

Prime Focus Technologies Limited

Balance Sheet as at March 31, 2019

(Rs in lakh)

	Notes	As at March 31, 2019	As at March 31, 2018
Assets			
1. Non-current assets			
(a) Property, plant and equipment	4	4,896.08	5,614.29
(b) Capital work-in-progress		9.62	-
(c) Other intangible assets	5	35,402.54	34,215.83
(d) Intangible assets under development		402.29	2,172.51
(e) Financial assets			
(i) Investments	6	5,868.50	5,497.01
(ii) Loans	7	11,687.32	8,722.40
(iii) Other financial assets	11	8,687.66	6,939.19
(f) Income tax assets (net)		2,004.86	2,055.97
(g) Other non-current assets	12	120.34	181.14
Total Non-current assets		69,079.21	65,398.34
2. Current assets			
(a) Inventories	8	-	7.40
(b) Financial assets			
(i) Trade receivables	9	4,770.09	4,261.78
(ii) Cash and cash equivalents	10 a	309.11	47.63
(iii) Bank balances other than (ii) above	10 b	56.45	930.58
(iv) Other financial assets	11	1,896.56	776.26
(c) Income tax assets (net)		1,012.23	-
(d) Other current assets	12	424.93	705.80
Total current assets		8,469.37	6,729.45
Total assets		77,548.58	72,127.79
Equity and liabilities			
Equity			
(a) Equity share capital	13	217.16	217.16
(b) Other equity	14	28,197.82	29,686.99
Total Equity		28,414.98	29,904.15
Liabilities			
1. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	15,925.29	17,676.53
(ii) Other financial liabilities	16	130.81	-
(b) Deferred tax liabilities (net)	26 D	8,619.03	9,665.10
(c) Provisions	18	463.77	425.34
(d) Other non-current liabilities	19	314.47	182.52
Total Non-current liabilities		25,453.37	27,949.49
2. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	20	15,545.90	8,136.81
(ii) Trade payables			
- Total outstanding dues to micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		1,702.29	1,665.01
(iii) Other financial liabilities	17	5,779.86	3,725.37
(b) Provisions	18	30.23	17.05
(c) Other current liabilities	19	621.95	729.91
Total current liabilities		23,680.23	14,274.15
Total liabilities		49,133.60	42,223.64
Total equity and liabilities		77,548.58	72,127.79

See accompanying notes to the financial statements 1 to 41

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

For and on behalf of the Board of Directors

Abhijit A. Damle

Partner

Ramkrishnan
Sankaranarayanan

Director

DIN :- 02696897

Nishant Fadia

Director

DIN :- 02648177

Place: Mumbai

Date: May 29, 2019

Sanket Limbachaya

Company Secretary

Prime Focus Technologies Limited

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

(Rs in lakh)

Particulars	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
Income			
Revenue from operations	21	20,894.78	21,252.85
Other income	22	2,799.98	468.96
Total income		23,694.76	21,721.81
Expenses			
Employee benefits expense	23	9,396.35	9,920.84
Employee stock option expense	30	459.88	215.29
Technical service cost		3,148.23	2,100.07
Depreciation and amortisation expense	4 & 5	4,463.04	4,473.87
Other expenses	24	5,524.66	5,584.35
Finance costs	25	4,541.30	2,599.61
Exchange (gain)/loss (net)		(830.08)	(41.61)
Total expenses		26,703.38	24,852.42
Loss before tax		(3,008.62)	(3,130.61)
Tax expense			
Current tax		-	255.22
Deferred tax (credit)		(1,050.79)	(1,345.29)
Total tax expense	26	(1,050.79)	(1,090.07)
Loss for the year		(1,957.83)	(2,040.54)
Other comprehensive income			
A (i) items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans		13.50	10.34
(ii) Income tax relating to above		(4.72)	(3.61)
Total other comprehensive income for the year		8.78	6.73
Total comprehensive income for the year		(1,949.05)	(2,033.81)
Earnings per equity share of face value of Rs. 10/- each	27		
(a) Basic and diluted (in rupees)		(90.16)	(93.97)

See accompanying notes to the financial statements 1 to 41

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

For and on behalf of the Board of Directors

Abhijit A. Damle

Partner

**Ramakrishnan
Sankaranarayanan
Director
DIN :- 02696897**

Nishant Fadia

**Director
DIN :- 02648177**

Place: Mumbai

Date: May 29, 2019

**Sanket Limbachaya
Company Secretary**

Prime Focus Technologies Limited

Statement of Changes in Equity for the year ended March 31, 2019

A. Equity Share Capital

(Rs in lakh)

Particulars	Amount
Balance as at March 31, 2017	217.16
Change in equity share capital during the year	-
Balance as at March 31, 2018	217.16
Change in equity share capital during the year	-
Balance as at March 31, 2019	217.16

B. Other equity

(Rs in lakh)

Particulars	Reserves and Surplus						Total
	Debenture Redemption Reserve	General Reserve	Securities Premium Reserve	Share options outstanding account	Compulsorily convertible debentures	Retained earnings	
Balance as at March 31, 2017	1,870.75	-	4,438.76	470.33	3,000.00	21,725.67	31,505.51
Loss for the year	-	-	-	-	-	(2,040.54)	(2,040.54)
Related to employee stock options	-	-	-	215.29	-	-	215.29
Transferred to/from	(1,870.75)	1,870.75	-	-	-	6.73	6.73
Balance as at March 31, 2018	-	1,870.75	4,438.76	685.62	3,000.00	19,691.86	29,686.99
Loss for the year	-	-	-	-	-	(1,957.83)	(1,957.83)
Related to employee stock options	-	-	-	459.88	-	-	459.88
Other comprehensive income for the year	-	-	-	-	-	8.78	8.78
On lapse/forfeiture of vested options	-	-	-	(73.09)	-	73.09	-
Balance as at March 31, 2019	-	1,870.75	4,438.76	1,072.41	3,000.00	17,815.90	28,197.82

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For and on behalf of the Board of Directors

Abhijit A. Damle
Partner

Ramakrishnan Sankaranarayanan
Director
DIN :- 02696897

Nishant Fadia
Director
DIN :- 02648177

Place: Mumbai
Date: May 29, 2019

Sanket Limbachaya
Company Secretary

Prime Focus Technologies Limited

Cash flow statement for the year ended March 31, 2019

Particulars	Year Ended March 31, 2019	Rs. In lakh Year Ended March 31, 2018
Cash flow from Operating activities		
Loss before tax	(3,008.62)	(3,130.61)
<u>Adjustment for:</u>		
Depreciation and amortization expense	4,463.04	4,473.87
Net gain on sale of property, plant and equipment	(39.83)	-
Provision for doubtful debts	107.57	57.43
Interest income	(2,718.29)	(460.53)
Finance cost	4,508.69	2,599.61
Unrealised exchange difference on loan to subsidiary	(804.06)	0.34
Stock options expense	459.88	215.29
Operating profit before working capital changes	2,968.38	3,755.40
<u>Changes in working capital:</u>		
Increase in trade and other payables	328.34	831.88
Decrease/(Increase) in Inventory	7.40	(1.06)
(Increase)/Decrease in trade and other receivables	(1,305.97)	(68.92)
Cash generated from operations	1,998.15	4,517.30
Income taxes paid (net of refunds)	(961.10)	(304.67)
Net cash flow generated from operating activities (A)	1,037.05	4,212.63
Cash flow from Investing activities		
Purchase of Property, plant & equipment and Intangible assets	(3,112.78)	(9,524.00)
Proceeds from sale of Property, plant & equipment	72.84	-
Payment on acquisition of subsidiary	(125.00)	-
Loans given to subsidiary and fellow subsidiary	(2,822.00)	(12,181.98)
Loans repaid by subsidiary and fellow subsidiary	661.14	6,343.14
Investment in equity & preference shares of subsidiary	-	(2,516.60)
Margin money and fixed deposits under lien	874.13	(209.40)
Interest received	872.02	392.21
Net cash used in Investing activities (B)	(3,579.65)	(17,696.63)

Prime Focus Technologies Limited**Cash flow from financing activities**

Proceeds from long term borrowings	1,577.92	28,625.45
Repayment of long term borrowings	(2,376.11)	(20,841.70)
Proceeds from short term borrowings	7,409.09	7,973.63
Finance cost paid	(3,806.81)	(2,631.77)
Net cash from Financing activities (C)	2,804.08	13,125.61
Net increase/(decrease) in cash and cash equivalents (A+B+C)	261.48	(358.39)
Cash and cash equivalents at the beginning of the year	47.63	406.02
Cash and cash equivalents at the end of the year (Refer note 10a)	309.11	47.63

Notes:**Non-cash transaction:**

Borrowing- Non current	March 31, 2019	March 31, 2018
Opening	19,883.61	12,654.45
Cash flow	(798.20)	7,783.75
Non cash movement	132.37	(554.59)
Closing	19,217.78	19,883.61

Borrowing- Current	March 31, 2019	March 31, 2018
Opening	8,136.81	163.18
Cash flow	7,409.09	7,973.63
Non cash movement	-	-
Closing	15,545.90	8,136.81

See accompanying notes to the financial statements 1 to 41

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Abhijit A. Damle

Partner

Place: Mumbai

Date: May 29, 2019

For and on behalf of the Board of Directors

Ramakrishnan
Sankaranarayanan
Director
DIN :- 02696897

Nishant Fadia
Director
DIN :- 02648177

Sanket Limbachaya
Company Secretary

Prime Focus Technologies Limited

Notes forming part of the Standalone financial statements

1. General information

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

2. Significant accounting policies

2.1 Statement of compliance

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

2.2 Basis of preparation

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

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

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

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

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

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and services and the time between acquisition of assets for processing and their realisation in cash and cash equivalent, the Company has ascertained its operating cycle as twelve (12) months for the purpose of current or non-current classification of assets and liabilities.

The company's financial statements are presented in India Rupees (Rs.) which is functional currency.

Prime Focus Technologies Limited

2.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of services. Revenue is shown net of applicable taxes.

Effective April 1, 2018, the Company adopted Ind AS 115, “Revenue from Contracts with Customers” using the cumulative catch-up transition method applied to contracts that were not completed as at April 1, 2018. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. The adoption of the new accounting standard has not resulted in any changes in the opening retained earnings of the Company. The adoption of Ind AS 115, did not have any impact on the statement of profit and loss for the year ended March 31, 2019.

2.3.1 Rendering of services

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

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

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

2.3.2 Dividend and interest income

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

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

2.3.3 Rental income

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

2.4 Leasing

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

2.4.1 The Company as lessor

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

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

Prime Focus Technologies Limited

operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.4.2 The Company as lessee

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

Lease payments are apportioned between finance expenses and reduction of the lease obligations so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs (see note 2.6 below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

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

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

2.5 Foreign currencies transactions and translations

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

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

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

2.6 Borrowing costs

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

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are 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.

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

Prime Focus Technologies Limited

2.7 Employee benefits

2.7.1 Retirement benefit costs and termination benefits

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

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

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

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

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

2.7.2 Short-term and other long-term employee benefits

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

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

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

2.8 Share-based payment arrangements

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

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

2.9 Taxation

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

2.9.1 Current tax

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

Prime Focus Technologies Limited

2.9.2 Deferred tax

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

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

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

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

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

2.9.3 Current and deferred tax for the year

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

2.10 Property, plant and equipment (PPE) and depreciation

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

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

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

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

Cost of Leasehold improvements is amortised over a period of lease.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal

Prime Focus Technologies Limited

or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.11 Intangible assets and amortisations

2.11.1 Intangible assets acquired separately

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

2.11.2 Internally-generated intangible assets – research and development expenditure

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

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

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

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

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

2.11.3 Useful lives of intangible assets

Software acquired by the company are amortised on straight line basis over the estimated useful life of six years. Internally generated intangible assets are amortised over a period of twenty years.

2.11.4 De-recognition of intangible assets

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

2.12 Impairment of tangible and intangible assets

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

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

Prime Focus Technologies Limited

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

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

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

2.13 Provisions & contingencies

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.

Contingent liabilities are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements.

2.13.1 Onerous contracts

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

2.14 Inventories

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

2.15 Financial instruments

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

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

2.16 Financial assets

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

Prime Focus Technologies Limited

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

2.16.1 Classification of financial assets

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

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

For the impairment policy on financial assets measured at amortised cost, refer note 2.16.5

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

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

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

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

All other financial assets are subsequently measured at fair value.

2.16.2 Effective interest method

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

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

2.16.3 Investments in equity instruments at FVTOCI

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

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

Prime Focus Technologies Limited

- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

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

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

Investments in equity instruments are classified as FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading (see note 2.16.3 above).

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

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

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

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

2.16.5 Impairment of financial assets

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

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

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

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

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the

Prime Focus Technologies Limited

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

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

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

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

2.16.6 De-recognition of financial assets

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

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

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

2.16.7 Foreign exchange gains and losses

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

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

2.16.8 Investment in subsidiaries

The Company accounts for its investment in subsidiaries at cost

2.17 Financial liabilities and equity instruments

2.17.1 Classification as debt or equity

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

2.17.2 Equity instruments

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

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

2.17.3 Compound financial instruments

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

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

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

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

2.17.4 Financial liabilities

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

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

Prime Focus Technologies Limited

2.17.4.1 Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

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

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

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

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

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

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

2.17.4.2 Financial liabilities subsequently measured at amortised cost

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

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

2.17.4.3 Financial guarantee contracts

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

Prime Focus Technologies Limited

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

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

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

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

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

2.17.4.5 Foreign exchange gains and losses

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

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

2.17.4.6 De-recognition of financial liabilities

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

2.18 Derivative financial instruments

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

2.18.1 Embedded derivatives

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

2.19 Offsetting

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

2.20 Cash & cash equivalent

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

For the purposes of cash flow Statement, cash and cash equivalent comprise cash and cheques in hand, bank balances, demand deposits with banks, net of outstanding bank overdrafts that are repayable on

Prime Focus Technologies Limited

demand and considered part of the Company's cash management system. In the balance sheet, bank overdraft are presented under borrowings within current financial liabilities.

2.21 Segment reporting

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

2.22 Events after reporting date

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

2.23 New accounting standards not yet adopted:

Certain new standards, amendments to standards and interpretations are not yet effective for annual periods beginning after April 01, 2018 and have not been applied in preparing these financial statements. New standards, amendments to standards and interpretations that could have potential impact on the financial statements of the Company are:

2.23.1 Ind AS 116

On March 30, 2019, the Ministry of Corporate Affairs issued Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. IND AS 116 introduces a single lessee accounting model and requires a lessee to recognised assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Standard also contains enhanced disclosure requirements for lessees.

The standard allows for two methods of transition:

- the full retrospective approach, requires entities to retrospectively apply the new standard to each prior reporting period presented and the entities need to adjust equity at the beginning of the earliest comparative period presented, or
- the modified retrospective approach, under which the date of initial application of the new-leases standard, lessees recognise the cumulative effect of initial application as an adjustment to the opening balance of equity as at annual periods beginning on or after January 1, 2019.

The Company will adopt this standard using modified retrospective method effective April 1, 2019, and accordingly, the comparative for year ended March 31, 2018 and 2019, will not be retrospectively adjusted. The Company has elected certain available practical expedients on transition. The Company is in the process of evaluating the impact of such amended standard.

2.23.2 Amendment to Ind AS 12 – Income Taxes

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 12 – Income Taxes. The amendments clarify that an entity shall recognise the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the entity originally recognised those past transactions or events that generated distributable profits were recognised. The effective date of these amendments is annual periods beginning on or after April 1, 2019. The Company is currently assessing the impact of this amendment on the Company's financial statements.

Appendix C to Ind AS 12 - Uncertainty over income tax treatments

On March 30, 2019, Ministry of Corporate Affairs issued Appendix C to Ind AS 12, which clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. The entity has to consider the probability of the

Prime Focus Technologies Limited

relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The effective date for adoption of Appendix C to Ind AS 12 is April 1, 2019. The Company will apply Appendix C to Ind AS 12 prospectively from the effective date and the effect on adoption of Ind AS 12 on the financial statement is expected to be insignificant.

2.23.3 Amendment to Ind AS 19 - Plan Amendment, Curtailment or Settlement

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements requiring an entity to determine the current service costs and the net interest for the period after the remeasurement using the assumptions used for the remeasurement; and determine the net interest for the remaining period based on the remeasured net defined benefit liability or asset. These amendments are effective for annual reporting periods beginning on or after April 1, 2019. The Company will apply the amendment from the effective date and the effect on adoption of the amendment on the financial statement is expected to be insignificant.

3. Critical accounting judgements and key sources of estimation uncertainty

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

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

3.1.1 Revenue recognition

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

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

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

3.1.2 Taxation

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

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

3.1.3 Depreciation/amortisation and useful lives of property, plant and Equipment and intangible assets

Property, plant and equipment are depreciated over the estimated useful lives of the assets, after taking into account their estimated residual value. Intangible assets are amortised over its estimated useful lives.

Prime Focus Technologies Limited

Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation/ amortisation to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation/ amortisation for future periods is adjusted if there are significant changes from previous estimates.

3.1.4 Expected credit losses on financial assets

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

3.1.5 Provisions

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

3.1.6 Fair value measurements and valuation process

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

3.1.7 Defined benefit obligations

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

3.1.8 Recoverability of internally generated intangible asset

The Company develops intangible assets internally to assist its business plans and outlook. The Company capitalises various costs, including employee costs, incurred in such development activities. Selection of the intangible asset eligible for capitalisation, identification of the expenses that are directly attributable and reasonably allocable to development of intangible assets involves significant management judgement. Further, the Company considers recoverability of the Company's internally generated intangible assets as at the end of each reporting period. Detailed analysis was carried out by the management as at March 31, 2019 regarding recoverability of its internally generated intangible assets and no exceptions noted.

Prime Focus Technologies Limited

4 Property, plant and equipment

(Rs in lakh)

	Plant and equipment	Leasehold Improvements	Furniture and fixtures	Electrical Fittings	Office equipment	Vehicles	Total
Gross block							
As at April 1, 2017	8,888.28	3,625.40	568.49	744.16	806.83	9.16	14,642.32
Additions	744.74	-	0.89	101.71	21.73	-	869.07
Deductions	-	-	-	-	-	-	-
As at March 31, 2018	9,633.02	3,625.40	569.38	845.87	828.56	9.16	15,511.39
Accumulated depreciation							
As at April 1, 2017	5,956.53	1,459.48	206.70	214.45	479.37	5.94	8,322.47
For the year	907.34	394.71	51.69	74.84	144.85	1.20	1,574.63
Deductions	-	-	-	-	-	-	-
As at March 31, 2018	6,863.87	1,854.19	258.39	289.29	624.22	7.14	9,897.10
Net block							
As at March 31, 2018	2,769.15	1,771.21	310.99	556.58	204.34	2.02	5,614.29

	Plant and equipment	Leasehold Improvements	Furniture and fixtures	Electrical Fittings	Office equipment	Vehicles	Total
Gross block							
As at April 1, 2018	9,633.02	3,625.40	569.38	845.87	828.56	9.16	15,511.39
Additions	593.99	55.22	36.80	57.16	48.96	-	792.13
Deductions	(37.63)	-	-	-	-	(9.16)	(46.79)
As at March 31, 2019	10,189.38	3,680.62	606.18	903.03	877.52	-	16,256.73
Accumulated depreciation							
As at April 1, 2018	6,863.87	1,854.19	258.39	289.29	624.22	7.14	9,897.10
For the year	893.71	362.41	52.12	79.05	89.53	0.50	1,477.32
Deductions	(6.13)	-	-	-	-	(7.64)	(13.77)
As at March 31, 2019	7,751.45	2,216.60	310.51	368.34	713.75	-	11,360.65
Net block							
As at March 31, 2019	2,437.93	1,464.02	295.67	534.69	163.77	-	4,896.08

- a) Plant and equipment includes assets taken on finance lease as under:
 Gross block: Rs. 1,910.49 lakh (March 31, 2018 ₹ 1,957.29 lakh)
 Depreciation charge for the year: Rs. 341.34 lakh (March 31, 2018 ₹ 340.20 lakh)
 Accumulated depreciation: Rs. 1,285.68 lakh (March 31, 2018 ₹ 1,101.10 lakh)
 Net block: Rs. 624.81 lakh (March 31, 2018 ₹ 856.19 lakh)
- b) Refer note 15 regarding details of borrowings, where assets have been placed as security.

5. Other Intangible assets

(Rs in lakh)

	Softwares
Gross block	
As at April 1, 2017	42,131.64
Additions	427.34
Deductions	-
As at March 31, 2018	42,558.98
Accumulated amortisation	
As at April 1, 2017	5,443.91
For the year	2,899.24
Deductions	-
As at March 31, 2018	8,343.15
Net block	
As at March 31, 2018	34,215.83

	Softwares
Gross block	
As at April 1, 2018	42,558.98
Additions	4,172.43
Deductions	-
As at March 31, 2019	46,731.41
Accumulated amortisation	
As at April 1, 2018	8,343.15
For the year	2,985.72
Deductions	-
As at March 31, 2019	11,328.87
Net block	
As at March 31, 2019	35,402.54

- a) Software's includes assets taken on finance lease as under:
 Gross block: Rs. 550.05 lakh (March 31, 2018 ₹ 599.73 lakh)
 Depreciation charge for the year: Rs. 87.21 lakh (March 31, 2018 ₹ 94 lakh)
 Accumulated depreciation: Rs. 360.73 lakh (March 31, 2018 ₹ 275.04 lakh)
 Net block: Rs. 189.34 lakh (March 31, 2018 ₹ 324.68 lakh)

Prime Focus Technologies Limited

6. Investments

(Rs in lakh)

	As at March 31, 2019	As at March 31, 2018
Non Current		
Unquoted equity instrument, fully paid up (at cost)		
Investment in subsidiaries:		
Prime Focus Technologies UK Limited		
1 equity share (March 31, 2018 :1 share) of £ 0.01 each	-	-
Prime Focus Technologies, Inc.		
2,235 equity shares (March 31, 2018: 2,235 shares) of \$ 0.01 each.	3,176.35	3,176.35
(All such shares are pledged with Exim Bank for credit facilities availed by subsidiary company -Prime Focus Technologies Inc.)		
Unquoted preference shares (at cost)		
Investment in subsidiaries:		
Prime Focus Technologies UK Limited		
282,515,100 preference shares (March 31, 2018: 282,515,100 shares) of £ 0.01 each	2,320.66	2,320.66
Apptarix Mobility Solutions Pvt. Ltd.		
3,297,746 equity shares (March 31, 2018: Nil shares) of Re. 1 each	371.49	-
Total	5,868.50	5,497.01

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

7. Loans (Unsecured, Considered good)

(Rs in lakh)

	As at March 31, 2019	As at March 31, 2018
Non Current		
Loan to Subsidiaries (Refer note 31)	11,687.32	8,722.40
Total	11,687.32	8,722.40

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

8. Inventories

(Rs in lakh)

	As at March 31, 2019	As at March 31, 2018
Inventories (lower of cost and net realisable value)		
Tapes	-	7.40
Total	-	7.40

Prime Focus Technologies Limited

9. Trade Receivables (Unsecured)

(Rs in lakh)

	As at March 31, 2019	As at March 31, 2018
Trade receivables	4,998.99	4,383.11
Less: Loss allowances	(228.90)	(121.33)
Total	4,770.09	4,261.78

(Rs in lakh)

	Year ended March 31, 2019	Year ended March 31, 2018
The movement in allowance for doubtful receivables is as follows:		
Balance as at the beginning of the year	121.33	63.90
Movement during the year (net)	107.57	57.43
Balance as at the end of the year	228.90	121.33

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

10. Cash and bank balances

(Rs in lakh)

	As at March 31, 2019	As at March 31, 2018
a. Cash and cash equivalents		
Cash on hand	1.91	1.91
Bank balances		
In current Accounts	307.20	45.72
Total	309.11	47.63
b. Balances other than (a) above		
Other bank balances		
In deposits*	56.45	930.58
Total	56.45	930.58

* Margin monies- fixed deposit accounts represent deposits with original maturity ranging from 1 month to 62 months. These deposits are pledged for availing foreign currency loans- buyer's credit and as security against fund based and non-fund based credit facilities of a subsidiary i.e. Prime Focus Technologies Inc.

11. Other financial assets

(Rs in lakh)

	As at March 31, 2019	As at March 31, 2018
Non-current (unsecured, considered good)		
Deposits (Refer note 31)	6,731.09	6,641.44
Interest accrued on loan to related parties (Refer note 31)	1,956.57	297.75
	8,687.66	6,939.19
Current (unsecured, considered good)		
Unbilled revenue	1,683.43	701.42
Interest accrued on deposits	68.25	2.27
Interest receivable from government authorities	121.47	-
Advance to related parties (Refer note 31)	23.41	72.57
Total	1,896.56	776.26

Prime Focus Technologies Limited

12. Other Assets

(Rs in lakh)

	As at March 31, 2019	As at March 31, 2018
Non-current (Unsecured, considered good)		
Capital advances	7.96	17.22
Prepaid expenses	112.38	163.92
Total	120.34	181.14
Current (Unsecured, considered good)		
Prepaid expenses	267.09	448.58
Other loans and advances	157.84	257.22
Total	424.93	705.80

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

13. Equity Share Capital

(Rs in lakh)

	As at March 31, 2019	As at March 31, 2018
Authorised share capital:		
50,00,000 equity shares of ₹ 10/- each	500.00	500.00
Issued, subscribed and paid-Up:		
21,71,578 equity shares of ₹ 10/- each	217.16	217.16

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

Fully paid equity shares

(Rs in lakh)

	Year ended March 31, 2019		Year ended March 31, 2018	
	Number	Amount	Number	Amount
Balance as at the beginning of the year	21,71,578	217.16	21,71,578	217.16
Add: Shares issued during the year			-	-
Balance as at the end of the year	21,71,578	217.16	21,71,578	217.16

13.2 Shares reserved for issuance under options

The Company has granted employee stock options under employees stock options scheme. Each option entitles the holder to one equity share of Rs. 10 each. 1,91,606 options were outstanding as at March 31, 2019 (March 31, 2018 - 1,90,970) (Refer note 30)

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

	As at March 31, 2019		As at March 31, 2018	
	Numbers	% of holding	Numbers	% of holding
Prime Focus Limited- Holding company	16,01,466	73.75%	16,01,466	73.75%
Mr. Ramakrishnan Sankaranarayanan	2,21,602	10.20%	2,21,602	10.20%

13.4 Rights, preferences and restrictions attached to shares

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

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

Prime Focus Technologies Limited

14. Other equity

(Rs in lakh)

	As at March 31, 2019	As at March 31, 2018
Debenture redemption reserve		
As per last balance sheet	-	1,870.75
Movement during the year	-	(1,870.75)
	-	-
Securities premium		
As per last balance sheet	4,438.76	4,438.76
Movement during the year	-	-
	4,438.76	4,438.76
Compulsory convertible debentures		
As per last balance sheet	3,000.00	3,000.00
Movement during the year	-	-
	3,000.00	3,000.00
General reserve		
As per last balance sheet	1,870.75	-
Transferred from Debenture Redemption Reserve	-	1,870.75
	1,870.75	1,870.75
Retained earnings (Refer note (a) below)		
As per last balance sheet	19,691.86	21,725.67
Movement during the year	(1,875.96)	(2,033.81)
	17,815.90	19,691.86
Share options outstanding account		
As per last balance sheet	685.62	470.33
Movement during the year	386.79	215.29
	1,072.41	685.62
Total	28,197.82	29,686.99

- a. Includes re-measurement of defined benefit obligations (net of tax) gain of Rs. 29.48 lakh (previous year Rs. 15.98 lakh)

Prime Focus Technologies Limited**15. Borrowings (Non - Current)****(Rs in lakh)**

	As at March 31, 2019	As at March 31, 2018
Term loans (secured)		
from a bank	15,210.12	16,847.56
(Refer note (a) below)		
Other loan and advances (secured)		
Finance lease obligation	715.17	828.97
(Refer note (c) below)		
Total	15,925.29	17,676.53

- a. The Company has availed a Term Loan facility aggregating to Rs. 15,700 lakh at an interest rate based on one year MCLR + 1.90% with a reset on yearly basis. This term loan is repayable in 84 months from date of the 1st disbursement including 6 months moratorium, it is to be repaid in 26 quarterly instalments (post 6 months moratorium). Further, during previous year, the Company availed additional term loan facility aggregating to Rs. 6,000 lakh at an interest rate based on one year MCLR + 1.90% with a reset on yearly basis. This term loan is repayable in 72 months from date of the 1st disbursement in 25 quarterly instalments. Both the above facilities are secured by exclusive charge over present and future current assets and movable fixed assets, personal guarantees of promoter of the Holding company, pledge of 30% shares of the company held by the Holding company, Corporate Guarantee of Holding Company, exclusive charge by way of mortgage of immovable properties, pledge of 30% shares of subsidiaries viz; Prime Focus Technologies Inc., DAX LLC, Prime Focus Technologies Limited UK Limited, Prime Post Europe Limited. The company has created charge over all the above referred securities except pledge of 30% shares of subsidiaries viz; Prime Focus Technologies Inc., DAX LLC, Prime Focus Technologies Limited UK Limited, Prime Post Europe Limited, for which the Company is in the process of creating security as at the balance sheet date. As at March 31, 2019, out of the above availed facility, the Company took disbursement of Rs. 21,700 lakh. At the year-end, out of the outstanding loan amount Rs. Rs. 15,210.12 lakh (net of transaction fees) is disclosed as non-current and Rs. 2,728.31 lakh is disclosed as current. As at March 31, 2018 Rs. 16,847.56 lakh (net of transaction fees) is disclosed as non-current and Rs. 1,617.64 lakh is disclosed as current.
- b. **Foreign Currency loans**
Foreign currency loans- buyer's credit of Nil (March 31, 2018: ₹ 28.78 lacs) is secured against margin monies- fixed deposits pledged. Interest rate ranges from 1% to 2% p.a. with maturity profile of 2-3 years.

Prime Focus Technologies Limited

c. Finance lease

The Company leases certain equipment under finance leases. The average lease term is around 5 years. The Company's obligation under finance leases are secured by hypothecation of such equipment.

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 5.86% to 15.68% per annum.

Finance lease obligations are as follows:

(Rs in lakh)		
	Total minimum lease payments outstanding	
	As at March 31, 2019	As at March 31, 2018
Within one year	691.38	696.74
Later than one year and not later than five years	816.29	942.09
Later than five years		
Total	1,507.67	1,638.83
	Future interest on outstanding	
	As at March 31, 2019	As at March 31, 2018
Within one year	127.20	136.08
Later than one year and not later than five years	101.12	113.12
Later than five years		-
Total	228.32	249.20
	Present value of minimum lease payments	
	As at March 31, 2019	As at March 31, 2018
Within one year	564.18	560.66
Later than one year and not later than five years	715.17	828.97
Later than five years		-
Total	1,279.35	1,389.63

16. Other Financial liabilities (Non current)

(Rs in lakh)		
	As at March 31, 2019	As at March 31, 2018
Non convertible redeemable preference shares	130.81	-
(Refer note 33)		
Total	130.81	-

17. Other Financial liabilities (Current)

(Rs in lakh)		
	As at March 31, 2019	As at March 31, 2018
Current maturities of long term borrowings		
Term loans (secured)		
from a bank	2,728.31	1,617.64
(Refer note (15.a))		
Other loans and advances (secured)		
Finance lease obligations	564.18	560.66
(Refer note (15.c))		
Foreign currency loans - buyers credit	-	28.78
(Refer note (15.b))		
	3,292.49	2,207.08
Interest accrued but not due on borrowings	677.28	138.67
Accrued salaries and benefits	1,357.03	1,155.06
Non convertible redeemable preference shares	146.57	-
Capital Creditors	306.49	224.56
Total	5,779.86	3,725.37

There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at March 31, 2019 and as at March 31, 2018

18. Provisions

	(Rs in lakh)	
	As at March 31, 2019	As at March 31, 2018
Non-current		
Provision for employee benefits		
Provision for gratuity (refer note 28)	391.79	356.62
Provision for compensated absences	71.98	68.72
Total	463.77	425.34
Current		
Provision for employee benefits		
Provision for gratuity (refer note 28)	21.79	7.98
Provision for compensated absences	8.44	9.07
Total	30.23	17.05

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

19. Other liabilities

	(Rs in lakh)	
	As at March 31, 2019	As at March 31, 2018
Non-Current		
Deposit received from customers	224.96	68.33
Lease rent	89.51	114.19
Total	314.47	182.52
Current		
Deposit received from customers	20.04	186.67
Deferred revenue	-	8.80
Advance from customers	27.00	108.07
Other payables	574.91	426.37
Total	621.95	729.91

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

20. Borrowings (Current)

	(Rs in lakh)	
	As at March 31, 2019	As at March 31, 2018
From Banks/ Others (Secured)		
Cash credit/ overdraft (Refer note below)	2,854.20	2,136.81
From Others (Unsecured)		
Loan from related party (Refer note 31)	12,691.70	6,000.00
Total	15,545.90	8,136.81

The Company has availed a cash credit and invoice discounting facility from banks. These facilities were secured by first and exclusive charge on all existing and future current assets and all existing and future movable fixed assets except financed through equipment loan/lease pari-passu with term loans. The above facilities were further secured by corporate guarantee issued by holding company and personal guarantee of promoters. Refer note 15(a) for securities details of facilities outstanding as at March 31, 2019. The rate of interest for cash credit / overdraft is based on 6 months MCLR + 2.65% with a reset on half-yearly basis.

Prime Focus Technologies Limited

21. Revenue from operations

(Rs in lakh)

	Year ended March 31, 2019	Year ended March 31, 2018
Income from services	20,894.78	21,252.85
Total	20,894.78	21,252.85

22. Other income

(Rs in lakh)

	Year ended March 31, 2019	Year ended March 31, 2018
Interest income:		
Bank deposits	3.54	114.98
on income tax refunds	121.47	56.34
on loans and deposits given to related parties (Refer note 32)	2,544.48	240.61
on others	48.80	48.60
Net gain on sale of property, plant and equipment	39.83	-
Miscellaneous income	-	8.43
Others	41.86	-
Total	2,799.98	468.96

23. Employee benefits expense

(Rs in lakh)

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries and wages	8,618.27	9,087.39
Contribution to provident fund, other funds	430.60	454.93
Gratuity (Refer note 28)	131.47	129.73
Staff welfare expenses	216.01	248.79
Total	9,396.35	9,920.84

24. Other expenditure

(Rs in lakh)

	Year ended March 31, 2019	Year ended March 31, 2018
Rent	1,923.90	1,886.33
Communication cost	545.72	647.23
Consumable stores	105.14	131.58
Electricity expense	654.47	613.73
Legal and Professional fees	389.62	354.59
Rates and taxes	27.73	29.44
Traveling and conveyance	516.80	618.17
Repairs and maintenance	620.71	594.76
Director's sitting fees	4.60	4.00
Insurance cost	29.86	28.91
House keeping expense	239.96	210.73
Sales promotion expenses	92.67	144.05
Provision for doubtful debts	107.57	57.43
Management fees (Refer note 31)	37.87	66.83
Miscellaneous expenses	228.04	196.57
Total	5,524.66	5,584.35

Payment to auditors (exclusive of service tax/goods & services tax)

Audit fees	22.50	22.50
In other matters	-	-
Total	22.50	22.50

Prime Focus Technologies Limited

25. Finance costs

(Rs in lakh)

	Year ended March 31, 2019	Year ended March 31, 2018
Interest on term loan (including finance lease)	2,584.52	1,531.96
Interest on working capital loans	274.92	283.00
Interest on buyer's credit	0.59	8.18
Interest on optionally convertible debentures	-	842.15
Interest on others	1,617.76	311.07
Finance charges	32.61	81.21
Change in fair value of financial liabilities	30.90	(457.96)
Total	4,541.30	2,599.61

26. Income Taxes

A. Amounts recognised in profit or loss

(Rs in lakh)

	Year ended March 31, 2019	Year ended March 31, 2018
Current tax		
- in respect of current year (a)	-	-
- in respect of prior years (b)	-	255.22
Deferred tax (credit)		
- in respect of current year (c)	(1,050.79)	(1,090.07)
- in respect of prior years (d)	-	(255.22)
Total income tax expense recognised in the current year (a)+(b)+(c)+(d)	(1,050.79)	(1,090.07)

B. Income tax recognised in other comprehensive income

(Rs in lakh)

	Year ended March 31, 2019	Year ended March 31, 2018
Re-measurement of defined benefit obligation (asset)	(4.72)	(3.61)
Tax recognised in other comprehensive income	(4.72)	(3.61)

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

(Rs in lakh)

	March 31, 2019		March 31, 2018	
	% of PBT	Amount	% of PBT	Amount
Loss before tax		(3,008.62)		(3,130.61)
Tax using Company's domestic tax rate	29.12%	(876.11)	34.94%	(1,093.84)
Effect of:				
Deferred tax recognised at 34.944% considering expected utilisation period		(175.22)		-
Non-deductible expenses		0.54		3.77
Income tax expenses recognised in Statement of profit and loss		(1,050.79)		(1,090.07)

Prime Focus Technologies Limited

D. Movement in temporary differences

(Rs in lakh)

	Balance as at March 31, 2017	Recognised in Profit/ loss during 2017-18	Recognised in OCI during 2017-18	Balance as at March 31, 2018	Recognised in Profit/ loss during 2018-19	Recognised in OCI during 2018-19	Balance as at March 31, 2019
Deferred tax liabilities related to:							
Difference between written down values of property, plant & equipment and intangible assets as per books of account and Income tax act, 1961	(11,227.80)	359.60	-	(10,868.20)	366.04	-	(10,502.16)
Lease deposit discounting and equalisation	(74.99)	4.11		(70.88)	11.52	-	(59.36)
	(11,302.79)	363.71	-	(10,939.08)	377.56	-	(10,561.52)
Deferred tax assets related to:							
Provision for gratuity, compensated absences and bonus	130.61	54.46	(3.61)	181.46	26.37	(4.72)	203.11
Unabsorbed loss carried forward	70.28	718.37		788.65	611.35	-	1,400.00
Fair value of IRS	1.44	(1.44)		-	-	-	-
Option value of Optionally convertible debentures (OCD)	63.31	(63.31)		-	-	-	-
Provision for doubtful debts	22.11	20.29		42.40	37.58		79.99
MAT credit entitlement	-	255.22		255.22	-	-	255.22
Tax on share/debenture issue expenses	8.26	(2.01)	-	6.25	(2.08)	-	4.17
	296.01	981.58	(3.61)	1,273.98	673.23	(4.72)	1,942.49
Net deferred tax (liabilities)	(11,006.78)	1,345.29	(3.61)	(9,665.10)	1,050.79	(4.72)	(8,619.03)

Prime Focus Technologies Limited

27. Earnings per share

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

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

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

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

Particulars		Year ended March 31, 2019	Year ended March 31, 2018
Net loss after tax as per statement of profit and loss (A)	Rupees in lakh	(1,957.83)	(2,040.54)
Weighted average number of equity shares for Basic EPS (B)	Number	21,71,578	21,71,578
Basic & diluted earnings per share (A/B)	Rupees	(90.16)	(93.97)

28. Employee Benefits

28.1 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:

Rs. in lakh

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Employer's contribution to provident funds and other funds	430.60	454.93

28.2 Defined benefit plans

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

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

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

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

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

Prime Focus Technologies Limited

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

	(Rs in lakh)	
	As at March 31, 2019	As at March 31, 2018
Defined Benefit Obligation at the beginning of the year	364.60	290.38
Interest Cost	28.62	22.39
Current Service Cost	102.85	107.34
Benefit Paid Directly by the Employer	(68.99)	(45.17)
Actuarial (Gains)/Losses on Obligations-Due to change in demographic assumptions	-	(30.27)
Actuarial (Gains)/Losses on Obligations-Due to change in financial assumptions	4.77	(7.33)
Actuarial (Gains)/Losses on Obligations - Due to Experience	(18.27)	27.26
Defined Benefit Obligation at the end of the year	413.58	364.60

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

	(Rs in lakh)	
	Year ended March 31, 2019	Year ended March 31, 2018
Current Service Cost	102.85	107.34
Net Interest Cost	28.62	22.39
Expenses Recognized	131.47	129.73

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

	(Rs in lakh)	
	Year ended March 31, 2019	Year ended March 31, 2018
Actuarial gains on obligation for the year	(13.50)	(10.34)
Net income For the year recognized in OCI	(13.50)	(10.34)

Actuarial assumptions

	Year ended March 31, 2019	Year ended March 31, 2018
Rate of Discounting (per annum)	7.79%	7.85%
Rate of Salary Increase (per annum)	5.00%	5.00%
Rate of Employee Turnover (per annum)	For service 4 years and below 10.00% p.a. For service 5 years and above 2.00% p.a.	For service 4 years and below 10.00% p.a. For service 5 years and above 2.00% p.a.
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

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

IV. Sensitivity analysis of the defined benefit obligations

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

	March 31, 2019		March 31, 2018	
	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate (1% movement)	(49.88)	60.27	(46.97)	57.09
Future salary appreciation (1% movement)	60.78	(51.35)	57.82	(48.54)
Attrition rate (1% movement)	14.50	(17.18)	13.34	(16.09)

29. Financial instruments

A. Capital Management

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

Prime Focus Technologies Limited

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

The capital structure of the Company consists of borrowings (as detailed in note 15, 17, and 20), offset by cash and bank balances (note 10), and equity of the Company (comprising equity share capital and other equity) detailed in statement of changes in shareholders' equity). The debt equity ratio is 1.22 as on March 31, 2019 (0.94 as on March 31, 2018).

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

B. Financial risk management

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

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

C. Credit risk

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

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

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was Rs. 27,032.63 lakh and ₹ 20,699.63 lakh as at March 31, 2019 and March 31, 2018 respectively, being the total of the carrying amount of the balances with trade receivables, unbilled revenue, loans and other financial assets.

Two customers contribute individually to more than 10% of outstanding trade receivables as at March 31, 2019 amounting to Rs. 2,027.72 lakh (P.Y.- Two customers- Rs. 1,885.14 lakh) and four customers contribute individually to more than 10% of unbilled revenue as that date amounting to Rs. 1,546.03 lakh (P.Y. – Three customers- Rs. 528.90 lakh).

D. Liquidity risk management

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

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

The table below analyses the maturity profile of the Company's financial liabilities. The following break up is based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. For liability maturities more than 12 months, see also note 15 and 16.

Prime Focus Technologies Limited

Liquidity Risk

(Rs in lakh)

	As at March 31, 2019	
	Less than 1 year	More than 1 year
Financial liabilities		
Borrowings	18,838.39	15,925.29
Other financial liabilities	2,487.37	130.81
Trade payables	1,702.29	-
	23,028.05	16,056.10
	As at March 31, 2018	
	Less than 1 year	More than 1 year
Financial liabilities		
Borrowings	10,343.89	17,676.53
Other financial liabilities	1,518.29	-
Trade payables	1,665.01	-
	13,527.19	17,676.53

E. Market risk

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

Foreign currency risk management

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

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

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

Particulars	Foreign currency	As at March 31, 2019		As at March 31, 2018	
	Denomination	Foreign currency	Rs. In lakh	Foreign currency	Rs. In lakh
Financial assets	USD	2,06,34,327	14,303.57	1,44,14,988	9,344.23
	GBP	6,931	6.26	74,471	67.62
	SGD	1,508	0.77	3,308	1.63
	AUD	3,52,359	173.36	8,15,141	405.69
Total			14,483.96		9,819.17
Financial Liabilities	USD	78,472	54.40	2,95,204	191.36
	GBP	69,408	62.66	69,408	63.03
	SGD	6,688	3.42	31,702	15.65
	EUR	34,584	26.89	53,216	42.50
Total			147.37		312.54
Net exposure			14,336.59		9,506.63

5% appreciation/ depreciation of respective foreign currencies with respect to functional currency of the Company would result in decrease/ increase in the Company's profit before tax by approximately Rs. 716.83 lakh for the year ended March 31, 2019 [March 31, 2018: ₹ 475.33 lakh]. This sensitivity analysis includes only outstanding foreign currency denominated monetary items.

Prime Focus Technologies Limited

Interest rate risk management

The Company is exposed to interest rate risk because in the Company borrows funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. The sensitivity analysis for exposure to interest rates on borrowings as at the end of the reporting period indicates that a 50 basis point increase in floating interest rates at the reporting date would have decreased equity and profit for the year by Rs. 108.18 lakh and ₹ 103.02 lakh for March 31, 2019 and March 31, 2018 and a 50 basis point decrease in floating interest rates at the reporting date would have increased equity and profit by the same amount respectively.

F. Fair value measurements

A. Accounting classifications and fair values

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

Particulars	(Rs. In lakh)			
	Carrying Value		Fair Value	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
FINANCIAL ASSETS				
Financial assets measured at amortised cost				
Trade receivables	4,770.09	4,261.78	-	-
Cash and cash equivalents	309.11	47.63	-	-
Other balances with Banks	56.45	930.58	-	-
Loans	11,687.32	8,722.40	-	-
Investments	5,868.50	5,497.01	-	-
Other financial assets	10,584.22	7,715.45	-	-
	33,275.69	27,174.85	-	-
FINANCIAL LIABILITIES				
Financial liabilities measured at fair value				
Non convertible redeemable preference shares (NCRPS)	277.38	-	277.38	Level 3
Financial liabilities measured at amortised cost				
Borrowings	34,763.68	28,020.42	-	-
Other financial liabilities	2,340.80	1,518.29	-	-
Trade payables	1,702.29	1,665.01	-	-
	39,084.15	31,203.72	-	-

	Fair value as at		Fair Value Hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Rs. in lakh Relationships of unobservable inputs to fair value
	As at March 31, 2019	As at March 31, 2018				
(Financial Assets) /Financial Liabilities						
NCRPS	277.38	-	Level 3	Discounted cash flow method was used to capture present value	Discount rate and probable cash flow	The higher the expected returns, the higher the fair value. The Higher the discount rate, lower the fair value
	277.38	-				

Reconciliation of level 3 fair values

	(Rs. In lakh)
Opening balance as at March 31, 2017 (Financial Liabilities)	457.96
Reversal on repayment of OCD's	(457.96)
Closing balance as at March 31, 2018 (Financial Liabilities)	-
NCRPS issued during the year	246.48
Change in fair value of NCRPS	30.90
Closing balance as at March 31, 2019 (Financial Liabilities)	277.38

Prime Focus Technologies Limited

30. Share based payments

The Company has granted employee stock options under employee's stock options scheme. Each option entitles the holder to one equity share of Rs. 10 each. 2,12,661 options were outstanding as at March 31, 2019 (Previous year 1,90,970). 34,000 (Previous year 47,091) options were granted during the year. Such options entitle the holders to one equity share of Rs. 10/- for each option granted with vesting period of 1 to 4 years, exercised period of 5 years and exercise price of Rs. 3,996/-. From options granted, 23,416 were vested during the year (Previous year 79,954)

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

Particulars	March 31, 2019		March 31, 2018	
	Numbers of options	Weighted average exercise price	Numbers of options	Weighted average exercise price
Outstanding at the beginning of the year	1,90,970	2,679	2,03,019	2,415
Granted during the year	34,000	3,987	47,091	3,996
Lapsed/ forfeited during the year	10,620	2,960	59,140	2,823
Exercised during the year	-	-	-	-
Expired during the year	22,744	662	-	-
Outstanding at the end of the year	1,91,606	3,132	1,90,970	2,679
Exercisable at the end of the year	1,09,899	2,567	1,13,165	2,043

For stock options outstanding as at March 31, 2019 the range of exercise price is Rs. 263 to Rs. 4,478 and weighted average remaining contractual life is 5.07 years and vesting period of 1 to 4 years

Weighted average fair value of options granted during the year is Rs. 1,095.7

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

Option Pricing Model used – Black-Scholes-Merton formula

Weighted average fair value of share – Rs. 3,236.10/- per share

Expected volatility – 27.2% - 28.7%

Option life – 6 - 10 years

Expected dividends – 0% yield

Risk-free interest rate – 7.2% – 7.7% p.a.

During the year, Company recorded an additional amount of Rs. 257.72 lakh on account of the extension of the exercise period for outstanding options under ESOP Scheme 2012 from 3 years to 5 years. The said extension was approved by the shareholders at the Annual General Meeting of the Company held on September 28, 2018. The Company has followed the fair value method to account for the grant of stock options and charge for the year ended March 31, 2019 is Rs. 459.88 lakh (March 31, 2018: Rs. 215.29 lakh).

Prime Focus Technologies Limited

31. Related Party disclosure

(i) List of parties where control exists:

A) Holding Company

Prime Focus Limited

B) Subsidiary Companies

Prime Focus Technologies UK Limited

Prime Focus Technologies Inc

Apptarix Mobility Solutions Pvt. Ltd.

C) Step-down subsidiary

DAX PFT, LLC

DAX Cloud, ULC

Prime Focus Post (Europe) Ltd.

Prime Focus MEAD FZ LLC

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

A) Holding Company

Prime Focus Limited

B) Subsidiary Companies

Prime Focus Technologies UK Limited

Prime Focus Technologies Inc

Apptarix Mobility Solutions Pvt. Ltd.

C) Fellow Subsidiaries

Double Negative India Private Limited

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

Gener8 India Media Services Limited

PF Digital Media Services Ltd.

D) Key Management Personnel

Mr. Ganesh V. Sankaran

Whole Time Director upto 14 Aug 2018

Ramakrishnan Sankaranarayanan

Whole Time Director

Raghunath Mohanrao

Chief Operating Officer

Vikas Rathee

Chief Financial Officer upto 14 Sep 2018

Sanket Limbachiya

Company Secretary

E) Key Management Personnel of Ultimate Holding Company

Mr. Naresh Malhotra

Prime Focus Technologies Limited

iii) Key Management Personnel*

Rs. In lakh

	Year Ended March, 31 2019	Year Ended March, 31 2018
Remuneration		
Ganesh V. Sankaran	5.51	11.77
Ramakrishnan Sankaranarayanan #	-	73.75
Raghunath Mohanrao	83.86	83.28
Sanket Limbachiya	8.93	3.48

Includes impact of increments

Rs. In lakh

	As at March, 31 2019	As at March, 31 2018
Balance Outstanding at the year end – Remuneration Payable		
Ganesh V. Sankaran	-	0.82
Raghunath Mohanrao	4.12	4.12
Sanket Limbachiya	0.74	0.68

iv) Holding Company

Rs. In lakh

	Year Ended March, 31 2019	Year Ended March, 31 2018
Revenue	0.83	0.54
Technical Service charges	-	49.13
Interest expense	1,086.66	136.14
Interest income	900.00	-
Loan taken	6,061.48	10,689.43
Loan repaid	4,887.53	4,689.43
Reimbursement of expenses (net)	188.22	107.56
Security deposit given	-	6,000.00

Rs. In lakh

	As at March, 31 2019	As at March, 31 2018
Balance outstanding at the year end		
Trade / Other Payable	16.98	33.74
Security deposit receivable	6,000.00	6,000.00
Loan payable	7,173.95	6,000.00
Guarantees	22,900.00	22,900.00

Prime Focus Technologies Limited

v) **Subsidiary Companies**

Rs. In lakh

	Year Ended March, 31 2019	Year Ended March, 31 2018
Revenue		
Prime Focus Technologies UK Limited	-	35.00
Prime Focus Technologies, Inc.	854.65	243.85
Loans Given		
Prime Focus Technologies, Inc.	2,822.00	5,805.55
Loans Received Back		
Prime Focus Technologies, Inc.	661.14	-
Investment in Preference Shares (Refer note 13(a))		
Prime Focus Technologies UK Limited	-	261.53
Investment in Equity Shares		
Prime Focus Technologies, Inc.	-	2,255.02
Reimbursement of expenses (net)		
Prime Focus Technologies, Inc.	146.42	49.46
Prime Focus Technologies UK Limited	-	9.51
Interest on loans given		
Prime Focus Technologies, Inc.	1,644.48	225.79
Guarantees given		
Prime Focus Technologies, Inc.	7,625.31	-
Prime Focus Technologies UK Limited	-	2,724.20

Rs. In lakh

	As at March, 31 2019	As at March, 31 2018
Balance outstanding at the year end		
Trade Receivable		
Prime Focus Technologies UK Limited	-	38.20
Prime Focus Technologies, Inc.	209.35	153.71
Unbilled Revenue		
Prime Focus Technologies, Inc.	500.00	-
Advances Receivable		
Prime Focus Technologies, Inc.	18.56	49.96
Prime Focus Technologies UK Limited	-	22.61
Loans		
Prime Focus Technologies, Inc.	11,681.32	8,722.40
Interest receivable		
Prime Focus Technologies, Inc.	1,956.57	297.75
Corporate Guarantees Given		
Prime Focus Technologies, Inc.	7,625.31	2,592.92
Prime Focus Technologies UK Limited	-	2,724.20
Investments		
Prime Focus Technologies, Inc.	3,176.35	3,176.35
Prime Focus Technologies UK Limited	2,320.66	2,320.66

Prime Focus Technologies Limited

vi) Fellow Subsidiary companies

Rs. In lakh

	Year Ended March, 31 2019	Year Ended March, 31 2018
Revenue		
Double Negative India Private Limited	0.55	-
PF Digital Media Services Pvt Ltd.	0.07	-
Reimbursement of expenses (net)		
Double Negative India Private Limited	13.13	10.87
DNEG Creative Services Private Limited	28.23	26.22
Interest on loans (net)		
Gener8 India Media Services Limited (net of interest income of Rs. 14.82 lakh for Mar 31, 2018)	394.27	106.71
PF Digital Media Services Pvt Ltd.	133.79	-
Loans Given		
Gener8 India Media Services Limited	-	6,343.14
Repayment of loans given		
Gener8 India Media Services Limited	-	6,343.14
Loan taken		
Gener8 India Media Services Limited	15,876.44	8,498.75
Repayment of loans taken		
Gener8 India Media Services Limited	10,358.69	8,498.75

Rs. In lakh

	As at March, 31 2019	As at March, 31 2018
Balance outstanding at the year end		
Loan payable		
PF Digital Media Services Pvt Ltd.	5,517.75	-
Interest payable		
PF Digital Media Services Pvt Ltd.	368.00	-
Trade / Other Payable		
Gener8 India Media Services Limited	96.45	90.19
PF Digital Media Services Pvt Ltd.	0.08	-
Advances receivable		
DNEG Creative Services Private Limited	2.36	-
Double Negative India Private Limited	2.49	-

vii) Key Management Personnel of Holding Company

Rs. In lakh

	Year Ended March, 31 2019	Year Ended March, 31 2018
Personal guarantee given by Naresh Malhotra	18,782.73	19,441.87

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

Under ESOP Scheme, NIL options were granted to Key management personnel in current year (previous year- NIL).

The stock options outstanding for KMP's as at March 31, 2019 is 28,000 and as at March 31, 2018 is 28,000 and employee stock option expense for the year March 31, 2019 is Rs. 39.58 lakh (previous year Rs. 40.21 lakh).

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

Prime Focus Technologies Limited

32. Operating lease arrangements

The Company has taken certain assets (premises and furniture and fixtures) on cancellable operating lease basis. The tenure of the lease ranges from 11 to 105 months. Amount of lease rental charged to the Statement of Profit and Loss in respect of cancellable operating leases is Rs. 493.02 lakh (Previous year: Rs 537.25 lacs).

Amount of lease rentals charged to the Statement of Profit and Loss in respect of non-cancellable operating lease of office premises is Rs. 1,303.64 lakh (Previous Year: Rs. 1,349.08 lacs).

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

	(Rs in lakh)	
	As at March 31, 2019	As at March 31, 2018
Lease payments due within one year	1,304.66	1,336.35
Lease payments due later than one and not later than five years	3,048.90	4,366.84
Lease payments due later than five years	-	-
Total	4,353.56	5,703.19

33. The Company has incurred loss of Rs. 3,008.62 Lakh during the year ended March 31, 2019 and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 15,210.86 lakh. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The Company has positive cash flow projections based on its annual business operations plan, based on existing projects & projects pipeline and also cost reduction measures undertaken by the company. Further, Prime Focus Ltd, the holding company, has also provided a financial support letter to the Company to provide support in settlement of its liabilities in the next year, if required. On the basis of annual cash flow projections and the financial support letter provided by the holding company, the financial statements of the Company have been prepared on a going concern basis.
34. On September 30, 2018, Company acquired 100% shares of Apptarix Mobility Solution Private Limited, an OTT technology product innovator. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of Rs. 125 lakh and contingent consideration of up to Rs. 375 lakh in the form of Non-convertible redeemable preference shares (NCRPS). The fair value of contingent consideration on the date of acquisition is Rs. 246.48 lakh. Total fair value of consideration is Rs. 371.18 lakh. The value of NCRPS as on March 31, 2019 was Rs. 277.38 lakh.

Prime Focus Technologies Limited

35. Contingent Liabilities and commitments

i. Capital Commitments

(Rs in lakh)

Particulars	As at March 31, 2019	As at March 31, 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for:	45.29	77.98

ii. Contingent Liabilities:

- Corporate guarantee given to YES bank for credit facilities taken by Prime Focus Technologies Inc. US, wholly owned subsidiary amounting to Rs. 7,625.31 lakh (March 31, 2018 Rs. NIL)
- Corporate guarantee given to EXIM bank for credit facilities taken by Prime Focus Technologies Inc. US, wholly owned subsidiary amounting to Rs. NIL (March 31, 2018 Rs. 2,592.92 lacs)
- Corporate guarantee given to Bank of India for credit facilities taken by Prime Focus Technologies UK Limited, wholly owned subsidiary amounting to Rs. NIL (March 31, 2018 Rs. 2,724.20 lacs)

36. Segment Reporting

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

37. Capitalisation of expenditure

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

(Rs. in lakh)

Particulars	March 31, 2019	March 31, 2018
Opening Balance	2,172.51	14.98
Add:		
Employee Benefit expenses	2,106.74	2,083.84
Direct overheads	73.69	73.69
	2,184.48	2,172.51
Less: capitalised	3,950.65	-
Closing Balance	402.29	2,172.51

38. Corporate Social Responsibilities (CSR)

- Gross amount required to be spent by the Company during the year Rs. NIL (Previous year Rs. 17.93 lakh)
- Amount spent during the year;

Particulars	March 31, 2019	March 31, 2018
Construction/acquisition of any assets	-	-
On purpose other than above	-	-

Prime Focus Technologies Limited

39. According to the records available with the Company, there were no transactions and dues payable to entities that are classified as Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006.

40. Event after the reporting period

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

41. 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

**Ramakrishnan
Sankaranarayanan
Director
DIN :- 02696897**

**Nishant Fadia
Director
DIN :- 02648177**

**Sanket Limbachaya
Company Secretary**

**Place: Mumbai
Date: May 29, 2019**