase in the finance cost for the year ended March 31, 2016 by ₹ 14.51 Crores. The Company also retrospectively adjusted finance cost in the year ended March 31, 2017 in respect of extinguishment of a non-current financial liability with the Company's equity and option derivative contract resulting in an increase of ₹ 44.14 Crores in the finance cost for the year ended March 31, 2017. Accordingly Earning per Share for the previous year has been recomputed.

#### Effect of restatement

		in ₹ Crores	
		Effect on Year ended March 31, 2017	Effect on Year ended March 31, 2016
(Increase) in amortisation in respect of preferred shares and change in Fair value of embedded derivative (net) on account of :			
-	Class A convertible redeemable preferred shares	(42.17)	-
-	Class B convertible redeemable preferred shares	(3.85)	(10.01)
-	Class B Convertible redeemable preferred shares derivatives	1.88	(4.50)
<b>(Decrease) in Profit after tax</b>		<b>(44.14)</b>	<b>(14.51)</b>

**Effect of restatement**

in ₹ Crores

	Effect on Year ended March 31, 2017	Effect on Year ended March 31, 2016
Earnings per share - Before restatement		
Basic earnings per share (in ₹)	4.68	
Diluted earnings per share (in ₹)	4.61	
Earnings per share - After restatement		
Basic earnings per share (in ₹)	3.20	
Diluted earnings per share (in ₹)	3.15	
<b>Other equity excluding non-controlling interest</b>		
Increase in Securities premium	42.17	-
(Decrease) in Retained earnings	(58.65)	(14.51)
<b>(Decrease) in other equity</b>	<b>(16.48)</b>	<b>(14.51)</b>
<b>Other non-current financial liabilities</b>		
Increase in Class B convertible redeemable preferred shares	13.86	10.01
Increase / (Decrease) in Class B Convertible redeemable preferred shares derivatives	2.62	4.50
<b>Increase in liabilities</b>	<b>16.48</b>	<b>14.51</b>

**41. Events after the reporting period**

There were no events after the reporting period.

**42. Approval of Financial Statements**

The financial statements were approved for issue by the Board of Directors on May 30, 2018.

As per our report of even date

**For Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 117364W)

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

**Abhijit A. Damle**  
Partner  
(Membership No. 102912)

**Naresh Malhotra**  
Whole-time Director  
DIN: 00004597

**Namit Malhotra**  
Chairman (Executive Director)  
and Chief Executive Officer  
DIN: 00004049

**Ramakrishnan Sankaranarayanan**  
Managing Director  
DIN: 02696897

Place : Mumbai  
Date : May 30, 2018

**Nishant Fadia**  
Chief Financial Officer

**Parina Shah**  
Company Secretary



## FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

### Statement containing salient features of the financial statement of subsidiaries/Associate Companies/ Joint Venture

In ₹

Sr. No.	Name of the Subsidiary	Prime Focus Technologies Limited	Prime Focus Technologies UK Limited	Prime Focus Technologies, Inc.	Prime Post Europe Limited	DAX PFT LLC	DAX Cloud ULC	De-Fi Media Limited
1	Date of becoming the subsidiary / acquisition	08-March-08	13-Aug-10	04-March-13	28-April-06	04-April-14	04-April-14	19-Dec-07
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	INR 1.0000	GBP 90.8067	USD 64.8230	GBP 90.8067	USD 64.8230	CAD 50.2348	GBP 90.8067
4	Share capital (₹)	2,17,15,780	25,65,42,499	1,449	9,081	-	-	2,21,27,02,712
5	Reserves & surplus	2,96,71,70,819	(1,30,43,955)	15,27,03,288	(1,31,24,561)	60,79,14,502	(1,60,94,163)	(4,87,31,90,263)
6	Total assets	7,41,07,32,841	44,95,26,219	1,70,93,48,669	21,94,25,935	60,92,40,132	46,86,102	1,08,47,80,540
7	Total liabilities	4,42,18,46,242	20,60,27,674	1,55,66,43,865	23,25,41,409	13,25,630	2,07,80,246	3,74,52,68,091
8	Investments	54,97,00,784	9,081	-	-	-	-	-
9	Turnover	2,12,52,85,348	9,56,85,209	80,35,91,277	17,82,17,507	32,14,25,211	1,21,41,014	4,26,997
10	Profit before taxation	(31,15,99,224)	(86,37,605)	32,90,62,271	3,76,01,720	6,74,69,176	(6,00,51,126)	21,05,44,608
11	Provision for taxation	10,73,96,644	(9,209)	(2,17,93,333)	-	-	-	-
12	Profit after taxation	(20,45,63,865)	(86,46,814)	30,72,68,938	3,76,01,720	6,74,69,176	(6,00,51,126)	21,05,44,608
13	Proposed Dividend	-	-	-	-	-	-	-
14	% of shareholding	73.75%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

In ₹

Sr. No.	Name of the Subsidiary	Prime Focus Visual Effects Private Limited	GVS Software Private Limited	PF Motion Pictures Limited	Prime Focus 3D India Private Limited	PF Investments Limited	PF Overseas Limited	PF World Limited
1	Date of becoming the subsidiary / acquisition	28-Feb-08	01-April-08	22-Aug-08	09-Jun-11	23-Jun-11	26-July-13	11-May-11
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	INR 1.0000	INR 1.0000	INR 1.0000	INR 1.0000	USD 64.8230	USD 64.8230	USD 64.8230
4	Share capital (₹)	1,00,000	27,50,000	5,00,000	5,00,000	27,87,389	6,482	5,94,89,36,097
5	Reserves & surplus	(87,189)	26,20,83,029	(6,32,440)	(45,628)	(46,88,102)	(38,57,205)	17,87,12,932
6	Total assets	90,400	26,50,02,300	1,01,35,360	5,00,000	9,65,214	6,482	6,88,88,57,405
7	Total liabilities	77,589	1,69,271	1,02,67,799	45,628	28,65,927	38,57,205	76,12,08,376
8	Investments	-	-	-	-	92,956	-	3,46,66,02,384
9	Turnover	-	-	-	-	-	-	-
10	Profit before taxation	(15,600)	(16,000)	(10,804)	(15,400)	(6,47,280)	(5,72,519)	3,27,90,171
11	Provision for taxation	-	-	-	-	-	-	-
12	Profit after taxation	(15,600)	(16,000)	(10,804)	(15,400)	(6,47,280)	(5,72,519)	3,27,90,171
13	Proposed Dividend	-	-	-	-	-	-	-
14	% of shareholding	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%



In ₹

Sr. No.	Name of the Subsidiary	Prime Focus Luxembourg S.a.r.l.	Prime Focus 3D Cooperatief U.A.	Prime Focus Malaysia SDN BHD	Gener8 India Media Services Limited	Reliance Lowry Digital Imaging Services Inc	Reliance MediaWorks (Mauritius) Limited	Prime Focus World N.V.
1	Date of becoming the subsidiary / acquisition	21-Sep-11	21-Sep-11	03-Dec-15	07-Apr-15	07-Apr-15	07-Apr-15	16-Aug-11
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	USD	USD	MYR	INR	USD	MUR	USD
		64.8230	64.8230	16.7675	1.0000	64.8230	1.8803	64.8230
4	Share capital (₹)	1,12,27,34,360	2,24,73,23,661	8,38,373	97,75,00,000	64,823	1,68,30,68,262	95,64,08,112
5	Reserves & surplus	(23,19,12,678)	(1,96,21,461)	(4,94,859)	(1,53,25,24,633)	(1,09,28,10,921)	13,08,015	72,11,59,698
6	Total assets	2,24,83,02,159	2,24,70,84,363	6,06,112	52,18,55,051	19,17,34,177	1,70,01,36,612	17,20,73,40,380
7	Total liabilities	1,35,74,80,478	1,93,82,163	2,62,598	1,07,68,79,683	1,28,44,80,274	1,57,60,334	15,52,97,72,569
8	Investments	2,24,72,30,660	2,24,70,77,886	-	-	-	20,67,70,885	13,86,29,90,483
9	Turnover	-	-	-	19,27,41,442	1,28,78,623	-	-
10	Profit before taxation	(3,56,62,455)	(63,14,042)	(2,00,444)	(11,87,05,131)	25,70,577	(5,22,45,289)	(86,49,44,067)
11	Provision for taxation	3,71,846	-	-	-	-	-	36,53,987
12	Profit after taxation	(3,60,34,302)	(63,14,042)	(2,00,444)	(11,87,05,131)	25,70,577	(5,22,45,289)	(86,12,90,079)
13	Proposed Dividend	-	-	-	-	-	-	-
14	% of shareholding	100.00%	100.00%	70.00%	100.00%	100.00%	100.00%	88.34%

In ₹

Sr. No.	Name of the Subsidiary	Prime Focus International Services UK Limited	DNEG North America Inc. (Formerly Known as Prime Focus North America Inc.)	1800 Vine Street LLC	Prime Focus Creative Services Canada Inc.	Gener8 Digital Media Services Limited	Vegas II VFX Limited	Prime Focus VFX USA, Inc.
1	Date of becoming the subsidiary / acquisition	23-Mar-11	01-Apr-08	01-Apr-08	01-Apr-08	24-Dec-14	30-May-13	01-Apr-08
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	GBP	USD	USD	CAD	CAD	CAD	USD
		90.8067	64.8230	64.8230	50.2348	50.2348	50.2348	64.8230
4	Share capital (₹)	1,66,24,57,910	3,24,115	-	3,60,43,325	22,01,18,606	-	648
5	Reserves & surplus	(1,05,38,93,420)	3,39,05,76,031	59,11,54,904	(63,29,87,222)	23,22,74,882	(11,00,24,123)	(1,64,87,243)
6	Total assets	9,17,78,73,647	6,13,62,66,222	59,11,54,904	1,85,39,07,206	1,33,59,26,715	27,85,276	-
7	Total liabilities	8,56,93,09,156	2,74,53,66,075	-	2,45,08,51,102	88,35,33,227	11,28,09,398	1,64,86,595
8	Investments	-	-	-	-	-	-	-
9	Turnover	1,46,95,76,949	-	-	2,88,78,727	27,08,53,578	-	-
10	Profit before taxation	47,85,67,883	(4,51,20,798)	(9,530)	(35,03,93,355)	(9,67,47,693)	(1,68,22,702)	-
11	Provision for taxation	(47,96,260)	-	-	-	-	-	-
12	Profit after taxation	47,37,71,624	(4,51,20,798)	(9,530)	(35,03,93,355)	(9,67,47,693)	(1,68,22,702)	-
13	Proposed Dividend	-	-	-	-	-	-	-
14	% of shareholding	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%



c

Sr. No.	Name of the Subsidiary	Prime Focus ME Holdings Limited	Prime Focus China Limited	Prime Focus (HK) Holdings Limited	Prime Focus World Malaysia sdn bhd	DNEG Creative Services Private Limited (Formerly Known as Prime Focus World Creative Services Pvt. Ltd.)	Prime Focus Academy of Media & Entertainment Studies Private Limited	Double Negative India Private Limited
1	Date of becoming the subsidiary / acquisition	28-Mar-13	01-Apr-13	01-Apr-13	12-Feb-16	13-Jun-11	01-Oct-16	11-Feb-16
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	USD	USD	USD	MYR	INR	INR	INR
		64.8230	64.8230	64.8230	16.7675	1.0000	1.0000	1.0000
4	Share capital (₹)	4,45,584	-	97,42,897	8,38,373	34,78,000	2,00,000	1,00,000
5	Reserves & surplus	1,05,11,54,995	-	(7,43,99,437)	(7,60,802)	2,29,61,90,295	15,81,92,201	2,31,51,764
6	Total assets	1,12,94,49,385	-	-	4,71,707	4,04,51,66,433	17,15,27,575	3,98,44,98,374
7	Total liabilities	7,78,48,806	-	6,46,56,540	3,94,136	1,74,54,98,138	1,31,35,374	3,96,12,46,609
8	Investments	-	-	-	-	15,02,00,000	-	-
9	Turnover	-	-	-	-	1,57,72,04,355	79,81,391	1,21,24,48,969
10	Profit before taxation	(82,77,591)	-	-	(2,45,163)	(5,57,75,092)	90,93,179	4,39,70,480
11	Provision for taxation	-	-	-	-	3,40,98,806	-	(2,19,75,958)
12	Profit after taxation	(82,77,591)	-	-	(2,45,163)	(2,16,76,286)	90,93,179	2,19,94,522
13	Proposed Dividend	-	-	-	-	-	-	-
14	% of shareholding	100.00%	70.00%	100.00%	100.00%	100.00%	100.00%	100.00%

c

Sr. No.	Name of the Subsidiary	Prime Focus Creative Services Montreal Inc	Gener8 Digital Media Services Montreal Limited	Double Negative Holdings Limited	Double Negative Limited	Double Negative Singapore Pte Limited	Double Negative Canada Productions Limited	Double Negative Huntsman VFX Limited
1	Date of becoming the subsidiary / acquisition	25-May-17	25-May-17	15-Jul-14	15-Jul-14	15-Jul-14	30-Jul-14	15-Apr-15
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	CAD	CAD	GBP	GBP	SGD	CAD	CAD
		50.2348	50.2348	90.8067	90.8067	49.3792	50.2348	50.2348
4	Share capital (₹)	-	-	454	9,535	-	-	(50)
5	Reserves & surplus	5,98,634	20,41,96,352	(18,888)	(87,77,16,019)	2,43,09,443	(6,63,11,430)	(4,31,47,962)
6	Total assets	24,94,78,511	63,30,14,919	14,983	8,53,46,14,519	11,90,38,439	67,42,21,424	13,31,74,593
7	Total liabilities	24,88,79,877	42,88,18,467	33,417	9,41,23,21,003	9,47,28,996	74,05,32,854	17,63,22,605
8	Investments	-	-	6,538	4,24,17,920	-	-	-
9	Turnover	40,06,35,378	1,18,90,52,335	-	9,21,83,74,520	-	4,10,25,44,290	-
10	Profit before taxation	8,17,475	28,50,01,994	-	1,31,51,00,724	(4,75,607)	7,78,34,579	(1,09,16,466)
11	Provision for taxation	(2,19,052)	(8,08,77,658)	-	(7,09,90,718)	-	-	-
12	Profit after taxation	5,98,423	20,41,24,336	-	1,24,41,10,006	(4,75,607)	7,78,34,579	(1,09,16,466)
13	Proposed Dividend	-	-	-	-	-	-	-
14	% of shareholding	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

In ₹

Sr. No.	Name of the Subsidiary	Double Negative Films Limited	Double Negative LA LLC	Double Negative Montreal Production Limited
1	Date of becoming the subsidiary / acquisition	15-Jun-14	07-March-17	22-June-17
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31-Mar-18	31-Mar-18	31-Mar-18
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	GBP	USD	CAD
		90.8067	64.8230	50.2348
4	Share capital (₹)	-	-	-
5	Reserves & surplus	(47,71,60,382)	(1,48,99,700)	28,66,49,525
6	Total assets	11,37,86,633	(65,28,117)	1,35,13,41,570
7	Total liabilities	59,09,47,016	83,71,583	1,06,46,92,045
8	Investments	-	-	-
9	Turnover	-	18,01,67,042	1,18,03,88,379
10	Profit before taxation	(44,87,46,750)	71,09,314	39,14,59,607
11	Provision for taxation	-	(16,09,828)	(10,49,11,177)
12	Profit after taxation	(44,87,46,750)	54,99,486	28,65,48,429
13	Proposed Dividend	-	-	-
14	% of shareholding	100.00%	100.00%	100.00%



# PRIME FOCUS LIMITED

Registered Office: Prime Focus House, Linking Road, Khar (West), Mumbai- 400052 Tel: +91 22 6715 5000

Website: www.primefocus.com ; Email Id: ir.india@primefocus.com

CIN: L92100MH1997PLC108981

Share Transfer Agent: Link Intime India Pvt. Ltd., C 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400052

(FORM MGT-11)

PROXY FORM

Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration Rules) 2014

CIN : L92100MH1997PLC108981

Name of the Company : Prime Focus Limited

Registered office : Prime Focus House, Linking Road, Khar (West), Mumbai- 400052

Name of the member(s) :	.....
Registered Address :	.....
E-mail ID :	.....
Folio No. / Client ID No. :	.....

I/We, being the member(s) of ..... shares of the above named company, hereby appoint

1. Name : ..... Email ID : .....  
Address : .....  
Signature : ....., or failing him/her
2. Name : ..... Email ID : .....  
Address : .....  
Signature : ....., or failing him/her
3. Name : ..... Email ID : .....  
Address : .....  
Signature : ....., or failing him/her

as my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 21st Annual General Meeting of the Company, to be held on Friday, September 28, 2018 at 10:30 a.m. at 9<sup>th</sup> Floor, 'True North', Plot no. 63, Road no. 13, Opp. Hotel Tunga Paradise, MIDC, Andheri (East), Mumbai – 400093 and at any adjournment thereof in respect of such resolutions as indicated below:

Sr. No.	RESOLUTIONS	Optional*	
Ordinary	business	For	Against
1	To receive, consider and adopt : a. the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2018 together with the Report of the Board of Directors and Auditors thereon. b. the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2018 and the Report of Auditors thereon.		
2	To appoint a Director in place of Mr. Ramakrishnan Sankaranarayanan (DIN: 02696897), who retires by rotation and being eligible offers himself for re-appointment.		
Special Business			
3	Offer or invite for Subscription of Secured / Unsecured Non-Convertible Debentures and/or other Debt securities on private placement basis.		
4	Payment of Remuneration to Mr. Naresh Malhotra (DIN:00004597), Whole-time Director of the Company for the period of two years w.e.f. April 01, 2018 till March 31, 2020.		
5	Appointment of Mr. Anand Natarajan (DIN: 00061109) as a Non-Executive Director of the Company		
6	Continuation of Directorship of Mr. G. P. Aiyer (DIN: 02722981), Independent Non-Executive Director who has attained the age of Seventy Five years.		
7	Approval of extension of exercise period under PFL – ESOP scheme 2014.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018      Signature of the shareholder : .....      Signature of Proxy holder(s) : .....

Affix  
Revenue  
Stamp

## Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, either in person or through post, not less than 48 hours before the commencement of the Meeting. Corporate members intending to send their authorized representative(s) to attend the Meeting are requested to send to the Company a certified true copy of the relevant Board Resolution together with the specimen signature(s) of the representative(s) authorised under the said Board Resolution to attend and vote on their behalf at the Meeting.
2. A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Further, a Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other Member. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution/authority as applicable.
3. For the resolutions, explanatory statements and notes, please refer the notice of annual general meeting.
4. The company reserves its right to ask for identification of the proxy.
5. The proxy form should be signed across the revenue stamp as per specimen signature(s) registered with the company/depository participant.
6. \*It is optional to put 'X' in the appropriate column against the resolutions indicated in the box. If you leave the 'for' or 'against' column blank against any or all resolution, your proxy will be entitled to vote in the manner as he/she thinks appropriate.





# NOTES



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# NOTES

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# DISCLAIMER

In this Annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements- written and oral – that we periodically make contain forward – looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expect', 'projects', 'intend', 'plans', 'believe', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward – looking statements will be realized, although we believe we have been prudent in our assumptions. The achievement of results is subject to risk, uncertainties and even inaccurate assumptions. Should known or unknown risk or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future events or otherwise.





## Registered Office

Prime Focus House, Linking Road, Khar (West),  
Mumbai 400 052 India  
Tel: +91 22 6715 5000 | Fax: +91 22 6715 5100  
[www.primefocus.com](http://www.primefocus.com)