Prime Focus Technologies Limited

Balance Sheet as at March 31, 2017 **(Rupees)**

	Notes	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Assets				
1. Non-current Assets				
(a) Property, plant and equipment	4	63,19,85,412	76,04,53,382	84,91,89,404
(b) Capital work-in-progress		-	-	75,68,843
(c) Other intangible assets	5	3,66,87,72,623	3,29,34,97,191	3,24,39,31,481
(d) Intangible assets under development		17,85,500	30,31,91,678	27,77,06,710
(e) Financial assets				
(i) Investments	6	29,80,40,625	9,21,33,811	9,21,33,811
(ii) Loans	7	28,83,89,996	-	-
(iii) Other financial assets	11	5,60,40,974	4,96,41,797	4,29,09,545
(f) Other non-current assets	12	18,22,79,189	25,65,86,792	21,96,90,150
Total Non-current Assets		**5,12,72,94,319**	**4,75,55,04,651**	**4,73,31,29,944**
2. Current assets				
(a) Inventories	8	6,33,725	11,97,948	10,67,105
(b) Financial assets				
(i) Trade receivables	9	48,65,84,826	46,28,71,102	37,78,63,901
(ii) Cash and cash equivalents	10 a	4,06,01,532	61,95,851	38,92,926
(iii) Bank balances other than (ii) above	10 b	7,21,18,318	13,17,49,837	14,21,13,305
(iv) Loans	7	-	25,72,08,757	7,05,32,103
(v) Other financial assets	11	8,80,00,618	21,24,28,388	16,39,04,887
(c) Other current assets	12	17,08,17,945	2,98,28,130	2,24,75,132
Total Current Assets		**85,87,56,964**	**1,10,14,80,013**	**78,18,49,359**
Total assets		**5,98,60,51,283**	**5,85,69,84,664**	**5,51,49,79,303**
Equity and Liabilities				
Equity				
(a) Equity share capital	13	2,17,15,780	2,01,00,000	2,01,00,000
(b) Other equity	14	3,15,05,51,117	2,55,26,87,969	2,51,51,41,375
Total Equity		**3,17,22,66,897**	**2,57,27,87,969**	**2,53,52,41,375**
Liabilities				
1. Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	15	1,00,34,85,480	38,23,18,039	83,51,12,746
(ii) Other financial liabilities	16	5,79,80,082	1,74,13,748	5,29,63,228
(b) Deferred tax liability (net)	26	1,10,06,78,117	1,10,66,76,997	1,12,59,75,320
(c) Provisions	18	2,85,71,576	2,51,48,749	1,35,08,313
(d) Other non-current liabilities	19	1,65,00,177	1,45,72,334	5,55,00,000
Total Non-current liabilities		**2,20,72,15,432**	**1,54,61,29,867**	**2,08,30,59,607**
2. Current liabilities				
(a) Financial liabilities				
(i) Borrowings	20	1,63,18,038	34,42,25,445	19,90,29,282
(ii) Trade payables		13,71,35,029	15,70,24,003	15,25,75,485
(iii) Other financial liabilities	17	31,11,14,422	95,71,92,427	36,49,97,809
(b) Provisions	18	4,66,245	3,98,455	90,048
(c) Other current liabilities	19	14,15,35,220	27,92,26,498	17,99,85,697
Total current liabilities		**60,65,68,954**	**1,73,80,66,828**	**89,66,78,321**
Total liabilities		**2,81,37,84,386**	**3,28,41,96,695**	**2,97,97,37,928**
Total equity and liabilities		**5,98,60,51,283**	**5,85,69,84,664**	**5,51,49,79,303**

See accompanying notes to the 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

Abhijit A. Damle
Partner

Ramakrishnan Sankaranarayanan
Director
DIN :- 02696897

Nishant Fadia
Director
DIN :- 02648177

Place: Mumbai
Date: May 22, 2017

Vikas Rathee
Chief Financial Officer

Prime Focus Technologies Limited

Statement of Profit and Loss for the year ended March 31, 2017

Particulars	Notes	For the year ended March 2017	For the year ended March 2016
			(Rupees)
Income			
Revenue from operations	21	2,25,52,25,042	2,07,31,14,237
Other income	22	4,98,77,652	6,51,48,017
Total income from operations		**2,30,51,02,694**	**2,13,82,62,254**
Expenses			
Employee benefits expense	23	90,83,58,969	68,28,51,253
Employee stock option expense		1,89,36,547	1,42,92,479
Technical service cost		19,67,63,057	20,89,96,389
Depreciation and amortisation expense	4 & 5	43,13,27,762	47,86,62,052
Other expenditure	24	54,48,25,277	44,21,26,461
Finance costs	25	21,34,81,040	23,46,18,512
Exchange loss (net)		1,66,38,802	91,48,271
Total Expenses		**2,33,03,31,454**	**2,07,06,95,417**
(Loss)/Profit before tax		**(2,52,28,760)**	**6,75,66,837**
Tax expense			
Current tax		5,56,714	5,93,62,582
Deferred tax		(71,32,955)	(1,78,28,015)
Total tax expense	26	**(65,76,241)**	**4,15,34,567**
(Loss)/Profit for the year		**(1,86,52,519)**	**2,60,32,270**
Other comprehensive income			
A (i) items that will not be reclassified to profit or loss			
Re-measurements of defined benefit obligations		56,62,903	(42,48,463)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(19,59,818)	14,70,308
Total other comprehensive income		**37,03,085**	**(27,78,155)**
Total other comprehensive income for the year		**(1,49,49,434)**	**2,32,54,115**
Earnings per equity share of face value of Rs. 10/- each	27		
(a) Basic (in rupees)		(96.56)	12.95
(b) Diluted (in rupees)		(96.56)	1.53

See accompanying notes to the 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

Abhijit A. Damle
Partner

Ramakrishnan Sankaranarayanan
Director
DIN :- 02696897

Nishant Fadia
Director
DIN :- 02648177

Place: Mumbai

Date: May 22, 2017

Vikas Rathee
Chief Financial Officer

Prime Focus Technologies Limited

Statement of Changes in Equity for the year ended March 31, 2017

A. Equity Share Capital

(Rupees)

Particulars	Amount
Balance as at April 01, 2015	2,01,00,000
Change in equity share capital during the year	-
Balance as at March 31, 2016	**2,01,00,000**
Change in equity share capital during the year	16,15,780
Balance as at March 31, 2017	**2,17,15,780**

B. Other Equity

(Rupees)

Particulars		Reserves and Surplus					Other Comprehensive Income	Total
	Optionally Convertible non cumulative redeemable Preference shares (OCPS)	Debenture Redemption Reserve	Securities Premium	Share options outstanding account	Compulsorily convertible debentures	Retained earnings	Re-mesurements of defined benefit obligation	
Balance as at April 01, 2015	15,00,00,000	11,53,50,000	-	1,38,03,698	-	2,23,59,87,677	-	2,51,51,41,375
Profit for the year	-	-	-	-	-	2,60,32,270	-	2,60,32,270
Stock compensation expense	-	-	-	1,42,92,479	-	-	-	1,42,92,479
Other comprehensive income	-	-	-	-	-	-	(27,78,155)	(27,78,155)
Balance as at the March 31, 2016	**15,00,00,000**	**11,53,50,000**	**-**	**2,80,96,177**	**-**	**2,26,20,19,947**	**(27,78,155)**	**2,55,26,87,969**
Conversion of OCPS into equity shares	(15,00,00,000)	-	-	-	-	-	-	(15,00,00,000)
Transferred from retained earnings	-	7,17,25,000	-	-	-	(7,17,25,000)	-	-
Securities Premium on issue of equity shares	-	-	63,35,91,073	-	-	-	-	63,35,91,073
Expenses on issue of equity shares/Debentures (net off tax)	-	-	(51,41,946)	-	-	-	-	(51,41,946)
Premium payable on conversion of OCPS	-	-	(18,45,73,092)	-	-	-	-	(18,45,73,092)
Stock compensation expense	-	-	-	1,89,36,547	-	-	-	1,89,36,547
Issue of compulsorily convertible debentures during the year	-	-	-	-	30,00,00,000	-	-	30,00,00,000
Profit for the year	-	-	-	-	-	(1,86,52,519)	-	(1,86,52,519)
Other comprehensive income	-	-	-	-	-	-	37,03,085	37,03,085
Balance as at March 31, 2017	**-**	**18,70,75,000**	**44,38,76,035**	**4,70,32,724**	**30,00,00,000**	**2,17,16,42,428**	**9,24,930**	**3,15,05,51,117**

See accompanying notes to the financial statements 1 to 42

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Abhijit A. Damle
Partner

Place: Mumbai
Date: May 22, 2017

For and on behalf of the Board of Directors

Ramakrishnan Sankaranarayanan
Director
DIN :- 02696897

Nishant Fadia
Director
DIN :- 02648177

Vikas Rathee
Chief Financial Officer

Prime Focus Technologies Limited

Cash flow statement for the year ended March 31, 2017

Particulars	Year Ended March 31, 2017	(Rupees) Year Ended March 31, 2016
Cash flow from Operating activities		
(Loss)/Profit before tax	(2,52,28,760)	6,75,66,837
Adjustment for:		
Depreciation and amortization expense	43,13,27,762	47,86,62,052
Net gain on sale of property, plant and equipment	-	(2,82,28,857)
(Gain) on sale of investments	(2,24,495)	-
Provision /(reversal of provision) for doubtful debts	48,15,039	(3,35,743)
Sundry credit balances written back	-	(14,23,663)
Interest income	(4,91,11,749)	(3,48,99,552)
Interest expense	21,34,81,040	23,46,18,512
Employee stock options expense	1,89,36,547	1,42,92,479
Operating profit before working capital changes	**59,39,95,386**	**73,02,52,065**
Changes in working capital:		
(Increase)/decrease in trade and other payables	(12,23,79,329)	6,84,30,749
Decrease/(increase) in Inventory	5,64,223	(1,30,843)
Decrease/(increase) in trade and other recievables	10,29,99,398	(13,16,54,019)
Cash generated from operations	**57,51,79,678**	**66,68,97,952**
Income taxes paid (net of refunds)	5,04,33,265	(12,15,96,268)
Net cash flow from operating activities (A)	**62,56,12,943**	**54,53,01,684**
Cash flow from Investing activities		
Purchase of Property, plant & equipment and Intangible assets	(36,70,23,226)	(41,50,09,807)
Proceeds from sale of Property, plant & equipment	-	3,56,00,211
Proceeds from sale of investments	44,66,40,599	-
Purchase of investments	(44,64,16,104)	
Loans given to subsidiaries & fellow subsidaries	(34,56,80,000)	(67,73,87,290)
Loans repaid by fellow subsidiary	22,85,00,000	49,07,10,636
Investment in preference shares of subsidiary	(13,85,39,650)	-
Margin money and fixed deposits under lien	5,96,31,519	1,03,63,468
Interest received	1,26,83,470	2,94,87,606
Net cash used in Investing activities (B)	**(55,02,03,392)**	**(52,62,35,176)**

Prime Focus Technologies Limited

Cash flow from financing activities		
Proceeds from long tern borrowings	1,10,20,77,233	40,06,32,826
Repayment of long term borrowings	(1,03,74,16,079)	(35,43,73,274)
(Repayment of)/proceeds from short term borrowings	(32,79,07,407)	14,51,96,163
Proceeds from issuance of shares	30,06,33,762	-
Shares & debentures issue expenses	(59,67,688)	-
Proceeds from issue of compulsorily convertible debent	30,00,00,000	-
Interest paid	(37,24,23,691)	(20,82,19,299)
Net cash used in Financing activities (C)	**(4,10,03,870)**	**(1,67,63,584)**
Net increase in cash and cash equivalents (A+B+C)	**3,44,05,681**	**23,02,925**
Cash and cash equivalents at the beginning of the year	61,95,851	38,92,926
Cash and cash equivalents at the end of the year (Refer	**4,06,01,532**	**61,95,851**

Notes:
Non-cash transaction:
a. 83,916 equity shares issued at a premium to the Holding Company on conversion of Preference shares for ₹ 33,45,73,092 (Previous year:- ₹ Nil)
b. 8,25,15,100 optionally convertible preference shares of GBP 0.01 each issued on conversion of loan aggregating Rs. 6,73,67,164 (Previous year:- ₹ Nil)

See accompanying notes to the financial statements 1 to 42

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Abhijit A. Damle
Partner

For and on behalf of the Board of Directors

Ramakrishnan Sankaranarayanan
Director
DIN :- 02696897

Nishant Fadia
Director
DIN :- 02648177

Place: Mumbai
Date: May 22, 2017

Vikas Rathee
Chief Financial Officer

1. General information

Prime Focus Technologies Limited (PFT) (the 'Company') is a limited company incorporated in India. PFT is engaged in the business of providing digital technological solutions to the sports, film, broadcast, advertising and media industries. Prime Focus Limited is the Ultimate Holding Company. The address of the Company's registered office is Prime Focus Technologies Limited, True North, Plot no 63, Road No 13, Opp. Hotel Tunga Paradise MIDC, Andheri (East), Mumbai – 400093, India.

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 Accounting standards under the relevant provisions of Companies Act, 2013.

These financial statements are the Company's first Ind AS financial statements. Upto the period ended March 31, 2016, the Company prepared its financial statements in accordance with the requirement of Indian GAAP which includes Standard notified under the Companies (Accounting Standards) Rules, 2006 (hereinafter referred to as 'Previous GAAP'). The date of transition to Ind AS is April 01, 2015.

Refer note 3.2 for details of first time adoption and note 34 for reconciliation between Ind AS and Previous GAAP.

2.2 Basis of preparation

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.

2.3 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.

2.3.1 Rendering of services

The Company provides a variety of digital technological solutions to the sports, film, broadcast, advertising and media industries.

Revenue from technical services is recognised on the basis of services rendered.

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 hours spent/ units processed up to the balance sheet date, which bears to the total hours/units 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'.

2.3.2 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.

2.3.3 Rental income

The Company's policy for recognition of revenue from operating leases is described in note 2.4.1 below.

2.4 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.

2.4.1 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.

2.4.2 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 2.6 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.

2.5 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.

2.6 Borrowing costs

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. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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.

2.7 Employee benefits

2.7.1 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.

2.7.2 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.

2.8 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.

2.9 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.9.1 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.

2.9.2 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 arises 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.

2.9.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, expect 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.

2.10 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.

2.11 Intangible assets

2.11.1 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 are carried at cost less accumulated impairment losses.

2.11.2 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.

2.11.3 Useful lives of intangible assets

Software is amortised on straight line basis over the estimated useful life of the assets as determined by the management.

2.11.4 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.

2.12 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.

2.13 Provisions

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.

2.13.1 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.

2.13.2 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.

2.14 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.

2.15 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.

2.16 Financial assets

All regular way purchases of 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.

2.16.1 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 2.16.5

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 is reclassified to profit or loss.

For the impairment policy on debt instruments at FVTOCI, refer Note 2.16.5.

All other financial assets are subsequently measured at fair value.

2.16.2 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 fair value through profit or loss (FVTPL). Interest income is recognised in profit or loss and is included in the “Other income” line item.

2.16.3 Investments in equity instruments at 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.

2.16.4 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 2.16.3 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.

2.16.5 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.

2.16.6 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.

2.16.7 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.

2.17 Financial liabilities and equity instruments

2.17.1 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.

2.17.2 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.

2.17.3 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 re-measured. 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.

2.17.4 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 quality 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.

2.17.4.1 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.

2.17.4.2 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.

2.17.4.3 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.

2.17.4.4 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.

2.17.4.5 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.

2.17.4.6 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.

2.18 Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate, including interest rate swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

2.18.1 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.

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 revenue recognised on fixed price 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 costs 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.

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 Recoverability of internally generated intangible asset

During the year, the Company considered the recoverability of the Company’s internally generated intangible asset arising from its business development of tools and software, which is included in the balance sheet as at March 31, 2017.The business continues to progress in a satisfactory manner. 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. The Company fair valued its internally generated intangible asset as on April 01, 2015 and the useful life of internally generated software was revised retrospectively from 6 years to 20 years, considering reassessment of expected usage of the asset and future economic benefits. This situation will be closely monitored, and adjustments made in future periods if future market activity indicates that such adjustments are appropriate.

3.1.5 Recoverability of trade receivable

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

3.1.6 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.

3.1.7 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.

3.1.8 First Time adoption of Ind AS

The Company has prepared the opening balance sheet as per Ind AS as of April 01, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below.

The Company has adopted Ind AS with effect from April 01, 2016 with comparatives being restated. Accordingly, the impact of transition has been provided in the opening Reserves as at April 01, 2015 and all the periods presented have been restated accordingly.

3.2 Exemptions from retrospective application

a) Business combination exemption

The Company has applied the exemption as provided in Ind AS 101 on non-application of Ind AS 103, "Business Combinations" to business combinations consummated prior to April 01, 2015 (the "Transition Date"), pursuant to which goodwill/capital reserve arising from a business combination has been stated at the carrying amount prior to the date of transition under Indian GAAP. The Company has also applied the exemption for past business combinations to acquisitions of investments in subsidiaries / associates / joint ventures consummated prior to the Transition Date.

b) Investments in subsidiaries

The Company has elected to measure investments in subsidiaries at cost as deemed cost on the date of transition.

c) Fair value as deemed cost exemption

The Company has elected to measure internally generated intangible assets which are measured at fair value as deemed cost.

Prime Focus Technologies Limited

4. Property, plant and equipment

(Rupees)

	Plant and equipment	Leasehold Improvements	Furniture and fixtures	Electrical Fittings	Office equipment	Vehicles	Total
Gross block							
As at April 01, 2015	77,53,91,201	33,32,08,673	4,28,88,460	4,40,88,517	6,30,89,979	9,15,859	1,25,95,82,689
Additions	8,60,61,506	2,95,68,147	1,22,62,538	2,01,80,663	1,51,80,343	-	16,32,53,197
Deductions	1,32,47,961	8,20,185	-	-	-	-	1,40,68,146
As at March 31, 2016	**84,82,04,746**	**36,19,56,635**	**5,51,50,998**	**6,42,69,180**	**7,82,70,322**	**9,15,859**	**1,40,87,67,740**
Depreciation							
As at April 01, 2015	31,40,16,796	5,71,54,409	1,05,99,212	93,34,186	1,89,35,349	3,53,333	41,03,93,285
For the year	17,50,84,276	4,43,50,640	49,14,251	57,28,630	1,44,19,998	1,20,070	24,46,17,865
Deductions	64,76,820	2,19,972	-	-	-	-	66,96,792
As at March 31, 2016	**48,26,24,252**	**10,12,85,077**	**1,55,13,463**	**1,50,62,816**	**3,33,55,347**	**4,73,403**	**64,83,14,358**
Net block							
As at March 31, 2016	**36,55,80,494**	**26,06,71,558**	**3,96,37,535**	**4,92,06,364**	**4,49,14,975**	**4,42,456**	**76,04,53,382**
As at April 01, 2015	**46,13,74,405**	**27,60,54,264**	**3,22,89,248**	**3,47,54,331**	**4,41,54,630**	**5,62,526**	**84,91,89,404**

(Rupees)

	Plant and equipment	Leasehold Improvements	Furniture and fixtures	Electrical Fittings	Office equipment	Vehicles	Total
Gross block							
As at April 1, 2016	**84,82,04,746**	**36,19,56,635**	**5,51,50,998**	**6,42,69,180**	**7,82,70,322**	**9,15,859**	**1,40,87,67,740**
Additions	4,06,23,827	5,83,298	16,98,204	1,01,47,019	24,13,047	-	**5,54,65,395**
Deductions	-	-	-	-	-	-	-
As at March 31, 2017	**88,88,28,573**	**36,25,39,933**	**5,68,49,202**	**7,44,16,199**	**8,06,83,369**	**9,15,859**	**1,46,42,33,135**
Depreciation							
As at April 1, 2016	**48,26,24,252**	**10,12,85,077**	**1,55,13,463**	**1,50,62,816**	**3,33,55,347**	**4,73,403**	**64,83,14,358**
For the year	11,30,29,497	4,46,63,226	51,56,418	63,81,701	1,45,82,073	1,20,450	**18,39,33,365**
Deductions	-	-	-	-	-	-	-
As at March 31, 2017	**59,56,53,749**	**14,59,48,303**	**2,06,69,881**	**2,14,44,517**	**4,79,37,420**	**5,93,853**	**83,22,47,723**
Net block							
As at March 31, 2017	**29,31,74,824**	**21,65,91,630**	**3,61,79,321**	**5,29,71,682**	**3,27,45,949**	**3,22,006**	**63,19,85,412**

a) The Company has adjusted exchange gain, relating to long term foreign currency loans obtained before transition date, amounting ₹ 738,153 (Previous year loss: ₹ 984,110/-) to the cost of plant and equipment.

b) Plant and equipment and vehicles includes assets taken on finance lease as under :
Gross block: ₹ 24,48,80,166 (PY ₹ 25,53,85,842)
Depreciation charge for the year: ₹ 4,72,99,414 (PY ₹ 5,07,57,557)
Accumulated depreciation: ₹ 15,86,65,342 (PY ₹ 11,74,17,059)
Net block: ₹ 8,62,14,824 (PY ₹ 13,79,68,783)

c) Refer note 15 regarding details of borrowings, where assets have been placed as security.

Prime Focus Technologies Limited

5. Other Intangible assets

(Rupees)

	Software
Gross block	
As at April 01, 2015	3,30,68,83,786
Additions	28,36,09,897
Deductions	-
As at March 31, 2016	**3,59,04,93,683**
Depreciation	
As at April 01, 2015	6,29,52,305
For the year	23,40,44,187
Deductions	-
As at March 31, 2016	**29,69,96,492**
Net block	
As at March 31, 2016	**3,29,34,97,191**
As at April 01, 2015	**3,24,39,31,481**

(Rupees)

	Software
Gross block	
As at April 01, 2016	3,59,04,93,683
Additions	62,26,69,829
Deductions	-
As at March 31, 2017	**4,21,31,63,512**
Depreciation	
As at April 01, 2016	29,69,96,492
For the year	24,73,94,397
Deductions	-
As at March 31, 2017	**54,43,90,889**
Net block	
As at March 31, 2017	**3,66,87,72,623**

a) The Company has adjusted exchange loss, relating to long term foreign currency loans, amounting to Rs. Nil (Previous year: Rs. 4,92,051) to the cost of software.

b) Software includes assets taken on finance lease as under :
Gross block: ₹ 6,87,55,083 (PY ₹ 6,87,55,083)
Depreciation charge for the year: ₹ 1,08,98,309 (PY ₹ 1,08,46,097)
Accumulated depreciation: ₹ 4,58,45,426 (PY ₹ 3,49,47,117)
Net block: ₹ 2,29,09,657 (PY ₹ 3,38,07,966)

Prime Focus Technologies Limited

6. **Investments**

(Rupees)

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Non Current			
Unquoted equity instrument, fully paid up			
Investment in subsidiaries (At cost):			
Prime Focus Technologies UK Limited			
1 equity share (March 31, 2016: 1, April 01, 2015: 1) of 0.01 £ each	1	1	1
Prime Focus Technologies, Inc.			
1,600 equity shares (March 31, 2016: 1,600 shares, April 01, 2015:1,600 shares) of 0.01 $ each	9,21,33,810	9,21,33,810	9,21,33,810
(Pledge of shares to Exim Bank for credit facilities availed by subsidiary company -Prime Focus Technologies Inc.)			
Unquoted preference shares, (at cost)			
Investment in subsidiaries:			
Prime Focus Technologies UK Limited			
252,015,100 preference shares (March 31, 2016: Nil, April 01, 2015: Nil) of 0.01 £ each	20,59,06,814	-	-
Total	**29,80,40,625**	**9,21,33,811**	**9,21,33,811**

Note: The list of investments in subsidiaries, along with proportion of ownership held and country of incorporation are disclosed in note 1.1 of consolidated financial statements

7. **Loans (Unsecured, Considered good)**

(Rupees)

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Non Current			
Loan to Subsidiaries (Refer note 31)	28,83,89,996	-	-
Total	**28,83,89,996**	**-**	**-**
Current			
Loan to Subsidiaries (Refer note 31)	-	25,72,08,757	6,45,82,103
Loan to Fellow Subsidiary (Refer note 31)			59,50,000
Total	**-**	**25,72,08,757**	**7,05,32,103**

a. Above loans and advances does not include amount due from private companies in which directors is a member / director

8. **Inventories**

(Rupees)

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Inventories (lower of cost and net realisable value)			
Tapes	6,33,725	11,97,948	10,67,105
Total	**6,33,725**	**11,97,948**	**10,67,105**

9. **Trade Receivables (Unsecured)**

(Rupees)

	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
Current			
Considered good	48,65,84,826	46,28,71,102	37,78,63,901
Considered doubtful	63,89,516	15,74,477	19,10,220
	49,29,74,342	**46,44,45,579**	**37,97,74,121**
Allowance for doubtful receivables	(63,89,516)	(15,74,477)	(19,10,220)
Total	**48,65,84,826**	**46,28,71,102**	**37,78,63,901**

(Rupees)

	Year ended March 31, 2017	Year ended March 31, 2016
The movement in allowance for doubtful receivables is as follows:		
Balance as at the beginning of the year	15,74,477	19,10,220
Movement during the year (net)	48,15,039	(3,35,743)
Balance as at the end of the year	**63,89,516**	**15,74,477**

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.

10. Cash and bank balances

(Rupees)

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
a. Cash and cash equivalents			
Cash on hand (refer note below)	1,72,730	1,23,580	2,88,491
Remittance in transit	18,41,783	-	-
Bank balances			
In current Accounts	3,85,87,019	60,72,271	36,04,435
Total	**4,06,01,532**	**61,95,851**	**38,92,926**
b. Balances other than (a) above			
Other bank balances			
In deposits*	7,21,18,318	13,17,49,837	14,21,13,305
Total	**7,21,18,318**	**13,17,49,837**	**14,21,13,305**

Note: Refer note 35 for details of Specified Bank Notes (SBNs) held and transacted during the period from November 08, 2016 to December 30, 2016.

* Margin monies- fixed deposit accounts represent deposits with original maturity ranging from 1 Month to 43 months from the date of balance sheet. These deposits are pledged for availing foreign currency loans- buyer's credit, kept as Debt Service Reserve Amount (DSRA) with debentures trustee until all debenture outstanding are paid and for all credit facilities availed by subsidiary company- Prime Focus Technologies Inc.

11. Other financial assets

(Rupees)

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Non-current			
Deposits	5,60,40,974	4,96,41,797	4,29,09,545
	5,60,40,974	**4,96,41,797**	**4,29,09,545**
Current			
Unbilled revenue	6,20,20,543	19,28,28,775	13,80,75,178
Interest accrued on fixed deposits	14,24,883	52,93,829	39,61,078
Advance to related parties (Refer note 31)	2,45,55,192	1,43,05,784	2,18,68,631
Total	**8,80,00,618**	**21,24,28,388**	**16,39,04,887**

12. Other Assets

(Rupees)

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Non-current (Unsecured)			
Capital advances	9,87,946	31,50,540	2,26,38,027
Advance payment of taxes (net of provision for tax)	15,95,48,306	22,89,16,056	16,66,82,372
Prepaid expenses	2,17,42,937	2,45,20,196	3,03,69,751
Total	**18,22,79,189**	**25,65,86,792**	**21,96,90,150**
Current (Unsecured)			
Other loans and advances	1,91,71,575	1,50,71,039	1,52,36,434
Prepaid expenses	11,52,99,138	1,47,57,091	72,38,698
Advance payment of taxes (net of provision for tax)	3,63,47,232	-	-
Total	**17,08,17,945**	**2,98,28,130**	**2,24,75,132**

Other loans and advances include, loans and advances to employees and others, advances to suppliers, service tax receivables and VAT receivables.

Prime Focus Technologies Limited

13. Equity Share Capital

(Rupees)

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Authorised share capital:			
50,00,000 equity shares of ₹ 10/- each (Previous year 50,00,000 of ₹ 10- each and As at April 01, 2015 50,00,000 of ₹ 10/- each)	5,00,00,000	5,00,00,000	5,00,00,000
Issued, subscribed and paid-Up:			
21,71,578 equity shares of ₹10/- each (Previous year 20,10,000 of ₹ 10- each and As at April 01, 2015 20,10,000 of ₹ 10/- each)	2,17,15,780	2,01,00,000	2,01,00,000

13.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year

Fully paid equity shares

	Year ended March 31, 2017		Year ended March 31, 2016	
	Number	Amount in Rupees	Number	Amount in Rupees
Balance as at the beginning of the year	20,10,000	2,01,00,000	20,10,000	2,01,00,000
Add: Shares issued during the year	1,61,578	16,15,780	-	-
Balance as at the end of the year	**21,71,578**	**2,17,15,780**	**20,10,000**	**2,01,00,000**

13.2 Shares reserved for issuance under options

The Company has granted employee stock options under employees stock options scheme. Each option entitiles the holder to one equity share of Rs. 10 each. 2,03,019 options were outstanding as at March 31, 2017 (March 31, 2016 - 2,12,303 and April 01, 2015 -1,88,470) (Refer note 30)

13.3 Details of shares held by each shareholder holding more than 5%

	As at 31 March 2017		As at 31 March 2016		As at April 1, 2015	
	Numbers	% of holding	Numbers	% of holding	Numbers	% of holding
Prime Focus Limited- Holding company	16,01,466	73.75%	15,17,550	75.50%	15,17,550	75.50%
Mr. Ramakrishnan Sankaranarayanan	2,21,602	10.20%	2,21,602	11.02%	2,21,602	11.02%

13.4 Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in INR.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Company has issued 2,000,000 equity shares of Rs. 10 each as fully paid up bonus shares by capitalisation of balance in statement of profit and loss in the financial year 2011-12.

13.5 During the year, there was an investment by a Private Equity Investor in the Company of Rs. 60,00,00,000, by way of Equity Share Capital of Rs. 30,00,00,000 and Compulsorily Convertible Debentures of Rs. 30,00,00,000.

Prime Focus Technologies Limited

14. Other equity

(Rupees)

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Preference shares			
NIL (Previous Year 1,50,00,000 and As at April 01, 2015 1,50,00,000) 9% Optionally convertible non-cumulative redeemable preference shares of Rs 10/- each to the Holding Company-Prime Focus Limited			
As at last balance sheet	15,00,00,000	15,00,00,000	
Movement during the year	(15,00,00,000)	-	
	-	**15,00,00,000**	**15,00,00,000**
Debenture redemption reserve			
As per last balance sheet	11,53,50,000	11,53,50,000	
Movement during the year	7,17,25,000	-	
	18,70,75,000	**11,53,50,000**	**11,53,50,000**
Securities premium			
As per last balance sheet	-	-	
Movement during the year	44,38,76,035		
	44,38,76,035	**-**	**-**
Compulsory convertible debentures			
As per last balance sheet	-	-	
Movement during the year (Refer note 13.5)	30,00,00,000	-	
	30,00,00,000	**-**	**-**
Retained Earnings			
As per last balance sheet	2,26,20,19,947	2,23,59,87,677	-
Movement during the year	(9,03,77,519)	2,60,32,270	-
	2,17,16,42,428	**2,26,20,19,947**	**2,23,59,87,677**
Share options outstanding account			
As per last balance sheet	2,80,96,177	1,38,03,698	
Movement during the year	1,89,36,547	1,42,92,479	
	4,70,32,724	**2,80,96,177**	**1,38,03,698**
Other comprehensive income			
As per last balance sheet	(27,78,155)	-	
Movement during the year	37,03,085	(27,78,155)	
	9,24,930	**(27,78,155)**	**-**
Total	**3,15,05,51,117**	**2,55,26,87,969**	**2,51,51,41,375**

<u>Rights, preferences and restrictions attached to preference shares</u>

The Company issued 9% 15,00,00,000 non-cumulative optionally convertible redeemable preference shares of ₹ 10/- each allotted at par to Prime Focus Limited, the Holding Company in financial year 2011-12.

These shares are convertible into equity shares at such price mutually determined at the time of conversion not before a minimum period of 2 years from the date of allotment i.e. March 31, 2012, at the option of the holders by giving one month prior notice.

These shares are redeemable at any time within period of 20 years but not before the expiry of 2 years from the date of allotment i.e. March 31, 2012, at the option of the Company by giving one month prior notice. These shares are redeemable at par.

These shares are entitled to rank, as regards repayment of capital in priority to equity shares but shall not be entitled to any further participation in profits or assets.

83,916 equity shares issued at a premium to the Holding Company on conversion of Preference shares for ₹ 33,45,73,092 (Previous year:- ₹ Nil)

Prime Focus Technologies Limited

15. Borrowings (Non - Current)

(Rupees)

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Debentures (secured)			
Optionally Convertible Debentures (OCD)	71,37,63,604	-	44,70,59,560
(Refer note (a) & (b) below)			
Term loans (secured)			
from a bank	20,91,92,054	20,02,66,617	13,85,87,859
(Refer note (c) and (d) below)			
Other loan and advances (secured)			
Finance lease obligation	7,87,43,499	10,28,13,271	13,20,30,832
(Refer note (f) below)			
Foreign currency loans - buyers credit	17,86,323	7,92,38,151	11,74,34,495
(Refer note (e) below)			
Total	**1,00,34,85,480**	**38,23,18,039**	**83,51,12,746**

a. During March 2014 and April 2014, the Company raised through private placement of secured, unlisted, unrated, redeemable, optionally convertible debentures (OCDs) aggregating ₹ 46,14,00,000. After 2 years from allotment, Investors had an option of converting up to 25% of the total principal amount into equity shares of the Company. OCDs were secured by pledge of equity shares of the Company equivalent to 3 times of the issue size held by the Ultimate Holding Company, guarantee issued by the Ultimate Holding Company and personal guarantees of promoters. Further, secured by second charge on all the fixed assets of the Company and first and exclusive charge on Debt Service Reserve Amount (DSRA). Interest rate was 14% p.a. with maturity profile of 27 months. OCDs have been repaid during the year.

b. During May 2016 and June 2016, the Company raised through private placement of secured, unlisted, unrated, redeemable, optionally convertible debentures (OCDs) aggregating ₹ 74,83,00,000. 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 the Company. OCDs are secured by pledge of equity shares of the Company equivalent to 3 times of the issue size held by the Ultimate Holding Company, guarantee issued by the Ultimate Holding 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 is 14.5% p.a. with maturity profile of 24, 27 and 30 months.

c. Term loans from bank include ₹ 22,25,69,265 (Previous year: ₹ 43,72,92,577 and April 01, 2015 ₹ 27,12,60,985), taken by the Company, 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 Ultimate Holding Company shares held by the promoter, corporate guarantee issued by the Ultimate Holding 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 ₹ 12,11,92,216 (March 31, 2016: ₹ 23,70,25,960, April 01, 2015: ₹ 13,26,73,126) is included in current maturities of long-term borrowings and balance of ₹ 10,13,77,049 (March 31, 2016: ₹ 20,02,66,617, April 01, 2015: ₹ 13,85,87,859) is included in long-term borrowings.

d. During the current year, a Term Loan facility aggregating to Rs. 1,57,00,00,000 was sanctioned 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 instalments (post 6 months moratorium). The term loan is secured with exclusive charge over present and future current assets and movable fixed assets, personal guarantees of promoters, corporate guarantee of holding company and Corporate Guarantee of Reliance Capital Limited of Rs. 100,00,00,000.

As at March 31, 2017 out of the above availed facility, Company took the disbursement aggregating to Rs. 11,23,29,031. At the year-end, out of the outstanding loan amount Rs. 10,78,15,005 (net of transaction fees) is disclosed as non-current and Rs. 45,16,026 is disclosed as current.

e. Foreign Currency loans

Foreign currency loans- buyer's credit of ₹ 7,75,89,419 (March 31, 2016: ₹ 17,86,77,848, April 01, 2015: ₹ 24,84,74,061) is secured against margin monies- fixed deposits pledged. Interest rate ranges from 1% to 2% p.a. with maturity profile of 2-3 years.

f. Finance lease

The Company leases certain equipment under finance leases. The average lease term is around 5 years. The Company has 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 such equipment.

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 7.93% to 15.79% per annum.

Finance lease obligations are as follows;

(Rupees)

	Total minimum lease payments outstanding		
	As at March 31, 2017	**As at March 31, 2016**	**As at April 01, 2015**
Within one year	7,42,82,230	8,05,37,070	8,88,28,548
Later than one year and not later than five years	9,06,36,694	11,94,47,867	15,71,33,412
Later than five years	-	-	-
Total	**16,49,18,924**	**19,99,84,937**	**24,59,61,960**
	Future interest on outstanding		
	As at March 31, 2017	**As at March 31, 2016**	**As at April 01, 2015**
Within one year	1,38,32,154	1,77,29,619	2,16,00,693
Later than one year and not later than five years	1,18,93,195	1,66,34,596	2,51,02,580
Later than five years	-	-	-
Total	**2,57,25,349**	**3,43,64,215**	**4,67,03,273**
	Present value of minimum lease payments		
	As at March 31, 2017	**As at March 31, 2016**	**As at April 01, 2015**
Within one year	6,04,50,076	6,28,07,451	6,72,27,855
Later than one year and not later than five years	7,87,43,499	10,28,13,271	13,20,30,832
Later than five years	-	-	-
Total	**13,91,93,575**	**16,56,20,722**	**19,92,58,687**

16. Other Financial liabilities (Non current)

(Rupees)

	As at March 31, 2017	**As at March 31, 2016**	**As at April 01, 2015**
Lease rent	1,21,84,122	1,52,61,950	1,83,39,776
Fair value of derivatives	4,57,95,960	21,51,798	3,46,23,452
Total	**5,79,80,082**	**1,74,13,748**	**5,29,63,228**

Prime Focus Technologies Limited

17. Other Financial liabilities (Current)

(Rupees)

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Current maturities of long term borrowings			
Debentures (secured)			
Optionally convertible debentures	-	47,25,39,871	-
(Refer note (15.a & 15.b))			
Term loans (secured)			
from banks	12,57,06,242	23,70,25,960	13,26,73,126
(Refer note (15.c) & (15.d))			
Other loans and advances (secured)			
Finance lease obligations	6,04,50,076	6,28,07,451	6,72,27,855
(Refer note (15.f))			
Foreign currency loans - buyers credit	7,58,03,096	9,94,39,697	13,10,39,566
(Refer note (15.e))			
	26,19,59,414	**87,18,12,979**	**33,09,40,547**
Interest accrued but not due on borrowings	1,97,22,394	94,35,186	94,70,758
Capital Creditors	2,90,15,933	3,65,59,158	2,45,86,504
Fair value of derivatives	4,16,681	3,93,85,104	-
Total	**31,11,14,422**	**95,71,92,427**	**36,49,97,809**

18. Provisions

(Rupees)

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Non-current			
Provision for employee benefits			
Provision for gratuity (refer note 28)	2,85,71,576	2,51,48,749	1,35,08,313
Total	**2,85,71,576**	**2,51,48,749**	**1,35,08,313**
Current			
Provision for employee benefits			
Provision for gratuity (refer note 28)	4,66,245	3,98,455	90,048
Total	**4,66,245**	**3,98,455**	**90,048**

The Company did not have any long-term contracts including derivatives contracts for which any provision was required for any material foreseeable losses.

19. Other liabilities

(Rupees)

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Non-Current			
Deposit received from customers	1,65,00,177	1,45,72,334	5,55,00,000
Total	**1,65,00,177**	**1,45,72,334**	**5,55,00,000**
Current			
Accrued salaries and benefits	11,15,45,768	12,06,00,626	7,67,42,356
Deferred revenue	32,94,670	-	-
Other payables	2,66,94,782	15,86,25,872	10,32,43,341
Total	**14,15,35,220**	**27,92,26,498**	**17,99,85,697**

Other payables include withholding taxes, service tax payable, VAT, payable and employer and employee contribution to provident fund and other funds liability.

20. Borrowings (Current)

(Rupees)

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
From Banks/ Others (Secured)			
Cash credit/ overdraft (Refer note below)	1,63,18,038	17,28,49,328	14,88,19,598
Invoice discounting facility (Refer note below)	-	10,01,71,479	5,02,09,684
From Others (Unsecured)			
Short-term demand loan	-	7,12,04,638	-
Total	**1,63,18,038**	**34,42,25,445**	**19,90,29,282**

The Company has availed a cash credit and invoice discounting facility from banks, 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 holding 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.

Prime Focus Technologies Limited

21. Revenue from operations

(Rupees)

	Year ended March 31, 2017	Year ended March 31, 2016
Income from services	2,25,52,25,042	2,07,31,14,237
Total	**2,25,52,25,042**	**2,07,31,14,237**

22. Other income

(Rupees)

	Year ended March 31, 2017	Year ended March 31, 2016
Interest income:		
Bank deposits	88,14,524	1,43,66,736
on income tax refunds	1,79,69,025	-
on loans to subsidiaries (Refer note 31)	1,77,04,088	1,64,53,621
on others	46,24,112	40,79,195
Reversal of provision for doubtful debts	-	3,35,743
Gain on sale of investment	2,24,495	-
Net gain on sale of property, plant and equipment	-	2,82,28,857
Sundry credit balances written back	-	14,23,663
Others	5,41,408	2,60,202
Total	**4,98,77,652**	**6,51,48,017**

23. Employee benefits expense

(Rupees)

	Year ended March 31, 2017	Year ended March 31, 2016
Salaries and wages	83,62,57,532	63,05,46,095
Contribution to provident fund, other funds and gratuity charge (refer note 28)	4,89,26,858	3,38,01,773
Staff welfare expenses	2,31,74,579	1,85,03,385
Total	**90,83,58,969**	**68,28,51,253**

24. Other expenditure

(Rupees)

	Year ended March 31, 2017	Year ended March 31, 2016
Rent	17,72,45,109	14,18,29,868
Communication cost	6,87,61,949	6,00,51,864
Consumable stores	1,74,26,385	2,31,23,215
Electricity	7,08,69,476	6,67,85,225
Legal and Professional fees	3,14,37,115	2,74,11,657
Rates and taxes	18,79,334	10,70,118
Traveling and conveyance	4,74,72,582	2,10,14,498
Repairs and maintenance	4,91,15,595	4,06,88,679
Director's sitting fees	4,82,600	-
Insurance cost	73,26,663	6,87,347
House keeping	2,17,83,974	2,04,07,576
Provision for doubtful debts	48,15,039	-
Management fees	1,49,27,099	1,09,33,130
Miscellaneous expenses	3,12,82,357	2,81,23,284
Total	**54,48,25,277**	**44,21,26,461**

Payment to auditors (exclusive of service tax)

Audit fees	22,50,000	22,50,000
In other matters	-	13,67,941
Total	**22,50,000**	**36,17,941**

25. Finance costs

(Rupees)

	Year ended March 31, 2017	Year ended March 31, 2016
Interest on term loan (including finance lease)	5,76,74,228	6,35,59,494
Interest on working capital loans	1,84,86,397	3,15,77,917
Interest on buyer's credit	14,05,150	31,58,590
Interest on optionally convertible debentures	14,72,49,745	8,64,82,556
Interest on others	1,18,26,671	3,30,24,446
Finance charges	1,28,30,458	94,12,577
Change in fair value of financial liabilities	(3,59,91,609)	74,02,932
Total	**21,34,81,040**	**23,46,18,512**

26. Income Taxes

A. Amounts recognised in profit or loss

(Rupees)

	Year ended March 31, 2017	Year ended March 31, 2016
Current tax		
- in respect of current year (a)	5,56,714	4,61,35,129
- in respect of prior years (b)	-	1,32,27,453
Deferred tax		
- in respect of current year (c)	(71,32,955)	(1,78,28,015)
Total income tax expense recognised in the current year (a) + (b) + (c)	**(65,76,241)**	**4,15,34,567**

B. Income tax recognised in other comprehensive income

(Rupees)

	Year ended March 31, 2017	Year ended March 31, 2016
Re-measurement of defined benefit obligation (asset)	(19,59,818)	14,70,308
Tax recognised in other comprehensive income	**(19,59,818)**	**14,70,308**

C. The income tax expenses for the year/ period can be reconciled to the accounting profit as follows:

(Rupees)

	March 31, 2017		March 31, 2016	
	% of PBT	Amount	% of PBT	Amount
Profit/(loss) before tax		(2,52,28,760)		6,75,66,837
Tax using Company's domestic tax rate	34.61%	(87,31,674)	34.61%	2,33,84,882
Effect of:				
Non-deductible expenses (Interest on Statutory dues)		21,55,433		49,22,232
		(65,76,241)		2,83,07,114
Adjustments recognised in the current year in relation to previous years				1,32,27,453
Income tax expenses recognised in Statement of profit and loss	**26.07%**	**(65,76,241)**	**61.47%**	**4,15,34,567**

Prime Focus Technologies Limited

D. Movement in temporary differences

(Rupees)

	Balance as at April 1, 2015	Recognised in Profit/ loss during 2015-16	Recognised in OCI during 2015-16	Balance as at March 31, 2016	Recognised in Profit/ loss during 2016-17	Recognised in OCI during 2016-17	Other Reserves	Balance as at March 31, 2017
Deferred tax liablity related to:								
Difference between written down values of property, plant & equipment and intangible assets as per books of account and Income tax act, 1961	(1,15,41,20,481)	2,51,09,218	-	(1,12,90,11,263)	62,31,008	-	-	(1,12,27,80,255)
Lease deposit discounting and equalisation	(59,28,470)	(7,35,863)	-	(66,64,333)	(8,34,769)	-	-	(74,99,102)
	(1,16,00,48,951)	**2,43,73,355**	-	**(1,13,56,75,596)**	**53,96,239**	-	-	**(1,13,02,79,357)**
Deferred tax assets related to:								
Provision for gratuity and bonus	54,37,559	81,14,747	14,70,308	1,50,22,614	(2,490)	(19,59,818)	-	1,30,60,306
Unabsorbed loss carried forward	-	-	-		70,28,376	-	-	70,28,376
Fair value of IRS	7,31,339	1,82,755	-	9,14,094	(7,69,889)	-	-	1,44,205
Option value of Optionally convertible debentures (OCD)	55,06,778	70,10,219	-	1,25,16,997	(61,85,670)	-	-	63,31,327
Provision for Doubtful Debts	6,61,088	(1,16,194)	-	5,44,894	16,66,389	-	-	22,11,283
MAT credit entitlement	2,17,36,867	(2,17,36,867)	-	-	-	-		-
Tax on share/debenture issue expenses	-	-	-	-	-	-	8,25,743	8,25,743
	3,40,73,631	**(65,45,340)**	**14,70,308**	**2,89,98,599**	**17,36,716**	**(19,59,818)**	**8,25,743**	**2,96,01,240**
Net deferred tax (liablities)	**(1,12,59,75,320)**	**1,78,28,015**	**14,70,308**	**(1,10,66,76,997)**	**71,32,955**	**(19,59,818)**	**8,25,743**	**(1,10,06,78,117)**

27. Earnings per share

Basic EPS amounts are calculated by dividing the net (loss) / profit for the year attributable to the Owners 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.

Potential ordinary shares are anti-dilutive when their conversion to ordinary shares would increase earnings per share from continuing operations.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars		Year ended March 31, 2017	Year ended March 31, 2016
Net (loss) / Profit after tax as per statement of profit and loss	Rupees	(1,86,52,519)	2,60,32,270
Less: Expenses on issue of shares (net off tax) adjusted in securities premium	Rupees	(51,41,946)	-
Less: Premium on conversion of preference shares to equity shares	Rupees	(18,45,73,092)	-
Net (loss) / Profit after tax as per statement of profit and loss after above adjustment (A)	Rupees	(20,83,67,557)	2,60,32,270
Weighted average number of equity shares for Basic EPS (B)	Number	21,58,014	20,10,000
Shares deemed to be issued for no consideration in respect of:			
-Employee stock options	Number	-	40,741
-OCPS	Number	-	1,50,00,000
Weighted average number of equity shares for diluted EPS (C)	Number	21,58,014	1,70,50,741
Basic earnings per share (A/B)	Rupees	**(96.56)**	**12.95**
Diluted earnings per share (A/C)*	Rupees	**(96.56)**	**1.53**

*Potential equity shares which are of anti-dilutive nature have been excluded in computation of diluted earnings per share

28. Employee Benefits

28.1 Defined contribution plans

The Company's defined contribution plans are provident fund, Employee State Insurance and employees' pension scheme (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952).

Contribution to Defined Contribution Plans, recognised as expense for the year is as under:

(Rupees)

	Year ended March 31, 2017	Year ended March 31, 2016
Employer's Contribution to Provident Fund and other funds	3,69,30,835	2,53,47,165

28.2 Defined benefit plans

The Company sponsors defined benefit plan (gratuity plan) for qualifying employees of its operations in India. The defined benefit plan is non-funded and is administered by the Company directly. Under the plan, the employees are 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.

This plan typically expose the Company to actuarial risks such as; interest rate risk, longevity risk and salary risk.

Interest risk	A decrease in the bond interest rate will increase the plan liability.
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 gratuity plan in India, the most recent actuarial valuation of the present value of the defined benefit obligation was carried out by an external expert, who's 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.

Prime Focus Technologies Limited

I. Reconciliation of opening and closing balances of defined benefit obligation:

(Rupees)

	As at March 31, 2017	As at March 31, 2016
Defined Benefit Obligation at the beginning of the year	2,55,47,204	1,35,98,361
Interest Cost	20,31,003	10,98,748
Current Service Cost	99,65,020	73,55,860
Benefit Paid Directly by the Employer	(28,42,502)	(7,54,228)
Actuarial (Gains)/Losses on Obligations	(56,62,904)	42,48,463
Defined Benefit Obligation at the end of the year	**2,90,37,821**	**2,55,47,204**

II. Expenses recognised in Statement of profit and loss during the year

(Rupees)

	Year ended March 31, 2017	Year ended March 31, 2016
Current Service Cost	99,65,020	73,55,860
Net Interest Cost	20,31,003	10,98,748
Expenses Recognized	**1,19,96,023**	**84,54,608**

III. Expenses Recognized in the Other Comprehensive Income (OCI)

(Rupees)

	Year ended March 31, 2017	Year ended March 31, 2016
Actuarial (Gains)/Losses on obligation for the year	(56,62,904)	42,48,463
Net (Income)/Expense For the year recognized in OCI	**(56,62,904)**	**42,48,463**

Actuarial assumptions

	Year ended March 31, 2017	Year ended March 31, 2016
Rate of Discounting (per annum)	7.71%	7.95%
Rate of Salary Increase (per annum)	5.00%	5.00%
Rate of Employee Turnover (per annum)	2.00%	2.00%
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

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.

IV. 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:

(Rupees)

	2016-17		2015-16	
	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate (1% movement)	(39,00,205)	47,74,390	(33,55,443)	41,00,560
Future salary appreciation (1% movement)	48,59,800	(40,25,605)	41,84,148	(34,70,395)
Attrition rate (1% movement)	9,13,635	(11,42,629)	8,49,052	(10,63,715)

29. Financial instruments

A. Capital Management

The Company's objectives when managing capital is to safeguard the Company'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 Company's management sets the amounts of capital required in proportion to risk. The Company 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 Company consists of borrowings (as detailed in note 15, 17, and 20), offset by cash and bank balances (note 10), and equity of the Company (comprising equity share capital and other equity) detailed in statement of changes in shareholders' equity). The debt equity ratio for current year is 0.40 as on March 31, 2017 (0.62 as on March 31, 2016).

During the year, the Company's strategy was to monitor and manage the use of funds whilst developing business strategies and marketing.

The Company is not subject to any externally imposed capital requirements.

B. Financial risk management

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 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.

C. Credit risk

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 national broadcasters and major organisations which the Company has worked with for a number of years. However, as the 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 major financial institutions.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹1,32,97,76,889, ₹ 1,21,22,29,543 and ₹ 89,33,50,478 as at March 31, 2017, March 31, 2016 and April 01, 2015 respectively, being the total of the carrying amount of the balances with banks, bank deposits, trade receivables, unbilled revenue, investments, loans and other financial assets.

Three customers contribute individually to more than 10% of outstanding trade receivables as at March 31, 2017 amounting to Rs. 28,66,95,910 and two customers contribute individually to more than 10% of unbilled revenue as that date amounting to Rs. 5,31,90,167

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 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. For liability maturities more than 12 months, see also note 15 and 16.

(Rupees)

	As at March 31, 2017	
	Less than 1 year	**More than 1 year**
Financial liablities		
Borrowings	27,82,77,452	1,00,34,85,480
Other financial liabilities	4,91,55,008	5,79,80,082
Trade payables	13,71,35,029	-
	46,45,67,489	**1,06,14,65,562**
	As at March 31, 2016	
	Less than 1 year	**More than 1 year**
Financial liablities		
Borrowings	1,21,60,38,424	38,23,18,039
Other financial liabilities	8,53,79,448	1,74,13,748
Trade payables	15,70,24,003	-
	1,45,84,41,875	**39,97,31,787**
	As at April 01, 2015	
	Less than 1 year	**More than 1 year**
Financial liablities		
Borrowings	52,99,69,829	83,51,12,746
Other financial liabilities	3,40,57,262	5,29,63,228
Trade payables	15,25,75,485	-
	71,66,02,576	**88,80,75,974**

E. Market risk

The primary market risks to which the Company is exposed are foreign currency and interest rate risk.

Foreign currency risk management

Considering the countries and economic environment in which the Company 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 South African rand against the respective functional currencies of the Company and its subsidiaries.

The following analysis has been worked out based on the net foreign currency exposures 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:

Prime Focus Technologies Limited

(Rupees)

Particulars	Foreign currency Denomination	As at March 31,2017 Foreign currency	As at March 31,2017 Rupees	As at March 31,2016 Foreign currency	As at March 31,2016 Rupees
Financial assets	USD	52,33,448	33,87,27,397	35,44,303	23,42,74,518
	GBP	68,580	55,42,504	8,88,193	8,43,50,826
	SGD	-	-	-	-
	AUD	3,92,864	1,94,35,542	1,86,708	94,63,239
	EUR	-	-	-	-
	ZAR	-	-	29,68,000	1,32,15,139
Total		**56,94,892**	**36,37,05,444**	**75,87,204**	**34,13,03,722**
Financial Liabilities	USD	25,88,635	16,75,45,669	54,64,225	36,11,79,225
	GBP	69,408	56,09,369	5,07,648	4,82,10,862
	SGD	1,911	88,511	-	-
	AUD	35,014	17,32,213	-	-
	EUR	39,966	27,63,053	1,26,473	94,92,722
	ZAR	-	-	-	-
Total		**27,34,934**	**17,77,38,815**	**60,98,346**	**41,88,82,809**

5% appreciation/ depreciation of respective foreign currencies with respect to functional currency of the Company would result in decrease/ increase in the Company’s profit before tax by approximately ₹ 92,98,331 for the year ended March 31, 2017 [March 31, 2016: ₹ (38,78,954)]. This sensitivity analysis includes only outstanding foreign currency denominated monetary items.

Interest rate risk management

The Company is exposed to interest rate risk because in the Company borrows funds at both fixed and floating interest rates. The risk is managed by the Company 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 at the reporting date would have decreased equity and profit for the year/ period by ₹ 20,62,439 and ₹ 30,79,924 for March 2017 and March 2016 respectively and a 50 basis point decrease in floating interest rates at the reporting date would have increased equity and profit by the same amount respectively.

Prime Focus Technologies Limited

F. Fair value measurements

A. 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.

(Rupees)

Particulars	Carrying Value			Fair Value			
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	Fair value hierarchy
FINANCIAL ASSETS							
Financial assets measured at amortised cost							
Trade receivables	48,65,84,826	46,28,71,102	37,78,63,901	-	-	-	
Cash and cash equivalents	4,06,01,532	61,95,851	38,92,926	-	-	-	
Other balances with Banks	7,21,18,318	13,17,49,837	14,21,13,305	-	-	-	
Loans	28,83,89,996	25,72,08,757	7,05,32,103	-	-	-	
Investments	29,80,40,625	9,21,33,811	9,21,33,811				
Other financial assets	14,40,41,592	26,20,70,185	20,68,14,432	-	-	-	
	1,32,97,76,889	**1,21,22,29,543**	**89,33,50,478**	-	-	-	
FINANCIAL LIABLITIES							
Financial liablities measured at fair value							
Interest rate swaps	4,16,681	21,51,798	21,13,208	4,16,681	21,51,798	21,13,208	Level 2
Option Value of OCD's	4,57,95,960	3,93,85,104	3,25,10,244	4,57,95,960	3,93,85,104	3,25,10,244	Level 3
Financial liablities measured at amortised cost							
Borrowings	1,28,17,62,932	1,59,83,56,463	1,36,50,82,575	-	-	-	
Other financial liablities	6,09,22,449	6,12,56,294	5,23,97,038	-	-	-	
Trade payables	13,71,35,029	15,70,24,003	15,25,75,485	-	-	-	
	1,52,60,33,051	**1,85,81,73,662**	**1,60,46,78,550**	-	-	-	

	Fair value as at						Rupees
(Financial Assets) /Financial Liabilities	**March 31, 2017**	**March 31, 2016**	**April 01, 2015**	**Fair Value Hirerachy**	**Valuation techniques and key inputs**	**Significant unobservable inputs**	**Relationships of unobservable inputs to fair value**
Interest rates swaps	4,16,681	21,51,798	21,13,208	Level 2	Counter party quotes	NA	NA
Option Value of OCD's	4,57,95,960	3,93,85,104	3,25,10,244	Level 3	Discounted cash flows	Discount rate and probable cash flows	Higher the discount rate, lower the fair value
	4,62,12,641	**4,15,36,902**	**3,46,23,452**				

Reconciliation of Level 3 fair values

	Rupees
Opening balance as at April 01, 2015 (Financial Liabilities)	3,25,10,244
Mark to Market changes in embedded derivative Optionally convertible Debentures	68,74,860
Closing balance as at March 31, 2016 (Financial Liabilities)	3,93,85,104
Mark to Market changes in embedded derivative Optionally convertible Debentures	64,10,856
Closing balance as at March 31, 2017 (Financial Liabilities)	4,57,95,960

Prime Focus Technologies Limited

30. Share based payments

The Company has granted employee stock options under employee's stock options scheme. Each option entitles the holder to one equity share of Rs. 10 each. 2,03,019 options were outstanding as at March 31, 2017 (March 31, 2016 - 2,12,303 and April 01, 2015 -1,88,470). 2,186 (Previous year 30,313) options were granted during the year. From options granted in previous years, 55,189 were vested during the year (Previous year 21,313).

The current status of the stock options granted to the Employees is as under:

Particulars	Current year		Previous year	
	Numbers of options	**Weighted average exercise price**	**Numbers of options**	**Weighted average exercise price**
Outstanding at the beginning of the year	2,12,303	2,462	1,88,470	2,359
Granted during the year	2,186	3,996	30,313	3,050
Lapsed/ forfeited during the year	9,052	2,308	6,480	3,061
Exercised during the year	2,418	263	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	2,03,019	2,415	2,12,303	2,462
Exercisable at the end of the year	90,058	1,895	38,430	1,163

For stock options outstanding as at March 31, 2017 the range of exercise price is ₹ 263 to ₹ 4,478 and weighted average remaining contractual life is 2.97

Weighted average fair value of options granted during the year is ₹ 1,125

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 – ₹ 3,821.20/- per share

Expected volatility – 27.9% - 29.2%

Option life – 5 - 7 years

Expected dividends – 0% yield

Risk-free interest rate – 6.7% – 6.84% p.a.

Weighted average share price at the date of exercise of share options exercised in 2016-17 was 3821.20 (2015-16: Nil)

Expenses recognised in Statement of Profit and Loss ₹ 1,89,36,547 (previous year ₹ 1,42,92,479)

Prime Focus Technologies Limited

31. Related Party disclosure

(i) List of parties where control exists:

A) Holding Company

Prime Focus Limited

B) Subsidiary Companies

Prime Focus Technologies UK Limited

Prime Focus Technologies Inc

C) Step-down subsidiary

DAX PFT, LLC

DAX Cloud, ULC

Prime Focus Post (Europe) Ltd

(ii) List of parties with whom transactions have taken place during the year

A) Holding Company

Prime Focus Limited

B) Subsidiary Companies

Prime Focus Technologies UK Limited

Prime Focus Technologies Inc

C) Fellow Subsidiaries

Reliance Lowry Digital Imaging Services, Inc

Prime Focus World Nv

Double Negative India Private Limited

Prime Focus World Creative Services Private Limited

Gener8 India Media Services Limited

Reliance Mediaworks Limited

D) Key Management Personnel

Mr. Ganesh V. Sankaran	Whole Time Director
Ramakrishnan Sankaranarayanan	Éxecutive Director
Raghunath Mohanrao	Chief Operating Officer

E) Relative of Key Management Personnel

Ms. Sumati Ganesh

F) Key Management Personnel of Ultimate Holding Company

Mr. Naresh Malhotra	Whole Time Director

iii) Key Management Personnel

(Rupees)

	Year Ended March, 31 2017	Year Ended March, 31 2016
Remuneration		
Ganesh V. Sankaran	19,03,375	94,41,430
Ramakrishnan Sankaranarayanan	41,20,730	33,35,832
Raghunath Mohanrao	85,79,246	4,41,061

(Rupees)

	As at March, 31 2017	As at March, 31 2016	As at April, 01 2015
Balance Outstanding at the year end – Remuneration Payable			
Ganesh V. Sankaran	98,112	5,23,228	4,27,056
Ramakrishnan Sankaranarayanan	10,62,884	1,76,269	1,75,785
Raghunath Mohanrao	6,21,496	2,83,639	-

iv) Relative of Key Management Personnel

(Rupees)

	Year Ended March, 31 2017	Year Ended March, 31 2016
Remuneration		
Sumati Ganesh	-	5,39,532

(Rupees)

	As at March, 31 2017	As at March, 31 2016	As at April, 01 2015
Balance Outstanding at the year end – Remuneration Payable			
Sumati Ganesh	-	-	55,674

v) Holding Company

(Rupees)

	Year Ended March, 31 2017	Year Ended March, 31 2016
Revenue	11,10,000	13,89,900
Technical Service charges	3,29,781	15,13,350
SFIS License Recharge received	3,159	-
Issue of equity shares on conversion of OCPS	33,45,73,092	-
Reimbursement of expenses (net)	1,04,00,000	2,19,56,238
Advances Taken / Given (net)	-	11,87,030
Transfer of Deposit from	-	98,54,338
Purchase of License	-	2,65,511
Guarantees issued during the year	2,65,00,00,000	12,64,00,000

(Rupees)

	As at March, 31 2017	As at March, 31 2016	As at April, 01 2015
Balance outstanding at the year end			
Trade / Other Payable	1,39,29,533	53,44,475	2,47,04,765
Guarantees	3,34,01,58,804	1,83,56,00,000	1,70,92,00,000

vi) **Subsidiary Companies**

(Rupees)

	Year Ended March, 31 2017	Year Ended March, 31 2016
Revenue		
Prime Focus Technologies UK Limited	-	88,89,461
Prime Focus Technologies, Inc.	4,36,83,526	5,33,49,416
Loans Given		
Prime Focus Technologies UK Limited	-	5,25,68,813
Prime Focus Technologies, Inc.	11,71,80,000	15,57,13,115
Loans Received Back		
Prime Focus Technologies UK Limited	6,73,67,164	59,08,205
Prime Focus Technologies, Inc.	-	97,47,069
Investment in Preference Shares (Refer note 13(a))		
Prime Focus Technologies UK Limited	13,85,39,650	-
Reimbursement of expenses (net)		
Prime Focus Technologies, Inc.	23,44,292	8,66,494
Prime Focus Technologies UK Limited	12,60,710	14,97,200
Interest on loans given		
Prime Focus Technologies, Inc.	1,46,53,692	91,60,184
Prime Focus Technologies UK Limited	30,50,396	52,73,716

(Rupees)

	As at March, 31 2017	As at March, 31 2016	As at April, 01 2015
Balance outstanding at the year end			
Trade Receivable			
Prime Focus Technologies UK Limited	-	60,46,825	70,44,004
Prime Focus Technologies, Inc.	1,77,58,175	1,67,26,194	2,34,55,862
Advances Receivable			
Prime Focus Technologies, Inc.	30,22,026	91,85,643	1,08,75,682
Prime Focus Technologies UK Limited	85,91,489	39,62,365	81,13,370
Loans			
Prime Focus Technologies UK Limited	-	7,83,63,707	3,33,17,103
Prime Focus Technologies, Inc.	28,83,89,996	17,88,45,050	3,12,65,000
Corporate Gurantees Given			
Prime Focus Technologies, Inc.	25,88,94,240	26,43,95,600	25,01,20,000
Investments			
Prime Focus Technologies, Inc.	9,21,33,810	9,21,33,810	9,21,33,810
Prime Focus Technologies UK Limited	20,59,06,815	-	-

Prime Focus Technologies Limited

vii) Fellow Subsidiary companies

(Rupees)

	Year Ended March, 31 2017	Year Ended March, 31 2016
Revenue		
Reliance Lowry Digital Imaging Services, Inc	-	36,99,957
Reimbursement of expenses (net)		
Double Negative India Private Limited	32,59,745	-
Prime Focus World Creative Services Private Limited	85,14,678	91,03,630
Interest on loans (net)		
Prime Focus World Creative Services Private Limited	-	12,99,640
Gener8 India Media Services Limited	21,36,407	10,08,071
Loans Given		
Prime Focus World Creative Services Private Limited	-	46,40,50,000
Gener8 India Media Services Limited	22,85,00,000	50,55,362
Repayment of loans given		
Prime Focus World Creative Services Private Limited	-	47,00,00,000
Gener8 India Media Services Limited	22,85,00,000	50,55,362
Loan taken		
Prime Focus World Creative Services Private Limited	-	1,21,29,08,201
Gener8 India Media Services Limited	1,35,23,25,000	23,42,49,276
Repayment of loans taken		
Prime Focus World Creative Services Private Limited	-	1,21,29,08,201
Gener8 India Media Services Limited	1,42,35,29,638	16,30,44,638
Purchase of Assets		
Gener8 India Media Services Limited	73,55,486	1,24,76,272

(Rupees)

	As at March, 31 2017	As at March, 31 2016	As at April, 01 2015
Balance outstanding at the year end			
Trade / Other Payable			
Gener8 India Media Services Limited	28,30,030	9,07,264	-
Trade Payable - Capital Expenditure			
Gener8 India Media Services Limited	73,55,486	1,24,76,272	-
Trade receivable			
Prime Focus World N.V.	-	1,04,22,122	98,59,397
Reliance Mediaworks Limited	-	8,23,672	8,23,672
Reliance Lowry Digital Imaging Services, Inc	-	36,65,184	-
Advances receivable			
Prime Focus World Creative Services Private Limited	96,81,932	11,57,776	28,79,579
Double Negative India Private Limited	32,59,745	-	-
Loans Receivable			
Prime Focus World Creative Services Private Limited	-	-	59,50,000
Short-Term Borrowings			
Gener8 India Media Services Limited	-	7,12,04,638	-

viii) Key Management Personnel of Holding Company

(Rupees)

	Year Ended March, 31 2017	Year Ended March, 31 2016
Personal guarantee given by Naresh Malhotra	31,64,76,797	88,89,91,232

32. Operating lease arrangements

The Company has taken certain assets (premises and furniture and fixtures) on cancellable operating lease basis. The tenure of the lease ranges from 11 to 127 months. Amount of lease rental charged to the Statement of Profit and Loss in respect of cancellable operating leases is Rs 5,63,74,925 (Previous year: Rs. 1,78,20,574).

Amount of lease rentals charged to the Statement of Profit and Loss in respect of non-cancellable operating lease of office premises is Rs. 12,08,70,184 (Previous Year: Rs. 12,40,09,294).

The future minimum lease payments under non-cancellable operating lease are under:

(Rupees)

	As at March 31, 2017	**As at March 31, 2016**	**As at April 01, 2015**
Lease payments due within one year	7,38,69,608	12,62,56,640	12,10,05,302
Lease payments due later than one and not later than five years	4,16,21,471	9,22,08,006	21,84,64,646
Lease payments due later than years	-	-	-
Total	**11,54,91,079**	**21,84,64,646**	**33,94,69,948**

33. Contingent Liabilities and commitments

i. **Capital Commitments**

Rupees

Particulars	**As at March 31**	**As at March 31, 20**	**As at April 01, 2015**
Estimated amount of contracts remaining to be executed on capital account and not provided for:	2,81,15,283	2,15,53,184	10,64,77,480

ii. **Commitments**

The Company and the promoters of the Holding Company have agreed that neither the Company nor its subsidiaries will undertake any activities, as defined under Memorandum/ Articles of Association without obtaining consent of debenture holders in the Holding Company, so long as at least 20% or more of the debentures issued by the Holding Company are outstanding.

iii. **Contingent Liabilities:**

Corporate guarantee given to EXIM bank for credit facilities taken by Prime Focus Technologies Inc. US, wholly owned subsidiary amounting to Rs. 25,88,94,240 (March 31, 2016 Rs. 26,43,95,600 and April 01, 2015 Rs. 25,01,20,000)

34. First-time Ind AS adoption reconciliation

The financial statements have been prepared in accordance with the Indian Accounting Standards (herein after referred to as 'Ind AS') including the Accounting standards under the relevant provisions of Companies Act, 2013.

These financial statements are the Company's first Ind AS financial statements. Upto the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirement of Indian GAAP which included Standards notified under the Companies (Accounting Standards) Rules, 2006 (hereinafter referred to as 'Previous GAAP'). The date of transition to Ind AS is April 01, 2015.

This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 01, 2015 and the financial statements as at and for the year ended March 31, 2016.

Prime Focus Technologies Limited

Effect of Ind AS adoption on the Balance sheet as at April 01, 2015

(Rupees)

	IGAAP	INDAS Adjustments	INDAS
1. Non-current Assets			
(a) Property, plant and equipment	84,91,89,404	-	84,91,89,404
(b) Capital work-in-progress	75,68,843	-	75,68,843
(c) Other intangible assets	23,45,50,570	3,00,93,80,911	3,24,39,31,481
(d) Intangible assets under development	27,77,06,710	-	27,77,06,710
(e) Financial assets			
(i) Investments	9,21,33,811	-	9,21,33,811
(ii) Other financial assets	7,52,83,108	(3,23,73,563)	4,29,09,545
(h) Other non-current assets	19,52,86,147	2,44,04,003	21,96,90,150
Total Non-current Assets	**1,73,17,18,593**	**3,00,14,11,351**	**4,73,31,29,944**
2. Current assets			
(a) Inventories	10,67,105	-	10,67,105
(b) Financial assets			
(i) Trade receivables	37,97,74,121	(19,10,220)	37,78,63,901
(ii) Cash and cash equivalents	38,92,926	-	38,92,926
(iii) Bank balances other than (ii) above	14,21,13,305	-	14,21,13,305
(iv) Loans	7,05,32,103	-	7,05,32,103
(v) Other financial assets	16,39,04,887	-	16,39,04,887
(c) Other current assets	2,24,01,668	73,464	2,24,75,132
Total Current Assets	**78,36,86,115**	**(18,36,756)**	**78,18,49,359**
Total assets	**2,51,54,04,708**	**2,99,95,74,595**	**5,51,49,79,303**
Equity			
(a) Equity share capital	17,01,00,000	(15,00,00,000)	2,01,00,000
(b) Other equity	38,66,22,892	2,12,85,18,483	2,51,51,41,375
Equity attributable to owners of the Company	**55,67,22,892**	**1,97,85,18,483**	**2,53,52,41,375**
Liabilities			
1. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	84,94,53,186	(1,43,40,440)	83,51,12,746
(ii) Other financial liablities	5,70,25,668	(40,62,440)	5,29,63,228
(b) Deferred tax liability (net)	7,88,66,077	1,04,71,09,243	1,12,59,75,320
(c) Provisions	1,35,08,313	-	1,35,08,313
(d) Other non-current liabilities	5,55,00,000	-	5,55,00,000
Total Non-current liablities	**1,05,43,53,244**	**1,02,87,06,363**	**2,08,30,59,607**
2. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19,90,29,282	-	19,90,29,282
(ii) Trade payables	15,25,75,485	-	15,25,75,485
(iii) Other financial liablities	37,26,48,060	(76,50,251)	36,49,97,809
(b) Provisions	90,048	-	90,048
(c) Other current liabilities	17,99,85,697	-	17,99,85,697
Total current liablities	**90,43,28,572**	**(76,50,251)**	**89,66,78,321**
Total equity and liabilities	**2,51,54,04,708**	**2,99,95,74,595**	**5,51,49,79,303**

Prime Focus Technologies Limited

Effect of Ind AS adoption on the Balance sheet as at March 31, 2016

(Rupees)

	IGAAP	INDAS Adjustments	INDAS
1. Non-current Assets			
(a) Property, plant and equipment	76,04,53,382	-	76,04,53,382
(b) Other intangible assets	44,11,93,132	2,85,23,04,059	3,29,34,97,191
(c) Intangible assets under development	30,31,91,678	-	30,31,91,678
(d) Financial assets		-	
(i) Investments	9,21,33,811	-	9,21,33,811
(ii) Other financial assets	8,03,93,798	(3,07,52,001)	4,96,41,797
(h) Other non-current assets	23,40,44,542	2,25,42,250	25,65,86,792
Total Non-current Assets	**1,91,14,10,343**	**2,84,40,94,308**	**4,75,55,04,651**
2. Current assets			
(a) Inventories	11,97,948	-	11,97,948
(b) Financial assets			
(i) Trade receivables	46,44,45,579	(15,74,477)	46,28,71,102
(ii) Cash and cash equivalents	61,95,851	-	61,95,851
(iii) Bank balances other than (ii) above	13,17,49,837	-	13,17,49,837
(iv) Loans	25,72,08,757	-	25,72,08,757
(v) Other financial assets	21,24,28,388	-	21,24,28,388
(c) Other current assets	2,59,88,968	38,39,162	2,98,28,130
Total Current Assets	**1,09,92,15,328**	**22,64,685**	**1,10,14,80,013**
Total assets	**3,01,06,25,671**	**2,84,63,58,993**	**5,85,69,84,664**
Equity			
(a) Equity share capital	17,01,00,000	(15,00,00,000)	2,01,00,000
(b) Other equity	53,37,65,144	2,01,89,22,825	2,55,26,87,969
Equity attributable to owners of the Company	**70,38,65,144**	**1,86,89,22,825**	**2,57,27,87,969**
Liabilities			
1. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	38,23,18,039	-	38,23,18,039
(ii) Other financial liablities	6,48,25,763	(4,74,12,015)	1,74,13,748
(b) Deferred tax liability (net)	11,75,70,057	98,91,06,940	1,10,66,76,997
(c) Provisions	2,51,48,749	-	2,51,48,749
(d) Other non-current liabilities	1,45,72,334	-	1,45,72,334
Total Non-current liablities	**60,44,34,942**	**94,16,94,925**	**1,54,61,29,867**
2. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	34,42,25,445	-	34,42,25,445
(ii) Trade payables	15,70,24,003	-	15,70,24,003
(iii) Other financial liablities	92,14,51,184	3,57,41,243	95,71,92,427
(b) Provisions	3,98,455	-	3,98,455
(c) Other current liabilities	27,92,26,498	-	27,92,26,498
Total current liablities	**1,70,23,25,585**	**3,57,41,243**	**1,73,80,66,828**
Total equity and liabilities	**3,01,06,25,671**	**2,84,63,58,993**	**5,85,69,84,664**

Prime Focus Technologies Limited

Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended March 31, 2016

(Rupees)

	Indian GAAP	Adjustments	Ind AS
Income			
Revenue from operations	2,07,31,14,237	-	2,07,31,14,237
Other income	6,07,33,079	44,14,938	6,51,48,017
Total income from operations	**2,13,38,47,316**	**44,14,938**	**2,13,82,62,254**
Expenses			
Employee benefits expense	68,70,99,716	(42,48,463)	68,28,51,253
Employee stock option expense	-	1,42,92,479	1,42,92,479
Technical service cost	20,89,96,389		20,89,96,389
Depreciation and amortisation expense	32,15,85,201	15,70,76,851	47,86,62,052
Other expenditure	44,79,73,640	(58,47,179)	44,21,26,461
Finance costs	21,38,35,282	2,07,83,230	23,46,18,512
Exchange loss (net)	91,48,271	-	91,48,271
Total Expenses	**1,88,86,38,499**	**18,20,56,918**	**2,07,06,95,417**
Profit / (Loss) before tax	**24,52,08,817**	**(17,76,41,980)**	**6,75,66,837**
Tax expense			
Current tax	5,93,62,582	-	5,93,62,582
Deferred tax	3,87,03,982	(5,65,31,997)	(1,78,28,015)
Total tax expense	**9,80,66,564**	**(5,65,31,997)**	**4,15,34,567**
Profit / (Loss) for the year	**14,71,42,253**	**(12,11,09,983)**	**2,60,32,270**

Prime Focus Technologies Limited

Effects of Ind AS adoption on the Cash flow statement:
There are no material adjustment to the Statement of cash flow as reported in the previous GAAP.

Notes to first time adoption

a) Trade receivables
As per Ind AS 109, the Company has applied expected credit loss model for recognising the allowance for doubtful debts.

b) Security deposits
Under the previous GAAP, interest free lease deposits were recorded at their transaction value. On transition to Ind AS, these lease deposits are remeasured at amortised cost using the effective interest rate method. The difference between the transaction value of the deposit and amortised cost is regarded as prepaid rent and recognised as expenses uniformly over the lease period. Interest income, measured by the effective interest rate method is accrued. The effect of these is reflected in total equity and / or profit or loss, as applicable

c) Embedded derivatives
The Company has identified embedded derivatives in its optionally convertible debentures which carry an option to convert the debentures into its shares at fair value on maturity. The embedded derivative was carved out and separately valued at transition date. Balance portion of debt is recognised using effective rate method.

d) Reclassification of preference share capital from equity to other equity.
The Company has reclassified non-cumulative optionally convertible and redeemable preference share capital from equity to other equity.

e) Fair value as deemed cost exemption

The Company has elected to use fair value as deemed cost for its internally generated intangible assets as at the transition date. As a result, the value of intangibles increased in accordance with stipulations of Ind AS 101 with the resultant impact being accounted for in the reserves.

f) Lease payments
Under Ind AS, the Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor’s expected inflationary cost increases. Thus, rent provision on account of consideration of future escalation in rent is reversed. This has resulted in increase in net income.

g) Employee stock options

In respect of share based payments (ESOP), the Company had followed intrinsic valuation method for grants made up to April 1, 2015 which was permitted under the previous GAAP. Under Ind AS, intrinsic value method is not permitted. Consequently, the unvested options as at April 1, 2015 which were measured using intrinsic value method have been remeasured using fair values. Share option outstanding account as on transition date has been created out of retained earnings. In subsequent year, this has resulted in increase in share option outstanding account with corresponding increase in employee stock option expense.

h) Re-measurement of defined benefit obligation

Under previous GAAP, actuarial gains and losses were recognised in the Statement of Profit and Loss. Under Ind AS, the actuarial gains and losses form part of re-measurement of net defined benefit obligation, which is recognised in other comprehensive income in respective years.

i) Retained earnings
Retained earnings as at April 01, 2015 have been adjusted consequent to the above Ind AS transition adjustments net of deferred tax

j) Deferred tax
The impact of transition adjustments together with Ind AS mandate of using balance sheet approach (against profit and loss approach in the previous GAAP) for computation of deferred taxes has resulted in charge to the

reserves on date of transition with consequential impact to the Statement of Profit and Loss for the subsequent period.

35. Disclosure on Bank Notes (SBNs)

During the year, the Company had Specified Bank Notes (SBNs) and other denomination notes as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBNs) held and transacted during the period from November 08, 2016 to December 30, 2016. The details of SBNs and other denomination notes held and transacted during the period are given below:

Particulars	SBNs	Other Denomination notes	Total
Closing cash in hand as on 08.11.2016	63,500	2,07,571	2,71,071
(+) Permitted receipts	-	6,29,978	6,29,978
(-) Permitted payments	-	(4,63,827)	(4,63,827)
(-) Amount deposited in Banks	(63,500)	-	(63,500)
Closing cash in hand as on 30.12.2016	-	3,73,722	3,73,722

* For the purpose of this clause 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated November 08, 2016.

36. Segment Reporting

As per Ind AS 108 on "Segment Reporting", segment information has been provided under the Notes to the Consolidated Financial Statements.

37. Capitalisation of expenditure

During the year, the Company has capitalised the following expenses of revenue nature to the cost of intangible asset under development (software)/ capital work in progress. Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company.

Particulars	March 31, 2017	March 31, 2016	March 31, 2015
Opening Balance	29,08,33,795	27,77,06,710	9,15,91,318
Add:			
Employee Benefit expenses	18,67,18,433	23,58,92,529	1,72,295,022
Direct overheads*	2,56,44,127	4,29,31,658	3,11,64,118
Interest capitalised	-	19,71,409	27,86,855
	50,31,96,355	55,85,02,306	29,78,37,313
Less: Capitalised	50,16,98,670	26,76,68,511	2,01,30,603
Closing Balance	**14,97,685**	**29,08,33,795**	**27,77,06,710**

*Includes rent, electricity, housekeeping and security charges

38. Derivative Instruments

The Company has entered into the following derivative instruments to hedge the interest rate and currency risk. The Company does not use these contracts for speculative purposes.

As at	Number of contracts	Notional value of contract outstanding	
		USD Notional amount	INR Equivalent amount
March 31, 2017	2	11,49,556	7,43,99,264
March 31, 2016	3	27,94,711	18,47,27,329

39. Corporate Social Responsibilities (CSR)

a. Gross amount required to be spent by the Company during the year Rs. 39,05,348 (Previous year Rs. 33,06,675)

b. Amount spent during the year;

Particulars	March 31, 2017	March 31, 2016
Construction/acquisition of any assets	-	-
On purpose other than above	-	3,00,000

40. 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 all the above periods.

41. Event after the reporting period

There were no events after the reporting period which require adjustments in amounts recognised in the financial statements

42. Approval of Financial Statements

The financial statements were approved for issue by the Board of Directors on May 22, 2017.

Ramakrishnan Sankaranarayanan	**Nishant Fadia**
Director	**Director**
DIN :- 02696897	**DIN :- 02648177**

Vikas Rathee
Chief Financial Officer

Place: Mumbai
Date: May 22, 2017