

**Prime Focus Technologies Limited**

**Balance Sheet as at March 31, 2021**

**(Rs in lakh)**

|  | Notes | As at March 31, 2021 | As at March 31, 2020 |
|--|-------|----------------------|----------------------|
| <b>Assets</b>  |       |                      |                      |
| <b>1. Non-current assets</b>   |       |                      |                      |
| (a) Property, plant and equipment  | 4     | 2,967.50             | 3,454.72             |
| (b) Capital work-in-progress   |       | -                    | 46.72                |
| (c) Intangible assets  | 5     | 31,525.20            | 33,814.71            |
| (d) Right-to-use assets  | 6     | 2,572.71             | 3,822.68             |
| (e) Intangible assets under development  | 37    | 1,117.72             | 734.30               |
| (f) Financial assets   |       |                      |                      |
| (i) Investments  | 7     | 17,665.90            | 5,868.50             |
| (ii) Loans   | 8     | 414.69               | 12,396.02            |
| (iii) Other financial assets   | 11    | 3,239.37             | 8,940.03             |
| (g) Income tax assets (net)  |       | 1,045.97             | 3,248.63             |
| (h) Other non-current assets   | 12    | 26.23                | 69.32                |
| <b>Total Non-current assets</b>  |       | <b>60,575.29</b>     | <b>72,395.63</b>     |
| <b>2. Current assets</b>   |       |                      |                      |
| (a) Financial assets   |       |                      |                      |
| (i) Trade receivables  | 9     | 6,333.39             | 4,751.90             |
| (ii) Cash and cash equivalents   | 10 a  | 2,384.11             | 121.59               |
| (iii) Bank balances other than (ii) above  | 10 b  | 124.45               | 424.45               |
| (iv) Other financial assets  | 11    | 1,044.54             | 1,762.58             |
| (b) Other current assets   | 12    | 178.02               | 218.90               |
| <b>Total current assets</b>  |       | <b>10,064.51</b>     | <b>7,279.42</b>      |
| <b>Total assets</b>  |       | <b>70,639.80</b>     | <b>79,675.05</b>     |
| <b>Equity and liabilities</b>  |       |                      |                      |
| <b>Equity</b>  |       |                      |                      |
| (a) Equity share capital   | 13    | 217.16               | 217.16               |
| (b) Other equity   | 14    | 25,164.12            | 27,740.59            |
| <b>Total Equity</b>  |       | <b>25,381.28</b>     | <b>27,957.75</b>     |
| <b>Liabilities</b>   |       |                      |                      |
| <b>1. Non-current liabilities</b>  |       |                      |                      |
| (a) Financial liabilities  |       |                      |                      |
| (i) Borrowings   | 15    | -                    | 13,569.67            |
| (ii) Lease liabilities   | 33    | 2,428.94             | 3,336.05             |
| (iii) Other financial liabilities  | 16    | 293.62               | 260.76               |
| (b) Deferred tax liabilities (net)   | 26 D  | 3,422.48             | 4,535.16             |
| (c) Provisions   | 18    | 624.66               | 570.59               |
| (d) Other non-current liabilities  | 19    | 165.01               | 165.01               |
| <b>Total Non-current liabilities</b>   |       | <b>6,934.71</b>      | <b>22,437.24</b>     |
| <b>2. Current liabilities</b>  |       |                      |                      |
| (a) Financial liabilities  |       |                      |                      |
| (i) Borrowings   | 20    | 32,391.35            | 19,005.68            |
| (ii) Lease liabilities   | 33    | 1,373.28             | 1,810.47             |
| (iii) Trade payables   |       |                      |                      |
| - Total outstanding dues to micro enterprises and small enterprises                      | 39    | -                    | 52.26                |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises |       | 2,125.91             | 2,585.50             |
| (iv) Other financial liabilities   | 17    | 1,410.51             | 4,911.41             |
| (b) Provisions   | 18    | 22.20                | 19.00                |
| (c) Other current liabilities  | 19    | 1,000.56             | 895.74               |
| <b>Total current liabilities</b>   |       | <b>38,323.81</b>     | <b>29,280.06</b>     |
| <b>Total liabilities</b>   |       | <b>45,258.52</b>     | <b>51,717.30</b>     |
| <b>Total equity and liabilities</b>  |       | <b>70,639.80</b>     | <b>79,675.05</b>     |

See accompanying notes to the financial statements 1 to 42

In terms of our report attached

**For Deloitte Haskins & Sells Chartered**

**Accountants LLP**

Chartered Accountants

  
Varsha A. Fadte

Partner

Place: Chicalim, Goa

Date: June 30, 2021

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

  
Ramakrishnan Sankaranarayan  
Director

DIN :- 02696897

Place: Mumbai

Date: June 29, 2021

  
Nishant Fadia  
Director

DIN :- 02648177

Place: Mumbai

Date: June 29, 2021



**Prime Focus Technologies Limited**

**Statement of Profit and Loss for the year ended March 31, 2021**

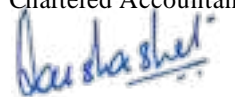
(Rs in lakh)

| Particulars   | Notes | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|---|-------|--------------------------------------|--------------------------------------|
| <b>Income</b>   |       |                                      |                                      |
| Revenue from operations                                     | 21    | 18,842.57                            | 22,809.73                            |
| Other income  | 22    | 1,478.82                             | 911.51                               |
| <b>Total income</b>   |       | <b>20,321.39</b>                     | <b>23,721.24</b>                     |
| <b>Expenses</b>   |       |                                      |                                      |
| Employee benefits expense                                   | 23    | 6,443.93                             | 9,144.46                             |
| Employee stock option expense                               | 30    | 772.08                               | 660.65                               |
| Technical service cost                                      |       | 3,080.94                             | 4,488.67                             |
| Depreciation and amortisation expense                       | 4,5&6 | 6,185.51                             | 5,864.33                             |
| Other expenses  | 24    | 2,656.14                             | 4,024.95                             |
| Finance costs   | 25    | 5,504.95                             | 5,134.69                             |
| Exchange loss/(gain) (net)                                  |       | 149.14                               | (1,119.41)                           |
| <b>Total expenses</b>                                       |       | <b>24,792.69</b>                     | <b>28,198.34</b>                     |
| <b>Loss before tax</b>                                      |       | <b>(4,471.30)</b>                    | <b>(4,477.10)</b>                    |
| <b>Tax expense</b>  |       |                                      |                                      |
| Current tax   |       | -                                    | -                                    |
| Deferred tax credit   |       | (1,115.21)                           | (3,832.92)                           |
|   | 26    | <b>(1,115.21)</b>                    | <b>(3,832.92)</b>                    |
| <b>Loss for the year</b>                                    |       | <b>(3,356.09)</b>                    | <b>(644.18)</b>                      |
| <b>Other comprehensive income</b>                           |       |                                      |                                      |
| Items that will not be reclassified to profit or loss       |       |                                      |                                      |
| Re-measurement of defined benefit plans                     |       | 10.07                                | (72.21)                              |
| Income tax relating to above                                |       | (2.53)                               | 16.52                                |
| <b>Total other comprehensive income/(loss) for the year</b> |       | <b>7.54</b>                          | <b>(55.69)</b>                       |
| <b>Total comprehensive loss for the year</b>                |       | <b>(3,348.55)</b>                    | <b>(699.87)</b>                      |
| Earnings per equity share of face value of Rs. 10/- each    | 27    |                                      |                                      |
| Basic and diluted (in rupees)                               |       | (154.55)                             | (29.66)                              |

See accompanying notes to the financial statements 1 to 42

In terms of our report attached

**For Deloitte Haskins & Sells Chartered Accountants LLP**  
Chartered Accountants



**Varsha A. Fade**  
Partner  
Place: Chicalim, Goa  
Date: June 30, 2021

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



**Ramakrishnan Sankaranarayan**  
Director  
DIN :- 02696897  
Place: Mumbai  
Date: June 29, 2021



**Nishant Fadia**  
Director  
DIN :- 02648177  
Place: Mumbai  
Date: June 29, 2021



**Prime Focus Technologies Limited**

**Statement of Changes in Equity for the year ended March 31, 2021**

**A. Equity Share Capital**

(Rs in lakh)

| Particulars                                    | Amount        |
|--|---------------|
| <b>Balance as at March 31, 2019</b>            | <b>217.16</b> |
| Change in equity share capital during the year | -             |
| <b>Balance as at March 31, 2020</b>            | <b>217.16</b> |
| Change in equity share capital during the year | -             |
| <b>Balance as at March 31, 2021</b>            | <b>217.16</b> |

**B. Other equity**

(Rs in lakh)

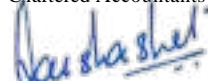
| Particulars                                    | Reserves and Surplus |                            |                                   |                                     |                   | Total            |
|--|----------------------|----------------------------|-----------------------------------|-------------------------------------|-------------------|------------------|
|  | General Reserve      | Securities Premium Reserve | Share options outstanding account | Compulsorily convertible debentures | Retained earnings |                  |
| <b>Balance as at March 31, 2019</b>            | <b>1,870.75</b>      | <b>4,438.76</b>            | <b>1,072.41</b>                   | <b>3,000.00</b>                     | <b>17,815.90</b>  | <b>28,197.82</b> |
| Loss for the year                              | -                    | -                          | -                                 | -                                   | (644.18)          | (644.18)         |
| Transition impact of Ind AS 116 implementation | -                    | -                          | -                                 | -                                   | (418.01)          | (418.01)         |
| Related to employee stock options              | -                    | -                          | 660.65                            | -                                   | -                 | 660.65           |
| Other comprehensive loss for the year          | -                    | -                          | -                                 | -                                   | (55.69)           | (55.69)          |
| On lapse/forfeiture of vested options          | -                    | -                          | (25.09)                           | -                                   | 25.09             | -                |
| <b>Balance as at March 31, 2020</b>            | <b>1,870.75</b>      | <b>4,438.76</b>            | <b>1,707.97</b>                   | <b>3,000.00</b>                     | <b>16,723.11</b>  | <b>27,740.59</b> |
| Loss for the year                              | -                    | -                          | -                                 | -                                   | (3,356.09)        | (3,356.09)       |
| Related to employee stock options              | -                    | -                          | 772.08                            | -                                   | -                 | 772.08           |
| Other comprehensive loss for the year          | -                    | -                          | -                                 | -                                   | 7.54              | 7.54             |
| On lapse/forfeiture of vested options          | -                    | -                          | (343.90)                          | -                                   | 343.90            | -                |
| <b>Balance as at March 31, 2021</b>            | <b>1,870.75</b>      | <b>4,438.76</b>            | <b>2,136.15</b>                   | <b>3,000.00</b>                     | <b>13,718.46</b>  | <b>25,164.12</b> |

See accompanying notes to the financial statements 1 to 42

In terms of our report attached

**For Deloitte Haskins & Sells Chartered Accountants LLP**

Chartered Accountants



**Varsha A. Fadte**

**Partner**

**Place: Chicalim, Goa**

**Date: June 30, 2021**

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



**Ramakrishnan Sankaranarayanan**  
**Director**

**DIN :- 02696897**

**Place: Mumbai**

**Date: June 29, 2021**



**Nishant Fadia**  
**Director**

**DIN :- 02648177**

**Place: Mumbai**

**Date: June 29, 2021**



## Prime Focus Technologies Limited

### Cash flow statement for the year ended March 31, 2021

| Particulars   | Year Ended<br>March 31, 2021 | Rs. In lakh<br>Year Ended<br>March 31, 2020 |
|---|------------------------------|---|
| <b>Cash flow from Operating activities</b>                                |                              |   |
| Loss before tax   | (4,471.30)                   | (4,477.10)                                  |
| <b>Adjustment for:</b>  |                              |   |
| Depreciation and amortization expense                                     | 6,185.51                     | 5,864.33                                    |
| Provision for doubtful debts  | 51.50                        | 111.41                                      |
| Interest income   | (1,331.66)                   | (828.21)                                    |
| Finance cost  | 5,504.95                     | 5,134.69                                    |
| Unrealised exchange difference  | 183.98                       | (1,079.00)                                  |
| Employee stock options expense  | 772.08                       | 660.65                                      |
| <b>Operating profit before working capital changes</b>                    | <b>6,895.06</b>              | <b>5,386.77</b>                             |
| <b>Changes in working capital:</b>  |                              |   |
| (Decrease)/ increase in trade and other payables                          | (509.65)                     | 811.86                                      |
| Decrease in trade and other receivables                                   | 5,337.92                     | 38.02                                       |
| <b>Cash generated from operations</b>                                     | <b>11,723.33</b>             | <b>6,236.65</b>                             |
| Income taxes paid (net of refunds)  | 2,458.61                     | (96.69)                                     |
| <b>Net cash flow generated from operating activities (A)</b>              | <b>14,181.94</b>             | <b>6,139.96</b>                             |
| <b>Cash flow from Investing activities</b>                                |                              |   |
| Purchase/development of Property, plant & equipment and Intangible assets | (2,736.19)                   | (2,639.30)                                  |
| Loans repaid by subsidiary and fellow subsidiary                          | -                            | 207.20                                      |
| Investment in ordinary shares of subsidiary                               | (0.06)                       | -   |
| Margin money and fixed deposits under lien                                | 300.00                       | (368.00)                                    |
| Interest received   | 612.79                       | 862.21                                      |
| <b>Net cash used in Investing activities (B)</b>                          | <b>(1,823.46)</b>            | <b>(1,937.89)</b>                           |



## Prime Focus Technologies Limited

### Cash flow statement for the year ended March 31, 2021

| Particulars  | Year Ended         | Rs. In lakh                  |
|--|--------------------|------------------------------|
|  | March 31, 2021     | Year Ended<br>March 31, 2020 |
| <b>Cash flow from financing activities</b>                               |                    |                              |
| Repayment of long term borrowings  | (16,995.64)        | (2,260.52)                   |
| Proceeds from short term borrowings                                      | 13,385.67          | 3,459.78                     |
| Interest paid on lease liability   | (591.58)           | (720.00)                     |
| Repayment of lease liability   | (1,344.30)         | (1,119.23)                   |
| Interest paid on borrowings  | (4,550.11)         | (3,749.62)                   |
| <b>Net cash (used in) / from Financing activities (C)</b>                | <b>(10,095.96)</b> | <b>(4,389.59)</b>            |
| <b>Net increase /(decrease) in cash and cash equivalents (A+B+C)</b>     | <b>2,262.52</b>    | <b>(187.52)</b>              |
| Cash and cash equivalents at the beginning of the year                   | 121.59             | 309.11                       |
| <b>Cash and cash equivalents at the end of the year (Refer note 10a)</b> | <b>2,384.11</b>    | <b>121.59</b>                |

#### Notes:

##### a. Investment: Refer note 7 (4) - non cash transaction

During the year, the Company has converted \$16,000,000 of loan given to Prime Focus Technologies Inc. into 0% Optionally Convertible Preference Shares (OCPS).

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

| Borrowing- Term loan (including current maturities) | March 31, 2021 | March 31, 2020   |
|---|----------------|------------------|
| Opening   | 15,940.03      | 17,938.43        |
| Cash flow   | (16,995.64)    | (2,260.52)       |
| Non cash movement                                   | 1,055.61       | 262.12           |
| <b>Closing</b>                                      | <b>-</b>       | <b>15,940.03</b> |

| Borrowing- Current | March 31, 2021   | March 31, 2020   |
|--------------------|------------------|------------------|
| Opening            | 19,005.68        | 15,545.90        |
| Cash flow          | 13,385.67        | 3,459.78         |
| <b>Closing</b>     | <b>32,391.35</b> | <b>19,005.68</b> |

See accompanying notes to the financial statements 1 to 42

In terms of our report attached

For Deloitte Haskins & Sells Chartered Accountants LLP  
Chartered Accountants



Varsha A. Fadte  
Partner  
Place: Chicalim, Goa  
Date: June 30, 2021

For and on behalf of the Board of Directors



Ramakrishnan  
Sankaranarayanan  
Director  
DIN :- 02696897  
Place: Mumbai  
Date: June 29, 2021



Nishant Fadia  
Director  
DIN :- 02648177  
Place: Mumbai  
Date: June 29, 2021



## Prime Focus Technologies Limited

### Notes forming part of the Standalone financial statements

#### 1. General information

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

#### 2. Significant accounting policies

##### 2.1 Statement of compliance

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

##### 2.2 Basis of preparation

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

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

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

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

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



## Prime Focus Technologies Limited

### 2.3 Revenue recognition

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

#### 2.3.1 Rendering of services

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

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

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

#### 2.3.2 Dividend and interest income

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

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

#### 2.3.3 Rental income

The Company's policy for recognition of revenue from operating leases is described in note 2.4 below.

### 2.4 Leasing

On April 1, 2019, the Company 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 Company has made use of the following practical expedients available in its transition to Ind AS 116 –

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

(b) The Company had applied a single discount rate to a portfolio of leases of similar assets in similar economic environment. Consequently, the Company had 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 Company excluded the initial direct costs from measurement of the RTU asset;

(d) The Company 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%.



## Prime Focus Technologies Limited

### On adoption of Ind AS 116 during previous year

- a) the Company 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. 814.13 Lakh (gross carrying and accumulated depreciation value of Rs. 2460.54 Lakh and Rs. 1,646.41 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. 1,279.35 (non-current and current obligation under finance leases Rs. 715.17 Lakh and Rs. 564.18 respectively) have been reclassified to lease liabilities.
- 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.

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

### The Company as a lessee

The Company 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 Company 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 –

- 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 Company 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 Company is reasonably certain to exercise that option.

The Company 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 Company 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 Company applies Ind AS 36 to determine whether an RTU asset is impaired and accounts for any identified impairment loss. Refer 2.12 below.

For lease liabilities at the commencement of the lease, the Company 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 Company 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 Company 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 Company 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.

## **2.5 Foreign currencies transactions and translations**

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

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

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

## **2.6 Borrowing costs**

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

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

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

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

## **2.7 Employee benefits**

### **2.7.1 Retirement benefit costs and termination benefits**

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

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

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

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

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



## **Prime Focus Technologies Limited**

### **2.7.2 Short-term and other long-term employee benefits**

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

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

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

### **2.8 Share-based payment arrangements**

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

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

### **2.9 Taxation**

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



## Prime Focus Technologies Limited

### 2.9.1 Current tax

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

### 2.9.2 Deferred tax

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

In the previous year, 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 previous year.

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

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

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

### 2.9.3 Current and deferred tax for the year

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

## 2.10 Property, plant and equipment (PPE) and depreciation

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

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

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



## Prime Focus Technologies Limited

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

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

### 2.11 Intangible assets and amortisations

#### 2.11.1 Intangible assets acquired separately

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

#### 2.11.2 Internally-generated intangible assets – research and development expenditure

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

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

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

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

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

#### 2.11.3 Useful lives of intangible assets

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

#### 2.11.4 De-recognition of intangible assets

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



## **2.12 Impairment of tangible and intangible assets**

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

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

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

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

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

## **2.13 Provisions & contingencies**

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

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

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

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

### **2.13.1 Onerous contracts**

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

## **2.14 Inventories**

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



## **2.15 Financial instruments**

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

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

## **2.16 Financial assets**

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

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

### **2.16.1 Classification of financial assets**

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

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

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

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

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

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

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

All other financial assets are subsequently measured at fair value.

### **2.16.2 Effective interest method**

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



## Prime Focus Technologies Limited

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

### 2.16.3 Investments in equity instruments at FVTOCI

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

A financial asset is held for trading if:

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

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

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

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

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

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

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

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

### 2.16.5 Impairment of financial assets

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

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective



## Prime Focus Technologies Limited

interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

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

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

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

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 115, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

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

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

### 2.16.6 De-recognition of financial assets

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

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

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





### **2.16.7 Foreign exchange gains and losses**

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

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

### **2.16.8 Investment in subsidiaries**

The Company has elected to recognize its investments in subsidiaries at cost in accordance with the option available in Ind AS 27, 'Separate Financial Statement'

## **2.17 Financial liabilities and equity instruments**

### **2.17.1 Classification as debt or equity**

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

### **2.17.2 Equity instruments**

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

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

### **2.17.3 Compound financial instruments**

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

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

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

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are



## Prime Focus Technologies Limited

included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

### 2.17.4 Financial liabilities

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

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

#### 2.17.4.1 Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

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

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

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

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

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

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

#### 2.17.4.2 Financial liabilities subsequently measured at amortised cost

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

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



## Prime Focus Technologies Limited

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

### 2.17.4.3 Financial guarantee contracts

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

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

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

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

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

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

### 2.17.4.5 Foreign exchange gains and losses

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

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

### 2.17.4.6 De-recognition of financial liabilities

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

## 2.18 Derivative financial instruments

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

### 2.18.1 Embedded derivatives

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



**2.19 Offsetting**

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

**2.20 Cash & cash equivalents**

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

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

**2.21 Segment reporting**

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

**2.22 Events after reporting date**

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

**2.23 Standard/Amendments issued:**

Effective during the year

Amendment to Existing Standard

The MCA has also carried out amendments of the following accounting standards

Ind AS 103 – Business Combinations

Ind AS 107 – Financial Instruments: Disclosures

Ind AS 109 – Financial Instruments

Ind AS 116 - Leases

The impact on account of applying the above Ind AS on the financial statements of the Company for the year ended and as at 31st March 2021 is insignificant except point no.iv above wherein rent waivers received have been accounted in the Statement of Profit and Loss as envisage in the Standard.

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

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

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

**3.1.1 Revenue recognition**

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



## **Prime Focus Technologies Limited**

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

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

### **3.1.2 Taxation**

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

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

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

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

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

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

### **3.1.5 Provisions**

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

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

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

### **3.1.7 Defined benefit obligations**

The costs of providing other post-employment benefits are charged to the Statement of Profit and Loss in accordance with Ind AS 19 "Employee benefits" over the period during which benefits is derived from the employees' services and is determined based on valuation carried out by independent actuary. The



## Prime Focus Technologies Limited

costs are determined based on assumptions selected by the management. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to change in these assumptions.

### 3.1.8 Recoverability of internally generated intangible asset

The Company develops intangible assets internally to assist its business plans and outlook. The Company capitalises various costs, including employee costs, incurred in such development activities. Selection of the intangible asset eligible for capitalisation, identification of the expenses that are directly attributable and reasonably allocable to development of intangible assets involves significant management judgement. Further, the Company considers recoverability of the Company's internally generated intangible assets as at the end of each reporting period. Detailed analysis was carried out by the management as at March 31, 2020 regarding recoverability of its internally generated intangible assets.

### 3.1.9 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.

## 4 Property, plant and equipment

(Rs in lakh)

|  | Plant and equipment | Leasehold Improvements | Furniture and fixtures | Electrical Fittings | Office equipment | Vehicles     | Total            |
|--|---------------------|------------------------|------------------------|---------------------|------------------|--------------|------------------|
| <b>Gross block</b>   |                     |                        |                        |                     |                  |              |                  |
| As at April 1, 2019  | 10,189.38           | 3,680.62               | 606.18                 | 903.03              | 877.52           | -            | 16,256.73        |
| Erstwhile finance leased assets transferred                | (1,910.49)          | -                      | -                      | -                   | -                | -            | (1,910.49)       |
| Additions  | 166.77              | 81.86                  | 21.32                  | 7.89                | 12.47            | 24.62        | 314.93           |
| Deductions   | -                   | -                      | -                      | -                   | -                | -            | -                |
| Transferred from RTU plant & machinery on closure of lease | 683.20              | -                      | -                      | -                   | -                | -            | 683.20           |
| <b>As at March 31, 2020</b>                                | <b>9,128.86</b>     | <b>3,762.48</b>        | <b>627.50</b>          | <b>910.92</b>       | <b>889.99</b>    | <b>24.62</b> | <b>15,344.37</b> |
| <b>Accumulated depreciation</b>                            |                     |                        |                        |                     |                  |              |                  |
| As at April 1, 2019  | 7,751.45            | 2,216.60               | 310.51                 | 368.34              | 713.75           | -            | 11,360.65        |
| Erstwhile finance leased assets transferred                | (1,285.68)          | -                      | -                      | -                   | -                | -            | (1,285.68)       |
| For the year   | 541.12              | 388.63                 | 59.87                  | 82.89               | 58.97            | -            | 1,131.48         |
| Deductions   | -                   | -                      | -                      | -                   | -                | -            | -                |
| Transferred from RTU plant & machinery on closure of lease | 683.20              | -                      | -                      | -                   | -                | -            | 683.20           |
| <b>As at March 31, 2020</b>                                | <b>7,690.09</b>     | <b>2,605.23</b>        | <b>370.38</b>          | <b>451.23</b>       | <b>772.72</b>    | <b>-</b>     | <b>11,889.65</b> |
| <b>Net block</b>   |                     |                        |                        |                     |                  |              |                  |
| <b>As at March 31, 2020</b>                                | <b>1,438.77</b>     | <b>1,157.25</b>        | <b>257.12</b>          | <b>459.69</b>       | <b>117.27</b>    | <b>24.62</b> | <b>3,454.72</b>  |

|  | Plant and equipment | Leasehold Improvements | Furniture and fixtures | Electrical Fittings | Office equipment | Vehicles     | Total            |
|--|---------------------|------------------------|------------------------|---------------------|------------------|--------------|------------------|
| <b>Gross block</b>   |                     |                        |                        |                     |                  |              |                  |
| As at April 1, 2020  | 9,128.86            | 3,762.48               | 627.50                 | 910.92              | 889.99           | 24.62        | 15,344.37        |
| Additions  | 451.68              | 80.95                  | 0.39                   | 6.10                | 2.21             | -            | 541.33           |
| Deductions   | -                   | -                      | -                      | -                   | -                | -            | -                |
| Transferred from RTU plant & machinery on closure of lease | 267.87              | -                      | -                      | -                   | -                | -            | 267.87           |
| <b>As at March 31, 2021</b>                                | <b>9,848.41</b>     | <b>3,843.43</b>        | <b>627.89</b>          | <b>917.02</b>       | <b>892.20</b>    | <b>24.62</b> | <b>16,153.57</b> |
| <b>Accumulated depreciation</b>                            |                     |                        |                        |                     |                  |              |                  |
| As at April 1, 2020  | 7,690.09            | 2,605.23               | 370.38                 | 451.23              | 772.72           | -            | 11,889.65        |
| For the year   | 463.11              | 414.62                 | 58.07                  | 81.53               | 25.16            | 2.92         | 1,045.41         |
| Deductions   | -                   | -                      | -                      | -                   | -                | -            | -                |
| Transferred from RTU plant & machinery on closure of lease | 251.01              | -                      | -                      | -                   | -                | -            | 251.01           |
| <b>As at March 31, 2021</b>                                | <b>8,404.21</b>     | <b>3,019.85</b>        | <b>428.45</b>          | <b>532.76</b>       | <b>797.88</b>    | <b>2.92</b>  | <b>13,186.07</b> |
| <b>Net block</b>   |                     |                        |                        |                     |                  |              |                  |
| <b>As at March 31, 2021</b>                                | <b>1,444.20</b>     | <b>823.58</b>          | <b>199.44</b>          | <b>384.26</b>       | <b>94.32</b>     | <b>21.70</b> | <b>2,967.50</b>  |



**Prime Focus Technologies Limited**

**5. Intangible assets**

(Rs in lakh)

|  | Softwares        |
|--|------------------|
| <b>Gross block</b>                                 |                  |
| As at April 1, 2019                                | <b>46,731.41</b> |
| Erstwhile finance leased assets transferred        | (550.05)         |
| Additions  | 2,047.40         |
| Transferred from RTU softwares on closure of lease | 302.69           |
| Deductions   | -                |
| <b>As at March 31, 2020</b>                        | <b>48,531.45</b> |
|  |                  |
| <b>Accumulated amortisation</b>                    |                  |
| As at April 1, 2019                                | <b>11,328.87</b> |
| Erstwhile finance leased assets transferred        | (360.73)         |
| For the year                                       | 3,445.91         |
| Transferred from RTU softwares on closure of lease | 302.69           |
| Deductions   | -                |
| <b>As at March 31, 2020</b>                        | <b>14,716.74</b> |
|  |                  |
| <b>Net block</b>                                   |                  |
| <b>As at March 31, 2020</b>                        | <b>33,814.71</b> |

(Rs in lakh)

|                                 | Softwares        |
|---------------------------------|------------------|
| <b>Gross block</b>              |                  |
| As at April 1, 2020             | <b>48,531.45</b> |
| Additions                       | 1,684.80         |
| Deductions                      | -                |
| <b>As at March 31, 2021</b>     | <b>50,216.25</b> |
|                                 |                  |
| <b>Accumulated amortisation</b> |                  |
| As at April 1, 2020             | <b>14,716.74</b> |
| For the year                    | 3,974.31         |
| Deductions                      | -                |
| <b>As at March 31, 2021</b>     | <b>18,691.05</b> |
|                                 |                  |
| <b>Net block</b>                |                  |
| <b>As at March 31, 2021</b>     | <b>31,525.20</b> |



## Prime Focus Technologies Limited

### 6. Right-to-use assets

(Rs in lakh)

|  | Right -to- use Plant & Machinery | Right -to- use Software | Right -to- use Buildings | Total           |
|--|----------------------------------|-------------------------|--------------------------|-----------------|
| <b>Gross block</b>                                 |                                  |                         |                          |                 |
| As at April 1, 2019                                | -                                | -                       | -                        | -               |
| Transition impact of IND AS 116 implementation     | -                                | -                       | 3,728.29                 | 3,728.29        |
| Erstwhile finance leased assets transferred        | 1,910.49                         | 550.05                  | -                        | 2,460.54        |
| Additions  | 413.54                           | 153.66                  | -                        | 567.20          |
| Transferred to PPE/intangibles on closure of lease | (683.20)                         | (302.69)                | -                        | (985.89)        |
| <b>As at March 31, 2020</b>                        | <b>1,640.83</b>                  | <b>401.02</b>           | <b>3,728.29</b>          | <b>5,770.14</b> |
|  |                                  |                         |                          |                 |
| <b>Accumulated amortisation</b>                    |                                  |                         |                          |                 |
| As at April 1, 2019                                | -                                | -                       | -                        | -               |
| Erstwhile finance leased assets transferred        | 1,285.68                         | 360.73                  | -                        | 1,646.41        |
| For the year                                       | 308.40                           | 86.35                   | 892.19                   | 1,286.94        |
| Transferred to PPE/intangibles on closure of lease | (683.20)                         | (302.69)                | -                        | (985.89)        |
| <b>As at March 31, 2020</b>                        | <b>910.88</b>                    | <b>144.39</b>           | <b>892.19</b>            | <b>1,947.46</b> |
|  |                                  |                         |                          |                 |
| <b>Net block</b>                                   |                                  |                         |                          |                 |
| <b>As at March 31, 2020</b>                        | <b>729.95</b>                    | <b>256.63</b>           | <b>2,836.10</b>          | <b>3,822.68</b> |

(Rs in lakh)

|  | Right -to- use Plant & Machinery | Right -to- use Software | Right -to- use Buildings | Total           |
|--|----------------------------------|-------------------------|--------------------------|-----------------|
| <b>Gross block</b>                                 |                                  |                         |                          |                 |
| As at April 1, 2020                                | 1,640.83                         | 401.02                  | 3,728.29                 | 5,770.14        |
| Additions  | 125.06                           | 50.53                   | -                        | 175.59          |
| Transferred to PPE/intangibles on closure of lease | (267.87)                         | -                       | -                        | (267.87)        |
| Disposal   | -                                | -                       | (242.90)                 | (242.90)        |
| <b>As at March 31, 2021</b>                        | <b>1,498.02</b>                  | <b>451.55</b>           | <b>3,485.39</b>          | <b>5,434.96</b> |
|  |                                  |                         |                          |                 |
| <b>Accumulated amortisation</b>                    |                                  |                         |                          |                 |
| As at April 1, 2020                                | 910.88                           | 144.39                  | 892.19                   | 1,947.47        |
| For the year                                       | 295.83                           | 56.79                   | 813.17                   | 1,165.79        |
| Transferred to PPE/intangibles on closure of lease | (251.01)                         | -                       | -                        | (251.01)        |
| <b>As at March 31, 2021</b>                        | <b>955.70</b>                    | <b>201.18</b>           | <b>1,705.36</b>          | <b>2,862.25</b> |
|  |                                  |                         |                          |                 |
| <b>Net block</b>                                   |                                  |                         |                          |                 |
| <b>As at March 31, 2021</b>                        | <b>542.32</b>                    | <b>250.36</b>           | <b>1,780.03</b>          | <b>2,572.71</b> |





## Prime Focus Technologies Limited

### 7. Investments

(Rs in lakh)

|   | As at March 31, 2021 | As at March 31, 2020 |
|---|----------------------|----------------------|
| <b>Non Current</b>  |                      |                      |
| <b>Investment in subsidiaries:</b>  |                      |                      |
| <b>Unquoted equity instruments, fully paid up (at cost)</b>   |                      |                      |
| <b>Prime Focus Technologies UK Limited</b>  |                      |                      |
| 1 equity share (March 31, 2020 :1 share) of £ 0.01 each   | -                    | -                    |
| <b>Prime Focus Technologies, Inc.</b>   |                      |                      |
| 2,235 equity shares (March 31, 2020: 2,235 shares) of \$ 0.01 each.   | 3,176.35             | 3,176.35             |
| <b>Prime Focus Technologies PTE Ltd.</b>  |                      |                      |
| 100 ordinary shares (March 31, 2020: Nil) of SGD 1 each.  | 0.06                 | -                    |
| <b>Apptarix Mobility Solutions Pvt. Ltd.</b>  |                      |                      |
| 3,297,746 equity shares (March 31, 2020: 3,297,746 shares) of Re. 1 each  | 371.49               | 371.49               |
| <b>Unquoted preference shares (at cost)</b>   |                      |                      |
| <b>Prime Focus Technologies UK Limited</b>  |                      |                      |
| 282,515,100 - 0% optionally convertible redeemable preference shares (March 31, 2020: 282,515,100 shares) of £ 0.01 each (Refer note 3 below) | 2,320.66             | 2,320.66             |
| <b>Prime Focus Technologies, Inc.</b>   |                      |                      |
| 32-0% optionally convertible preference shares (Mar 31, 2020-nil) of \$0.01 each (Refer note 4 below)   | 11,797.34            | -                    |
| <b>Total</b>  | <b>17,665.90</b>     | <b>5,868.50</b>      |

Note 1: Refer note 15.a

Note2: The list of investments in subsidiaries, along with proportion of ownership held and country of incorporation are disclosed in note 1.1 of the consolidated financial statements

Note 3: The zero percent optionally convertible redeemable preference shares are redeemable at any time within a period of 10 years from the date of allotment at the option of the company at a value giving minimum return of 6% p.a. on the amount invested. These shares can be converted into one ordinary share of £0.01 each at any time at the option of the Company.

Note: 4 During the year the Company has converted \$16,000,000 of loan given to Prime Focus Technologies Inc. into 0% Optionally Convertible Preference Shares (OCPS)

### 8. Loans (Unsecured, Considered good)

(Rs in lakh)

|                                    | As at March 31, 2021 | As at March 31, 2020 |
|------------------------------------|----------------------|----------------------|
| <b>Non Current</b>                 |                      |                      |
| Loan to Subsidiary (Refer note 31) | 414.69               | 12,396.02            |
| <b>Total</b>                       | <b>414.69</b>        | <b>12,396.02</b>     |

- Above loans are given for general corporate purpose.
- Refer note 7 (4)



**Prime Focus Technologies Limited**

**9. Trade Receivables (Unsecured)**

(Rs in lakh)

|                       | As at March 31, 2021 | As at March 31, 2020 |
|-----------------------|----------------------|----------------------|
| Trade receivables     | 6,725.20             | 5,092.21             |
| Less: Loss allowances | (391.81)             | (340.31)             |
| <b>Total</b>          | <b>6,333.39</b>      | <b>4,751.90</b>      |

(Rs in lakh)

|  | As at March 31, 2021 | As at March 31, 2020 |
|--|----------------------|----------------------|
| <b>The movement in allowance for doubtful receivables is as follows:</b> |                      |                      |
| Balance as at the beginning of the year                                  | 340.31               | 228.90               |
| Movement during the year (net)   | 51.50                | 111.41               |
| <b>Balance as at the end of the year</b>                                 | <b>391.81</b>        | <b>340.31</b>        |

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

**10. Cash and bank balances**

(Rs in lakh)

|   | As at March 31, 2021 | As at March 31, 2020 |
|---|----------------------|----------------------|
| <b>a. Cash and cash equivalents</b>     |                      |                      |
| Cash on hand                            | 2.59                 | 2.48                 |
| <b>Bank balances</b>                    |                      |                      |
| In current Accounts                     | 2,381.52             | 119.11               |
| <b>Total</b>                            | <b>2,384.11</b>      | <b>121.59</b>        |
| <b>b. Balances other than (a) above</b> |                      |                      |
| Other bank balances                     |                      |                      |
| In deposits*                            | 124.45               | 424.45               |
| <b>Total</b>                            | <b>124.45</b>        | <b>424.45</b>        |

\* 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.

**11. Other financial assets**

(Rs in lakh)

|   | As at March 31, 2021 | As at March 31, 2020 |
|---|----------------------|----------------------|
| <b>Non-current (unsecured, considered good)</b>             |                      |                      |
| Deposits (Refer note 31)                                    | 697.24               | 6,820.40             |
| Interest accrued on loan to related parties (Refer note 31) | 2,542.13             | 2,119.63             |
| <b>Total</b>  | <b>3,239.37</b>      | <b>8,940.03</b>      |
| <b>Current (unsecured, considered good)</b>                 |                      |                      |
| Unbilled revenue  | 937.61               | 1,664.37             |
| Interest accrued on deposits                                | 5.29                 | 13.71                |
| Advance to related parties (Refer note 31)                  | 101.64               | 84.50                |
| <b>Total</b>  | <b>1,044.54</b>      | <b>1,762.58</b>      |

**12. Other Assets**

(Rs in lakh)

|   | As at March 31, 2021 | As at March 31, 2020 |
|---|----------------------|----------------------|
| <b>Non-current (Unsecured, considered good)</b> |                      |                      |
| Capital advances                                | 21.10                | 15.78                |
| Prepaid expenses                                | 5.13                 | 53.54                |
| <b>Total</b>                                    | <b>26.23</b>         | <b>69.32</b>         |
| <b>Current (Unsecured, considered good)</b>     |                      |                      |
| Prepaid expenses                                | 69.68                | 147.54               |
| Other loans and advances                        | 108.34               | 71.36                |
| <b>Total</b>                                    | <b>178.02</b>        | <b>218.90</b>        |



## Prime Focus Technologies Limited

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

### 13. Equity Share Capital

(Rs in lakh)

|  | As at March 31, 2021 | As at March 31, 2020 |
|--|----------------------|----------------------|
| <b>Authorised share capital:</b>         |                      |                      |
| 50,00,000 equity shares of Rs. 10/- each | 500.00               | 500.00               |
| <b>Issued, subscribed and paid-Up:</b>   |                      |                      |
| 21,71,578 equity shares of Rs. 10/- each | 217.16               | 217.16               |

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

Fully paid equity shares

(Rs in lakh)

|  | Year ended March 31, 2021 |               | Year ended March 31, 2020 |               |
|--|---------------------------|---------------|---------------------------|---------------|
|  | 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       | -                         | -             | -                         | -             |
| <b>Balance as at the end of the year</b> | <b>21,71,578</b>          | <b>217.16</b> | <b>21,71,578</b>          | <b>217.16</b> |

#### 13.2 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. 1,87,885 options were outstanding as at March 31, 2021 (Previous year 2,59,074). (Refer note 30)

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

|                                       | As at March 31, 2021 |              | As at March 31, 2020 |              |
|---------------------------------------|----------------------|--------------|----------------------|--------------|
|                                       | Numbers              | % of holding | Numbers              | % of holding |
| Prime Focus Limited - Holding company | 16,01,466            | 73.75%       | 16,01,466            | 73.75%       |
| Mr. Ramakrishnan Sankaranarayanan     | 2,21,602             | 10.20%       | 2,21,602             | 10.20%       |

#### 13.4 Rights, preferences and restrictions attached to shares

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

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

### 14. Other equity

(Rs in lakh)

|  | As at March 31, 2021 | As at March 31, 2020 |
|--|----------------------|----------------------|
| <b>Securities premium</b>                        |                      |                      |
| As per last balance sheet                        | 4,438.76             | 4,438.76             |
| <b>Compulsory convertible debentures</b>         |                      |                      |
| As per last balance sheet                        | 3,000.00             | 3,000.00             |
| <b>General reserve</b>                           |                      |                      |
| As per last balance sheet                        | 1,870.75             | 1,870.75             |
| <b>Retained earnings ( Refer note (a) below)</b> |                      |                      |
| As per last balance sheet                        | 16,723.11            | 17,815.90            |
| Movement during the year                         | (3,004.65)           | (1,092.79)           |
|  | <b>13,718.46</b>     | <b>16,723.11</b>     |
| <b>Share options outstanding account</b>         |                      |                      |
| As per last balance sheet                        | 1,707.97             | 1,072.41             |
| Movement during the year                         | 428.18               | 635.56               |
|  | <b>2,136.15</b>      | <b>1,707.97</b>      |
| <b>Total</b>                                     | <b>25,164.12</b>     | <b>27,740.59</b>     |

a. Includes Re measurement of defined benefit obligations (net of tax), gain of Rs. 7.54 lakh (March 31, 2020: loss of Rs. 55.69 lakh).



## Prime Focus Technologies Limited

### 15. Borrowings (Non - Current)

(Rs in lakh)

|                             | As at March 31, 2021 | As at March 31, 2020 |
|-----------------------------|----------------------|----------------------|
| <b>Term loans (secured)</b> |                      |                      |
| from a bank                 | -                    | 13,569.67            |
| (Refer note (a) below)      |                      |                      |
| <b>Total</b>                | <b>-</b>             | <b>13,569.67</b>     |

a. The Company had 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 was repayable in 84 months from date of the 1st disbursement including 6 months moratorium, it was 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 March 2020. Facility was 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, outstanding loan amount is Rs. NIL. As at March 31, 2020 Rs. 13,569.67 lakh (net of transaction fees) was disclosed as non-current and Rs. 2,370.36 lakh was disclosed as current.

### 16. Other Financial liabilities (Non current)

(Rs in lakh)

|  | As at March 31, 2021 | As at March 31, 2020 |
|--|----------------------|----------------------|
| Non convertible redeemable preference shares | 293.62               | 260.76               |
| (Refer note below)                           |                      |                      |
| <b>Total</b>                                 | <b>293.62</b>        | <b>260.76</b>        |

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.

### 17. Other Financial liabilities (Current)

(Rs in lakh)

|   | As at March 31, 2021 | As at March 31, 2020 |
|---|----------------------|----------------------|
| <b>Current maturities of long term borrowings</b> |                      |                      |
| <b>Term loans (secured)</b>                       |                      |                      |
| from a bank                                       | -                    | 2,370.36             |
| (Refer note (15.a))                               |                      |                      |
| <b>Sub-total</b>                                  | <b>-</b>             | <b>2,370.36</b>      |
| Interest accrued but not due on borrowings        | 371.67               | 1,096.88             |
| Accrued salaries and benefits                     | 826.24               | 996.20               |
| Capital Creditors                                 | 212.60               | 447.97               |
| <b>Total</b>                                      | <b>1,410.51</b>      | <b>4,911.41</b>      |

There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at March 31, 2021 and as at March 31, 2020

### 18. Provisions

(Rs in lakh)

|  | As at March 31, 2021 | As at March 31, 2020 |
|--|----------------------|----------------------|
| <b>Non-current</b>                     |                      |                      |
| <b>Provision for employee benefits</b> |                      |                      |
| Provision for gratuity (refer note 28) | 535.94               | 496.80               |
| Provision for compensated absences     | 88.72                | 73.79                |
| <b>Total</b>                           | <b>624.66</b>        | <b>570.59</b>        |
| <b>Current</b>                         |                      |                      |
| <b>Provision for employee benefits</b> |                      |                      |
| Provision for gratuity (refer note 28) | 13.39                | 11.92                |
| Provision for compensated absences     | 8.81                 | 7.08                 |
| <b>Total</b>                           | <b>22.20</b>         | <b>19.00</b>         |



## Prime Focus Technologies Limited

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

### 19. Other liabilities

(Rs in lakh)

|                                 | As at March 31, 2021 | As at March 31, 2020 |
|---------------------------------|----------------------|----------------------|
| <b>Non-Current</b>              |                      |                      |
| Deposit received from customers | 165.01               | 165.01               |
| Lease rent                      | -                    | -                    |
| <b>Total</b>                    | <b>165.01</b>        | <b>165.01</b>        |
| <b>Current</b>                  |                      |                      |
| Deposit received from customers | 53.33                | 53.33                |
| Deferred revenue                | 401.19               | 174.48               |
| Advance from customers          | 105.85               | 18.04                |
| Other payables                  | 440.19               | 649.89               |
| <b>Total</b>                    | <b>1,000.56</b>      | <b>895.74</b>        |

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

### 20. Borrowings (Current)

(Rs in lakh)

|   | As at March 31, 2021 | As at March 31, 2020 |
|---|----------------------|----------------------|
| <b>From Banks/ Others (Secured)</b>       |                      |                      |
| Cash credit/ overdraft (Refer note below) | 2,486.05             | 2,493.53             |
| <b>From Others (Unsecured)</b>            |                      |                      |
| Loan from related party (Refer note 31)   | 29,905.30            | 16,512.15            |
| <b>Total</b>                              | <b>32,391.35</b>     | <b>19,005.68</b>     |

The Company has availed a cash credit facility from bank. This facility was 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 facility was further secured by corporate guarantee issued by holding company and personal guarantee of promoters. Refer note 15(a) for securities details of facilities outstanding as at March 31, 2021. The rate of interest for cash credit / overdraft is based on 6 months MCLR + 2.65% with a reset on half-yearly basis.

### 21. Revenue from operations

(Rs in lakh)

|                      | Year ended March 31,<br>2021 | Year ended March 31,<br>2020 |
|----------------------|------------------------------|------------------------------|
| Income from services | 18,842.57                    | 22,809.73                    |
| <b>Total</b>         | <b>18,842.57</b>             | <b>22,809.73</b>             |

### 22. Other income

(Rs in lakh)

|  | Year ended March 31,<br>2021 | Year ended March 31,<br>2020 |
|--|------------------------------|------------------------------|
| Interest income:   |                              |                              |
| Bank deposits  | 15.10                        | 14.75                        |
| on income tax refunds  | 255.95                       | 22.83                        |
| on loans and deposits given to related parties (Refer note 31) | 1,011.77                     | 736.09                       |
| on others  | 48.84                        | 54.54                        |
| Sundry credit balances written back (net)                      | 147.16                       | -                            |
| Others   | 0.00                         | 83.30                        |
| <b>Total</b>   | <b>1,478.82</b>              | <b>911.51</b>                |



**Prime Focus Technologies Limited**

**23. Employee benefits expense**

(Rs in lakh)

|   | Year ended March 31,<br>2021 | Year ended March 31,<br>2020 |
|---|------------------------------|------------------------------|
| Salaries and wages                          | 5,824.76                     | 8,353.90                     |
| Contribution to provident fund, other funds | 378.76                       | 477.31                       |
| Gratuity (Refer note 28)                    | 152.88                       | 132.65                       |
| Staff welfare expenses                      | 87.53                        | 180.60                       |
| <b>Total</b>                                | <b>6,443.93</b>              | <b>9,144.46</b>              |

**24. Other expenditure**

(Rs in lakh)

|                              | Year ended March 31,<br>2021 | Year ended March 31,<br>2020 |
|------------------------------|------------------------------|------------------------------|
| Rent                         | 367.51                       | 601.67                       |
| Communication cost           | 470.25                       | 470.67                       |
| Consumable stores            | 84.94                        | 153.29                       |
| Electricity expense          | 423.81                       | 602.35                       |
| Legal and Professional fees  | 238.31                       | 325.01                       |
| Rates and taxes              | 2.80                         | 34.20                        |
| Traveling and conveyance     | 243.32                       | 458.94                       |
| Repairs and maintenance      | 365.14                       | 595.72                       |
| Director's sitting fees      | 2.80                         | 3.60                         |
| Insurance cost               | 54.46                        | 61.47                        |
| House keeping expense        | 81.30                        | 243.76                       |
| Sales promotion expenses     | 82.56                        | 87.86                        |
| Provision for doubtful debts | 51.50                        | 111.41                       |
| Management fees              | 58.71                        | 61.31                        |
| Miscellaneous expenses       | 128.73                       | 213.69                       |
| <b>Total</b>                 | <b>2,656.14</b>              | <b>4,024.95</b>              |

**Payment to auditors (exclusive of goods & service tax)**

|                  |              |              |
|------------------|--------------|--------------|
| Audit fees       | 22.50        | 22.50        |
| In other matters | 0.25         | 1.49         |
| <b>Total</b>     | <b>22.75</b> | <b>23.99</b> |

**25. Finance costs**

(Rs in lakh)

|   | Year ended March 31,<br>2021 | Year ended March 31,<br>2020 |
|---|------------------------------|------------------------------|
| Interest on term loan   | 1,571.70                     | 2,245.58                     |
| Interest on lease liabilities                                 | 591.58                       | 730.86                       |
| Interest on working capital loans                             | 176.36                       | 274.87                       |
| Interest on loan from related parties (Refer note 31)         | 2,490.81                     | 1,869.57                     |
| Interest on others  | 15.10                        | 7.80                         |
| Finance charges   | 626.54                       | 22.63                        |
| Change in fair value of financial liabilities (Refer note 34) | 32.86                        | (16.62)                      |
| <b>Total</b>  | <b>5,504.95</b>              | <b>5,134.69</b>              |



**Prime Focus Technologies Limited**

**26. Income Taxes**

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

(Rs in lakh)

|  | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2020 |
|--|------------------------------|------------------------------|
| Current tax  |                              |                              |
| - in respect of current year (a)                                       | -                            | -                            |
| Deferred tax (credit)  |                              |                              |
| - in respect of current year (b)                                       | (1,115.21)                   | (3,832.92)                   |
| <b>Total income tax expense recognised in the current year (a)+(b)</b> | <b>(1,115.21)</b>            | <b>(3,832.92)</b>            |

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

(Rs in lakh)

|   | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2020 |
|---|------------------------------|------------------------------|
| Re-measurement of defined benefit obligation        | (2.53)                       | 16.52                        |
| <b>Tax recognised in other comprehensive income</b> | <b>(2.53)</b>                | <b>16.52</b>                 |

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

(Rs in lakh)

|   | March 31, 2021 |                   | March 31, 2020 |                   |
|---|----------------|-------------------|----------------|-------------------|
| Loss before tax   |                | (4,471.29)        |                | (4,477.10)        |
| Tax using Company's domestic tax rate   | 25.17%         | (1,125.42)        | 25.17%         | (1,126.89)        |
| <b>Effect of:</b>   |                |                   |                |                   |
| Reversal of deferred tax liability due to change in tax regime u/s 115BAA of the Income Tax Act, 1961 |                | -                 |                | (2,706.03)        |
| Others  |                | 10.21             |                | -                 |
| <b>Income tax credit recognised in Statement of Profit and Loss</b>                                   |                | <b>(1,115.21)</b> |                | <b>(3,832.92)</b> |



## Prime Focus Technologies Limited

### D. Movement in temporary differences

(Rs in lakh)

|  | Balance as at March 31, 2019 | Recognised in Profit/ loss during 2019-20 | Recognised in retained earnings | Recognised in OCI during 2019-20 | Balance as at March 31, 2020 | Recognised in Profit/ loss during 2020-21 | Recognised in OCI during 2020-21 | Balance as at March 31, 2021 |
|--|------------------------------|---|---------------------------------|----------------------------------|------------------------------|---|----------------------------------|------------------------------|
| <b>Deferred tax liabilities related to:</b>  |                              |   |                                 |                                  |                              |   |                                  |                              |
| Difference between written down values of property, plant & equipment and intangible assets as per books of account and Income tax act, 1961 | (10,502.16)                  | 4,567.98                                  | (1,270.13)                      | -                                | (7,204.31)                   | 71.84                                     | -                                | (7,132.47)                   |
| Lease deposit discounting and equalisation   | (59.36)                      | 70.52                                     | -                               | -                                | 11.17                        | 1.12                                      | -                                | 12.29                        |
|  | <b>(10,561.52)</b>           | <b>4,638.50</b>                           | <b>(1,270.13)</b>               | <b>-</b>                         | <b>(7,193.14)</b>            | <b>72.96</b>                              | <b>-</b>                         | <b>(7,120.18)</b>            |
| <b>Deferred tax assets related to:</b>   |                              |   |                                 |                                  |                              |   |                                  |                              |
| Provision for gratuity, compensated absences and bonus   | 203.11                       | (84.73)                                   | -                               | 16.52                            | 134.90                       | 32.98                                     | (2.53)                           | 165.35                       |
| Unabsorbed loss carried forward  | 1,400.00                     | 154.74                                    | -                               | -                                | 1,564.19                     | 680.05                                    | -                                | 2,244.24                     |
| Provision for doubtful debts   | 79.98                        | (2.12)                                    | -                               | -                                | 77.86                        | 20.76                                     | -                                | 98.62                        |
| Lease liabilities  | -                            | (616.13)                                  | 1,495.11                        | -                                | 878.98                       | 308.26                                    | -                                | 1,187.24                     |
| MAT credit entitlement   | 255.22                       | (255.22)                                  | -                               | -                                | -                            | -   | -                                | -                            |
| Others   | 4.18                         | (2.13)                                    | -                               | -                                | 2.05                         | 0.20                                      | -                                | 2.25                         |
|  | <b>1,942.49</b>              | <b>(805.59)</b>                           | <b>1,495.11</b>                 | <b>16.52</b>                     | <b>2,657.98</b>              | <b>1,042.25</b>                           | <b>(2.53)</b>                    | <b>3,697.70</b>              |
| <b>Net deferred tax (liabilities)</b>  | <b>(8,619.03)</b>            | <b>3,832.92</b>                           | <b>224.98</b>                   | <b>16.52</b>                     | <b>(4,535.16)</b>            | <b>1,115.21</b>                           | <b>(2.53)</b>                    | <b>(3,422.48)</b>            |

### 27. Earnings per share

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

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

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

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

| Particulars  |                | Year ended      | Year ended     |
|--|----------------|-----------------|----------------|
|  |                | March 31, 2021  | March 31, 2020 |
| Net loss after tax as per statement of profit and loss (A) | Rupees in lakh | (3,356.09)      | (644.18)       |
| Weighted average number of equity shares for Basic EPS (B) | Number         | 21,71,578       | 21,71,578      |
| <b>Basic &amp; diluted earnings per share (A/B)</b>        | <b>Rupees</b>  | <b>(154.55)</b> | <b>(29.66)</b> |





28. Employee Benefits

28.1 Defined contribution plans

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

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

**Rs. in lakh**

| Particulars  | Year Ended March 31, 2021 | Year Ended March 31, 2020 |
|--|---------------------------|---------------------------|
| Employer’s contribution to provident funds and other funds | 378.76                    | 477.31                    |

28.2 Defined benefit plans

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

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

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

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

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



## Prime Focus Technologies Limited

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

(Rs in lakh)

|  | As at March 31, 2021 | As at March 31, 2020 |
|--|----------------------|----------------------|
| Defined Benefit Obligation at the beginning of the year                        | 508.72               | 413.58               |
| Interest Cost  | 34.90                | 32.22                |
| Current Service Cost   | 117.98               | 100.43               |
| Benefit Paid Directly by the Employer  | (102.20)             | (109.72)             |
| Actuarial (Gains)/losses on Obligations-Due to change in financial assumptions | (3.00)               | 60.92                |
| Actuarial (Gains)/losses on Obligations - Due to Experience                    | (7.06)               | 11.29                |
| <b>Defined Benefit Obligation at the end of the year</b>                       | <b>549.34</b>        | <b>508.72</b>        |

### II. Expenses recognised in Statement of Profit and Loss during the year

(Rs in lakh)

|                            | Year ended March 31, 2021 | Year ended March 31, 2020 |
|----------------------------|---------------------------|---------------------------|
| Current Service Cost       | 117.98                    | 100.43                    |
| Net Interest Cost          | 34.90                     | 32.22                     |
| <b>Expenses Recognized</b> | <b>152.88</b>             | <b>132.65</b>             |

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

(Rs in lakh)

|   | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---------------------------|---------------------------|
| Actuarial gains on obligation for the year          | (10.07)                   | 72.21                     |
| Net (income)/expense for the year recognized in OCI | <b>(10.07)</b>            | <b>72.21</b>              |

#### Actuarial assumptions

|                                       | Year ended March 31, 2021  | Year ended March 31, 2020  |
|---------------------------------------|--|--|
| Rate of Discounting (per annum)       | 6.90%  | 6.86%  |
| 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)   |

1 The discount rate is based on the prevailing market yields of the Government of India bonds as at the Balance Sheet date for the estimated term of the obligations

2 The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

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

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

|  | March 31, 2021         |                        | March 31, 2020         |                        |
|--|------------------------|------------------------|------------------------|------------------------|
|  | Increase in assumption | Decrease in assumption | Increase in assumption | Decrease in assumption |
| Discount rate (1% movement)              | (68.27)                | 82.41                  | (65.09)                | 78.89                  |
| Future salary appreciation (1% movement) | 79.14                  | (68.08)                | 77.57                  | (65.62)                |
| Attrition rate (1% movement)             | 13.03                  | (15.43)                | 11.74                  | (14.04)                |



## **29. Financial instruments**

### **A. Capital Management**

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

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

The capital structure of the Company consists of borrowings (as detailed in note 15, 17, and 20), offset by cash and bank balances (note 10), and equity of the Company (comprising equity share capital and other equity) detailed in statement of changes in shareholders' equity). The debt equity ratio is 1.29 as on March 31, 2021 (1.25 as on March 31, 2020).

During the year, the Company'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 Company's business and financial results. Amongst other risks that could have significant influence on the Company are market risk, credit risk and liquidity risk.

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

### **C. Credit risk**

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

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

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was Rs. 11,031.99 lakh and Rs. 27,850.53 lakh as at March 31, 2021 and March 31, 2020 respectively, being the total of the carrying amount of the balances with trade receivables, unbilled revenue, loans and other financial assets.

Three customers contribute individually to more than 10% of outstanding trade receivables as at March 31, 2021 amounting to Rs. 3,615.83 lakh (P.Y.- Two customers- Rs. 1,867.50 lakh) and three customers contribute individually to more than 10% of unbilled revenue as that date amounting to Rs. 573.25 lakh (P.Y. – Two customers- Rs. 1,108.07 lakh).

### **D. Liquidity risk management**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's corporate 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 Company's net liquidity position through rolling forecasts on the basis of expected cash flows. As at March 31, 2021, cash and cash equivalents are held with major banks and financial institutions.



## Prime Focus Technologies Limited

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

| (Rs in lakh)                 |                  |                  |
|------------------------------|------------------|------------------|
| As at March 31, 2021         |                  |                  |
|                              | Less than 1 year | More than 1 year |
| <b>Financial liabilities</b> |                  |                  |
| Borrowings                   | 32,391.35        | -                |
| Lease liabilities            | 1,373.28         | 2,428.94         |
| Other financial liabilities  | 1,410.51         | 293.62           |
| Trade payables               | 2,125.91         | -                |
|                              | <b>37,301.05</b> | <b>2,722.56</b>  |
| As at March 31, 2020         |                  |                  |
|                              | Less than 1 year | More than 1 year |
| <b>Financial liabilities</b> |                  |                  |
| Borrowings                   | 21,376.04        | 13,569.67        |
| Lease liabilities            | 1,810.47         | 3,336.05         |
| Other financial liabilities  | 2,541.05         | 260.76           |
| Trade payables               | 2,637.76         | -                |
|                              | <b>28,365.32</b> | <b>17,166.48</b> |

Also refer note 33 to these financial statements.

### E. Market risk

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

#### Foreign currency risk management

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

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

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

| Particulars                  | Foreign currency | As at March 31, 2021 |                 | As at March 31, 2020 |                  |
|------------------------------|------------------|----------------------|-----------------|----------------------|------------------|
|                              | Denomination     | Foreign currency     | Rs. In lakh     | Foreign currency     | Rs. In lakh      |
| <b>Financial assets</b>      | USD              | 60,58,032            | 4,436.28        | 2,07,72,440          | 15,526.03        |
|                              | GBP              | 15,76,879            | 1,589.58        | 6,931                | 6.41             |
|                              | SGD              | 1,508                | 0.82            | 1,508                | 0.79             |
| <b>Total</b>                 |                  |                      | <b>6,026.68</b> |                      | <b>15,533.23</b> |
| <b>Financial Liabilities</b> | USD              | 81,287               | 59.53           | 69,486               | 51.94            |
|                              | GBP              | 69,408               | 69.97           | 69,408               | 64.19            |
|                              | SGD              | 46,098               | 25.09           | 50,635               | 26.57            |
|                              | EUR              | 34,584               | 29.70           | 34,584               | 28.43            |
| <b>Total</b>                 |                  |                      | <b>184.29</b>   |                      | <b>171.13</b>    |
| <b>Net exposure</b>          |                  |                      | <b>5,842.39</b> |                      | <b>15,362.10</b> |

5% appreciation/ depreciation of respective foreign currencies with respect to functional currency of the Company would result in decrease/ increase in the Company's profit before tax by approximately Rs. 292.12 lakh for the year ended March 31, 2021 [March 31, 2020: ₹ 768.11 lakh]. This sensitivity analysis includes only outstanding foreign currency denominated monetary items.



## Prime Focus Technologies Limited

### Interest rate risk management

The Company is exposed to interest rate risk because in the Company borrows funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. The sensitivity analysis for exposure to interest rates on borrowings as at the end of the reporting period indicates that a 50 basis point increase in floating interest rates at the reporting date would have decreased equity and profit for the year by Rs. 150.00 lakh and Rs. 87.54 lakh for March 31, 2021 and March 31, 2020 and a 50 basis point decrease in floating interest rates at the reporting date would have increased equity and profit by the same amount respectively.

#### F. Fair value measurements

##### A. Accounting classifications and fair values

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

| Particulars   | (Rs. In lakh)        |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | Carrying Value       |                      | Fair Value           |                      |
|   | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 | As at March 31, 2020 |
| <b>FINANCIAL ASSETS</b>                                 |                      |                      |                      |                      |
| <b>Financial assets measured at amortised cost</b>      |                      |                      |                      |                      |
| Trade receivables                                       | 6,333.39             | 4,751.90             | -                    | -                    |
| Cash and cash equivalents                               | 2,384.11             | 121.59               | -                    | -                    |
| Other balances with Banks                               | 124.45               | 424.45               | -                    | -                    |
| Loans   | 414.69               | 12,396.02            | -                    | -                    |
| Investments   | 17,665.90            | 5,868.50             | -                    | -                    |
| Other financial assets                                  | 4,283.91             | 10,702.61            | -                    | -                    |
|   | <b>31,206.45</b>     | <b>34,265.07</b>     | -                    | -                    |
| <b>FINANCIAL LIABILITIES</b>                            |                      |                      |                      |                      |
| <b>Financial liabilities measured at fair value</b>     |                      |                      |                      |                      |
| Non convertible redeemable preference shares (NCRPS)    | 293.62               | 260.76               | 293.62               | 260.76               |
| <b>Financial liabilities measured at amortised cost</b> |                      |                      |                      |                      |
| Borrowings  | 32,391.35            | 34,945.71            | -                    | -                    |
| Lease liabilities                                       | 3,802.22             | 5,146.52             | -                    | -                    |
| Other financial liabilities                             | 1,410.51             | 2,541.05             | -                    | -                    |
| Trade payables  | 2,125.91             | 2,637.76             | -                    | -                    |
|   | <b>40,023.61</b>     | <b>45,531.80</b>     | -                    | -                    |

|   | Fair value as at     |                      |                      | Valuation techniques and key inputs                           | Significant unobservable inputs      | Rs. in lakh   |
|---|----------------------|----------------------|----------------------|---|--------------------------------------|---|
|   | As at March 31, 2021 | As at March 31, 2020 | Fair Value Hierarchy |   |                                      |   |
| (Financial Assets) /Financial Liabilities |                      |                      |                      |   |                                      | Relationships of unobservable inputs to fair value  |
| NCRPS                                     | 293.62               | 260.76               | 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 |
|   | <b>293.62</b>        | <b>260.76</b>        |                      |   |                                      |   |

#### Reconciliation of level 3 fair values

|  | (Rs. In lakh) |
|--|---------------|
| Closing balance as at March 31, 2019 (Financial Liabilities) | 277.38        |
| Change in fair value of NCRPS                                | (16.62)       |
| Closing balance as at March 31, 2020 (Financial Liabilities) | 260.76        |
| Change in fair value of NCRPS                                | 32.86         |
| Closing balance as at March 31, 2021 (Financial Liabilities) | 293.62        |



## Prime Focus Technologies Limited

### 30. Share based payments

The Company has granted employee stock options under employee's stock options scheme. Each option entitles the holder to one equity share of Rs. 10 each. 1,87,885 options were outstanding as at March 31, 2021 (Previous year 259,074). NIL (Previous year 88,883) 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, 15,523 were vested during the year (Previous year 18,436)

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

| Particulars                              | March 31, 2021     |                                 | March 31, 2020     |                                 |
|--|--------------------|---------------------------------|--------------------|---------------------------------|
|  | Numbers of options | Weighted average exercise price | Numbers of options | Weighted average exercise price |
| Outstanding at the beginning of the year | 2,59,074           | 2,626                           | 1,91,606           | 3,132                           |
| Granted during the year                  | -                  | -                               | 88,883             | 1,650                           |
| Lapsed/ forfeited during the year        | 61,150             | 1,332                           | 21,415             | 3,106                           |
| Expired during the year                  | 10,038             | 267                             | -                  | -                               |
| Outstanding at the end of the year       | 187,885            | 1,996                           | 2,59,074           | 2,626                           |
| Exercisable at the end of the year       | 115,263            | 1,661                           | 1,21,415           | 2,765                           |

For stock options outstanding as at March 31, 2021 the range of exercise price is Rs. 263 to Rs. 4,478 and weighted average remaining contractual life is 3.87 years and vesting period of 1 to 3 years

No options were granted during the year.

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. 2,626- per share

Expected volatility – 28.4% - 51%

Option life – 5 - 7 years

Expected dividends – 0% yield

Risk-free interest rate -6.5% p.a.

The Company has followed the fair value method to account for the grant of stock options and charge for the year ended March 31, 2021 is Rs. 772.08 lakh (March 31, 2020: Rs. 660.65 lakh)



## Prime Focus Technologies Limited

### 31. Related Party disclosure

(i) List of parties where control exists:

**A) Holding Company**

Prime Focus Limited

**B) Subsidiary Companies**

Prime Focus Technologies UK Limited

Prime Focus Technologies Inc

Apptarix Mobility Solutions Pvt. Ltd.

Prime Focus Technologies PTE Ltd. (w.e.f. 18 Sep 2020)

**C) Step-down subsidiary**

DAX PFT, LLC

DAX Cloud, ULC

Prime Focus Post (Europe) Ltd.

Prime Focus MEAD FZ LLC

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

**A) Holding Company**

Prime Focus Limited

**B) Subsidiary Companies**

Prime Focus Technologies UK Limited

Prime Focus Technologies Inc

Apptarix Mobility Solutions Pvt. Ltd.

Prime Focus Technologies PTE Ltd.

**C) Fellow Subsidiaries**

DNEG India Media Service Limited

PF Digital Media Services Ltd.

**D) Key Management Personnel**

Ramakrishnan Sankaranarayanan

Raghunath Mohanrao

Sanket Limbachiya

Whole Time Director

Chief Operating Officer (Upto June 30, 2020)

Company Secretary (Upto September 15, 2020)

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

Mr. Naresh Malhotra



**Prime Focus Technologies Limited**

**iii) Key Management Personnel\***

**Rs. In lakh**

|                     | <b>Year Ended March, 31<br/>2021</b> | <b>Year Ended March, 31<br/>2020</b> |
|---------------------|--------------------------------------|--------------------------------------|
| <b>Remuneration</b> |                                      |                                      |
| Raghunath Mohanrao  | 5.34                                 | 68.05                                |
| Sanket Limbachiya   | 2.43                                 | 9.21                                 |

**Rs. In lakh**

|   | <b>As at March, 31 2021</b> | <b>As at March, 31 2020</b> |
|---|-----------------------------|-----------------------------|
| <b>Balance Outstanding at the year end – Remuneration Payable</b> |                             |                             |
| Raghunath Mohanrao  | -                           | 3.49                        |
| Sanket Limbachiya   | -                           | 0.74                        |

**iv) Holding Company**

**Rs. In lakh**

|                                      | <b>Year Ended March, 31<br/>2021</b> | <b>Year Ended March, 31<br/>2020</b> |
|--------------------------------------|--------------------------------------|--------------------------------------|
| Revenue                              | 0.85                                 | 19.25                                |
| Technical Service charges            | 4.58                                 | -                                    |
| Interest expense                     | 2,378.30                             | 1,387.21                             |
| Interest income                      | 528.66                               | 720.00                               |
| Loan taken                           | 27,755.39                            | 15,318.64                            |
| Loan repaid                          | 11,846.09                            | 8,496.59                             |
| Security deposit given received back | 6,000.00                             | -                                    |
| Reimbursement of expenses (net)      | 102.80                               | 176.20                               |

**Rs. In lakh**

|  | <b>As at March, 31 2021</b> | <b>As at March, 31 2020</b> |
|--|-----------------------------|-----------------------------|
| <b>Balance outstanding at the year end</b> |                             |                             |
| Interest payable                           | 348.13                      | 137.27                      |
| Interest receivable                        | -                           | 79.70                       |
| Trade / Other Payable                      | 73.89                       | 25.38                       |
| Security deposit receivable                | -                           | 6,000.00                    |
| Loan payable                               | 29,905.30                   | 13,996.00                   |
| Guarantees                                 | -                           | 28,900.00                   |





## Prime Focus Technologies Limited

### v) Subsidiary Companies

Rs. In lakh

|  | Year Ended March, 31<br>2021 | Year Ended March, 31<br>2020 |
|--|------------------------------|------------------------------|
| <b>Revenue</b>   |                              |                              |
| Prime Focus Technologies UK Limited                      | 550.36                       | 924.80                       |
| Prime Focus Technologies, Inc.                           | 717.90                       | 1,074.88                     |
| Prime Focus Technologies PTE Ltd.                        | 820.23                       | -                            |
| <b>Loans Received Back (Refer note 7(4))</b>             |                              |                              |
| Prime Focus Technologies, Inc.                           | 11,797.34                    | 207.20                       |
| <b>Investment in Preference Shares (Refer note 7(4))</b> |                              |                              |
| Prime Focus Technologies Inc.                            | 11,797.34                    | -                            |
| <b>Investment in Ordinary Shares (Refer note 7)</b>      |                              |                              |
| Prime Focus Technologies PTE Ltd.                        | 0.06                         | -                            |
| <b>Interest on loans given</b>                           |                              |                              |
| Prime Focus Technologies, Inc.                           | 483.11                       | 16.09                        |

Rs. In lakh

|  | As at March, 31 2021 | As at March, 31 2020 |
|--|----------------------|----------------------|
| <b>Balance outstanding at the year end</b> |                      |                      |
| <b>Trade Receivable</b>                    |                      |                      |
| Prime Focus Technologies, Inc.             | 803.01               | 456.05               |
| Prime Focus Technologies UK Limited        | 1,475.16             | -                    |
| Prime Focus Technologies PTE Ltd.          | 428.44               | -                    |
| <b>Unbilled Revenue</b>                    |                      |                      |
| Prime Focus Technologies UK Limited        | -                    | 924.80               |
| Prime Focus Technologies PTE Ltd.          | 83.50                | -                    |
| Prime Focus Technologies, Inc.             | -                    | 183.27               |
| <b>Loans</b>                               |                      |                      |
| Prime Focus Technologies, Inc.             | 414.69               | 12,396.02            |
| <b>Interest receivable</b>                 |                      |                      |
| Prime Focus Technologies, Inc.             | 2,542.13             | 2,119.63             |
| <b>Investments</b>                         |                      |                      |
| Prime Focus Technologies, Inc.             | 14,973.69            | 3,176.35             |
| Prime Focus Technologies UK Limited        | 2,320.66             | 2,320.66             |
| Apptarix Mobility Solutions Pvt. Ltd.      | 371.49               | 371.49               |
| Prime Focus Technologies PTE Ltd.          | 0.06                 | -                    |



**Prime Focus Technologies Limited**

**vi) Fellow Subsidiary companies**

**Rs. In lakh**

|  | <b>Year Ended March, 31<br/>2021</b> | <b>Year Ended March, 31<br/>2020</b> |
|--|--------------------------------------|--------------------------------------|
| <b>Reimbursement of expenses (net)</b> |                                      |                                      |
| DNEG India Media Service Limited       | 65.66                                | 35.58                                |
| <b>Interest on loans</b>               |                                      |                                      |
| PF Digital Media Services Pvt Ltd.     | 112.50                               | 482.36                               |
| <b>Repayment of loans taken</b>        |                                      |                                      |
| PF Digital Media Services Pvt Ltd.     | 2,516.15                             | 3,001.60                             |

**Rs. In lakh**

|  | <b>As at March, 31 2021</b> | <b>As at March, 31 2020</b> |
|--|-----------------------------|-----------------------------|
| <b>Balance outstanding at the year end</b> |                             |                             |
| <b>Loan payable</b>                        |                             |                             |
| PF Digital Media Services Pvt Ltd.         | -                           | 2,516.15                    |
| <b>Interest payable</b>                    |                             |                             |
| PF Digital Media Services Pvt Ltd.         | -                           | 802.13                      |
| <b>Trade receivable</b>                    |                             |                             |
| DNEG India Media Service Limited           | 0.08                        | 0.08                        |
| <b>Advances receivable</b>                 |                             |                             |
| DNEG India Media Service Limited           | 72.71                       | 4.80                        |

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

**Rs. In lakh**

|   | <b>Year Ended March, 31<br/>2021</b> | <b>Year Ended March, 31<br/>2020</b> |
|---|--------------------------------------|--------------------------------------|
| Personal guarantee given by Naresh Malhotra | 2,500.00                             | 19,028.71                            |

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

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

The stock options outstanding for KMP's as at March 31, 2021 is 27,050 and as at March 31, 2020 is 43,100 and employee stock option expense for the year March 31, 2021 is Rs. 249.87 lakh (previous year Rs. 167.05 lakh).

There is no provision for doubtful debt or amount written off or written back in respect of debts due from / in respect of related parties.

32. The Company has incurred loss of Rs. 3,356.09 lakh during the year ended March 31, 2021 and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 28,259.30 lakh. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The Company has positive cash flow projections based on its annual business operations plan, based on existing projects & projects pipeline and also cost reduction measures undertaken by the company. Further, Prime Focus Ltd, the holding company, has also provided a financial support letter to the Company to provide support in settlement of its liabilities in the next year, if required. On the basis of annual cash flow projections and the financial support letter provided by the holding company, the financial statements of the Company have been prepared on a going concern basis.



33. Lease liabilities

Maturity profile of lease liabilities as at March 31, 2021:

| Particulars                                       | March 31, 2021  |                        | March 31, 2020  |                        |
|---|-----------------|------------------------|-----------------|------------------------|
|   | Carrying amount | Undiscounted cash flow | Carrying amount | Undiscounted cash flow |
| Within one year                                   | 1,373.28        | 1,707.20               | 1,810.47        | 1,987.04               |
| Later than one year and not later than five years | 2,428.94        | 2,857.05               | 2,484.95        | 3,705.67               |
| Later than five years                             | -               | -                      | 851.10          | 1,104.58               |
| <b>Total</b>                                      | <b>3,802.22</b> | <b>4,564.25</b>        | <b>5,146.52</b> | <b>6,797.29</b>        |

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. During previous year, the terms of NCRPS have been changed as per mutual agreement between the Company and NCRPS holders. The NCRPS were then expected to be redeemed on 31 March 2023 (instead of previous redemption dates of November 2019 for 50% of the NCRPS and February 2021 for the balance NCRPS). The fair value of NCRPS as on March 31, 2021 is Rs. 293.62 Lakh. (March 31, 2020 was Rs. 260.76 lakh).

35. Contingent Liabilities and commitments

a. Capital Commitments

| Particulars   | As at Mar 31, 2021 | As at Mar 31, 2020 |
|---|--------------------|--------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for: | 235.11             | 321.75             |

b. Contingent Liabilities:

Corporate guarantee given to YES bank for credit facilities taken by Prime Focus Technologies Inc. US, wholly owned subsidiary amounting to Rs. Nil (March 31, 2020 Rs. 8,221.77 lakh).

36. Segment Reporting

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

37. Capitalisation of expenditure

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

(Rs. in lakh)

| Particulars               | March 31, 2021  | March 31, 2020  |
|---------------------------|-----------------|-----------------|
| Opening Balance           | 734.30          | 402.29          |
| Add:                      |                 |                 |
| Employee Benefit expenses | 1,445.93        | 2,124.00        |
| Direct overheads          | 41.43           | 55.07           |
|                           | <b>1,487.36</b> | <b>2,179.07</b> |
| Less: capitalised         | 1,103.94        | 1,847.06        |
| Closing Balance           | <b>1,117.72</b> | <b>734.30</b>   |



## Prime Focus Technologies Limited

### 38. Corporate Social Responsibilities (CSR)

- a. Gross amount required to be spent by the Company during the year Rs. NIL  
(Previous year Rs. NIL)
- b. Amount spent during the year – NIL

| Particulars                            | March 31, 2021 | March 31, 2021 |
|--|----------------|----------------|
| Construction/acquisition of any assets | -              | -              |
| On purpose other than above            | -              | -              |

39. According to the records available with the Company, the balance dues to Micro and Small Enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 is Rs. NIL (previous year Rs. 52.26 lakh). Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Company. This has been relied upon by the auditors.

| Sr. No. | Particulars   | As at March 31,2021 | As at March 31,2020 |
|---------|---|---------------------|---------------------|
| 1       | Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end.   | -                   | 21.63               |
| 2       | Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end.   | -                   | 1.23                |
| 3       | Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year.                                   | -                   | 32.83               |
| 4       | Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year. | -                   | -                   |
| 5       | Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year             | -                   | -                   |
| 6       | Interest due and payable towards suppliers registered under MSMED Act, for payments already made.   | -                   | 1.05                |
| 7       | Further interest remaining due and payable for earlier years.   | -                   | -                   |



## Prime Focus Technologies Limited

40. The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Company 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, investments, loans and other assets. Based on the current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets.

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

### 41. Event after the reporting period

There were no events after the reporting period which require adjustments in amounts recognised/disclosures in the financial statements. (Refer note 40 above)

### 42. Approval of Financial Statements

The financial statements were approved for issue by the Board of Directors on June 29, 2021.

For and on behalf of the Board of Directors



**Ramakrishnan  
Sankaranarayanan  
Director  
DIN :- 02696897**



**Nishant Fadia  
Director  
DIN :- 02648177**

**Place: Mumbai  
Date: June 29, 2021**

**Place: Mumbai  
Date: June 29, 2021**

