

INDEPENDENT AUDITOR'S REPORT To The Members of Prime Focus Technologies Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Prime Focus Technologies Limited ("the Parent") and its subsidiaries, (the Parent/ Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditor on separate financial statements of the subsidiaries referred to in the Other Matter section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March 2020, their consolidated loss, their consolidated total comprehensive loss, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of his reports referred to in the Other Matter section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.



Material uncertainty related to Going Concern

We draw attention to Note 33 to the consolidated financial statements, which indicates that the Group has incurred a net loss of Rs. 9,829.59 Lakh during the year ended 31st March, 2020 and as of that date, the Group's current liabilities exceeded its current assets by Rs. 22,668.84 Lakh. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. However, the financial statements of the Group have been prepared on a going concern basis taking into account the support letter from Prime Focus Limited (Holding Company) and their cash flow projections.

Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the board's report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries audited by the other auditor, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditor and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to subsidiaries, is traced from their financial statements audited by the other auditor.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have



been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



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- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by the other auditor, such other auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

We did not audit the financial statements of seven subsidiaries, whose financial statements, before giving effect to the consolidation adjustments, reflect total assets of Rs. 30,038.37 Lakh as at 31st March, 2020, total revenues of Rs. 8,248.32 Lakh and net cash outflows amounting to Rs. 1,106.12 Lakh for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditor.

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



Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditor on the separate financial statement of subsidiaries referred to in the Other Matter section above we report, to the extent applicable that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditor.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) The matter described in the Material uncertainty related to Going Concern section above, in our opinion, may have an adverse effect on the functioning of the Group.
- f) On the basis of the written representations received from the directors of the Parent as on 31st March, 2020 taken on record by the Board of Directors of the Parent and the report of the statutory auditor of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- g) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent and subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, there was no remuneration paid to any directors during the year by the Parent.



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- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i) There were no pending litigations which would impact the consolidated financial position of the Group.
 - ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent and its subsidiary company incorporated in India.

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



Abhijit A. Damle
Partner
(Membership No. 102912)
(UDIN: 20102912AAAAEM6312)

Place: Mumbai
Date: 30th July, 2020

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PRIME FOCUS TECHNOLOGIES LIMITED**

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

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31st March, 2020, we have audited the internal financial controls over financial reporting of Prime Focus Technologies Limited (hereinafter referred to as "Parent") and its subsidiary company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the subsidiary company, which is company incorporated in India, in terms of his report referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary company, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor referred to in the Other Matter paragraph below, the Parent and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary company, which is a company incorporated in India, is based solely on the corresponding report of the other auditor of such company incorporated in India.

Our opinion is not modified in respect of the above matter.

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



Abhijit A. Damle
Partner
(Membership No. 102912)
(UDIN: 20102912AAAAEM6312)

Place: Mumbai
Date: 30th July, 2020

Prime Focus Technologies Limited
Consolidated Financial Statements

Consolidated Balance Sheet as at March 31, 2020


(Rs in lakh)

ASSETS	Notes	As at March 31, 2020	As at March 31, 2019
1. Non-current assets			
(a) Property, plant and equipment	4	5,296.42	6,296.26
(b) Capital work-in-progress		1,237.06	385.80
(c) Goodwill	5a	12,487.33	11,686.75
(d) Other intangible assets	5	38,672.40	37,773.99
(e) Right-to-use assets	6	4,846.31	-
(f) Intangible assets under development	36	734.30	2,520.59
(g) Financial assets			
(i) Other financial assets	9	6,872.93	6,778.44
(h) Income tax assets (net)		3,262.32	2,009.65
(i) Other non-current assets	10	69.32	120.34
Total Non-current assets		73,478.39	67,571.82
2. Current assets			
(a) Financial assets			
(i) Trade receivables	7	7,054.38	13,525.42
(ii) Cash and cash equivalents	8 a	545.11	1,838.77
(iii) Bank balances other than (ii) above	8 b	424.45	56.45
(iv) Other financial assets	9	3,356.11	6,184.63
(b) Income tax assets (net)		-	1,012.23
(c) Other current assets	10	2,862.14	2,088.26
Total Current assets		14,242.19	24,705.76
Total assets		87,720.58	92,277.58
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	11	217.16	217.16
(b) Other equity	12	19,665.87	28,347.33
Total Equity		19,883.03	28,564.49
Liabilities			
1. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	18,938.55	21,489.88
(ii) Lease liabilities	32	6,381.35	2,982.78
(iii) Other financial liabilities	14	260.76	130.81
(b) Deferred tax liabilities (net)	24	4,535.16	8,619.03
(c) Provisions	16	570.59	463.77
(d) Other non-current liabilities	17	240.11	415.78
Total Non-current liabilities		30,926.52	34,102.05
2. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	20,751.68	16,979.55
(ii) Lease liabilities	32	2,744.93	1,403.62
(iii) Trade payables			
- Total outstanding dues to micro enterprises and small enterprises		52.26	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		3,951.96	2,761.71
(iv) Other financial liabilities	15	6,819.38	6,315.71
(b) Provisions	16	13.00	30.23
(c) Current tax liabilities		13.66	293.72
(d) Other current liabilities	17	2,558.16	1,826.50
Total current liabilities		36,911.03	29,611.04
Total liabilities		67,837.55	63,713.09
Total equity and liabilities		87,720.58	92,277.58

See accompanying notes to the consolidated financial statements 1 to 39

In terms of our report attached


For Deloitte Haskins & Sells
Chartered Accountants


Abhijit A. Damle
Partner




Place: Mumbai
Date: July 30, 2020

For and on behalf of the Board of Directors


Ramakrishnan
Sankaranarayanan
Director
DIN :- 02696397


Nishant Fadia
Director
DIN :- 02648177


Shanket Limbachaya
Company Secretary



Prime Focus Technologies Limited
Consolidated Financial Statements

Consolidated Statement of Profit and Loss for the year ended March 31, 2020		(Rs in lakh)	
Particulars	Notes	For the year ended March 2020	For the year ended March 2019
Income			
Revenue from operations	19	29,059.44	29,061.63
Other income	20	1,389.10	1,149.86
Total income		30,448.54	30,211.49
Expenses			
Employee benefits expense	21	14,126.57	13,761.64
Employee stock option expense		660.65	459.88
Technical service cost		4,946.39	4,502.51
Depreciation and amortisation expense	4, 5 & 6	7,168.68	5,365.23
Other expenditure	22	11,305.92	8,623.36
Finance costs	23	6,155.73	5,527.45
Exchange loss		28.66	13.17
Total expenses		44,392.60	38,253.24
Loss before tax		(13,944.06)	(8,041.75)
Tax expense			
Current tax		(281.55)	10.90
Deferred tax (credit)		(3,832.92)	(1,050.79)
Total tax credit	24	(4,114.47)	(1,039.89)
Loss for the year		(9,829.59)	(7,001.86)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurements of defined benefit plans		(72.21)	13.50
Income tax relating on above		16.52	(4.72)
Items that will be reclassified to profit or loss			
Exchange difference in translating the financial statements of foreign operations		961.18	1,298.43
Total other comprehensive income		905.49	1,307.21
Total other comprehensive loss for the year		(8,924.10)	(5,694.65)
Earnings per equity share of face value of Rs. 10/- each Basic and diluted (in rupees)	26	(452.65)	(322.43)

See accompanying notes to the consolidated financial statements 1 to 39

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



Abhijit A. Damle
Partner

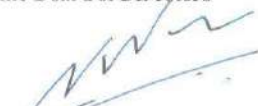


Place: Mumbai
Date: July 30, 2020

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
Consolidated Financial Statements

Consolidated statement of Changes in Equity for the year ended March 31, 2020

A. Equity Share Capital

(Rs in lakh)

Particulars	Amount
Balance as at March 31, 2018	217.16
Change in equity share capital during the year	-
Balance as at March 31, 2019	217.16
Change in equity share capital during the year	-
Balance as at March 31, 2020	217.16

B. Other Equity

(Rs in lakh)

Particulars	Reserves and Surplus					Other comprehensive income-Foreign currency translation reserve	Total
	Securities Premium Reserve	General Reserve	Share options outstanding account	Compulsorily convertible debentures	Retained earnings		
Balance as at March 31, 2018	4,438.76	1,870.75	685.62	3,000.00	23,574.65	12.32	33,582.10
Loss for the year	-	-	-	-	(7,001.80)	-	(7,001.80)
Related to employee stock options	-	-	459.88	-	-	-	459.88
On lapse/forfeiture of vested options	-	-	(73.09)	-	73.09	-	-
Other comprehensive income	-	-	-	-	8.78	1,298.43	1,307.21
Balance as at March 31, 2019	4,438.76	1,870.75	1,072.41	3,000.00	16,654.66	1,310.75	28,347.33
Loss for the year	-	-	-	-	(9,829.59)	-	(9,829.59)
Transition impact of Ind AS 116 implementation	-	-	-	-	(418.01)	-	(418.01)
Related to employee stock options	-	-	660.65	-	-	-	660.65
On lapse/forfeiture of vested options	-	-	(25.09)	-	25.09	-	-
Other comprehensive income	-	-	-	-	(55.69)	961.18	905.49
Balance as at March 31, 2020	4,438.76	1,870.75	1,707.97	3,000.00	6,376.46	2,271.93	19,665.87

See accompanying notes to the consolidated financial statements 1 to 39

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

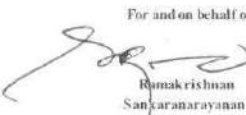


Abhijit A. Damle
Partner




Place: Mumbai
Date: July 30, 2020

For and on behalf of the Board of Directors


Ramakrishnan
Sanakaranarayanan

Director
DIN :- 02696897


Sanket Limbachaya
Company Secretary


Nishant Fadnis

Director
DIN :- 02648177



Prime Focus Technologies Limited
Consolidated Financial Statements

Consolidated Cash flow statement for the year ended March 31, 2020

Particulars	(Rs in lakh)	
	Year Ended March 31, 2020	Year Ended March 31, 2019
Cash flow from Operating activities		
Loss before tax	(13,944.06)	(8,041.75)
Adjustments for:		
Depreciation and amortization expense	7,168.68	5,365.23
Net gain on sale of property, plant and equipment	-	(39.83)
Provision for doubtful debts	1,781.38	119.79
Bad debts written off	1,911.27	
Interest income	(1,305.76)	(1,073.81)
Finance cost	6,155.73	5,527.45
Employee stock options expense	660.65	459.88
Unrealised exchange difference	(476.42)	466.46
Operating profit before working capital changes	1,951.47	2,783.42
Changes in working capital :		
Increase in trade and other payables	1,668.42	194.33
Decrease in Inventory	-	7.40
Decrease/ (Increase) in trade and other receivables	4,676.41	(4,487.84)
Cash generated from/(used in) operations	8,296.30	(1,502.70)
Income taxes paid (net of refunds)	(94.14)	(952.84)
Net cash flow generated from/(used in) operating activities (A)	8,202.16	(2,455.53)
Cash flow from investing activities		
Purchase/development of Property, plant & equipment and Intangible assets	(3,716.11)	(5,386.51)
Proceeds from sale of Property, plant & equipment	-	72.86
Margin money and fixed deposits under lien	(368.00)	874.13
Interest received	1,283.43	886.36
Payment on acquisition of subsidiary (including deferred consideration)	-	(1,299.27)
Net cash flow used in investing activities (B)	(2,800.68)	(4,852.43)

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Prime Focus Technologies Limited
Consolidated Financial Statements

Consolidated Cash flow statement for the year ended March 31, 2020

Particulars	(Rs in lakh)	
	Year Ended March 31, 2020	Year Ended March 31, 2019
Cash flow from financing activities		
Proceeds from non-current borrowings	-	11,482.98
Repayment of non-current borrowings	(2,937.38)	(3,660.12)
Proceeds from current borrowings	3,772.13	6,575.56
Interest paid on borrowings	(4,756.76)	(4,420.08)
Interest paid on lease liability	(858.84)	(203.97)
Repayment of lease liability	(1,914.29)	(841.26)
Net cash (used in)/generated from financing activities (C)	(6,695.14)	8,933.11
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(1,293.66)	1,625.15
Cash and cash equivalents at the beginning of the year	1,838.77	213.62
Cash and cash equivalents at the end of the year (Refer note 8.a)	545.11	1,838.77

Notes:

Non-cash transaction:

a. During the previous year, the Company acquired 100% shares of Aptarix Mobility Solution Private Limited, The purchase consideration included cash payment of Rs. 125.00 lakh and Non-convertible redeemable preference shares value at Rs. 246.49 lakh.

b. Disclosure as required by IND AS 7 are as follows:

Borrowing- Term loan (including current maturities)	31-Mar-20	31-Mar-19
Opening	24,980.72	20,419.12
Cash flow	(2,937.38)	4,437.65
Non cash movement	768.24	123.95
Closing	22,811.58	24,980.72

Borrowing- Current	31-Mar-20	31-Mar-19
Opening	16,979.55	10,403.99
Cash flow	3,772.13	6,575.56
Non cash movement	-	-
Closing	20,751.68	16,979.55

See accompanying notes to the consolidated financial statements 1 to 39

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



Abhijit A. Damle

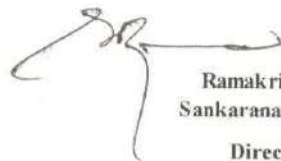
Partner



Place: Mumbai

Date: July 30, 2020

For and on behalf of the Board of Directors



Ramakrishnan
Sankaranarayanan

Director

DIN :- 02696897


Sanket Limbachaya
Company Secretary



Nishant Fadia

Director

DIN :- 02648177



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Corporate information

Prime Focus Technologies Limited ('the Company and 'the Holding Company') and all its subsidiaries (collectively referred to as 'Group') are engaged in the business of providing digital technological solutions to the sports, film, broadcast, advertising and media industries. Prime Focus Limited is the Holding Company, with subsidiaries as in note 1.1 below. The address of the Company's registered office is Prime Focus Technologies Limited, True North, Plot no 63, Road No 13, Opp. Hotel Tunga Paradise MIDC, Andheri (East), Mumbai – 400093, India.

1.1 Subsidiaries of the Group

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

Name of subsidiaries	Principal activity	Country of incorporation	Current year percentage of holding	Previous period percentage of holding
Prime Focus Technologies UK Limited	Digital Asset Management	England & Wales	100%	100%
Prime Focus Technologies Inc.	Post Production Services	USA	100%	100%
Apptarix Mobility Solutions Pvt Ltd	Technology and Software services	India	100%	NA
Subsidiary Company of Prime Focus Technologies Inc.				
DAX PFT LLC	Pre-production	USA	100%	100%
Subsidiary Company of DAX PFT LLC				
DAX Cloud ULC	Pre-production	Canada	100%	100%
Subsidiary Company of Prime Focus Technologies UK Limited				
Prime Post (Europe) Limited	Content management services	England & Wales	100%	100%
Prime Focus MEAD FZ LLC	Content management services	UAE	100%	NA

2. Significant accounting policies

2.1 Statement of compliance

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

2.2 Basis of preparation

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

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

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

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

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



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

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

2.3 Use of Estimates

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

2.4 Basis of Consolidation

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

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

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

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

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

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

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

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

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

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

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii)



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

2.5 Business Combinations

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

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

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

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

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

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

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

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



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

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

2.6 Goodwill

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

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

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

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

2.7 Revenue recognition

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

2.7.1 Rendering of services

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

Revenue from technical services, 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'.

2.7.2 Dividend and interest income

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

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



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2.8 Leasing

The Group evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116.

The Group as a lessee

The Group enters into an arrangement for lease of buildings, plant and machinery & computer software. Such arrangements are generally for a fixed period but may have extension or termination options. The Group assesses, whether the contract is, or contains, a lease, at its inception. A contract is, or contains, a lease if the contract conveys the right to –use.

- a) control the use of an identified asset,
- b) obtain substantially all the economic benefits from use of the identified asset, and
- c) direct the use of the identified asset

The Group determines the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend the lease, where the Group is reasonably certain to exercise that option.

The Group at the commencement of the lease contract recognizes a Right-to-Use (RTU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term leases) and low-value assets. For these short term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

The cost of the right-to-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease, plus any initial direct costs, less any lease incentives received.

Subsequently, the right-to-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-to-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-to-use asset. The estimated useful life of right-to-use assets are determined on the same basis as those of property, plant and equipment.

The Group applies Ind AS 36 to determine whether an RTU asset is impaired and accounts for any identified impairment loss. Refer 2.16 below.

For lease liabilities at the commencement of the lease, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate that the Group would have to pay to borrow funds, including the consideration of factors such as the nature of the asset and location, collateral, market terms and conditions, as applicable in a similar economic environment.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The Group recognizes the amount of the re-measurement of lease liability as an adjustment to the right-to-use assets. Where the carrying amount of the right-to-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognizes any remaining amount of the re-measurement in statement of profit and loss.

Lease liability payments are classified as cash used in financing activities in the statement of cash flows.

2.9 Foreign currencies transactions and translations

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

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

- exchange differences on foreign currency borrowings relating to assets under construction for further productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

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

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

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

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

2.10 Borrowing costs

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

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

2.11 Employee benefits

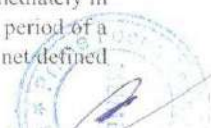
2.11.1 Retirement benefit costs and termination benefits

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



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

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

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

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

2.11.2 Short-term and other long-term employee benefits

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

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

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

2.12 Share-based payment arrangements

2.12.1 Share-based payment transactions of the Group

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

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

2.13 Taxation

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

2.13.1 Current tax

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

2.13.2 Deferred tax

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

The Company has opted for the lower tax rate regime u/s 115BAA of the Income Tax, 1961 and hence, MAT asset recognised of Rs 255.22 lakh has been charged off during the current year.



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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.

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

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

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

2.13.3 Current and deferred tax for the year

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

2.14 Property, plant and equipment (PPE) and depreciation

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

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

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

Leasehold improvement are depreciated over the lease term.

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

2.15 Intangible assets and amortisations

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

Software

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

2.15.1 Intangible assets acquired separately

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



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2.15.2 Internally-generated intangible assets – research and development expenditure

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

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

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

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

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

2.15.3 Intangible assets acquired in a business combinations

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

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

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

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

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

2.15.4 De-recognition of intangible assets

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

2.16 Impairment of tangible and intangible assets other than goodwill

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

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

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



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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.

2.17 Inventories

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

2.18 Provisions

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

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

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

2.18.1 Onerous contracts

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

2.18.2 Contingent liabilities acquired in a business combination

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

2.19 Financial instruments

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

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

2.20 Financial assets

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

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



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2.20.1 Classification of financial assets

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

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

For the impairment policy on financial assets measured at amortised cost, refer note 2.20.5

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

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

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

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

All other financial assets are subsequently measured at fair value.

2.20.2 Effective interest method

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

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

2.20.3 Investments in equity instruments at FVTOCI

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

A financial asset is held for trading if:

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

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

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

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



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

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

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

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

2.20.5 Impairment of financial assets

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

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

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

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

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

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

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

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

2.20.6 De-recognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the



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transferred asset, the Group recognises its retained interest in the asset and an associated liability for the amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also a collateralised borrowing for the proceeds received.

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

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

2.20.7 Foreign exchange gains and losses

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

2.21 Financial liabilities and equity instruments

2.21.1 Classification as debt or equity

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

2.21.2 Equity instruments

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

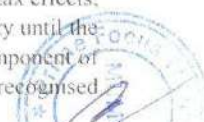
Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

2.21.3 Compound financial instruments

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

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

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently re-measured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised



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in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

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

2.21.4 Financial liabilities

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

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

2.21.4.1 Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

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

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

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

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 Group that are designated by the Group as at fair value through profit or loss are recognised in profit or loss.

2.21.4.2 Financial liabilities subsequently measured at amortised cost

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments



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(including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.21.4.3 Financial guarantee contracts

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

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

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

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

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

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

2.21.4.5 Foreign exchange gains and losses

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

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

2.21.4.6 De-recognition of financial liabilities

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

2.22 Derivative financial instruments

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

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

2.22.1 Embedded derivatives

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

2.23 Offsetting

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

2.24 Cash & cash equivalents

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

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

2.25 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 Group.

2.26 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.

2.27 New accounting standards adopted:

1. Ind AS 116 – Leases

On April 1, 2019, the Group has adopted Ind AS 116, Leases, which, applied to all lease contracts outstanding as at April 1, 2019, using modified retrospective method by recording the cumulative effect of initial application as an adjustment to opening retained earnings. The Group has made use of the following practical expedients available in its transition to Ind AS 116 –

(a) The Group will not reassess whether a contract is or contains a lease. Accordingly, the definition of lease in accordance with Ind AS 17 will continue to be applied to lease contracts entered by the Group or modified by the Group before April 1, 2019.

(b) The Group has applied a single discount rate to a portfolio of leases of similar assets in similar economic environment. Consequently, the Group has recorded its lease liability using the present value of remaining lease payments, discounted using the incremental borrowing rate at the date of initial application and the right-to-use asset at its carrying amount as if the standard had been applied since the commencement date of the lease but discounted using the incremental borrowing rate at the date of initial application.

(c) The Group excluded the initial direct costs from measurement of the RTU asset;

(d) The Group does not recognize RTU assets and lease liabilities for leases with less than twelve months of lease term and low-value assets on the date of initial application.

The weighted average rate of discount applied to lease liabilities accounted on transition to Ind AS 116 as at April 1, 2019 is 14%.

On adoption of Ind AS 116;

a) the Group had recognized right-to-use assets Rs. 3,629.97 Lakh and corresponding lease liabilities Rs. 4,362.47 Lakh.

b) the net carrying value of assets procured under the finance lease Rs. 1,611.58 Lakh (gross carrying and accumulated depreciation value of Rs. 3,948.40 Lakh and Rs. 2,336.82 Lakh, respectively) have been reclassified from property, plant and equipment and intangible assets to right-of-use assets.

c) the obligations under finance leases of Rs. 4,386.40 (non-current and current obligation under finance leases Rs. 2,982.78 Lakh and Rs. 1,403.62 lakh respectively) have been reclassified to lease liabilities.



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d) prepaid rent on buildings, which were earlier classified under "Other Assets" have been reclassified to right-to-use assets by Rs. 98.32 Lakh.

The adoption of the new standard has resulted in a reduction of Rs. 418.01 Lakh in retained earnings, net of deferred tax asset of Rs. 224.98 Lakh.

During the year ended March 31, 2020, the Group recognized in the statement of profit and loss

a) Depreciation expense from right-to-use assets (including assets taken on lease accounted for as finance lease under Ind AS 17 till previous year) of Rs. 1,499.71 Lakh (Refer to Note 6)

b) Interest expenses on lease liabilities of Rs. 869.70 Lakh

c) Rent expense amounting to Rs. 1,396.30 Lakh pertaining to leases with less than twelve months of lease term has been included under other expenses

Refer to Note 6 for additions to right-to-use assets during the year ended March 31, 2020 and carrying amount of right-to-use assets as at March 31, 2020 by class of underlying asset.

Lease payments during the year are disclosed under financing activities in the statement of cash flows.

On adoption of Ind AS 116, the operating lease rentals charged for the year of Rs. 1,129.01 Lakh, is now substituted by an amortization charge of Rs. 892.19 lakh and finance costs of Rs. 573.25 lakh. Net impact is increase in charge for the year is Rs. 336.43 Lakh.

The difference between the lease obligation disclosed as of March 31, 2019 under Ind AS 17 and the value of the lease liabilities as of April 1, 2019 is primarily on account of application of definition of lease term and discounting the lease liabilities to the present value in accordance with Ind AS 116.

Particulars	Rs. in Lakh
Operating lease commitments disclosed as at March 31, 2019	4,366.84
Add: Extended lease term considered as per Ind AS 116 lease definition	2,133.69
Less: Impact of discounting on opening lease liability	(2,124.78)
Less: Short-term leases not recognized as a liability	(13.28)
Lease liability recognized as at April 1, 2019	4,362.47

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

Appendix C to Ind AS 12 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 adoption of Appendix C to Ind AS 12 did not have any material impact on the consolidated financial statements of the Company.

3. Amendment to Ind AS 12 – Income Taxes

The Ministry of Corporate Affairs issued amendments to Ind AS 12 – Income Taxes. The amendments clarify that an entity shall recognize the income tax consequences of dividends on financial instruments classified as equity according to where the entity originally recognized those past transactions or events that generated distributable profits were recognized. The adoption of amendment to Ind AS 12 did not have any material impact on the consolidated financial statements of the Company.

4. Amendment to Ind AS 19 - Plan Amendment, Curtailment or Settlement

The 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 re-measurement; and determine the net interest for the remaining period based on the remeasured net defined benefit liability or asset. The adoption of amendment to Ind AS 19 did not have any material impact on the consolidated financial statements of the Company.

New Accounting Standards not yet adopted by the Company

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.



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3. Critical accounting judgements and key sources of estimation uncertainty

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

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

3.1.1 Revenue recognition

The revenue recognised on fixed price contracts is dependent on the estimated percentage of completion at a point in time, which is calculated on the basis of the man 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 Group makes estimates in respect of tax liabilities and tax assets. Full provision is made for deferred and current taxation at the rates of tax prevailing at the year-end unless future rates have been substantively enacted. These calculations represent our best estimate of the costs that will be incurred and recovered but actuals may differ from the estimates made and therefore affect future financial results. The effects would be recognised in the Statement of Profit or Loss.

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

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

The major tax jurisdictions for the Group are India, United States of America and United Kingdom. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

3.1.4 Impairment of goodwill

Determining, whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. The management concluded that no adjustment to goodwill was required as at the balance sheet date.

3.1.5 Depreciation/amortisation and useful lives of property, plant and equipment and other intangible assets

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



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useful lives of all such assets at the end of each reporting period. There has been no requirement to revise to useful lives of any such assets as at the Balance Sheet date.

3.1.6 Fair value measurements and valuation process

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

3.1.7 Expected credit losses on financial assets

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

3.1.8 Provision

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

3.1.9 Defined benefit obligation

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

3.1.10 Recoverability of internally generated intangible asset

The Group develops intangible assets internally to assist its business plans and outlook. The Group 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 Group considers recoverability of the Group'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, 2020 regarding recoverability of its internally generated intangible assets.

3.1.11 Leases

Ind AS 116 defines a lease term as the non-cancellable period for which the lessee has the right to use an underlying asset including optional periods, when an entity is reasonably certain to exercise an option to extend (or not to terminate) a lease. The Company considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option when determining the lease term. The option to extend the lease term is included in the lease term, if it is reasonably certain that the lessee would exercise the option. The Company reassesses the option when significant events or changes in circumstances occur that are within the control of the lessee.

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4. Property, plant and equipment

(Rs in lakh)

Particulars	Plant and equipment	Leasehold Improvements	Furniture and fixtures	Electrical Fittings	Office equipment	Vehicles	Total
Gross block							
As at April 01, 2018	11,449.59	4,606.76	810.40	845.87	6,381.99	9.16	24,103.77
Additions	1,361.27	55.22	46.59	57.16	55.46	-	1,575.70
Acquisitions	7.84	-	0.07	-	1.05	-	8.96
Disposals	(37.85)	-	-	-	-	-	(37.85)
Exchange differences/adjustment	94.60	64.01	16.58	-	345.86	(9.16)	521.05
As at March 31, 2019	12,875.67	4,725.99	873.64	903.03	6,784.36	-	26,162.69
Depreciation							
As at April 01, 2018	8,241.79	2,539.81	474.97	289.29	6,028.19	7.13	17,581.18
For the year	1,071.89	450.34	59.25	79.05	148.98	0.51	1,810.02
Acquisitions	7.44	-	0.03	-	1.02	-	8.49
Disposals	(6.13)	-	-	-	-	(7.64)	(13.77)
Exchange differences/adjustment	78.57	46.71	14.95	-	340.25	-	480.51
As at March 31, 2019	9,393.56	3,036.89	549.20	368.34	6,518.44	-	19,866.43
Net block							
As at March 31, 2019	3,482.11	1,689.10	324.44	534.69	265.92	-	6,296.26
Particulars	Plant and equipment	Leasehold Improvements	Furniture and fixtures	Electrical Fittings	Office equipment	Vehicles	Total
Gross block							
As at April 01, 2019	12,875.67	4,725.99	873.64	903.03	6,784.36	-	26,162.69
Firstwhile finance leased assets transferred	(3,398.35)	-	-	-	-	-	(3,398.35)
Additions	1,544.00	241.80	50.33	7.89	15.62	24.62	1,884.26
Transferred from RTU plant & machinery on closure of lease	1,314.76	-	-	-	-	-	1,314.76
Disposals	(13.78)	-	-	-	-	-	(13.78)
Exchange differences/adjustment	245.55	87.80	22.55	(0.00)	434.81	-	790.71
As at March 31, 2020	12,567.85	5,055.59	946.52	910.92	7,234.79	24.62	26,740.29
Depreciation							
As at April 01, 2019	9,393.56	3,036.89	549.20	368.34	6,518.44	-	19,866.43
Firstwhile finance leased assets transferred	(1,976.09)	-	-	-	-	-	(1,976.09)
For the year	744.25	595.28	67.85	82.89	82.47	-	1,572.74
Transferred from RTU plant & machinery on closure of lease	1,308.42	-	-	-	-	-	1,308.42
Disposals	(8.25)	-	-	-	-	-	(8.25)
Exchange differences/adjustment	275.53	(24.50)	57.28	36.44	335.87	-	680.62
As at March 31, 2020	9,737.42	3,607.67	674.33	487.67	6,936.78	-	21,443.87
Net block							
As at March 31, 2020	2,830.43	1,447.92	272.19	423.25	298.01	24.62	5,296.42

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5. Other Intangible assets

	Rs. in lakh
Particulars	Software
Gross block	
As at April 01, 2018	45,625.82
Additions	4,225.78
Acquisitions	336.41
Deductions	-
Exchange differences	232.15
As at March 31, 2019	50,420.16
Amortisation	
As at April 01, 2018	9,049.08
For the year	3,555.21
Acquisition	
Deductions	-
Exchange differences	41.88
As at March 31, 2019	12,646.17
Net block	
As at March 31, 2019	37,773.99

	Software
Particulars	
Gross block	
As at April 01, 2019	50,420.16
Erstwhile finance leased assets transferred	(550.05)
Additions	4,889.89
Deductions	-
Transferred from RTU Softwares on closure of lease	302.69
Exchange differences	1,202.84
As at March 31, 2020	56,265.53
Amortisation	
As at April 01, 2019	12,646.17
Erstwhile finance leased assets transferred	(360.73)
For the year	4,096.23
Deductions	-
Transferred from RTU Softwares on closure of lease	302.69
Exchange differences	908.77
As at March 31, 2020	17,593.13
Net block	
As at March 31, 2020	38,672.40

Notes:

5a. Goodwill:

The group has a goodwill aggregating to Rs. 12,487.33 lakh (March 31, 2019 Rs. 11,686.75 lakh) as on the balance sheet date.

Prime Focus Technologies Inc. acquired DAX business of Sample Digital Holdings, LLC a California limited liability company on April 4, 2014 and Prime Focus Technologies UK Limited, acquired Prime Post (Europe) Limited on October 1, 2014 which resulted in this goodwill.

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The recoverable amount for these cash-generating units (CGU) is determined on a value in use calculation which uses cash flow projections based on financial budgets prepared by the management.

Following key assumptions were considered while performing impairment testing

Long term sustainable growth rates 5%
EBITDA Margins 0% to 30%
Weighted Average Cost of Capital % (WACC) after tax 12.69%

The projections cover a period of five years, as that is believed to be the most appropriate timescale over which to review and consider annual performances before applying a fixed terminal value multiple to the final year cash flows. The growth rates used to estimate future performance are based on the conservative estimates from past performance. EBITDA margins are based on historical performance and Group's strategies.

The management has performed sensitivity analysis around the base assumptions and have concluded that no reasonable changes in key assumptions would cause the recoverable amount of the CGUs to be less than the carrying value.

Based on the value in use computations, no impairment provision was considered necessary.

6. Right-to-use assets

	Rs. in lakh			
Particulars	Right -to- use Plant & Machinery	Right -to- use Software	Right -to- use Buildings	Total
Gross block				
As at April 01, 2019	-	-	-	-
Transition impact of IND AS 116 implementation	-	-	3,728.29	3,728.29
Erstwhile finance leased assets transferred	3,398.35	550.05	-	3,948.40
Additions	864.65	153.66	-	1,018.31
Transferred to PPE/intangibles on closure of lease	(1,314.76)	(302.69)	-	(1,617.45)
Exchange differences	(49.96)	-	-	(49.96)
As at March 31, 2020	2,898.28	401.02	3,728.29	7,027.59
Amortisation				
As at April 01, 2019	-	-	-	-
Erstwhile finance leased assets transferred	1,976.09	360.73	-	2,336.82
For the year	521.17	86.35	892.19	1,499.71
Transferred to PPE/intangibles on closure of lease	(1,308.42)	(302.69)	-	(1,611.11)
Exchange differences	(44.14)	-	-	(44.14)
As at March 31, 2020	1,144.70	144.39	892.19	2,181.28
Net block				
As at March 31, 2020	1,753.58	256.63	2,836.10	4,846.31

7. Trade Receivables (Unsecured)

	(Rs in lakh)	
	As at March 31, 2020	As at March 31, 2019
Current		
Trade receivables	9,171.42	13,766.54
Less: Loss allowances	(2,117.04)	(241.12)
Total	7,054.38	13,525.42

	As at March 31, 2020	As at March 31, 2019
The movement in allowance for doubtful receivables is as follows:		
Balance as at the beginning of the year	241.12	121.33
Movement during the year (net) (including foreign currency translation differences)	1,875.92	119.79
Balance as at the end of the year	2,117.04	241.12



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

8. **Cash and bank balances**

	(Rs in lakh)	
	As at March 31, 2020	As at March 31, 2019
a. Cash and cash equivalents		
Cash on hand	2.49	1.92
Bank balances		
In current Accounts	542.62	1,836.85
Total	545.11	1,838.77
b. Balances other than (a) above		
Other bank balances		
In deposits*	424.45	56.45
Total	424.45	56.45

* Margin monies- fixed deposit accounts represent deposits with maturity ranging from 1 month to 36 months. These deposits are pledged as security against non-fund based credit facilities availed by the Company.

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

	(Rs in lakh)	
	As at March 31, 2020	As at March 31, 2019
Non-current		
Deposits (Refer note 31)	6,872.93	6,778.44
Total	6,872.93	6,778.44
Current		
Deposits	140.67	26.83
Unbilled revenue	1,468.58	1,600.28
Interest accrued on deposits	13.21	68.25
Advance to related parties (Refer note 31)	1,733.65	4,367.80
Interest receivable from Government authorities	-	121.47
Total	3,356.11	6,184.63

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

	(Rs in lakh)	
	As at March 31, 2020	As at March 31, 2019
Non-current		
Capital advances	15.78	7.96
Prepaid expenses	53.54	112.38
Total	69.32	120.34
Current		
Other loans and advances	1,927.53	803.18
Prepaid expenses	934.61	1,285.08
Total	2,862.14	2,088.26

Other loans and advances include, loans and advances to employees and advances to suppliers.

11. **Equity Share Capital**

	(Rs in lakh)	
	As at March 31, 2020	As at March 31, 2019
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
Total	217.16	217.16



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

Fully paid equity shares

	Year ended March 31, 2020		Year ended March 31, 2019	
	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

11.2 Shares reserved for issuance under options

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. 2,59,074 options were outstanding as at March 31, 2020 (Previous year 1,91,606). (Refer note 30)

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

	As at March 31, 2020		As at March 31, 2019	
	Numbers	% of holding	Numbers	% of holding
Prime Focus Limited	16,01,466	73.75%	16,01,466	73.75%
Mr. Ramakrishnan Sankaranarayanan	2,21,602	10.20%	2,21,602	10.20%

11.4 Rights, preferences and restrictions attached to shares

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

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

12. Other equity

(Rs in lakh)

	As at March 31, 2020	As at March 31, 2019
Securities premium		
As per last balance sheet	4,438.76	4,438.76
General Reserve		
As per last balance sheet	1,870.75	1,870.75
Compulsorily convertible debentures		
As per last balance sheet	3,000.00	3,000.00
Retained Earnings (Refer note (a) below)		
As per last balance sheet	16,654.66	23,574.65
Movement during the year	(10,278.20)	(6,919.99)
	6,376.46	16,654.66
Share options outstanding account		
As per last balance sheet	1,072.41	685.62
Movement during the year	635.56	386.79
	1,707.97	1,072.41
Other comprehensive income (Foreign currency translation reserve)		
As per last balance sheet	1,310.75	12.32
Movement during the year	961.18	1,298.43
	2,271.93	1,310.75
Total	19,665.87	28,347.33

a. Includes Re measurement of defined benefit obligations (net of tax), loss of Rs. 55.69 lakh (March 31, 2019: gain of Rs. 8.78 lakh).

13. Borrowings (Non - Current)

(Rs in lakh)

	As at March 31, 2020	As at March 31, 2019
Term loans (secured)		
from banks	18,938.55	21,489.88
(Refer note (a) & (b) below)		
Total	18,938.55	21,489.88



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a. Term Loan from bank includes Rs. 6,871.55 lakh (Previous year Rs. 7,042.29 lakh) taken by Prime Focus Technologies Inc. (PFT Inc.) which is secured by exclusive charge over all current assets and movable fixed assets of Prime Focus Technologies Inc., USA, DAX PFT LLC- USA, Prime Focus Technologies UK Ltd. & Prime Post Europe Ltd. (Excluding assets charged against finance leases in normal course of business), pledge over 30% shares and Non Disposal Undertaking over 70% shares of: Prime Focus Technologies Inc., USA, DAX PFT LLC; USA, Prime Focus Technologies UK Ltd. & Prime Post Europe Ltd, corporate guarantee of the Company and ultimate holding company and personal guarantee of promoter of ultimate holding company. Term loan facility is re-payable over 84 months in 26 structured disbursement from March 31, 2019. Interest rate on term loans are based on 6 months libor plus 385 basis points. As at March 31, 2020 Rs. 1,502.67 lakh (Previous year 762.53 lakh) is included in current maturities of long-term borrowings and balance of Rs. 5,368.88 lakh (Previous year 6,279.76 lakh) is included in long-term borrowings.

b. The Company has availed a Term Loan facility 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 initial 6 months moratorium). Considering the COVID-19 pandemic and Reserve Bank of India circular dated March 27, 2020, the Company has obtained moratorium period of up to June 2020 for payment of instalments due in Mar 2020. Facility is 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 UK Limited, Prime Post Europe Limited. At the year-end, out of the outstanding loan amount Rs. 13,569.67 lakh (net of transaction fees) is disclosed as non-current and Rs. 2,370.36 lakh is disclosed as current. As at March 31, 2019 Rs. 15,210.12 lakh (net of transaction fees) was disclosed as non-current and Rs. 2,728.31 lakh was disclosed as current.

14. Other Financial liabilities (Non current)

	(Rs in lakh)	
	As at March 31, 2020	As at March 31, 2019
Non convertible redeemable preference shares (Refer note below)	260.76	130.81
Total	260.76	130.81

The holder of each Non-convertible redeemable preference shares (NCRPS) shall be entitled to a preferential dividend at the rate of 0.01% per annum on the face value of the NCRPS issued. NCRPS will be redeemed on March 31, 2023. Refer note 34.

15. Other Financial liabilities (Current)

	(Rs in lakh)	
	As at March 31, 2020	As at March 31, 2019
Current maturities of long term borrowings		
Term loans (secured)		
from banks	3,873.03	3,490.84
(Refer note (13.a) & (13.b))		
	3,873.03	3,490.84
Non convertible redeemable preference shares (Refer note 34)	-	146.57
Accrued salaries and benefits	1,254.49	1,472.74
Interest accrued but not due on borrowings	268.64	348.28
Capital Creditors	532.04	348.55
Interest payable to group companies (Refer note 31)	891.18	508.73
Total	6,819.38	6,315.71

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, 2020 (March 31, 2019: Nil)

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16. Provisions

	(Rs in lakh)	
	As at March 31, 2020	As at March 31, 2019
Non-current		
Provision for employee benefits		
Provision for gratuity (refer note 28)	496.80	391.79
Provision for compensated absences	73.79	71.98
Total	570.59	463.77
Current		
Provision for employee benefits		
Provision for gratuity (refer note 28)	11.92	21.79
Provision for compensated absences	7.08	8.44
Total	19.00	30.23

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

17. Other liabilities

	(Rs in lakh)	
	As at March 31, 2020	As at March 31, 2019
Non-Current		
Deposit received from customers	165.01	224.96
Deferred rent	75.10	190.82
Total	240.11	415.78
Current		
Deposit received from customers	53.33	20.04
Deferred revenue	1,786.07	861.16
Deferred rent	2.63	75.98
Advance from customers	39.45	36.53
Other payables	676.68	832.79
Total	2,558.16	1,826.50

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

18. Borrowings (Current)

	(Rs in lakh)	
	As at March 31, 2020	As at March 31, 2019
From Banks/ Others (Secured)		
Cash credit/ overdraft (Refer note (a) below)	2,493.53	2,854.20
From Others (Unsecured)		
Loan from related parties (Refer note (b) below and 31)	18,258.15	14,125.35
Total	20,751.68	16,979.55

a. The Company has availed a cash credit facility from bank. This facility are 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 are further secured by corporate guarantee issued by holding company and personal guarantee of promoters. Refer note 13.a for securities details of facilities outstanding as at March 31, 2020. The rate of interest for cash credit / overdraft is based on 6 months MCLR + 2.65% with a reset on half-yearly basis.

b. Interest rate on loan from related party ranges from 5% p.a. to 12% p.a.



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19. Revenue from operations

(Rs in lakh)

	Year ended March 31, 2020	Year ended March 31, 2019
Income from services	29,059.44	29,061.63
Total	29,059.44	29,061.63

20. Other income

(Rs in lakh)

	Year ended March 31, 2020	Year ended March 31, 2019
Interest income:		
bank deposits	14.75	3.54
on income tax refunds	22.83	121.47
on loans/deposits to related parties (Refer note 31)	1,213.64	900.00
on others	54.54	48.80
Net gain on sale of property, plant and equipment	-	39.83
Miscellaneous income	83.34	36.22
Total	1,389.10	1,149.86

21. Employee benefits expense

(Rs in lakh)

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and wages	13,003.65	12,691.72
Contribution to provident fund and other funds	763.23	676.30
Gratuity (Refer note 28)	132.65	131.47
Staff welfare expenses	227.04	262.15
Total	14,126.57	13,761.64

22. Other expenditure

(Rs in lakh)

	Year ended March 31, 2020	Year ended March 31, 2019
Rent	1,396.30	2,905.60
Communication cost	809.86	768.25
Consumable stores	192.83	129.38
Electricity expense	695.90	756.11
Legal and Professional fees (refer note below)	659.55	830.06
Rates and taxes	84.64	102.22
Traveling and conveyance	690.75	777.92
Repairs and maintenance	1,065.09	824.02
Director's sitting fees	3.60	4.60
Insurance cost	102.19	73.69
House keeping expense	275.26	258.20
Sales promotion expenses	600.70	671.79
Bad debt written off	1,911.27	-
Provision for doubtful debts	1,781.38	119.79
Management fees	61.31	37.87
Miscellaneous expenses*	975.29	363.86
Total	11,305.92	8,623.36

Note:

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

(Rs in lakh)

Audit fees	27.45	38.40
In other matters	1.49	-
Total	28.94	38.40

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



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23. Finance cost

(Rs in lakh)

	Year ended March 31, 2020	Year ended March 31, 2019
Interest on term loan	2,759.35	2,839.92
Interest on lease liability	869.70	203.97
Interest on working capital loans	274.87	302.49
Interest on loan from related parties (Refer note 31)	2,135.01	1,708.35
Interest on buyer's credit	-	0.59
Interest on others	110.79	408.61
Finance charges	22.63	32.63
Change in fair value of financial liabilities (Refer note 34)	(16.62)	30.89
Total	6,155.73	5,527.45

24. Income tax

A. Amounts recognised in profit or loss

(Rs in lakh)

	Year ended March 31, 2020	Year ended March 31, 2019
Current tax		
- in respect of current year	-	10.90
- in respect of prior years	(281.55)	-
	(281.55)	10.90
Deferred tax		
- in respect of current year	(3,832.92)	(1,050.79)
- in respect of prior years	-	-
	(3,832.92)	(1,050.79)
Total income tax expense recognised in the current year	(4,114.47)	(1,039.89)

B. Income tax recognised in other comprehensive income

(Rs in lakh)

	Year ended March 31, 2020	Year ended March 31, 2019
Re-measurement of defined benefit obligation	16.52	(4.72)
Tax recognised in other comprehensive income	16.52	(4.72)

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

(Rs in lakh)

	March 31, 2020		March 31, 2019	
		% of PBT	Amount	
Loss before tax		(13,944.06)		(8,041.75)
Tax using Company's domestic tax rate	22.88%	(3,190.40)	29.12%	(2,341.76)
Effect of:				
Non-deductible expenses		650.17		313.08
Deferred tax recognised by the Company at 34.94% considering expected utilisation period		-		(175.22)
Reversal of deferred tax liability due to change in tax regime from 34.94% to 22.88% u/s 115BAA of the Income Tax Act, 1961		(2,808.55)		-
Effect of consolidation elimination		205.35		188.06
Effect of lower tax rates (Alternative Minimum Tax) in other jurisdiction(s)		173.30		56.48
Effect of non recognition of deferred tax asset on unused tax losses and tax offsets related to the foreign subsidiary companies		1,137.22		919.47
		(3,832.92)		(1,039.89)
Adjustments recognised in current year in relation to the current tax of prior years		(281.55)		-
Income tax credit recognised in Statement of profit and loss		(4,114.47)		(1,039.89)



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D. Deferred tax balances

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

(Rs in lakh)

	Balance as at March 31, 2018	Recognised in Profit/ loss during 2018-19	Recognised in OCI during 2018-19	Balance as at March 31, 2019	Recognised in Profit/ loss during 2019-20	Recognised in retained earnings (Refer note 2.27.1)	Recognised in OCI during 2019-20	Balance as at March 31, 2020
Deferred tax liabilities related to:								
Difference between written down values of property, plant & equipment and intangible assets as per books	(10,868.20)	366.04	-	(10,502.16)	4,567.98	(1,270.13)	-	(7,204.31)
Lease deposit discounting and equalisation	(70.88)	11.52	-	(59.36)	70.53	-	-	11.17
	(10,939.08)	377.56	-	(10,561.52)	4,638.50	(1,270.13)	-	(7,193.14)
Deferred tax assets related to:								
Provision for gratuity, compensated absences and Unabsorbed loss carried forward	181.46	26.37	(4.72)	203.11	(84.73)	-	16.52	134.90
Provision for doubtful debts	788.65	611.35	-	1,400.00	154.74	-	-	1,564.19
Lease liabilities	42.40	37.58	-	79.98	(2.12)	-	-	77.86
MAT credit entitlement	-	-	-	-	(616.13)	1,495.11	-	878.98
Others	255.22	-	-	255.22	(255.22)	-	-	-
	6.25	(2.07)	-	4.18	(2.13)	-	-	2.05
Net deferred tax (liabilities)	1,273.98	673.23	(4.72)	1,942.49	(805.59)	1,495.11	16.52	2,657.98
	(9,665.10)	1,050.79	(4.72)	(8,619.03)	3,832.92	224.98	16.52	(4,535.16)

The Group has carried forward losses in United Kingdom and United States against which deferred tax asset has not been recognised are as follows;

Particulars	As At March 31, 2020	Will expire in FY	As At March 31, 2019	Will expire in FY
Unabsorbed business loss	42.98	2036-37	-	NA
Unabsorbed business loss	6,710.20	2039-40	3,322.02	2038-39
Unabsorbed business loss	3,946.47	2038-39	-	NA
Unabsorbed business loss	2,059.71	Indefinite	1,737.66	Indefinite

25. Segment information

Operating segments:

- The segment information has been prepared in line with the review of operating results by the Chief Operating Decision Maker (CODM) of Group, Ramakrishnan Sankaranarayanan (Director).
- The Group is presently operating as an integrated post-production setup, providing technological digital solutions to its customers, which has been considered as representing a single operating segment.

Geographical information

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

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

(Rs in lakh)

	Sale of services		Segment Non-current assets*	
	Year ended March 31, 2020	Year ended March 31, 2019	As at March 31, 2020	As at March 31, 2019
India	18,764.37	18,890.36	45,460.95	43,148.60
United Kingdom	2,595.02	637.90	4,441.96	2,618.50
United States of America	5,503.05	7,598.38	16,702.56	15,026.28
Other Countries	2,197.00	1,934.99	-	-
Total	29,059.44	29,061.63	66,605.47	60,793.38

*Non-current assets exclude financial assets & tax assets.

Single customer contribute individually to more than 10% of the group's total revenue for the year ended March 31, 2020 amounting to Rs.9,673.81 lakh (previous year- single customer Rs. 8,955.72 lakh)



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26. Earnings per share

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

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

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

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

Particulars		Year ended	Year ended
		March 31, 2020	March 31, 2019
Net Loss after tax as per statement of profit and loss (A)	Rupees in lakh	(9,829.59)	(7,001.86)
Weighted average number of equity shares (B)	Number	21,71,578	21,71,578
Basic & diluted earnings per share (A/B)	Rupees	(452.65)	(322.43)

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

(Rs in lakh)

Sr.No	Name of entity	Net Assets		Share in Profit / (loss)		Share in Other comprehensive		Share in Total Comprehensive	
		as % of consol net assets	Amount	as % of consol profit / loss	Amount	as % of consol profit / loss	Amount	as % of consol profit / loss	Amount
1	Prime Focus Technologies Limited	141%	27,957.73	7%	(644.20)	-6%	(55.69)	8%	(699.89)
2	Prime Focus Technologies UK Limited	-2%	(427.44)	9%	(842.13)	-	-	9%	(842.13)
3	Prime Focus Technologies, Inc.	-53%	(10,630.33)	77%	(7,531.98)	-	-	84%	(7,531.98)
4	Prime Post Europe Limited	0%	66.49	1%	(95.74)	-	-	1%	(95.74)
5	DAX PFT LLC	39%	7,741.87	1%	(111.31)	-	-	1%	(111.31)
6	DAX Cloud ULC	-1%	(244.60)	0%	(20.24)	-	-	0%	(20.24)
7	Prime Focus MEAD FZ LLC	10%	2,080.49	1%	(177.45)	-	-	2%	(177.45)
8	Apptarix Mobility Solutions Pvt. Ltd.	0%	20.24	0%	(11.63)	-	-	0%	(11.63)
		134%	26,564.46	96%	(9,434.68)	-6%	(55.69)	106%	(9,490.37)
	Add (Less): Effects of Inter Company adjustments / eliminations	-34%	(6,681.43)	4%	(394.91)	106%	961.18	-6%	566.27
		100%	19,883.03	100%	(9,829.59)	100%	905.49	100%	(8,924.10)

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28. Employee Benefits

a. Defined contribution plans

The total amount recognised in profit or loss is Rs. 763.23 lakh (March 31, 2019 Rs. 676.30 lakh), which is included in Note 21 as 'Contribution to Provident Fund and Other Funds'

b. Defined benefit plans (Unfunded)

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

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

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

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

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

The Group contributes towards social security and Medicare. Liability in respect thereof is determined on the basis of contribution as required under the US State / Federal Rules. There is no further obligation of the Group beyond the contributions made.

The Group has saving and investment plan u/s. 401(k) of internal Revenue Code of USA. Contributions are charged to the Statement of Profit and Loss in the period in which these accrue. There is no further obligation of the Group beyond the contributions made.

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

(Rs in lakh)

	As at March 31, 2020	As at March 31, 2019
Defined Benefit Obligation at the beginning of the year	413.58	364.60
Interest Cost	32.22	28.62
Current Service Cost	100.43	102.85
Benefit Paid Directly by the Employer	(109.72)	(68.99)
Actuarial Losses on Obligations-Due to change in financial assumptions	60.92	4.77
Actuarial (Gains)/Losses on Obligations - Due to Experience	11.29	(18.27)
Defined Benefit Obligation at the end of the year	508.72	413.58

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

(Rs in lakh)

	Year ended March 31, 2020	Year ended March 31, 2019
Current Service Cost	100.43	102.85
Net Interest Cost	32.22	28.62
Expenses Recognized	132.65	131.47

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

(Rs in lakh)

	Year ended March 31, 2020	Year ended March 31, 2019
Actuarial gains on obligation for the year	72.21	(13.50)
Net expense/(income) for the year recognized in OCI	72.21	(13.50)

Actuarial assumptions

	Year ended March 31, 2020	Year ended March 31, 2019
Rate of Discounting (per annum)	6.86%	7.79%
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, 2020		March 31, 2019	
	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate (1% movement)	(65.09)	78.89	(49.88)	60.27
Future salary appreciation (1% movement)	77.57	(65.62)	60.78	(51.35)
Attrition rate (1% movement)	11.74	(14.04)	14.50	(17.18)

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29. Financial instruments

A. Capital Management

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

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

The capital structure of the Group consists of borrowings (as detailed in note 13, 15 and 18), offset by cash and bank balances (note 8), and equity of the Group (comprising Equity share capital and other equity). The debt equity ratio is 2.19 as on March 31, 2020 (1.47 as on March 31, 2019).

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

Also refer note 33 to this financial statements.

B. Financial risk management

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

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

C. Credit risk

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

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

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was Rs. 17,283.42 lakh as at March 31, 2020 and Rs. 26,488.49 lakh as at March 31, 2019 being the total of, trade receivables, unbilled revenue and other financial assets.

Two customers contribute individually to more than 10% of outstanding trade receivables as at March 31, 2020 amounting to Rs. 2,717.80 (P.Y.- Two customers- Rs. 3,707.33 lakh) and one customer contribute individually to more than 10% of unbilled revenue as that date amounting to Rs. 468.27 lakh (P.Y. – three customers- Rs. 1,005.97 lakh).

D. Liquidity risk management

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price. The Group's treasury department is responsible for liquidity and funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows. As at March 31, 2020, cash and cash equivalents are held with major banks and financial institutions.



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The table below analyses the maturity profile of the Group'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 14 and 15.

(Rs in lakh)

	As at March 31, 2020	
	Less than 1 year	More than 1 year
Financial liabilities		
Borrowings	24,624.71	18,938.55
Lease liabilities	2,744.93	6,381.35
Other financial liabilities	2,946.35	260.76
Trade payables	4,004.22	-
Total	34,320.21	25,580.66
	As at March 31, 2019	
	Less than 1 year	More than 1 year
Financial liabilities		
Borrowings	20,470.39	21,489.88
Lease liabilities	1,403.62	2,982.78
Other financial liabilities	2,824.87	130.81
Trade payables	2,761.71	-
Total	27,460.59	24,603.47

Also refer note 33 to these financial statements.

E. Market risk

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

Foreign currency risk management

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

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

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

Particulars	Foreign currency Denomination	As at March 31, 2020		As at March 31, 2019	
		Foreign currency	Rs. In lakh	Foreign currency	Rs. In lakh
Financial assets	USD	2,09,66,585	15,671.14	2,07,04,853	14,352.81
	GBP	6,931	6.41	6,931	6.26
	SGD	1,508	0.79	1,508	0.77
	AUD	-	-	3,52,359	173.36
	EUR	43,449	35.72	82,475	64.13
	CAD	-	-	2,33,216	121.07
	INR	-	-	-	-
Total			15,714.06		14,718.40
Financial Liabilities	USD	3,54,139	264.70	7,12,231	493.73
	GBP	69,408	64.19	69,408	62.66
	SGD	50,635	26.57	6,688	3.42
	AUD	-	-	-	-
	EUR	34,584	28.43	35,560	27.65
	CAD	-	-	5,83,691	303.00
	INR	67,749	0.68	67,749	0.68
Total			384.57		891.14
Net exposure			15,329.49		13,827.26



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5% appreciation/ depreciation of respective foreign currencies with respect to functional currency of the Group would result in decrease/ increase in the Group's profit before tax by approximately Rs. 766.47 lakh for the year ended March 31, 2020 (March 31, 2019: Rs. 691.36 lakh). This sensitivity analysis includes only outstanding foreign currency denominated monetary items.

Interest rate risk management

The Group is exposed to interest rate risk because the group borrows funds at both fixed and floating interest rates. The risk is managed by the group by maintaining an appropriate mix between fixed and floating rate borrowings. The sensitivity analysis for exposure to interest rates on borrowings as at the end of the reporting period indicates that a 50 basis point increase in floating interest rates at the reporting date would have decreased equity and profit for the year/ period by Rs. 116.87 lakh for March 31, 2020 and Rs. 137.10 lacs for March 31, 2019 and a 50 basis point decrease in floating interest rates at the reporting date would have increased equity and profit by the same amount respectively.

F. Fair value measurements

Accounting classifications and fair values

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

Particulars	Rs. in lakh				
	Carrying Value		Fair Value		
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	Fair value hierarchy
FINANCIAL ASSETS					
Financial assets measured at amortised cost					
Trade receivables	7,054.38	13,525.42	-	-	
Cash and cash equivalents	545.11	1,838.77	-	-	
Other balances with Banks	424.45	56.45	-	-	
Other financial assets	10,229.04	12,963.07	-	-	
	18,252.98	28,383.71	-	-	
FINANCIAL LIABILITIES					
Financial liabilities measured at fair value					
Non convertible redeemable preference shares (NCRPS)	260.76	277.38	260.76	277.38	Level 3
Financial liabilities measured at amortised cost					
Borrowings	43,563.26	41,960.27	-	-	
Lease liabilities	9,126.28	4,386.40	-	-	
Other financial liabilities	2,946.35	2,678.30	-	-	
Trade payables	4,004.22	2,761.71	-	-	
	59,900.87	52,064.06	-	-	

(Financial Assets) / Financial Liabilities	Fair value as at			Valuation techniques and key inputs	Significant unobservable inputs	Relationships of unobservable inputs to fair value
	As at March 31, 2020	As at March 31, 2019	Fair Value Hierarchy			
NCRPS	260.76	277.38	Level 3	Discounted cash flow method was used to capture present value	Discount rate and probable cash flow	The higher the expected payout, the higher the fair value. The Higher the discount rate, lower the fair value.
	260.76	277.38				

Reconciliation of level 3 fair values

	Rs. in lakh
Closing balance as at March 31, 2018 (Financial Liabilities)	-
NCRPS issued during the year	246.49
Change in fair value of NCRPS	30.90
Closing balance as at March 31, 2019 (Financial Liabilities)	277.39
Change in fair value of NCRPS	(16.62)
Closing balance as at March 31, 2020 (Financial Liabilities)	260.76



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30. Share based payments

The Company has granted employee stock options under employee's stock options scheme. Each option entitles the holder to one equity share of Rs. 10 each. 259,074 options were outstanding as at March 31, 2020 (Previous year 1,91,606). 88,883 (Previous year 34,000) 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 3 years, exercise period of 5 years and exercise price of Rs. 1,650/-. From options granted, 18,436 were vested during the year (Previous year 57,058)

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

Particulars	March 31, 2020		March 31, 2019	
	Numbers of options	Weighted average exercise price	Numbers of options	Weighted average exercise price
Outstanding at the beginning of the year	1,91,606	3,132	1,90,970	2,679
Granted during the year	88,883	1,650	34,000	3,987
Lapsed/ forfeited during the year	21,415	3,106	10,620	2,960
Expired during the year	-	-	22,744	662
Outstanding at the end of the year	2,59,074	2,626	1,91,606	3,132
Exercisable at the end of the year	1,21,415	2,765	1,09,899	2,567

For stock options outstanding as at March 31, 2020 the range of exercise price is Rs. 263 to Rs. 4,478 and weighted average remaining contractual life is 4.9 years and vesting period of 1 to 4 years

Weighted average fair value of options granted during the year is Rs. 1,989.10

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. 3,218.80/- per share

Expected volatility – 27.0% - 27.7%

Option life – 6 - 8 years

Expected dividends – 0% yield

Risk-free interest rate -6.9% p.a.

During previous 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, 2020 is Rs. 660.65 lakh (March 31, 2019: Rs. 459.88 lakh)

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31. Related party transactions

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

A) Holding Company (Control exists)

Prime Focus Limited

B) Fellow Subsidiaries

Reliance Lowry Digital Imaging Services, Inc

Prime Focus World NV

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

DNEG India Media Service Limited (New name of Gener8 India Media Services Limited post merger with Double Negative India Private Limited and Dneg Creative Services Private Limited w.e.f. April 1, 2019)

PF Digital Media Services Pvt Ltd.

Prime Focus International Services UK Limited

Prime Focus Creative Services Canada Inc.

De-Fi Media Limited

Prime Focus 3D Cooperatief U.A.

Prime Focus Luxembourg SARL

PF Overseas Ltd

PF World Ltd

C) Key Management Personnel

Mr. Ganesh V. Sankaran

Ramakrishnan Sankaranarayanan

Raghunath Mohanrao

Vikas Rathee

Sanket Limbachiya

Whole Time Director upto August 14, 2018

Whole Time Director

Chief Operating Officer

Chief Financial Officer upto September 14, 2018

Company Secretary

D) Key Management Personnel of Holding Company

Mr. Naresh Malhotra

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ii) Key Management Personnel*

Rs. in lakh

	Year Ended March 31, 2020	Year Ended March 31, 2019
Remuneration		
Ganesh V. Sankaran	-	5.51
Ramakrishnan Sankaranarayanan*	181.12	210.00
Raghunath Mohanrao	68.05	83.86
Sanket Limbachiya	9.21	8.93

*Includes impact of increments and re-location to foreign subsidiary

Rs. in lakh

	As at March 31, 2020	As at March 31, 2019
Balance Outstanding at the year end – Remuneration Payable		
Ramakrishnan Sankaranarayanan	5.13	4.04
Raghunath Mohanrao	3.49	6.42
Sanket Limbachiya	0.74	0.77

iii) Holding Company (HC)

Rs. in lakh

	Year Ended March 31, 2020	Year Ended March 31, 2019
Revenue	19.25	0.83
Interest expense	1,387.21	1,086.66
Interest income	720.00	900.00
Loan taken	15,318.64	6,061.48
Loan repaid	8,496.59	4,887.53
Reimbursement of expenses (net)	176.20	188.22
Security deposit given	-	-
Guarantees issued during the year	-	13,625.31

Rs. in lakh

	As at March 31, 2020	As at March 31, 2019
Balance outstanding at the year end		
Trade / other Payable	25.38	16.98
Security deposit receivable	6,000.00	6,000.00
Loan payable	13,996.00	7,173.95
Interest payable	137.27	79.01
Loans and advances (interest receivable)	79.70	-
Financial / performance guarantee	36,299.60	36,525.31

DHK



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iv) Fellow Subsidiary companies

Rs. in lakh

	Year Ended March 31, 2020	Year Ended March 31, 2019
Revenue		
Double Negative India Private Limited	-	0.55
PF Digital Media Services Pvt Ltd.	-	0.07
Reimbursement of expenses (net)		
DNEG North America Inc.	-	1.08
Prime Focus Overseas Ltd.	1.69	-
Reliance Lowry Digital Imaging Services, Inc.	241.70	-
De-Fi Media Limited	9.31	-
Prime Focus International Services UK Limited	109.37	62.23
DNEG India Media Service Limited	38.83	41.35
Double Negative LA LLC	206.45	-
Interest on loans paid		
DNEG India Media Service Limited	-	394.27
PF Digital Media Services Pvt Ltd.	482.36	133.79
Prime Focus International Services UK Limited	40.85	40.98
DNEG North America Inc.	224.59	21.43
Interest on advances given		
Prime Focus International Services UK Limited	14.76	-
De-Fi Media Limited	196.46	-
Reliance Lowry Digital Imaging Services, Inc.	227.08	-
PF World Mauritius Ltd.	55.34	-
Loan taken		
DNEG India Media Service Limited	-	15,876.44
De-Fi Media Limited	1,590.37	-
Prime Focus International Services UK Limited	2,541.46	-
DNEG North America Inc.	5,956.79	337.71
Repayment of loans taken		
DNEG India Media Service Limited	-	10,358.69
De-Fi Media Limited	15.75	-
Prime Focus International Services UK Limited	3,567.03	-
PF Digital Media Services Pvt Ltd.	3,001.60	-
DNEG North America Inc.	6,380.12	-
Advances given received back (net)		
Reliance Lowry Digital Imaging Services, Inc.	2,975.80	-
De-Fi Media Limited	1,183.15	-
Prime Focus 3D Cooperatief U.A.	56.28	-
Prime Focus Luxembourg SARI	5.01	-
Prime Focus World Ltd.	2.56	-
Advances Given (net)		
Prime Focus International Services UK Limited	-	1,797.23
Reliance Lowry Digital Imaging Services, Inc.	-	403.52
PF World Mauritius Ltd.	1,561.88	-



DHS



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Rs. in lakh

	As at March 31, 2020	As at March 31, 2019
Balance outstanding at the year end		
Trade / other payable		
DNEG India Media Service Limited	96.45	96.45
DNEG North America Inc.	-	1.07
Prime Focus International Services (UK) Limited	-	589.80
Double Negative LA LLC	217.98	-
Trade / other receivable		
PF Digital Media Services Pvt Ltd.	0.08	0.08
De-Fi Media Limited	10.74	-
Interest payable		
PF Digital Media Services Pvt Ltd.	802.13	368.00
DNEG North America Inc.	-	21.30
Prime Focus International Services (UK) Limited	-	40.42
Interest receivable		
De-Fi Media Limited	48.22	-
Loan payable		
PF Digital Media Services Pvt Ltd.	2,516.15	5,517.75
DNEG North America Inc.	-	416.70
Prime Focus International Services (UK) Limited	-	1,016.95
De-Fi Media Limited	1,746.00	-
Loans and advances		
DNEG India Media Service Limited	4.79	4.85
De-Fi Media Limited	-	1,186.91
Prime Focus World N.V.	-	13.30
De-Fi Media Limited	-	1.14
Prime Focus 3D Cooperatief U.A.	-	11.56
Prime Focus Luxembourg SARL	-	5.02
PF Overseas Ltd	-	1.70
PF World Mauritius Ltd.	1,649.16	2.56
Reliance Lowry Digital Imaging Services, Inc.	-	3,140.76

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

Rs. in lakh

	Year Ended March 31, 2020	Year Ended March 31, 2019
Personal guarantee given by Naresh Malhotra	47,179.99	45,887.59

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

Under ESOP Scheme, 31,100 options were granted to Key management personnel in current year (previous year- Nil).

The stock options outstanding for KMP's as at March 31, 2020 is 43,100 and as at March 31, 2019 is 12,000 and employee stock option expense for the year March 31, 2020 is Rs. 167.05 lakh (previous year Rs. 86.39 lakh).

DHC



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32. Lease liabilities

a. Maturity profile of lease liabilities as at March 31, 2020:

Particulars	March 31, 2020		March 31, 2019	
	Carrying amount	Undiscounted cash flow	Carrying amount	Undiscounted cash flow
Within one year	2,744.93	3,040.39	1,403.62	1,641.40
Later than one year and not later than five years	5,530.25	6,897.42	2,982.78	3,263.86
Later than five years	851.10	1,104.58	-	-
Total	9,126.28	11,042.39	4,386.40	4,905.26

b. Operating lease commitment as at March 31, 2019:

Rs. in lakh

	As at March 31, 2019
Lease Payments due within one year	1,314.58
Lease Payments due later than one year and not later than five years	3,052.26
Lease Payments due later than five years	-
Total	4,366.84

33. The Group has incurred loss of Rs. 9,829.59 Lakh during the year ended March 31, 2020 and, as of that date, the group current liabilities exceeded its current assets by Rs. 22,668.84 lakh. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The Group 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 Group. 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 Group have been prepared on a going concern basis.
34. On August 13, 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. 125.00 lakh and contingent consideration of up to Rs. 375.00 lakh in the form of Non-convertible redeemable preference shares (NCRPS). The fair value of contingent consideration on the date of acquisition was Rs. 246.49 lakh. Total fair value of consideration was Rs. 371.49 lakh. The value of NCRPS as on March 31, 2019 was Rs. 277.38 lakh. During the current year, the terms of NCRPS have been changed as per mutual agreement between the Company and NCRPS holders. The NCRPS are now expected to be redeemed on March 31, 2023 (instead of previous redemption dates of November 2019 for 50% of the NCRPS and February 2021 for the balance NCRPS). The revised fair value of NCRPS post change in terms is Rs. 260.76 Lakh.

35. Contingent liabilities & commitments

Capital Commitments:

(Rs in lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for:	321.75	45.29

DHK



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36. Capitalisation of expenditure

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

Particulars	Rs. in lakh	
	March 31, 2020	March 31, 2019
Opening Balance	2,520.59	3,229.84
Add:		
Employee Benefit expenses	2,507.82	2,980.80
Direct overheads	209.47	193.51
Exchange difference	44.81	67.09
	2,762.10	3,241.40
Less: Capitalised	4,548.39	3,950.65
Closing Balance	734.30	2,520.59

37. Events after the reporting period

There were no events after the reporting period which require adjustments in amounts recognised/disclosures in the consolidated financial statements. (Refer note 38)

38. The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Group has considered internal and external information up to the date of approval of these financial statements in assessing the recoverability of receivables including unbilled receivables, goodwill, loans and other assets. Based on the current indicators of future economic conditions, the Group expects to recover the carrying amount of these assets.

The impact of COVID-19 remains uncertain and may be different from what the Group has estimated as of the date of approval of these financial statements.


39. Approval of Consolidated Financial Statements

The consolidated financial statements were approved for issue by the Board of Directors on July 30, 2020.

For and on behalf of the Board of Directors


Ramesh Sankaranarayanan
Director
DIN :- 02696897


Nishant Fadia
Director
DIN :- 02648177


Sanket Limbachaya
Company Secretary

Place: Mumbai

Date: July 30, 2020

DHA

