

**Gener8 India Media Services Limited**

**Financial statements**

**For the year ended March 31, 2018**

### Independent Auditors' Report

To The Members of  
**Gener8 India Media Services Limited**

We have audited the accompanying financial statements of **Gener8 India Media Services Limited** ('the Company') which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

#### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind As) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and the matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018; its Loss, its Cash Flows and the Statement of Changes in Equity for the year ended on that date.

#### **Emphasis of Matter**

We draw attention to Note 34 in the financial statements regarding accumulated losses exceeding the Net Worth of the Company and the Ind AS financial statements being prepared on going concern basis. Our opinion is not modified in this respect.



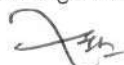
## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) Section 143 of Act, we give in the "Annexure A", a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the aforesaid Ind AS financial statements comply with the applicable Indian Accounting Standards specified under Section 133 of the Act.
  - e. On the basis of written representations received from the Directors and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2018 from being appointed as Director in terms of section 164(2) of the Act;
  - f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i) There are no ongoing litigations as at the reporting date that would have a material impact on its financial position;
    - ii) Based upon the assessment made by the Company, there are no long-term contracts resulting in any material foreseeable losses;
    - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

### For M. S. Sethi & Associates

Chartered Accountants

Firm Registration No. 109407W



**Manoj Sethi**

Proprietor

Membership No. 039784

Place: Mumbai

Date: May 28, 2018



## ANNEXURE A TO THE AUDITORS' REPORT

Referred to in our Report of even date on Accounts of **Gener8 India Media Services Limited** for year ended March 31, 2018

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
b) The fixed assets have been physically verified by the management during the year and as informed, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the company and the nature of its assets.  
c) The Company does not have any immovable property hence clause 3(i)(c) of the Order is not applicable.
- ii) As explained to us, there is no inventory during the year hence clause 3(ii) of the Order is not applicable.
- iii) In our opinion and according to the information and explanations given to us, the Company has granted unsecured loans to companies covered in the register maintained pursuant to section 189 of the Act. According to the information and explanations given to us, the repayment of loan is on demand and the terms and conditions are not prima facie, prejudicial to the interest of the Company.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with provisions of section 185 and 186 of the Act, with respect to the loans and investments made
- v) According to information and explanations given to us, the Company has not accepted any deposits from the public.
- vi) According to the information and explanations given to us, no cost records have been prescribed by the Central Government of India under section 148(1) of the Act.
- vii) (a) Based on our examination of the books and records, the Company has generally been regular in depositing with appropriate authority undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues, wherever applicable, during the year. Further no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.  
  
(b) As per the information and explanations given to us, there are no disputed statutory dues pending to be deposited with the respective authorities by the Company.
- viii) The Company has not raised any funds from financial institutions or banks or by issue of debentures during the year, hence, question of repayment of dues to them does not arise.
- ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi) The Company has not paid any managerial remuneration. Hence paragraph 3(xi) of the Order is not applicable.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.
- xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For M. S. Sethi & Associates**

Chartered Accountants

Firm Registration No. 109407W

  
**Manoj Sethi**

Proprietor

Membership No. 039784

Place: Mumbai

Date: May 28, 2018





## ANNEXURE B TO THE AUDITORS' REPORT

Report on the Internal Financial Controls under Section 143(3)(i) of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting ('Financial Controls') of **Gener8 India Media Services Limited** ("the Company") in conjunction with our audit of the Company for the year ended March 31, 2018.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's Financial Controls based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Financial Controls are established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of Financial Controls includes obtaining an understanding of Financial Controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A company's Financial Controls is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's Financial Controls includes those policies and procedures that (1) pertain to maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of Financial Controls, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the Financial Controls to future periods are subject to the risk that the Financial Controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate Financial Controls system and such Financial Controls are operating effectively as at March 31, 2018, based on the Financial Controls criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by ICAI.

For **M. S. Sethi & Associates**  
Chartered Accountants  
Firm Registration No. 109407W



**Manoj Sethi**  
Proprietor  
Membership No. 039784

Place: Mumbai  
Date: May 28, 2018



## Balance sheet

in ₹

	Notes	As at March 31,	
		2018	2017
<b>Assets</b>			
<b>1. Non-current assets</b>			
(a) Property, plant and equipment	4	10,587,444	100,801,709
(b) Capital Work in Progress		-	10,112,625
(c) Intangible assets	5	-	8,550,149
(d) Financial assets			
i) Others	6	10,427,799	20,965,353
(e) Non-current tax assets	7	8,667,239	7,262,817
(f) Other non-current assets	8	11,605,174	26,276,838
		<b>41,287,656</b>	<b>173,969,491</b>
<b>2. Current assets</b>			
(a) Financial assets			
i) Trade receivables	9	217,382,433	415,617,288
ii) Cash and cash equivalents	10	1,957,118	1,035,971
iii) Loans	11	-	3,629,860
iv) Others	12	148,131,043	48,978,891
(b) Other current assets	13	113,096,806	35,468,523
		<b>480,567,400</b>	<b>504,730,533</b>
<b>Total Assets</b>		<b>521,855,056</b>	<b>678,700,024</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
(a) Equity share capital	14	8,500,000	8,500,000
(b) Share application money received		969,000,000	-
(c) Other equity	15	(1,532,524,636)	(1,418,776,700)
		<b>(555,024,636)</b>	<b>(1,410,276,700)</b>
<b>Liabilities</b>			
<b>1. Non-current liabilities</b>			
(a) Financial liabilities			
i) Borrowings	16	3,995,094	4,617,419
ii) Others	17	317,000,000	317,488,527
(b) Provisions	18	2,858,935	420,530
		<b>323,854,029</b>	<b>322,526,476</b>
<b>2. Current liabilities</b>			
(a) Financial liabilities			
i) Borrowings	19	567,439,473	1,562,513,365
ii) Trade payables	20	33,566,508	41,229,283
iii) Others	21	58,494,303	141,353,424
(b) Provisions	18	5,442	-
(c) Other current liabilities	22	93,519,936	21,354,176
		<b>753,025,662</b>	<b>1,766,450,248</b>
<b>Total equity and liabilities</b>		<b>521,855,056</b>	<b>678,700,024</b>

As per our Report of even date

For M.S. Sethi &amp; Associates

Chartered Accountants

Registration No. 109407W

Manoj Sethi

Proprietor

Membership No 039784

Place : Mumbai

Date : May 28, 2018

For and on behalf of the Board of Directors

Vikas Rathee

Director

Din No 07015635

Nishant Fadia

Director

Din No 02648177



## Statement of Profit and Loss

in ₹

	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Income</b>			
Revenue from operations	23	226,832,669	332,936,666
Other income	24	235,759,126	4,316,195
<b>Total Income</b>		<b>462,591,795</b>	<b>337,252,861</b>
<b>Expenses</b>			
Employee benefits expense	25	154,033,436	260,945,441
Technician fees			4,055,858
Finance costs	26	216,556,542	127,553,817
Depreciation and amortisation expense	4 & 5	109,586,868	51,151,679
Other expenses	27	100,892,543	96,652,845
<b>Total expenses</b>		<b>581,069,389</b>	<b>540,359,640</b>
<b>Profit / (Loss) before exceptional items and tax</b>		<b>(118,477,594)</b>	<b>(203,106,779)</b>
Exceptional Items		-	-
<b>Profit/ (Loss) before tax</b>		<b>(118,477,594)</b>	<b>(203,106,779)</b>
<b>Tax expense</b>			
Current tax		-	-
<b>Total tax expense</b>		<b>-</b>	<b>-</b>
<b>Profit/ (Loss) after tax</b>		<b>(118,477,594)</b>	<b>(203,106,779)</b>
<b>Other comprehensive income</b>			
A (i) Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plan : (Loss)		4,729,658	(137,563)
(ii) Income tax relating to items that will not be reclassified to profit or loss			
		-	-
B (i) Items that will be reclassified to the Profit or loss			
Exchange differences in translating the financial statements of foreign operations		-	-
B (ii) Income tax relating to items that will be reclassified to profit or loss			
		-	-
<b>Total other comprehensive income</b>		<b>4,729,658</b>	<b>(137,563)</b>
<b>Total comprehensive income</b>		<b>(113,747,936)</b>	<b>(203,244,342)</b>
<b>Earnings per equity share of ₹ 10 each</b>			
Basic	28	(139.39)	(238.95)
Diluted	28	(139.39)	(238.95)

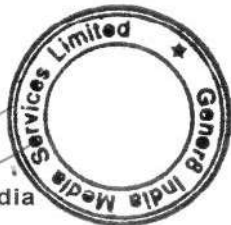
As per our Report of even date  
**For M.S. Sethi & Associates**  
Chartered Accountants  
Registration No. 109407W

  
**Manoj Sethi**  
Proprietor  
Membership No 039784

For and on behalf of the Board of Directors

  
**Vikas Rathee**  
Director  
Din No 07015635

  
**Nishant Fadia**  
Director  
Din No 02648177



Place : Mumbai  
Date : May 28, 2018



## Cash Flow Statement

in ₹

	Notes	As at March 31,	
		2018	2017
<b>A. Cash flow from Operating activities</b>			
<b>Net (loss) before taxation</b>		<b>(118,477,594)</b>	<b>(203,106,779)</b>
Adjustments for :			
Depreciation and amortisation expense		109,586,868	51,151,679
Unrealised foreign exchange (gain)/ loss (net)		(10,031,673)	-
Unmoved credit balance written back		(210,862,892)	-
Loss on sale of assets		2,196,525	-
Bad debts written off		3,604,274	-
Interest income		(14,192,863)	(3,888,294)
Finance cost		216,556,541	127,553,817
<b>Operating profit / (loss) before working capital changes</b>		<b>(21,620,813)</b>	<b>(28,289,577)</b>
Movements in working capital :			
Decrease / (Increase) in trade receivables		209,319,926	(134,906,713)
(Increase) in financial assets		(86,565,916)	(60,527,504)
(Increase) in other assets		(74,850,835)	(15,987,029)
(Decrease) / Increase in trade & other payables		(5,890,788)	7,255,265
Increase / (Decrease) in provisions		7,173,505	(319,416)
(Decrease) / Increase in financial liabilities		(97,710,649)	324,946,512
Increase / (Decrease) in other current liabilities		72,165,760	(3,086,295)
Cash generated from operations		<b>2,020,190</b>	<b>89,085,243</b>
Direct Taxes paid (Net of Refunds)		<b>(1,404,422)</b>	<b>(181,463)</b>
<b>Net Cash generated from operating activities (A)</b>		<b>615,769</b>	<b>88,903,780</b>
<b>B. Cash flow from investing activities</b>			
Purchase of fixed assets		(8,752,637)	(11,936,488)
Proceeds from sale of fixed assets		-	6,577,476
Loans & Advances given to subsidiaries		(1,147,745,140)	-
Loans given to related parties repaid back		1,151,375,000	83,680,909
Interest income received		12,181,341	302,511
<b>Net Cash generated from investing activities (B)</b>		<b>7,058,564</b>	<b>78,624,408</b>
<b>C. Cash flow from Financing activities</b>			
Repayment of long term borrowings		(622,325)	-
Proceeds / (Repayment) from short-term borrowings		244,304,703	(125,253,695)
Interest paid		(250,435,563)	(41,618,634)
<b>Net Cash (used in) Financing activities (C)</b>		<b>(6,753,185)</b>	<b>(166,872,329)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>		<b>921,147</b>	<b>655,859</b>
<b>Cash and cash equivalents at the beginning of the year</b>	10	<b>1,035,971</b>	<b>380,112</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>1,957,118</b>	<b>1,035,971</b>

As per our report of even date

For **M.S. Sethi & Associates**

Chartered Accountants

Registration No. 109407W



**Manoj Sethi**  
Proprietor  
Membership No 039784

For and on behalf of the Board of Directors



**Vikas Rathee**  
Director  
Din No 07015635



**Nishant Fadia**  
Director  
Din No 02648177



Place : Mumbai

Date : May 28, 2018



Statement of Changes in Equity for the year ended March 31, 2018.

in ₹

	Equity Share capital	Securities premium account	Profit and loss	Other comprehensive income	Total Equity
Balance at April 01, 2016	8,500,000	1,390,800,000	(2,603,590,342)	(2,742,016)	(1,207,032,358)
(Loss) for the year	-	-	(203,106,779)	(137,563)	(203,244,342)
Balance at March 31, 2017	8,500,000	1,390,800,000	(2,806,697,121)	(2,879,579)	(1,410,276,700)
(Loss) for the year	-	-	(118,477,594)	4,729,658	(113,747,936)
Balance at March 31, 2018	8,500,000	1,390,800,000	(2,925,174,715)	1,850,079	(1,524,024,636)

As per our Report of even date

For M.S. Sethi & Associates  
Chartered Accountants  
Registration No. 109407W



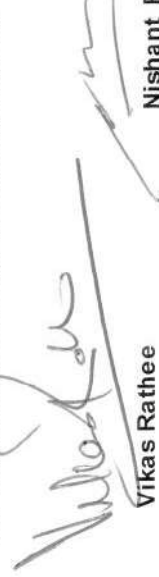
Manoj Sethi  
Proprietor  
Membership No 039784

Place : Mumbai

Date : May 28, 2018



For and on behalf of the Board of Directors



Vikas Rathee  
Director  
Din No 07015635




Nishant Fadia  
Director  
Din No 02648177



## Notes forming part of the standalone financial statements

### 1. General information

Gener8 India Media Services Limited (the 'Company') (formerly known as Prime Focus Entertainment Services Limited / Reliance MediaWorks Entertainment Services Limited) was incorporated on March 27, 2006 as a private limited company and currently a public limited company, domiciled in India and incorporated under the provisions 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. Significant accounting policies

#### 2.1 Basis of preparation

The financial statements have been prepared in accordance with the Indian Accounting Standards (herein after referred to as 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

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, including the preparation of the opening Ind AS Balance Sheet as at 1st April, 2015 being the 'date of transition to Ind AS'. 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 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.

The principal accounting policies are set out below:





## 2.2 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.

### 2.2.1 Rendering of services

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.

Unbilled revenue is included within 'other financial assets' and billing in advance is included as deferred revenue in 'other financial liabilities'.

### 2.2.2 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.

### 2.2.3 Rental income

The Company's policy for recognition of revenue from operating leases is described in note 2.3.1 below.

## 2.3 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.

### 2.3.1 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



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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.

### 2.3.2 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 2.5 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.

### 2.4 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.

### 2.5 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.

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.

### 2.6 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.



Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expense the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to profit or loss on a systematic basis and rational basis over the useful lives of the related assets. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at below-market rate of interest is treated as a government grant measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

## 2.7 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, the effect of the changes on the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Re-measurement

The 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.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reduction in future contributions to the plans.

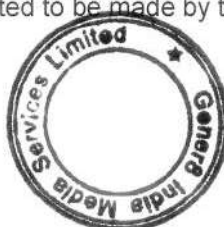
A liability for termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

### 2.7.2 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' upto the reporting date.



### 2.7.3 Contributions from employees or third parties to defined benefit plans

Discretionary contributions made by employees or third parties reduce service costs upon payment of these contributions to plans.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether contributions area linked to services, as follows:

- If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the re-measurement of the net defined benefit liability (asset).
- If contributions are linked to services, they reduce service costs. For the amount of contributions that is dependent on the number of years of service, the Company reduces service cost by attributing the contributions to periods of service using the attribution method required by IND AS 19.70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the Company reduces cost in the period in which the related service is rendered / reduces service cost by attributing contributions to the employees' periods of service in accordance with IND AS 19.70.

## 2.8 Taxation

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

### 2.8.1 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.

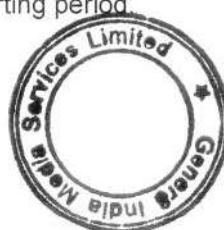
### 2.8.2 Deferred tax

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 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.





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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.

### 2.8.3 Current and deferred tax for the year

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

### 2.9 Non-current assets held for sale

Non-current assets and disposal Company's are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal Company) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset (or disposal Company) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal Company's) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

### 2.10 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

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.

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.



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For transition to IND AS, the Company has elected to continue with the carrying value of its property, plant and equipment recognised as of July 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date except for certain items of property which were owned by the Company, where it has chosen the fair value as of the date of transition.

### 2.11 Investment property

Investment properties are properties held to earn rentals and / or capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with IND AS 16's requirements for cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

### 2.12 Intangible assets

#### 2.12.1 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.

#### 2.12.2 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:

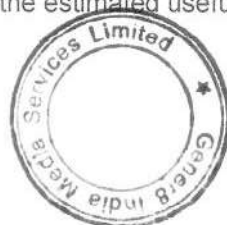
- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use it or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- 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.

#### 2.12.3 Software

Software is amortised on straight line basis over the estimated useful life of six years.





#### 2.12.4 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.

#### 2.12.5 Deemed cost on transition to IND AS

For transition to IND AS, the Company has elected to continue with the carrying value of its intangible assets recognised as of July 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

#### 2.13 Impairment of tangible and intangible assets other than goodwill

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.

#### 2.14 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 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.

#### 2.15.1 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.

#### 2.15.2 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.

#### 2.15.3 Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IND AS 37 and the amount initially recognised less cumulative amortisation recognised in accordance with IND AS 18 Revenue.

#### 2.16 Financial instruments

Financial assets and financial liabilities are recognised when a Company entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### 2.17 Financial assets

All regular way purchases or sales of financial assets are recognised or de-recognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

##### 2.17.1 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 2.17.5

Debt instruments that meets the following conditions are measured at fair value through other comprehensive income (except for debt instruments that are designed as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income. When the investment is disposed of, the cumulative gain or loss previously accumulated is reclassified to profit or loss.

For the impairment policy on debt instruments at FVTOCI, refer Note 2.1.5.

All other financial assets are subsequently measured at fair value.

#### 2.17.2 Effective interest method

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

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

#### 2.17.3 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.

#### 2.17.4 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 2.17.3 above).

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.



A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FTPL upon initial measurement if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different basis. The 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.

#### 2.17.5 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.





#### 2.17.6 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 de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On de-recognition of financial asset other than its entirety (e.g. when the Company retains an option to repurchase part of the a 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.

#### 2.17.7 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

#### 2.18 Financial liabilities and equity instruments

##### 2.18.1 Classification as debt or equity

Debt and equity instruments issued by the Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and equity instrument.

##### 2.18.2 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 entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.



### 2.18.3 Compound financial instruments

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

### 2.18.4 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for de-recognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

#### 2.18.4.1 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;





## Gener8 India Media Services Limited

- the financial liability forms part of a Company 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 Companying 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.

### 2.18.4.2 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.

### 2.18.4.3 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.

### 2.18.4.4 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.



#### 2.18.4.5 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.

#### 2.18.4.6 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.

#### 2.19 Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

##### 2.19.1 Embedded derivatives

Derivatives embedded in non- derivative host contracts that are not financial assets within the scope of IND AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

#### 2.20 Hedge accounting

At the inception of the hedging relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedging transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

##### 2.20.1 Fair value hedges

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustments to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.



**2.20.2 Cash flow hedges**

The effective portion of changes in the fair values of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other income' line item.

Amounts previously recognised in other comprehensive income are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

In cases where the designated hedging instruments are options and forward contracts, the Company has an option, for each designation, to designate on an instrument only the changes in intrinsic value of the options and spot element of forward contracts respectively as hedges. In such cases, the time value of the options is accounted based on the type of hedged item which those options hedge.

In case of transaction related hedged item in the above cases, the change in time value of the options is recognised in other compressive income to the extent that it relates to the hedged item and forward elements of forwards contracts in hedging relationship. This separate component is removed and directly included in the initial cost or other carrying amount of the asset or the liability (i.e. not as a reclassification adjustment thus not affecting other comprehensive income) if the hedged item subsequently results in recognition of non-financial asset or a non-financial liability. In other cases, the amount accumulated is reclassified to profit or loss as a reclassification adjustment in the same period in which the hedged expected future cash flows affect profit or loss.

In case of time-period related hedged item in the above cases, the change in time value of the options is recognised in other comprehensive income to the extent it relates to the hedged item and accumulated in a separate component of equity i.e. Reserve for time value of options and forward elements of forward contracts in hedging relationship. The time value of options at the date of designation of the options in the hedging relationships is amortised on a systematic and rational basis over the period during which the options' intrinsic value could affect profit or loss. This is done as a reclassification adjustment and hence affects other comprehensive income.

In cases where only the spot element of the forward contracts is designated in a hedging relationship and the forward element of the forward contract is not designated, the Company makes the choice for each designation whether to recognise the changes in forward element of fair value of the forward contracts in profit or loss or to account for this element similar to the time value of an option (as described above).

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forward transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

**2.20.3 Hedges of net investments in foreign operations**

Hedges of net investment in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated under the heading of foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other income' line item.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.



### **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 those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is reviewed if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### **3.1 Critical judgements in applying accounting policies**

##### **3.1.1 Revenue recognition**

The Company derives most of its revenues from fixed price VFX and 2D to 3D content conversion contracts. The revenue recognised on these contracts is dependent on the estimated percentage of completion at a point in time, which is calculated on the basis of the man days of work performed as a percentage of the estimated total man days to complete a contract. The actual man days and estimated man days to complete a contract are updated on a monthly basis.

The estimated man days remaining to complete a project are judgemental in nature and are estimated by experienced staff using their knowledge of the time necessary to the work.

If a contract is expected to be loss making, based on estimated costs to complete, the expected loss is recognised immediately.

For some contracts the Company's ability to receive the economic benefits is contingent on a future event, such as the performance of the film at the box office. For these projects, management utilises available market information and the historical performance of similar films to assess the likelihood that the contingent event will occur, and to reliably estimate the total value of the economic benefit. Revenue for these projects will only be recognised when this assessment shows that it is probable the contingent event will occur, and all other revenue recognition criteria have been met.

##### **3.1.2 Taxation**

The 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 or Loss.

Deferred tax assets arise in respect of unutilised losses and other timing differences to the extent that it is probable that future taxable profits will be available against which the asset can be utilised or to the extent they can be offset against related deferred tax liabilities. In assessing recoverability, estimation is made of the future forecasts of taxable profit. If these forecast profits do not materialise, they change, or there are changes in tax rates or to the period over which the losses or timing differences might be recognised, then the value of deferred tax assets will need to be revised in a future period.

The Company has losses and other timing differences for which no value has been recognised for deferred tax purposes in these financial statements. This situation can arise where the future economic benefit of these timing differences is estimated to be not probable. It can also arise where the timing differences are of such a nature that their value is dependent on only certain types of profit being earned, such as capital profits. If trading or other appropriate profits are earned in future, these losses and other timing differences may yield benefit to the Company in the form of a reduced tax charge.

#### **3.2 Key sources of estimation uncertainty**





**3.2.1 Impairment of goodwill**

Determining, whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

**3.2.2 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 Chief Financial Officer works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer 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.



4. Property, plant and equipment

in ₹

	Plant and equipment	Furniture and fixtures	Lease Hold Improvement	Office equipments	Total
<b>Cost</b>					
As at April 01, 2016	744,099,526	53,442,725	69,320,483	45,889,214	912,751,948
Additions	1,431,356	-	-	392,507	1,823,863
Deduction	(12,474,439)	-	-	-	(12,474,439)
<b>As at March 31, 2017</b>	<b>733,056,443</b>	<b>53,442,725</b>	<b>69,320,483</b>	<b>46,281,721</b>	<b>902,101,372</b>
<b>Accumulated depreciation</b>					
As at April 01, 2016	643,560,522	31,625,680	46,024,052	43,810,130	765,020,384
For the year	28,539,035	5,356,349	7,734,368	574,802	42,204,554
Deduction	(5,925,275)	-	-	-	(5,925,275)
<b>As at March 31, 2017</b>	<b>666,174,282</b>	<b>36,982,029</b>	<b>53,758,420</b>	<b>44,384,932</b>	<b>801,299,663</b>
<b>Net block</b>					
<b>As at March 31, 2017</b>	<b>66,882,161</b>	<b>16,460,696</b>	<b>15,562,063</b>	<b>1,896,789</b>	<b>100,801,709</b>

in ₹

	Plant and equipment	Furniture and fixtures	Lease Hold Improvement	Office equipments	Total
<b>Cost</b>					
As at April 01, 2017	733,056,443	53,442,725	69,320,483	46,281,721	902,101,372
Additions	8,538,256	116,378	2,293,008	2,015,211	12,962,853
Deductions	(145,717,305)	(38,471,559)	(71,613,491)	(8,245,884)	(264,048,239)
<b>As at March 31, 2018</b>	<b>595,877,394</b>	<b>15,087,544</b>	<b>-</b>	<b>40,051,048</b>	<b>651,015,986</b>
<b>Accumulated depreciation</b>					
As at April 01, 2017	666,174,282	36,982,029	53,758,420	44,384,932	801,299,663
For the year	68,405,606	13,282,370	17,060,408	825,044	99,573,428
Deductions	(143,656,737)	(37,911,141)	(70,818,828)	(8,057,842)	(260,444,548)
<b>As at March 31, 2018</b>	<b>590,923,151</b>	<b>12,353,258</b>	<b>-</b>	<b>37,152,134</b>	<b>640,428,542</b>
<b>Net block</b>					
<b>As at March 31, 2018</b>	<b>4,954,243</b>	<b>2,734,286</b>	<b>-</b>	<b>2,898,914</b>	<b>10,587,444</b>

4.1 Assets pledged as a security

Refer note [16] regarding details of borrowings where assets have been placed as security.





5. Intangible assets

in ₹

	Software	Total
<b>Cost</b>		
As at April 01, 2016	556,493,693	556,493,693
Additions	-	-
Deduction	(504,663)	(504,663)
<b>As at March 31, 2017</b>	<b>555,989,030</b>	<b>555,989,030</b>
<b>Accumulated depreciation</b>		
As at April 01, 2016	538,968,108	538,968,108
For the year	8,947,125	8,947,125
Deduction	(476,352)	(476,352)
<b>As at March 31, 2017</b>	<b>547,438,881</b>	<b>547,438,881</b>
<b>Net block</b>		
<b>As at March 31, 2017</b>	<b>8,550,149</b>	<b>8,550,149</b>

in ₹

	Software	Total
<b>Cost</b>		
As at April 01, 2017	555,989,030	555,989,030
Additions	-	-
Deduction	(69,105,945)	(69,105,945)
<b>As at March 31, 2018</b>	<b>486,883,085</b>	<b>486,883,085</b>
<b>Accumulated depreciation</b>		
As at April 01, 2017	547,438,881	547,438,881
For the year	10,013,440	10,013,440
Deduction	(70,569,236)	(70,569,236)
<b>As at March 31, 2018</b>	<b>486,883,085</b>	<b>486,883,085</b>
<b>Net block</b>		
<b>As at March 31, 2018</b>	<b>-</b>	<b>-</b>

6. Other financial assets

in ₹

	As at March 31, 2018	As at March 31, 2017
Security deposits	10,427,799	20,965,353
	<b>10,427,799</b>	<b>20,965,353</b>

7. Non-current tax assets

in ₹

	As at March 31, 2018	As at March 31, 2017
Advance payment of taxes	8,667,239	7,262,817
	<b>8,667,239</b>	<b>7,262,817</b>



8. Other non-current assets

in ₹

	As at March 31, 2018	As at March 31, 2017
Capital advances	5,781,503	1,673,999
Prepaid Expenses	5,823,671	24,602,839
	<b>11,605,174</b>	<b>26,276,838</b>

9. Trade receivables (Unsecured)

in ₹

	As at March 31, 2018	As at March 31, 2017
Considered good	217,382,433	415,617,288
Doubtful	107,291,325	107,291,325
	<b>324,673,758</b>	<b>522,908,613</b>
Less: Provision for doubtful receivable	107,291,325	107,291,325
	<b>217,382,433</b>	<b>415,617,288</b>

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivable are due and the rates as given in the provision matrix.

10. Cash and cash equivalents

in ₹

	As at March 31, 2018	As at March 31, 2017
<b>Cash and cash equivalents</b>		
Cash on hand	27,323	101,742
Balances with banks:		
In Current Accounts	1,929,795	934,229
	<b>1,957,118</b>	<b>1,035,971</b>

11. Loans

in ₹

	As at March 31, 2018	As at March 31, 2017
Loans to related Parties (Refer note 32)	-	3,629,860
	-	<b>3,629,860</b>

12. Other financial assets

in ₹

	As at March 31, 2018	As at March 31, 2017
Unbilled revenue (Refer note 32)	95,917,490	9,936,540
SEIS license accrual	8,000,000	-
Security deposits	12,489,527	-
Inter company deposits	7,500,000	7,500,000
Advances to fellow subsidiaries (Refer note 32)	24,224,026	31,542,351
	<b>148,131,043</b>	<b>48,978,891</b>



13. Other current assets

in ₹

	As at March 31, 2018	As at March 31, 2017
Prepaid Expenses	16,135,946	14,973,224
Others *	96,960,860	20,495,299
	<b>113,096,806</b>	<b>35,468,523</b>

\* includes GST credit recoverable, advances to creditors, advances to insurance companies and other advances

14. Equity share capital

(i) Authorised and issued share capital

in ₹

	Number of Shares		Amount	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
<b>Authorised</b>				
Equity Shares of ₹ 10/- each	1,500,000	1,500,000	15,000,000	15,000,000
<b>Issued, subscribed and paid-Up:</b>				
Equity Shares of ₹ 10/- each fully paid-up	850,000	850,000	8,500,000	8,500,000
	<b>850,000</b>	<b>850,000</b>	<b>8,500,000</b>	<b>8,500,000</b>

14.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the year:

in ₹

	Number of Shares		Amount	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Equity Shares as at beginning of the year	850,000	850,000	8,500,000	8,500,000
Changes during the year	-	-	-	-
<b>Equity Shares as at end of the year</b>	<b>850,000</b>	<b>850,000</b>	<b>8,500,000</b>	<b>8,500,000</b>

14.2 Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of ₹ 10 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all liabilities, in proportion to their shareholding.

14.3 Details of shares held by shareholders holding more than 5%

	As at March 31, 2018		As at March 31, 2017	
	No of shares	%	No of shares	%
Prime Focus Limited	850,000	100%	850,000	100%

14.4 Details of shares held by holding company

in ₹

	As at March 31, 2018		As at March 31, 2017	
	No of shares	Amount	No of shares	Amount
Prime Focus Limited	850,000	8,500,000	850,000	8,500,000



## 15. Other equity excluding non-controlling interest

in ₹

	As at March 31, 2018	As at March 31, 2017
<b>Securities premium account</b>		
Balance at the beginning of the year	1,390,800,000	1,390,800,000
Add : Premium on issue of equity shares during the year		-
	<b>1,390,800,000</b>	<b>1,390,800,000</b>
<b>Statement of Profit and Loss</b>		
As per last balance sheet	(2,806,697,121)	(2,603,590,342)
Add: (Loss) / profit for the year	(118,477,594)	(203,106,779)
	<b>(2,925,174,715)</b>	<b>(2,806,697,121)</b>
<b>Other Comprehensive income:</b>		
As per last balance sheet	(2,879,579)	(2,742,016)
Remeasurements of the net defined benefit plans : Gain / (Loss)	4,729,658	(137,563)
	<b>1,850,079</b>	<b>(2,879,579)</b>
	<b>(2,923,324,636)</b>	<b>(2,809,576,700)</b>
	<b>(1,532,524,636)</b>	<b>(1,418,776,700)</b>

## 16. Non-current borrowings

in ₹

	As at March 31, 2018	As at March 31, 2017
10% Redeemable Non convertible Preference shares	1,200,000	1,200,000
Finance lease obligations	2,795,094	3,417,419
	<b>3,995,094</b>	<b>4,617,419</b>
The above amount includes		
Secured borrowings	3,995,094	4,617,419
	<b>3,995,094</b>	<b>4,617,419</b>

**Redeemable Non-Convertible Preference Shares**

During 2011-12, the Company issued 1,200,000 10% Redeemable Non-Convertible Preference shares (RNCPS) at ₹ 1,000 (including premium of ₹ 999) per RNCPS. The RNCPS is non-cumulative. The RNCPS shall be redeemed at the end of 20 years from the date of allotment. Each RNCPS shall be redeemed at a premium calculated in a manner that gives the holder a yield of 10% p.a. (till date of redemption) on issue price of ₹ 1,000 per RNCPS (after deduction of dividend, if declared during the tenure). However, the premium on redemption will be paid only to the original subscribers or to the transferees if the transfers have been previously approved by the offeror.

**Finance lease**

The Company has acquired certain equipment (mainly equipment, office equipment and vehicles) under finance leases. The average lease term is around 5 years. The Company has option to purchase the equipment for a nominal amount at the end of the lease term. The Company's obligation under finance leases are secured by hypothecation of plant and equipment, office equipment and vehicles taken on lease.

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 11.70% to 14.50% per annum.





**Gener8 India Media Services Limited**

Finance lease obligations are payable as follows:

in ₹

	Total minimum lease payments outstanding		Future Interest on outstanding		Present Value of minimum lease payments	
	As at March 31,		As at March 31,		As at March 31,	
	2018	2017	2018	2017	2018	2017
Within one year	1,633,074	1,225,834	432,136	392,443	1,200,938	833,391
Later than one year and not later five years	3,172,701	4,140,860	377,607	723,441	2,795,094	3,417,419
Later than five years		-		-		-
	<b>4,805,775</b>	<b>5,366,694</b>	<b>809,743</b>	<b>1,115,884</b>	<b>3,996,032</b>	<b>4,250,810</b>

**17. Other non-current financial liabilities**

in ₹

	As at March 31, 2018	As at March 31, 2017
Inter corporate deposit received	317,000,000	317,000,000
Interest accrued but not due on borrowings	-	488,527
	<b>317,000,000</b>	<b>317,488,527</b>

During the previous period, the Company had taken Inter Corporate Deposits (ICDs) at an interest rate of 12.50% p.a., for general corporate purpose which includes working capital. These inter corporate deposits were repayable after 2 years from the date of disbursement. As at March 31, 2018 and March 31, 2017, outstanding balance of this inter corporate deposits is ₹ 317,000,000.

**18. Provisions**

in ₹

	As at March 31, 2018	As at March 31, 2017
<b>Provision for non-current employee benefits</b>		
Provision for leave encashment	420,530	420,530
Provision for gratuity	2,438,405	-
	<b>2,858,935</b>	<b>420,530</b>

in ₹

	As at March 31, 2018	As at March 31, 2017
<b>Provision for current employee benefits</b>		
Provision for leave encashment	5,442	-
	<b>5,442</b>	<b>-</b>

**19. Current borrowings**

in ₹

	As at March 31, 2018	As at March 31, 2017
<b>Loans repayable on demand</b>		
Loans from related parties (unsecured) (Refer note 32)	567,439,473	1,562,513,365
	<b>567,439,473</b>	<b>1,562,513,365</b>

Loans from related parties are short term unsecured loans availed from its parent company at an interest rate of 15% and are repayable on demand.



20. Trade Payable

in ₹

	As at March 31, 2018	As at March 31, 2017
Total outstanding dues to Micro and Small Enterprises	-	-
Total outstanding dues to Creditors other than Micro and Small Enterprises	33,566,508	41,184,154
Trade Payables to related party (Refer Note 32)	-	45,129
	<b>33,566,508</b>	<b>41,229,283</b>

20.1 According to the records available with the Company, there were no dues payable to entities that are classified as Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 during the year. Hence disclosures, if any, relating to amounts unpaid as at the period end together with the interest paid / payable as required under the said Act have not been given.

21. Other financial liabilities

in ₹

	As at March 31, 2018	As at March 31, 2017
Current maturities of long-term borrowings	11,200,938	10,833,391
Interest accrued but not due on borrowings	36,151,026	18,788,801
Interest accrued but not due on group company borrowings	787,041	85,935,183
Accrued salaries and benefits	8,081,912	21,858,031
Capital Creditors	2,273,386	3,938,018
	<b>58,494,303</b>	<b>141,353,424</b>

21.1 Current maturity of long term borrowings

in ₹

	As at March 31, 2018	As at March 31, 2017
Finance lease obligations (Secured)	1,200,938	833,391
Loan from others (Unsecured)	10,000,000	10,000,000
	<b>11,200,938</b>	<b>10,833,391</b>

Loan from others is obtained during the previous year at 15% interest pa for a period of 5 years. This loan is repayable on demand.

22. Other current liabilities

in ₹

	As at March 31, 2018	As at March 31, 2017
Advances received from clients	-	882,000
Deposits from customers	1,330,440	1,330,440
Deferred revenue	86,041,844	-
Other payables	6,147,652	19,141,736
	<b>93,519,936</b>	<b>21,354,176</b>



23. Revenue from operations

in ₹

	Year ended March 31, 2018	Year ended March 31, 2017
Sale of services	192,741,442	332,936,666
Export incentives	34,091,227	-
	<b>226,832,669</b>	<b>332,936,666</b>

24. Other income

in ₹

	Year ended March 31, 2018	Year ended March 31, 2017
Interest Income from bank deposits	28,249	-
Interest Income from related party	12,153,092	1,836,134
Interest Income from others	2,011,522	2,052,160
Unmoved credit balance written back	210,862,892	-
Miscellaneous income	10,703,371	427,901
	<b>235,759,126</b>	<b>4,316,195</b>

25. Employee benefits expense

in ₹

	Year ended March 31, 2018	Year ended March 31, 2017
Salaries and wages	137,739,172	235,615,492
Bonus and incentive	5,209,331	8,000,607
Gratuity	2,846,943	2,315,210
Contribution for provident fund & other funds	7,187,527	12,661,479
Staff welfare	1,050,463	2,352,653
	<b>154,033,436</b>	<b>260,945,441</b>

26. Finance cost

in ₹

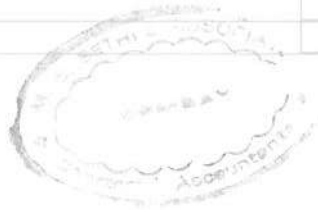
	Year ended March 31, 2018	Year ended March 31, 2017
Interest on related party loans	157,208,425	71,918,072
Interest on finance leases	586,183	534,842
Interest on Inter Corporate Deposits	41,581,772	48,561,815
Interest on Others	880,999	227,424
Bank charges	16,299,163	6,311,664
	<b>216,556,542</b>	<b>127,553,817</b>



27. Other expenses

in ₹

	Year ended March 31, 2018	Year ended March 31, 2017
Technical service cost	22,177,783	4,827,880
Electricity Charges	6,767,797	23,704,085
Loss on sale of asset (net)	2,196,525	-
Rent	32,847,777	28,584,270
Rates and taxes	1,357,087	317,218
Travelling expense - domestic	431,551	626,893
Travelling expense - foreign	648,892	66,618
Conveyance	2,737,092	1,923,998
Lodging and boarding	2,640,970	4,840,584
Insurance cost	122,944	473,034
Legal and professional fees	11,749,801	966,594
Repairs & Maintenance - Building	346,786	2,114,462
Repairs & Maintenance - Equipments	1,341,542	2,771,177
Internet Charges	2,680,568	4,958,271
Postage & courier charges	21,729	46,845
Telephone charges	53,948	481,050
Exchange loss (net)	926,015	9,941,292
Audit Fees	378,300	507,413
House-keeping charges	1,897,431	4,335,708
Miscellaneous expenses	989,247	-
Freight and clearing	863,787	53,041
Bad debts written off	3,604,274	-
Penalty charges	-	9,595
Brokerage and commission	15,000	28,000
Printing and stationery	62,105	234,245
Sales promotion expenses	1,300,000	6,386
Security charges	2,122,191	2,693,177
Tea/Coffee/Water	332,392	1,922,955
Office expenses	13,628	48,578
Water charges	265,381	169,476
	<b>100,892,543</b>	<b>96,652,845</b>





**28. Earnings per share**

Basic EPS amounts are calculated by dividing the net (Loss) / profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the net (Loss) / profit attributable to equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

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

in ₹

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Net Profit/(loss) before exceptional items but after tax	(118,477,594)	(203,106,779)
Weighted average number of equity shares in calculating basic and diluted EPS	850,000	850,000
<b>Earnings per share</b>		
Basic EPS	(139.39)	(238.95)
Diluted EPS	(139.39)	(238.95)
Face Value per share	10.00	10.00
<b>Calculation of weighted average number of shares</b>		
<b>Ordinary equity shares at the end of the year</b>	<b>850,000</b>	<b>850,000</b>

**29. Employee benefit plans**

29.1 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:**

in ₹

	Year Ended March 31, 2018	Year Ended March 31, 2017
Employer's Contribution to Provident Fund	6,002,170	9,670,105

29.2 Defined benefit plans

The Company sponsors defined benefit plans for qualifying employees of its operations in India. The defined benefit plans are administered by the Company directly. Under the plans, the employee 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.

These plans typically expose the Company to actuarial risks such as; investment risk, interest rate risk, longevity risk and salary risk.



Investment risk	The present value of the defined benefit plan liability (denominated in Indian Rupees) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. For other defined benefit plans, the discount rate is determined by reference to market yields at the end of the reporting period on high quality corporate bonds when there is deep market for such bonds; if the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India is using the government security rate as the market for corporate bonds is not significantly deep due to lack of liquidity.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however this will be partially offset by an increase in the return on the plan's investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such an increase in the salary of the plan participants will increase the plan's liability.

No other post-retirement benefits are provided to the employees.

In respect of the plan in India, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out by an external expert, who's a duly registered actuary. The present value of the defined benefit obligation and the related current service cost and past service cost, where measured using the projected unit credit method.

i) **Reconciliation of opening and closing balances of Defined Benefit Obligation:**

in ₹

	Unfunded March 2018	Funded March 2017
Defined Benefit Obligation at the beginning of the year *	4,389,501	1,969,150
Interest Cost	319,995	158,320
Current Service Cost	2,886,481	2,399,594
Benefit Paid Directly by the Employer	(62,939)	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(131,993)	414,508
Actuarial (Gains)/Losses on Obligations - Due to Experience	(4,957,198)	(552,071)
<b>Defined Benefit Obligation at the end of the year</b>	<b>2,443,847</b>	<b>4,389,501</b>

\* During the year the Company has closed the funded plan.

ii) **Expense recognised in Statement of Profit and Loss:**

in ₹

	Funded	
	March 2018	March 2017
Current Service Cost	2,886,481	2,399,594
Net Interest Cost	(39,538)	(208,961)
<b>Expenses Recognized</b>	<b>2,846,943</b>	<b>2,190,633</b>

iii) **Expenses Recognized in the Other Comprehensive Income (OCI)**

in ₹

	Funded	
	March 2018	March 2017
Actuarial (Gains)/Losses on Obligation For the Period	(5,089,191)	(137,563)
Return on Plan Assets, Excluding Interest Income	359,533	3,586
<b>Net (Income)/Expense Recognized in OCI</b>	<b>(4,729,658)</b>	<b>(133,977)</b>



iv) **Actuarial Assumptions:**

	Funded	
	March 2018	March 2017
Expected Return on Plan Assets (per annum)	7.73%	7.29%
Rate of Discounting (per annum)	7.73%	7.29%
Rate of Salary Increase (per annum)	5%	5%
Rate of Employee Turnover (per annum)	2.00%	5.00%
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Mortality Rate After Employment	N.A.	N.A.

The discount rates reflect the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated term of the obligations.

The estimates of future salary increase, considered in actuarial valuation, take into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market. The above information is certified by the actuary.

v) The expected contributions for Defined Benefit Plan for the next financial year will be in line with financial year 2017-18.

vi) **Sensitivity Analysis:**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

in ₹

	March 2018		March 2017	
	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate (1% movement)	(264,502)	315,950	(540,001)	656,904
Future salary appreciation (1% movement)	321,600	(273,166)	665,740	(555,466)
Attrition rate (1% movement)	14,018	(26,819)	(29,415)	5,871

**30. Financial instruments**

**30.1 Capital Risk Management**

The Company's objectives when managing capital is to safeguard continuity as a going concern and provide adequate return to shareholders through continuing growth and maintain an optimal capital structure to reduce the cost of Capital. The Company sets the amount of capital required on the basis of annual business plan and long-term operating plans which include capital investments, The funding requirements are primarily met through judicious mix of long-term and short-term borrowings. The Company monitors capital on basis of total debt to total equity on a periodic basis. Equity comprises all components of equity excluding foreign currency translation reserve.

**30.2 Financial risk management objectives**

A wide range of risks may affect the Company's business and financial results. Amongst other risks that could have significant influence on the Company are market risk, credit risk and liquidity risk.

The Board of Directors of the Company manage and review the affairs of the Company by setting up short term and long-term budgets by monitoring the same and taking suitable actions to minimise potential adverse effects on its operational and financial performance.



**30.3 Market risk**

The Company is primarily exposed to the following market risks.

**30.3.1 Foreign currency risk management**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company has not entered into derivatives to hedge foreign currency exposures.

	in ₹	
	As at March 31, 2018	As at March 31, 2017
	₹ 292,961,015	₹ 343,193,835
	\$ 4,590,639	\$ 5,302,063
Trade Receivables (Assets)	£ 176,250	£ 0
	₹ 24,224,026	₹ 24,186,866
Loans and advances (Asset)	\$ 373,695	\$ 373,695
	₹ 425,628	₹ 1,865,139
Trade Payables and Other Current Liabilities	\$ 6,566	\$ 28,817

The Company's sensitivity to a 5% appreciation/depreciation of USD with respect to Rupee would result in decrease/ increase in the Company's net profit / (loss) before tax by approximately ₹ 16,869,101 [March 31, 2017: ₹ 18,249,036] for the year ended March 31, 2018. This sensitivity analysis includes only outstanding foreign currency denominated monetary items.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

**30.3.2 Interest rate risk management**

The Company is not exposed to interest rate risk because it borrows funds at fixed interest rates.

**30.3.3 Credit risk management**

Credit risk is the risk of financial loss to the Company if a client or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from clients and cash. Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis.

The Company has a low credit risk in respect of its trade receivables, its principal customers being reputed production houses, national broadcasters and major organisations which the Company has worked with for number of years. However, as Company grows its customer base and works with more independent producers it will experience an increased credit risk environment. The Company is also exposed to credit risk in respect of its cash and seeks to minimise this risk by holding funds on deposit with major financial institutions.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was \*\*\*\*\* and ₹ 490,227,363 as at March 31, 2018 and March 31, 2017 respectively, being the total of the carrying amount of the balances with banks, bank deposits, investments excluding equity and preference investments, trade receivables, unbilled revenue and other financial assets.





### 30.4 Liquidity risk management

Liquidity risk refers to the risk that the Company may not be in a position 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.

in ₹

As at March 31, 2018	Less than 1 Year	Between 1 to 5 Year	Total
<b>Financial assets</b>			
Trade receivables	217,382,433	-	217,382,433
Cash and cash equivalents	1,957,118	-	1,957,118
Others	148,131,043	10,427,799	158,558,842
	<b>367,470,594</b>	<b>10,427,799</b>	<b>377,898,393</b>
<b>Financial liabilities</b>			
Borrowings	567,439,473	3,995,094	571,434,567
Trade payables	33,566,508	-	33,566,508
Others	58,494,303	317,000,000	375,494,303
	<b>659,500,284</b>	<b>320,995,094</b>	<b>980,495,378</b>

in ₹

As at March 31, 2017	Less than 1 Year	Between 1 to 5 Year	Total
<b>Financial assets</b>			
Trade receivables	415,617,288	-	415,617,288
Cash and cash equivalents	1,035,971	-	1,035,971
Loans	3,629,860	-	3,629,860
Others	48,978,891	20,965,353	69,944,244
	<b>469,262,010</b>	<b>20,965,353</b>	<b>490,227,363</b>
<b>Financial liabilities</b>			
Borrowings	1,562,513,365	4,617,419	1,567,130,784
Trade payables	41,229,283	-	41,229,283
Others	141,353,424	317,488,527	458,841,951
	<b>1,745,096,072</b>	<b>322,105,946</b>	<b>2,067,202,018</b>



**31. Fair value measurements**

The following table shows the fair values of financial assets and financial liabilities:

in ₹

	As at March 31		As at March 31	
	2018	2017	2018	2017
	Carrying Value		Fair Value	
<b>Financial Assets:</b>				
<b>Measured at amortised cost</b>				
Other non-current financial assets	10,427,799	20,965,353	-	-
Trade receivables	217,382,433	415,617,288	-	-
Cash and cash equivalents	1,957,118	1,035,971	-	-
Loans	-	3,629,860	-	-
Other current financial assets	148,131,043	48,978,891	-	-
<b>Total financial assets measured at amortised cost</b>	<b>377,898,393</b>	<b>490,227,363</b>	-	-
<b>Financial Liabilities:</b>				
<b>Measured at amortised cost</b>				
Borrowings	571,434,567	1,567,130,784	-	-
Other non-current financial liabilities	317,000,000	317,488,527	-	-
Trade payables	33,566,508	41,229,283	-	-
Other current financial liabilities	58,494,303	141,353,424	-	-
<b>Total financial liabilities measured at amortised cost</b>	<b>980,495,378</b>	<b>2,067,202,018</b>	-	-

**32. Related party transactions**

a. **List of Parties where control exists, irrespective of transactions:**

**Holding Company**

Prime Focus Limited

b. **List of related parties with whom transactions have taken place during the year**

**Fellow subsidiaries**

Gener8 Digital Media Services Limited, Canada

Dneg Creative Services Private Limited (previously known as Prime Focus World Creative Services Private Limited)

Prime Focus Technologies Limited

Prime Focus Academy of Media and Entertainment Studies Private Limited

Double Negative India Private Limited

Gener8 Media Services Montreal Limited

Prime Focus International Services UK Limited

Double Negative Limited, UK

Prime Focus Creative Services Montreal Inc

Double Negative Montreal Productions Limited

Reliance Lowry Digital Imaging Services Inc.



**Gener8 India Media Services Limited**

in ₹

	Year ended	
	March 31,2018	March 31,2017
<b>Sale of services</b>		
Gener8 Digital Media Services Limited, Canada	13,690,319	324,416,666
Prime Focus Technologies Private Limited	-	8,520,000
Gener8 Media Services Montreal Limited	74,533,419	-
Prime Focus International Services UK Limited	56,839,831	-
Prime Focus Creative Services Canada Inc	574,074	-
Double Negative Limited, UK	10,153,536	-
Prime Focus Creative Services Montreal Inc	10,680,481	-
Double Negative Montreal Productions Limited	26,269,781	-
<b>Interest expense</b>		
Prime Focus Limited	89,632,243	45,258,221
Prime Focus World Creative Services Private Limited	66,093,772	25,771,152
Prime Focus Technologies Private Limited	1,482,410	888,699
<b>Interest income</b>		
Prime Focus Technologies Private Limited	12,153,092	1,836,134
<b>Sale of fixed assets</b>		
Prime Focus Technologies Private Limited	-	6,577,505
<b>Loan received from</b>		
Prime Focus Limited	-	2,214,190,069
<b>Loan repaid to</b>		
Prime Focus Limited	-	2,490,685,000
<b>Non payable loan written back</b>		
Prime Focus Limited	204,019,253	-
<b>Expense recharge given</b>		
Prime Focus Academy of Media and Entertainment Studies Private Limited	1,891,116	-
<b>Expense recharge received</b>		
Prime Focus Limited	158,370	49,670
Prime Focus World Creative Services Private Limited	306,500	74,428
<b>Share application money received</b>		
Prime Focus Limited	969,000,000	



**Gener8 India Media Services Limited**

in ₹

	As at	
	March 31,2018	March 31,2017
<b>Balance outstanding at the year end</b>		
<b>Trade receivable</b>		
Prime Focus Limited	-	177,978
Prime Focus Technologies Private Limited	8,625,000	-
Gener8 Digital Media Services Limited, Canada	100,510,979	207,682,176
Reliance Mediaworks Limited	-	-
Reliance Lowry Digital Imaging Services Inc	-	132,402,527
Prime Focus Academy of Media and Entertainment Studies Private Limited	1,003,984	-
Gener8 Media Services Montreal Limited	74,901,286	-
Prime Focus International Services UK Limited	10,229,342	-
<b>Trade payable</b>		
Reliance Mediaworks Limited		-
Prime Focus Limited		51,894
Prime Focus World Creative Services Private Limited		(6,765)
<b>Advances receivable</b>		
Reliance Lowry Digital Imaging Services Inc	24,224,026	24,186,866
Prime Focus Technologies Private Limited		7,355,485
<b>Interest payable</b>		
Prime Focus Limited	787,041	61,301,313
Prime Focus Technologies Private Limited	-	799,829
Prime Focus World Creative Services Private Limited	-	23,834,041
<b>Loan received</b>		
Prime Focus Limited	385,057,105	1,380,434,431
Prime Focus World Creative Services Private Limited	182,382,368	182,078,934
<b>Loan given</b>		
Prime Focus Technologies Private Limited	-	3,629,860
<b>Unbilled revenue</b>		
Prime Focus Technologies Private Limited	1,020,000	8,520,000
Gener8 Digital Media Services Limited, Canada	-	1,416,540
Prime Focus International Services UK Limited	47,219,619	-
Prime Focus Creative Services Canada Inc	574,074	-
Double Negative Limited, UK	10,153,536	-
Prime Focus Creative Services Montreal Inc	10,680,481	-
Double Negative Montreal Productions Limited	26,269,781	-

Effective April 07, 2015 the film and media services business of Reliance MediaWorks Limited was transferred to Prime Focus limited, pursuant to which all the payable to Reliance Mediaworks Limited were transferred to Prime Focus Limited.





### 33. Operating lease arrangement

Amount of lease rental charged to the Statement of Profit and Loss in respect of non-cancellable operating leases is ₹ 8,211,748 (Previous year: ₹28,584,270).

	in ₹	
	As at March 31, 2018	As at March 31, 2017
Lease Payments due within one year	6,199,691	2,651,169
Lease Payments due later than one and not later than five years	1,116,553	2,380,207
Lease Payments due later than five years	-	-
	<b>7,316,244</b>	<b>5,031,376</b>

34. In view of the substantial expansion being undertaken by the Company during the previous year whereby the Company has set up a back-end conversion facility for Gener8 Digital Media Services Limited and letter of support given by Prime Focus Limited (holding company), in spite of the accumulated losses being in excess of its net worth, the accounts have been prepared on going concern basis.

### 35. Segment Reporting

The Company is presently operating as integrated post-production setup. The entire operations of the Company are governed by the same set of risks and returns. Hence have been considered as representing a single operating segment.

The Company's revenue from continuing operations from external customers by location of customers and information about its non-current assets by location of assets are detailed below:

	in ₹			
	Revenue from operations		Segment Non-current assets*	
	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017
India	34,091,228	8,520,000	30,859,857	153,004,138
United Kingdom	66,993,367	-	-	-
Canada	125,748,074	324,416,666	-	-
	<b>226,832,669</b>	<b>332,936,666</b>	<b>30,859,857</b>	<b>153,004,138</b>

\* Non current assets exclude financial assets

### 36. Contingent liabilities

	in ₹	
	As at March 31, 2018	As at March 31, 2017
i Disputed Cess Tax Demand pending with Deputy Commissioner, Navi Mumbai Municipal Corporation-Cess Department. The Company believes, being an SEZ unit it is fully exempt from payment of Octroi/Cess Tax as per Maharashtra IT-ITEs policy, 2009. The amount of Rs. 9,656,175/- deposited, as Tax demand, for the purpose of admission of Appeal is reflected as Other Loans and Advances.	53,688,655	53,688,655
ii Claims against the Company not acknowledged as debts	615,818,500	627,939,550



**Gener8 India Media Services Limited**

37. The Company was earlier a wholly owned subsidiary of Reliance MediaWorks Limited. On July 02, 2014, Reliance MediaWorks Limited proposed a sale of its entire film and media services business to Prime Focus Limited. The transaction was effective closure of April 07, 2015 and post the closure of the transaction, the Company is a subsidiary of Prime Focus Limited.

Hence, Reliance MediaWorks has transferred its equity and preference shares to Prime Focus Limited along with the balance for loan payable to Prime Focus Limited.

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As per our Report of even date

**For M.S. Sethi & Associates**  
Chartered Accountants  
Registration No. 109407W



**Manoj Sethi**  
Proprietor  
Membership No 039784

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



**Vikas Rathee**  
Director  
Din No 07015635



**Nishant Fadia**  
Director  
Din No 02648177

Place : Mumbai

Date : May 28, 2018

