

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRIME FOCUS TECHNOLOGIES LIMITED**

### **Report on the Consolidated Ind AS Financial Statements**

We have audited the accompanying consolidated Ind AS financial statements of Prime Focus Technologies Limited (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), comprising the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

### **Management's Responsibility for the Consolidated Ind AS Financial Statements**

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the

circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries referred to below in the Other Matters paragraph, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31<sup>st</sup> March, 2018, and their consolidated profit, consolidated total comprehensive income, consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

### **Other Matters**

We did not audit the financial statements of all the five subsidiaries of the Parent, which are companies incorporated outside India, whose financial statements reflect total assets of Rs. 27,453.35 Lakh as at 31<sup>st</sup> March, 2018, total revenues of Rs. 13,675.88 Lakh and net cash outflows amounting to Rs. 393.94 Lakh for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated Ind AS financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

### **Report on Other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements of subsidiaries referred in the Other Matters paragraph above we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in

agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Parent as on 31<sup>st</sup> March, 2018 taken on record by the Board of Directors of the Parent, none of the directors of the Parent is disqualified as on 31<sup>st</sup> March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is related to the Parent only since all five subsidiaries of the Parent are companies incorporated outside India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. There were no pending litigations which would impact the consolidated financial position of the Group.
  - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Firm's Registration No. 117364W)

Abhijit A. Damle  
Partner  
(Membership No. 102912)

Place: Mumbai  
Date: September 07, 2018

**Prime Focus Technologies Limited**

**Year ended 31<sup>st</sup> March, 2018**

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31<sup>st</sup> March, 2018, we have audited the internal financial controls over financial reporting of Prime Focus Technologies Limited (hereinafter referred to as "Parent"), as of that date.

**Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Parent, is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Parent's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Parent's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the

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

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion to the best of our information and according to the explanations given to us, the Parent, has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Firm's Registration No. 117364W)

Abhijit A. Damle  
Partner  
(Membership No. 102912)

Place: Mumbai  
Date: September 07, 2018

**Prime Focus Technologies Limited**

**Year ended 31<sup>st</sup> March, 2018**

**Annexure B to the Independent Auditors' Report**

(Referred to in paragraph 2, under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date)

- i. In respect of its fixed assets:
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - c) The Company does not have any immovable properties of freehold or leasehold land and building disclosed as fixed asset in the financial statements, and hence reporting under clause (i)(c) of the CARO 2016 is not applicable.
- ii. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- iii. According to the information and explanations given to us, the Company has granted unsecured loans to companies covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
  - (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
  - (b) The repayment of principal and payment of interest thereon is on demand by the Company and hence reporting under clauses (b) and (c) of CARO 2016 is not applicable.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities as applicable.
- v. According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- vi. Having regard to the nature of the Company's business / activities, reporting under clause (vi) of CARO 2016 is not applicable.

- vii. According to the information and explanations given to us, in respect of statutory dues:
- The Company has been generally regular in depositing undisputed statutory dues, including Employees' State Insurance, Income tax, Sales Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it with the appropriate authorities, except for payment of Provident Fund, Service Tax, Goods and Service Tax and Tax Deducted at Source where significant delays have been noted.
  - There were no undisputed amounts payable in respect of the aforesaid dues in arrears as at 31<sup>st</sup> March, 2018 for a period of more than six months from the date they became payable.
  - There are no dues of Income-tax, Sales Tax, Service Tax, Goods and Service Tax, Customs Duty, Excise Duty, Value Added Tax and cess as on 31<sup>st</sup> March, 2018 on account of disputes.
- viii. In our opinion and according to the information and explanations given to us, the Company has generally been regular in the repayment of loans or borrowings to banks, financial institutions and debenture holders except as follows:

(Rs. in Lakh)

| <b>Nature</b>               | <b>Period of delay</b> | <b>Principal amount<br/>(Cumulative amount<br/>of delayed<br/>repayments during<br/>the year)</b> | <b>Interest amount<br/>(Cumulative amount<br/>of delayed<br/>repayments during<br/>the year)</b> |
|-----------------------------|------------------------|---|--|
| from bank                   | Up to 30 days          | -   | 800.55   |
| from financial institutions | Up to 114 days         | 405.56  | 171.32   |

There were no borrowings or loans from the Government.

- In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company for the purposes for which they were raised. The Company has not raised monies by way of initial public offer or further public offer (including debt instruments).
- To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 is not applicable.
- In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

- xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or directors of its holding or subsidiary companies or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Firm's Registration No. 117364W)

Abhijit A. Damle  
Partner  
(Membership No.102912)

Place: Mumbai  
Date: September 07, 2018



**Prime Focus Technologies Limited**  
**Consolidated Financial Statements March 31, 2018**

**Consolidated Balance sheet as at March 31, 2018** (Rs in lakh)

| <b>ASSETS</b>                             | <b>Notes</b> | <b>As at March 31, 2018</b> | <b>As at March 31, 2017</b> |
|---|--------------|-----------------------------|-----------------------------|
| <b>1. Non-current assets</b>              |              |                             |                             |
| (a) Property, plant and equipment         | 4            | 6,522.59                    | 7,298.86                    |
| (b) Goodwill                              | 5a           | 11,077.61                   | 10,830.50                   |
| (c) Other intangible assets               | 5            | 36,576.74                   | 39,513.33                   |
| (d) Intangible assets under development   |              | 3,229.84                    | 17.86                       |
| (e) Financial assets                      |              |                             |                             |
| (i) Other financial assets                | 9            | 6,686.89                    | 560.41                      |
| (f) Income tax assets (net)               |              | 2,054.09                    | 1,595.48                    |
| (g) Other non-current assets              | 10           | 181.13                      | 227.31                      |
| <b>Total Non-current assets</b>           |              | <b>66,328.89</b>            | <b>60,043.75</b>            |
| <b>2. Current assets</b>                  |              |                             |                             |
| (a) Inventories                           | 6            | 7.40                        | 6.34                        |
| (b) Financial assets                      |              |                             |                             |
| (i) Trade receivables                     | 7            | 8,314.04                    | 6,767.90                    |
| (ii) Cash and cash equivalents            | 8 a          | 213.62                      | 603.88                      |
| (iii) Bank balances other than (ii) above | 8 b          | 930.58                      | 721.18                      |
| (iv) Other financial assets               | 9            | 7,674.36                    | 1,823.58                    |
| (c) Income tax assets (net)               |              | 23.06                       | 363.47                      |
| (d) Other current assets                  | 10           | 1,297.06                    | 1,860.30                    |
| <b>Total Current assets</b>               |              | <b>18,460.12</b>            | <b>12,146.65</b>            |
| <b>Total assets</b>                       |              | <b>84,789.01</b>            | <b>72,190.41</b>            |
| <b>EQUITY AND LIABILITIES</b>             |              |                             |                             |
| <b>Equity</b>                             |              |                             |                             |
| (a) Equity share capital                  | 11           | 217.16                      | 217.16                      |
| (b) Other equity                          | 12           | 33,582.07                   | 31,636.37                   |
| <b>Total Equity</b>                       |              | <b>33,799.23</b>            | <b>31,853.53</b>            |
| <b>Liabilities</b>                        |              |                             |                             |
| <b>1. Non-current liabilities</b>         |              |                             |                             |
| (a) Financial liabilities                 |              |                             |                             |
| (i) Borrowings                            | 13           | 18,254.73                   | 10,920.15                   |
| (ii) Other financial liabilities          | 14           | -                           | 3,902.32                    |
| (b) Deferred tax liability (net)          | 24           | 9,665.10                    | 11,006.78                   |
| (c) Provisions                            | 16           | 425.34                      | 285.72                      |
| (d) Other non-current liabilities         | 17           | 348.31                      | 523.66                      |
| <b>Total Non-current liabilities</b>      |              | <b>28,693.48</b>            | <b>26,638.63</b>            |
| <b>2. Current liabilities</b>             |              |                             |                             |
| (a) Financial liabilities                 |              |                             |                             |
| (i) Borrowings                            | 18           | 10,403.99                   | 163.18                      |
| (ii) Trade payables                       |              | 2,297.37                    | 2,163.36                    |
| (iii) Other financial liabilities         | 15           | 8,471.82                    | 10,996.22                   |
| (b) Provisions                            | 16           | 17.05                       | 4.66                        |
| (c) Current tax liabilities               |              | 290.99                      | -                           |
| (d) Other current liabilities             | 17           | 815.07                      | 371.02                      |
| <b>Total current liabilities</b>          |              | <b>22,296.29</b>            | <b>13,698.44</b>            |
| <b>Total liabilities</b>                  |              | <b>50,989.77</b>            | <b>40,337.07</b>            |
| <b>Total equity and liabilities</b>       |              | <b>84,789.01</b>            | <b>72,190.41</b>            |

See accompanying notes to the consolidated financial statements 1 to 39

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

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

**Abhijit A. Damle**  
Partner

**Ramakrishnan**  
**Sankaranarayanan**  
Director  
DIN :- 02696897

**Nishant Fadia**  
Director  
DIN :- 02648177

**Place: Mumbai**  
**Date: Sep 07, 2018**

**Sanket Limbachaya**  
**Company Secretary**

**Prime Focus Technologies Limited**  
**Consolidated Financial Statements March 31, 2018**

**Consolidated Statement of Profit and Loss for the year ended March 31, 2018** (Rs in lakh)

| Particulars   | Notes | For the year ended<br>March 2018 | For the year ended<br>March 2017 |
|---|-------|----------------------------------|----------------------------------|
| <b>Income</b>   |       |                                  |                                  |
| Revenue from operations   | 19    | 34,649.95                        | 34,128.57                        |
| Other income  | 20    | 243.81                           | 321.74                           |
| <b>Total income</b>   |       | <b>34,893.76</b>                 | <b>34,450.31</b>                 |
| <b>Expenses</b>   |       |                                  |                                  |
| Employee benefits expense   | 21    | 14,101.04                        | 13,676.05                        |
| Employee stock option expense (ESOP)  |       | 215.29                           | 189.37                           |
| Technical service cost  |       | 3,047.69                         | 3,364.55                         |
| Depreciation and amortisation expense   | 4 & 5 | 5,437.97                         | 5,001.20                         |
| Other expenses  | 22    | 8,488.21                         | 8,103.20                         |
| Finance costs   | 23    | 2,960.86                         | 2,594.17                         |
| Exchange (gain)/loss (net)  |       | (14.86)                          | 17.85                            |
| <b>Total expenses</b>   |       | <b>34,236.20</b>                 | <b>32,946.39</b>                 |
| <b>Profit before tax</b>  |       | <b>657.56</b>                    | <b>1,503.92</b>                  |
| <b>Tax expense</b>  |       |                                  |                                  |
| Current tax   |       | 473.16                           | 78.70                            |
| Deferred tax (credit)   |       | (1,345.30)                       | (71.33)                          |
| <b>Total tax expense</b>  | 24    | <b>(872.14)</b>                  | <b>7.38</b>                      |
| <b>Profit for the year</b>  |       | <b>1,529.70</b>                  | <b>1,496.55</b>                  |
| <b>Other comprehensive income</b>   |       |                                  |                                  |
| A (i) items that will not be reclassified to profit or loss                       |       |                                  |                                  |
| Re-measurements of defined benefit plans  |       | 10.34                            | 56.63                            |
| (ii) Income tax relating on above   |       | (3.61)                           | (19.60)                          |
| B (i) Items that will be reclassified to profit or loss                           |       |                                  |                                  |
| Exchange difference in translating the financial statements of foreign operations |       | 193.99                           | (228.98)                         |
| <b>Total other comprehensive income /(loss)</b>                                   |       | <b>200.72</b>                    | <b>(191.95)</b>                  |
| <b>Total other comprehensive income for the year</b>                              |       | <b>1,730.41</b>                  | <b>1,304.59</b>                  |
| Earnings per equity share of face value of Rs. 10 each                            |       |                                  |                                  |
| (a) Basic and diluted (in rupees)   | 26    | 70.44                            | (18.56)                          |

See accompanying notes to the consolidated financial statements 1 to 39

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

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

**Abhijit A. Damle**  
Partner

**Ramakrishnan**  
**Sankaranarayanan**  
Director  
DIN :- 02696897

**Nishant Fadia**  
Director  
DIN :- 02648177

Place: Mumbai  
Date: Sep 07, 2018

**Sanket Limbachaya**  
Company Secretary

**Prime Focus Technologies Limited**  
**Consolidated Financial Statements March 31, 2018**

**Consolidated statement of Changes in Equity for the year ended March 31, 2018**

**A. Equity Share Capital**

(Rs in lakh)

| Particulars                                    | Amount        |
|--|---------------|
| <b>Balance as at March 31, 2016</b>            | <b>201.00</b> |
| Change in equity share capital during the year | 16.16         |
| <b>Balance as at March 31, 2017</b>            | <b>217.16</b> |
| Change in equity share capital during the year | -             |
| <b>Balance as at March 31, 2018</b>            | <b>217.16</b> |

**B. Other Equity**

(Rs in lakh)

| Particulars  | Reserves and Surplus  |                              |                            |                 |                                   |                                     |                   | Other comprehensive income-Foreign currency translation reserve | Total            |
|--|---|------------------------------|----------------------------|-----------------|-----------------------------------|-------------------------------------|-------------------|---|------------------|
|  | Optionally Convertible non-cumulative redeemable preference shares (OCPS) | Debenture Redemption Reserve | Securities Premium Reserve | General Reserve | Share options outstanding account | Compulsorily convertible debentures | Retained earnings |   |                  |
| <b>Balance as at the March 31, 2016</b>                      | <b>1,500.00</b>   | <b>1,153.50</b>              | -                          | -               | <b>280.96</b>                     | -                                   | <b>21,221.88</b>  | <b>47.32</b>  | <b>24,203.66</b> |
| Conversion of OCPS into equity shares                        | (1,500.00)  | -                            | -                          | -               | -                                 | -                                   | -                 | -   | (1,500.00)       |
| Transferred to/from  | -   | 717.25                       | -                          | -               | -                                 | -                                   | (717.25)          | -   | -                |
| Securities Premium on issue of equity shares                 | -   | -                            | 6,335.91                   | -               | -                                 | -                                   | -                 | -   | 6,335.91         |
| Expenses on issue of equity shares/Debentures (net off tax)  | -   | -                            | (51.42)                    | -               | -                                 | -                                   | -                 | -   | (51.42)          |
| Premium payable on conversion of preference shares           | -   | -                            | (1,845.73)                 | -               | -                                 | -                                   | -                 | -   | (1,845.73)       |
| Related to employee stock options                            | -   | -                            | -                          | -               | 189.37                            | -                                   | -                 | -   | 189.37           |
| Issue of compulsorily convertible debentures during the year | -   | -                            | -                          | -               | -                                 | 3,000.00                            | -                 | -   | 3,000.00         |
| Profit for the year  | -   | -                            | -                          | -               | -                                 | -                                   | 1,496.55          | -   | 1,496.55         |
| Other comprehensive income                                   | -   | -                            | -                          | -               | -                                 | -                                   | 37.01             | (228.98)  | (191.97)         |
| <b>Balance as at March 31, 2017</b>                          | -   | <b>1,870.75</b>              | <b>4,438.76</b>            | -               | <b>470.33</b>                     | <b>3,000.00</b>                     | <b>22,038.18</b>  | <b>(181.66)</b>   | <b>31,636.37</b> |
| Transferred to/from  | -   | (1,870.75)                   | -                          | 1,870.75        | 215.29                            | -                                   | -                 | -   | 215.29           |
| Related to employee stock options                            | -   | -                            | -                          | -               | -                                 | -                                   | -                 | -   | -                |
| Profit for the year  | -   | -                            | -                          | -               | -                                 | -                                   | 1,529.70          | -   | 1,529.70         |
| Other comprehensive income                                   | -   | -                            | -                          | -               | -                                 | -                                   | 6.73              | 193.98  | 200.71           |
| <b>Balance as at March 31, 2018</b>                          | -   | -                            | <b>4,438.76</b>            | <b>1,870.75</b> | <b>685.62</b>                     | <b>3,000.00</b>                     | <b>23,574.61</b>  | <b>12.32</b>  | <b>33,582.07</b> |

See accompanying notes to the consolidated financial statements 1 to 39  
In terms of our report attached  
**For Deloitte Haskins & Sells**  
Chartered Accountants

For and on behalf of the Board of Directors

Ramakrishnan  
Sankaranarayanan

Nishant Fadnis

Director

Director

Abhijit A. Damle  
Partner

DIN :- 02696897

DIN :- 02648177

Place: Mumbai  
Date: Sep07, 2018

Sanket Limbachaya  
Company Secretary

**Prime Focus Technologies Limited**  
**Consolidated Financial Statements March 31, 2018**

**Consolidated Cash flow statement for the year ended March 31, 2018**

| <b>Particulars</b>  | <b>(Rs in lakh)</b>                  |                                      |
|---|--------------------------------------|--------------------------------------|
|   | <b>Year Ended March 31,<br/>2018</b> | <b>Year Ended March 31,<br/>2017</b> |
| <b>Cash flow from Operating activities</b>                      |                                      |                                      |
| Profit/(Loss) before tax  | 657.56                               | 1,503.92                             |
| <b>Adjustments for:</b>   |                                      |                                      |
| Depreciation and amortization expense                           | 5,437.97                             | 5,001.20                             |
| Net Gain/(loss) on sale of property, plant and equipment        | -                                    | -                                    |
| (Gain) on sale of investments                                   | -                                    | (2.24)                               |
| Sundry credit balances written back                             | -                                    | -                                    |
| Provision /(reversal of provision) for doubtful debts           | 57.43                                | 48.16                                |
| Interest income   | (234.74)                             | (314.08)                             |
| Interest expense  | 2,960.86                             | 2,594.17                             |
| Employee stock options expenses                                 | 215.29                               | 189.37                               |
| <b>Operating profit before working capital changes</b>          | <b>9,094.38</b>                      | <b>9,020.49</b>                      |
| <b>Changes in working capital :</b>                             |                                      |                                      |
| (Increase)/decrease in trade and other payables                 | 2,146.56                             | (3,316.81)                           |
| (Decrease) / Increase in trade payables                         | 134.01                               | (98.33)                              |
| (Decrease) / Increase in liabilities                            | 338.92                               | (3,043.71)                           |
| (Decrease) in other long-term liabilities                       | -                                    | -                                    |
| Prov actuarial gains/losses                                     | -                                    | -                                    |
| Increase in long-term provisions                                | 149.96                               | 91.54                                |
| Increase in short-term provisions                               | 12.39                                | -                                    |
| (Increase) in other Financial liabilities                       | 1,511.28                             | (266.31)                             |
| Decrease/(increase) in Inventory                                | (1.06)                               | 16.12                                |
| Decrease/(increase) in trade and other recievables              | (14,014.99)                          | 553.22                               |
| Decrease / (Increase) in trade receivables                      | (1,603.57)                           | (1,118.34)                           |
| (Increase) in other Financial assets                            | (11,989.24)                          | 1,584.40                             |
| (Increase) in other assets                                      | (422.18)                             | 87.15                                |
| <b>Cash generated from operations</b>                           | <b>(2,775.11)</b>                    | <b>6,273.02</b>                      |
| Income taxes paid (net of refunds)                              | (323.48)                             | 431.19                               |
| <b>Net cash flow from operating activities (A)</b>              | <b>(3,098.59)</b>                    | <b>6,704.61</b>                      |
| <b>Cash flow from investing activities</b>                      |                                      |                                      |
| Purchase of Property, plant & equipment and Intangible assets   | (4,713.59)                           | (5,174.63)                           |
| Proceeds from sale of Property, plant & equipment               | -                                    | -                                    |
| Loans given to fellow subsidiaries                              | -                                    | (0.02)                               |
| Loans repaid by fellow subsidiary                               | -                                    | 0.02                                 |
| Purchase of investments   | -                                    | (4,464.16)                           |
| Proceeds from sale of investments                               | -                                    | 4,466.41                             |
| Margin money and fixed deposits under lien                      | (209.40)                             | 596.32                               |
| Interest received   | 190.38                               | 126.83                               |
| Payment of deferred consideration for acquisition of subsidiary | (4,877.54)                           | (865.03)                             |
| <b>Net cash flow (used in) Investing activities (B)</b>         | <b>(9,610.15)</b>                    | <b>(5,314.26)</b>                    |

**Prime Focus Technologies Limited**  
**Consolidated Financial Statements March 31, 2018**

**Cash flow from financing activities**

|  |                  |                   |
|--|------------------|-------------------|
| Proceeds from non-current borrowings                       | 20,347.81        | 11,036.50         |
| Repayment of non-current borrowings                        | (12,852.21)      | (11,356.45)       |
| (Repayment)/proceeds of current borrowings                 | 8,220.37         | (3,344.50)        |
| Proceeds from issue of compulsorily convertible debentures | -                | 3,000.00          |
| Proceeds from issuance of shares                           | -                | 3,006.34          |
| Share and debenture issue expenses                         | -                | (59.68)           |
| Finance cost paid  | (3,001.55)       | (3,962.68)        |
| <b>Net cash flow used in financing activities (C)</b>      | <b>12,714.42</b> | <b>(1,680.47)</b> |

**Net (decrease)/increase in cash and cash equivalents (A+B+C)** **5.67** **(289.82)**

|  |               |               |
|--|---------------|---------------|
| Cash and cash equivalents at the beginning of the year                   | 603.88        | 572.48        |
| Effect of foreign exchange translation                                   | (395.93)      | 321.22        |
| <b>Cash and cash equivalents at the end of the year (Refer note 8.a)</b> | <b>213.62</b> | <b>603.88</b> |

**Notes:**

- a. 0.84 lacs equity shares issued at a premium to the Holding Company on conversion of Preference shares ₹ NIL (Previous year:- ₹ 3,345.73 lacs)
- b. Amendment to Ind AS 7 is effective from April 1, 2017 and the required disclosure is made below.

**Borrowing- Non current**

|                                     |                  |
|-------------------------------------|------------------|
| Balance as at March 31, 2017        | 15,320.56        |
| Cash flow                           | 7,495.60         |
| Non cash movement                   | (554.59)         |
| <b>Balance as at March 31, 2018</b> | <b>22,261.57</b> |

**Borrowing- Current**

|                                     |                  |
|-------------------------------------|------------------|
| Balance as at March 31, 2017        | 163.18           |
| Cash flow                           | 8,220.37         |
| Non cash movement                   | 2,020.44         |
| <b>Balance as at March 31, 2018</b> | <b>10,403.99</b> |

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

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

**Abhijit A. Damle**

**Partner**

**Ramakrishnan**  
**Sankaranarayanan**

**Director**

**DIN :- 02696897**

**Nishant Fadia**

**Director**

**DIN :- 02648177**

**Place: Mumbai**  
**Date: Sep 07, 2018**

**Sanket Limbachaya**  
**Company Secretary**

**Prime Focus Technologies Limited**  
**Consolidated Financial Statements March 31, 2018**

**1. Corporate information**

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

**1.1 Subsidiaries of the Group**

The consolidated financial statements relate to Prime Focus Technologies Limited (“the Company”) and its subsidiaries as listed below:

| <b>Name of subsidiaries</b>                                      | <b>Principal activity</b>   | <b>Country of incorporation</b> | <b>Current year percentage of holding</b> | <b>Previous period percentage of holding</b> |
|--|-----------------------------|---------------------------------|---|--|
| Prime Focus Technologies UK Limited                              | Digital Asset Management    | England & Wales                 | 100%                                      | 100%   |
| Prime Focus Technologies Inc.                                    | Post Production Services    | USA                             | 100%                                      | 100%   |
| <b>Subsidiary Company of Prime Focus Technologies Inc.</b>       |                             |                                 |   |  |
| DAX PFT LLC  | Pre-production              | USA                             | 100%                                      | 100%   |
| <b>Subsidiary Company of DAX PFT LLC</b>                         |                             |                                 |   |  |
| DAX Cloud ULC  | Pre-production              | Canada                          | 100%                                      | 100%   |
| <b>Subsidiary Company of Prime Focus Technologies UK Limited</b> |                             |                                 |   |  |
| Prime Post (Europe) Limited                                      | Content management services | England & Wales                 | 100%                                      | 100%   |

**2. Significant accounting policies**

**2.1 Statement of compliance**

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

**2.2 Basis of preparation**

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the assets or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and services

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and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

Group's financial statement are presented in India Rupees (₹) which is the functional currency of the Company.

**2.3 Use of Estimates**

The preparation of consolidated financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in the preparation of the consolidated financial statements are prudent and reasonable. Future results could differ due to this estimates and the difference between the actual results and the estimates are recognised in the period in which the results are known/materialise.

**2.4 Basis of Consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its investment with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls, an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give its power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year/period are included in the consolidated statement of profit and loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if the results in the non-controlling interests have a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

**2.4.1 Changes in the Group's ownership interests in existing subsidiaries**

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair-value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling

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interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified / permitted by applicable Ind AS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 109, or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

## **2.5 Business Combinations**

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange of control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Taxes and Ind AS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payment at the acquisition date (see note 2.12); and
- assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

In case of a bargain purchase, before recognising a gain in respect thereof, the Group determines whether there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. Thereafter, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognises any additional assets or liabilities that are identified in that reassessment. The Group then reviews the procedures used to measure the amounts that Ind AS requires for the purpose of calculating the bargain purchase. If the gain remains after this reassessment and review, the Group recognises it in other comprehensive income and accumulates the same in equity as capital reserve. This gain is attributed to the acquirer. If there does not exist clear evidence of the underlying reasons for classifying the business combination as a bargain purchase, the Group recognises the gain, after reassessing and reviewing (as described above), directly in equity as capital reserve.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at the fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Ind AS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill or capital reserve, as the case may be. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that we do not qualify as measurement period adjustment depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at fair value at subsequent reporting dates with the corresponding gain or loss being recognised in profit or loss.



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When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

## **2.6 Goodwill**

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note 2.5 above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units (or groups of cash generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit prorate based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

## **2.7 Revenue recognition**

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

### **2.7.1 Rendering of services**

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

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

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

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

### **2.7.2 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 Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis by reference to the principal

**Prime Focus Technologies Limited**  
**Consolidated Financial Statements March 31, 2018**

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.

**2.7.3 Rental Income**

The Group's policy for recognition of revenue from operating leases is described in note 2.8.1 below

**2.8 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.

**2.8.1 The Group as lessor**

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Group's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

**2.8.2 The Group as lessee**

Assets held under finance lease are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligations so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see note 2.10 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.

**2.9 Foreign currencies**

In preparing the consolidated 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; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

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For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Indian Rupees using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates for the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisitions of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

## **2.10 Borrowing costs**

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

- Net interest expense or income; and
- Re-measurement

The Group presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

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

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

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**2.11 Employee benefits**

**2.11.1 Retirement benefit costs and termination benefits**

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuation being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, 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 Group presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

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

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

**2.11.2 Short-term and other long-term employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees' upto the reporting date.

**2.12 Share-based payment arrangements**

**2.12.1 Share-based payment transactions of the Group**

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 30.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

**2.13 Taxation**

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

**2.13.1 Current tax**

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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 Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

**2.13.2 Deferred tax**

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

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

**2.13.3 Current and deferred tax for the year**

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

**2.14 Property, plant and equipment (PPE) and depreciation**

PPE are stated at cost of acquisition or construction. They are stated at historical cost less accumulated depreciation and impairment loss, if any. The cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of PPE is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standards of performance. All other expenses on existing PPE, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

Depreciation on tangible assets of the Company and its subsidiaries is provided using the straight line method (SLM) as per useful lives which are similar to the useful life prescribed under Schedule II of the Companies Act, 2013.

Leasehold improvement are depreciated over the lease term.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

## **2.15 Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any. Intangible assets are amortised on a straight line basis over the estimated useful economic lives.

### **Software**

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

### **2.15.1 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.

### **2.15.2 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.

### **2.15.3 Intangible assets acquired in a business combinations**

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regard as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses.

The assets are amortised over the estimated lives of 20 years.

Finite-lived intangible assets that were acquired in a business combination, i.e. Software are amortised on a straight-line basis over a period of 6 years.

The period of amortisation only starts at the point at which the assets becomes available to produce economic returns.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the assets may be impaired.

### **2.15.4 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.

## **2.16 Impairment of tangible and intangible assets other than goodwill**

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At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest of the cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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**2.17 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.

**2.18 Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flow (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**2.18.1 Onerous contracts**

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

**2.18.2 Restructurings**

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

**2.18.3 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.

**2.19 Financial instruments**

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

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

**2.20 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.



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**2.20.1 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 2.20.5

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

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

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

For the impairment policy on dent instruments at FVTOCI, refer Note 2.20.5

All other financial assets are subsequently measured at fair value.

**2.20.2 Effective interest method**

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

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at Fair Value through Profit or Loss (FVTPL). Interest income is recognised in profit or loss and is included in the “Other income” line item.

**2.20.3 Investments in equity instruments at FVTOCI**

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Dividends on these investments in equity instruments are recognised in profit or loss when the Company has right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in profit or loss are included in the ‘Other income’ line item.

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**2.20.4 Financial assets at fair value through profit or loss (FVTPL)**

Investments in equity instruments are classified as FVTPL, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading (see note 2.20.3 above).

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

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FTPL upon initial measurement if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different basis. The Group has not designated any debt instruments at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item.

Dividend on financial assets at FVTPL is recognised when the Group's right to receive dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

**2.20.5 Impairment of financial assets**

The Group applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Group estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Group measures the loss allowance for a financial instrument at an amount equal to lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the lifetime expected credit losses that represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Group measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Group again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, that is indicative of significant increase in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses.

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Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

**2.20.6 De-recognition of financial assets**

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for the amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also a collateralised borrowing for the proceeds received.

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

On de-recognition of financial asset other than its entirety (e.g. when the Group retains an option to repurchase part of the a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or losses if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised in other comprehensive income and the part that is no longer recognised on the basis of the relative fair value of those parts.

**2.20.7 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 sport 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.

**2.21 Financial liabilities and equity instruments**

**2.21.1 Classification as debt or equity**

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

**2.21.2 Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group'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 Group's own equity instruments.

### **2.21.3 Compound financial instruments**

The component parts of compound financial instruments (convertible notes) issued by the Group 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 Group's own equity instruments is an equity instrument.

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

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

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

### **2.21.4 Financial liabilities**

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

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

#### **2.21.4.1 Financial liabilities at FVTPL**

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies or held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and the Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

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Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of the liability is recognised in other comprehensive income, unless the recognition of the effects of changes mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified in profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Group that are designated by the Group as at fair value through profit or loss are recognised in profit or loss.

**2.21.4.2 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.

**2.21.4.3 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 Group 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.

**2.21.4.4 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.

**2.21.4.5 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.

#### **2.21.4.6 De-recognition of financial liabilities**

The Group de-recognises financial liabilities when, and only when, the Group'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.

#### **2.22 Derivative financial instruments**

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

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

##### **2.22.1 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.

##### **2.22.2 Offsetting**

Financial assets and financial liabilities are off set and the net amount is presented when and only when, the Company has legally enforceable right to setoff the amount it intense, either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

##### **2.22.3 Cash & cash equivalent**

The Company's cash and cash equivalents consists of cash on hand and in banks and demand deposits with banks, which can be withdrawn at any time, without prior notice or penalty on the principal.

For the purposes of cash flow Statement, cash and cash equivalent comprise cash and cheques in hand, bank balances, demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand and considered part of the Company's cash management system. In the balance sheet, bank overdraft are presented under borrowings within current financial liabilities.

##### **2.22.4 Segment reporting**

Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performances of the operating segments of the Company.

##### **2.22.5 Events after reporting date**

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such event is adjusted within the financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

##### **2.22.6 Recent pronouncements**

There are new standards and amendments to standards which are not yet effective for annual periods beginning after April 01, 2017 and have not been applied in preparing these financial statements. Such new standards and amendments which are applicable for the accounting

In March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign Currency Transactions and Advance Consideration which clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which an entity

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initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency. The effective date for adoption of the amendment is annual reporting periods beginning on or after April 01, 2018, though early adoption is permitted. The Company will apply the interpretation prospectively from the effective date and the effect on adoption of Appendix B to Ind AS 21 on the financial statements is expected to be insignificant.

In March 2018, Ministry of Corporate Affairs (“MCA”) has also notified amendments to the following Companies (Indian Accounting Standards)

Ind AS 12 – Income taxes

Ind AS 40 – Investment Property

Ind AS 28 – Investment in Associates and Joint venture

Ind AS 112 – Disclosure of Interests in other entities

Applications of the above standards are not expected to have any significant impact on the Company’s financial statements.

### **3 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Group’s accounting policies, which are described in note 2, the management of the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experiences and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

#### **3.1.1 Revenue recognition**

The revenue recognised on fixed price contracts is dependent on the estimated percentage of completion at a point in time, which is calculated on the basis of the man days of work performed as a percentage of the estimated total man days to complete a contract. The actual man days and estimated man days to complete a contract are updated on a monthly basis.

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

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

#### **3.1.2 Taxation**

The Group makes estimates in respect of tax liabilities and tax assets. Full provision is made for deferred and current taxation at the rates of tax prevailing at the year-end unless future rates have been substantively enacted. These calculations represent our best estimate of the 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 Group has losses and other timing differences for which no value has been recognised for deferred tax purposes in this consolidated 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 Group in the form of a reduced tax charge.

### **3.1.3 Recoverability of internally generated intangible asset**

During the year, the Group considered the recoverability of the Group's internally generated intangible asset arising from its business development of tools and software, which is included in the consolidated balance sheet as at March 31, 2018. The business continues to progress in a satisfactory manner. Detailed sensitivity analysis has been carried out and the Group is confident that the carrying amount of the asset will be recovered in full, even if returns are reduced. This situation will be closely monitored, and adjustments made in future periods if future market activity indicates that such adjustments are appropriate.

### **3.1.4 Impairment of goodwill**

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

### **3.1.5 Depreciation and useful lives of property, plant and equipment and other intangible assets**

Property, plant and equipment are depreciated over the estimated useful lives of the assets, after taking into account their estimated residual value. Intangible assets are amortised over its estimated useful lives. The Group reviews the estimated useful lives of all such assets at the end of each reporting period. There has been no requirement to revise to useful lives of any such assets as at the Balance Sheet date.

### **3.1.6 Fair value measurements and valuation process**

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. Further, the Group has used valuation experts for the purpose of ascertaining fair value for certain assets and liabilities. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent that it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The 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 Group to explain the cause of fluctuations in the fair value of the assets and liabilities.

### **3.1.7 Expected credit losses on financial assets**

The impairment provision of financial assets are based on assumption about risk of default and expected timing of collection. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's history of collections, customer's creditworthiness, existing market condition as well as forward looking estimates at the end of each reporting period.

### **3.1.8 Provision**

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash flow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

### **3.1.9 Defined benefit obligation**

The costs of providing other post-employment benefits are charged to the Statement of Profit and Loss in accordance with Ind AS 19 "Employee benefits" over the period during which benefits is derived from the employees' services and is determined based on valuation carried out by independent actuary. The costs are determined based on assumptions selected by the management. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to change in these assumptions.



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**4. Property, plant and equipment**

|                             | (Rs in lakh)        |                        |                        |                     |                  |             |                  |
|-----------------------------|---------------------|------------------------|------------------------|---------------------|------------------|-------------|------------------|
|                             | Plant and equipment | Leasehold Improvements | Furniture and fixtures | Electrical Fittings | Office equipment | Vehicles    | Total            |
| <b>Gross block</b>          |                     |                        |                        |                     |                  |             |                  |
| As at April 01, 2016        | 10,061.39           | 4,470.33               | 787.53                 | 642.69              | 6,096.15         | 9.16        | 22,067.25        |
| Additions                   | 514.15              | 143.35                 | 16.98                  | 101.47              | 153.69           | -           | 929.64           |
| Deductions                  | -                   | -                      | -                      | -                   | -                | -           | -                |
| Exchange differences        | (44.33)             | (17.70)                | (5.11)                 | -                   | (175.79)         | -           | (242.93)         |
| <b>As at March 31, 2017</b> | <b>10,531.21</b>    | <b>4,595.98</b>        | <b>799.40</b>          | <b>744.16</b>       | <b>6,074.05</b>  | <b>9.16</b> | <b>22,753.96</b> |
| <b>Depreciation</b>         |                     |                        |                        |                     |                  |             |                  |
| As at April 01, 2016        | 5,674.17            | 1,466.45               | 363.69                 | 150.63              | 5,517.56         | 4.73        | 13,177.23        |
| For the year                | 1,446.51            | 570.54                 | 57.55                  | 63.82               | 351.10           | 1.20        | 2,490.72         |
| Deductions                  | -                   | -                      | -                      | -                   | -                | -           | -                |
| Exchange differences        | (36.05)             | (13.62)                | (4.55)                 | -                   | (158.63)         | -           | (212.85)         |
| <b>As at March 31, 2017</b> | <b>7,084.63</b>     | <b>2,023.37</b>        | <b>416.69</b>          | <b>214.45</b>       | <b>5,710.03</b>  | <b>5.93</b> | <b>15,455.10</b> |
| <b>Net block</b>            |                     |                        |                        |                     |                  |             |                  |
| <b>As at March 31, 2017</b> | <b>3,446.48</b>     | <b>2,572.61</b>        | <b>382.31</b>          | <b>529.71</b>       | <b>364.12</b>    | <b>3.23</b> | <b>7,298.86</b>  |

|                             | (Rs in lakh)        |                        |                        |                     |                  |             |                  |
|-----------------------------|---------------------|------------------------|------------------------|---------------------|------------------|-------------|------------------|
|                             | Plant and equipment | Leasehold Improvements | Furniture and fixtures | Electrical Fittings | Office equipment | Vehicles    | Total            |
| <b>Gross block</b>          |                     |                        |                        |                     |                  |             |                  |
| As at April 01, 2017        | 10,531.21           | 4,595.98               | 799.40                 | 744.16              | 6,074.05         | 9.16        | 22,753.96        |
| Additions                   | 1,121.71            | 3.58                   | 0.89                   | 101.71              | 30.68            | -           | 1,258.57         |
| Deductions                  | -                   | -                      | -                      | -                   | -                | -           | -                |
| Exchange differences        | (203.33)            | 7.20                   | 10.11                  | -                   | 277.26           | -           | 91.24            |
| <b>As at March 31, 2018</b> | <b>11,449.59</b>    | <b>4,606.76</b>        | <b>810.40</b>          | <b>845.87</b>       | <b>6,381.99</b>  | <b>9.16</b> | <b>24,103.77</b> |
| <b>Depreciation</b>         |                     |                        |                        |                     |                  |             |                  |
| As at April 01, 2017        | 7,084.63            | 2,023.37               | 416.69                 | 214.45              | 5,710.03         | 5.93        | 15,455.10        |
| For the year                | 1,179.96            | 514.61                 | 57.44                  | 74.84               | 226.16           | 1.20        | 2,054.21         |
| Deductions                  | -                   | -                      | -                      | -                   | -                | -           | -                |
| Exchange differences        | (22.80)             | 1.83                   | 0.84                   | -                   | 92.00            | -           | 71.87            |
| <b>As at March 31, 2018</b> | <b>8,241.79</b>     | <b>2,539.81</b>        | <b>474.97</b>          | <b>289.29</b>       | <b>6,028.19</b>  | <b>7.13</b> | <b>17,581.18</b> |
| <b>Net block</b>            |                     |                        |                        |                     |                  |             |                  |
| <b>As at March 31, 2018</b> | <b>3,207.80</b>     | <b>2,066.95</b>        | <b>335.43</b>          | <b>556.58</b>       | <b>353.80</b>    | <b>2.03</b> | <b>6,522.59</b>  |

- a) Plant and equipment includes assets taken on finance lease as under :
- Gross block: Rs. 3,553.37 lakh (March 31, 2017 Rs. 3,245.66 lakh)  
 Depreciation charge for the year: Rs. 544.55 lakh (March 31, 2017 Rs. 729.74 lakh)  
 Accumulated depreciation: Rs. 2,552.63 lakh (March 31, 2017 Rs. 2,172.06 lakh)  
 Net block: Rs. 1,000.74 lakh (March 31, 2017 Rs. 1,073.60 lakh)
- b) The group has adjusted exchange loss, relating to long term foreign currency loans obtained before transition date, amounting Rs. NIL (Previous year: Rs. 7.38 lakh) to the cost of plant and equipment.
- c) Refer note 13 and 18 regarding details of borrowings, where assets have been placed as security.

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**5. Goodwill and Other Intangible assets**

|                             | (Rs in lakh)     |                  |
|-----------------------------|------------------|------------------|
|                             | Software         | Total            |
| <b>Gross block</b>          |                  |                  |
| As at April 01, 2016        | 36,159.76        | 47,510.87        |
| Additions                   | 9,009.46         | 9,009.46         |
| Deductions                  | -                | -                |
| Exchange differences        | (5.30)           | (525.91)         |
| <b>As at March 31, 2017</b> | <b>45,163.92</b> | <b>55,994.42</b> |

|                             |                 |                 |
|-----------------------------|-----------------|-----------------|
| <b>Amortisation</b>         |                 |                 |
| As at April 01, 2016        | 3,144.98        | 3,144.98        |
| For the year                | 2,510.48        | 2,510.48        |
| Deductions                  | -               | -               |
| Exchange differences        | (4.87)          | (4.87)          |
| <b>As at March 31, 2017</b> | <b>5,650.59</b> | <b>5,650.59</b> |

|                             |                  |                  |
|-----------------------------|------------------|------------------|
| <b>Net block</b>            |                  |                  |
| <b>As at March 31, 2017</b> | <b>39,513.33</b> | <b>50,343.83</b> |

|                             | (Rs in lakh)     |                  |
|-----------------------------|------------------|------------------|
|                             | Software         | Total            |
| <b>Gross block</b>          |                  |                  |
| As at April 01, 2017        | <b>45,163.92</b> | <b>55,994.42</b> |
| Additions                   | 455.56           | 455.56           |
| Deductions                  | -                | -                |
| Exchange differences        | 6.34             | 253.45           |
| <b>As at March 31, 2018</b> | <b>45,625.82</b> | <b>56,703.43</b> |

|                             |                 |                 |
|-----------------------------|-----------------|-----------------|
| <b>Amortisation</b>         |                 |                 |
| As at April 01, 2017        | <b>5,650.59</b> | <b>5,650.59</b> |
| For the year                | 3,383.76        | 3,383.76        |
| Deductions                  | -               | -               |
| Exchange differences        | 14.73           | 14.73           |
| <b>As at March 31, 2018</b> | <b>9,049.08</b> | <b>9,049.08</b> |

|                             |                  |                  |
|-----------------------------|------------------|------------------|
| <b>Net block</b>            |                  |                  |
| <b>As at March 31, 2018</b> | <b>36,576.74</b> | <b>47,654.35</b> |

- a) The group has adjusted exchange loss, relating to long term foreign currency loans, amounting to Rs. Nil (March 31, 2017 Rs. 4.92 lakh) to the cost of software.
- b) Software includes assets taken on finance lease as under :
- Gross block: Rs. 708.94 lakh (March 31, 2017 Rs. 706.59 lakh)
  - Depreciation charge for the year: Rs. 71.47 lakh (March 31, 2017 Rs. 114.23 lakh)
  - Accumulated depreciation: Rs. 536.17 lakh (March 31, 2017 Rs. 463.71 lakh)
  - Net block: Rs. 172.77 lakh (March 31, 2017 Rs. 242.88 lakh)
- 5a. The group has a goodwill aggregating to Rs. 11,077.61 lakh (March 31, 2017 Rs. 10,830.50 lakh) as on the balance sheet date.

Prime Focus Technologies Inc. acquired DAX business of Sample Digital Holdings, LLC a California limited liability company on April 04, 2014. Since then there has been a substantial growth in revenue and profitability, no impairment is considered on goodwill on acquisition.

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**6. Inventories**

(Rs in lakh)

|   | As at March 31, 2018 | As at March 31, 2017 |
|---|----------------------|----------------------|
| <b>Inventories (lower of cost and net realisable value)</b> |                      |                      |
| Tapes   | 7.40                 | 6.34                 |
| <b>Total</b>  | <b>7.40</b>          | <b>6.34</b>          |

The mode of valuation of inventories has been stated in notes 2.17.

**7. Trade Receivables (Unsecured)**

(Rs in lakh)

|                                    | As at March 31, 2018 | As at March 31, 2017 |
|------------------------------------|----------------------|----------------------|
| <b>Current</b>                     |                      |                      |
| Considered good                    | 8,314.04             | 6,767.90             |
| Considered doubtful                | 121.33               | 63.90                |
|                                    | <b>8,435.37</b>      | <b>6,831.80</b>      |
| Allowance for doubtful receivables | (121.33)             | (63.90)              |
| <b>Total</b>                       | <b>8,314.04</b>      | <b>6,767.90</b>      |

|  | As at March 31, 2018 | As at March 31, 2017 |
|--|----------------------|----------------------|
| <b>The movement in allowance for doubtful receivables is as follows:</b> |                      |                      |
| Balance as at the beginning of the year                                  | 63.90                | 15.75                |
| Movement during the year (net)   | 57.43                | 48.15                |
| <b>Balance as at the end of the year</b>                                 | <b>121.33</b>        | <b>63.90</b>         |

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

**8. Cash and bank balances**

(Rs in lakh)

|   | As at March 31, 2018 | As at March 31, 2017 |
|---|----------------------|----------------------|
| <b>a. Cash and cash equivalents</b>     |                      |                      |
| Cash on hand                            | 2.09                 | 2.73                 |
| Remittances in transit                  | -                    | 18.42                |
| <b>Bank balances</b>                    |                      |                      |
| In current Accounts                     | 211.53               | 582.73               |
| <b>Total</b>                            | <b>213.62</b>        | <b>603.88</b>        |
| <b>b. Balances other than (a) above</b> |                      |                      |
| Other bank balances                     |                      |                      |
| In deposits*                            | 930.58               | 721.18               |
| <b>Total</b>                            | <b>930.58</b>        | <b>721.18</b>        |

\* Margin monies- fixed deposit accounts represent deposits with original maturity ranging from 1 Month to 62 months from the date of balance sheet. These deposits are pledged for availing foreign currency loans- buyer's credit, kept as Debt Service Reserve Amount (DSRA) with debentures trustee until all debenture outstanding are paid and for credit facilities availed by the Group.

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**9. Other financial assets (Unsecured, considered good)**

(Rs in lakh)

|  | As at March 31, 2018 | As at March 31, 2017 |
|--|----------------------|----------------------|
| <b>Non-current</b>                         |                      |                      |
| Deposits (Refer note 31)                   | 6,686.89             | 560.41               |
| Recoverable- others                        | -                    | -                    |
| <b>Total</b>                               | <b>6,686.89</b>      | <b>560.41</b>        |
| <b>Current</b>                             |                      |                      |
| Deposits                                   | 28.95                | 83.62                |
| Unbilled revenue                           | 4,973.64             | 788.37               |
| Interest accrued on fixed deposits         | 2.27                 | 14.25                |
| Advance to related parties (Refer note 31) | 2,669.50             | 633.69               |
| Recoverable- others                        | -                    | 303.65               |
| <b>Total</b>                               | <b>7,674.36</b>      | <b>1,823.58</b>      |

**10. Other Assets (Unsecured, considered good)**

(Rs in lakh)

|                          | As at March 31, 2018 | As at March 31, 2017 |
|--------------------------|----------------------|----------------------|
| <b>Non-current</b>       |                      |                      |
| Capital advances         | 17.22                | 9.88                 |
| Prepaid expenses         | 163.91               | 217.43               |
| <b>Total</b>             | <b>181.13</b>        | <b>227.31</b>        |
| <b>Current</b>           |                      |                      |
| Other loans and advances | 507.57               | 372.05               |
| Prepaid expenses         | 789.49               | 1,488.25             |
| <b>Total</b>             | <b>1,297.06</b>      | <b>1,860.30</b>      |

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

**11. Equity Share Capital**

(Rs in lakh)

|  | As at March 31, 2018 | As at March 31, 2017 |
|--|----------------------|----------------------|
| <b>Authorised share capital:</b>   |                      |                      |
| 50,00,000 Equity shares of ₹ 10/- each<br>(March 31, 2017: 50,00,000 of ₹ 10/- each) | 500.00               | 500.00               |
| <b>Issued, subscribed and paid-up:</b>   |                      |                      |
| 21,71,578 Equity shares of ₹ 10/- each<br>(March 31, 2017: 21,71,578 of ₹ 10/-)      | 217.16               | 217.16               |
| <b>Total</b>   | <b>217.16</b>        | <b>217.16</b>        |

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

**Fully paid equity shares**

(Rs in lakh)

|  | Year ended March 31, 2018 |               | Year ended March 31, 2017 |               |
|--|---------------------------|---------------|---------------------------|---------------|
|  | Number                    | Amount        | Number                    | Amount        |
| Balance as at the beginning of the year  | 21,71,578                 | 217.16        | 20,10,000                 | 201.00        |
| Add: Shares issued during the year       | -                         | -             | 1,61,578                  | 16.16         |
| <b>Balance as at the end of the year</b> | <b>21,71,578</b>          | <b>217.16</b> | <b>21,71,578</b>          | <b>217.16</b> |

**11.2 Shares reserved for issuance under options**

The Company has granted employee stock options under employees stock options scheme. Each option entitles the holder to one equity share of Rs. 10 each. 1,90,970 options were outstanding as at March 31, 2018 (March 31, 2017 2,03,019) - Refer note 30

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

|                                   | As at March 31, 2018 |              | As at March 31, 2017 |              |
|-----------------------------------|----------------------|--------------|----------------------|--------------|
|                                   | Numbers              | % of holding | Numbers              | % of holding |
| Prime Focus Limited               | 16,01,466            | 73.75%       | 16,01,466.00         | 73.75%       |
| Mr. Ramakrishnan Sankaranarayanan | 2,21,602             | 10.20%       | 2,21,602.00          | 10.20%       |

**11.4 Rights, preferences and restrictions attached to shares**

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

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

The Company has issued 20,00,000 equity shares of Rs. 10 each as fully paid up bonus shares by capitalisation of balance in statement of profit and loss in the financial year 2011-12.

**11.5** In the previous year, there was an investment by a Private Equity Investor in the Company of Rs. 6,000 lakh, by way of Equity Share Capital of Rs. 3,000 lakh and Compulsorily Convertible Debentures of Rs. 3,000 lakh.

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**12. Other equity**

(Rs in lakh)

|  | As at March 31, 2018 | As at March 31, 2017 |
|--|----------------------|----------------------|
| <b>Preference shares</b>   |                      |                      |
| NIL (March 31, 2017 NIL) 9% optionally convertible non-cumulative redeemable preference shares of Rs 10/- each |                      |                      |
| As at last balance sheet   | -                    | 1,500.00             |
| Movement during the year   | -                    | (1,500.00)           |
|  | -                    | -                    |
| <b>Debenture redemption reserve</b>  |                      |                      |
| As per last balance sheet  | 1,870.75             | 1,153.50             |
| Movement during the year   | (1,870.75)           | 717.25               |
|  | -                    | <b>1,870.75</b>      |
| <b>Securities premium</b>  |                      |                      |
| As per last balance sheet  | 4,438.76             | -                    |
| Movement during the year   | -                    | 4,438.76             |
|  | <b>4,438.76</b>      | <b>4,438.76</b>      |
| <b>General Reserve</b>   |                      |                      |
| As per last balance sheet  | -                    | -                    |
| Movement during the year   | 1,870.75             | -                    |
|  | <b>1,870.75</b>      | -                    |
| <b>Compulsorily convertible debentures</b>   |                      |                      |
| As per last balance sheet  | 3,000.00             | -                    |
| Movement during the year (Refer note 11.5)   | -                    | 3,000.00             |
|  | <b>3,000.00</b>      | <b>3,000.00</b>      |
| <b>Retained Earnings *</b>   |                      |                      |
| As per last balance sheet  | 22,038.19            | 21,221.88            |
| Movement during the year   | 1,536.43             | 816.31               |
|  | <b>23,574.62</b>     | <b>22,038.19</b>     |
| <b>Share options outstanding account</b>   |                      |                      |
| As per last balance sheet  | 470.33               | 280.96               |
| Movement during the year   | 215.29               | 189.37               |
|  | <b>685.62</b>        | <b>470.33</b>        |
| <b>Other comprehensive income (Foreign currency translation reserve)</b>                                       |                      |                      |
| As per last balance sheet  | (181.66)             | 47.32                |
| Movement during the year   | 193.98               | (228.98)             |
|  | <b>12.32</b>         | <b>(181.66)</b>      |
| <b>Total</b>   | <b>33,582.07</b>     | <b>31,636.37</b>     |

\* Retained earnings includes re-measurement of defined benefit obligations (net of loss) of Rs. 15.98 lakh (previous year Rs. 9.25 lakh)

**12.1 Rights, preferences and restrictions attached to shares**

The Company issued 9% 1,500,00,00 non-cumulative optionally convertible redeemable preference shares of ₹ 10/- each allotted at par to Prime Focus Limited, the Holding Company in financial year 2011-12.

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

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

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

During the previous year 83,916 equity shares were issued at a premium to the Holding Company on conversion of Preference shares for Rs. 3,345.73 lakh.

**13. Borrowings (Non - Current)**

|  | (Rs in lakh)         |                      |
|--|----------------------|----------------------|
|  | As at March 31, 2018 | As at March 31, 2017 |
| <b>Debentures (secured)</b>              |                      |                      |
| Optionally Convertible Debentures (OCD)  | -                    | 7,137.64             |
| (Refer note (a) below)                   |                      |                      |
| <b>Term loans (secured)</b>              |                      |                      |
| from banks                               | 17,152.12            | 2,739.16             |
| (Refer note (b), (c) & (d) below)        |                      |                      |
| <b>Other loan and advances (secured)</b> |                      |                      |
| Finance lease obligation                 | 1,102.61             | 1,025.49             |
| (Refer note (e) below)                   |                      |                      |
| Foreign currency loans - buyers credit   | -                    | 17.86                |
| (Refer note (d) below)                   |                      |                      |
| <b>Total</b>                             | <b>18,254.73</b>     | <b>10,920.15</b>     |

**a.** During May 2016 and June 2016, the Company raised through private placement of secured, unlisted, unrated, redeemable, optionally convertible debentures (OCDs) aggregating Rs. 7,483.00 lakh. After 24, 27 and 30 months from the date of allotment, Investors will have an option of converting up to 25% of the total principal amount (one third each) into equity shares of PFT. OCDs are secured by pledge of equity shares of PFT equivalent to 3 times of the issue size held by the Parent Company, guarantee issued by the Company and personal guarantees of promoters. Further, secured by second charge on all the fixed assets of PFT and first and exclusive charge on Debt Service Reserve Amount (DSRA). Interest rate 14.5% p.a. with maturity profile of 24, 27 and 30 months. Such OCDs were repaid during the year.

**b.** Term loans from bank includes ₹ NIL (Previous year: ₹ 2,225.69 lakh), taken by the Company, which was secured by first and exclusive charge on all existing and future current assets and existing and movable fixed asset except for fixed assets financed through equipment loan/lease, extension of mortgage property owned by the Group at Khar Mumbai, pledge of Ultimate Holding Company shares held by the promoter, corporate guarantee issued by the Ultimate Holding Company and personal guarantees of promoters. Loan was repayable in 36 equal monthly instalments beginning after a moratorium of 6 months from the date of disbursement with an interest rate of 7.25% p.a to 12.50% p.a. As at March 31, 2017: ₹ 1,211.92 lakh is included in current maturities of long-term borrowings and balance of ₹ 1,013.77 lakh is included in long-term borrowings. The loan has been fully repaid during the year.

**c.** Term loans from bank include Rs. 1,945.00 lakh (Previous year: Rs. 2,265.00 lakh) taken by Prime Focus Technologies Inc. (PFT Inc.), which is secured by exclusive first charge on all assets including current assets of PFT Inc., cash margin, escrow of receivables, pledge of shares of PFT Inc. and DAX PFT LLC, pledge of certain shares of PFT and of the Company both backed by non-disposal undertaking, corporate guarantee of PFT and personal guarantee of the promoter. Term loan facility of \$ 2 million is repayable in 4 year equal instalments beginning from September 30, 2016 and facility 2 of \$ 2 million is on bullet payment basis. Interest rate on term loans are based on 6 months Libor plus 450 basis. As at March 31, 2018 Rs 1,621.00 lakh (March 31, 2017: Rs. 1,618.00 lakh) is included in current maturities of long-term borrowings and balance of Rs. 304.00 lakh (March 31, 2017: Rs. 647.00 lakh) is included in long-term borrowings.

**d.** During the previous year, the Company had availed a Term Loan facility aggregating to Rs. 15,700 lakh at an interest rate based on one year MCLR + 1.90% with a reset on yearly basis. This term loan is repayable in 84 months from date of the 1st disbursement including 6 months moratorium, it is to be repaid in 26 quarterly instalments (post 6 months moratorium). Further during current year the Company has availed additional term loan facility aggregating to Rs. 6,000 lakh at an interest rate based on one year MCLR + 1.90% with a reset on yearly basis. This term loan is repayable in 72 months from date of the 1st disbursement, it is to be repaid in 25 quarterly instalments. Both the above facilities are secured by exclusive charge over present and future current assets and movable fixed assets, personal guarantees of promoter, pledge of shares of the company held by promoters (refer note (g) below), Corporate Guarantee of the Holding Company,

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exclusive charge by way of mortgage of immovable properties, pledge of 30% shares of the Company and of subsidiaries viz; Prime Focus Technologies Inc., DAX LLC, Prime Focus Technologies Limited UK Limited, Prime Post Europe Limited. The company has created charge over all the above referred securities except pledge of 30% shares of subsidiaries viz; Prime Focus Technologies Inc., DAX LLC, Prime Focus Technologies Limited UK Limited, Prime Post Europe Limited, for which the Company is in the process of creating security as at the balance sheet date. As at March 31, 2018, out of the above availed facility, the Company took disbursement of Rs. 20,653.00 lakh. At the year-end, out of the outstanding loan amount Rs. Rs. 16,847.56 lakh (net of transaction fees) is disclosed as non-current and Rs. 1,617.64 lakh is disclosed as current. As at March 31, 2017 Rs. 1,078.15 lakh (net of transaction fees) is disclosed as non-current and Rs. 45.14 lakh is disclosed as current.

**e. Foreign Currency loans**

Foreign currency loans- buyer's credit of ₹ 28.78 lacs (March 31, 2017: ₹ 775.89 lacs) is secured against margin monies-fixed deposits pledged. Interest rate ranges from 1% to 2% p.a. with maturity profile of 2-3 years.

**f. Finance lease**

The Group leases certain equipment under finance leases. The lease term is around 2-5 years. The Group has option to purchase the equipment for a nominal amount at the end of the lease term. The Group's obligation under finance leases are secured by hypothecation of such equipment.

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 5.51% to 15.68% per annum.

**Finance lease obligations are payable as follows:**

| (Rs in lakh)                                      |   |                             |
|---|---|-----------------------------|
|   | <b>Total minimum lease payments outstanding</b> |                             |
|   | <b>As at March 31, 2018</b>                     | <b>As at March 31, 2017</b> |
| Within one year                                   | 894.35  | 919.98                      |
| Later than one year and not later than five years | 1,234.72  | 1,154.24                    |
| <b>Total</b>                                      | <b>2,129.07</b>                                 | <b>2,074.22</b>             |
|   | <b>Future interest on outstanding</b>           |                             |
|   | <b>As at March 31, 2018</b>                     | <b>As at March 31, 2017</b> |
| Within one year                                   | 154.51  | 152.75                      |
| Later than one year and not later than five years | 132.11  | 128.75                      |
| <b>Total</b>                                      | <b>286.62</b>                                   | <b>281.50</b>               |
|   | <b>Present value of minimum lease payments</b>  |                             |
|   | <b>As at March 31, 2018</b>                     | <b>As at March 31, 2017</b> |
| Within one year                                   | 739.84  | 767.23                      |
| Later than one year and not later than five years | 1,102.61  | 1,025.49                    |
| <b>Total</b>                                      | <b>1,842.45</b>                                 | <b>1,792.72</b>             |

g. The promoters of the Company have pledged 8.30% as at March 31, 2018 and 18.51% as at March 31, 2017 towards various borrowings / commitments, including borrowings by the Company.

**14. Other Financial liabilities (Non current)**

| (Rs in lakh)              |                             |                             |
|---------------------------|-----------------------------|-----------------------------|
|                           | <b>As at March 31, 2018</b> | <b>As at March 31, 2017</b> |
| Derivatives               | -                           | 457.96                      |
| Promissory Note - PFL PLC | -                           | 3,444.36                    |
| <b>Total</b>              | <b>-</b>                    | <b>3,902.32</b>             |



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**15. Other Financial liabilities (Current)**

|   | (Rs in lakh)         |                      |
|---|----------------------|----------------------|
|   | As at March 31, 2018 | As at March 31, 2017 |
| <b>Current maturities of long term borrowings</b>                   |                      |                      |
| <b>Term loans (secured)</b>   |                      |                      |
| from banks  | 3,238.22             | 2,875.15             |
| (Refer note (13.a), (13.b), (13.c))                                 |                      |                      |
| <b>Other loans and advances (secured)</b>                           |                      |                      |
| Finance lease obligations   | 739.84               | 767.23               |
| (Refer note (13.e))   |                      |                      |
| Foreign currency loans - buyers credit                              | 28.78                | 758.03               |
| (Refer note (13.d))   |                      |                      |
|   | <b>4,006.84</b>      | <b>4,400.41</b>      |
|   |                      |                      |
| Deferred consideration for acquisition of subsidiaries and business | 1,174.27             | 4,722.05             |
| Accrued salaries and benefits                                       | 1,290.14             | 1,257.20             |
| Interest accrued but not due on borrowings                          | 149.50               | 212.41               |
| Advance from related parties (Refer note 31)                        | -                    | 109.82               |
| Capital Creditors   | 262.91               | 290.16               |
| Derivatives   | -                    | 4.17                 |
| Others  | 1,588.16             | -                    |
| <b>Total</b>  | <b>8,471.82</b>      | <b>10,996.22</b>     |

There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at March 31, 2018 (March 31, 2017: Nil)

**16. Provisions**

|  | (Rs in lakh)         |                      |
|--|----------------------|----------------------|
|  | As at March 31, 2018 | As at March 31, 2017 |
| <b>Non-current</b>                     |                      |                      |
| <b>Provision for employee benefits</b> |                      |                      |
| Provision for gratuity (refer note 28) | 356.62               | 285.72               |
| Provision for compensated absences     | 68.72                | -                    |
| <b>Total</b>                           | <b>425.34</b>        | <b>285.72</b>        |
| <b>Current</b>                         |                      |                      |
| <b>Provision for employee benefits</b> |                      |                      |
| Provision for gratuity (refer note 28) | 7.98                 | 4.66                 |
| Provision for compensated absences     | 9.07                 | -                    |
| <b>Total</b>                           | <b>17.05</b>         | <b>4.66</b>          |

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

**17. Other liabilities**

|                                 | (Rs in lakh)         |                      |
|---------------------------------|----------------------|----------------------|
|                                 | As at March 31, 2018 | As at March 31, 2017 |
| <b>Non-Current</b>              |                      |                      |
| Deposit received from customers | 68.33                | 165.00               |
| Deferred rent                   | 279.98               | 358.66               |
| <b>Total</b>                    | <b>348.31</b>        | <b>523.66</b>        |
| <b>Current</b>                  |                      |                      |
| Deposit received from customers | 186.67               | 35.00                |
| Deferred revenue                | 14.66                | 35.54                |
| Deferred rent                   | 71.05                | 70.59                |
| Other payables                  | 542.69               | 229.89               |
| <b>Total</b>                    | <b>815.07</b>        | <b>371.02</b>        |

Other payables include statutory tax liabilities, goods and service tax and employer & employee contribution to provident fund and other funds liability.

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**18. Borrowings (Current)**

(Rs in lakh)

|   | As at March 31, 2018 | As at March 31, 2017 |
|---|----------------------|----------------------|
| <b>From Banks/ Others (Secured)</b>           |                      |                      |
| Cash credit/ overdraft (Refer note (a) below) | 4,403.99             | 163.18               |
| <b>From Others (Unsecured)</b>                |                      |                      |
| Loan from related parties<br>(Refer note 31)  | 6,000.00             | -                    |
| <b>Total</b>                                  | <b>10,403.99</b>     | <b>163.18</b>        |

a. The Company has availed a cash credit and invoice discounting facility from banks, which is secured by first and exclusive charge on all existing and future current assets and all existing and future movable fixed assets except financed through equipment loan/lease pari-passu with term loans. The loans are further secured by corporate guarantee issued by holding company and personal guarantee of promoters. The rate of interest for cash credit / overdraft is based on 6 months MCLR + 2.65% with a reset on half-yearly basis

**19. Revenue from operations**

(Rs in lakh)

|                      | Year ended<br>March 31, 2018 | Year ended<br>March 31, 2017 |
|----------------------|------------------------------|------------------------------|
| Income from services | 34,649.95                    | 34,128.57                    |
| <b>Total</b>         | <b>34,649.95</b>             | <b>34,128.57</b>             |

**20. Other income**

(Rs in lakh)

|   | Year ended<br>March 31, 2018 | Year ended<br>March 31, 2017 |
|---|------------------------------|------------------------------|
| Interest income:                            |                              |                              |
| bank deposits                               | 114.98                       | 88.15                        |
| on income tax refunds                       | 56.34                        | 179.69                       |
| on loans to related parties (Refer note 31) | 14.82                        | -                            |
| on others                                   | 48.60                        | 46.24                        |
| Gain on sale of investment                  | -                            | 2.24                         |
| Miscellaneous income                        | 9.08                         | 5.42                         |
| <b>Total</b>                                | <b>243.81</b>                | <b>321.74</b>                |

**21. Employee benefits expense**

(Rs in lakh)

|  | Year ended<br>March 31, 2018 | Year ended<br>March 31, 2017 |
|--|------------------------------|------------------------------|
| Salaries and wages                             | 12,879.33                    | 12,561.63                    |
| Contribution to provident fund and other funds | 790.73                       | 587.38                       |
| Gratuity (Refer note 28)                       | 129.73                       | 119.96                       |
| Staff welfare expenses                         | 301.25                       | 407.08                       |
| <b>Total</b>                                   | <b>14,101.04</b>             | <b>13,676.05</b>             |

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**22. Other expenditure**

(Rs in lakh)

|  | <b>Year ended<br/>March 31, 2018</b> | <b>Year ended<br/>March 31, 2017</b> |
|--|--------------------------------------|--------------------------------------|
| Rent   | 2,687.19                             | 2,584.19                             |
| Communication cost                             | 847.81                               | 870.87                               |
| Consumable stores                              | 166.41                               | 227.80                               |
| Electricity expense                            | 698.08                               | 742.01                               |
| Legal and Professional fees (refer note below) | 800.85                               | 722.82                               |
| Rates and taxes                                | 197.95                               | 38.25                                |
| Traveling and conveyance                       | 905.50                               | 667.49                               |
| Repairs and maintenance                        | 666.58                               | 641.36                               |
| Director's sitting fees                        | 4.00                                 | 4.83                                 |
| Insurance cost                                 | 88.78                                | 140.95                               |
| House keeping expense                          | 229.92                               | 233.58                               |
| Sales promotion expenses                       | 693.78                               | 632.11                               |
| Provision for doubtful debts                   | 57.43                                | 48.15                                |
| Management fees (Refer note 31)                | 66.83                                | 149.27                               |
| Miscellaneous expenses*                        | 377.10                               | 399.52                               |
| <b>Total</b>                                   | <b>8,488.21</b>                      | <b>8,103.20</b>                      |

**Note:**

**Payment to auditors (exclusive of service tax/goods and service tax)**

|                  |              |              |
|------------------|--------------|--------------|
| Audit fees       | 37.84        | 49.35        |
| In other matters | -            | -            |
| <b>Total</b>     | <b>37.84</b> | <b>49.35</b> |

\*Miscellaneous expense includes office expenses, storage, membership & subscription and security charges, freight and clearing charge, etc.

**23. Finance cost**

(Rs in lakh)

|   | <b>Year ended<br/>March 31, 2018</b> | <b>Year ended<br/>March 31, 2017</b> |
|---|--------------------------------------|--------------------------------------|
| Interest on term loan (including finance lease)           | 1,635.27                             | 763.12                               |
| Interest on working capital loans                         | 477.13                               | 184.86                               |
| Interest on buyer's credit                                | 8.18                                 | 14.05                                |
| Interest and premium on optionally convertible debentures | 842.15                               | 1,547.86                             |
| Interest on others  | 326.08                               | 391.26                               |
| Finance charges   | 130.01                               | 52.94                                |
| Change in fair value of financial liabilities             | (457.96)                             | (359.92)                             |
| <b>Total</b>  | <b>2,960.86</b>                      | <b>2,594.17</b>                      |

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**24. Income tax**

**A. Amounts recognised in profit or loss**

Rs. in lacs

|  | Year ended<br>March 31, 2018 | Year ended<br>March 31, 2017 |
|--|------------------------------|------------------------------|
| Current tax  |                              |                              |
| - in respect of current year (a)   | 217.94                       | 78.70                        |
| - in respect of prior years (b)  | 255.22                       | -                            |
|  | <b>473.16</b>                | <b>78.70</b>                 |
| Deferred tax   |                              |                              |
| - in respect of current year (c)   | (1,090.08)                   | (71.33)                      |
| - in respect of prior years (d)  | (255.22)                     | -                            |
| <b>Total income tax expense recognised in the current year (a)+(b)+(c)+(d)</b> | <b>(872.14)</b>              | <b>7.38</b>                  |

**B. Income tax recognised in other comprehensive income**

Rs. in lacs

|   | Year ended<br>March 31, 2018 | Year ended<br>March 31, 2017 |
|---|------------------------------|------------------------------|
| Re-measurement of defined benefit obligation        | (3.61)                       | (19.60)                      |
| <b>Tax recognised in other comprehensive income</b> | <b>(3.61)</b>                | <b>(19.60)</b>               |

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

Rs. in lacs

|   | March 31, 2018  |                 | March 31, 2017 |             |
|---|-----------------|-----------------|----------------|-------------|
|   | % of PBT        | Amount          | % of PBT       | Amount      |
| Profit\ (loss) before tax   |                 | 657.56          |                | 1,503.92    |
| Tax using Company's domestic tax rate   | 34.94%          | 229.78          | 34.61%         | 520.51      |
| <b>Effect of:</b>   |                 |                 |                |             |
| Non-deductible expenses (Interest on Statutory dues)                              |                 | 3.94            |                | 21.55       |
| Effect of consolidation elimination   |                 | (46.49)         |                | (123.18)    |
| Effect of lower tax rates (Alternative Minimum Tax) in other jurisdiction(s)      |                 | (186.49)        |                | (451.61)    |
| Effect of unused tax losses and tax offsets not recognised as deferred tax assets |                 | (872.88)        |                | 40.10       |
| Adjustments recognised in the current year in relation to previous years          |                 |                 |                |             |
| <b>Income tax expenses recognised in Statement of profit and loss</b>             | <b>-132.63%</b> | <b>(872.14)</b> | <b>0.49%</b>   | <b>7.38</b> |

**D. Deferred tax balances**

The following is the analysis of deferred tax assets/ (liabilities) presented in the consolidated balance sheet:

(Rs in lakh)

|  | Balance as at March<br>31, 2016 | Recognised in<br>Profit/ loss<br>during 2016-17 | Recognised in<br>OCI during<br>2016-17 | Other Reserves | Balance as at March<br>31, 2017 | Recognised in<br>Profit/ loss during<br>2017-18 | Recognised in<br>OCI during<br>2017-18 | Balance as at March<br>31, 2018 |
|--|---------------------------------|---|--|----------------|---------------------------------|---|--|---------------------------------|
| <b>Deferred tax liability related to:</b>  |                                 |   |  |                |                                 |   |  |                                 |
| Difference between written down values of property, plant & equipment and intangible assets as per books of account and Income tax act, 1961 | (11,290.11)                     | 62.31   | -                                      | -              | (11,227.80)                     | 359.60  | -                                      | (10,868.20)                     |
| Lease deposit discounting and equalisation   | (66.64)                         | (8.35)  | -                                      | -              | (74.99)                         | 4.11  | -                                      | (70.88)                         |
|  | <b>(11,356.76)</b>              | <b>53.96</b>                                    | <b>-</b>                               | <b>-</b>       | <b>(11,302.79)</b>              | <b>363.71</b>                                   | <b>-</b>                               | <b>(10,939.08)</b>              |
| <b>Deferred tax assets related to:</b>   |                                 |   |  |                |                                 |   |  |                                 |
| Provision for gratuity, compensated absences and bonus   | 150.23                          | (0.02)  | (19.60)                                | -              | 130.61                          | 54.46   | (3.61)                                 | 181.46                          |
| Unabsorbed loss carried forward  | -                               | 70.28   | -                                      | -              | 70.28                           | 718.37  | -                                      | 788.65                          |
| Fair value of IRS  | 9.14                            | (7.70)  | -                                      | -              | 1.44                            | (1.44)  | -                                      | -                               |
| Option value of Optionally convertible debentures (OCD)  | 125.17                          | (61.86)   | -                                      | -              | 63.31                           | (63.31)   | -                                      | -                               |
| Provision for doubtful debts   | 5.45                            | 16.66   | -                                      | -              | 22.11                           | 20.29   | -                                      | 42.40                           |
| MAT credit entitlement   | -                               | -   | -                                      | -              | -                               | 255.22  | -                                      | 255.22                          |
| Tax on share/debenture issue expenses  | -                               | -   | -                                      | 8.26           | 8.26                            | (2.01)  | -                                      | 6.25                            |
|  | <b>289.99</b>                   | <b>17.37</b>                                    | <b>(19.60)</b>                         | <b>8.26</b>    | <b>296.02</b>                   | <b>981.57</b>                                   | <b>(3.61)</b>                          | <b>1,273.99</b>                 |
| <b>Net deferred tax (liabilities)</b>  | <b>(11,066.77)</b>              | <b>71.33</b>                                    | <b>(19.60)</b>                         | <b>8.26</b>    | <b>(11,006.77)</b>              | <b>1,345.28</b>                                 | <b>(3.61)</b>                          | <b>(9,665.10)</b>               |

The Group has carried forward losses in United Kingdom and United States against which deferred tax asset has not been recognised.

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**25. Segment information**

**Operating segments:**

- a. The segment information has been prepared in line with the review of operating results by chief operating decision maker (CODM) of Group i.e. the Group Chief Executive and Chairman
- b. The Group is presently operating as an integrated post-production setup, providing technological digital solutions to its customers, which has been considered as representing a single operating segment.

**Geographical information**

The Group operates in four principal geographical areas – India (Country of Domicile), United Kingdom, United States of America and other countries.

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

|                          | Sale of services          |                           | Segment Non-current assets* |                      |
|--------------------------|---------------------------|---------------------------|-----------------------------|----------------------|
|                          | Year ended March 31, 2018 | Year ended March 31, 2017 | As at March 31, 2018        | As at March 31, 2017 |
| India                    | 18,860.47                 | 19,443.47                 | 44,237.85                   | 44,433.33            |
| United Kingdom           | 1,927.00                  | 3,220.42                  | 2,282.74                    | 2,093.24             |
| United States of America | 10,991.97                 | 8,905.75                  | 13,121.41                   | 12,956.77            |
| Other Countries          | 2,870.51                  | 2,558.93                  | -                           | -                    |
| <b>Total</b>             | <b>34,649.95</b>          | <b>34,128.57</b>          | <b>59,642.00</b>            | <b>59,483.34</b>     |

\*Non-current assets exclude financial assets.

Single customer contribute individually to more than 10% of the group's total revenue for the year ended March 31, 2018 amounting to Rs. 8851.92 lakh (previous year two customers Rs. 11,964.58 lakh)

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**26. Earnings per share**

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

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

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

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

| Particulars  |                | Year ended     | Year ended     |
|--|----------------|----------------|----------------|
|  |                | March 31, 2018 | March 31, 2017 |
| Net Profit after tax as per statement of profit and loss                                   | Rupees in lakh | 1,529.70       | 1,496.55       |
| Less: Expenses on issue of shares (net off tax) adjusted in securities premium             | Rupees in lakh | -              | (51.42)        |
| Less: Premium on conversion of preference shares to equity shares                          | Rupees in lakh | -              | (1,845.73)     |
| Net Profit/(loss) after tax as per statement of profit and loss after above adjustment (A) | Number         | 1,529.70       | (400.60)       |
| Weighted average number of equity shares for Basic EPS (B)                                 | Number         | 21,71,578      | 21,58,014      |
| Shares deemed to be issued for no consideration in respect of:                             |                |                |                |
| -Employee stock options  | Number         | -              | -              |
| -OCPS  | Number         | -              | -              |
| Weighted average number of equity shares for Diluted EPS (C)                               | Number         | 21,71,578      | 21,58,014      |
| <b>Basic earnings per share (A/B)</b>  | Rupees         | <b>70.44</b>   | <b>(18.56)</b> |
| <b>Diluted earnings per share (A/C)*</b>   | Rupees         | <b>70.44</b>   | <b>(18.56)</b> |

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

**27. Statement of net assets, net profit / loss after tax and other comprehensive income attributable to owners**

| Sr No | Name of entity  | (Rs in lakh)              |                  |                              |                 |                                     |               |                                     |                 |
|-------|---|---------------------------|------------------|------------------------------|-----------------|-------------------------------------|---------------|-------------------------------------|-----------------|
|       |   | Net Assets                |                  | Share in Profit / (loss)     |                 | Share in Other comprehensive Income |               | Share in Total Comprehensive Income |                 |
|       |   | as % of consol net assets | Amount           | as % of consol profit / loss | Amount          | as % of consol profit / loss        | Amount        | as % of consol profit / loss        | Amount          |
| 1     | Prime Focus Technologies Limited                                | 88%                       | 29,904.13        | -133%                        | (2,040.55)      | 3%                                  | 6.73          | -118%                               | (2,033.83)      |
| 2     | Prime Focus Technologies UK Limited                             | 7%                        | 2,477.91         | -8%                          | (125.33)        | -                                   | -             | -7%                                 | (125.33)        |
| 3     | Prime Focus Technologies, Inc.                                  | 5%                        | 1,536.57         | 201%                         | 3,071.89        | -                                   | -             | 178%                                | 3,071.89        |
| 4     | Prime Post Europe Limited                                       | 0%                        | (131.15)         | 25%                          | 376.02          | -                                   | -             | 22%                                 | 376.02          |
| 5     | DAX PFT LLC   | 18%                       | 6,079.14         | 44%                          | 674.69          | -                                   | -             | 39%                                 | 674.69          |
| 6     | DAX Cloud ULC   | 0%                        | (160.94)         | -39%                         | (600.51)        | -                                   | -             | -35%                                | (600.51)        |
|       |   | <b>118%</b>               | <b>39,705.67</b> | <b>90%</b>                   | <b>1,356.20</b> | <b>3%</b>                           | <b>6.73</b>   | <b>79%</b>                          | <b>1,362.92</b> |
|       | Add/(Less): Effects of Inter Company adjustments / eliminations | -18%                      | (5,906.44)       | 10%                          | 173.50          | 97%                                 | 193.99        | 21%                                 | 367.49          |
|       |   | <b>100%</b>               | <b>33,799.23</b> | <b>100%</b>                  | <b>1,529.70</b> | <b>100%</b>                         | <b>200.72</b> | <b>100%</b>                         | <b>1,730.41</b> |

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**28. Employee Benefits**

**a. Defined contribution plans**

The total amount recognised in profit or loss is Rs. 712.93 lakh (March 31, 2017 ₹ 587.38 lakh), which is included in Note 21 as 'Contribution to Provident Fund and Other Funds'

**b. Defined benefit plans**

The Group sponsors defined benefit plan (gratuity plan) for qualifying employees. The defined benefit plan is unfunded and is administered by the Group directly and is non-funded. Under the plans, the employee are entitled to a lump-sum payment upon retirement from the services of the Group. An employee becomes eligible to receive payment upon completion of 5 years of service at the rate of 15 days of service for each completed year of service.

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

|                |   |
|----------------|---|
| Interest risk  | A decrease in the bond interest rate will increase the plan liability.  |
| Longevity risk | The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liability. |
| Salary risk    | The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such an increase in the salary of the plan participants will increase the plan's liability.  |

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

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

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

|  | (Rs in lakh)         |                      |
|--|----------------------|----------------------|
|  | As at March 31, 2018 | As at March 31, 2017 |
| Defined Benefit Obligation at the beginning of the year                          | 290.38               | 255.47               |
| Interest Cost  | 22.39                | 20.31                |
| Current Service Cost   | 107.34               | 99.65                |
| Benefit Paid Directly by the Employer  | (45.17)              | (28.43)              |
| Actuarial (Gains)/Losses on Obligations-Due to change in demographic assumptions | (30.27)              | -                    |
| Actuarial (Gains)/Losses on Obligations-Due to change in financial assumptions   | (7.33)               | 10.08                |
| Actuarial (Gains)/Losses on Obligations - Due to Experience                      | 27.26                | (66.71)              |
| <b>Defined Benefit Obligation at the end of the year</b>                         | <b>364.60</b>        | <b>290.38</b>        |

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

|                            | (Rs in lakh)              |                           |
|----------------------------|---------------------------|---------------------------|
|                            | Year ended March 31, 2018 | Year ended March 31, 2017 |
| Current Service Cost       | 107.34                    | 99.65                     |
| Net Interest Cost          | 22.39                     | 20.31                     |
| <b>Expenses Recognized</b> | <b>129.73</b>             | <b>119.96</b>             |

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

|  | (Rs in lakh)              |                           |
|--|---------------------------|---------------------------|
|  | Year ended March 31, 2018 | Year ended March 31, 2017 |
| Actuarial (Gains)/Losses on obligation for the year        | (10.34)                   | (56.63)                   |
| <b>Net (Income)/Expense For the year recognized in OCI</b> | <b>(10.34)</b>            | <b>(56.63)</b>            |

**Actuarial assumptions**

|                                       | Year ended March 31, 2018  | Year ended March 31, 2017                |
|---------------------------------------|--|--|
| Rate of Discounting (per annum)       | 7.85%  | 7.71%                                    |
| Rate of Salary Increase (per annum)   | 5.00%  | 5.00%                                    |
| Rate of Employee Turnover (per annum) | For service 4 years and below 10.00% p.a. For service 5 years and above 2.00% p.a. | 2.00%                                    |
| Mortality Rate During Employment      | Indian Assured Lives Mortality (2006-08)   | Indian Assured Lives Mortality (2006-08) |

- 1 The discount rate is based on the prevailing market yields of the Government of India bonds as at the Balance Sheet date for the estimated term of the obligations
- 2 The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

**IV. Sensitivity analysis of the defined benefit obligations**

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

|  | March 31, 2018         |                        | March 31, 2017         |                        |
|--|------------------------|------------------------|------------------------|------------------------|
|  | Increase in assumption | Decrease in assumption | Increase in assumption | Decrease in assumption |
| Discount rate (1% movement)              | (46.97)                | 57.09                  | (39.00)                | 47.74                  |
| Future salary appreciation (1% movement) | 57.82                  | (48.54)                | 48.60                  | (40.26)                |
| Attrition rate (1% movement)             | 13.34                  | (16.09)                | 9.14                   | (11.43)                |



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**29. Financial instruments**

**A. Capital Management**

The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group management sets the amounts of capital required in proportion to risk. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets.

The capital structure of the Group consists of borrowings (as detailed in note 13, 15 and 18), offset by cash and bank balances (note 8), and equity of the Group (comprising Equity share capital and other equity). The debt equity ratio is 0.97 as on March 31, 2018 (0.49 as on March 31, 2017).

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

**B. Financial risk management**

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

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

**C. Credit risk**

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

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

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was Rs. 22,675.29 lakh as at March 31, 2018 and Rs. 9,321.71 lakh as at March 31, 2017 being the total of, trade receivables, unbilled revenue and other financial assets.

The Group's exposure to customers is diversified and no single customer contributes to more than 10% of outstanding trade receivables and unbilled revenue as at March 31, 2018 and March 31, 2017.

**D. Liquidity risk management**

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

Working capital requirements are generally provided from operational cash flow or through the Group's Borrowings.

The following analysis sets out the maturities of financial assets and liabilities, including amounts maturing more than twelve months. For liability maturities more than 12 months, see also note 14 and 15.

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**Liquidity Risk**

(Rs in lakh)

|                              | As at March 31, 2018 |                  |
|------------------------------|----------------------|------------------|
|                              | Less than 1 year     | More than 1 year |
| <b>Financial liabilities</b> |                      |                  |
| Borrowings                   | 10,403.99            | 18,254.73        |
| Other financial liabilities  | 8,471.82             | -                |
| Trade payables               | 2,297.37             | -                |
| <b>Total</b>                 | <b>21,172.88</b>     | <b>18,254.73</b> |
|                              | As at March 31, 2017 |                  |
|                              | Less than 1 year     | More than 1 year |
| <b>Financial liabilities</b> |                      |                  |
| Borrowings                   | 4,563.59             | 10,920.15        |
| Other financial liabilities  | 6,595.81             | 3,902.32         |
| Trade payables               | 2,163.36             | -                |
| <b>Total</b>                 | <b>13,322.46</b>     | <b>14,822.47</b> |

**E. Market risk**

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

**Foreign currency risk management**

Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar, Euro, Great Britain Pound, Australian Dollar, Singapore Dollar and Canadian dollar against the respective functional currencies of the Company and its subsidiaries.

The following analysis has been worked out based on the net foreign currency exposures as of the date of Balance sheet which could affect the statement of profit and loss and equity.

The following table sets forth information relating to foreign currency exposure:

| Particulars                  | Foreign currency Denomination | As at March 31, 2018 |                  | As at March 31, 2017 |                 |
|------------------------------|-------------------------------|----------------------|------------------|----------------------|-----------------|
|                              |                               | Foreign currency     | Rupees in lakh   | Foreign currency     | Rupees in lakh  |
| <b>Financial assets</b>      | USD                           | 1,44,15,619          | 9,344.64         | 52,33,448            | 3,387.27        |
|                              | GBP                           | 74,471               | 67.62            | 68,580               | 55.43           |
|                              | SGD                           | 3,308                | 1.63             | -                    | -               |
|                              | AUD                           | 8,15,141             | 405.69           | 3,92,864             | 194.36          |
|                              | EUR                           | 1,59,710             | 127.55           | -                    | -               |
|                              | CAD                           | 93,284               | 46.86            | 82,666               | 40.22           |
|                              | AED                           | 42,098               | 7.43             |                      |                 |
| <b>Total</b>                 |                               |                      | <b>10,001.43</b> |                      | <b>3,677.28</b> |
| <b>Financial Liabilities</b> | USD                           | 3,38,997             | 219.75           | 25,88,635            | 1,675.46        |
|                              | GBP                           | 69,408               | 63.03            | 69,408               | 56.09           |
|                              | SGD                           | 31,702               | 15.65            | 1,911                | 0.89            |
|                              | AUD                           | -                    | -                | 35,014               | 17.32           |
|                              | EUR                           | 68,467               | 54.68            | 39,966               | 27.63           |
|                              | CAD                           | 2,10,395             | 105.69           | 10,42,109            | 507.02          |
|                              | INR                           | 9,23,000             | 9.23             | -                    | -               |
| <b>Total</b>                 |                               |                      | <b>468.03</b>    |                      | <b>2,284.41</b> |
| <b>Net exposure</b>          |                               |                      | <b>9,533.40</b>  |                      | <b>1,392.87</b> |

5% appreciation/ depreciation of respective foreign currencies with respect to functional currency of the Group would result in decrease/ increase in the Group's profit before tax by approximately Rs. 476.67 lakh for the year ended March 31, 2018 (March 31, 2017: Rs. 69.64 lakh). This sensitivity analysis includes only outstanding foreign currency denominated monetary items.

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**Interest rate risk management**

The Group is exposed to interest rate risk because the group borrows funds at both fixed and floating interest rates. The risk is managed by the group by maintaining an appropriate mix between fixed and floating rate borrowings. The sensitivity analysis for exposure to interest rates on borrowings as at the end of the reporting period indicates that a 50 basis point increase in floating interest rates at the reporting date would have decreased equity and profit for the year/ period by Rs. 126.45 lakh for March 31, 2018 and Rs. 31.95 lacs for March 31, 2017 and a 50 basis point decrease in floating interest rates at the reporting date would have increased equity and profit by the same amount respectively.

**F. Fair value measurements**

Accounting classifications and fair values

The following table shows the fair values of financial assets and financial liabilities, including their levels in fair value hierarchy.

**Financial instruments by category**

| Particulars   | Rs. in lakh          |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | Carrying Value       |                      | Fair Value           |                      |                      |
|   | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2018 | As at March 31, 2017 | Fair value hierarchy |
| <b>FINANCIAL ASSETS</b>                                 |                      |                      |                      |                      |                      |
| <b>Financial assets measured at amortised cost</b>      |                      |                      |                      |                      |                      |
| Trade receivables                                       | 8,314.04             | 6,767.90             | -                    | -                    |                      |
| Cash and cash equivalents                               | 213.62               | 603.88               | -                    | -                    |                      |
| Other balances with Banks                               | 930.58               | 721.18               | -                    | -                    |                      |
| Loans   | -                    | -                    | -                    | -                    |                      |
| Other financial assets                                  | 14,361.25            | 2,383.99             | -                    | -                    |                      |
|   | <b>23,819.49</b>     | <b>10,477.15</b>     | -                    | -                    |                      |
| <b>FINANCIAL LIABILITIES</b>                            |                      |                      |                      |                      |                      |
| <b>Financial liabilities measured at fair value</b>     |                      |                      |                      |                      |                      |
| Interest rate swaps                                     | -                    | 4.17                 | -                    | 4.17                 | Level 2              |
| Option Value of OCD's                                   | -                    | 457.96               | -                    | 457.96               | Level 3              |
| <b>Financial liabilities measured at amortised cost</b> |                      |                      |                      |                      |                      |
| Borrowings  | 28,658.72            | 15,483.74            | -                    | -                    |                      |
| Other financial liabilities                             | 4,464.98             | 10,036.00            | -                    | -                    |                      |
| Trade payables  | 2,297.37             | 2,163.36             | -                    | -                    |                      |
|   | <b>35,421.07</b>     | <b>28,145.23</b>     | -                    | -                    |                      |

| (Financial Assets) / Financial Liabilities | Fair value as at     |                      | Fair Value Hierarchy | Valuation techniques and key inputs | Significant unobservable inputs       | Rupees in lakh Relationships of unobservable inputs to fair value |
|--|----------------------|----------------------|----------------------|-------------------------------------|---------------------------------------|---|
|  | As at March 31, 2018 | As at March 31, 2017 |                      |                                     |                                       |   |
| Interest rates swaps                       | -                    | 4.17                 | Level 2              | Counter party quotes                | NA                                    | NA  |
| Option Value of OCDs                       | -                    | 457.96               | Level 3              | Discounted cash flows               | Discount rate and probable cash flows | Higher the discount rate, lower the fair value                    |
|  | -                    | <b>462.13</b>        |                      |                                     |                                       |   |

**Reconciliation of Level 3 fair values**

|   | Rs. in lakh |
|---|-------------|
| <b>Opening balance as at March 31, 2016 (Financial liabilities)</b>             | 393.85      |
| Mark to Market changes in embedded derivative Optionally convertible Debentures | 64.11       |
| <b>Closing balance as at March 31, 2017 (Financial Liabilities)</b>             | 457.96      |
| Mark to Market changes in embedded derivative Optionally convertible Debentures | 457.96      |
| <b>Closing balance as at March 31, 2018 (Financial Liabilities)</b>             | -           |

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**30. Share based payments**

The Company has granted employee stock options under employee's stock options scheme. Each option entitles the holder to one equity share of Rs. 10 each. 1,90,970 options were outstanding as at March 31, 2018 (Previous year 2,03,019). 47,091 (Previous year 2,186) options were granted during the year. From options granted, 79,954 were vested during the year (Previous year 55,189)

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

| Particulars                              | March 31, 2018     |                                 | March 31, 2017     |                                 |
|--|--------------------|---------------------------------|--------------------|---------------------------------|
|  | Numbers of options | Weighted average exercise price | Numbers of options | Weighted average exercise price |
| Outstanding at the beginning of the year | 2,03,019           | 2,415                           | 2,12,303           | 2,462                           |
| Granted during the year                  | 47,091             | 3,996                           | 2,186              | 3,996                           |
| Lapsed/ forfeited during the year        | 59,140             | 2,823                           | 9,052              | 2,308                           |
| Exercised during the year                | -                  | -                               | 2,418              | 263                             |
| Expired during the year                  | -                  | -                               | -                  | -                               |
| Outstanding at the end of the year       | 1,90,970           | 2,679                           | 2,03,019           | 2,415                           |
| Exercisable at the end of the year       | 1,13,165           | 2,043                           | 90,058             | 1,895                           |

For stock options outstanding as at March 31, 2018 the range of exercise price is ₹ 263 to ₹ 4,478 and weighted average remaining contractual life is 3.5 years

Weighted average fair value of options granted during the year is ₹ 1,140

Following are details with regard to determination of the fair value of stock options:

Option Pricing Model used – Black-Scholes-Merton formula

Weighted average fair value of share – ₹ 3,603.50/- per share

Expected volatility – 26.3% - 29%

Option life – 4 - 7 years

Expected dividends – 0% yield

Risk-free interest rate – 6.64% – 6.94% p.a.

Weighted average share price at the date of exercise of share options exercised in 2016-17 was ₹ 3,821.20

Expenses recognised in Statement of Profit and Loss ₹ 215.29 (previous year ₹ 189.37)

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**31. Related party transactions**

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

**A) Ultimate Holding Company (Control exists)**

Prime Focus Limited

**B) Fellow Subsidiaries**

Reliance Lowry Digital Imaging Services, Inc

Prime Focus World NV

DNEG North America Inc. (Formerly known as Prime Focus North America Inc.)

Double Negative India Private Limited

DNEG Creative Services Private Limited (Formerly known as Prime Focus World Creative Services Private Limited)

Gener8 India Media Services Limited

Prime Focus International Services UK Limited

Prime Focus Creative Services Canada Inc.

De-Fi Media Limited

Prime Focus 3D Cooperatief U.A.

Prime Focus Luxembourg SARL

PF Overseas Ltd

PF World Ltd

**C) Key Management Personnel**

Mr. Ganesh V. Sankaran

Whole Time Director

Ramakrishnan Sankaranarayanan

Director

Raghunath Mohanrao

Chief Operating Officer

Sanket Limbachiya (w.e.f Nov 01, 2017)

Company Secretary

**D) Key Management Personnel of Ultimate Holding Company**

Mr. Naresh Malhotra

Whole Time Director

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**ii) Key Management Personnel**

|                               | <b>Rs. in lakh</b>                   |                                      |
|-------------------------------|--------------------------------------|--------------------------------------|
|                               | <b>Year Ended<br/>March 31, 2018</b> | <b>Year Ended<br/>March 31, 2017</b> |
| <b>Remuneration</b>           |                                      |                                      |
| Ganesh V. Sankaran            | 11.77                                | 19.03                                |
| Ramakrishnan Sankaranarayanan | 73.75                                | 41.21                                |
| Raghunath Mohanrao            | 83.28                                | 85.79                                |
| Sanket Limbachiya             | 3.48                                 | -                                    |

|   | <b>Rs. in lakh</b>              |                                 |
|---|---------------------------------|---------------------------------|
|   | <b>As at March 31,<br/>2018</b> | <b>As at March 31,<br/>2017</b> |
| <b>Balance Outstanding at the year end – Remuneration Payable</b> |                                 |                                 |
| Ganesh V. Sankaran  | 0.82                            | 0.48                            |
| Ramakrishnan Sankaranarayanan                                     | -                               | 7.32                            |
| Raghunath Mohanrao  | 4.12                            | 4.01                            |
| Sanket Limbachiya   | 0.68                            | -                               |

**iii) Ultimate Holding Company (UHC)**

|  | <b>Rs. in lakh</b>                   |                                      |
|--|--------------------------------------|--------------------------------------|
|  | <b>Year Ended<br/>March 31, 2018</b> | <b>Year Ended<br/>March 31, 2017</b> |
| Revenue                                      | 0.54                                 | 11.10                                |
| Technical Service charges                    | 49.13                                | 3.30                                 |
| Interest expense                             | 136.14                               | -                                    |
| Loan taken                                   | 10,689.43                            |                                      |
| Loan repaid                                  | 4,689.43                             |                                      |
| SFIS License Recharge received               | -                                    | 0.03                                 |
| Issue of equity shares on conversion of OCPS | -                                    | 3,345.73                             |
| Reimbursement of expenses (net)              | 107.56                               | 104.00                               |
| Security deposit given                       | 6,000.00                             | -                                    |
| Guarantees issued during the year            | 2,724.20                             | 26,500.00                            |

|  | <b>Rs. in lakh</b>              |                                 |
|--|---------------------------------|---------------------------------|
|  | <b>As at March 31,<br/>2018</b> | <b>As at March 31,<br/>2017</b> |
| <b>Balance outstanding at the year end</b> |                                 |                                 |
| Trade / other Payable                      | 110.70                          | 216.14                          |
| Security deposit receivable                | 6,000.00                        | -                               |
| Loan payable                               | 6,000.00                        | -                               |
| Financial / performance guarantee          | 25,624.00                       | 33,401.59                       |

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**Consolidated Financial Statements March 31, 2018**

**iv) Fellow Subsidiary companies**

|   | <b>Rs. in lakh</b>                   |                                      |
|---|--------------------------------------|--------------------------------------|
|   | <b>Year Ended<br/>March 31, 2018</b> | <b>Year Ended<br/>March 31, 2017</b> |
| <b>Technical services</b>                     |                                      |                                      |
| Prime Focus International Services UK Limited | 140.91                               | -                                    |
| <b>Reimbursement of expenses (net)</b>        |                                      |                                      |
| DNEG North America Inc.                       | 351.49                               | 232.17                               |
| Prime Focus International Services UK Limited | 8.60                                 | 29.48                                |
| Double Negative India Private Limited         | 10.87                                | 32.60                                |
| DNEG Creative Services Private Limited        | 26.22                                | 85.15                                |
| <b>Interest on loans (net)</b>                |                                      |                                      |
| Gener8 India Media Services Limited           | 106.71                               | 21.36                                |
| <b>Loans Given</b>                            |                                      |                                      |
| Gener8 India Media Services Limited           | 6,343.14                             | 2,285.00                             |
| <b>Repayment of loans given</b>               |                                      |                                      |
| Gener8 India Media Services Limited           | 6,343.14                             | 2,285.00                             |
| <b>Loan taken</b>                             |                                      |                                      |
| Gener8 India Media Services Limited           | 8,498.75                             | 13,523.25                            |
| DNEG North America Inc.                       | 3,817.45                             | -                                    |
| Prime Focus World NV                          | 1,667.78                             | -                                    |
| <b>Repayment of loans taken</b>               |                                      |                                      |
| Gener8 India Media Services Limited           | 8,498.75                             | 14,235.30                            |
| DNEG North America Inc.                       | 4,166.86                             | 717.07                               |
| Prime Focus World NV                          | 1,738.61                             | -                                    |
| <b>Purchase of Assets</b>                     |                                      |                                      |
| Gener8 India Media Services Limited           | -                                    | 73.55                                |
| <b>Advances Given / Received (net)</b>        |                                      |                                      |
| Prime Focus World Limited                     | -                                    | 43.76                                |
| Prime Focus International Services UK Limited | 389.85                               | 420.06                               |
| Prime Focus Creative Services Canada Inc.     |                                      | -                                    |
| Reliance Lowry Digital Imaging Services, Inc. | 2,071.13                             | 40.14                                |
| Prime Focus World NV                          | 42.70                                | -                                    |
| <b>Repayment of advances given</b>            |                                      |                                      |
| Prime Focus International Services UK Limited | 435.00                               | 461.25                               |
| Prime Focus World NV                          | 42.70                                | 43.76                                |

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|   | <b>Rs. in lakh</b>              |                                 |
|---|---------------------------------|---------------------------------|
|   | <b>As at March 31,<br/>2018</b> | <b>As at March 31,<br/>2017</b> |
| <b>Balance outstanding at the year end</b>      |                                 |                                 |
| <b>Trade / other payable</b>                    |                                 |                                 |
| Gener8 India Media Services Limited             | 90.15                           | 28.30                           |
| DNEG North America Inc.                         | 75.86                           | 73.66                           |
| Prime Focus International Services (UK) Limited | 247.99                          | -                               |
| Prime Focus Creative Services Canada Inc.       | 38.88                           | -                               |
| De-Fi Media Limited                             | 0.97                            | -                               |
| <b>Trade Payable - Capital Expenditure</b>      |                                 |                                 |
| Gener8 India Media Services Limited             | -                               | 73.55                           |
| <b>Current Liabilities</b>                      |                                 |                                 |
| Prime Focus International Services (UK) Limited | -                               | 117.89                          |
| Prime Focus Creative Services Canada Inc.       | -                               | 38.82                           |
| De-Fi Media Limited                             | -                               | 5.66                            |
| <b>Loans and advances</b>                       |                                 |                                 |
| DNEG Creative Services Private Limited          | -                               | 96.82                           |
| Prime Focus World N.V.                          | 71.31                           | -                               |
| Double Negative India Private Limited           | -                               | 32.60                           |
| Prime Focus 3D Cooperatief U.A.                 | 11.63                           | 10.35                           |
| Prime Focus Luxembourg SARL                     | 5.05                            | 4.50                            |
| PF Overseas Ltd                                 | 1.71                            | 1.52                            |
| PF World Ltd                                    | 2.58                            | 2.30                            |
| Reliance Lowry Digital Imaging Services, Inc.   | 2,571.31                        | 485.61                          |

**v) Key Management Personnel of Ultimate Holding Company**

|   | <b>Rs. in lakh</b>                   |                                      |
|---|--------------------------------------|--------------------------------------|
|   | <b>Year Ended<br/>March 31, 2018</b> | <b>Year Ended<br/>March 31, 2017</b> |
| Personal guarantee given by Naresh Malhotra | 21,386.56                            | 5,430.09                             |

**Notes:**

The figures of Key management personnel do not include provisions for gratuity / other employee benefit as separate actuarial valuation not available.

Under ESOP Scheme 2014, XXX options were granted to Key management personnel in previous year, of which XXX options were exercised by Key management personnel during the year. The stock options outstanding for KMP's as at March 31, 2018 is Rs. XXX and employee stock option expense for the year March 31, 2018 is Rs. XXX lakh (previous year Rs. XXX lakh).

○ Under ESOP scheme of the subsidiaries XXX options were granted to KMPs (previous year XXX) and employee stock option expense for the year March 31, 2018 is Rs. XXX lakh (previous year Rs XXX lakh)

Note: All contracts / arrangements with related parties are at arms-length



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**32. Operating lease arrangement**

The Group has taken certain assets (premises and furniture and fixtures) on cancellable operating lease basis. The tenure of the lease ranges from 11 to 127 months. Amount of lease rental charged to the Statement of Profit and Loss in respect of cancellable operating leases is Rs. 1,338.11 lakh (Previous year: Rs. 1,375.49 lakh).

Amount of lease rentals charged to the Statement of Profit and Loss in respect of non-cancellable operating leases is Rs. 1,349.08 lakh (Previous Year: Rs. 1,208.70 lakh).

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

**Rs. in lakh**

|  | <b>As at March 31, 2018</b> | <b>As at March 31, 2017</b> |
|--|-----------------------------|-----------------------------|
| Lease Payments due within one year                                   | 1,336.35                    | 738.70                      |
| Lease Payments due later than one year and not later than five years | 4,366.84                    | 416.21                      |
| Lease Payments due later than five years                             | -                           | -                           |
| <b>Total</b>   | <b>5,703.19</b>             | <b>1,154.91</b>             |

**33. Contingent liabilities & commitments**

**g. Capital Commitments:**

**(Rs in lakh)**

|   | <b>Particulars</b>  | <b>As at March 31 2018</b> | <b>As at March 31 2017</b> |
|---|---|----------------------------|----------------------------|
| i | Estimated amount of contracts remaining to be executed on capital account and not provided for: | 77.98                      | 281.15                     |

**ii. Commitments**

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

**34. Capitalisation of expenditure**

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

| <b>Particulars</b>        | <b>March 31, 2018</b> | <b>March 31, 2017</b> |
|---------------------------|-----------------------|-----------------------|
| Opening Balance           | 14.98                 | 4,712.56              |
| Add:                      |                       |                       |
| Employee Benefit expenses | 3,016.54              | 2,709.26              |
| Direct overheads          | 191.32                | 379.00                |
|                           | <b>3,222.84</b>       | <b>7,800.82</b>       |
| Less: Capitalised         | -                     | 7,785.84              |
| Closing Balance           | <b>3,222.84</b>       | <b>14.98</b>          |

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**35. Derivative Instruments**

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

| As at          | Number of contracts | Notional value of contract outstanding |                              |
|----------------|---------------------|--|------------------------------|
|                |                     | USD Notional amount                    | INR Equivalent amount (lakh) |
| March 31, 2018 | -                   | -                                      | -                            |
| March 31, 2017 | 2                   | 11,49,556                              | 743.99                       |

**36. Events after the reporting period**

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

**37. Approval of Consolidated Financial Statements**

The consolidated financial statements were approved for issue by the Board of Directors on Sep 07, 2018.

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

**Ramakrishnan**  
**Sankaranarayanan**  
**Director**  
**DIN :- 02696897**

**Nishant Fadia**  
**Director**  
**DIN :- 02648177**

**Sanket Limbachaya**  
**Company Secretary**

**Place: Mumbai**  
**Date: Sep 07, 2018**