DNEG INDIA MEDIA SERVICES LIMITED

(Formerly known as Gener8 India Media Services Limited)

Balance Sheet as at March 31, 2019

in ₹

	Notes	As at March 31, 2019	As at March 31, 2018
Assets			
Non-current assets			
Property, plant and equipment	4	29,448,931	10,587,443
Intangible assets	5	-	-
Financial assets			
i) Others	6	-	10,427,799
Non-current tax assets	7	9,239,568	8,667,239
Other non-current assets	8	31,503	11,605,174
		38,720,002	**41,287,655**
Current assets			
Financial assets			
i) Trade receivables	9	119,734,163	217,382,433
ii) Cash and cash equivalents	10	27,815,208	1,957,118
iii) Loans	11	172,761,999	-
iv) Others	12	60,867,470	148,131,043
Other current assets	13	32,418,248	113,096,806
		413,597,088	**480,567,400**
Total Assets		**452,317,090**	**521,855,055**
Equity and Liabilities			
Equity			
Equity share capital	14	978,700,000	8,500,000
Share application money received		-	969,000,000
Other equity	15	(1,603,671,164)	(1,532,524,636)
		(624,971,164)	**(555,024,636)**
Liabilities			
Non-current liabilities			
Financial liabilities			
i) Borrowings	16	1,349,927	3,995,094
ii) Others	17	-	317,000,000
Provisions	18	3,957,744	2,858,935
		5,307,671	**323,854,029**
Current liabilities			
Financial liabilities			
i) Borrowings	19	924,507,691	567,439,473
ii) Trade payables	20	37,767,045	33,566,508
iii) Others	21	43,011,599	58,494,303
Provisions	22	6,970	5,442
Other current liabilities	23	66,687,278	93,519,936
		1,071,980,583	**753,025,662**
Total equity and liabilities		**452,317,090**	**521,855,055**

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

For and on behalf of the Board of Directors

Manoj Sethi
Proprietor
Membership No 039784
Place : Mumbai

Naresh Mahendranath Malhotra
Director
DIN 00004597
Place : Mumbai

Merzin Darayus Tavaria
Director
DIN 07015623
Place : Mumbai

Vikas Rathee
Chief Financial Officer
Place : London

Ritesh Rajendra Kadam
Company Secretary
Place : Mumbai

Date : May 29, 2019

DNEG INDIA MEDIA SERVICES LIMITED
(Formerly known as Gener8 India Media Services Limited)

Statement of Profit and Loss for the year ended March 31, 2019

in ₹

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Income			
Revenue from operations	24	424,727,783	226,832,669
Other income	25	88,776,239	235,759,126
Total Income		**513,504,022**	**462,591,795**
Expenses			
Employee benefits expense	26	169,920,064	154,033,436
Finance costs	27	169,175,940	216,556,542
Depreciation and amortisation expense	4	6,196,808	109,586,868
Other expenses	28	238,611,826	100,892,543
Total expenses		**583,904,638**	**581,069,389**
Profit/ (Loss) before tax		**(70,400,616)**	**(118,477,594)**
Tax expense			
Current tax		-	-
Deferred tax		-	-
Total tax expense		-	-
Profit/ (Loss) after tax		**(70,400,616)**	**(118,477,594)**
Other comprehensive income			
A (i) Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plan : (Loss)		(745,912)	4,729,658
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
Total other comprehensive income		**(745,912)**	**4,729,658**
Total comprehensive income		**(71,146,528)**	**(113,747,936)**
Earnings per equity share of ₹ 10 each			
Basic		(0.72)	(139.39)
Diluted		(0.72)	(139.39)

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

For and on behalf of the Board of Directors

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Proprietor
Membership No 039784
Place : Mumbai

Naresh Mahendranath Malhotra
Director
DIN 00004597
Place : Mumbai

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Vikas Rathee
Chief Financial Officer
Place : London

Ritesh Rajendra Kadam
Company Secretary
Place : Mumbai

Date : May 29, 2019

DNEG INDIA MEDIA SERVICES LIMITED

(Formerly known as Gener8 India Media Services Limited)

Cash Flow Statement for the year ended March 31, 2019

in ₹

	Notes	As at March 31, 2019	As at March 31, 2018
A. Cash flow from Operating activities			
Net (loss) before taxation		**(70,400,616)**	**(118,477,594)**
Adjustments for :			
Depreciation and amortisation expense		6,196,808	109,586,868
Unrealised foreign exchange (gain)/ loss (net)		(2,607,582)	(10,031,673)
Unmoved credit balance written back		(6,977,568)	(210,862,892)
Loss on sale of assets		-	2,196,525
Bad debts written off		-	3,604,274
Interest income		(44,848,150)	(14,192,863)
Finance cost		169,175,940	216,556,541
Operating profit / (loss) before working capital changes		**50,538,832**	**(21,620,813)**
Movements in working capital :			
Decrease / (Increase) in trade receivables		98,604,506	209,319,926
Decrease / (Increase) in financial assets		99,391,229	(86,565,916)
Decrease / (Increase) in other assets		64,875,703	(74,850,835)
Increase / (Decrease) in trade & other payables		11,148,571	(5,890,787)
Increase / (Decrease) in provisions		354,425	7,173,505
Increase / (Decrease) in financial liabilities		28,375,729	(97,710,649)
(Decrease) / Increase in other current liabilities		(26,832,658)	72,165,760
Cash generated from operations		**326,456,336**	**2,020,191**
Direct Taxes paid (Net of Refunds)		**(572,329)**	**(1,404,422)**
Net cash generated from operating activities (A)		**325,884,007**	**615,770**
B. Cash flow from investing activites			
Purchase of fixed assets		(19,308,296)	(8,752,637)
Loans & Advances given to group companies		(1,587,644,000)	(1,147,745,140)
Loans given to related group companies repaid back		1,060,795,978	1,151,375,000
Interest income received		12,544,308	12,181,341
Net cash (used in) generated from investing activities (B)		**(533,612,010)**	**7,058,564**

DNEG INDIA MEDIA SERVICES LIMITED

(Formerly known as Gener8 India Media Services Limited)

in ₹

	Notes	As at March 31, 2019	As at March 31, 2018
C. Cash flow from Financing activities			
Repayment of long term borrowings		(2,645,167)	(622,325)
Proceeds from short-term borrowings		329,974,941	244,304,703
Proceeds from issuance of shares		1,200,000	-
Interest paid		(94,943,681)	(250,435,565)
Net cash generated / (used in) Financing activities (C)		**233,586,093**	**(6,753,187)**
Net increase in cash and cash equivalents (A+B+C)		**25,858,090**	**921,147**
Cash and cash equivalents at the beginning of the year	10	**1,957,118**	**1,035,971**
Cash and cash equivalents at the end of the year		**27,815,208**	**1,957,118**

As per our Report of even date

For M.S. Sethi & Associates

Chartered Accountants

Registration No. 109407W

For and on behalf of the Board of Directors

Manoj Sethi
Proprietor
Membership No 039784
Place : Mumbai

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Vikas Rathee
Chief Financial Officer
Place : London

Ritesh Rajendra Kadam
Company Secretary
Place : Mumbai

Date : May 29, 2019

DNEG INDIA MEDIA SERVICES LIMITED
(Formerly known as Gener8 India Media Services Limited)

Statement of changes in equity for the year ended March 31, 2019

in ₹

	Equity Share capital	Securities premium account	Profit and loss	Other comprehensive income	Total Equity
Balance at April 01, 2017	8,500,000	1,390,800,000	(2,806,697,121)	(2,879,579)	**(1,410,276,700)**
(Loss) for the year	-	-	(118,477,594)	4,729,658	**(113,747,936)**
Balance at March 31, 2018	**8,500,000**	**1,390,800,000**	**(2,925,174,715)**	**1,850,079**	**(1,524,024,636)**
Issued during the year	970,200,000	-	-	-	970,200,000
(Loss) for the year	-	-	(70,400,616)	(745,912)	**(71,146,528)**
Balance at March 31, 2019	**978,700,000**	**1,390,800,000**	**(2,995,575,331)**	**1,104,167**	**(624,971,164)**

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

For and on behalf of the Board of Directors

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Proprietor
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Place : Mumbai

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Place : London

Ritesh Rajendra Kadam
Company Secretary
Place : Mumbai

Date : May 29, 2019

Notes forming part of the standalone financial statements

1. General information

Dneg India Media Services Limited, (previously known as Gener8 India Media Services Limited) (the 'Company') (formerly known as Prime Focus Entertainment Services Limited / Reliance MediaWorks Entertainment Services Limited) was incorporated on March 27, 2006 as a private limited company and currently a public limited company, domiciled in India and incorporated under the provisions of the Companies Act 1956. The Company is engaged in the business of post-production including digital intermediate, visual effects, 2D to 3D conversion and other technical and creative services to the Media and Entertainment industry.

2. Significant accounting policies

2.1 Basis of preparation

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

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening Ind AS Balance Sheet as at 1st April, 2015 being the 'date of transition to Ind AS'. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

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

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

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

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

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

The principal accounting policies are set out below:

2.2 Revenue recognition

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

2.2.1 Rendering of services

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

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

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

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

2.2.2 Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.2.3 Rental income

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

2.3 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2.3.1 The Company as lessor

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

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

2.3.2 The Company as lessee

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

Lease payments are apportioned between finance expenses and reduction of the lease obligations so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs (see note 2.5 below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.4 Foreign currencies

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for further productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks.

2.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

2.6 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.
Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expense the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and

transferred to profit or loss on a systematic basis and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

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

2.7 Employee benefits

2.7.1 Retirement benefit costs and termination benefits

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

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuation being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes on the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

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

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

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

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

2.7.2 Short-term and other long-term employee benefits

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

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

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

2.7.3 Contributions from employees or third parties to defined benefit plans

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

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

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

2.8 Taxation

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

2.8.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.8.2 Deferred tax

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

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

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

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

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

2.8.3 Current and deferred tax for the year

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

2.9 Non-current assets held for sale

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

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

2.10 Property, plant and equipment

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

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.
Freehold land is not depreciated.

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

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values using the straight-line method over their useful lives estimated by Management, which are similar to useful life prescribed under Schedule II of the Companies Act, 2013. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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

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

2.11 Investment property

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

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

2.12 Intangible assets

2.12.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounting for on a prospective basis. Intangible assets with indefinite useful lives are acquired separately are carried at cost less accumulated impairment losses.

2.12.2 Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use it or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are separately acquired.

2.12.3 Software

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

2.12.4 De recognition of intangible assets

An intangible asset is de-recognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is de-recognised.

2.12.5 Deemed cost on transition to IND AS

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

2.13 Impairment of tangible and intangible assets other than goodwill

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

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

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

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

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

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs for completion and costs necessary to make the sale.

2.15 Provisions

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

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

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

2.15.1 Onerous contracts

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

2.15.2 Restructurings

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

2.15.3 Contingent liabilities acquired in a business combination

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

2.16 Financial instruments

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

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

2.17 Financial assets

All regular way purchases of sales of financial assets are recognised or de-recognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.
All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

2.17.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the impairment policy on financial assets measured at amortised cost, refer note 2.17.5

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

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

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

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

All other financial assets are subsequently measured at fair value.

2.17.2 Effective interest method

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

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

2.17.3 Investments in equity instruments at FVTOCI

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

A financial asset is held for trading if:

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

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

Investments in equity instruments are classified as FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading (see note 2.17.3 above).

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

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

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

2.17.5 Impairment of financial assets

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

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

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

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

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

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

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

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

2.17.6 De-recognition of financial assets

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

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

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

2.17.7 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the 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.

2.18 Financial liabilities and equity instruments

2.18.1 Classification as debt or equity

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

2.18.2 Equity instruments

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

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

2.18.3 Compound financial instruments

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

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

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

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

2.18.4 Financial liabilities

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

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

2.18.4.1 Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

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

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

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

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

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

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

2.18.4.2 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

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

2.18.4.3 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- The amount of loss allowance determined in accordance with impairment requirements of IND AS 109; and
- The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IND AS 18.

2.18.4.4 Commitments to provide a loan at below-market interest rate

Commitments to provide a loan at below-market interest rate are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of IND AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IND AS 18.

2.18.4.5 Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

2.18.4.6 De-recognition of financial liabilities

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of a debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.19 Derivative financial instruments

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

2.19.1 Embedded derivatives

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

2.20 Hedge accounting

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

2.20.1 Fair value hedges

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

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

2.20.2 Cash flow hedges

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

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

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

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

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

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

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

2.20.3 Hedges of net investments in foreign operations

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

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

3. Critical accounting judgements and key sources of estimation uncertainty

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

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

3.1 Critical judgements in applying accounting policies

3.1.1 Revenue recognition

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

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

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

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

3.1.2 Taxation

The Company makes estimates in respect of tax liabilities and tax assets. Full provision is made for deferred and current taxation at the rates of tax prevailing at the year-end unless future rates have been substantively enacted. These calculations represent our best estimate of the costs that will be incurred and recovered but actuals may differ from the estimates made and therefore affect future financial results. The effects would be recognised in the Statement of Profit or Loss.

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

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

3.2 Key sources of estimation uncertainty

3.2.1 Impairment of goodwill

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

3.2.2 Fair value measurements and valuation process

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. Further, the Company has used valuation experts for the purpose of ascertaining fair value for certain assets and liabilities. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent that it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The Chief Financial Officer works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the valuation findings to the board of directors of the Company to explain the cause

4. Property, plant and equipment

in ₹

	Plant and equipment	Furniture and fixtures	Lease Hold Improvement	Office equipments	Total
Cost					
As at April 01, 2017	733,056,443	53,442,725	69,320,483	46,281,721	902,101,372
Additions	8,538,256	116,378	2,293,008	2,015,211	12,962,853
Deductions	(145,717,305)	(38,471,559)	(71,613,491)	(8,245,884)	(264,048,239)
As at March 31, 2018	**595,877,394**	**15,087,544**	**-**	**40,051,048**	**651,015,986**
Accumulated depreciation					
As at April 01, 2017	666,174,282	36,982,029	53,758,420	44,384,932	801,299,663
For the year	68,405,606	13,282,370	17,060,408	825,044	99,573,428
Deductions	(143,656,737)	(37,911,141)	(70,818,828)	(8,057,842)	(260,444,548)
As at March 31, 2018	**590,923,151**	**12,353,258**	**-**	**37,152,134**	**640,428,543**
Net block					
As at March 31, 2018	**4,954,243**	**2,734,286**	**-**	**2,898,914**	**10,587,443**

in ₹

	Plant and equipment	Furniture and fixtures	Lease Hold Improvement	Office equipments	Total
Cost					
As at April 01, 2018	595,877,394	15,087,544	-	40,051,048	651,015,986
Additions	21,180,720	3,338,104	-	539,477	25,058,301
Adjustments	(586,052,143)	-	-	(35,886,679)	(621,938,822)
As at March 31, 2019	**31,005,971**	**18,425,648**	**-**	**4,703,846**	**54,135,465**
Accumulated depreciation					
As at April 01, 2018	590,923,151	12,353,258	-	37,152,134	640,428,543
For the year	4,183,460	1,138,843	-	874,505	6,196,808
Adjustments	(586,052,143)	-	-	(35,886,674)	(621,938,817)
As at March 31, 2019	**9,054,468**	**13,492,101**	**-**	**2,139,965**	**24,686,534**
Net block					
As at March 31, 2019	**21,951,503**	**4,933,547**	**-**	**2,563,881**	**29,448,931**

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

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5. Intangible Assets

in ₹

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

in ₹

	Software	Total
Cost		
As at April 01, 2018	486,883,085	486,883,085
Additions	-	-
Adjustments	(486,883,085)	(486,883,085)
As at March 31, 2019	-	-
Accumulated depreciation		
As at April 01, 2018	486,883,085	486,883,085
For the year	-	-
Adjustments	(486,883,085)	(486,883,085)
As at March 31, 2019	-	-
Net block		
As at March 31, 2019	-	-

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6. Other financial assets

in ₹

	As at March 31, 2019	As at March 31, 2018
Security deposits	-	10,427,799
	-	**10,427,799**

7. Non-current tax assets

in ₹

	As at March 31, 2019	As at March 31, 2018
Advance payment of taxes	9,239,568	8,667,239
	9,239,568	**8,667,239**

8. Other non-current assets

in ₹

	As at March 31, 2019	As at March 31, 2018
Capital advances	31,503	5,781,503
Prepaid Expenses	-	5,823,671
	31,503	**11,605,174**

9. Trade receivables

in ₹

	As at March 31, 2019	As at March 31, 2018
Considered good	119,734,163	217,382,433
Doubtful	107,291,325	107,291,325
	227,025,488	**324,673,758**
Less: Provision for doubtful receivable	107,291,325	107,291,325
	119,734,163	**217,382,433**

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

10. Cash and cash equivalents

in ₹

	As at March 31, 2019	As at March 31, 2018
Cash and cash equivalents		
Cash on hand	9,331	27,323
Balances with banks:		
In Current Accounts	26,920,519	1,929,795
Other bank balances		
Margin money deposits	885,358	-
	27,815,208	**1,957,118**

11. Loans

in ₹

	As at March 31, 2019	As at March 31, 2018
Loans given to group companies (Refer note 33)	172,761,999	-
	172,761,999	**-**

a. Loans given to group companies

in ₹

Name of the Company	As at March 31, 2019	Maximum outstanding balance during the year	As at March 31, 2018	Maximum outstanding balance during the year
Prime Focus Technologies Limited	-	553,824,986	-	282,521,839
PF Digital Media Services Private Limited	172,761,999	172,761,999	-	-

i. Loans given to subsidiaries are considered under "Current Loans" and are repayable on demand and management intends to receive the loan within the operating cycle.

ii. All the above loans carry interest @15% per annum.

iii. All loans are given for general corporate purpose.

iv. On January31, 2019, the Company assinged its ICD liability of ₹ 317,000,000 and interest payable on ICD liability of ₹ 66,048,901 to PF Digital Media Services Private Limited.

v. On January31, 2019, the Company assinged loan receivable from Prime Focus Technologies Limited of ₹ 551,774,986 and interest receivable on loan from Prime Focus Technologies Limited of ₹ 24,759,100 to PF Digital Media Services Private Limited.

Loans to group companies includes amounts due from private companies in which director is a member / director

in ₹

	As at March 31, 2019	As at March 31, 2018
Prime Focus Technologies Limited	-	-
PF Digital Media Services Private Limited	172,761,999	-

12. Other financial assets

in ₹

	As at March 31, 2019	As at March 31, 2018
Unbilled revenue (Refer note 33)	1,781,237	95,917,490
SEIS license accrual	21,525,392	8,000,000
Accured interest on fixed deposits	7,131	-
Security deposits	11,648,804	12,489,527
Inter company deposits	-	7,500,000
Advances to fellow subsidiaries	25,904,906	24,224,026
	60,867,470	**148,131,043**

13. Other current assets

in ₹

	As at March 31, 2019	As at March 31, 2018
Prepaid Expenses	211,761	16,135,946
Others *	32,206,487	96,960,860
	32,418,248	**113,096,806**

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

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14. Equity Share capital

(i) Authorised and issued share capital

in ₹

	Number of Shares		Amount	
	As at March 31, 2019	**As at March 31, 2018**	**As at March 31, 2019**	**As at March 31, 2018**
Authorised				
Equity Shares of ₹ 10/- each	**98,000,000**	**1,500,000**	**980,000,000**	**15,000,000**
Issued, subscribed and paid-Up:				
Equity Shares of ₹ 10/- each fully paid-up	97,870,000	850,000	978,700,000	8,500,000
	97,870,000	**850,000**	**978,700,000**	**8,500,000**

(ii) Reconciliation of the number of shares outstanding at the beginning and at the end of the year:

	Number of Shares		Amount	
	As at March 31, 2019	**As at March 31, 2018**	**As at March 31, 2019**	**As at March 31, 2018**
Equity Shares as at beginning of the year	850,000	850,000	8,500,000	8,500,000
Changes during the year.	97,020,000	-	970,200,000	-
Equity Shares as at end of the year	**97,870,000**	**850,000**	**978,700,000**	**8,500,000**

On September 01, 2018, the Company allotted 97,020,000 equity shares having par value of ₹ 1o each to Prime Focus Limited.

(iii) Details of Shareholders holding more than 5% shares in the company

	As at March 31, 2019		As at March 31, 2018	
	No of shares	**Amount**	**No of shares**	**Amount**
Prime Focus Limited	-	-	850,000	8,500,000
DNEG Creative Services Private Limited	97,870,000	978,700,000	-	-

On January 31, 2019, DNEG Creative Services Private Limited acquired 97,870,000 equity shares from Prime Focus Limited.

(iv) Rights, preferences and restrictions attached to shares

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

15. Other Equity

in ₹

	As at March 31, 2019	As at March 31, 2018
Securities premium account		
Balance at the beginning of the year	1,390,800,000	1,390,800,000
Add : Premium on issue of equity shares during the year	-	-
	1,390,800,000	**1,390,800,000**
Statement of Profit and Loss		
As per last balance sheet	(2,925,174,715)	(2,806,697,121)
Add: (Loss) / profit for the year	(70,400,616)	(118,477,594)
	(2,995,575,331)	**(2,925,174,715)**
Other Comprehensive income:		
As per last balance sheet	1,850,079	(2,879,579)
Remeasurements of the net defined benefit plans : Gain / (Loss)	(745,912)	4,729,658
	1,104,167	**1,850,079**
	(1,603,671,164)	**(1,532,524,636)**

16. Non-current borrowings

in ₹

	As at March 31, 2019	As at March 31, 2018
10% Redeemable Non convertible Preference shares	-	1,200,000
Finance lease obligations	1,349,927	2,795,094
	1,349,927	**3,995,094**
The above amount includes		
Secured borrowings	1,349,927	3,995,094
	1,349,927	**3,995,094**

Redeemable Non-Convertible Preference Shares

During the year, the Company redeemed the 10% Redeemable Non-Convertible Preference shares (RNCPS) at par value.

Finance lease

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

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

Finance lease obligations are payable as follows:

in ₹

Total minimum lease payments outstanding	As at March 31, 2019	As at March 31, 2018
Within one year	1,671,650	1,633,074
Later than one year and not later five years	1,462,479	3,172,701
Later than five years	-	-
	3,134,129	**4,805,775**

in ₹

Future Interest on outstanding lease payments	As at March 31, 2019	As at March 31, 2018
Within one year	265,054	432,136
Later than one year and not later five years	112,552	377,607
Later than five years	-	-
	377,606	**809,743**

in ₹

Present Value of minimum lease payments	As at March 31, 2019	As at March 31, 2018
Within one year	1,406,596	1,200,938
Later than one year and not later five years	1,349,927	2,795,094
Later than five years	-	-
	2,756,523	**3,996,032**

17. Other Non current Financial Liabilities

in ₹

	As at March 31, 2019	As at March 31, 2018
Inter corporate deposit received	-	317,000,000
	-	**317,000,000**

The Company had taken Inter Corporate Deposits (ICDs) at an interest rate of 12.50% p.a., for general corporate purpose which includes working capital. These inter corporate deposits were repayable after 2 years from the date of disbursement. On January 31, 2019, the ICD and interest accrued on ICD, assigned to PF Digital Media Services Private Limited. As at March 31, 2018, outstanding balance of this ICD was ₹ 317,000,000 and interest accrued was ₹ 36,151,026 considered under other current financial liabilities.

18. Non Current Provisions

in ₹

	As at March 31, 2019	As at March 31, 2018
Provision for non- current employee benefits		
Provision for leave encashment	254,804	420,530
Provision for gratuity	3,702,940	2,438,405
	3,957,744	**2,858,935**

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19. Borrowings current

in ₹

	As at March 31, 2019	As at March 31, 2018
Loans from group companies (unsecured) (Refer note 32)	924,507,691	567,439,473
	924,507,691	**567,439,473**

i. Loans from group companies are short term and unsecured loans availed from its group companies at an interest rate of 15% and are repayable on demand.

ii. During previous year ₹ 969,000,000 loan payable to parent company was converted as share application money received (pending for allotment of shares).

20. Trade Payables

in ₹

	As at March 31, 2019	As at March 31, 2018
Total outstanding dues to Micro and Small Enterprises	-	-
Total outstanding dues to Creditors other than Micro and Small Enterprises	23,527,703	33,566,508
Trade Payables to related party	14,239,342	-
	37,767,045	**33,566,508**

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

21. Other Financial Liabilities - current

in ₹

	As at March 31, 2019	As at March 31, 2018
Current maturities of long-term borrowings	1,406,596	11,200,938
Interest accrued but not due on borrowings	-	36,151,026
Interest accrued but not due on group company borrowings	16,511,894	787,041
Accrued salaries and benefits	22,819,723	8,081,912
Capital Creditors	2,273,386	2,273,386
	43,011,599	**58,494,303**

21.1 Current maturity of long term borrowings

in ₹

	As at March 31, 2019	As at March 31, 2018
Finance lease obligations (Secured)	1,406,596	1,200,938
Loan from others (Unsecured)	-	10,000,000
	1,406,596	**11,200,938**

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

22. Current Provisions

in ₹

	As at March 31, 2019	As at March 31, 2018
Provision for current employee benefits		
Provision for gratuity	6,970	5,442
	6,970	**5,442**

23. Other current liabilities

in ₹

	As at March 31, 2019	As at March 31, 2018
Advances received from clients	-	-
Deposits from customers	1,330,440	1,330,440
Bank book overdraft	1,181,520	
Deferred revenue	58,346,770	86,041,844
Other payables	5,828,548	6,147,652
	66,687,278	**93,519,936**

24. Revenue from Operations

in ₹

	Year ended March 31, 2019	Year ended March 31, 2018
Sale of services	400,176,985	192,741,442
Export incentives	24,550,798	34,091,227
	424,727,783	**226,832,669**

25. Other income

in ₹

	Year ended March 31, 2019	Year ended March 31, 2018
Interest Income from bank deposits	58,173	28,249
Interest Income from related party	44,098,362	12,153,092
Interest Income from others	691,615	2,011,522
Exchange gain (net)	36,561,567	-
Unmoved credit balance written back	6,977,568	210,862,892
Miscellaneous income	388,954	10,703,371
	88,776,239	**235,759,126**

26. Employee benefits expense

in ₹

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries and wages	147,687,622	137,739,172
Bonus and incentive	10,902,013	5,209,331
Gratuity	1,134,419	2,846,943
Contribution for provident fund & other funds	8,075,038	7,187,527
Staff welfare	2,120,972	1,050,463
	169,920,064	**154,033,436**

27. Finance costs

in ₹

	Year ended March 31, 2019	Year ended March 31, 2018
Interest on related party loans	112,227,788	157,208,425
Interest on finance leases	422,689	586,183
Interest on Inter Corporate Deposits	33,219,862	41,581,772
Interest on Others	1,257,535	880,999
Bank charges	22,048,066	16,299,163
	169,175,940	**216,556,542**

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28. Other Expenses

in ₹

	Year ended March 31, 2019	Year ended March 31, 2018
Technical service cost	91,949,996	22,177,783
Electricity Charges	23,843,160	6,767,797
Loss on sale of asset (net)	-	2,196,525
Rent	79,044,104	32,847,777
Rates and taxes	2,085,568	1,357,087
Travelling expense - domestic	354,196	431,551
Travelling expense - foreign	265,172	648,892
Conveyance	2,064,082	2,737,092
Lodging and boarding	2,364,526	2,640,970
Insurance cost	57,172	122,944
Legal and professional fees	13,810,767	11,749,801
Repairs & Maintainance - Building	101,233	346,786
Repairs & Maintainance - Equipments	87,691	1,341,542
Internet Charges	6,412,594	2,680,568
Postage & courier charges	290	21,729
Telephone charges	125,636	53,948
Exchange loss (net)	-	926,015
Audit Fees	401,999	378,300
House-keeping charges	6,371,482	1,897,431
Miscellaneous expenses	3,636,590	989,247
Freight and clearing	107,580	863,787
Bad debts written off	-	3,604,274
Brokerage and commission	-	15,000
Printing and stationery	102,636	62,105
Sales promotion expenses	-	1,300,000
Security charges	5,339,285	2,122,191
Tea/Coffee/Water	-	332,392
Office expenses	2,929	13,628
Water charges	83,138	265,381
	238,611,826	**100,892,543**

29. Earnings per share

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

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

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

in ₹

	Year ended March 31, 2019	Year ended March 31, 2018
Net loss after tax as per Statement of Profit and loss attributable to equity shareholders	(70,400,616)	(118,477,594)
Less: Exceptional items (net of tax)	-	-
Loss after tax (before exceptional items)	**(70,400,616)**	**(118,477,594)**
Weighted average number of equity shares in calculating basic and diluted EPS	97,870,000	850,000
Earnings per share		
Basic EPS	(0.72)	(139.39)
Diluted EPS	(0.72)	(139.39)
Face Value per share	10.00	10.00
Calculation of weighted average number of shares		
Ordinary equity shares at the end of the year	**97,870,000**	**850,000**

30. Employee benefit plans

30.1. Defined contribution plans

The Company makes provident fund, Employee State Insurance and employees' pension scheme contribution to the relevant authorities, which are defined contribution plans for the qualifying employees.

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

in ₹

	Year ended March 31, 2019	Year ended March 31, 2018
Employer's Contribution to Provident Fund and other funds	8,075,038	7,187,527

30.2 Defined benefit plans

The Company sponsors defined benefit plans for qualifying employees of its operations in India. The defined benefit plans are administered by the Company directly. Under the plans, the employee are entitled to a lump-sum payment upon retirement from the services of the Company. An employee becomes eligible to receive payment upon completion of 5 years of service at the rate of 15 days of service for each completed year of service.

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

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

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

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

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

	Unfunded	
	March 2019	March 2018
Defined Benefit Obligation at the beginning of the year	2,443,847	4,389,501
Interest Cost	188,909	319,995
Current Service Cost	945,510	2,886,481
Benefit Paid Directly by the Employer	(614,268)	(62,939)
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	(756,962)	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	1,058,050	(131,993)
Actuarial (Gains)/Losses on Obligations - Due to Experience	444,824	(4,957,198)
Defined Benefit Obligation at the end of the year	**3,709,910**	**2,443,847**

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

	Unfunded	
	March 2019	March 2018
Current Service Cost	945,510	2,886,481
Net Interest Cost	188,909	(39,538)
Expenses Recognized	**1,134,419**	**2,846,943**

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

	Unfunded	
	March 2019	March 2018
Actuarial (Gains)/Losses on Obligation For the Period	745,912	(5,089,191)
Return on Plan Assets, Excluding Interest Income	-	359,533
Net (Income)/Expense Recognized in OCI	**745,912**	**(4,729,658)**

iv) Actuarial Assumptions: in ₹

	Unfunded	
	March 2019	March 2018
Expected Return on Plan Assets (per annum)	NA	NA
Rate of Discounting (per annum)	7.79%	7.73%
Rate of Salary Increase (per annum)	7%	5%
Rate of Employee Turnover (per annum)		2.00%
Mortality Rate During Employment	For service 2 years and below 20.00% p.a. For service 3 years to 4 years 10.00% p.a. For service 5 years and above 2.00% p.a.	Indian Assured Lives Mortality (2006-08)
Mortality Rate After Employment	N.A.	N.A.

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

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

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

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

in ₹

	March 2018		March 2018	
	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate (1% movement)	(581,598)	728,763	(264,502)	315,950
Future salary appreciation (1% movement)	726,952	(590,211)	321,600	(273,166)
Attrition rate (1% movement)	(11,812)	1,840	14,018	(26,819)

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

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

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

31.3 Market risk
The Company is primarily exposed to the following market risks.

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

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

Particulars	Foreign Currency Denomination	As at March 31, 2019		As at March 31, 2018	
		Foreign Currency	Amount in ₹	Foreign Currency	Amount in ₹
Financial Assets	USD	3,375,479	204,382,681	4,964,334	301,069,760
	GBP	179,206	16,116,272	176,250	16,115,280
Total			**220,498,952**		**317,185,040**
Financial Liabilities	USD	6,566	453,406	6,566	425,628
Total			**453,406**		**425,628**
Net Exposure			**220,045,546**		**316,759,413**

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

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

31.3.2 Interest rate risk management

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

31.3.3 Credit risk management

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

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

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was 381,168,797 and ₹ 490,227,363 as at March 31, 2018 and March 31, 2017 respectively, being the total of the carrying amount of the balances with banks, bank deposits, investments excluding equity and preference investments, trade receivables, unbilled revenue and other financial assets.

31.4 Liquidity risk management

Liquidity risk refers to the risk that the Company may not be in a position to meet its financial obligations timely.

Management monitors rolling forecasts of the Company's liquidity position (comprising of undrawn bank facilities and cash and cash equivalents) on the basis of expected cash flows. This monitoring includes financial ratios and takes into account the accessibility of cash and cash equivalents.

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The table below analyses the maturity profile of the Company's financial liabilities. The following break up is based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

in ₹

As at March 31, 2019	**Less than 1 Year**	**Between 1 to 5 Year**	**Total**
Financial assets			
Trade receivables	119,734,163	-	**119,734,163**
Cash and cash equivalents	27,815,208	-	**27,815,208**
Loans	172,761,999	-	**172,761,999**
Others	60,867,470	-	**60,867,470**
	381,178,840	-	**381,178,840**
Financial liabilities			
Borrowings	924,507,691	1,349,927	**925,857,618**
Trade payables	37,767,045		**37,767,045**
Others	43,011,599	-	**43,011,599**
	###########	**1,349,927**	**###########**

in ₹

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

32. Fair value measurements

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

	As at March 31		As at March 31	
	2019	**2018**	**2019**	**2018**
	Carrying Value		**Fair Value**	
Financial Assets:				
Measured at amortised cost				
Other non-current financial assets	-	10,427,799	-	-
Trade receivables	119,734,163	217,382,433	-	-
Cash and cash equivalents	27,815,208	1,957,118	-	-
Loans	172,761,999	-	-	-
Other current financial assets	60,867,470	148,131,043	-	-
Total financial assets measured at amortised cost	**381,178,840**	**377,898,393**	**-**	**-**
Financial Liabilities:				
Measured at amortised cost				
Borrowings	925,857,618	571,434,567	-	-
Other non-current financial liabilities	-	317,000,000	-	-
Trade payables	37,767,045	33,566,508	-	-
Other current financial liabilities	43,011,599	58,494,303	-	-
Total financial liabilities measured at amortised cost	**1,006,636,262**	**980,495,378**	**-**	**-**

33. Related party transactions

List of Parties where control exists, irrespective of transactions:

Holding Company

Prime Focus Limited (till January 31, 2019)

DNEG Creative Services Private Limited (from February 01, 2019)

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

Fellow subsidiaries

Gener8 Digital Media Services Limited, Canada (Amalgamated with Double Negative Canada Production Limited on April 01, 2018)

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

Prime Focus Technologies Limited

Prime Focus Academy of Media and Entertainment Studies Private Limited

Double Negative India Private Limited

Gener8 Media Services Montreal Limited (Amalgamated with Double Negative Montreal Productions Limited on April 01, 2018)

Prime Focus International Services UK Limited

Double Negative Limited, UK

Prime Focus Creative Services Montreal Inc (Amalgamated with Double Negative Montreal Productions Limited on April 01, 2018)

Double Negative Montreal Productions Limited

Reliance Lowry Digital Imaging Services Inc.

PF Digital Media Services Private Limited

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

in ₹

	Year ended	
	March 31,2019	**March 31,2018**
Sale of services		
Gener8 Digital Media Services Limited, Canada	-	13,690,319
Double Negative Canada Production Limited	31,281,413	-
Gener8 Media Services Montreal Limited	-	74,533,419
Prime Focus International Services UK Limited	19,516,347	56,839,831
Prime Focus Creative Services Canada Inc	-	574,074
Double Negative Limited, UK	33,818,921	10,153,536
Prime Focus Creative Services Montreal Inc	-	10,680,482
Prime Focus Limited	1,015,000	-
Re:Define Fx Ltd	2,000,273	-
Double Negative Montreal Productions Limited	312,545,031	26,269,781
Interest expense		
Prime Focus Limited	15,290,452	89,632,242
DNEG Creative Services Private Limited	96,937,336	66,093,772
Prime Focus Technologies Limited	-	1,482,410
Interest income		
Prime Focus Technologies Limited	39,427,497	12,153,092
PF Digital Media Services Private Limited	4,670,865	-
Equipment rental		
DNEG Creative Services Private Limited	52,751,498	-
Loan given to		
Prime Focus Technologies Limited	1,587,644,000	1,147,745,140
Loan repaid by		
Prime Focus Technologies Limited	1,035,869,014	1,151,375,000
PF Digital Media Services Private Limited	24,926,964	-
Loan receivable & interest receivable from Prime Focus Technologies Limited assigned to		
PF Digital Media Services Private Limited	551,774,986	-
Inter corporate deposit payable & interest pyable assigned to		
PF Digital Media Services Private Limited	383,048,901	-

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in ₹

	Year ended	
	March 31,2019	March 31,2018
Loan received from		
Prime Focus Limited	1,807,019,200	2,340,197,062
DNEG Creative Services Private Limited	3,690,760,526	2,542,536,440
Loan repaid to		
Prime Focus Limited	2,192,076,305	2,181,343,936
DNEG Creative Services Private Limited	2,948,635,203	2,542,233,006
Non payable loan written back		
Prime Focus Limited	-	204,019,253
Expense recharge given		
Prime Focus Academy of Media and Entertainment Studies Private Limited	-	1,891,116
Expense recharge received		
Prime Focus Limited	8,302	158,370
DNEG Creative Services Private Limited	115,641,445	306,500
Double Negative India Private Limited	1,385,627	-
Share application money received		
Prime Focus Limited	-	969,000,000

in ₹

	As at	
	March 31,2019	March 31,2018
Balance outstanding at the year end		
Trade receivable		
Prime Focus Technologies Limited	8,625,000	8,625,000
Gener8 Digital Media Services Limited, Canada	-	100,510,979
Prime Focus Academy of Media and Entertainment Studies Private Limited	1,003,984	1,003,984
Double Negative Limited, UK	10,436,880	-
Double Negative India Private Limited	76,296	-
Double Negative Montreal Productions Limited	75,476,295	-
Re:Define Fx Ltd	1,966,704	-
Gener8 Media Services Montreal Limited	-	74,901,286
Prime Focus International Services UK Limited	-	10,229,342
Trade payable & provisions		
Double Negative India Private Limited	1,315,315	-
DNEG Creative Services Private Limited	12,924,027	-

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in ₹

	Year ended	
	March 31,2019	March 31,2018
Advances receivable		
Reliance Lowry Digital Imaging Services Inc	25,904,906	24,224,026
Interest payable		
Prime Focus Limited	-	787,041
DNEG Creative Services Private Limited	16,511,894	-
Loan received		
Prime Focus Limited	-	385,057,105
DNEG Creative Services Private Limited	924,507,691	182,382,368
Loan given		
PF Digital Media Services Private Limited	172,761,999	-
Unbilled revenue		
Prime Focus Technologies Limited	1,020,000	1,020,000
Re:Define Fx Ltd	33,533	-
Prime Focus International Services UK Limited	-	47,219,619
Prime Focus Creative Services Canada Inc	-	574,074
Double Negative Limited, UK	90,528	10,153,536
Prime Focus Creative Services Montreal Inc	-	10,680,480
Double Negative Montreal Productions Limited	637,176	26,269,781

34. Operating lease arrangement

Amount of lease rental charged to the Statement of Profit and Loss in respect of non-cancellable operating leases is ₹ 5,909,805 (Previous year: ₹ 8,211,748).

in ₹

	As at March 31, 2019	As at March 31, 2018
Lease Payments due within one year	539,934	6,199,691
Lease Payments due later than one and not later than five years	-	1,116,553
Lease Payments due later than five years	-	-
	539,934	**7,316,244**

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

36. Segment Reporting

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

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

in ₹

	Revenue from operations		Segment Non-current assets*	
	Year ended March 31, 2018	Year ended March 31, 2017	As at March 31, 2019	As at March 31, 2018
India	25,565,798	34,091,228	38,720,002	30,859,857
United Kingdom	53,335,267	66,993,367	-	-
Canada	345,826,717	125,748,074	-	-
	424,727,783	**226,832,669**	**38,720,002**	**30,859,857**

* Non current assets exclude financial assets

37. Contingent liabilities

in ₹

	As at March 31, 2019	As at March 31, 2018
Disputed Cess Tax Demand pending with Deputy Commissioner, Navi Mumbai Municipal Corporation-Cess Department. The Company believes, being an SEZ unit it is fully exempt from payment of Octroi/Cess Tax as per Maharashtra IT-ITEs policy, 2009. The amount of Rs. 9,656,175/- deposited, as Tax demand, for the purpose of admission of Appeal is reflected as Other Loans and Advances.	53,688,655	53,688,655
Claims against the Company not acknowledged as debts	627,939,550	627,939,550

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

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

39. Approval of Financial Statements
The financial statements were approved for issue by the Board of Directors on May 29, 2019

For and on behalf of the Board of Directors

Naresh Mahendranath Malhotra
Director
DIN 00004597
Place : Mumbai

Merzin Darayus Tavaria
Director
DIN 07015623
Place : Mumbai

Vikas Rathee
Chief Financial Officer
Place : London

Ritesh Rajendra Kadam
Company Secretary
Place : Mumbai

Date : May 29, 2019