

GVS Software Private Limited
Balance sheet as on March 31, 2018

in ₹

	Notes	As at March 31,	
		2018	2017
Assets			
Non-current assets			
Financial Assets			
Other non-current assets	3	265,000,000	265,000,000
		265,000,000	265,000,000
Current assets			
Financial Assets			
i) Cash ad cash equivalents	4	2,300	2,300
Other current assets		-	-
		2,300	2,300
TOTAL		265,002,300	265,002,300
Equity and Liabilities			
Equity			
Equity Share Capital	5	2,750,000	2,750,000
Other Equity	6	262,083,029	262,099,029
		264,833,029	264,849,029
Financial Liabilities			
i) Trade payables	7	169,271	153,271
		169,271	153,271
TOTAL		265,002,300	265,002,300

Notes forming part of the financial statements 1-12

As per our report of even date

For V. Shivkumar & Associates
Chartered Accountants
Firm Registration No.: 112781W

For and on behalf of the Board of Directors

V. Shivkumar
(Proprietor)
Membership No. 042673
Mumbai
May 30, 2018

Ramakrishnan
Sankaranarayanan
(Director)

Rivkaran Chadha
(Director)

GVS Software Private Limited**Statement of Profit and Loss for the year ended March 31, 2018**

in ₹

	Notes	For the year ended March 31,	
		2018	2017
Income			
Revenue from operations (net)		-	-
Other income		-	-
		-	-
Expenses			
Employee benefits expenses		-	-
Other expenses	8	16,000	12,012
Finance costs		-	-
Depreciation and amortization expenses		-	-
		16,000	12,012
Loss before exceptional items and tax		(16,000)	(12,012)
Exceptional Items		-	-
Loss before tax		(16,000)	(12,012)
Tax expense			
Current tax		-	-
Deferred tax		-	-
Total tax expense		-	-
Loss for the year		(16,000)	(12,012)
Earnings per equity share			
Basic	11	(1.60)	(1.20)
Diluted		(1.60)	(1.20)
Notes to accounts	1-12		

As per our report of even date

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(Director)

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(Director)

GVS Software Private Limited**Statement of Changes in Equity for the year ended March 31, 2018****Changes in Share capital**

	Equity Shares		Redeemable Convertible Preference Shares	
	No of shares	Amount	No of shares	Amount
	As at 1st April 2016	10,000	100,000	265,000
Changes during the year	-	-	-	-
As at 31st March 2017	10,000	100,000	265,000	2,650,000
Changes during the year	-	-	-	-
As at 31st March 2018	10,000	100,000	265,000	2,650,000

Changes in Other Equity

in ₹

	Securities		Total Other equity	Non-controlling interests	Total
	Premium Account	Retained Earnings			
As at 1st April 2016	262,350,000	(238,959)	262,111,041	-	262,111,041
Profit/ (loss) for the year	-	(12,012)	(12,012)	-	(12,012)
As at 31st March 2017	262,350,000	(250,971)	262,099,029	-	262,099,029
Profit/ (loss) for the year	-	(16,000)	(16,000)	-	(16,000)
As at 31st March 2018	262,350,000	(266,971)	262,083,029	-	262,083,029

As per our report of even date

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Ramakrishnan
Sankaranarayanan
(Director)

Rivkaran Chadha
(Director)

GVS Software Private Limited**Cash Flow statement for the year ended March 31, 2018**

in ₹

	Notes	As at March 31,	
		2018	2017
A. Cash flow from Operating activities			
Net Profit before taxation		(16,000)	(12,012)
Adjustments for :			
Operating profit before working capital changes		(16,000)	(12,012)
Movements in working capital :			
Increase/(Decrease) in current liabilities		16,000	12,012
Cash generated from operations		-	-
Direct Taxes paid (Net of Refunds)		-	-
Net Cash from operating activities		-	-
B. Cash flow from investing activities			
Net Cash from investing activities		-	-
C. Cash flow from Financing activities			
Net cash used in Financing activities		-	-
Net increase/(decrease) in cash and cash equivalents (A+B+C)		-	-
Cash and cash equivalents at the beginning of the year	4	2,300	2,300
Cash and cash equivalents at the end of the year		2,300	2,300
Notes to accounts	1-12		-

As per our report of even date

For V. Shivkumar & Associates
Chartered Accountants
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Mumbai
May 30, 2018

Ramakrishnan
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(Director)

Rivkaran Chadha
(Director)

1. Corporate information

GVS Software Private Limited (the Company) is a private company domiciled in India and incorporated under the provision of the Companies Act, 1956. The Company is engaged in the business of post-production including digital intermediate, visual effects, 2D to 3D conversion and other technical and creative services to the Media and Entertainment industry.

2. Statement of significant accounting policies:

a. Basis of preparation

The financial statements have been prepared in accordance with the Indian Accounting Standards (herein after referred to as 'Ind AS'). The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

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 standalone 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.

b. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Accounting estimates could change from period to period. Actual results could differ from these estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

GVS Software Private Limited

c. Revenue recognition

Revenue comprises the fair value of the consideration for the sale of services and products in the ordinary course of the Company's activities. Revenue is shown net of applicable taxes.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and no significant uncertainty exists as to its determination or realisation. The Company bases its estimates on empirical evidence of the past taking into consideration the type of transaction, the type of customer and the specifics of each arrangement.

The Company provides a variety of post-production services including digital intermediate, visual special effects (VFX), two dimension to three dimension (2D to 3D) conversion and other technical services to its subsidiaries and to clients in the film, broadcast and commercial sectors.

Revenue on time-and-material contracts are recognized as the related services are performed and the revenues from the end of the last billing to the balance sheet date are recognized as unbilled revenues. Revenue from services provided under fixed price contracts, where the outcome can be estimated reliably, is recognized following the percentage of completion method, where revenue is recognized in proportion to the progress of the contract activity. The progress of the contract activity is usually determined as a proportion of hours spent up to the balance sheet date, which bears to the total hours estimated for the contract. If losses are expected on contracts these are recognized when such losses become evident.

d. Dividend income 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.

e. 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.

f. 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).

g. Taxation

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

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.

GVS Software Private Limited

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences arise from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they related to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

h. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

i. Cash Flow statements

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information

GVS Software Private Limited

3. Other non-current assets	in ₹	
	As at March 31,	
	2018	2017
Capital advances	265,000,000	265,000,000
	265,000,000	265,000,000

4. Cash and bank balances	in ₹	
	As at March 31,	
	2018	2017
Cash and cash equivalents		
Balances with banks:		
On Current Accounts	-	-
Cash on hand	2,300	2,300
	2,300	2,300

5. Share capital	in ₹	
	As at March 31,	
	2018	2017
Authorised shares:		
10,000 Equity Shares of Rs.10/- each (Previous year 10,000 Shares of Rs.10/- each)	100,000	100,000
265,000 Redeemable Convertible Preference Shares of Rs.10/- each (Previous year 265,000 of Rs. 10/- each)	2,650,000	2,650,000
Issued, subscribed and paid-Up:		
10,000 Equity Shares of Rs.10/- each (Previous year 10,000 Shares of Rs.10/- each)	100,000	100,000
265,000 Redeemable Convertible Preference Shares of Rs.10/- each (Previous year 265,000 of Rs. 10/- each)	2,650,000	2,650,000
	2,750,000	2,750,000

6. Other Equity	in ₹	
	As at March 31,	
	2018	2017
Securities Premium Account		
Premium on issuance of Redeemable Convertible Preference Shares	262,350,000	262,350,000
Retained Earnings		
Balance as per last financial statements	(250,971)	(238,959)
Loss for the year	(16,000)	(12,012)
Net Retained Earnings	(266,971)	(250,971)
Other Equity	262,083,029	262,099,029

7. Trade payables	in ₹	
	As at March 31,	
	2018	2017
Trade payables	40,515	30,515
Trade payables to related parties (note 9)	128,756	122,756
	169,271	153,271

8. Other expenses	in ₹	
	For the year ended March 31,	
	2018	2017
Legal and Professional Fees	6,000	2,012
Audit Fees	10,000	10,000
	16,000	12,012

GVS Software Private Limited

9. Related Party Disclosure

List of related Parties where control exists and related parties with whom transactions have taken place and relationships:

Name of the related party	Relationship
Prime Focus Limited	Holding Company
N2M Reality Private Limited	Enterprises owned or significantly influenced by Key Management Personnel of Holding Company

Related Party Transaction During the Year

in ₹

	March 31,	
	2018	2017
Reimbursement of expense incurred by:		
Prime Focus Limited	6,000	2,012

Balance outstanding

in ₹

	As at March 31,	
	2018	2017
Redeemable Convertible Preference Shares		
Prime Focus Limited	265,000,000	265,000,000
Capital advance		
N2M Reality Private Limited	265,000,000	265,000,000
Trade Payables		
Prime Focus Limited	128,756	122,756

10. Fair Value Measurements

in ₹

	As at March 31		As at March 31	
	2018	2017	2018	2017
	Carrying Value		Fair Value	
A. Financial Assets:				
Amortised cost				
Cash ad cash equivalents	2,300	2,300	-	-
Total	2,300	2,300	-	-
B. Financial Liabilities:				
Amortised cost				
Trade payables	169,271	153,271	-	-
Total	169,271	153,271	-	-

GVS Software Private Limited

Capital Risk Management

The company's objectives when managing capital are 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 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 company is not subject to any externally imposed capital requirements.

a) Financial risk management

The company is exposed through its operations to the following financial risks:

- Credit risk
- Liquidity risk

i) Credit Risk

Cash is held with banks having good credit ratings and Company does not anticipate any risk in value.

ii) Liquidity Risk

Liquidity risk is the risk that the company is unable to meet its payment obligations associated with its financial liabilities when they fall due. Ultimate responsibility for liquidity risk management rests with the Management, which has developed a liquidity management forecasting process which aims to ensure that the company has sufficient cash at all times to meet liabilities as they fall due.

The following analysis sets out the maturities of financial assets and liabilities.

Liquidity Risk

in ₹

At 31 March 2018	Less than 3 months	Between 3 & 12 months	Total
Current financial assets			
Cash and cash equivalents	2,300	-	2,300
	2,300	-	2,300
Current financial liabilities			
Trade Payables	169,271	-	169,271
	169,271	-	169,271
At 31 March 2017	Less than 3 months	Between 3 & 12 months	Total
Current financial assets			
Cash and cash equivalents	2,300	-	2,300
	2,300	-	2,300
Current financial liabilities			
Trade Payables	153,271	-	153,271
	153,271	-	153,271

GVS Software Private Limited**11. Earnings per share**

in ₹

Particulars	Year ended	
	March 31, 2018	Year ended March 31, 2017
Net (loss) attributable to equity shareholders	(16,000)	(12,012)
Exceptional items (net of tax)	-	-
Net Profit/(loss) before exceptional items but after tax	(16,000)	(12,012)
Weighted average number of equity shares in calculating basic and diluted EPS	10,000	10,000
Earnings per share (before exceptional items)		
Basic EPS	(1.60)	(1.20)
Diluted EPS	(1.60)	(1.20)

12. There are no unhedged foreign currency exposure

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For V. Shivkumar & Associates**Chartered Accountants****Firm Registration No.: 112781W****For and on behalf of the Board of Directors****V. Shivkumar**
(Proprietor)
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