



V. Shivkumar & Associates

Chartered Accountants

Independent Auditors' Report

To the Members of
Prime Focus Technologies Inc.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of **Prime Focus Technologies Inc** ('the Company') which comprise the Consolidated Balance Sheet as at 31st March, 2023, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement 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 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 accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2023, profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Consolidated financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

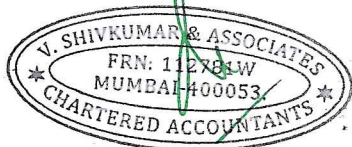
Auditors' Responsibility

Our responsibility is to express an opinion on these Consolidated financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.





V. Shivkumar & Associates

Chartered Accountants

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at 31st March, 2023;
- (ii) in the case of the Consolidated Statement of Profit and Loss, the **Profit** for the year ended on that date;
- (iii) in the case of the Consolidated Cash Flow Statement for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, 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 Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account; and
- d. In our opinion, the aforesaid Consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of the written representations received from the directors as on 31 March, 2023, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2023 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 with reference to Consolidated financial statements of the Company and the operating effectiveness of such controls.

Place: Mumbai
Date: 22nd May, 2023
UDIN: 23042673BGPWYA2465



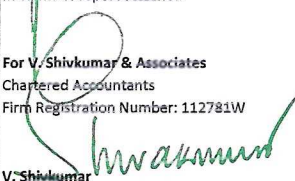
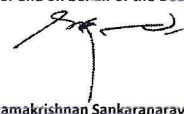
For V. Shivkumar & Associates
Chartered Accountants
FRN No.: 112781W

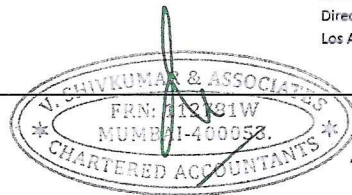
V. Shivkumar
Proprietor
M. No.: 042673

Prime Focus Technologies Inc.

Consolidated Financial Statement for the year ended

March 31, 2023

| Prime Focus Technologies Inc. | | | |
|---|-------|--|--------------------|
| Consolidated Balance Sheet | | | |
| in USD | | | |
| Particulars | Notes | 31-Mar-23 | 31-Mar-22 |
| Assets | | | |
| 1. Non-current assets | | | |
| (a) Property, plant and equipment | 3 | 2,151,723 | 2,331,851 |
| (b) Capital work-in-progress | | - | - |
| (c) Goodwill | 3 | 13,816,555 | 13,816,555 |
| (d) Other intangible assets | 3 | 2,265,803 | 3,463,413 |
| (e) Right to use plant & machinery | 3 | 39,737 | 184,539 |
| (f) Intangible assets under development | 3b | 894,963 | 388,255 |
| (g) Financial assets | | - | - |
| (h) Other non-current assets | | - | - |
| (i) Deferred tax asset (net) | | - | - |
| | | 19,168,781 | 20,184,613 |
| 2. Current assets | | | |
| (a) Inventories | | - | - |
| (b) Financial assets | | | |
| (i) Trade receivables | 4 | 1,489,126 | 2,564,771 |
| (ii) Cash and cash equivalents | 5 | 1,414,981 | 904,984 |
| (iii) Others financial assets | 6 | 7,488,975 | 5,963,405 |
| (c) Income tax assets (net) | | - | 16,522 |
| (d) Other current assets | 7 | 1,040,359 | 214,995 |
| | | 11,433,441 | 9,664,677 |
| Total assets | | 30,602,222 | 29,849,290 |
| Equity and Liabilities | | | |
| Equity | | | |
| (a) Equity share capital | 8 | 22 | 22 |
| (b) Other equity | 9 | (869,834) | (2,799,777) |
| Equity attributable to equity holders of the Parent | | (869,812) | (2,799,755) |
| Non-controlling interests | | - | - |
| | | (869,812) | (2,799,755) |
| Liabilities | | | |
| 1. Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 10 | - | 788,262 |
| (ii) Others | | - | - |
| (b) Deferred tax liability (net) | | - | - |
| (c) Provisions | | - | - |
| (d) Other non-current liabilities | 11 | 16,045,582 | 16,060,020 |
| | | 16,045,582 | 16,848,282 |
| 2. Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 12 | 10,041,470 | 10,166,351 |
| (ii) Current maturities of long-term borrowings | 13 | 21,422 | 151,169 |
| (iii) Trade payables | 14 | 699,827 | 529,071 |
| (iv) Others | 15 | 4,603,878 | 4,510,810 |
| (b) Provisions | | - | - |
| (c) Current tax liability | | 59,856 | 117,290 |
| (d) Other current liabilities | 16 | - | 326,072 |
| | | 15,426,452 | 15,800,763 |
| Total equity and liabilities | | 30,602,222 | 29,849,290 |
| Accompanying notes to the consolidated financial statements 1 - 31 | | | |
| In terms of report attached | | | |
| For V. Shivkumar & Associates Chartered Accountants Firm Registration Number: 112781W | | For and on behalf of the Board of Directors | |
|  | |  | |
| V. Shivkumar (Proprietor) Membership Number : 042673 Mumbai, dated: May 22, 2023 UDIN:-23042673BGPWYA2465 | | Ramakrishnan Sankaranarayanan Director Los Angeles, USA, dated: May 22, 2023 | |



Prime Focus Technologies Inc.
Consolidated Statement of Profit and Loss

in USD

| Sr No. | Particulars | Notes | Year ended | |
|--------|--|-------|-------------------|-------------------|
| | | | 31-Mar-23 | 31-Mar-22 |
| 1 | Income from operations | | | |
| | Net sales / income from operations | | 13,459,863 | 12,488,903 |
| | Other operating income | | - | - |
| | Total income from operations | | 13,459,863 | 12,488,903 |
| 2 | Expenses | | | |
| | Employee benefits expense | 17 | 4,889,423 | 3,983,593 |
| | Technical service cost | | 2,862,497 | 1,436,176 |
| | Depreciation and amortisation expense | 3 | 1,977,380 | 1,950,072 |
| | Other expenditure (net) | 18 | 2,587,199 | 2,906,152 |
| | Exchange loss (net) | | 279,836 | (360) |
| | Total Expenses | | 12,596,334 | 10,275,633 |
| 3 | Profit / (Loss) from operations before other income, finance costs and exceptional items (1 - 2) | | 863,528 | 2,213,270 |
| 4 | Other income: | | | |
| | a) Exchange gain (net) | | - | - |
| | b) Others (net) | | 1,162,214 | 277,200 |
| 5 | Profit from ordinary activities before finance costs and exceptional items (3 + 4) | | 2,025,742 | 2,490,470 |
| 6 | Finance costs | 19 | 39,263 | 639,674 |
| 7 | Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5 - 6) | | 1,986,479 | 1,850,796 |
| 8 | Exceptional items | | - | - |
| 9 | Profit / (Loss) from ordinary activities before tax (7 - 8) | | 1,986,479 | 1,850,796 |
| 10 | Tax expense | | 79,126 | 99,010 |
| 11 | Net Profit / (Loss) from ordinary activities for the period (9 - 10) | | 1,907,352 | 1,751,786 |
| 12 | Extraordinary items (net of tax expense USD Nil) | | - | - |
| 13 | Net (Loss) / Profit after tax and before minority (11 ± 12) | | 1,907,352 | 1,751,786 |
| 14 | Minority interest | | - | - |
| 15 | Net Profit / (Loss) for the period (13 - 14) | | 1,907,352 | 1,751,786 |
| A | Other comprehensive income (net of tax) | | | |
| | Items that will be reclassified to the profit or loss | | - | - |
| | Exchange difference in translating the financial statements | 9 | 22,592 | (33,205) |
| | Total comprehensive income (net of tax) (13 + 14) | | 1,929,944 | 1,718,581 |
| | Earnings per equity share of face value of USD 0.01 | | 2,235 | 2,235 |
| | (a) Basic (in USD) | | 853 | 784 |
| | (b) Diluted (in USD) | | 853 | 784 |

Accompanying notes to the consolidated financial statements 1 - 31
In terms of report attached

For V. Shivkumar & Associates
Chartered Accountants
Firm Registration Number: 112781W

V. Shivkumar
(Proprietor)
Membership Number : 042673
Mumbai, dated: May 22, 2023
UDIN:-23042673BGPWYA2465

For and on behalf of the Board of Directors

Ramakrishnan Sankaranarayanan
Director
Los Angeles, USA, dated: May 22, 2023



Prime Focus Technologies Inc.
Consolidated Cash Flow Statement

| Particulars | in USD | |
|--|--------------------|--------------------|
| | For the year ended | For the year ended |
| | 31-Mar-23 | 31-Mar-22 |
| Cash flows from operating activities | | |
| Net Profit (Loss) before taxation | 1,986,479 | 1,850,796 |
| Adjustments for: | | |
| Depreciation and amortization expenses | 1,977,380 | 1,950,072 |
| Unrealized Forex Loss/(Gain) | 279,836 | (360) |
| Finance costs | 39,263 | 639,674 |
| Operating profits before working capital changes | 4,282,958 | 4,440,182 |
| Movements in working capital: | | |
| (Increase)/ Decrease in trade receivables | 1,075,645 | (593,143) |
| (Increase)/ Decrease in other financial assets | (547,781) | 584,189 |
| (Increase)/ Decrease in other current assets | (825,364) | 34,505 |
| Increase/(Decrease) in trade payables | (131,672) | (1,134,533) |
| Increase/(Decrease) in current financial liabilities | 85,206 | 108,354 |
| Increase/(Decrease) in other current liabilities | (399,520) | 250,639 |
| Increase/(Decrease) in other Non current liabilities | (14,438) | (7,908) |
| Cash generated from operations | 3,525,033 | 3,682,285 |
| Taxes paid (net of refunds) | (24,000) | - |
| Net cash generated from operating activities (A) | 3,501,033 | 3,682,285 |
| Cash flows from investing activities | | |
| Purchase of fixed assets (Including capital advances) | (961,548) | (471,481) |
| Net cash (used in) investing activities (B) | (961,548) | (471,481) |
| Cash flows from financing activities | | |
| Repayments of long-term borrowings | (918,009) | (436,086) |
| Short-term borrowings (net) | (1,105,120) | (2,517,862) |
| Interest paid | (28,951) | (28,402) |
| Net cash from financing activities (C) | (2,052,080) | (2,982,350) |
| Effect of exchange Foreign Currency Translation Reserve (D) | 22,592 | (33,205) |
| Net increase in cash and cash equivalents (A+B+C+D) | 509,998 | 195,249 |
| Cash and cash equivalents- Opening balance | 904,983 | 709,734 |
| Cash and cash equivalents at end of year (Refer note 5) | 1,414,981 | 904,983 |

Accompanying notes to the consolidated financial statements 1 - 31
In terms of report attached

For V. Shivkumar & Associates
Chartered Accountants
Firm Registration Number: 112781W

V. Shivkumar
(Proprietor)
Membership Number : 042673
Mumbai, dated: May 22, 2023
UDIN:-2304267386PWYA2465

For and on behalf of the Board of Directors

Ramakrishnan Sankaranarayanan
Director
Los Angeles, USA, dated: May 22, 2023



Prime Focus Technologies Inc.
Consolidated Statement of Changes in Equity

A. Equity Share Capital

| | in USD |
|--|--------|
| Balance as at March 31, 2022 | 22 |
| Change in equity share capital during the year | - |
| Balance as at March 31, 2023 | 22 |

B. Other Equity

| Particulars | in USD | | | Total |
|------------------------------|--------------------|-------------------|----------------------------|-------------|
| | Securities Premium | Retained Earnings | Other Comprehensive Income | |
| Balance as at March 31, 2022 | 4,992,479 | (7,570,055) | (222,201) | (2,799,777) |
| Changes during the year | - | 1,907,352 | 22,592 | 1,929,944 |
| Balance as at March 31, 2023 | 4,992,479 | (5,662,703) | (199,609) | (869,834) |

Accompanying notes to the consolidated financial statements
In terms of report attached

For V. Shivkumar & Associates
Chartered Accountants
Firm Registration Number: 112781W

V. Shivkumar

V. Shivkumar
(Proprietor)
Membership Number : 042673
Mumbai, dated: May 22, 2023
UDIN:-23042673BGPWYA2465

For and on behalf of the Board of Directors

Ramakrishnan Sankaranarayanan

Ramakrishnan Sankaranarayanan
Director
Los Angeles, USA, dated: May 22, 2023



Prime Focus Technologies Inc.
Notes to consolidated financial statements

1 Corporate Information

Prime Focus Technologies Inc. ("the Holding Company") was incorporated on 21st February, 2013 in USA. Prime Focus Technologies Limited being the intermediate holding company and Prime Focus Limited being the ultimate holding company.

Principles of consolidation:

The consolidated financial statements relates to 'the holding company and its subsidiaries, which together constitutes the Group:

The Consolidated financial statements have been prepared on the following basis:

- (i) The financial statements of the subsidiaries used in the consolidation are drawn up to the same reporting date as that of the holding Company.
- (ii) The financial statements of the holding company and its subsidiaries are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating adding together the intra-group transactions resulting in unrealized profits or losses in accordance with Indian Accounting Standard (IND AS- 110) "Consolidated Financial Statements".
- (iii) The difference between the cost of investment in the subsidiaries and the share of net assets at the time of acquisition of shares in the subsidiaries are identified in the financial statements as Goodwill or Capital Reserve as the case may be.
- (iv) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and appropriate adjustments are made to the financial statements of subsidiaries when they are used in preparing the consolidated financial statements that are presented in the same manner as the holding company's separate financial statements.
- (v) Minority interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the Group in order to arrive at the net income attributable to shareholders of the holding company.
- (vi) Minority Interest's share of net assets of the consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separate from liabilities and equity of the holding company's shareholders.

The list of the subsidiaries of the holding company which are included in the consolidation and the Group's holding therein are as under :

| Subsidiaries | Principal Activity | Country of Incorporation | Percentage of Holding |
|----------------|--------------------|--------------------------|-----------------------|
| DAX Cloud, ULC | Pre-Production | Canada | 100% |

2 Statement of significant accounting policies

a. Statement of Compliance

These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time.

b. Basis of Preparation and presentation

These consolidated financial statements are prepared in accordance with the Indian Accounting Standards (Ind As) under the historical cost convention on the accrual basis, except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of products and services and the time between acquisition of assets for processing and their realization 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.

Accounting policies have been consistently applied except where a newly issued accounting standard initially adopted or revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

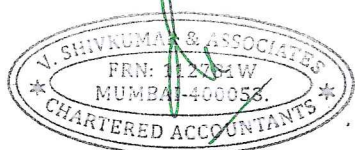
c. Use of estimates

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

d. Borrowing cost

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

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.



e. Foreign currencies

The Company's Financial statements are presented in USD, which is also the companies functional currency. In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. The translation of financial statement of the foreign subsidiaries to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the balance sheet date and for revenue, expenses and cash flow items using the average exchange rate for the respective periods.

Exchange differences on monetary items are recognized 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.

f. 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.

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

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

Cost of Leasehold improvements and Leasehold building is amortized over a period of lease.

An item of property, plant and equipment is derecognized 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 recognized in profit or loss.

g. Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors, including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically, including at each financial year end.

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the software and the costs can be measured reliably. The costs which can be capitalized include the cost of material, direct labor, overhead costs that are directly attributable to preparing the asset for its intended use. Research and development costs and software development costs incurred under contractual arrangements with customers are accounted in the Statement of Profit and Loss.

h. Depreciation

Depreciation on tangible fixed assets is provided using the Straight Line Method (SLM) as per the useful lives of the assets
Cost of Leasehold improvements is amortized over a period of lease

i. Impairment

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 recognized 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 recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

j. Leases

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

The Company as lessor

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

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

The Company as lessee

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

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

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

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

k. 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.

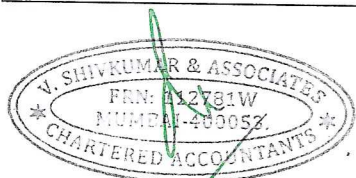
Rendering of services

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

Revenue from technical services is recognized on the basis of services rendered.

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

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



l. Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier year.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

m. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

n. Provisions

Provisions are recognized 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 recognized 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 recognized as an if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

o. Retirement and other employee benefits

Defined Contribution Plan

Social Security and Medicare

The Group contributes towards social security and Medicare. Liability in respect thereof is determined on the basis of contribution as required under the US State / Federal Rules.

Saving and investment plan u/s.401(k)

The Group has saving and investment plan u/s. 401(k) of internal Revenue Code of USA. Contributions are charged to the Statement of Profit and Loss in the period in which these accrue.

p. Cash flow statement

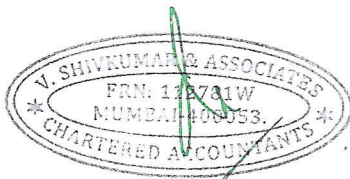
Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

q. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and 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 measured on initial recognition of financial asset or financial liability.



Subsequent measurement

Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if they are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

Financial liabilities

Financial liabilities are measured at amortized cost using the effective interest method.

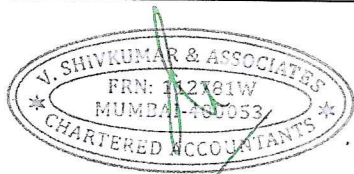
Offsetting of financial instruments

The Company offsets a financial asset and a financial liability when it currently has a legally enforceable right to set off the recognized amounts and the company intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

r. 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 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.



Prime Focus Technologies Inc.
Notes forming part of the Consolidated Financial Statements

3 Non Current Assets : (Current Year)

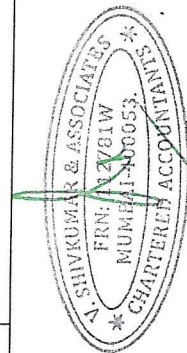
| Asset Category | Gross Block | | | | | | Depreciation | | | Net Block | | |
|---|---------------------|----------------|------------|-----------------------------|-------------------------------|---------------------|------------------|------------|-----------------------------|-------------------------------|---------------------|---------------------|
| | As at 01.04.2022 | Additions | Deductions | Transfer to Right to Use | Transfer From Right to Use | As at 31.03.2023 | For the Year | Deductions | Transfer to Right to Use | Transfer From Right to Use | As at 31.03.2023 | As at 01.04.2022 |
| | | | | | | | | | | | | |
| Property, Plant and Equipment | | | | | | | | | | | | |
| Leasehold Improvements | 2,384,987 | - | - | - | 2,384,987 | - | 260,564 | - | - | - | 1,702,483 | 1,963,047 |
| Computer Hardware | 2,729,208 | 182,399 | - | - | 2,911,607 | - | 97,518 | - | - | - | 2,565,192 | 261,534 |
| Furniture and fixtures | 435,234 | 14,654 | - | - | 449,888 | - | 9,315 | - | - | - | 398,149 | 46,400 |
| Office equipment | 7,815,109 | - | - | - | 7,815,109 | - | 9,785 | - | - | - | 7,764,024 | 51,086 |
| TOTAL | 13,364,537 | 197,053 | - | - | 13,561,591 | - | 377,182 | - | - | - | 11,409,869 | 2,331,850 |
| Goodwill | 13,816,555 | - | - | - | 13,816,555 | - | - | - | - | - | 13,816,555 | 13,816,555 |
| Other Intangible Assets | | | | | | | | | | | | |
| Softwares | 10,463,166 | 257,618 | - | - | 10,720,784 | - | 1,455,227 | - | - | - | 8,454,980 | 3,463,413 |
| Right to use Plant & Machinery (Trf from PPE) | 696,691 | - | - | - | 696,691 | - | 144,802 | - | - | - | 656,954 | 184,539 |
| TOTAL | 11,159,857 | 257,618 | - | - | 11,417,475 | - | 1,600,028 | - | - | - | 9,111,934 | 3,647,952 |

3 (a) Deemed cost for Property, Plant and Equipment and Intangible Assets :

The Company has elected to use fair value as deemed cost for tangible and intangible assets as at the transition date in accordance with stipulations of Ind AS 101.

Non Current Assets : (Previous Year)

| Asset Category | Gross Block | | | | | | Depreciation | | | Net Block | | |
|---|---------------------|---------------|------------|-----------------------------|-------------------------------|---------------------|------------------|------------|-----------------------------|-------------------------------|---------------------|---------------------|
| | As at 01.04.2021 | Additions | Deductions | Transfer to Right to Use | Transfer From Right to Use | As at 31.03.2022 | For the Year | Deductions | Transfer to Right to Use | Transfer From Right to Use | As at 31.03.2022 | As at 01.04.2021 |
| | | | | | | | | | | | | |
| Property, Plant and Equipment | | | | | | | | | | | | |
| Leasehold Improvements | 2,384,987 | - | - | - | 2,384,987 | - | 260,901 | - | - | - | 421,940 | 1,963,047 |
| Computer Hardware | 2,694,637 | 34,572 | - | - | 2,729,208 | - | 105,183 | - | - | - | 2,467,674 | 261,535 |
| Furniture and fixtures | 426,828 | 8,405 | - | - | 435,234 | - | 12,027 | - | - | - | 388,834 | 46,400 |
| Office equipment | 7,789,659 | 25,449 | - | - | 7,815,109 | - | 25,705 | - | - | - | 7,754,239 | 50,022 |
| TOTAL | 13,296,112 | 68,426 | - | - | 13,364,537 | - | 403,815 | - | - | - | 11,032,687 | 2,331,851 |
| Goodwill | 13,816,555 | - | - | - | 13,816,555 | - | - | - | - | - | 13,816,555 | 13,816,555 |
| Other Intangible Assets | | | | | | | | | | | | |
| Softwares | 10,448,366 | 14,800 | - | - | 10,463,166 | - | 1,415,335 | - | - | - | 6,999,753 | 4,896,948 |
| Right to use Plant & Machinery (Trf from PPE) | 696,691 | - | - | - | 696,691 | - | 130,909 | - | - | - | 512,152 | 184,539 |
| TOTAL | 11,145,057 | 14,800 | - | - | 11,159,857 | - | 1,546,246 | - | - | - | 7,511,905 | 3,647,952 |



3 (b) Intangible assets under development ageing schedule

| Particulars | 31-Mar-23 | March 31, 2022 |
|---------------------------|-----------|----------------|
| Opening Balance | 388,255 | - |
| Add: | | |
| Employee Benefit expenses | 506,708 | 388,255 |
| Direct overheads | - | - |
| | 894,963 | 388,255 |
| Less: Capitalized | - | - |
| Closing Balance | 894,963 | 388,255 |

| 31-Mar-23 | To be completed in | | | |
|-----------|--------------------|------------|---------|-----------------|
| | Less than 1 yr | 1-2 yrs | 2-3 yrs | More than 3 yrs |
| Project 2 | 506,708 | 388,255.44 | - | - |

| 31-Mar-22 | To be completed in | | | |
|-----------|--------------------|---------|---------|-----------------|
| | Less than 1 yr | 1-2 yrs | 2-3 yrs | More than 3 yrs |
| Project 2 | 388,255 | - | - | - |



Prime Focus Technologies Inc.

Notes forming part of the Consolidated Financial Statements

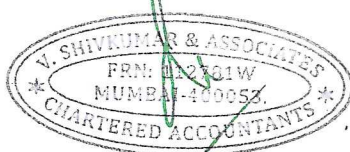
in USD

| | As at 31.03.2023 | As at 31.03.2022 |
|--|-----------------------------|-----------------------------|
| 4 Trade receivables | | |
| Unsecured and Considered Good | 1,489,126 | 2,564,771 |
| Considered doubtful | - | 668,369 |
| | 1,489,126 | 3,233,140 |
| Allowance for doubtful receivables | - | (668,369) |
| Total | 1,489,126 | 2,564,771 |
| | | |
| The movement in allowance for doubtful receivables is as follows: | As at 31.03.2023 | As at 31.03.2022 |
| Balance as at the beginning of the year | (668,369) | (1,454) |
| Movement during the year (net) | 668,369 | (666,915) |
| Balance as at the end of the year | - | (668,369) |

| Trade receivables - ageing and other details | Undisputed trade receivables | | | Disputed trade receivables | | | |
|--|------------------------------|------------------|--|----------------------------|-----------------|--|-----------------|
| | 31-03-23 | Considered good | Which have significant increase in credit risk | Credit impaired | Considered good | Which have significant increase in credit risk | Credit impaired |
| Not Due | | 1,113,218 | | | | | |
| Less than 6 months | | 336,137 | | - | - | - | - |
| 6 months - 1 year | | 39,771 | - | - | - | - | - |
| 1 - 2 year | | - | - | - | - | - | - |
| 2 - 3 year | | - | - | - | - | - | - |
| More than 3 years | | - | - | - | - | - | - |
| Total | | 1,489,126 | - | - | - | - | - |

| Trade receivables - ageing and other details | Undisputed trade receivables | | | Disputed trade receivables | | | |
|--|------------------------------|------------------|--|----------------------------|-----------------|--|-----------------|
| | 31-03-22 | Considered good | Which have significant increase in credit risk | Credit impaired | Considered good | Which have significant increase in credit risk | Credit impaired |
| Not Due | | | | | | | |
| Less than 6 months | | 2,449,464 | 668,622 | - | - | - | - |
| 6 months - 1 year | | 63,119 | (1,717) | - | - | - | - |
| 1 - 2 year | | 52,188 | 1,464 | - | - | - | - |
| 2 - 3 year | | - | - | - | - | - | - |
| More than 3 years | | - | - | - | - | - | - |
| Total | | 2,564,771 | 668,369 | - | - | - | - |

| | | |
|--|------------------|------------------|
| 5 Cash and cash equivalents | | |
| Balances with banks on current account | 1,414,981 | 904,984 |
| Total | 1,414,981 | 904,984 |
| 6 Others | | |
| Loans to group company | 6,752,165 | 5,774,376 |
| Deposits | 156,400 | 150,901 |
| Unbilled Income | 580,410 | 38,128 |
| Total | 7,488,975 | 5,963,405 |
| 7 Other current assets | | |
| Prepaid expenses | 1,040,359 | 207,496 |
| Others | - | 7,499 |
| Total | 1,040,359 | 214,995 |



Prime Focus Technologies Inc.
Notes forming part of the Consolidated Financial Statements in USD

8 Equity Share capital

| | Number of Shares | | Amount | |
|--|--------------------|--------------------|--------------------|--------------------|
| | As at Mar 31, 2023 | As at Mar 31, 2022 | As at Mar 31, 2023 | As at Mar 31, 2022 |
| Authorised shares: | | | | |
| Equity Shares of \$ 0.01 Each | 2,235 | 2,235 | 22 | 22 |
| Issued, subscribed and paid-Up: | | | | |
| Equity Shares of \$ 0.01 Each | 2,235 | 2,235 | 22 | 22 |
| Total | 2,235 | 2,235 | 22 | 22 |

Movement in equity share capital

| | Number of Shares | | Amount | |
|--|--------------------|--------------------|--------------------|--------------------|
| | As at Mar 31, 2023 | As at Mar 31, 2022 | As at Mar 31, 2023 | As at Mar 31, 2022 |
| Equity Shares at the beginning of the year | 2,235 | 2,235 | 22 | 22 |
| Changes during the year | 2,235 | 2,235 | 22 | 22 |

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

| | As at Mar 31, 2023 | As at Mar 31, 2023 | As at Mar 31, 2023 | As at Mar 31, 2022 |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|
| | No of shares | No of shares | % | % |
| Prime Focus Technologies Limited | 2,235 | 2,235 | 100% | 100% |

Shares held by promoters at the end March 31, 2023

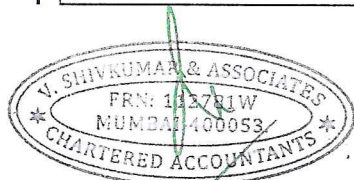
| Promoter name | No of shares | % of total shares | % change during the year |
|----------------------------------|--------------|-------------------|--------------------------|
| Prime Focus Technologies Limited | 2,235 | 100% | - |

Shares held by promoters at the end March 31, 2022

| Promoter name | No of shares | % of total shares | % change during the year |
|----------------------------------|--------------|-------------------|--------------------------|
| Prime Focus Technologies Limited | 2,235 | 100% | - |

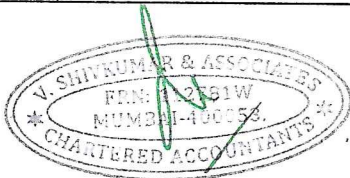
9 Other Equity

| | As at Mar 31, 2023 | As at Mar 31, 2022 |
|--|--------------------|--------------------|
| Securities premium account | | |
| Balance at the beginning of the year | 4,992,479 | 4,992,479 |
| Add : Premium on issue of equity shares during the year | - | - |
| Less : Expenses on issue of equity shares / debentures | - | - |
| Less : Premium on redemption of bonds/ debentures (net of tax) | - | - |
| | 4,992,479 | 4,992,479 |
| General reserve | | |
| Balance at the beginning of the year | - | - |
| | | |
| Other comprehensive income | | |
| Balance at the beginning of the year | (222,201) | (188,996) |
| Movement during the year | 22,592 | (33,205) |
| | (199,609) | (222,201) |
| Surplus in the statement of profit and loss | | |
| As per last balance sheet | (7,570,055) | (9,321,841) |
| Add: (Loss) / profit for the year | 1,907,352 | 1,751,786 |
| | (5,662,703) | (7,570,055) |
| | (869,834) | (2,799,777) |



Prime Focus Technologies Inc.
Notes forming part of the Consolidated Financial Statements

| | | As at 31.03.2023 | As at 31.03.2022 |
|-----------|---|---------------------|---------------------|
| 10 | Non Current Liabilities | | |
| | Financial Liabilities | | |
| | (i) Borrowings | | |
| a) | Term Loan (Unsecured) | | |
| | Loan from U.S. Small Business Administration under Paycheck Protection Program [Refer note 10.1] | - | 750,272 |
| | Other loan and advances | | |
| b) | Finance lease obligation [Refer note 10.2] | 21,422 | 189,159 |
| | | 21,422 | 939,431 |
| | Less: Current maturity [Refer note 13] | 21,422 | 151,169 |
| | Total | - | 788,262 |
| 10.1 | Term Loan is unsecured loan granted by U.S. Small Business Administration under Paycheck Protection Program | | |
| | During the year, a forgiveness was granted on 8th July, 2022 for the entire amount of loan from Silicon Valley Bank under the U.S Small Business Administration Paycheck Protection Program disbursed on 13th March 2021 amounting to \$750,000, which is towards principal of \$750,000 and \$9,916.67 towards interest. The balance amount payable after the said forgiveness is Rs. NIL as on 31st March 2023. | | |
| 10.2 | Lease obligations towards assets acquired under finance leases: | | |
| | <u>With in one year</u> | | |
| | Total minimum lease payments outstanding | 21,741 | 155,450 |
| | Future interest on outstanding lease payments | 319 | 5,937 |
| | Present value of minimum lease payments | 21,422 | 149,513 |
| | <u>Later than one year and later than five years</u> | | |
| | Total minimum lease payments outstanding | - | 40,163 |
| | Future interest on outstanding lease payments | - | 514 |
| | Present value of minimum lease payments | - | 39,649 |
| | Finance lease obligations are secured by hypothecation of computer hardware taken on lease. Rate of interest ranges from 5.33% to 5.76% p.a. with maturity profile of 5 years. | | |
| 11 | Other non-current liabilities | | |
| | Deferred lease rent payable | 45,582 | 60,020 |
| | Optionally convertible preference shares | 16,000,000 | 16,000,000 |
| | Total | 16,045,582 | 16,060,020 |



| Prime Focus Technologies Inc. | | | |
|---|--|---------------------|---------------------|
| Notes forming part of the Consolidated Financial Statements | | | |
| | | in USD | |
| | | As at 31.03.2023 | As at 31.03.2022 |
| | Current liabilities | | |
| 12 | Borrowings (Unsecured) | | |
| | Loan from related party [Refer note 25 & Note No.12.1] | 10,041,470 | 10,166,351 |
| | Total | 10,041,470 | 10,166,351 |
| 12.1 | Unsecured loan taken from related party is repayable on demand with rate of interest @ 4.66 % p.a. to 6% | | |
| 13 | Current maturity of long-term borrowings: | | |
| | a) Loan from a related party | - | - |
| | b) Finance lease obligation [Refer note 10] | 21,422 | 149,513 |
| | c) Term Loan [Refer note 10] | - | 1,656 |
| | Total | 21,422 | 151,169 |
| 14 | Trade payables | | |
| | Trade Payables | 311,650 | 217,830 |
| | Trade Payables to related party [Refer Note 25] | 388,177 | 311,241 |
| | Total | 699,827 | 529,071 |



| Prime Focus Technologies Inc. | | | |
|---|-------------------------------------|------------------|------------------|
| Notes forming part of the Consolidated Financial Statements | | | |
| 15 | Others | | |
| | Accrued salaries and benefits | 329,186 | 243,980 |
| | Interest payable to group companies | 4,275,962 | 4,256,468 |
| | Interest accrued but not due | - | 9,181 |
| | Others | (1,269) | 1,181 |
| | Total | 4,603,878 | 4,510,810 |
| 16 | Other current liabilities | | |
| | Deferred Revenue | - | 257,000 |
| | Advances received from clients | - | 69,072 |
| | Total | - | 326,072 |



Prime Focus Technologies Inc.
Notes forming part of the Consolidated Financial Statements

14.1 Trade Payables - ageing and other details

in USD

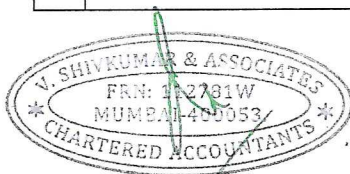
| As at March 31, 2023 | MSME | Others | Disputed dues- MSME | Disputed dues- others |
|-------------------------|------|----------------|------------------------|--------------------------|
| Provisions | - | 35,470 | - | - |
| Not due | - | 336,675 | - | - |
| less than 1 years | - | 185,748 | - | - |
| 1 to 2 years | - | 24,451 | - | - |
| 2 to 3 years | - | 117,483 | - | - |
| more than 3 years | - | - | - | - |
| Total | - | 699,826 | - | - |
| As at March 31, 2022 | MSME | Others | Disputed dues- MSME | Disputed dues- others |
| Provisions | - | 61,428 | - | - |
| Not due | - | 278,038 | - | - |
| less than 1 years | - | 29,987 | - | - |
| 1 to 2 years | - | 7,203 | - | - |
| 2 to 3 years | - | 152,181 | - | - |
| more than 3 years | - | 234 | - | - |
| Total | - | 529,071 | - | - |



| Prime Focus Technologies Inc. | | | |
|---|---|----------------------------------|----------------------------------|
| Notes forming part of the Consolidated Financial Statements | | | |
| in USD | | | |
| Note | | For the year ended 31.03.2023 | For the year ended 31.03.2022 |
| 17 | Employee benefits expense | | |
| | Salaries, bonus and allowances [Refe note no.23] | 4,564,345 | 3,733,200 |
| | Contribution to defined contribution plans, etc. | 291,024 | 242,313 |
| | Staff welfare expenses | 34,054 | 8,080 |
| | Total | 4,889,423 | 3,983,593 |
| 18 | Other expenses | | |
| | Communication expenses | 218,830 | 217,527 |
| | Consumables and consumable stores | 347,551 | 350,790 |
| | Selling and marketing expenses | 182,124 | 29,933 |
| | Rent and equipment hire charges [Refer note 22] | 629,733 | 555,327 |
| | Electricity Charges | 47,035 | 36,271 |
| | Traveling and conveyance | 114,559 | 19,396 |
| | Insurance expenses | 50,355 | 44,195 |
| | Legal and professional fees | 194,836 | 225,037 |
| | Repairs and maintenance - Building | 8,249 | 1,770 |
| | Repairs and maintenance - equipment | 677,490 | 742,144 |
| | Rates and taxes | 6,580 | - |
| | House-keeping charges | 17,865 | 14,258 |
| | Bad Debts Written Off | 670,244 | - |
| Provision for Doubtful Debts | (670,244) | 666,931 | |
| Miscellaneous expenses | 91,992 | 2,573 | |
| | Total | 2,587,199 | 2,906,152 |
| 19 | Finance costs | | |
| | Interest on term loan | 2,124 | 8,883 |
| | Interest on finance lease | 6,828 | 17,116 |
| | Interest on loan from holding company [Refer note no. 25] | 19,494 | 460,361 |
| | Interest on loan from fellow subsidiary [Refer note no. 25] | - | 142,028 |
| | Interest on others | 100 | 900 |
| Bank charges | 10,718 | 10,386 | |
| | Total | 39,263 | 639,674 |



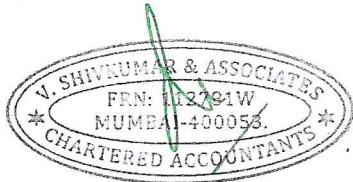
| Prime Focus Technologies Inc. Notes forming part of the Consolidated Financial Statements | | in USD | |
|--|--|----------------------------------|----------------------------------|
| | | For the year ended 31.03.2023 | For the year ended 31.03.2022 |
| 20 | Commitments Ultimate and intermediate holding company has given non disposal undertaking of certain percentage of its holding in the holding company for availing the term loan facilities by the Group to one of the lender. | - | - |
| 21 | Earning per Common stock (EPS) EPS is calculated by dividing the profit/ (loss) attributable to the common stock holders by the weighted average number of common stock outstanding during the year, as under: | | |
| | a) Net profit / (loss) for the year attributable to common stock shareholders for basic EPS | 1,907,352 | 1,751,786 |
| | b) Weighted average number of common stock shares outstanding during the year (for calculating basic EPS) | 2,235 | 2,235 |
| | c) Basic EPS | 853 | 784 |
| | d) Nominal Value Per Share | 0.01 | 0.01 |
| | Note: There are no dilutive potential equity shares. Hence diluted EPS is equal to basic EPS | | |
| 22 | Leases The Group has taken certain property on non cancellable operating lease for the period of 12 to 50 months. Lease payments recognized in the Statement of Profit and Loss for the year in respect thereof aggregate | 629,733 | 555,327 |
| | The following is a summary of future minimum lease rental commitments towards non-cancellable operating leases. | | |
| | Due within one year | - | 222,168 |
| | Due in a period between one year and five years | - | 163,559 |
| | Due after five years | - | - |
| 23 | Intangible asset under development During the year, the Group has capitalized the following expenses of revenue nature to the cost of intangible asset under development (Software) Consequently, expenses disclosed under the respective heads are net of the amounts capitalized by the Group. Opening balance | - | - |
| | <u>Add: Expenses incurred during the year:</u> | | |
| | Employee benefit expenses | - | - |
| | Software testing and design charges | - | - |
| | Less : Assets under development Capitalised During the Year | - | - |
| | Closing balance | - | - |
| 24 | Segment information The Group operates in an integrated digital technological solutions setup. The entire operations are governed by the same set of risks and returns and hence have been considered as representing a single business segment. The said treatment is in accordance with the guiding principles enunciated in the Accounting Standard on Segment Reporting (AS-17). Geographical Segment Although the Group's major operating divisions are managed in United States of America , the following table shows the distribution of the Group's Income from Operations by geographical market, regardless of where the services were provided: | | |
| | | Sale of services | |
| | | Year ended March 31, 2023 | Year ended March 31, 2022 |
| | United States of America (USA) | 13,426,939 | 12,468,000 |
| | United Kingdom | - | 2,000 |
| | Other Countries | 32,924 | 18,904 |
| | | 13,459,863 | 12,488,904 |
| | Segment Reporting of Non-current assets : The Group presently operates entirely from its integrated digital technological solutions setup in USA. All non current assets of the Group is located at USA. 2 customer contributes individually to more than 10% of the group's total revenue for the year ended March 31, 2023 amounting to \$ 63,43,397 (previous year 1 customer contributed individually to more than 10% amounting to \$ 4,606,467) | | |



| Prime Focus Technologies Inc. | | in USD | |
|---|---|----------------------------------|----------------------------------|
| Notes forming part of the Consolidated Financial Statements | | For the year ended 31.03.2023 | For the year ended 31.03.2022 |
| 25 | Related party disclosure: | | |
| | (i) List of related parties with whom transactions have taken place during the year: | | |
| | Prime Focus Limited- Ultimate Holding Company (control exists) | | |
| | Prime Focus Technologies Limited- Intermediate Holding Company (control exists) | | |
| | Dneg North America Inc. (Formerly Prime Focus North America Inc.) - Fellow subsidiary | | |
| | Prime Focus World NV - Fellow subsidiary | | |
| | Prime Focus Technologies UK Limited- Fellow subsidiary | | |
| | Prime Post (Europe) Limited - Fellow subsidiary | | |
| | Prime Focus Creative Services Canada Inc.- Fellow subsidiary | | |
| | Prime Focus International Services UK Limited - Fellow subsidiary | | |
| | Reliance Lowry Digital Imaging Services, Inc. - Fellow subsidiary (Formerly Reliance Lowry Digital Imaging Services, Inc.) | | |
| | Prime Focus MEAD FZ LLC - Fellow subsidiary | | |
| | DE-FI Media Limited - Fellow subsidiary | | |
| | PF World Mauritius Ltd. - Fellow subsidiary | | |
| | Double Negative LA LLC - Fellow subsidiary | | |
| | Ramakrishnan Sankaranarayanan - Key Management Personnel of Ultimate Holding Company | | |
| | Naresh Malhotra- Key Management Personnel of Ultimate Holding Company | | |
| | Namit Malhotra- Key Management Personnel of Ultimate Holding Company | | |
| | (ii) Particulars of related party transactions: | | |
| | Ultimate Holding Company | | |
| | <u>Prime Focus Limited</u> | | |
| | Management recharge | | |
| | Repayment of Management recharge | | |
| | Balance outstanding at the year end- credit (net) | | |
| | Intermediate Holding Company | | |
| | <u>Prime Focus Technologies Limited</u> | | |
| | Technical services charges | (859,610) | (962,267) |
| | Technical services charges Advance | (559,354) | |
| | Technical services charges Repayment | 1,523,796 | 1,887,302 |
| | Short term loan taken | | |
| | Repayment of short term loan | 500,000 | |
| | Conversion of Loan to Preference Share | - | - |
| | Repayment Reimbursement of expenses | - | 24,451 |
| | Interest on loan | (19,494) | (26,387) |
| | Corporate guarantee given to banks for credit facilities taken (Guarantees given jointly with Ultimate Holding Company) | | |
| | Balance outstanding at the year end- credit (net) | (3,671,658) | (4,256,996) |
| | Fellow Subsidiary Companies | | |
| | a) Dneg North America Inc. (Formerly Prime Focus North America Inc.) | | |
| | Short term loan taken credit (net) | | |
| | Repayment of short term loan taken | - | - |
| | Reimbursement of expenses credit (net) | (178,678) | (8,680) |
| | Short term loan taken repaid | - | - |
| | Interest on loans | - | - |
| | Balance Transfer From Double Negative LA LLC | - | - |
| | Balance outstanding at the year end- credit (net) | (304,927) | (126,249) |
| | b) Prime Focus Technologies UK Limited | | |
| | Short term loan taken | | |
| | Repayment of short term loan taken | - | - |
| | Interest on loans | | 196,840 |
| | Short term loan Given | 751,170 | 2,323,214 |
| | Repayment of Short term loan Given | (66,625) | - |
| | Interest on loans Receivable | 268,311 | |
| | Balance outstanding at the year end- credit (net) | 6,724,339 | 5,771,483 |



| | | |
|--|------------|------------|
| c) <u>Reliance Lowry Digital Imaging Services, Inc.</u> (Formerly Reliance Lowry Digital Imaging Services, Inc.) | | |
| Advances taken | - | (200) |
| Advances given | 882 | 200 |
| Balance outstanding at the year end | 873 | (9) |
| d) <u>DE-Fi Media Limited - Fellow subsidiary</u> | | |
| Advances Given | - | 9,599,970 |
| Balance of Short Term Loan Taken and Interest transferred to PF World Mauritius | - | 722,271 |
| Balance of Interest on Loan transferred to PF World Mauritius | - | (576,002) |
| Interest on loan taken | - | 0 |
| Balance outstanding at the year end- credit (net) | 0 | 0 |
| e) <u>PF World Mauritius Ltd. - Fellow subsidiary</u> | | |
| Balance of short term loan transferred from De-Fi Media Ltd | - | 9,599,970 |
| Balance of interest on loans Payable transferred from De-Fi Media Ltd | - | 722,272 |
| Balance outstanding at the year end- credit (net) | 10,322,242 | 10,322,242 |
| Key Management Personnel of Ultimate Holding Company - Ramakrishnan Sankaranarayanan | | |
| Remuneration | 403,998 | 320,720 |
| Remuneration payable | 10,769 | 10,385 |
| Key Management Personnel of Ultimate Holding Company - Naresh Malhotra | | |
| Personal guarantee given to banks for credit facilities taken | - | - |
| Key Management Personnel of Ultimate Holding Company - Namith Malhotra | | |
| Personal guarantee given to banks for credit facilities taken | - | - |
| (iii) There are no provisions for doubtful debts or amounts written off or written back in respect of debts due from / to related parties. | | |



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

| Sr No | Name of entity | In USD | | | | | | | |
|-------|---|---------------------------|-----------|------------------------------|-----------|-------------------------------------|--------|-------------------------------------|-----------|
| | | Net Assets | | Share in Profit / (loss) | | Share in Other comprehensive Income | | Share in Total Comprehensive Income | |
| | | as % of consol net assets | Amount | as % of consol profit / loss | Amount | as % of consol profit / loss | Amount | as % of consol profit / loss | Amount |
| 1 | Prime Focus Technologies, Inc. | 64% | (611,280) | 98% | 1,881,930 | 100% | (9) | 98% | 1,881,921 |
| 2 | DAX PFT LLC | 0% | - | 0% | - | 0% | - | 0% | - |
| 3 | DAX Cloud ULC | 36% | (349,735) | 2% | 33,634 | 0% | - | 2% | 33,634 |
| | | 100% | (961,015) | 100% | 1,915,564 | 100% | (9) | 100% | 1,915,555 |
| | Add/(Less): Effects of Inter Company | 0% | - | 0% | - | 0% | - | 0% | - |
| | Less: Minority interest in all subsidiaries | 0% | - | 0% | - | 0% | - | 0% | - |
| | | 100% | (961,015) | 100% | 1,915,564 | 100% | (9) | 100% | 1,915,555 |

27 Income tax

A. Amounts recognised in profit or loss

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|--|------------------------------|------------------------------|
| Current tax | | |
| - in respect of current year (a) | 79,126.27 | 99,010 |
| - in respect of prior years (b) | - | - |
| Deferred tax | | |
| - in respect of current year (c) | - | - |
| - in respect of prior years (d) | - | - |
| Total income tax expense recognised in the current year (a)+(b)+(c)+(d) | 79,126 | 99,010 |

B. Income tax recognised in other comprehensive income

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|--|------------------------------|------------------------------|
| Re-measurement of defined benefit | - | - |
| Total income tax expense recognised in the current year (a)+(b)+(c)+(d) | - | - |

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

| | March 31, 2023 | | March 31, 2022 | |
|---------------------------------------|----------------|---------------|----------------|---------------|
| | % of PBT | Amount | % of PBT | Amount |
| Profit before tax | | 1,986,479 | | 1,850,796 |
| Tax using Company's domestic tax rate | 21.00% | 417,160 | 21.00% | 388,667 |
| Effect of: | | | | |
| Non-deductible expenses | | 429,313 | | 411,917 |
| Effect of Tax Depreciation | | (355,522) | | (290,800) |
| NOL Carryover Available | | (411,825) | | (410,774) |
| Total Tax Expenses | | 79,126 | | 99,010 |

D. Deferred tax balances

The Group has carried forward losses against which deferred tax asset has not been recognised are as follows;

| Particulars | Amount | Will expire in FY |
|--|-----------|-------------------|
| Unabsorbed business loss as at 31-Mar-2019 | 2,246,267 | 2038-39 |
| Unabsorbed business loss as at 31-Mar-2020 | 8,961,330 | 2039-40 |
| Unabsorbed business loss as at 31-Mar-2021 | 5,964,866 | 2039-40 |



28 Financial Instruments

(A) Fair Value Measurements

| | As at | | As at | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 31.03.2023 | 31.03.2022 | 31.03.2023 | 31.03.2022 |
| | Carrying Value | | Fair Value | |
| i Financial Assets: | | | | |
| Measured at amortised cost | | | | |
| Trade receivables | 1,489,126 | 2,564,771 | 1,489,126 | 2,564,771 |
| Cash and cash equivalents | 1,414,981 | 904,984 | 1,414,981 | 904,984 |
| Other financial assets | 7,488,975 | 5,963,405 | 7,488,975 | 5,963,405 |
| Total financial assets measured at amortised cost | 10,393,082 | 9,433,160 | 10,393,082 | 9,433,160 |
| ii Financial Liabilities: | | | | |
| Measured at amortised cost | | | | |
| Borrowings | 10,062,892 | 10,317,520 | 10,062,892 | 10,317,520 |
| Trade payables | 699,827 | 529,071 | 699,827 | 529,071 |
| Other financial liabilities | 4,603,878 | 4,510,810 | 4,603,878 | 4,510,810 |
| Total financial liabilities measured at amortised cost | 15,366,596 | 15,357,401 | 15,366,596 | 15,357,401 |

The management assessed that the fair value of cash and cash equivalents, trade receivables, borrowings, trade payables & other financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

iii Fair value hierarchy

- Level 1 - 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 - Level 3 inputs are unobservable inputs for the asset or liability.

D. Financial assets and liabilities measured at amortized cost for which fair values are disclosed.

| Particulars | Fair value measurement using | | |
|------------------------------|---------------------------------|-------------------------------|---------------------------------|
| | Quoted prices in active markets | Significant observable inputs | Significant unobservable inputs |
| | (Level 1) | (Level 2) | (Level 3) |
| As at March 31, 2023 | | | |
| Financial liabilities | | | |
| Borrowings | - | - | 10,062,892 |
| Total | - | - | 10,062,892 |
| As at March 31, 2022 | | | |
| Financial liabilities | | | |
| Borrowings | - | - | 10,317,520 |
| Total | - | - | 10,317,520 |

(B) Capital Risk Management

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

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

The holding company and ultimate holding company continues to provide support the Group whenever required. Further Ultimate holding company and intermediate holding company have given non disposal undertaking to one of the lender for availing the term loan facilities.



(C) Financial risk management

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

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

i) Credit risk

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

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

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was USD 10,393,082 and USD 9,433,160 as at March 31, 2023 and March 31, 2022 respectively, being the total of the carrying amount of the balances with banks, bank deposits, trade receivables, unbilled revenue and other financial assets.

3 customer contributes individually to more than 10% of outstanding trade receivables as at March 31, 2023 amounting to USD 802652/- (P.Y.- 1 Customer amounting to USD 515,544/-) and 2 customer contributes individually to the whole of unbilled revenue as that date amounting to USD 5,15,000/- (P.Y. - 1 Customers amounting to USD 3,8128).

ii) Liquidity risk Management

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due. Ultimate responsibility for liquidity risk management rests with the Management, which has developed a liquidity management forecasting process which aims to ensure that the Group has sufficient cash at all times to meet liabilities as they fall due.

Working capital requirements are generally provided from operational cash flow or through the Group's Borrowings.

The following analysis sets out the maturities of financial assets and liabilities, including amounts maturing more than twelve months. For liability maturities more than 12 months, see also note 10 and 13.

Liquidity Risk

| At 31 March 2023 | Less than 3 months | Between 3 and 12 months | More than 12 months | Total |
|--------------------------------------|---------------------------|--------------------------------|----------------------------|-------------------|
| Current financial assets | | | | |
| Trade receivables | 1,488,126 | - | - | 1,488,126 |
| Cash and cash equivalents | 1,414,981 | - | - | 1,414,981 |
| Other financial assets | 7,488,975 | - | - | 7,488,975 |
| | <u>10,393,082</u> | <u>-</u> | <u>-</u> | <u>10,393,082</u> |
| Current financial liabilities | | | | |
| Borrowings | 10,062,892 | - | - | 10,062,892 |
| Trade payables | 699,827 | - | - | 699,827 |
| Other financial liabilities | 4,603,878 | - | - | 4,603,878 |
| | <u>15,366,596</u> | <u>-</u> | <u>-</u> | <u>15,366,596</u> |
| At 31 March 2022 | Less than 3 months | Between 3 and 12 months | More than 12 months | Total |
| Current financial assets | | | | |
| Trade receivables | 2,564,771 | - | - | 2,564,771 |
| Cash and cash equivalents | 904,984 | - | - | 904,984 |
| Other financial assets | 5,963,405 | - | - | 5,963,405 |
| | <u>9,433,160</u> | <u>-</u> | <u>-</u> | <u>9,433,160</u> |
| Current financial liabilities | | | | |
| Borrowings | 10,317,520 | - | - | 10,317,520 |
| Trade payables | 529,071 | - | - | 529,071 |
| Other financial liabilities | 4,510,810 | - | - | 4,510,810 |
| | <u>15,357,401</u> | <u>-</u> | <u>-</u> | <u>15,357,401</u> |



iii Market risk

The primary market risks to which the Group is exposed are foreign currency.

Foreign currency risk management

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

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

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

| Particulars | Foreign Currency Denomination | As at March 31st 2023 | | As at March 31st 2022 | |
|-----------------------|-------------------------------|-------------------------|-------|-------------------------|---------|
| | | Foreign Currency inputs | USD | Foreign Currency inputs | USD |
| Financial Assets | CAD | - | - | 34,564 | 27,640 |
| | GBP | - | - | - | - |
| Financial Liabilities | CAD | 3,670 | 2,713 | 417,990 | 334,260 |
| | GBP | - | - | - | - |

Interest rate risk management

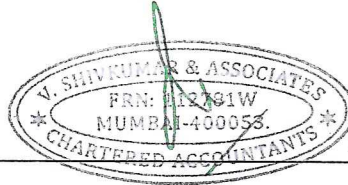
The Group is exposed to interest rate risk because the group borrows funds at both fixed and floating interest rates. The risk is managed by the group by maintaining an appropriate mix between fixed and floating rate borrowings. The sensitivity analysis for exposure to interest rates on borrowings as at the end of the reporting period indicates that a 50 basis point increase in floating interest rates at the reporting date would have decreased equity and profit for the year by USD 48,000 and USD 48,000 for March 2023 and March 2022 respectively and a 50 basis point decrease in floating interest rates at the reporting date would have increased equity and profit by the same amount respectively.



| Note | |
|------|---|
| 29 | Prime Focus Technologies Inc. acquire DAX business of Sample Digital Holdings, LLC a California limited liability company on 04th April 2014. Since then there has been substantial growth in Revenue and Profitability of the Company. Therefore management is of opinion that there is no need to impairment in goodwill. |
| 30 | Significant accounting judgements, estimates and assumptions The preparation of the Consolidated financial statements requires management to make judgements, estimates and assumptions as described below that affect the reported amounts and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years. |
| 31 | Previous year's figures have been regrouped / reclassified wherever necessary to corresponds with the current year's classification / disclosure. |

For V. Shivkumar & Associates
Chartered Accountants
Firm Registration Number: 112781W

V. Shivkumar
(Proprietor)
Membership Number : 042673
Mumbai, dated: May 22, 2023
UDIN:-23042673BGPWYA2465



For and on behalf of the Board of Directors

Ramakrishnan Sankaranarayanan
Director
Los Angeles, USA, dated: May 22, 2023