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Chartered Accountants LLP**

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INDEPENDENT AUDITOR'S REPORT
To the Members of DNEG India Media Services Limited
Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of DNEG India Media Services Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit and total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report, but does not include the financial statements and our auditor's report thereon.

- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon

- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

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

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

Deloitte Haskins & Sells Chartered Accountants LLP

d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

    i. The Company does not have any pending litigations which would impact its financial position

    ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

    iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells Chartered Accountants LLP
Chartered Accountants
(Firm's Registration No. 117364W / W100739)

Varsha A. Fadte
(Partner)
(Membership No. 103999)
(UDIN: 21103999AAAAJU7726)

Panaji, Goa, November 30, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DNEG INDIA MEDIA SERVICES LIMITED

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of DNEG India Media Services Limited ("the Company") as at March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells Chartered Accountants LLP
Chartered Accountants
(Firm's Registration No. 117364W / W100739)

Varsha A. Fadte
(Partner)
(Membership No. 103999)
(UDIN: 21103999AAAAJU7726)

Panaji, Goa, November 30, 2021

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DNEG INDIA MEDIA SERVICES LIMITED

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

(i) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Some of the fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties of freehold or leasehold land and building. In respect of immovable properties of building that have been taken on lease and disclosed as Right-to-Use Assets in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.

(iii) During the year, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted loans, made investments or provided guarantees during the year. Consequently, reporting under clause (iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and does not have any unclaimed deposits as at March 31, 2021 and therefore, reporting under clause (v) of the Order is not applicable.

(vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the Order is not applicable.

Deloitte Haskins & Sells Chartered Accountants LLP

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax, Cess and other material statutory dues applicable to it to the appropriate authorities except for tax deducted at source where certain delays have been noted.

(b) There were no undisputed amounts payable in respect of the aforesaid dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

(c) There are no cases of non-deposit with appropriate authorities of disputed dues of Sales Tax, Service Tax, Goods and Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess as on March 31, 2021. Details of other due which has not been deposited as on March 31, 2021 on account of dispute is given below:

Name of Statue	**Nature of Dues**	**Forum where is Dispute is Pending**	**Period to which the Amount relates**	**Amount (Rs in crores)**
Income Tax Act, 1961	Income Tax Dues	Dispute Resolution Panel	AY 17-18	14.34

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and financial institutions. There were no borrowings or loans from the Government. The Company has not issued any debentures.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of paragraph 3 of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us, the Company has not paid / provided any managerial remuneration during the year and hence reporting under clause (xi) of paragraph 3 of the Order is not applicable.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or directors of its holding company, subsidiary company and persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells Chartered Accountants LLP
Chartered Accountants
(Firm's Registration No. 117364W / W100739)

Varsha A. Fadte
(Partner)
(Membership No. 103999)
(UDIN: 21103999AAAAJU7726)

Panaji, Goa, November 30, 2021

Balance sheet as at March 31, 2021

in ₹ lakhs

	Notes	As at March 31, 2021	As at March 31, 2020
Assets			
Non-current assets			
(a) Property, plant and equipment	4	4,073.43	4,590.82
(b) Capital Work in Progress *		0.00	2.94
(c) Goodwill	5A	4,213.16	4,213.16
(d) Other intangible assets	5A	42.36	73.90
(e) Right of use assets	5B	9,010.30	11,578.77
(f) Financial assets			
i) Investment	6	1,501.00	1,501.00
ii) Others	7	6,157.23	12,852.41
(g) Income tax assets (net)		653.68	798.01
(h) Other non-current assets	8	419.36	700.81
(i) Deferred tax asset (net)	27d	4,076.05	4,102.77
Total non-current assets		**30,146.57**	**40,414.59**
Current assets			
(a) Financial assets			
i) Trade receivables	9	8,032.05	7,427.16
ii) Cash and cash equivalents	10a	5,490.82	3,668.93
iii) Bank balances other than (ii) above	10b	526.45	9.42
iv) Others	11	12,008.34	5,226.75
(b) Other current assets	12	3,108.51	4,142.48
Total current assets		**29,166.17**	**20,474.74**
Total assets		**59,312.74**	**60,889.33**
Equity and Liabilities			
Equity			
(a) Equity share capital	13	9,807.96	-
(b) Other equity	14	(14,377.14)	(5,471.76)
Total equity		**(4,569.18)**	**(5,471.76)**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
i) Borrowings	15	18,433.77	11,399.15
ii) Lease Liabilties	34a	6,727.11	9,162.57
(b) Provisions	16	2,032.16	1,737.68
Total non-current liabilities		**27,193.04**	**22,299.40**
Current liabilities			
(a) Financial liabilities			
i) Borrowings	17	2,978.82	6,404.00
ii) Lease liabilties	34a	4,094.61	3,652.74
iii) Trade payables			
- Total outstanding due of Micro Enterprises and Small Enterprises	18	-	-
- Total outstanding due of other than Micro Enterprises and Small Enterprises	18	2,314.90	2,830.76
iv) Others	19	19,274.55	18,206.28
(b) Provisions	20	32.36	26.13
(c) Other current liabilities	21	7,993.63	12,941.78
Total current liabilities		**36,688.87**	**44,061.69**
Total liabilities		**63,881.91**	**66,361.09**
Total equity and liabilities		**59,312.73**	**60,889.33**

* represents less than ₹ 50,000

See accompanying notes to the financial statements 1-42

In terms of our report attached.

For Deloitte Haskins & Sells Chartered Accountants LLP
Chartered Accountants LLP

Varsha A. Fadte
Partner
Place : Panaji, Goa
Date : November 30, 2021

For and on behalf of the Board of Directors

Merzin Tavaria
Whole-time Director
DIN 07015623
Place : Mumbai

Naresh Malhotra
Director
DIN 00004597
Place : Mumbai

Vikas Rathee
Executive Director and
Chief Financial Officer
DIN 07015635
Place : London

Deloitte Haskins & Sells Chartered Accountants LLP

DNEG INDIA MEDIA SERVICES LIMITED

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

in ₹ lakhs

	Notes	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from operations	22	48,420.80	58,786.55
Other income	23	634.61	327.03
Total Income		**49,055.41**	**59,113.58**
Expenses			
Employee benefits expense	24	30,230.30	33,442.87
Finance costs	25	2,366.40	2,148.73
Depreciation, amortisation and impairment expense	4, 5A & 5B	5,537.69	5,682.13
Other expense	26	10,130.80	11,527.47
Total expenses		**48,265.19**	**52,801.20**
Profit before tax		**790.22**	**6,312.38**
Tax (credit) (net)	27		
Current tax		-	-
Deferred tax		(8.29)	(4,223.38)
Total tax (credit) (net)		**(8.29)**	**(4,223.38)**
Profit for the year		**798.51**	**10,535.76**
Other comprehensive loss			
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plan		139.08	(413.37)
Income tax (expense) / credit on the above		(35.01)	72.66
Total other comprehensive profit / (loss)		**104.07**	**(340.71)**
Total comprehensive income for the year		**902.58**	**10,195.05**
Earnings per equity share			
Basic and diluted	28	0.81	10.74

See accompanying notes to the financial statements 1-42

In terms of our report attached.

For Deloitte Haskins & Sells Chartered Accountants LLP

Chartered Accountants

Varsha A. Fadte
Partner
Place : Panaji, Goa
Date : November 30, 2021

Deloitte Haskins & Sells Chartered Accountants LLP

For and on behalf of the Board of Directors

Merzin Tavaria
Whole-time Director
DIN 07015623
Place : Mumbai

Naresh Malhotra
Director
DIN 00004597
Place : Mumbai

Vikas Rathee
Executive Director and Chief Financial Officer
DIN 07015635
Place : London

DNEG INDIA MEDIA SERVICES LIMITED

Cash Flow Statement for the year ended March 31, 2021

in ₹ lakhs

	Notes	Year ended March 31, 2021	Year ended March 31, 2020
A. Cash flow from Operating activities			
Net Profit before tax		**790.22**	**6,312.38**
Adjustments for :			
Depreciation, amortisation and impairment expense		5,537.69	5,682.13
Unrealised foreign exchange loss (net)		1,122.50	223.13
Liability / provision no longer required written back		(490.69)	(158.12)
Bad debts written off		-	23.85
Provision for doubful debts and advances		-	841.34
Bad & doubtful advances written off		2,700.30	-
Interest income		(139.94)	(157.23)
Loss on sale of property, plant and equipments		90.49	-
Finance cost		2,366.40	2,148.73
Operating profit before working capital changes		**11,976.97**	**14,916.21**
Changes in working capital :			
(Increase) in trade and other receivables		(2,354.21)	(10,588.80)
(Decrease) / Increase in trade and other payables		(4,639.14)	4,589.78
Cash generated from operations		**4,983.62**	**8,917.19**
Income Taxes refunds / (paid)		152.52	(640.07)
Net Cash flow generated from operating activities (A)		**5,136.14**	**8,277.12**
B. Cash flow from investing activites			
Purchase of Property, plant and equipments and other intangibles assets (including capital work in progress)		(362.05)	(1,542.88)
Loans repaid by related parties		-	1,685.58
Interest received		18.93	104.43
Fixed deposits made during the year		(517.03)	-
Payment towards business combination (Refer note 38 for previous year)		-	(13,500.00)
Net Cash used in investing activities (B)		**(860.15)**	**(13,252.87)**
C. Cash flow from Financing activities			
Proceeds from Long-term borrowings		5,623.72	10,802.60
Repayment of lease liabilities		(3,053.39)	(3,023.10)
Repayment from short-term borrowings (net)		(3,529.65)	(454.88)
Interest paid on lease liabilities		(1,093.48)	(1,365.09)
Finance costs paid		(401.30)	(428.93)
Net cash (used in) / generated from financing activities (C)		**(2,454.10)**	**5,530.60**
Net increase in cash and cash equivalents (A+B+C)		**1,821.89**	**554.85**
Cash and cash equivalents at the beginning of the year	10a	**3,668.93**	**3,114.08**
Cash and cash equivalents at the end of the year	10a	**5,490.82**	**3,668.93**

Deloitte Haskins & Sells Chartered Accountants LLP

Disclosure as per Ind AS 7 (amended) is as follows: in ₹ lakhs

	Year ended March 31, 2020	Cash flow	Non Cash movement	Year ended March 31, 2021
Borrowing - Non Current (refer note 15)	11,399.15	5,623.72	1,410.90	18,433.77
Borrowing - Current (refer note 17)	6,404.00	(3,529.65)	104.47	2,978.82

See accompanying notes to the financial statements 1-42
In terms of our report attached.

For Deloitte Haskins & Sells Chartered Accountants LLP
Chartered Accountants

Varsha A. Fadte
Partner
Place : Panaji, Goa
Date : November 30, 2021

For and on behalf of the Board of Directors

Merzin Tavaria
Whole-time Director
DIN 07015623
Place : Mumbai

Naresh Malhotra
Director
DIN 00004597
Place : Mumbai

Vikas Rathee
Executive Director and
Chief Financial Officer
DIN 07015635
Place : London

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

A. Equity share capital in ₹ lakhs

	Amount
Balance as at March 31, 2019	**-**
Changes in equity share capital during the year	-
Balance as at March 31, 2020	**-**
Changes in equity share capital during the year	9,807.96
Balance as at March 31, 2021	**9,807.96**

B. Other equity in ₹ lakhs

	Reserves and Surplus				
	Securities Premium Account	**Shares pending allotment (refer note 38)**	**Capital Reserve**	**Retained Earnings**	**Total**
Balance at March 31, 2019	**36,844.62**	**9,807.96**	**(35,470.14)**	**(26,754.71)**	**(15,572.27)**
Adjustment on adoption of IND AS 116 (Refer note 2.5)	-	-	-	(94.54)	(94.54)
Profit for the year (net of tax)	-	-	-	10,535.76	10,535.76
Other comprehensive loss for the year (net of tax)	-	-	-	(340.71)	(340.71)
Balance at March 31, 2020	**36,844.62**	**9,807.96**	**(35,470.14)**	**(16,654.20)**	**(5,471.76)**
Shares issued during the year		(9,807.96)	-	-	(9,807.96)
Profit for the year (net of tax)	-	-	-	798.51	798.51
Other comprehensive loss for the year (net of tax)	-	-	-	104.07	104.07
Balance at March 31, 2021	**36,844.62**	**-**	**(35,470.14)**	**(15,751.62)**	**(14,377.14)**

See accompanying notes to the financial statements 1-42
In terms of our report attached.

For Deloitte Haskins & Sells Chartered Accountants LLP
Chartered Accountants

Varsha A. Fadte
Partner
Place : Panaji, Goa
Date : November 30, 2021

For and on behalf of the Board of Directors

Merzin Tavaria
Whole-time Director
DIN 07015623
Place : Mumbai

Naresh Malhotra
Director
DIN 00004597
Place : Mumbai

Vikas Rathee
Executive Director and
Chief Financial Officer
DIN 07015635
Place : London

Notes forming part of the financial statements

1. General information

DNEG India Media Services Limited (formerly known as Gener8 India Media Services Limited) (the Company) is a public limited company domiciled in India and incorporated under the provision of the Companies Act, 1956. The Company is the wholly owned subsidiary of Prime Focus World N.V. and the ultimate holding company is Prime Focus Limited ("PFL"). The Company provides a variety of post-production services including digital intermediate, visual special effects (VFX), two dimensions to three dimensions (2D to 3D) conversion and other technical services to its immediate holding company and other PFL group companies and to clients in the film, broadcast and commercial sectors. The address of its registered office is Mainframe IT Park, Building H, Royal Palms, Aarey Colony, Goregaon (East), Mumbai – 400 065.

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 leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

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

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

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

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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 Indian Rupees (₹), which is its functional currency.

2.3 Use of Estimates:

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

2.4 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.

2.4.1 Rendering of services

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

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

The Company has an agreement with its immediate holding company and fellow subsidiaries based on which it has let out its operational capacity for execution of VFX and 2D to 3D conversion for projects outsourced at related cost plus fixed margin of 15%. The Company accrues for this revenue based on actual cost incurred during the period.

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

2.4.2 Interest income

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.

2.4.3 Rental income

The Company's policy for recognition of revenue from operating leases is described in note 2.5.1 below.

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2.5 Leasing

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

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

- 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.

- The Company excluded the initial direct costs from measurement of the right-to-use asset;

- The Company does not recognize right-to-use 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 11.50%.

On adoption of Ind AS 116,

a. The Company had recognized right-to-use assets Rs. 4,353.40 lacs and corresponding lease liabilities Rs. 4,486.56 lacs.

b. The net carrying value of assets procured under the finance lease Rs. 5,438.53 lacs (gross carrying and accumulated depreciation value of Rs. 9,743.73 lacs and Rs. 4,305.20 lacs, respectively) have been reclassified from property, plant and equipment and intangible assets to right- to-use assets.

c. The obligations under finance leases of Rs. 6,415.44 lacs (non-current and current obligation under finance leases Rs. 4,552.37 lacs and Rs. 1,863.07 lacs respectively) have been reclassified to lease liabilities.

d. Prepaid rent, which were earlier classified under “Other Assets” have been reclassified to right-to-use assets by Rs. 382.87 lacs.

The adoption of the new standard has resulted in a reduction of Rs. 94.54 lacs in retained earnings (net of taxes). The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116.

2.5.1 The Company as lessor

Leases under which the Company is a lessor are classified as finance or operating leases. Lease contracts where all the risks and rewards are substantially transferred to the lessee, the lease contracts are classified as finance leases. All other leases are classified as operating leases.

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For leases under which the Company is an intermediate lessor, the Company accounts for the head-lease and the sub-lease as two separate contracts. The sub-lease is further classified either as a finance lease or an operating lease by reference to the right-to-use asset arising from the head-lease.

In respect of assets provided on finance leases, amounts due from lessees are recorded as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases. In respect of assets given on operating lease, lease rentals are accounted in the Statement of Profit and Loss, on accrual basis in accordance with the respective lease agreements.

2.5.2 The Company as lessee

The Company enters into an arrangement for lease of buildings, plant and machinery including 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 noncancellable 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 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 right-to-use asset is impaired and accounts for any identified impairment loss. Refer 2.11 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.

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2.6 Foreign currency translation and transactions

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

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

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

2.7 Borrowing costs

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

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

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

2.8 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expense the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

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

Government grant under Service Export from India Scheme (SEIS) is given by providing duty scrip credit for eligible exports. Under the scheme, service providers, located in India, are rewarded under the SEIS scheme, for all eligible export of services from India. The Company claims SEIS at notified rates on the net free foreign exchange earned. These duty credit scrips can be used for payment of basic custom duty and are freely transferable. The Company recognizes SEIS as export incentive income once the conditions related to such incentives are fulfilled by the Company.

2.9 Employee benefits

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

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

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

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

2.9.2 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.

2.10 Taxation

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

2.10.1 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.

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2.10.2 Deferred tax

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

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.

2.10.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate 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.

2.11 Non-current assets held for sale

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

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

2.12 Property, Plant and Equipment (PPE)

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.

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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.

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.

2.13 Intangible assets

2.13.1 Intangible assets acquired separately

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

2.13.2 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 the following have been demonstrated:

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

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

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

2.13.3 Useful lives of intangible assets

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

2.13.4 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

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between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is de-recognised.

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

2.15 Provisions

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

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

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

2.15.1 Onerous contracts

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

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2.15.2 Restructurings

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

2.16 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.

2.17 Financial assets

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

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

2.17.1 Classification of financial assets

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

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

For the impairment policy on financial assets measured at amortised cost, refer note 2.17.5
Debt instruments that meets the following conditions are measured at fair value through other comprehensive income (FVTOCI) (except for debt instruments that are designed as at fair value through profit or loss (FVTPL) on initial recognition):

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

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

For the impairment policy on debt instruments at FVTOCI, refer Note 2.17.5.

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All other financial assets are subsequently measured at fair value.

2.17.2 Effective interest method

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

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

2.17.3 Investments in equity instruments at FVTOCI

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

A financial asset is held for trading if:

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

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

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

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

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

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at 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

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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.

2.17.5 Impairment of financial assets

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

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

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

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

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

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 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.

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2.17.6 De-recognition of financial assets

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

On 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.

2.17.7 Foreign exchange gains and losses

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

2.17.8 Investment in subsidiaries.

The Company has accounted for its investments in subsidiaries at cost less impairment loss (if any).

2.18 Financial liabilities and equity instruments

2.18.1 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.

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2.18.2 Equity instruments

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

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

2.18.3 Compound financial instruments

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

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

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

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

2.18.4 Financial liabilities

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

However, financial liabilities that arise when a transfer of a financial asset does not 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.

2.18.4.1 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the 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.

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

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

2.18.4.2 Financial liabilities subsequently measured at amortised cost

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

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

2.18.4.3 Financial guarantee contracts

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

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

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

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

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

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115.

2.18.4.5 Foreign exchange gains and losses

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

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

2.18.4.6 De-recognition of financial liabilities

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange 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.

2.18.5 Derivative financial instruments

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

2.18.6 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.

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2.19 Earnings per share (EPS)

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

Diluted EPS amounts are calculated by dividing the net profit / (loss) attributable to equity holders of the 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.

2.20 New Accounting standards adopted by the Company effective from April 1, 2020:

Amendment to Existing Standard

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

i. Ind AS 103 – Business Combinations

ii. Ind AS 107 – Financial Instruments: Disclosures

iii. iii. Ind AS 109 – Financial Instruments

iv. 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 March 31, 2021 is insignificant except point number iv above wherein rent waivers received have been accounted in the Statement of Profit and Loss as envisaged 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 those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is 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 Company also derives revenues from fixed price VFX and 2D to 3D content conversion contracts. The revenue recognised on these contracts is dependent on the estimated percentage of completion at a point in time, which is calculated on the basis of the man days of work performed as a percentage of the estimated total man days to complete a contract. The actual man days and estimated man days to complete a contract are updated on a monthly basis.

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

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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, including for transactions expected to be consummated during the current year. 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 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 Defined benefit obligations

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

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3.1.7 The Company recognises Goodwill that has arisen through business acquisition.

Goodwill is subject to impairment review to ensure that it is not carried above its recoverable value. Review is performed at least annually at end of each year end or more frequently if events or circumstances indicate that this is necessary.

Impairment review is performed by comparing the carrying value of the cash generating unit with its recoverable amount, being the higher of value in use and fair value less costs to sell. Value in use is valuation derived from the discounted future cash flows of cash generating unit. The most important estimates in these forecast cash flows are the long term growth rates used to calculate revenue growth in perpetuity and the discount rates which are applied to the future cash flows. These estimates are reviewed at least annually and are believed to be appropriate. However, changes in these estimates could change the outcomes of the impairment reviews and therefore affect future financial results. The effects would be recognised in the Statement of Profit or Loss, through operating profit.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond a five year period are extrapolated using the estimated growth rates stated above. (Refer note 5A)

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4. Property, plant and equipment

in ₹ Lakhs

	Plant and equipment	Furniture and fixtures	Lease Hold Improvement	Office equipments	Vehicles	Total
I. Gross block						
As at April 01, 2019	20,170.78	2,471.69	1,392.60	1,639.66	24.64	25,699.37
Reclassification (Refer note 2.5)	(9,515.87)	-	-	(3.60)	-	(9,519.47)
Additions	656.78	117.96	57.80	181.75	-	1,014.29
Adjustments (refer note b below)	334.49	-	-	-	-	334.49
Deduction	-	-	-	-	-	-
As at March 31, 2020	**11,646.18**	**2,589.65**	**1,450.40**	**1,817.81**	**24.64**	**17,528.68**
II. Accumulated depreciation						
As at April 01, 2019	11,333.24	1,762.78	750.10	814.70	12.50	14,673.32
Reclassification (Refer note 2.5)	(4,124.10)	-	-	(2.18)	-	(4,126.28)
For the year	1,445.29	189.07	214.29	227.97	2.59	2,079.21
Adjustments (refer note b below)	311.61	-	-	-	-	311.61
Deduction	-	-	-	-	-	-
As at March 31, 2020	**8,966.04**	**1,951.85**	**964.39**	**1,040.49**	**15.09**	**12,937.86**
Net block (I - II)						
As at March 31, 2020	**2,680.14**	**637.80**	**486.01**	**777.32**	**9.55**	**4,590.82**

	Plant and equipment	Furniture and fixtures	Lease Hold Improvement	Office equipments	Vehicles	Total
I. Gross block						
As at April 01, 2020	11,646.18	2,589.65	1,450.40	1,817.81	24.64	17,528.68
Additions	912.19	6.55	8.39	103.91	-	1,031.03
Deduction	-	-	(41.59)	-	-	(41.59)
As at March 31, 2021	**12,558.37**	**2,596.20**	**1,417.20**	**1,921.72**	**24.64**	**18,518.13**
II. Accumulated depreciation						
As at April 01, 2020	8,966.04	1,951.85	964.39	1,040.49	15.09	12,937.86
For the year	982.94	139.01	182.93	238.01	2.73	1,545.62
Deduction	-	-	(38.78)	-	-	(38.78)
As at March 31, 2021	**9,948.98**	**2,090.86**	**1,108.54**	**1,278.50**	**17.82**	**14,444.70**
Net block (I - II)						
As at March 31, 2021	**2,609.39**	**505.34**	**308.66**	**643.22**	**6.82**	**4,073.43**

Note:
a. Refer note 16 and 18 for assets pledged / hypothecated.
b. Adjustments is on account of completion of lease term and assets getting transferred as owned assets

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5A. Goodwill and other Intangible Assets

in ₹ Lakhs

Description of Assets	Goodwill	Software	Total
I. Gross block			
As at April 1, 2019	19,704.14	802.31	20,506.45
Reclassification (Refer note 2.5)	-	(224.26)	(224.26)
Additions	-	13.24	13.24
Deductions	-	-	-
As at March 31, 2020	**19,704.14**	**591.29**	**20,295.43**
II. Accumulated amortisation and impairment			
As at April 1, 2019	15,490.98	656.29	16,147.27
Reclassification (Refer note 2.5)	-	(178.92)	(178.92)
For the year	-	40.02	40.02
Deductions	-	-	-
As at March 31, 2020	**15,490.98**	**517.39**	**16,008.37**
Net block (I - II)			
As at March 31, 2020	**4,213.16**	**73.90**	**4,287.06**

Description of Assets	Goodwill	Software	Total
I. Gross block			
As at April 1, 2020	19,704.14	591.29	20,295.43
Additions	-	-	-
Deductions	-	-	-
As at March 31, 2021	**19,704.14**	**591.29**	**20,295.43**
II. Accumulated amortisation and impairment			
As at April 1, 2020	15,490.98	517.39	16,008.37
For the year	-	31.54	31.54
Deductions	-	-	-
As at March 31, 2021	**15,490.98**	**548.93**	**16,039.91**
Net block (I - II)			
As at March 31, 2021	**4,213.16**	**42.36**	**4,255.52**

Note:

On June 30, 2014, the Company (through the amalgamated company namely DNEG Creative Services Limited) acquired the “backend business” of providing services of 2D to 3D conversion and visual special effects (“VFX”) from Prime Focus Ltd, the ultimate holding company on a going concern basis by way of slump sale for a total consideration of ₹ 22,970.49 lakhs. On allocation of purchase consideration to the assets and liabilities taken over, the difference between the purchase consideration and the fair/ book value of net assets acquired aggregating ₹ 19,704.14 lakhs was accounted for as ‘Goodwill’. The recoverable amount of Goodwill has been determined at the balance sheet date on a value in use calculation which uses cash flow projections based on financial budgets approved by the Directors and valuation exercise carried out by an independent valuer. The projections cover a period of five years, which is considered to be the most appropriate timescale over which to review and consider annual performances before applying a fixed terminal value multiple to the final year cash flows. The growth rates used to estimate future performance are based on the conservative estimates from past performance. EBITDA margins are based on historical performance and Company’s strategies.

Weighted Average Cost of Capital % (WACC) = Risk free return + (Market risk premium x Beta variant for the Company).
Following key assumptions were considered while performing Impairment testing:

	2021
Long term sustainable growth rates	2.00%
Weighted Average Cost of Capital % (WACC) after tax	13.17%

Based on the above, the Company has concluded that the goodwill amount is fully recoverable as on March 31, 2021.

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DNEG INDIA MEDIA SERVICES LIMITED

5B. Right of Use Assets

in ₹ Lakhs

Description of Assets	Plant and equipment	Building	Office equipments	Software	Total
I. Gross Block					
Balance at 31st March, 2019	-	-	-	-	-
Transition impact of Ind AS 116 implementation (Refer note 2.5)	-	4,736.27	-	-	4,736.27
Reclassification (Refer note 2.5)	9,515.87	-	3.60	224.26	9,743.73
Additions	4,735.14	254.61	-	-	4,989.75
Adjustments #	(334.49)	-	-	-	(334.49)
Deletions	-	-	-	-	-
Balance at 31st March, 2020	**13,916.52**	**4,990.88**	**3.60**	**224.26**	**19,135.26**
II. Accumulated Depreciation					
Balance at 31st March, 2019	-	-	-	-	-
Reclassification (Refer note 2.5)	4,124.10	-	2.18	178.92	4,305.20
For the year	2,135.22	1,401.04	0.30	26.34	3,562.90
Adjustments #	(311.61)	-	-	-	(311.61)
Deletions	-	-	-	-	-
Balance at 31st March, 2020	**5,947.71**	**1,401.04**	**2.48**	**205.26**	**7,556.49**
Net block (I - II)	**7,968.81**	**3,589.84**	**1.12**	**19.00**	**11,578.77**

Description of Assets	Plant and equipment	Building	Office equipments	Software	Total
I. Gross Block					
Balance at 31st March, 2020	13,916.52	4,990.88	3.60	224.26	19,135.26
Additions	361.87	1,117.87	-	-	1,479.74
Deletions	-	(556.98)	-	-	(556.98)
Balance at 31st March, 2021	**14,278.39**	**5,551.77**	**3.60**	**224.26**	**20,058.02**
II. Accumulated Depreciation					
Balance at 31st March, 2020	5,947.71	1,401.04	2.48	205.26	7,556.49
For the year	2,653.53	1,293.97	0.94	12.09	3,960.53
Deletions	-	(469.30)	-	-	(469.30)
Balance at 31st March, 2021	**8,601.24**	**2,225.71**	**3.42**	**217.35**	**11,047.72**
Net block (I - II)	**5,677.15**	**3,326.06**	**0.18**	**6.91**	**9,010.30**

Adjustments is on account of completion of lease term and assets getting transferred as owned assets

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6. Non-current Investment in ₹ Lakhs

	As at March 31, 2021	As at March 31, 2020
Unquoted equity instrument, fully paid up (at cost) **Investment in subsidiaries:**		
Prime Focus Academy of Media and Entertainment Studies Private Limited	1,501.00	1,501.00
20,000 equity shares of ₹ 10/- each		
	1,501.00	**1,501.00**

7. Other non-current financial assets (Unsecured, considered good) in ₹ Lakhs

	As at March 31, 2021	As at March 31, 2020
Deposits to related parties (Refer note 31)	4,443.59	2,903.59
Deposits to others	913.64	848.82
Others *	800.00	9,100.00
	6,157.23	**12,852.41**

* Others include participation rights in box office collection for feature films

8. Other non-current assets (Unsecured, considered good) in ₹ Lakhs

	As at March 31, 2021	As at March 31, 2020
Capital advances	320.70	650.97
Prepaid expenses	98.66	49.84
	419.36	**700.81**

9. Trade receivable (Unsecured) in ₹ Lakhs

	As at March 31, 2021	As at March 31, 2020
Trade receivable (refer note 31)	9,848.70	9,243.81
Less: allowances	(1,816.65)	(1,816.65)
	8,032.05	**7,427.16**

The movement in allowance for bad and doubtful debts is as follows:

Balance as at the beginning of the year	**1,816.65**	**1,072.91**
Loss allowances made during the year	-	743.74
Balance as at the end of the year	**1,816.65**	**1,816.65**

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10. Cash and cash equivalents in ₹ Lakhs

	As at March 31, 2021	As at March 31, 2020
a. Cash and cash equivalents		
Cash on hand	0.51	2.67
Cheques on hand	-	1,260.00
Bank balances		
In Current Accounts	1,490.31	2,406.26
Bank balances other than above		
In deposits	4,000.00	-
	5,490.82	**3,668.93**

b. Bank balances other than (a) above		
In deposits *	526.45	9.42
	526.45	**9.42**

* pertains to fixed deposits provided as security towards bank guarantees issued.

11. Other current financial assets (Unsecured, considered good) in ₹ Lakhs

	As at March 31, 2021	As at March 31, 2020
Unbilled revenue (refer note 31)	5,807.85	722.13
Export incentives receivable	475.00	3,175.79
Interest Accrued on bank deposits	5.79	0.07
Advances to related parties (Refer note 31)	275.55	293.03
Deposits to related parties (Refer note 31)	786.56	786.56
Security deposits to others		
Considered good	199.39	249.17
Doubtful	97.60	97.60
Total	**296.99**	**346.77**
Less: Provision for doubtful advances	(97.60)	(97.60)
Total Security deposits to others (net)	**199.39**	**249.17**
Others *	4,458.20	-
	12,008.34	**5,226.75**

* Others include participation rights in box office collection for feature films

12. Other assets (Current) in ₹ Lakhs

	As at March 31, 2021	As at March 31, 2020
Prepaid expenses	137.17	118.32
Advances to suppliers		
Considered good	99.13	107.62
Doubtful	50.47	50.47
Total	**149.60**	**158.09**
Less: Provision for doubtful advances	(50.47)	(50.47)
Total advances to suppliers (net)	**99.13**	**107.62**
Others **	2,872.21	3,916.54
	3,108.51	**4,142.48**

** Others include loans and advances to employees, service tax receivables and GST input credit.

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13. Equity share capital

(i) Authorised and issued share capital

in ₹ lakhs

	As at March 31, 2021	As at March 31, 2020
Authorised (post amalgamation):		
98,250,000 Shares of ₹ 10/- each (Previous year 98,250,000 Shares of ₹ 10/- each)	9,825.00	9,825.00
1,200,000 10% Redeemable Non-Convertible Preference shares of Re. 1 each	12.00	12.00
Issued, subscribed and paid-Up:		
98,079,600 (Previous year Nil Shares) of ₹ 10/- each	9,807.96	-
	9,807.96	**-**

Note: 98,079,600 Shares of ₹ 10/- each were alloted to Prime Focus World N.V. on April 01, 2020 as part of scheme of amalgamation (Refer note 38).

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

	As at March 31, 2021		As at March 31, 2020	
	No of Shares	in ₹ Lakhs	No of Shares	in ₹ Lakhs
At the beginning of the year	-	-	-	-
Shares issued during the year (refer note 38)	98,079,600	9,807.96	-	-
At the end of the year	98,079,600	9,807.96	-	-

(iii) Rights, preferences and restrictions attached to shares

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

14. Other equity

in ₹ Lakhs

	As at March 31, 2021	As at March 31, 2020
Securities premium		
As per last balance sheet	36,844.62	36,844.62
	36,844.62	**36,844.62**
Shares pending allotment (refer note 38)	**-**	**9,807.96**
Capital reserve		
As per last balance sheet	(35,470.14)	(35,470.14)
Movement during the year (Refer note 37 and 38)	-	-
	(35,470.14)	**(35,470.14)**
Retained earnings *		
As per last balance sheet	(16,654.20)	(26,754.71)
Adjustment on adoption of IND AS 116 (refer note 2.5)	-	(94.54)
Add / (Less) Movement during the year	902.58	10,195.05
	(15,751.62)	**(16,654.20)**
	(14,377.14)	**(5,471.76)**

* Includes Remeasurement of defined benefit obligations (net of tax), gain / (loss) of ₹ (226.55) lakhs (Previous year ₹ (330.62) lakhs).

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15. Non Current Borrowings (Unsecured) in ₹ Lakhs

	As at March 31, 2021	As at March 31, 2020
Loans from related parties (refer note (a) and 31)	18,433.77	11,399.15
	18,433.77	**11,399.15**

Note:

a. Loans from related parties are long term unsecured loans availed from its fellow subsidiary company at an interest rate of equal to six months LIBOR + 350 bps at the time of drawdown of loan. Amount of ₹ 8,168.69 lakhs (Previous year ₹ 7,474.34 lakhs) is payable at the end of 3 years from drawdown and balance is payable at the end of 5 years from drawdown.

16. Provisions (Non Current) in ₹ Lakhs

	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits (refer note 29)		
Provision for gratuity	2,032.16	1,737.68
	2,032.16	**1,737.68**

Note:

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

17. Borrowings (Current) in ₹ Lakhs

	As at March 31, 2021	As at March 31, 2020
Short-term demand loan (Secured)		
Invoice discounting facility (refer note (a))	1,935.59	5,218.70
Short-term demand loan (Unsecured)		
Loans from related parties (refer note (b) and note 31)	1,043.23	1,185.30
	2,978.82	**6,404.00**

Note:

a. The Company has availed post shipment credit in foreign currency against the sanctioned limit of ₹ 60 crores at a rate of interest ranging from 3.6% to 5.6% p.a. and for a tenor up to 6 months from Yes Bank Ltd. The above facility is secured against; (i) First pari passu charge on current assets and movable fixed assets of the Company; (ii) Pledge of shares of the ultimate holding company held by promoters; (iii) Corporate guarantee of Reliance Capital Limited; (iv) Corporate guarantee of Prime Focus World NV; (v) Corporate guarantee of the ultimate holding company; (vi) Personal guarantee of the promoters of ultimate holding company; (vii) Pledge of 30% shares of subsidiaries and group companies viz: the Company, Prime Focus Technologies Limited, PF World Limited, Mauritius, Prime Focus Luxembourg s.a.r.l., Prime Focus 3D Cooperartief U.A., Prime Focus Technologies Inc. (USA), DAX PFT LLC (USA), Prime Focus Technologies UK Limited, Prime Post (Europe) Limited and Dneg India Media Services Limited held by the ultimate holding company directly or indirectly. At the year end March 31, 2021, the outstanding is ₹ 1,935.59 lakhs and as at March 31, 2020, the outstanding was ₹ 5,218.70 lakhs.

b. Loans from related parties are short term unsecured loans availed from subsidiary company at an interest rate of 15% and are repayable on demand.

18. Trade payables in ₹ Lakhs

	As at March 31, 2021	As at March 31, 2020
Trade payables to other than Micro Enterprises and Small Enterprises	1,477.54	2,410.55
Due to group companies (Refer Note 31)	837.36	420.21
	2,314.90	**2,830.76**

Note:

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

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19. Other current financial Liabilities

in ₹ Lakhs

	As at March 31, 2021	As at March 31, 2020
Accrued salaries and benefits	3,764.75	3,389.50
Interest accrued but not due on borrowings	438.11	-
Advances received from related parties (Refer Note 31) *	0.00	71.52
Due to group companies (Refer Note 31)	848.35	858.47
Capital Creditors (Refer Note 31)	380.59	44.04
Deferred Consideration (Refer Note 31)	13,842.75	13,842.75
	19,274.55	**18,206.28**

Note:

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 (March 31, 2020: Nil)

* The value 0.00 means amount is below 50,000

20. Current provisions

in ₹ Lakhs

	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits (refer note 29)		
Provision for gratuity	32.36	26.13
	32.36	**26.13**

Note:

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

21. Other current liabilities

in ₹ Lakhs

	As at March 31, 2021	As at March 31, 2020
Deferred revenue (refer note 31)	7,584.18	12,473.09
Deposits from customers	13.30	13.30
Statutory dues	396.15	455.39
	7,993.63	**12,941.78**

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22. Revenue from operations in ₹ Lakhs

	Year ended March 31, 2021	Year ended March 31, 2020
Sale of services (refer note 31)	48,420.80	55,393.97
Other operating income		
Property rentals (Refer Note 31)	-	7.60
Export incentives	-	3,384.98
	48,420.80	**58,786.55**

23. Other income in ₹ Lakhs

	Year ended March 31, 2021	Year ended March 31, 2020
Interest income from financial assets held at amortised cost:		
Interest Income on bank deposit	24.65	0.74
Interest Income on loan to related parties (Refer note 31)	-	61.65
Interest Income - Others	107.10	94.84
Interest Income - On Income Tax Refunds	8.18	-
Liability / provision no longer require written back	490.69	158.12
Miscellaneous income	3.99	11.68
	634.61	**327.03**

24. Employee benefits expense in ₹ Lakhs

	Year ended March 31, 2021	Year ended March 31, 2020
Salaries and wages	28,786.07	30,995.54
Gratuity (Refer Note 29)	625.26	392.45
Stock Option expense (Refer Note 31)	5.99	858.46
Contribution to provident and other funds (Refer Note 29)	767.19	895.01
Staff welfare expenses	45.79	301.41
	30,230.30	**33,442.87**

25. Finance costs in ₹ Lakhs

	Year ended March 31, 2021	Year ended March 31, 2020
Interest on lease liabilities	1,531.59	1,365.09
Interest on working capital finance	114.90	252.43
Interest on related party loans (Refer Note 31)	649.68	365.51
Interest on others	24.07	27.58
Bank charges	46.16	138.12
	2,366.40	**2,148.73**

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26. Other expenses

in ₹ Lakhs

	Year ended March 31, 2021	Year ended March 31, 2020
Rent	1,711.80	1,343.39
Electricity charges (refer note 31)	1,820.94	1,936.19
Technical service cost	317.92	3,466.59
Legal and professional fees	277.40	530.09
House-keeping charges	79.53	337.56
Communication charges	408.42	394.97
Travelling and conveyance expense	121.91	533.94
Security charges	161.46	282.12
Technician fees	429.97	121.10
Insurance cost	99.38	87.10
Rates and taxes	45.64	100.14
Repairs & Maintainance - Equipments	220.77	204.97
Repairs & Maintainance - Building	268.60	351.82
Provision for doubtful advances	-	97.60
Provision for doubtful debts	-	743.74
Exchange gain (net)	993.51	346.80
Bad debts written off	-	23.85
Bad & doubtful advances written off *	2,700.30	-
Loss on sale of property, plant and equipments	90.49	-
Payments to auditor		
Audit fees	25.00	20.00
In other matters (certification)	-	-
Miscellaneous expenses	357.76	605.50
	10,130.80	**11,527.47**

* Represents government incentives in the Company, written off, being no longer recoverable,

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27. Tax expense

a. Tax expense / (credit) recognised in Statement of Profit and Loss

in ₹ Lakhs

	Year ended March 31, 2021	Year ended March 31, 2020
Current tax	-	-
Deferred Tax	(8.29)	(4,223.38)
Total tax (credit) recognised in statement of profit and loss	**(8.29)**	**(4,223.38)**

b. Income tax expense / (credit) recognised in other comprehensive income

in ₹ Lakhs

	Year ended March 31, 2021	Year ended March 31, 2020
Re-measurement of defined benefit obligation	35.01	(72.66)
Income tax expense / (credit) recognised in other comprehensive income	**35.01**	**(72.66)**

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

in ₹ Lakhs

	Year ended March 31, 2021	Year ended March 31, 2020
Profit before tax	790.22	6,312.38
Applicable Tax rate	25.17%	25.17%
Computed tax expense	198.88	1,588.70
Tax Effect of:		
Effect of tax deductions, not routed through Statement of Profit and Loss	(237.98)	(830.42)
Utilisation of brought forward losses on which deferred tax asset was not recognised earlier	120.38	(1,070.20)
Previously unrecognised deferred tax asset/ liability on temporary differences	(112.97)	-
Deferred tax balances due to change in income tax rate from 33.06% to 25.17% under section 115BAA of the Income Tax Act, 1961 and related reversal of minimum alternate tax credit	-	6.51
Recognition of previously unrecognised deferred tax asset on losses	-	(3,966.03)
Common control business combinations accounted for as per Appendix C of Ind AS 103 (Refer note 38)	-	48.06
Others	23.40	-
Tax (credit) recognised in statement of profit and loss	**(8.29)**	**(4,223.38)**

The tax rate used for reconciliation above is the corporate tax rate payable by corporate entities in India on taxable profit under the Income tax laws.

d. Recognised deferred tax assets and liabilities

in ₹ Lakhs

	Year ended March 31, 2021	Year ended March 31, 2020
Deferred tax (assets) on temporary differences	(4,076.05)	(4,102.77)
	(4,076.05)	**(4,102.77)**

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in ₹ Lakhs

	Balance as at March 31, 2019	Recognised in Profit / Loss during 2019-20	Recognised in Retained earnings (Refer Note 2.5)	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
Deferred tax liability								
Difference between tax books and written down value of PPE, other intangible assets and right of use assets	693.72	(887.02)	1,373.52	-	1,180.22	0.42	-	1,180.64
	693.72	**(887.02)**	**1,373.52**	**-**	**1,180.22**	**0.42**	**-**	**1,180.64**
Deferred tax asset								
Provision for gratuity / bonus/ leave provision	332.66	32.02	-	72.66	437.34	359.30	(35.01)	761.63
Provision for doubtful advances and debts	17.64	452.28	-	-	469.92	24.60	-	494.52
Lease Deposit Discounting & Equalisation	12.44	76.04	-	-	88.48	(13.25)	-	75.23
Merger related expenses	-	19.81	-	-	19.81	(4.95)	-	14.86
Lease liabilities	-	(500.78)	1,412.13	-	911.35	(14.24)	-	897.11
Unabsorbed depreciation and carried forward losses	99.10	3,256.99	-	-	3,356.09	(342.75)	-	3,013.34
	461.84	**3,336.36**	**1,412.13**	**72.66**	**5,282.99**	**8.71**	**(35.01)**	**5,256.69**
	231.88	**(4,223.38)**	**(38.61)**	**(72.66)**	**(4,102.77)**	**(8.29)**	**35.01**	**(4,076.05)**

28. Earnings per share

in ₹ Lakhs

Particulars	**Year ended March 31, 2021**	**Year ended March 31, 2020**
Net Profit as per Statement of Profit and Loss attributable to Equity Shareholders	798.51	10,535.76
	Number	**Number**
Weighted average number of equity shares in calculating basic and diluted EPS*	98,079,600	98,079,600
Earnings per share		
Basic EPS	0.81	10.74
Diluted EPS	0.81	10.74
Face value per share	10.00	10.00

* shares pending allotment in previous year (refer note 38)

29. Employee benefits

a. Defined contribution plans

The Company's defined contribution plans are provident fund, Employee State Insurance and employees' pension scheme (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952).

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

	Year ended March 31, 2021	**Year ended March 31, 2020**
Employer's contribution to provident and other funds	767.19	895.01

b. Defined benefit plans

The Company has a defined benefit gratuity plan (unfunded) for qualifying employees of its operations in India. The defined benefit plan is administered by the Company. Under this plan, the employee is entitled to a lump-sum payment upon retirement from the services of the Company. An employee becomes eligible to receive payment upon completion of 5 years of service at the rate of 15 days of service for each completed year of service.

These plans typically expose the Company to actuarial risks such as; 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 said plan, the most recent actuarial valuation of the defined benefit obligation were carried out by an external expert, who is a duly registered actuary. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the projected unit credit method.

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

in ₹ Lakhs

	March 2021	March 2020
Defined benefit obligation at the beginning of the year	1,763.81	1,008.77
Interest cost	121.53	78.58
Current service cost	503.73	313.87
Benefits paid	(185.47)	(50.78)
Actuarial losses on obligations - due to change in financial assumptions	6.74	235.73
Actuarial (gains) / losses on obligations - due to experience	(145.82)	177.64
Defined benefit obligation at the end of the year	**2,064.52**	**1,763.81**

ii) Expense recognized in Statement of Profit and Loss:

	March 2021	March 2020
Current service cost	503.73	313.87
Net interest cost	121.53	78.58
Expenses recognized	**625.26**	**392.45**

iii) Expenses recognized in the Other Comprehensive Income (OCI)

	March 2021	March 2020
Actuarial (gain) / loss	(139.08)	413.37
Net (gain) / loss recognized in OCI	**(139.08)**	**413.37**

iv) Actuarial assumptions:

	Year ended March 31, 2021	Year ended March 31, 2020
Rate of discounting (p.a.)	6.89%	6.89%
Rate of salary increase (p.a.)	7.00%	7.00%
Attrition rate (p.a.)	For service 2 years and below 20.00% p.a. For service 3 years to 4 years 10.00% p.a. For service 5 years and above 2.00% p.a.	For service 2 years and below 20.00% p.a. For service 3 years to 4 years 10.00% p.a. For service 5 years and above 2.00% p.a.
Mortality table	Indian Assured Lives Mortality (2006-08) Ult	Indian Assured Lives Mortality (2006-08) Ult

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

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

v) 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:

in ₹ Lakhs

	March 2021		March 2020	
	Increase in assumption	**Decrease in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rate (1% movement)	(304.56)	376.07	(267.35)	332.21
Future salary appreciation (1% movement)	357.90	(299.97)	317.87	(264.30)
Attrition rate (1% movement)	(17.34)	18.07	(16.61)	17.29

The above information is as per the report of the actuary.

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30. Financial instruments

a. Capital Risk Management

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

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

The capital structure consists of borrowings (as detailed in note 17 and 19), and equity (comprising issued capital, reserves and retained earnings as detailed in statement of changes in shareholders' equity). The debt equity ratio for current year is 0.69 (March 31, 2020: 0.59).

Consequent to the common control business combination given effect to in the previous year, which resulted in creation of debit balance in capital reserve, the Company has a negative net worth as at March 31, 2020 and March 31, 2021. The consideration payable to the shareholders of the combining entities, has primarily resulted in a negative net working capital as on the balance sheet date. The Company is mainly a cost plus entity rendering services to its immediate holding company and other fellow subsidiaries, has been profitable over the years and the revenue from operations have continued to grow in recent years.

The Company is not subject to any externally imposed capital requirements.

b. Financial risk management objectives

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

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

c. Market risk

The Company is primarily exposed to the following market risks.

i. Foreign currency risk management

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

The Company's foreign currency exposure as at year end is as follows:

	Foreign currency denomination	As at March 31, 2021		As at March 31, 2020	
		Foreign currency (in lakh)	in ₹ lakhs	Foreign currency (in lakh)	in ₹ lakhs
Financial Assets	USD	46.38	3,396.08	57.08	4,266.13
	GBP	102.62	10,344.84	34.79	3,217.74
Total			**13,740.92**		**7,483.87**
Financial Liabilities	USD	12.43	910.22	165.88	12,398.68
	CAD	0.61	35.45	0.62	32.49
	GBP	202.98	20,461.84	58.34	5,395.67
	SGD	0.17	9.33	-	-
	EUR	2.59	222.11	-	-
Total			**21,638.95**		**17,826.84**
Net Exposure			**(7,898.03)**		**(10,342.97)**

The Company's sensitivity to a 5% appreciation/depreciation of above mentioned foreign currencies with respect to Rupee would result in decrease/ increase in the Company's net profit before tax by approximately ₹ 394.90 lakhs for the year ended March 31, 2021 respectively (March 31, 2020: increase / decrease by ₹ 517.15 lakhs respectively). This sensitivity analysis includes only outstanding foreign currency denominated monetary items.

ii. Interest rate risk management

The Company is not exposed to interest rate risk because it borrows funds in the form of invoice discounting facility at floating interest rates determined on the date of disbursement and funds from related parties at fixed rate of interest determined on the date of disbursement.

iii. Credit risk management

Credit risk is the risk of financial loss to the Company if a client or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers. 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, as its principal customers are group companies.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 32,673.54 lakhs and ₹ 29,182.00 lakhs as at March 31, 2021 and March 31, 2020 respectively, being the total of the carrying amount of the balances with banks, bank deposits, investments excluding equity investments, trade receivables, unbilled revenue and other financial assets.

d. Liquidity risk management

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

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

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

in ₹ lakhs

As at March 31, 2021	Less than 1 year	Between 1 to 5 years	Total
Borrowings	2,978.82	18,433.77	21,412.59
Lease liabilities	4,094.61	6,727.11	10,821.72
Trade payables	2,314.90	-	2,314.90
Other financial liabilities	19,274.55	-	19,274.55
	28,662.88	**25,160.88**	**53,823.76**

in ₹ lakhs

As at March 31, 2020	Less than 1 year	Between 1 to 5 years	Total
Borrowings	6,404.00	11,399.15	17,803.15
Lease liabilities	3,652.74	9,162.57	12,815.31
Trade payables	2,830.76	-	2,830.76
Other financial liabilities	18,206.28	-	18,206.28
	31,093.78	**20,561.72**	**51,655.50**

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e. Fair value measurements

in ₹ lakhs

	Carrying value		Fair value		
	As at March 31, 2021	**As at March 31, 2020**	**As at March 31, 2021**	**As at March 31, 2020**	**Fair value hierarchy**
Financial Assets					
Financial assets measured at fair value					
Other financial assets	800.00	9,100.00	800.00	9,100.00	Level 3
Financial assets measured at amortised cost					
Trade receivables	8,032.05	7,427.16	-	-	
Cash and cash equivalents	5,490.82	3,668.93	-	-	
Bank balances other than cash and cash equivalents	526.45	9.42	-	-	
Investments	1,501.00	1,501.00	-	-	
Other financial assets	17,365.57	8,979.16	-	-	
Total financial assets	**33,715.89**	**30,685.67**	**800.00**	**9,100.00**	
Financial Liabilities:					
Financial liabilities measured at amortised cost					
Borrowings	21,412.59	17,803.15	-	-	
Lease liabilities	10,821.72	12,815.31	-	-	
Trade payables	2,314.90	2,830.76	-	-	
Other financial liabilities	19,274.55	18,206.28	-	-	
Total financial liabilities	**53,823.76**	**51,655.50**	**-**	**-**	

Basis of valuation technique for level 3 financial instruments

in ₹ lakhs

	Fair value as at				
Financial Assets	**31-Mar-21**	**31-Mar-20**	**Fair value hierarchy**	**Valuation techniques and key inputs**	**Relationship of unobservable inputs to fair value**
Revenue participation in movies	800.00	9,100.00	Level 3	Undiscounted cash flow based on estimated theatrical box office performance	Higher the estimated theatrical box office performance, the higher is the fair value

Movement in level 3 instruments during the year

	in ₹ lakhs
Closing balance as at March 31, 2019 (Financial assets)	602.00
Payment for revenue participation in a movie	9,100.00
Collections from revenue participation in movies (net)	(602.00)
Closing balance as at March 31, 2020 (Financial assets)	9,100.00
Payment for revenue participation in a movie	800.00
Collections from revenue participation in movies (net) and transfer from level 3 to level 1	(9,100.00)
Closing balance as at March 31, 2021 (Financial assets)	800.00

31. Related party disclosures

a. List of related parties where control exists, irrespective of transactions

Ultimate Holding Company

Prime Focus Limited

Intermediate holding companies

PF World Limited
Prime Focus Luxembourg S.a.r.l
Prime Focus 3D Co-operatief U.A.

Immediate Holding company

Prime Focus World N.V.

Subsidiary companies

Prime Focus Academy of Media and Entertainment Studies Private Limited

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

Ultimate Holding company

Prime Focus Limited

Immediate Holding company

Prime Focus World N.V.

Fellow subsidiaries

Prime Focus International Services UK Limited
Prime Focus Technologies Limited
Double Negative Limited
Double Negative Canada Productions Limited
Prime Focus (HK) Holdings Limited
Double Negative Montreal Productions Limited
Re:Define FX Limited (formerly known as Prime Focus VFX Inc)
Lowry Digital Imaging Service Inc (formerly known as Reliance Lowry Digital Imaging Services Inc.)
Double Negative LA LLC
PF Digital Media Services Limited
DNEG North America Inc

Subsidiary companies

Prime Focus Academy of Media and Entertainment Studies Private Limited

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

in ₹ lakhs

	Year ended March 31,2021	Year ended March 31,2020
Borrowings taken		
Double Negative Limited	5,623.72	10,802.60
Short-term borrowings repaid		
Prime Focus Academy of Media and Entertainment Studies Private Limited	252.21	400.31
Short-term loans repaid by (including interest)		
PF Digital Media Services Limited	-	1,783.11
Security deposits given		
Prime Focus Limited	19,355.00	179.58
Security deposits received back		
Prime Focus Limited	17,815.00	-
Rent expense		
Prime Focus Limited	1,338.78	1,031.75
Finance costs		
Prime Focus Academy of Media and Entertainment Studies Private Limited	119.38	167.36
Double Negative Limited	530.30	198.15
Stock Option Expense		
Prime Focus World NV	5.99	858.46
Payment/ working capital adjustment towards purchase of India VFX Business		
Prime Focus Limited	-	14,188.04

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Reimbursement of expenses incurred by		
Prime Focus Technologies Limited	64.43	33.26
Prime Focus Limited	399.22	490.05
Double Negative Limited	-	8.95
Double Negative Canada Productions Limited	0.16	0.27
Reimbursement of expenses incurred for		
Prime Focus Academy of Media and Entertainment Studies Private Limited	0.62	2.06
Prime Focus Limited	6.32	28.68
Double Negative Limited	142.12	-

	Year ended March 31, 2021	Year ended March 31, 2020
Revenue		
Prime Focus Limited	-	20.00
Prime Focus Technologies Limited	-	(10.20)
Prime Focus International Services UK Limited	754.67	2,278.88
Double Negative Limited	33,700.01	31,658.57
Double Negative Canada Productions Limited	2,409.76	2,727.96
Re:Define FX Limited	4,949.14	2,122.12
Double Negative Montreal Productions Limited	6,017.07	12,168.89
Double Negative LA LLC	-	206.78
DNEG North America Inc	0.56	-
Rent income		
Prime Focus Limited	-	7.60
Technical service cost		
Prime Focus Limited	-	83.74
Interest income		
PF Digital Media Services Limited	-	61.65
Purchase of assets		
Prime Focus International Services UK Limited	230.60	-

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DNEG INDIA MEDIA SERVICES LIMITED

in ₹ lakhs

	As at March 31,2021	As at March 31,2020
Balance outstanding at the year end		
Loans received (including interest)		
Prime Focus Academy of Media and Entertainment Studies Private Limited	1,043.23	1,185.29
Double Negative Limited	18,433.77	11,399.15
Security deposits receivable		
Prime Focus Limited	5,230.15	3,690.15
Trade payables and other current liabilities		
Prime Focus Limited	699.26	215.40
Prime Focus Technologies Limited	75.22	6.01
Double Negative Montreal Productions Limited	32.70	29.66
Double Negative Canada Productions Limited	2.74	2.34
Double Negative Limited	-	138.79
Prime Focus World N.V.	848.35	859.77
Prime Focus International Services UK Limited	249.19	28.00
Advances to related parties		
Prime Focus International Services UK Limited	-	11.37
Prime Focus Academy of Media and Entertainment Studies Private Limited	0.41	2.35
Lowry Digital Imaging Service Inc	273.66	279.31
Prime Focus Limited	1.48	-
Advances received		
Prime Focus (HK) Holdings Limited	-	71.52
Deferred consideration payable		
Prime Focus Limited	13,842.75	13,842.75
Trade receivables		
Prime Focus International Services UK Limited	-	1,938.53
Prime Focus Limited	-	3.81
Double Negative Limited	5,068.17	4,590.24
Double Negative Canada Productions Limited	732.30	101.64
Double Negative Montreal Productions Limited	732.30	490.98
Double Negative LA LLC	-	25.46
Prime Focus Academy of Media and Entertainment Studies Private Limited	-	10.04
Prime Focus Technologies Limited	-	86.25
Re:Define FX Limited	732.30	46.34
Unbilled revenue/ (Deferred revenue)		
Re:Define FX Limited	(950.24)	(487.45)
Double Negative Montreal Productions Limited	(2,797.37)	(5,360.37)
Double Negative Limited	1,932.12	(4,179.98)
DNEG North America Inc	(4.84)	-
Prime Focus International Services UK Limited	(882.11)	(1,601.78)
Double Negative Canada Productions Limited	713.84	(841.73)

Corporate guarantees given by and outstanding at the year end		
Prime Focus Limited	13,943.58	13,943.58
Prime Focus World N.V.	1,800.00	1,800.00

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32. Capital commitments

in ₹ Lakhs

	As at March 31, 2021	As at March 31, 2020
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for:	235.88	72.59

33. Contingent liabilities

in ₹ Lakhs

	As at March 31, 2021	As at March 31, 2020
Disputed Cess Tax Demand pending with Deputy Commissioner, Navi Mumbai Municipal Corporation-Cess Department. The Company believes, being an SEZ unit it is fully exempt from payment of Octroi/Cess Tax as per Maharashtra IT-ITEs policy, 2009. The amount of Rs. 9,656,175/- deposited as Tax demand under protest, for the purpose of admission of Appeal is reflected as "Security deposits to others"	-	536.89
Income Tax Matters under dispute Relates to demands raised by the income tax authorities for AY 2017-18 under Transfer pricing provisions Margin Adjustments on transfer pricing transaction	1,434.00	-

34. Leases

a. Maturity profile of lease liabilities

in ₹ Lakhs

	As at March 31, 2021		As at March 31, 2020	
	Carrying Amount	Undiscounted Cash flow	Carrying Amount	Undiscounted Cash flow
within one year	4,094.61	4,936.63	3,652.74	4,714.57
later than one year and not later than five years	6,727.11	7,552.02	9,162.57	10,579.99
	10,821.72	**12,488.65**	**12,815.31**	**15,294.56**

35. Segment reporting

The segment information has been prepared in line with the review of operating results by chief operating decision maker (CODM). The Company is presently operating as integrated post-production services to Prime Focus World NV, the immediate holding company and fellow subsidiaries and is considered as representing a single operating segment.

The Company operates in four principal geographical areas – India (Country of Domicile), United Kingdom, Canada and United States of America. The Company's revenue from continuing operations from customers by location of customers and information about its non-current assets by location of assets are detailed below:

in ₹ Lakhs

	Revenue from operations		Segment Non-current assets	
	Year ended March 31, 2021	Year ended March 31, 2020	As at March 31, 2021	As at March 31, 2020
India	524.22	7,623.35	18,412.30	21,958.41
United Kingdom	34,520.05	33,937.45	-	-
Canada	13,375.97	17,018.97	-	-
United States of America	0.56	206.78	-	-
	48,420.80	**58,786.55**	**18,412.30**	**21,958.41**

Three customers contributed 10% or more of the Company's total revenue for the year ended March 31, 2021 (Refer note 31).

36. Corporate social responsibility

a. The gross amount required to be spent by the Company during the year is ₹ 42.51 lakhs (previous year ₹ 29.34 lakhs).

b. The Company has spent ₹ Nil (Previous year ₹ 2.98 lakhs) on CSR activities in the current year.

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37. VFX Business Purchase

Pursuant to shareholders' approval, a business transfer agreement (the "BTA") was executed during the previous year between the Company and Prime Focus Limited (PFL), Ultimate Holding Company, for purchase of PFL's Visual effects business ("VFX") effective January 01, 2020 for a consideration of ₹ 27,342.75 lakhs.

As per Ind AS 103 (Appendix C), "Business Combinations of entities under common control", the financial information in the financial statements in respect of prior periods have been restated as if the business combination had occurred from the beginning of the previous year i.e. April 1, 2018. The consideration net of working capital adjustment worked out to ₹ 29,626.04 lakhs

As per Appendix C, the following figures of revenue and directly attributable expenses related to VFX business for the period from April 1, 2019 to December 31, 2019 had been included in the Statement of Profit and Loss for the previous year:

Statement of Profit and Loss in ₹ lakhs

	For the period April 01, 2019 to December, 31, 2019*
Revenue from operations	392.83
Other income	(0.04)
Total Income	**392.79**
Expenses	
Employee benefits expense	93.65
Finance costs	16.73
Depreciation, amortisation and impairment expense	187.90
Other expense	73.24
Total expenses	**371.52**
Profit before tax	**21.27**

*figures extracted based on information available with the Company and relied upon by the auditors.

The difference between the carrying amount of net assets acquired as at April 01, 2018 aggregating to ₹ 1,973.53 lakhs and the consideration payable on that deemed acquisition date, had been transferred to Capital Reserve (debit of Rs. 27,653.32 lakhs).

38. Accounting for business combination

The scheme of amalgamation of DNEG Creative Services Limited (DCSL), erstwhile Holding Company of the Company and Double Negative India Private Limited (DNIPL), fellow subsidiary of the Company (together referred to as "the amalgamating companies") with the Company was approved by the Board of Directors at its meeting held on June 17,2019 with an appointed date of April 01, 2019. All the three entities are in the business of providing post-production services to Prime Focus World NV, the intermediate holding company. The said scheme had been approved by National Company Law Tribunal ("NCLT") on March 12, 2020. This common control business combination had been accounted as per the scheme and in accordance with Appendix C of Ind AS 103 "Business Combinations". Further, in terms of the scheme, 98,079,600 equity shares of ₹10 each of the Company are outstanding to be issued and allotted as fully paid up to the shareholders of the DCSL as at March 31, 2020. This amount has been included under "Other Equity" and considered in computation of earnings per share (basic and diluted). Equity Shares were alloted to share holders of the Company on April 01, 2020 as part of scheme of amalgamation.

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38. Accounting for business combination (continued)

Accounting Treatment

As per Ind AS 103 (Appendix C), "Business Combinations of entities under common control", the financial information in the financial statements in respect of prior periods have been restated as if the business combination had occurred from the beginning of the previous year i.e. April 1, 2018.

The difference between (i) the carrying amount of erstwhile investments in the Company of ₹ 7,831.64 lakhs, erstwhile paid up share capital of the Company, DCSL and DNIPL of ₹ 9,822.78 lakhs and (ii) consideration payable in the form of equity shares of the Company of ₹ 9,807.96 lakhs, has been transferred to capital reserve (debit of ₹ 7,816.82 lakhs).

39. Global health pandemic on covid-19

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, goodwill, investment, 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 have estimated as of the date of approval of these financial statements.

40. Event after reporting period

There were no events after the reporting period requiring adjustments or disclosures in these financial statements (refer note 40 relating to COVID-19 pandemic).

41. The Company does not have a whole time Company secretary as required by Section 203 of the Companies Act 2013, read with Rule 8A of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2014.

42. Approval of financial statements

The financial statements were approved for issue by the Board of Directors on November 30, 2021

See accompanying notes to the financial statements 1-42

For and on behalf of the Board of Directors

Naresh Malhotra
Director
DIN 00004597
Place : Mumbai

Merzin Tavaria
Whole-time Director
DIN 07015623
Place : Mumbai

Vikas Rathee
Executive Director and
Chief Financial Officer
DIN 07015635
Place : London

Date : November 30, 2021

Deloitte Haskins & Sells Chartered Accountants LLP