PRIME FOCUS
LIMITED

20
GLORIOUS YEARS

INNOVATION
LEADERSHIP
EXCELLENCE
SUCCESS
GROWTH

Prime Focus Limited

Annual Report 2016-17

20 GLORIOUS YEARS

Twenty years ago, four young friends came together in a garage in Mumbai with a shared vision – to deliver the best in technology-enabled creative services to the Media & Entertainment industry.

There was hard work and long hours, persistence and perseverance, and a **full-blooded** commitment to every job – from music videos, to promos, to idents, to title sequences, to advertising. The services offered grew with the work, incorporating offline and online editing, telecine and eventually Digital Intermediate and visual effects as the Company moved into feature film work, and began to re-invent the way that Bollywood movies were delivered.

In a few short years, **hungry** for creative and financial success, the team had expanded from the four original founders to almost 300 staff, and on 20 June 2006, Prime Focus Limited listed on the Bombay Stock Exchange and National Stock Exchange of India.

The four friends had created an Indian success story… but that wasn't enough.

Ten years ago, Prime Focus took the **adventure** global, acquiring companies in the U.K. and the U.S. and diversifying its offering. A new technology arm, Prime Focus Technologies, deployed the world's first Hybrid Cloud technology platform, and Prime Focus World was set-up to provide International Creative Services to the West, delivering the world's first full 2D to 3D conversion of a Hollywood movie for theatrical release.

The Company grew from 300 to a **diverse** staff of 3,000 by 2011, and had doubled in size again to 6,000 by 2015, working across 16 cities and 4 continents.

The Company attracted international investment, enabling further strategic acquisitions. **Visionary** deals were made with Tier 1 VFX house Double Negative, Indian Film & Media Services giant Reliance MediaWorks, Emmy Award-winning U.S. technology company DAX and Canadian stereo conversion innovator Gener8, propelling Prime Focus into a position of global leadership in the international Media & Entertainment services industry.

Today, Prime Focus stands on the cusp of the next stage of its evolution. A global **family** of 9,000 professionals stands shoulder-to-shoulder with a strong and seasoned senior management team, delivering world-renowned creative services, compelling technology solutions and exemplary customer service. Much has changed, but twenty years on,the core founding principles of the company remain the same.

CONTENTS

YEAR IN NUMBERS

23 facilities in **15** cities across **4** continents

92 Bollywood feature films delivered (generating **₹3,874.3 crores** in box office receipts)

27 Hollywood feature films delivered (generating **$10.7 bn** global box office)

1,500+ advertisements delivered

36 Bollywood feature films currently in production

25 Hollywood feature films currently in production

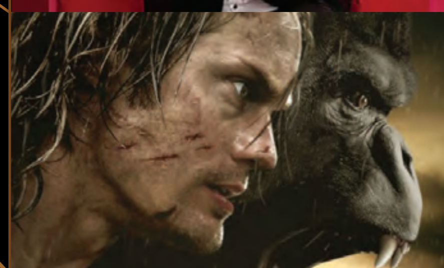
9,000+ staff members around the world

1.5 mn hours of content managed by CLEAR™

5,000 hours of dubbing and mastering annually

Powering **400** TV shows a day

₹2,178 crores of consolidated income



₹501 crores in EBITDA

EXECUTIVE CHAIRMAN'S MESSAGE

Dear Shareholders

Transformation. Leadership. Competitiveness.

These three words above all others capture the spirit of our organisation as we head into our 20th year.

We continue to transform our business – from the garage start-up of 20 years ago, through our transformation into a global company in 2006, to our position today at the forefront of the international media and entertainment services industry, working with the world's leading content creators and technology companies.

This achievement is a matter of fierce pride for us. We have worked hard to achieve a leadership position across all of our businesses, but we will not stop there. We are constantly striving for more – more growth, more market share, more success.

It is our competitiveness that drives us to achieve this. Every day, our teams across the globe are innovating, creating new opportunities for the business and new ways to service and partner with our clients. We are shaping our own future, redefining how we engage with the industry because winning once is not enough. Our competitiveness drives us to win again, and again.

Looking back on two decades in the industry, it has been the last 10 years that have been by far the most difficult. External factors, over which we have had no control, have presented challenges that have required us to fight hard to succeed. And yet, despite these challenges, we have transformed ourselves into global leaders through our competitive spirit.

We enter our 20th year with confidence, reporting strong financial performance as we move well ahead of our targets. We have built expertise, brand credibility, networks and connections, and have positioned ourselves as a leader in all three of our business areas – International Creative Services, Global Cloud Technology Services and India Film and Media Services. We are witnessing accelerated growth in all our businesses, alongside international industry recognition and acclaim, and as we move forward we will continue to act decisively and strategically, unafraid of stepping into untested waters.

With the achievements of our last 10 years as a guide, imagine what we can achieve in the next 10 years.

Namit Malhotra

Founder, Executive Chairman and Global CEO, Prime Focus Limited

20 GLORIOUS YEARS

INNOVATION
LEADERSHIP
EXCELLENCE
SUCCESS
GROWTH

HIGHLIGHTS OF THE YEAR

Prime Focus World – International Creative Services

Prime Focus World, incorporating Double Negative and Gener8, continues to lead from the front in the International Creative Services space. We are the largest independent Tier 1 Visual Effects player globally, command a higher share of the global stereo conversion market than any of our competitors, and our animation businesses continue to go from strength to strength.

As of April 2017, Prime Focus World has provided creative services on the highest grossing films of 2016 and 2017 at the worldwide box office – Captain America: Civil War ($1.15bn) and Beauty and the Beast ($1.10bn and counting). The films that we have worked on over the last year have made a total of $10.7bn in international box office receipts.

The future pipeline of work is similarly strong, with work in production on some of the biggest upcoming films, including Transformers: The Last Knight, Justice League, Avengers: Infinity War and Pacific Rim: Uprising, as well as two fully CG animated feature films and a number of animated TV properties. DnegTV also continues to grow, with work for companies such as Netflix, Amazon, HBO and a new LA office opened this year.

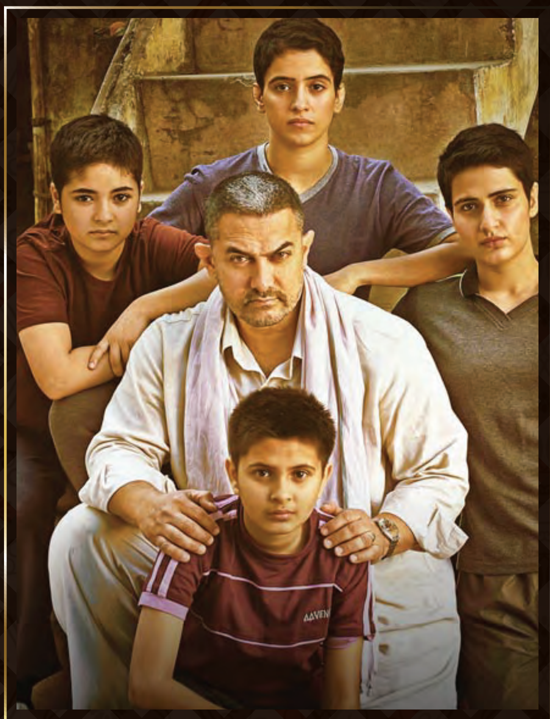
Prime Focus Technologies – Global Cloud Technology Business

Our global cloud technology business, Prime Focus Technologies (PFT), continued to scale new heights of success, providing broadcasters, studios, brands and service providers transformational solutions that help them lower their Total Cost of Operations (TCOP) by automating the content supply chain.

This year, we announced several industry-first additions to our flagship product CLEAR™ Media ERP, expanded our intellectual property base with another U.S. patent, secured valuable certifications, won more prestigious awards and struck a number of strategic deals with clients across the globe.

We also launched our new go-to-market campaign 'Be MORE with CLEAR on Cloud' that urges Media and Entertainment (M&E) companies to look beyond traditional MAM (media asset management) and embrace automation across the content supply chain. We strive constantly to bring to market best in-class products and solutions powered by innovative cloud technology.

Prime Focus Limited – India Film & Media Services



That Prime Focus remains the top choice for leading filmmakers in India can be best judged from the fact that 8 out of the Top 10 highest-grossing Indian films of the year were brought to Prime Focus for post-production services. With both top tier production houses and independent and regional filmmakers opting to use our services, Prime Focus had the distinct honor of being associated as post-production partners on 12 National Award-winning films this year.

Additionally, the Prime Focus Advertising division in India delivered creative post production services on three Cannes Lions 2016 award winners, one of which - Ariel's #ShareTheLoad advertisement- was later ranked #1 among the top ads globally by WARC 100 (World Advertising Research Center).

This year, Prime Focus was recognised on the prestigious Fortune India 'Next 500' list, ranked 18th in recognition of its remarkable achievements and progress over the last year, and was also presented with an award for 'Excellence in the Media & Entertainment Sector' at an exclusive event held at the Leela Palace, New Delhi, where Mr. Namit Malhotra, Founder, Executive Chairman and Global CEO, Prime Focus was on-hand to receive the honor.

With work already in progress on some of the biggest upcoming Bollywood releases, including Tubelight, 2.0 and Dragon, this has been a very strong year for the India Film & Media Services team.

HIGHLIGHTS OF THE YEAR

Awards

- Ramki Sankaranarayanan, Founder & CEO, honored with the 'Hall of Fame' award at the Digital Studio India Channel Awards 2016 (PFT)
- Academy Award® - Best VFX for Ex Machina (Double Negative)
- Dneg receives industry honors at Orbit Live 2017
- T Shobhana, VP, Global Marketing & Communications, wins Gold at Stevie® Awards for Women in Business (PFT)
- Digital Studio India features PFT as one of the ten most admired companies
- Four awards at the 2016 MarCom Awards for the Go-to-market campaign 'Be Bold. Take the Leap' (PFT)
- CLEAR™ Media ERP's Promo Operations Module wins TV Technology's 'Best of Show Awards' at IBC 2016 and the 'StudioDaily Prime Award' at NAB 2017 (PFT)
- DAX® Production Cloud wins 'Best of Show Award' at NAB 2017 (PFT)
- Prime Focus was ranked 18th in the prestigious Fortune India 'Next 500' list of companies
- Fortune India - Award for 'Excellence in the Media & Entertainment Sector'
- British Independent Film Awards – 'Best Achievement in Craft' for Ex Machina (Double Negative)
- Prime Focus Advertising division delivered creative post production services on three of the Cannes Lions 2016 winners from India
- MAAC 24FPS Awards – Movers and Shakers Industry Award – Prime Focus


Investment

PFT secures first round of funding from Ambit Pragma Private Equity

Launches

- PFT unveils world's first Interoperable Master Format (IMF) Media Player for playback over streaming proxy
- PFT introduces an industry-first Mastering Automation solution to make domestic and international syndication across linear and non-linear platforms more efficient and cost-effective
- PFT debuts its new DAX® Production Cloud that offers ONE software for managing Dailies and Post workflows
- PFT launches Promo Operations for end-to-end business process orchestration for promo creation including versioning automation
- PFT launches CREATE, a mobile-first solution for end-to-end production management from Screenplay to Production on ONE software, with a connected supply chain
- PFT introduces a brand new 'Story Teller on Air' appliance feature that helps create compelling stories from MAM/Archive for playout on air

Deals

- PFT signs deal with Complex Networks for media asset management on Cloud
- Turner Latin America deploys PFT's CLEAR Broadcast Cloud to virtualize content operations across the supply chain
- PFT signs deal with Tata Sky for production of creative assets
- PFT powers INsight TV, part of the Netherlands-headquartered Television, Entertainment & Reality Network (TERN)
- PFT delivers 'Digital Next' workflow solution for Viacom's new OTT video platform, VOOT

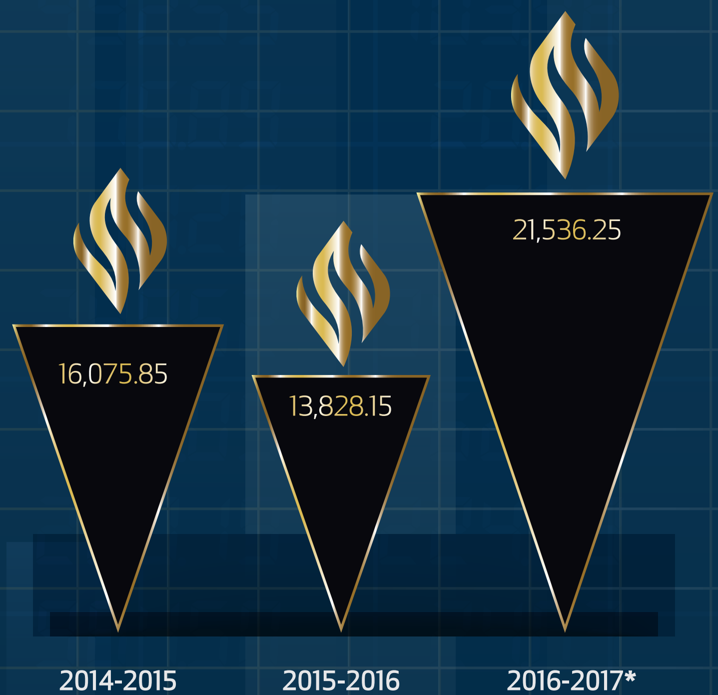
Events and Announcements

- Prime Focus listed in Fortune India's 'Next 500' list
- Dneg TV opened a new LA office
- PFT is now a qualified Netflix Preferred Vendor (NPV) in India for Timed Text and Media Processing services (for licensed content)
- CLEAR Media ERP receives AS-11 UK DPP certification from the Advanced Media Workflow Association (AMWA)
- PFT converts itself from a Private Limited company to Public Limited company
- PFT strengthens the Canada business with the appointment of Casper Mejer as Head of Business Development & Sales
- PFT expands Sales leadership in North America, welcomes Ken Gould as Vice President, Sales; and Chris Ziemer as Senior Vice President, Strategic Accounts
- Prime Focus sponsored team Dabang Mumbai for Hockey India League 2017
- The Prime Focus LA Team moved to a new address
- Prime Focus RELOADED its Advertising Services offering with high-profile creative talent and new facility
- The Prime Focus Premier League (PFPL) 2016 was held in Mumbai, Chandigarh, Goa and Hyderabad
- Prime Focus divested its 30% stake in Digital Domain-Reliance to form a Virtual Reality and Advertising Joint Venture in India
- Merzin Tavaria participated in a high-profile panel discussion on the Indian and UK Creative Industries at the India-UK Technology Summit held in Delhi, attended by PM Narendra Modi and UK's PM Theresa May
- Forbes India brought together the top CEOs of India, including Prime Focus Co-Founder and Chief Creative Director Merzin Tavaria, to discuss how Indian companies perceive the digital transformation of their businesses
- At the prestigious 47th International Film Festival of India (IFFI) held in Goa, Senior VP Prime Focus Animation Sean Feeney conducted a workshop titled 'The Animation Industry in India from a Global Perspective'
- Prime Focus co-sponsored the second edition of the Indywood Film Carnival held at Ramoji Film City Hyderabad from Sept 24-27
- Prime Focus Co-Founder Merzin Tavaria featured in MAAC 24 FPS 'Thought Leaders' series
- Prime Focus hosts a special screening of #OKJaanu for the Top DoPs of India
- Prime Focus Founder and Global CEO Namit Malhotra was invited to contribute to the 7th Anniversary edition of Box Office India alongside a host of well-known personalities from the M&E industry

FINANCIAL HIGHLIGHTS

Number of Personnel (PFL)

Revenue (₹ MN)

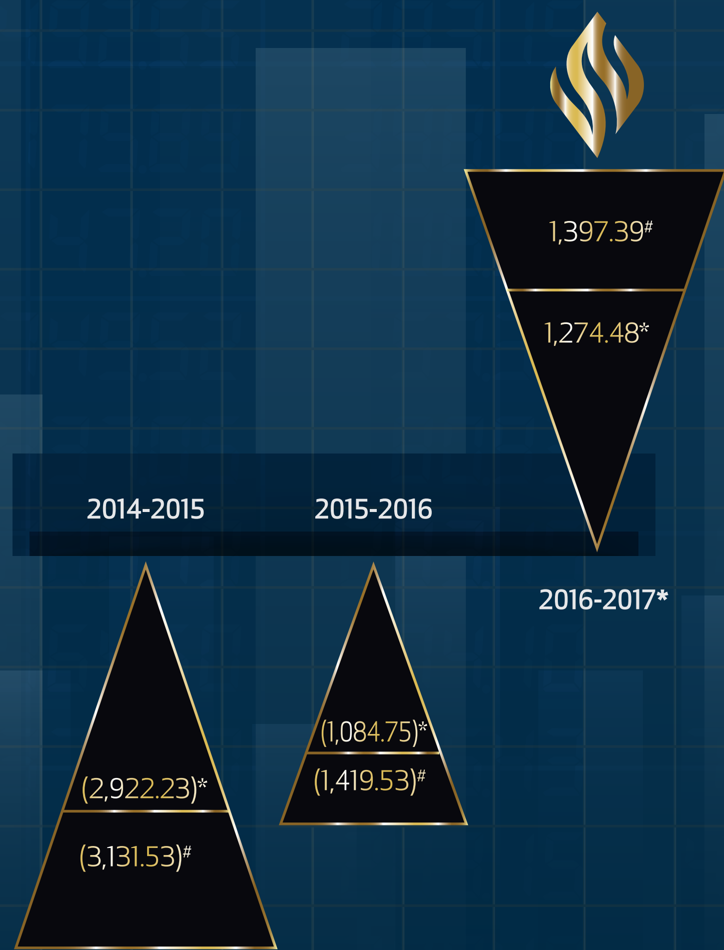


Figures for FY 2015-16 pertain to the nine months ended 31 March 2016
* 2016-17 numbers are represented as per IndAS

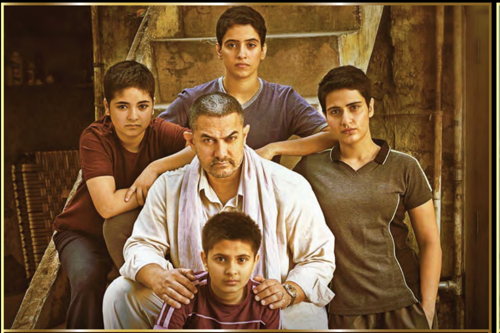
EBITDA (₹ MN)

Profit After Tax (₹ MN)

#consolidated profit before minority
*consolidated profit after minority



PROJECT HIGHLIGHTS



Dangal ₹730 crores

Raees ₹272 crores

Ae Dil Hai Mushkil ₹238 crores

Rustom ₹216 crores

BOLLYWOOD

M.S.Dhoni: The Untold Story ₹215 crores

Housefull 3 ₹195 crores

Kaabil ₹148 crores

Shivaay ₹146 crores

DELIVERING THE WORLD'S BIGGEST BLOCKBUSTERS

Captain America: Civil War $1,153.3 mn

Beauty and the Beast $1,100.2 mn

Suicide Squad $745.6 mn

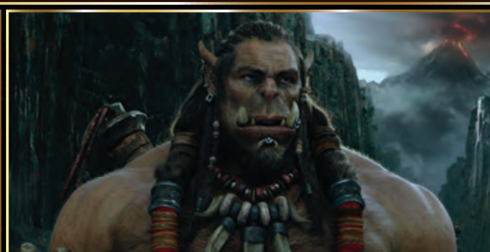
The Fate of the Furious $908.3 mn

Fantastic Beasts and Where to Find Them $814 mn

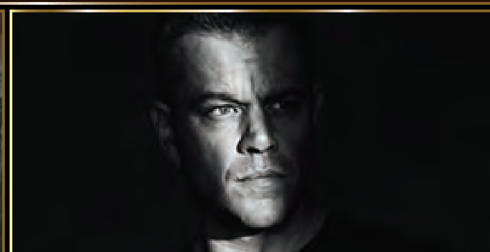
Kong: Skull Island $558.5 mn

HOLLYWOOD

X-Men: Apocalypse $543.9 mn



Warcraft $433.6 mn



Jason Bourne $415.5 mn

The Legend of Tarzan $356.7 mn

Star Trek Beyond $343.5 mn

The Great Wall $331.9 mn

GROUP STRUCTURE

Founders (Malhotra Family) 35.0%

Reliance Group 35.1%

Standard Chartered PE 22.0%

Other Public 7.9%

India Film & Media Services

Prime Focus Ltd. (India)
- Listed on BSE /NSE

** - Fully Diluted: PFL 80%; Macquarie Capital: 4%; AID Partners: 3%; Double Negative promoters: 6%; Deferred Stock Options: 7%

Prime Focus Limited offers clients a compelling, full service solution that allows:

- 'Bundling'* of services and 'Worldsourcing'** for complete end-to-end delivery of projects of any size
- access to the highest quality, award-winning talent at the most efficient pricing
- international tax advantages that can generate significant additional top line savings

* 'Bundling' allows our clients to leverage production and cost efficiencies by utilising multiple Prime Focus services per project. PF bundled services have been behind some of the biggest Hollywood blockbusters of the last year, including Captain America: Civil War ($1,153 mn) and Fantastic Beasts and Where To Find Them ($966.5 mn).

** 'Worldsourcing' – our global delivery model enables rapid scaling and high profitability by sharing work across lower cost regions. In stereo conversion we have achieved 90%+ delivery from India, enabled by strong recruitment practices, industry-leading training and rigorous quality control.

73.75%

Global Cloud Technology Business

Prime Focus Technologies

PRIME FOCUS TECHNOLOGIES

88.3% PFL,
6.6% Dneg and
5.1% Macquarie**

International Creative Services

Prime Focus World N.V. (Netherlands)

PRIME FOCUS WORLD

GENER8

3D Conversion + Animation

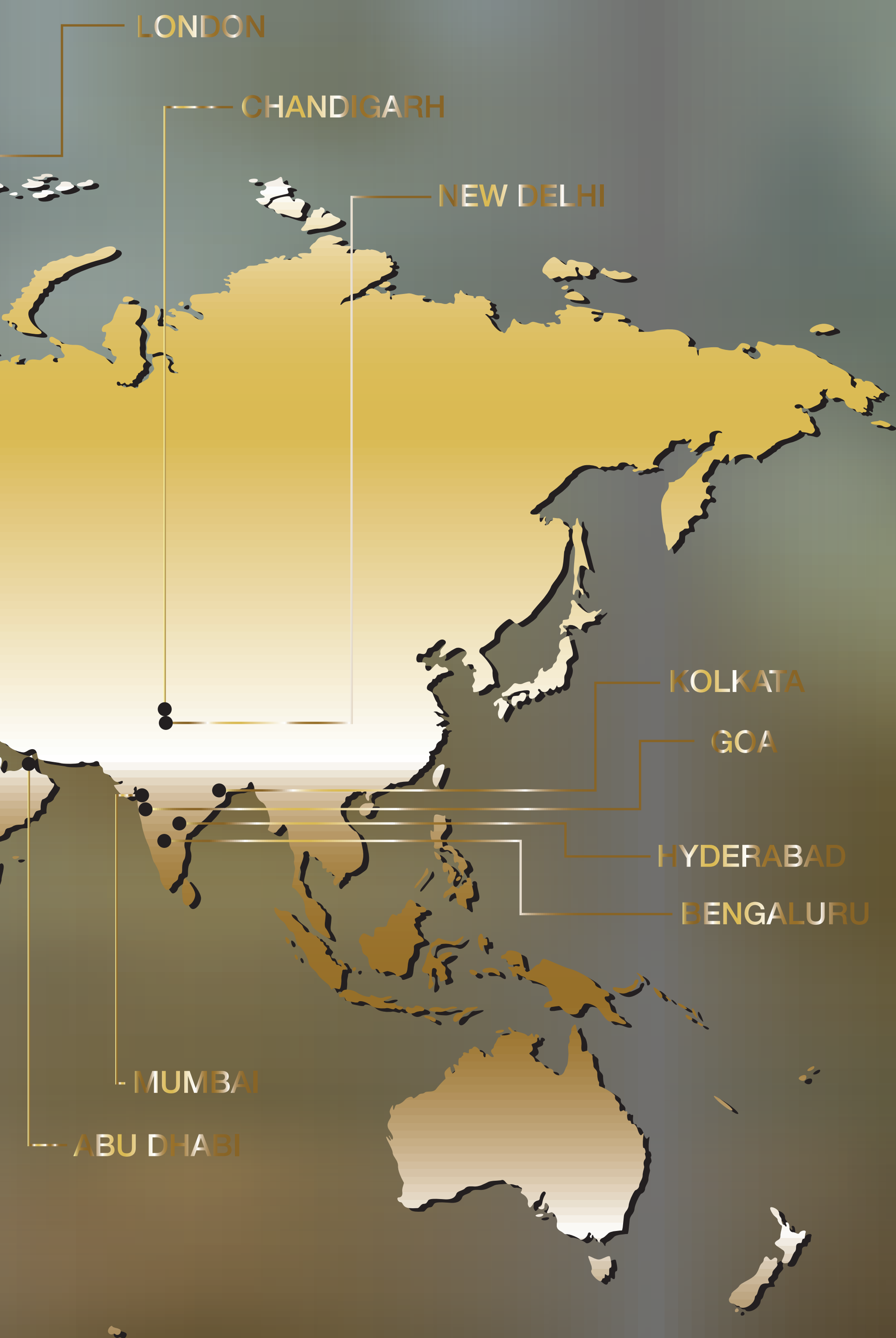
International Creative Services

Double Negative

double negative visual effects

Visual Effects + Animation

GLOBAL PRESENCE



04 Continents

06 Time zones

15 Cities

International Creative Services

- Visual Effects
- 3D Conversion
- Animation

Global Cloud Technology Business

- CLEAR Media ERP Suite
- CLEAR Enabled Media Services

India Film & Media Services

- Visual Effects
- Digital Intermediate
- Colour Grading
- Advertising Services
- Picture Post
- Camera Equipment Rental
- Shooting Floors & Sound Stages

BUSINESS OVERVIEW

International Creative Services

Our International Creative Services division, Prime Focus World, incorporating Double Negative and Gener8, offers clients a compelling, full-service solution that allows grouping of services and global sourcing for complete end-to-end delivery of projects of any size, access to the highest-quality, award-winning talent at the most efficient pricing, and international tax advantages that can generate significant additional top line savings

PRIME FOCUS WORLD | GENER8 | double negative visual effects

Global Cloud Technology Business

Our Global Cloud Technology business, Prime Focus Technologies, is the creator of Enterprise Resource Planning (ERP) software, CLEAR™ for the Media & Entertainment (M&E) industry. It offers broadcasters, studios, brands and service providers transformational solutions that help them lower their Total Cost of Operations by virtualizing business processes around content and managing their business of content better.

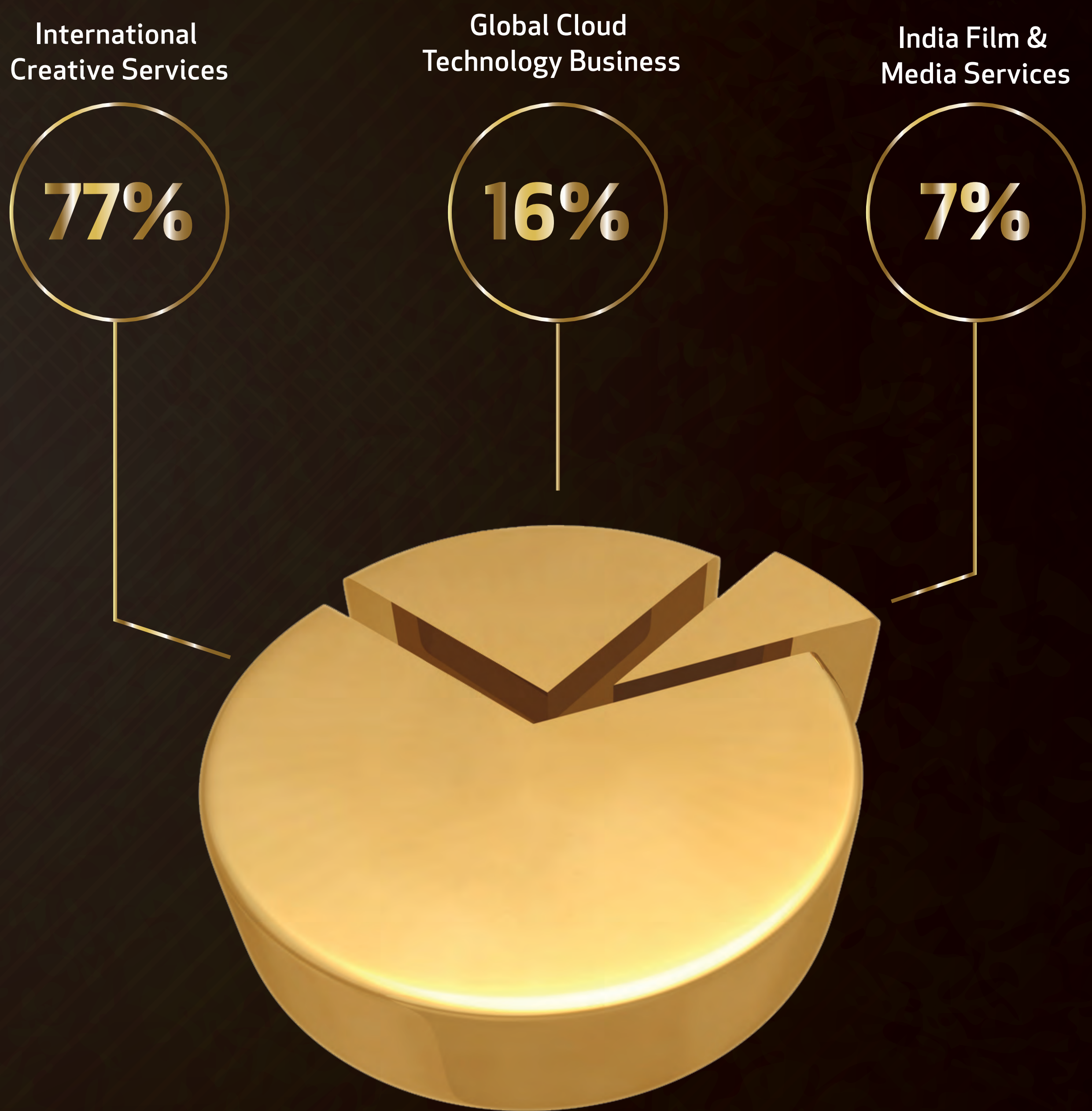
PRIME FOCUS TECHNOLOGIES

India Film & Media Services

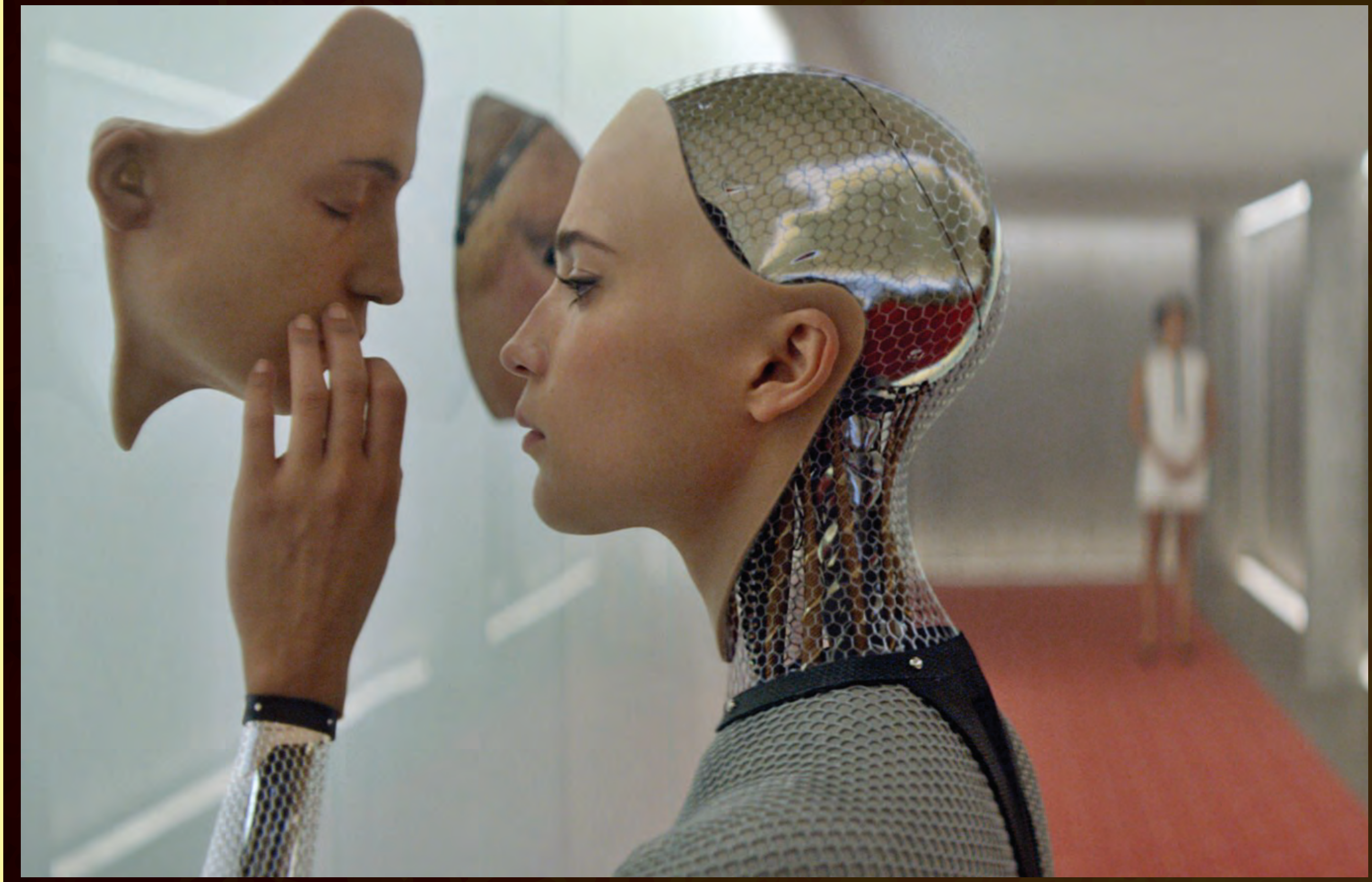
Our India Film & Media Services business is indisputably India's largest production, post-production and creative services provider to the film, broadcast and advertising industries in India.

PRIME FOCUS LIMITED

Revenue Split by Business Area



INTERNATIONAL CREATIVE SERVICES - VISUAL EFFECTS



Introduction

Double Negative (Dneg) has had another strong year following its Academy Award win for Best Visual Effects for our work on Ex Machina at the start of 2016. Supplementing the strength of our recently opened facilities in Vancouver and Mumbai, the global Dneg team grew from 1,958 professionals last year to 2,485 by March 2017, and delivered 25 feature films over the course of the year.

Our global network of facilities, across London, Vancouver and Mumbai, ensures that Dneg remains responsive to the needs of its clients, providing tax advantages, increased scale and reduced costs without compromising the highly creative, award-winning work that we are known for.

Film VFX Work

Dneg delivered visual effects services on some of the highest grossing movies of the year, including Captain America: Civil War, The Fate of the Furious, Fantastic Beasts and Where to Find Them, Jason Bourne and Star Trek Beyond.

We continue to enjoy strong working relationships with all the major Hollywood studios, and nurture creative partnerships with some of the best-known directors working in Hollywood today, including:

Christopher Nolan: Batman Begins, The Dark Knight, Inception, The Dark Knight Rises, Interstellar, **Dunkirk**

Zack Snyder: Man of Steel, Batman Vs Superman, **Justice League**

Alex Garland: Ex Machina, **Annihilation**

Anthony and Joe Russo: Captain America: Civil War, **Avengers: Infinity War**

Edgar Wright: Shaun of the Dead, Hot Fuzz, Scott Pilgrim Vs The World, Grindhouse, World's End, **Baby Driver**

David Yates: Harry Potter and the Half-Blood Prince, Harry Potter and the Order of the Phoenix, Harry Potter and the Deathly Hallows Parts 1 and 2, **Fantastic Beasts and Where to Find Them**

Paul Greengrass: United 93, The Bourne Ultimatum, Green Zone, Captain Phillips, **Jason Bourne**

Ron Howard: The Da Vinci Code, Angels & Demons, Rush, In The Heart of The Sea, **Inferno**

Justin Lin: Fast and Furious 6, **Star Trek Beyond**

TV VFX Work

DnegTV, our dedicated television VFX department, continued on its path of growth and success this year by winning an even larger share of the high-end TV drama market, including work for Netflix, Marvel TV, HBO (The Young Pope and Cormoran Strike), BBC (Les Miserables, Apple Tree Yard), ABC Family, TNT (Will), Sky (Riviera, Stan Lee's Lucky Man), AMC/Fox (Outcast), Hulu (Harlots) and NBC (Emerald City).

The DnegTV team also opened a satellite office in Los Angeles this year to better service its roster of large U.S. TV clients.

INTERNATIONAL CREATIVE SERVICES – STEREO CONVERSION

It has been another stellar year for the stereo 3D conversion division, with Prime Focus World and Gener8 delivering a slew of blockbuster 3D movies throughout the year, including Beauty and the Beast, Suicide Squad, Fantastic Beasts and Where To Find Them, Kong: Skull Island, The Legend of the Tarzan, X-Men: Apocalypse, Warcraft, Teenage Mutant Ninja Turtles: Out of the Shadows and many more.

We also capitalized on our 'bundled' offering of VFX (Double Negative) and stereo conversion (PFW and Gener8), with bundled services delivered on projects such as Captain America: Civil War, Fantastic Beasts and Where to Find Them, Alice Through the Looking Glass and the upcoming Wonder Woman.

PFW AND GENER8 HAVE A STRONG PIPELINE OF WORK TO LOOK FORWARD TO, INCLUDING SOME OF THE BIGGEST RELEASES OF THE COMING YEAR

Justice League

Transformers: The Last Knight

Wonder Woman

Pirates of the Caribbean:
Dead Men Tell No Tales

Pacific Rim: Uprising

INTERNATIONAL CREATIVE SERVICES – ANIMATION

Double Negative Feature Animation

The Dneg Feature Animation division is in production on its first animated feature film for one of Hollywood's biggest studios, and continues to work in partnership with CG feature animation studio Locksmith Animation on a three-film co-development deal with Paramount Pictures.

Prime Focus Animation

Prime Focus continued to deliver a major broadcast series for a global toy manufacturer. Having previously delivered Season 1 & 2,the Prime Focus Animation team completed production for seasons 3 & 4 (24 x 22 minute episodes of fully CG animated content) along with an additional 120 minutes of Webisodes, all on schedule and on budget.

Production is also well underway on a new CGI animated feature-length production for Universal Studios titled 'Mariah Carey's All I Want For Christmas Is You', slated for release during the upcoming holiday season. An adaptation of Mariah Carey's best-selling Christmas song 'All I Want for Christmas is You', the film is directed by Guy Vasilovich (The Fox and the Hound) from a script by Temple Mathews (The Little Mermaid 2: Return to the Sea) and features the voices of Mariah Carey, Breanna Yde, Henry Winkler, Phil Morris, Laya Hayes and Keiko Agena.

We have also delivered our first co-production deal; a CG animated feature film with partners Anima Estudios titled Here Comes the Grump. A reboot of the classic 60's cartoon series, Here Comes the Grump is directed by Andres Couturier, who also helmed Anima's 2015 feature Top Cat Begins, and based on a script from Jim Hecht (Ice Age: The Meltdown) and designs by Craig Kellman (Madagascar, Sausage Party, Samurai Jack, Hotel Transylvania).

Prime Focus Animation was also the exclusive animation and 3D partner on Harry Baweja's Chaar Sahibzaade: The Rise of Banda Singh Bahadur, a sequel to his mega-successful 2014 original 'Chaar Sahibzaade', which became the highest grossing Punjabi film of all time. Upon release, the film grossed over ₹23 crores worldwide and went on to receive a nomination for Best Film at the inaugural Filmfare Punjabi Awards 2017.

INTERNATIONAL CREATIVE SERVICES
STRONG PIPELINE OF UPCOMING WORK


Wonder Woman


Pirates of the Caribbean:
Dead Men Tell No Tales


Transformers: The Last Knight


Pacific Rim: Uprising


Justice League


King Arthur: Legend of the Sword


Dunkirk


Geostorm


Annihilation


The Mummy

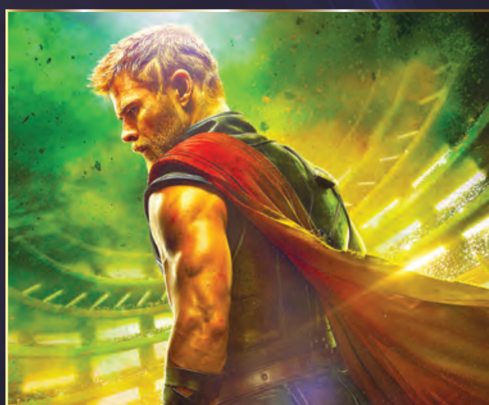

Jungle Book: Origins


Blade Runner 2049

American Assassin


Red Sparrow


Avengers: Infinity War


Thor: Ragnarok

PRIME FOCUS TECHNOLOGIES

It has been an incredible year for PFT, marked by tremendous growth on the back of our continued commitment to advancing the technological capabilities of the M&E industry. We unveiled several brand new, industry first solutions as part of our flagship product, CLEAR™ Media ERP. We also bagged several strategic client wins, secured coveted certifications, launched powerful go-to-market campaigns, added to our intellectual property base and expanded our leadership. Our efforts were rewarded with various prestigious industry recognitions and awards.

Here's a glimpse of the year's highlights:

Corporate Milestones

In a major breakthrough, PFT secured its first round of funding from Ambit Pragma, a growth capital private equity (PE) fund. The investment validates the strong track record of profitable growth, healthy order book backed technology business and significant global growth potential.

PFT was recognized as a qualified Netflix Preferred Vendor (NPV) for Timed Text and Media Processing services (for licensed content), a badge that is awarded to very few companies in the world. CLEAR Media ERP also received the sought-after AS-11 UK DPP Certification from the Advanced Media Workflow Association (AMWA). On the intellectual property front, DAX® with Digital Dailies® was awarded its fourth U.S. patent. PFT strengthened its business in Canada with the appointment of Casper Mejer as Head of Business Development & Sales. In North America, Ken Gould joined the organization as Vice President, Sales, and Chris Ziemer came on board as Senior Vice President, Strategic Accounts.

At NAB 2017, PFT announced its new go-to-market campaign 'Be MORE with CLEAR on Cloud' that urges Media and Entertainment (M&E) companies to look beyond traditional MAM (media asset management) and embrace automation across the content supply chain to lower Total Cost of Operations (TCOP).

The campaign emphasizes the fact that businesses should expect more from their MAM investments – more control, more speed, better quality and much lower TCOP. It highlights how companies tend to focus on the licensing cost of a MAM software, while overlooking a host of associated costs related to maintenance, management, upgrades, hosting, software and system support while deciding which technology to go with. In reality, if the licensing cost of a MAM system were to be X, there is an additional 7-8X cost that is not apparent and is hidden. The costs increase manifolds if there is more than one MAM system in the company at different departments or multiple sites.

With CLEAR Media ERP, enterprises get ONE MAM system across Creative, Marketing & Technical Operations, and one software that works across global sites. With Promo Versioning automation, work order administration, mastering automation and many such extreme digitization features, CLEAR offers the lowest TCOP than the next best alternative – a whopping 30-40% less. The product includes:

- Cloud MAM: ONE MAM for the Enterprise across geographies, departments & businesses
- Broadcast Cloud: ONE software for Broadcast – from Creation to Transformation, Distribution and Exhibition
- Operations Cloud: ONE software to manage Content Store, Processing & Delivery of content

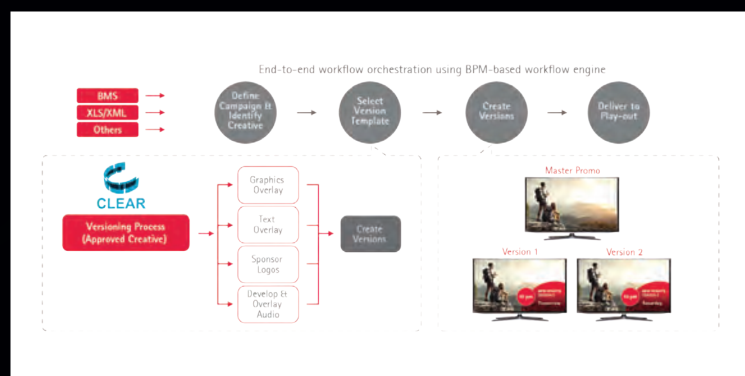
Product Launches

DAX® Production Cloud:
ONE Software for Dailies and Post Workflows

Based on the patented DAX with Digital Dailies®, DAX Production Cloud with native high resolution file support, vastly improves workflow efficiency by centralizing assets into a single repository which can be securely accessed by authorized stakeholders throughout the content lifecycle. It enables editorial, creative agencies, VFX and localization vendors – all stakeholders within the production supply chain to collaborate, service and distribute media, all on the same software.

Promo Operations:
End-to-end business process orchestration for promo creation including versioning automation

Promo Operations, a module of CLEAR Broadcast Cloud, offers a never before functionality to automate the entire promo operations workflow. This includes end-to-end work order administration, seamless integration with Broadcast Management Software (BMS), review & approval processes, post-production and hand-off for play-out along with a revolutionary versioning appliance that allows to 'render' promo versions for the creative automatically based on pre-configured versioning templates.



Interoperable Master Format (IMF):
World's first IMF Media Player for playback over streaming proxy

IMF support within CLEAR includes the world's first IMF Player that provides the ability to preview, playback, review and distribute over a streaming proxy a Composition Playlist (CPL) with all its essences including video, audio and captions. This enables collaboration and decision making in the workflow using proxies without having to necessarily access the original IMF package in high-res each time a CPL has to be played back.

PRIME FOCUS TECHNOLOGIES

Mastering Automation: An efficient way to create masters for domestic and international syndication

CLEAR's Mastering Automation solution makes domestic and international syndication across linear and non-linear platforms more efficient and cost-effective, thanks to automation by leveraging CLEAR Compliance Data Model, Caption Re-timing feature and Profanity Check tool for compliance auto QC for captions & subtitles.

CREATE: A Mobile App for end-to-end Production Management

CREATE as a single software, helps creators digitize end-to-end, the pre-production and production phases of the content creation process. It allows ALL stakeholders engaged in creation – writers, creative teams, cast, technicians, vendors including location managers, art directors, costumers, make-up artists, from day players to producers to collaborate real time on a mobile device. CREATE ensures continuity, access to assets, approvals and inventory management seamlessly.

Awards & Accolades

PFT's Promo Operations Module won several prestigious awards, including TV Technology's Best of Show Award at IBC 2016, as well as the StudioDaily Prime Award in the post-production software and services category at NAB 2017. DAX® Production Cloud won the 'Best of Show' Award at NAB 2017 as well.

PFT also achieved success at the 2016 MarCom Awards for the second time in a row, winning four awards for its daring go-to-market campaign 'Be Bold. Take the Leap.' This was followed by T Shobhana, Vice President, Global Marketing & Communications, winning Gold at the Stevie® Awards for Women in Business.
Digital Studio India featured PFT as one of the top 10 companies that set the benchmarks for gaining respect from their clients, employees, and stakeholders in 2016. At the Digital Studio India Channel Awards 2016, Ramki Sankaranarayanan, Founder & CEO, was honored with the 'Hall of Fame' award from the Global Editorial Board of ITP Publishing India, and PFT received an award for the 'Best Equipment Rental Company – Production'.

Client Wins

PFT signed a major Cloud-based media asset management deal with Complex Networks, a new entity owned by Verizon and Hearst. Additionally, CLEAR's Broadcast Cloud module was deployed by Turner Latin America for virtualizing content operations across the supply chain. We also partnered with Tata Sky, India's leading content distribution platform providing Pay TV and OTT services, to create exclusive subscriber communications for their Value Added Services (VAS). Our first 4k implementation was successfully rolled out at INsight TV, part of the Netherlands-headquartered Television, Entertainment & Reality Network (TERN). Additionally, we delivered a 'Digital Next' workflow solution for Viacom's new OTT video platform, VOOT, which includes metadata tagging, quality control, packaging and delivery.

Numbers that Speak

We manage **1.5 MN** hours of content annually

Over **70%** of US primetime scripted network television production use our product

VOD fulfilment of **10 MN** assets annually

35,000 hours of Subtitling and Closed Captioning annually

DAX® has been the leading Digital Dailies solution for over **10 years** and is patented - US Patent No:7,660,416/8,218,764/12,976,929/ 13, 903,908

We power **400 TV** shows daily

CLEAR has been in production for the last **9 years**

We manage content & content workflows across **170** physical sites

The Path Ahead

The past year has seen PFT strengthen its position as a global pioneer addressing the challenges content enterprises face in today's hyper digital market through cutting edge technology.

PFT is now poised to charter the next level of innovation, delivery excellence and global growth, using its recently received funding for intensifying development efforts of its SaaS products and gaining deeper penetration in strategic markets such as North America, EMEA (Europe, Middle East & Africa) and APAC (Asia Pacific) markets with increased Sales and Marketing efforts. The team continues to work tirelessly towards surpassing customer expectations and setting new benchmarks of global excellence.

INDIA FILM AND MEDIA SERVICES - FILM

The Indian VFX team continued to push the envelope for visual effects in the Indian Film Industry by delivering top-flight VFX services for some of the biggest Bollywood projects this year, including four of the top ten highest-grossing Bollywood films of 2016 (M.S.Dhoni: The Untold Story, Ae Dil Hai Mushkil, Housefull 3 and Baaghi).

We also delivered visual effects for one of the top grossing films of 2017 (Kaabil) and we are currently working on three of the biggest releases of 2017 (Salman Khan-starrer Tubelight, Rajinikanth's 2.0 and Raabta).

A total of 35,000 man days went into delivering more than 11,000 VFX shots for over 20 films last year.

Our Digital Intermediate division remains the undisputed market leader in India, with more than 80 movies delivered this year comprising a healthy mix of big budget, regional and independent movies.

Prime Focus delivered DI services for both the highest-grossing film of 2016 (Dangal) and the current Box Office No.1 for 2017 (Raees). It is testament to the trust and confidence that filmmakers from Bollywood and across the country continue to place in our finishing services that 12 of the National Award winning films in 2017 were post-produced in Prime Focus (Ventilator, Cycle, Rustom, Dhanak, Dashakriya, Abba, The Cinema Travellers, Neerja, Janatha Garage, 24, Dangal and Mukthi Bhavan).

That Prime Focus' DI facility remains the top choice among leading filmmakers can be best judged from the fact that 8 out of Top 10 highest-grossing film this year were color graded by Prime Focus.

One of the largest camera equipment rental companies in India, Prime Focus EQR services, with its huge inventory of over 40 high-end feature film cameras, has established itself as the undisputed market leader in the camera rental industry in India.

Since opening our doors over 8 years ago, the Prime Focus EQR division has been supplying creative and professional filmmakers with the tools needed for production. The EQR division caters to a large client base ranging from independent filmmakers working on their first short or feature film to large studios producing mega-budget movies for mass audiences.

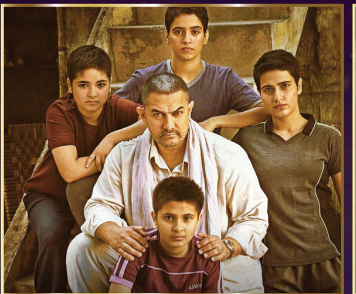
PRIME FOCUS IS PROUD TO WORK WITH BOLLYWOOD'S LEADING FILMMAKERS ON SOME OF THE BIGGEST FILM RELEASES OF 2016 - 2017


Tubelight


Ae Dil Hai Mushkil


Mohenjo Daro

M. S. Dhoni:
The Untold Story


Dangal


Shivaay


Raees

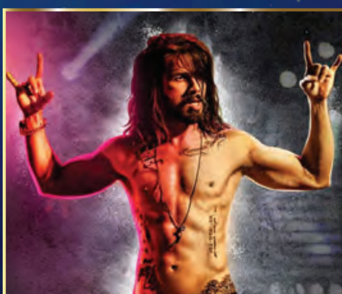

Dear Zindagi

Kahaani 2:
Durga Rani Singh


Kaabil


Hindi Medium


Rustom


Udta Punjab


Raabta


Half Girlfriend


Baar Baar Dekho

INDIA FILM AND MEDIA SERVICES – ADVERTISING SERVICES

The Advertising Services division has delivered over 1,500 unique commercials this year, making us the leading post production company in India to offer top-class advertising services like editing, grading, VFX, animation, language adaptation and 2D & 3D animatics to international standards.

2016-17 saw many of the ads we worked on going viral on social media, garnering millions of views and winning awards at events like the Abby Awards and Cannes Lions International Festival of Creativity. The Samsung Service TVC we delivered was the most viewed ad, with more than 101 million views on YouTube, and Ariel's #ShareTheLoad campaign was ranked at #1 globally by WARC 100 (World Advertising Research Center), attracting major international recognition and winning awards at the Cannes Lions International Festival of Creativity in 2016.

The Advertising Services division delivers ads for all kind of industries, including automobile, finance, FMCG, telecommunication and luxury goods to name a few, and has collaborated with top ad directors such as Ayappa, Prakash Verma, Shoojit Sircar, Prashant Issar, Roshan Shetty and Vivek Kakkad.

Samsung Service 101 mn views

YouTube Fan Fest 17 mn views

Tata Tea 11 mn views

Dubai Tourism 8.7 mn views

Mahindra Live Young 7.5 mn views

TOP ADS
(IN TERMS OF YOUTUBE VIEWS)

MakeMyTrip 7 mn views

Coke 6.5 mn views

Pepsi 6.4 mn views

Red Label 3.4 mn views

Vodafone 2.5 mn views

INDIA FILM AND MEDIA SERVICES – BROADCAST

PFT works with major broadcasters across the globe, delivering cutting edge creative services that include post production, color grading, sound design and on-air promotions. The company has over 400 creative minds, 150 Edit Suites, 14 Dolby approved 5.1 enabled sound studios, along with its very own Tier 3 Data Centre. PFT's creative expertise goes hand-in-hand with Innovative Cloud Technology that helps broadcasters and brands manage, distribute and exhibit video assets efficiently.

Ek Aastha Aisi Bhi

Great OverLand Adventure (GLA) – Season 2

MasterChef 2016

Femina Miss India 2016

HERE ARE A FEW LEADING TELEVISION SHOWS THAT PRIME FOCUS TECHNOLOGIES HAS WORKED ON IN THE LAST YEAR

Khatron Ke Khiladi - 8

GIMA Awards

Tamanna

Vishkanya - Ek Anokhi Prem Kahaani

IIFA Awards 2016

Life Ka Recharge

SPECIAL PROJECTS

Star Trek Beyond – Barco Escape

Prime Focus, working closely with J.J. Abrams' production company Bad Robot, delivered immersive, ultra-wide screen VFX work for the Barco Escape format version of 'Star Trek Beyond'.

The format, which utilizes three cinema projectors and two additional Cinemascope screens, presents the audience with a much wider field of view, enhancing the cinema-going experience and bringing audiences inside the action like never before.

As one of the first to create content for this exciting new presentation format, the Prime Focus team of 120 dedicated artists worked closely with their colleagues at Double Negative (Dneg), the main VFX partner on 'Star Trek Beyond', to create brand new visuals to expand and enhance the action playing on the main screen.

"Justin Lin's 'Star Trek Beyond' is an epic, larger than life adventure. Partnering with Prime Focus we have created an ultra wide-screen immersive experience for the Barco Escape release of the film. This premium format dramatically expands the width of the viewing plane, giving filmmakers an innovative new tool with which to tell stories, and audiences an enhanced new way to experience cinema."
J.J. Abrams, President, Bad Robot

MAJOR MILESTONES

1997

- Prime Focus Ltd. (PFL) founded by Namit Malhotra in a garage in Mumbai
- **PFL offers India's first high-end finishing system**

2001

Offered India's first scanning and recording system

2003

Offered India's **first DI system**

2004

First visual effects company in India to operate a motion-control rig

2006

- Entry into the UK market via acquisition of AIM Listed company
- IPO of Prime Focus Limited on BSE and NSE

2007

Entry into the US through acquisition of Post Logic and Frantic Films

2008

Prime Focus launches new Technology arm – Prime Focus Technologies (PFT)

2009

- Prime Focus launches View-D™ and CLEAR™
- PFT launches world's first Hybrid Cloud - enabled Media ERP solutions

2010

- **PFW becomes first** company to convert an entire Hollywood **film to 3D**
- PFT's CLEAR™ Media ERP recognised as 'Best of IBC'

2011

- PFT digitizes Star TV's content operations through CLEAR™
- PFW delivers 3D Conversion of Star Wars: Episode I for Lucasfilm / ILM

2012

- Prime Focus Animation launched
- Prime Focus raises investment from Standard Chartered Private Equity

2013

- Prime Focus raises US$38 MN investment from Macquarie Capital
- PFW wins Advanced Imaging Society 3D Award for 'Gravity'
- PFT launches world's largest digital media services cloud
- Prime Focus raises US$10 MN from AID Partners Private Equity
- PFT wins Aegis Graham Bell Award 2013 for Innovation in Cloud-based Solutions

2014

- PFW works on more than half of all the summer releases of the major Hollywood studios
- PFT acquires DAX® (creators of PrimeTime Emmy® award-winning Digital Dailies®)
- PFW and Double Negative merge their Hollywood-facing VFX businesses
- PFW secures U.S. Patent for View-D stereo conversion technology
- PFT-restored Associated Press Archive Digitization wins FOCAL International Award

2015

- Double Negative wins Academy Award, BAFTA and VES Award for Interstellar
- PFW and Gener8 sign Technology Licensing Partnership
- PFT honored with Two MarCom Awards for DIGITAL NEXT Campaign
- Prime Focus wins Best VFX Awards for 'Kick' (IIFA Awards) and 'Sin City: A Dame To Kill For' (Apollo Asia Awards)
- PFT honoured with Frost & Sullivan's 2015 Global Growth Excellence Leadership Award
- PFT acquires Academy® Award winning Lowry Digital
- Reliance Capital picks up 35.1% in Prime Focus; Prime Focus merges with Film & Media Services business of Reliance MediaWorks

2016

- Double Negative wins Academy Award and British Independent Film Award for 'Ex Machina'
- Prime Focus wins 'Best VFX' for 'Bhajrangi Bhaijaan' at 24FPS International Awards
- PFW's 'DeepGen' Stereo Technology recognised with AIS Lumiere Technology Award
- PFT picks up two awards at 2016 CMO Asia Awards, including 'Marketing Campaign of the Year'
- Prime Focus divests 30% stake in Digital Domain-Reliance, LLC; to form Virtual Reality and Advertising JV in India; Total Deal Value at US$ 55 mn
- Prime Focus Technologies secures investment from Ambit Pragma Private Equity

2017

- Prime Focus bags honor at Fortune India 'Next 500' 2016 Awards
- Prime Focus was honoured with the Movers & Shakers award at 24FPS Awards
- Prime Focus Ltd reports FY17 Consolidated Income of ₹21.8 bn
- Advertising Division of Prime Focus Delivered Post Production Services for the World's Best Advertisement of 2016
- CLEAR™ Media ERP's Promo Operations Module wins TV Technology's 'Best of Show Awards' at IBC 2016 and the 'StudioDaily Prime Award' at NAB 2017 (PFT)
- DAX® Production Cloud wins 'Best of Show Award' at NAB 2017 (PFT)
- PFW and Double Negative deliver three of the top 5 blockbuster movies of 2017 (Jan 1 to Apr 1)

FORTUNE INDIA

39

THE BOARD

Naresh Malhotra

Chairman Emeritus and Whole-time Director

A veteran in the Indian M&E industry, best known for producing the Amitabh Bachchan starrer Shahenshah, Naresh realized early the potential boom in the Indian television industry. He set up India's first digital audio studio in 90s and also started providing equipment rental services to TV and ad filmmakers. Naresh was Chairman of the Board from 1997 to June 2014.

Namit Malhotra

Founder, Executive Chairman and Global CEO, Whole-time Director

As the founder of Prime Focus, Namit has been responsible for the strategy, growth and success of Prime Focus from its modest beginnings in Mumbai in 1997 to its current position as the world's largest independent and integrated media services powerhouse. Namit's perpetual optimism and entrepreneurial spirit is written throughout the Prime Focus identity. Actively seeking out projects that will expand the strengths of the company, and challenge its team to push themselves to the next level, Namit is devoted to nurturing talent and ambition, and to delivering world-class creative and technical services, and intelligent financial solutions.

Ramakrishnan Sankaranarayanan

Managing Director, Prime Focus Limted; Founder & CEO, Prime Focus Technologies

Ramakrishnan Sankaranarayanan is MD, Prime Focus and Founder & CEO of Prime Focus Technologies. In his role as MD of Prime Focus India, he is responsible for all operations and business lines throughout India, and as Founder & CEO of Prime Focus Technologies, he is responsible for the pioneering ERP system tailor made for Media and Entertainment companies globally. Over 22 years of rich experience performing technical, strategy, customer service, marketing, sales & general management roles in the IT industry, Ramakrishnan has solid experience in the deployment of technology within the Media & Entertainment sector. Prior to starting PFT in 2007, he was CEO of Subex Technologies.

Nainesh Jaisingh

Non-Executive Director (Resigned w.e.f. December 14, 2016)

Nainesh is an MBA from the Indian Institute of Management, Bangalore and holds a Bachelor's Degree (Honours) in Technology from the Institute of Technology, Banaras Hindu University. Nainesh is Managing Director and Global Co-Head of Standard Chartered Private Equity.

Amit Bapna

Non–Executive Director

Amit is a Chartered Accountant with extensive experience in varied business environments, from manufacturing to financial services. He is the Chief Financial Officer at Reliance Capital, where he provides financial direction, oversight and control for Reliance Capital and Group companies. He earlier worked in the capacity of CFO of Reliance Capital Asset Management Ltd and Reliance Consumer Finance where he played a key role and has been a significant contributor to the exponential growth of the business.

Kodi Raghavan Srinivasan

Independent and Non-Executive Director

Kodi Raghavan Srinivasan is a Chartered Accountant and Cost Accountant with extensive experience in the fields of Internal, Statutory and Management audits, corporate laws, taxation laws, financial consultancy, and Costing and Management Information services.

Rivkaran Chadha

Independent and Non-Executive Director

Rivkaran Chadha is an MBA in finance from Cardiff University, Wales. A successful businessman, he provides valuable inputs for the framing and implementation of the financial strategies of Prime Focus.

Padmanabha Gopal Aiyar

Independent and Non-Executive Director

Padmanabha Gopal Aiyar has been a practicing Advocate at the Bombay High Court for the past 30 years. He has expert knowledge of Civil Law, Company Law and industrial arbitration matters. He is well respected in judicial circles for his sincerity and integrity.

Dr. Hemalatha Thiagarajan

Independent and Non-Executive Director

Dr. Hemalatha Thiagarajan is an accomplished academic with over 35 years of experience. She has taught at both Loyola College and Meenakshi College for Women in Chennai, was the principal of Regional Engineering College, Trichy and Director of National Institute of Technology. She holds MSc. and M Phil. degrees in mathematics and a doctorate in operational research.

Udai Dhawan

Non-Executive Director (Appointed as Additional Director w.e.f. December 14, 2016)

Udai is Managing Director and Head for Standard Chartered Private Equity (SCPE) in India. He joined SCPE in 2008 and has been involved in a substantial number of SCPE's investments in India, serving on the board of many of the fund's portfolio companies. Prior to SCPE, Udai worked for 13 years in financial services focused on corporate investing, M&A and corporate finance, both in India and the United States. Udai's roles have included senior positions with Kotak Mahindra Capital in investment banking, with Sabre Inc. in corporate development, and with Arthur Andersen in corporate finance advisory. Udai is an MBA from the Wharton School, University of Pennsylvania and is a Chartered Accountant from the Institute of Chartered Accountants of India.

Samu Devarajan

Independent and Non-Executive Director (Appointed as an Additional Director w.e.f. December 14, 2016)

An industry veteran, Samu Devarajan brings a wealth of management experience having previously held the position of Managing Director of CISCO Systems India. As CEO and MD, he helped TATA Elxsi from loss-making organization to one of the most successful companies of the TATA Group. Dev is currently the Chairman of Board of Directors at ADC India Communications Limited, Independent Director at Neilsoft Limited and founder and President of Transmation Consulting, his own strategy consulting firm.

MANAGING DIRECTOR'S MESSAGE

Dear Shareholders

Our two-decade anniversary arrives at a time of great momentum for the M&E industry, which stands pegged at a whopping US$1.7 trillion.

Video streaming platforms are emerging as new age entertainment giants, advertisers are demanding more relevance and interactivity, and new technologies like live 360° video streaming and virtual reality are gaining ground. Mobile broadband adoption continues to grow strongly, with the addition of 1 million new subscribers every day*. Challenges related to cloud computing are on a decline, and at least half of IT spending is predicted to become Cloud-based by 2018**. India's VFX and animation industry is recording unprecedented growth, with availability of exceptional talent and high quality output attracting major global studios to outsource projects to India.

This is a time of great opportunity for us. As an integrated media services company providing end-to-end creative services (visual effects, stereo 3D conversion, animation), cloud based solutions and services (Media ERP software and media services), production services (equipment rental), and post production services (digital intermediate, picture post), the future looks extremely promising. We stand poised to enter a new phase of exponential growth, building on our extraordinary legacy of innovation, leadership, excellence, and success.

Over the last twenty years, we have evolved from a humble garage start-up to an international powerhouse that serves the world's leading M&E companies. Yet, our core vision and values remain much the same. Every day, across the organization, we strive to question the status quo, set new benchmarks of global excellence and deliver greater value to our customers with a fresh burst of energy. We refuse to rest on our past laurels, and push ourselves consistently to lead with innovation and solve with agility. Our one-of-a-kind technology, best-of-breed talent pool, global digital pipeline and pioneering WorldSourcing® delivery model make us a partner of choice for a remarkably diverse range of customers.

Prime Focus is ecstatic to have delivered outstanding growth through the past year across all three businesses – Creative Services, Technology and Media Services. We are thrilled to have expanded our footprint globally, adding several marquee clients such as Complex Networks, Hearst Television, Bad Robot Productions, INsight TV, Viacom's Voot, Cricket Australia, Turner Latin America and ICC to name a few. Australia is a new market addition for us and we foresee significant opportunities for SaaS offerings and huge potential for growth. We are equally proud to have provided creative services for some of the highest grossing films of 2016 and '17, including Captain America: Civil War ($1.15 bn) and Beauty & the Beast ($1.10 bn and counting). Over the last three years, our consolidated income has increased 2.6 times, our order book has grown 4.5 times and our staff strength has more than doubled. The group's income from operations reached an all-time high of $325 mn in March '17, with the last quarter of the year proving to be the best ever in the company's history. We also witnessed a record breaking Cash Profit of $56 mn this year.

Going forward, the company plans to continue on an accelerated profitable growth curve, while ensuring prudent debt management by deleveraging via sale of non-core assets, cash flow from operations and rationalization of interest costs. The recent funding secured from Ambit Pragma validates our strong track record of profitable growth and re-enforces our investors' unflinching trust in our capabilities. This investment came as a wonderful first for our technology arm, and will help us further enhance our SaaS offerings and gain a stronger toehold in some of the world's most dynamic markets with increased Sales and Marketing efforts.

I would like to take this opportunity to recognize the dedication and commitment of all our team members, without whom we would never have been able to achieve a fraction of what we have. I would also like extend deep gratitude to all our stakeholders for their sustained interest, confidence and encouragement. We cherish our relationship with each one of you immensely, and keenly look forward to your support in the years ahead.

Ramki Sankaranarayanan

Managing Director, Prime Focus
Founder & CEO, Prime Focus Technologies

20 GLORIOUS YEARS
INNOVATION
LEADERSHIP
EXCELLENCE
SUCCESS
GROWTH

*Source: Ericsson Mobility Report June 2017
**Source: http://www.gartner.com/newsroom/id/3616417

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Namit Malhotra - Chairman & Global CEO

Mr. Naresh Malhotra - Whole-Time Director

Mr. Ramakrishnan Sankaranarayanan - Managing Director

Non-Executive Directors

Mr. Kodi Raghavan Srinivasan - Independent Director

Mr. Rivkaran Chadha - Independent Director

Mr. Padmanabha Gopal Aiyar - Independent Director

Ms. (Dr.) Hemalatha Thiagarajan - Independent Director

Mr. Samu Devarajan - Independent Director

Mr. Amit Bapna

Mr. Udai Dhawan

CHIEF FINANCIAL OFFICER

Mr. Vikas Rathee

COMPANY SECRETARY

Ms. Parina Shah

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells (Registration No. 117364W)

BANKERS

Standard Chartered Bank Limited | Yes Bank Limited |RBL Bank Limited | IDBI Bank Limited

REGISTRAR & SHARE TRANSFER AGENTS

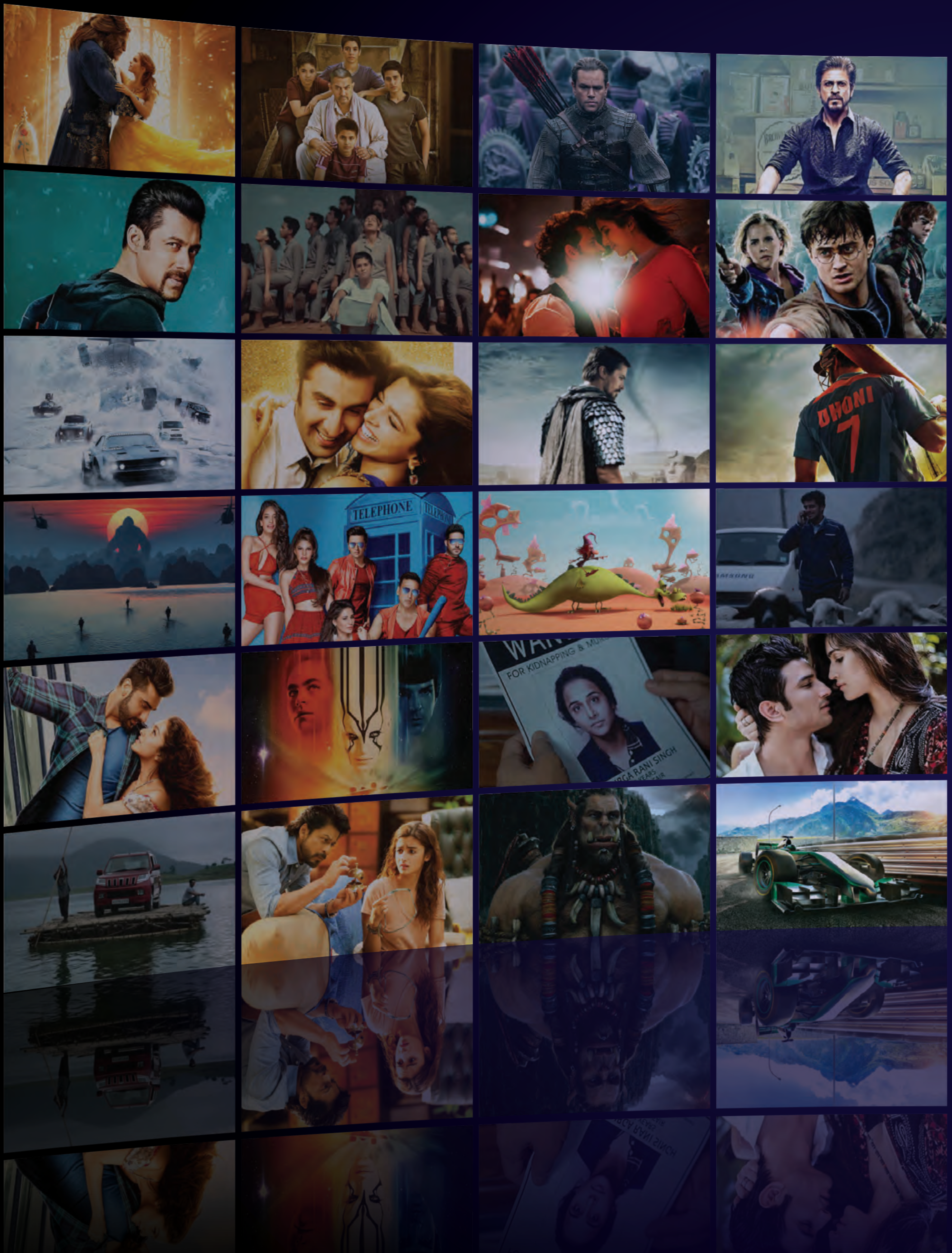
Link Intime India Private Limited,
C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai-400 083
Tel: +91 22 49186000 Fax: +91 22 49186060
Email: ishwar.suvarna@linkintime.co.in
Website: www.linkintime.co.in

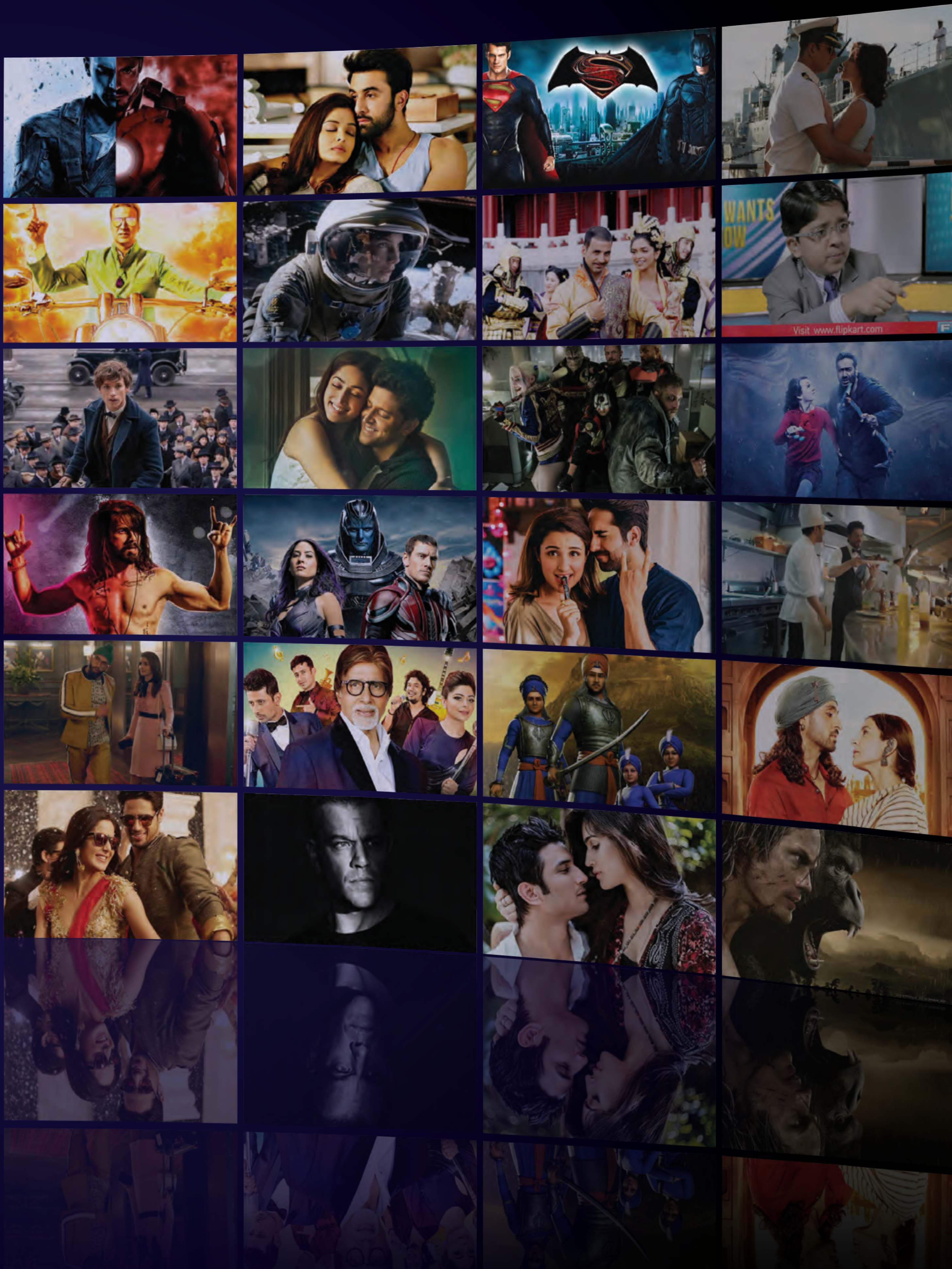
REGISTERED OFFICE

Prime Focus House, Opposite Citi Bank,
Linking Road, Khar (West), Mumbai 400052
Tel: +91 22 6715 5000 Fax: +91 22 6715 5001
Email: irindia@primefocus.com
Website: www.primefocus.com

CORPORATE IDENTITY NUMBER (CIN)

L92100MH1997PLC108981


TELEPHONE
DHONI
7
FOR KIDNAPPING &


Visit www.flipkart.com

DIRECTORS' REPORT

To
The Members of

Prime Focus Limited

Your Company's Directors are pleased to present the Twentieth Annual Report together with Audited Financial Statements for financial year ended March 31, 2017.

1. FINANCIAL PERFORMANCE SUMMARY

The Consolidated and Standalone Audited Financial Results for the financial year ended March 31, 2017 are as follows:

(₹ In Lacs)

Particulars	Consolidated		Standalone	
	2016-17 (12 months)	2015-16 (9 months)	2016-17 (12 months)	2015-16 (9 months)
Income from operations	213,961.53	133,018.99	14,560.00	11,108.61
Other operating income	1,400.94	5,262.47	891.35	797.98
Total income from operations	215,362.47	138,281.46	15,451.35	11,906.59
Less: Expenses	199,832.61	138,338.28	16,768.48	9,852.26
Add: Other income	2,445.09	4,554.22	1,536.32	1,344.52
Less: Finance costs	12,787.27	26,202.12	3,274.87	2,218.03
Less: Exceptional items	(9,682.01)	8,350.28	(1,845.73)	-
Less: Tax expense	895.76	1,627.91	(105.84)	629.49
Less: Minority interest	1,229.05	(3,347.85)	-	-
Net Profit / (Loss) for the year / period	12,744.88	(28,335.06)	(1,104.11)	551.33

Your Company and its subsidiaries had adopted IND AS with effect from April 1, 2016 pursuant to Ministry of Corporate Affairs notification dated February 16, 2015 notifying the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and the relevant provisions of the Companies Act, 2013 ("the Act") and guidelines issued by the Securities and Exchange Board of India ("SEBI"). The Consolidated Financial Statements have been prepared in accordance with the provisions of the Act, read with the Companies (Accounts) Rules, 2014, applicable Indian Accounting Standards and the relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"). Your Company has published Ind AS Financials for the year ended March 31, 2017 along with comparable as on March 31, 2016 and Opening Statement of Assets and Liabilities as on July 1, 2015.

2. OPERATIONS AND PERFORMANCE REVIEW

During the year under review, on consolidated basis, total income of the Company and its subsidiaries stood at ₹ 2,15,362.47 lacs as compared to ₹ 1,38,281.46 lacs in the previous period.

On standalone basis, total income during the year was ₹ 15,451.35 lacs as compared to ₹ 11,906.59 lacs in the previous period. Profit/ (loss) before exceptional items and tax during the year was ₹ (3,055.68) lacs as compared to ₹ 1,180.82 lacs in the previous period. The Net profit/ (loss) after tax was ₹ (1,104.11) lacs as compared to ₹ 551.33 lacs in the previous period.

A detailed analysis on the Company's performance, both Consolidated & Standalone, is included in the "Management Discussion & Analysis" Report which forms part of this Annual Report.

3. DIVIDEND

In view of the losses in Financial Year 2016-17, your Board did not recommend any dividend for its equity shares.

4. DIVIDEND DISTRIBUTION POLICY

Securities and Exchange Board of India ('SEBI'), by its notification dated 8th July, 2016, has amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), introducing new Regulation 43A mandating the top 500 listed entities, based on market capitalization calculated as on 31st March of every financial year, to formulate a Dividend Distribution Policy and disclose the same in their Annual Reports and on their websites.

Accordingly, the Board of Director of the Company has adopted a Dividend Distribution Policy, which is attached as **Annexure A**. The Policy is also available on the website of the Company: http://www.primefocus.com/sites/default/files/pdf/Dividend-Distribution-Policy.pdf

5. TRANSFER TO RESERVES

Your Company has not transferred any amount to Reserves for the financial year under review.

6. SHARE CAPITAL

The paid-up equity share capital of the Company as on March 31, 2017 was ₹ 298,878,974 comprising of 298,878,974 equity shares of Re. 1/- each. There was no change in the Company's Share Capital during the financial year under review.

During the year under review, the Company has not issued share with differential voting rights nor sweat equity. However the ESOP Compensation committee of the Board of Directors at its meeting held on August 12, 2016 approved grant of 17,932,738 stock option (ESOP's) to the eligible employees. As on March 31, 2017, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

7. EMPLOYEE STOCK OPTION SCHEME (ESOP)

The Company has implemented 'PFL-ESOP Scheme 2014' compliant with the SEBI (Share Based Employee Benefits) Regulations, 2014 to reward and retain the qualified and skilled employees and to give them an opportunity to participate in the growth of the Company, these schemes are administered by the Compensation Committee of the Company.

A certificate from the Statutory Auditors of the Company as required under Regulation 13 of the SEBI (Share Based Employee Benefits) Regulations, 2014 shall be placed at the ensuing Annual General Meeting for inspection by the Members. The disclosures as required under Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 read with SEBI Circular dated June 16, 2015 are accessible on Company's website i.e. www.primefocus.com. The details of Employee Stock Options form part of the Notes to accounts to financial Statements in this Annual Report. No employee of the Company received grant of options during the year amounting to 5% or more of the options granted or exceeding 1% of issued capital of the Company.

8. MATERIAL CHANGES AND COMMITMENT AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of financial year of the Company to which the Financial Statements relate and the date of this Report.

9. PRIME FOCUS WORLD N.V. (PFW NV) REDEEMED PREFERENCE CAPITAL

In 2013, PFW NV [subsidiary of PFL] had raised US$38mn in the form of Optionally Convertible Redeemable Preference Capital from Macquarie Capital. The instrument was compulsorily convertible into Equity of PFW NV in case of a qualifying IPO with a redemption feature at 5% Cash IRR + Equity IRR. In 2017, PFW successfully redeemed Macquarie Capital by paying US$45mn in Cash. It has further issued ~4.5% stake in PFW to Macquarie Capital, on the basis of an independent valuation exercise by a Big 4 Accounting Firm, in lieu of the Equity IRR associated with the Instrument.

10. AMBIT PRAGMA INVESTED IN PRIME FOCUS TECHNOLOGIES LIMITED

Prime Focus Technologies Limited (PFT [subsidiary of PFL]), India's leading technology media powerhouse and subsidiary of the Company had secured investment from Ambit Pragma, a growth capital private equity (PE) fund based in Mumbai during the year under review. PFT proposes to use the investment for intensifying development efforts of the SaaS products including CLEAR Media ERP and gaining deeper penetration and growth in strategic markets such as North America and EMEA with increased Sales and Marketing efforts.

11. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the financial year under review, there were no significant or material orders passed by the Regulators or Courts or Tribunal which would impact the going concern status of the Company and its future operation.

12. RISK MANAGEMENT

The Company is exposed to inherent uncertainties owing to the sectors in which it operates. A key factor in determining a company's capacity to create sustainable value is the risks that the company is willing to take (at strategic and operational levels) and its ability to manage them effectively. Many risks exist in a company's operating environment and they emerge on a regular basis. The Company's Risk Management processes focuses on ensuring that these risks are identified on a timely basis and addressed.

The Company is well aware of the above risks and as part of business strategy has put in a mechanism to ensure that they are mitigated with timely action. The Company has a Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage.

13. INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems. For further details, please refer to the Management Discussion and Analysis Report which forms a part of the Annual Report.

14. HUMAN RESOURCES

Human Resource is considered as one of the most critical resource in the business which can be continuously smoothened to maximize the effectiveness of the organization. Human Resource build the Enterprise and the sense of belonging would inculcate the spirit of dedication and loyalty amongst them towards strengthening the Company's Policies and Systems. All personnel continue to have healthy, cordial and harmonious approach thereby enhancing the contributory value of the Company. The Company has generally enjoyed cordial relations with its personnel. Further, the total number of permanent employees of the Company as on March 31, 2017 is 459.

15. PREVENTION OF SEXUAL HARASSMENT

The Company has zero tolerance for sexual harassment at workplace and has a mechanism in place for prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. The Company is committed to providing equal opportunities without regard to their race, caste, sex, religion, colour, nationality, disability, etc. All employees are treated with dignity with a view to maintain a work environment free of sexual harassment whether physical, verbal or psychological. All employees (permanent, contractual, temporary, trainees) are covered.

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment at workplace. During the year under review, Company has not received any complaints on sexual harassment.

16. DEBENTURES

During the financial year under review, Company has not raised funds by issuing debenture pursuant to the provision of the Companies Act, 2013.

17. PUBLIC DEPOSITS

The Company has not accepted any deposits from the public falling within the ambit of Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014.

18. EXTRACT OF ANNUAL RETURN

The Extract of Annual Return in Form MGT-9 pursuant to Section 92(3) of the Act and Rule 12 of the Companies (Management and Administration) Rules, 2014 is annexed as **Annexure-B** to this Report.

19. CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company and its subsidiaries have been prepared in accordance with the provisions of the Act read with the Companies (Accounts) Rules, 2014, applicable Accounting Standards and the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 and it forms part of the Annual Report. Pursuant to Section 129(3) of the Act, a statement containing the salient features of the financial statements of the subsidiary companies for the Financial year 2016-17 is attached in Form AOC-1. The Company will make available the said financial statements and related detailed information of the subsidiary companies upon request by any member of the Company or its subsidiary companies. These financial statements will also be kept open for inspection by any Member at the Registered Office of the Company.

Pursuant to the provisions of section 136 of the Act, the Audited financial statements of the Company, consolidated financial statements along with relevant documents and separate Audited Accounts in respect of subsidiaries, are available on the website of the Company viz. www.primefocus.com

20. SUBSIDIARY COMPANIES, JOINT VENTURE AND ASSOCIATE COMPANIES

During the financial year, the following changes have taken place in subsidiary companies:-

a. **Companies which have become subsidiary Company :**

1. Prime Focus Academy of Media and Entertainment Studies Private Limited- Wholly Owned Subsidiary of Prime Focus World Creative Services Private Limited.
2. Prime Focus Animation UK Ltd – Wholly Owned Subsidiary of Prime Focus International Services UK Limited.
3. Double Negative LA LLC – Subsidiary of Double Negative Holdings UK Limited

b. **Name changes:**

Prime Focus Technologies Private Limited has been converted from a private limited company to a public limited company and consequently it is named as Prime Focus Technologies Limited w.e.f. February 8, 2017.

c. **Joint Venture / Associate Companies :**

During the financial year under review, there are no Companies which has become or ceased to be Associate / Joint Venture.

21. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

A. CONSERVATION OF ENERGY

i. **The steps taken to or impact on conservation of energy–**

Although the Company is not engaged in manufacturing activities. However, as a responsible corporate citizen, we continue to pursue and adopt appropriate energy conservation measures. The Company makes every effort to conserve energy as far as possible in its post-production facilities, Studios, Offices, etc. The Company also takes significant measures to reduce energy consumption by using energy efficient computers and by purchasing energy efficient equipment. The Company purchases PCs, laptops, air conditioners etc. that meet environment standards, wherever possible and replace old equipment with more energy-efficient equipment.

ii. **The Steps taken by the Company for utilizing alternate sources of energy –** Not applicable.

iii. **The capital investment on energy conservation equipment's –** The Company constantly evaluates new developments and invests into latest energy efficient technology.

B. TECHNOLOGY ABSORPTION

i. **The efforts made towards technology absorption –** The Company adopts the latest trends in the technology development and introduces the same so as to ensure reduction in cost with best quality output.

ii. **The benefits derived like product improvement, cost reduction, Product development or import substitution –** Not applicable.

C. IMPORTED TECHNOLOGY

i. **The details of technology imported -** Not Applicable

ii. **The year of import -** Not applicable

iii. **Whether the technology has been fully absorbed -** Not applicable

iv. **If not fully absorbed -** Not applicable

Expenditure incurred on Research and Development (R&D):

Your company is predominantly a service provider and therefore has not set up a formal R&D unit, however continuous research and development is carried out at various development centers as an integral part of the activities of the Company.

Particulars of foreign currency earnings and outgo are as under:

(₹ In lacs)

Particulars	March 31, 2017	March 31, 2016
Foreign Exchange Earned: Revenue from operations and interest income	1028.74	1,321
Foreign Exchange Outgo: Technical service cost, repairs and maintenance, interest and others	72.74	78

22. MANAGEMENT DISCUSSION AND ANALYSIS

Management's Discussion and Analysis Report for the financial year ended March 31, 2017 as stipulated under Regulation 34 of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations, 2015, is included as a separate section forming part of the Annual Report.

23. CORPORATE GOVERNANCE REPORT

A separate section on Corporate Governance forming part of the Directors' Report and the certificate from the Practicing Company Secretary confirming compliance of Corporate Governance norms as stipulated in Regulation 34 read along with schedule V of SEBI of India (Listing Obligation and Disclosure Requirement) Regulations, 2015 is included in the Annual Report for the Financial Year 2016-17.

24. DIRECTORS

As per the relevant provisions of Companies Act, 2013 and SEBI (Listing Obligation Disclosure Requirement) Regulations, 2015, during the financial year under review, the following changes in Directors are detailed as follows:

Resignation of Director

Mr. Nainesh Jaisingh (DIN: 00061014) (nominee of Standard Chartered Private Equity (Mauritius) III Limited and Standard Chartered Private Equity Mauritius Limited), resigned as Non-Executive Director w.e.f. December 14, 2016, due to pre-occupation. Consequent to his resignation, Mr. Vibhav Parikh ceased to be an Alternate Director of the Company w.e.f. December 14, 2016. The Board placed on record its appreciation for the services rendered by them during their tenure with the Company.

Appointment of Director

Nomination and Remuneration Committee and Board of Directors have recommended the below mentioned appointments:-

a. Appointment of Mr. Udai Dhawan (DIN: 03048040) who was appointed as Additional, Non Executive Director [(Nominee of Standard Chartered Private Equity (Mauritius) III Limited and Standard Chartered Private Equity Mauritius Limited)] by Board of Directors effective from December 14, 2016 in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing Mr. Udai Dhawan as Director of your Company.

b. Appointment of Mr. Samu Devarajan (DIN: 00878956) who was appointed by the Board of Directors effective from December 14, 2016 as Additional, Non Executive, Independent director, in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing Mr. Samu Devarajan as Director of your Company

Re-appointment of Director

Pursuant to the resolutions passed by the Nomination and Remuneration Committee, the Board of Directors at their meeting held on May 22, 2017 had, subject to the approval of the members and approvals under applicable laws, if any, re-appointed Mr. Namit Malhotra (DIN: 00004049) as a Chairman and Executive Director and Mr. Ramakrishnan Sankaranarayanan (DIN: 02696897) as a Managing Director respectively w.e.f June 25, 2017 for a period of 3 years.

The proposal for re-appointment of Mr. Namit Malhotra and Mr. Ramakrishnan Sankaranarayanan and terms and conditions of their re-appointment are set out in the explanatory statement of the notice of ensuing Annual General Meeting.

In accordance with the provisions of Section 152 of the Act and Articles of Association of the Company, Mr. Naresh M. Malhotra (DIN: 00004597) will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer himself for re-appointment.

The Board recommends for the above appointment / re-appointment. Items seeking your approval on the above is included in the Notice convening the Annual General Meeting. Brief resume of the directors being appointed / re-appointed forms part of the Notice of the ensuing Annual General Meeting.

25. DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

26. RECEIPT OF REMUNERATION OR COMMISSION FROM HOLDING COMPANY OR SUBSIDIARY COMPANY

Mr. Ramakrishnan Sankaranarayanan, Managing Director of the Company was re-appointed as an Whole Time Director in Prime Focus Technologies Limited ("PFT"), a subsidiary company on June 25, 2017. He is in receipt of ₹ 4,120,730/- p.a. as remuneration in his capacity as an Whole-Time Director of PFT.

27. KEY MANAGERIAL PERSONNEL

During the year under review there were no changes in the Key Managerial Personnel of the company,

The following directors / executives continued as KMPs during Financial Year 2016-17:

→ Mr. Ramakrishnan Sankaranarayanan, Managing Director

→ Mr. Namit Malhotra, Executive Director

→ Mr. Vikas Rathee, Chief Financial Officer

→ Ms. Parina Shah, Company Secretary

28. BOARD EVALUATION

Pursuant to the provisions of the Act and the corporate governance requirements as prescribed by SEBI (Listing Obligation and Disclosure requirements) Regulations, 2015, the Board of Directors ("Board") has carried out an annual evaluation of its own performance, and that of its Committees and individual Directors.

The performance evaluation of the Independent Directors was carried out by the entire Board, excluding the Director being evaluated. The performance evaluation of the Chairman and the Non Independent Directors were carried out by the Independent Directors who also reviewed the performance of the Board as a whole. The Nomination and Remuneration Committee also reviewed the performance of the Board, its Committees and of the Directors.

The criteria for performance evaluation of the Board included aspects like Board composition and structure; effectiveness of Board processes, information and functioning etc. The criteria for performance evaluation of Committees of the Board included aspects like composition of Committees, effectiveness of Committee meetings etc. The criteria for performance evaluation of the individual Directors included aspects on contribution to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings etc. In addition the Chairperson was also evaluated on the key aspects of his role. The Criteria for performance evaluation of Independent Directors included aspects like Invests time in understanding the company and its unique requirements; Brings in external knowledge and perspective to the table for discussions at the meetings; Expresses his / her views on the issues discussed at the Board; and keeps himself/herself current on areas and issues that are likely to be discussed at the Board level.

Selection and procedure for nomination and appointment of Directors

The Nomination and Remuneration Committee is responsible for developing competency requirements for the Board based on the industry and strategy of the Company. The Board composition analysis reflects in-depth understanding of the Company, including its strategies, environment, operations, financial condition and compliance requirements.

The Committee is also responsible for reviewing and vetting the CVs of potential candidates' vis-à-vis the required competencies, undertake a reference and due diligence and meeting potential candidates, prior to making recommendations of their nomination to the Board. At the time of appointment, specific requirements for the position, including expert knowledge expected, is communicated to the appointee.

Criteria for Determining Qualifications, Positive Attributes and Independence of a Director

The Nomination and Remuneration Committee has formulated the criteria for determining qualifications, positive attributes and independence of Directors in terms of provisions of Section 178 (3) of the Act and Regulation 19 of the Securities and Exchange Board of India (Listing Obligation and Disclosure requirements) Regulations, 2015, which is annexed as **Annexure C**.

Familiarisation Programme for Independent Directors

Pursuant to requirement of Securities and Exchange Board of India vide Circular no. CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014, the Company has in place a programme for familiarisation of the Independent Directors with the Company, details of which is available on the website of the company: http://www.primefocus.com/sites/default/files/pdf/Familiarisation_programme_for_Independent_Directors.PDF

29. NOMINATION AND REMUNERATION POLICY

The Company has in place a Remuneration Policy for the Directors, Key Managerial Personnel, Senior Management and other Employees pursuant to the provisions of the Act and Regulation 19 of the SEBI (Listing Obligation and Disclosure requirements) Regulations, 2015. The Nomination and Remuneration policy forms a part of this report and is annexed as **Annexure-D**.

30. BOARD MEETINGS

During the financial year under review, Six (6) Board Meetings were held. The details of which are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Act and Regulation 17 of SEBI (Listing Obligation and Disclosure requirements) Regulations, 2015.

Currently the Board has Five (5) committees, namely, Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility ("CSR") Committee, Stakeholders' Relationship Committee and ESOP Compensation Committee.

Details of the composition of the Board and its Committees and of the Meetings held, attendance of the Directors at such Meetings and other relevant details are provided in the Corporate Governance Report.

31. AUDIT COMMITTEE

The Audit Committee comprises of following members:

Name of the Members	Positions
Mr. Rivkaran Chadha	Chairman
Mr. Kodi Raghavan Srinivasan	Member
Mr. Padmanabha Gopal Aiyar	Member
Mr. Amit Bapna	Member
Mr. Samu Devarajan*	Member
Mr. Nainesh Jaisingh**	Member
Mr. Vibhav Parikh (Alternate to Mr. Nainesh Jaisingh)	Member

*Mr. Samu Devarajan was appointed as a Member in the Audit Committee w.e.f. December 14, 2016.

**Mr. Nainesh Jaisingh resigned from the Audit Committee w.e.f. April 18, 2016 and consequent to his resignation, Mr. Vibhav Parikh ceased to be member of the Committee.

Further, details relating to the Audit Committee are provided in the Corporate Governance Report.

32. VIGIL MECHANISM

The Company has adopted a Whistle Blower Policy establishing vigil mechanism, to provide a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee. The policy of vigil mechanism is available on the Company's website (Weblink: http://www.primefocus.com/sites/default/files/pdf/Vigil_Mechanism_Policy.pdf)

33. PARTICULARS OF EMPLOYEES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to the Report as **Annexure E**.

Details of employee remuneration as required under provisions of Section 197 of the Companies Act, 2013 and Rule 5(2) and 5(3) of Rules are available at the Registered office of the Company during working hours, 21 days before the Annual General Meeting and shall be made available to any shareholder on request. Such details are also available on your Company's website http://www.primefocus.com

34. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The brief outline of the CSR Policy of the Company alongwith the Annual Report on CSR activities is set out in **Annexure F** of this report. The policy is available on the Company's website. (Weblink: http://www.primefocus.com/sites/default/files/pdf/CSR_Policy.pdf)

35. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The particulars of Loans given, Investments made, Guarantees given and Securities provided during the financial year under Section 186 of the Act are stated in the Notes to Accounts which forms part of this Annual Report.

36. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts/arrangements/ transactions entered by the Company with the Related Parties during the financial period were on an Arm's length basis and were in compliance with the applicable provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions were entered into only with prior approval of the Audit Committee, except transactions which qualify under Omnibus approval as permitted under the law. A statement of all Related Party Transactions is placed before the Audit Committee and Board for its review on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

The policy on Related Party Transactions is available on the Company's website (URL:

http://www.primefocus.com/sites/default/files/pdf/Policy_on_Related_parties.pdf)

There are no transactions that are required to be reported in Form AOC-2 and as such does not form part of the Report.

37. BUSINESS RESPONSIBILITY REPORT

Regulation 34(2) of the SEBI Listing Regulations, 2015, as amended, inter alia, provides that the annual report of the top 500 listed entities based on market capitalisation (calculated as on 31 March of every financial year), shall include a Business Responsibility Report. Since Prime Focus Limited. is one of the top 500 listed entities, the Company has presented its Business Responsibility Report for the financial year 2016-17, which is part of this Annual Report.

38. INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Pursuant to provisions of Section 124(6) of the Companies Act, 2013 (Act) read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules), the Company is required to transfer the shares for which dividend has not been claimed for 7 (seven) consecutive years or more to Investor Education and Protection Fund (IEPF). Further the corresponding shares will be transferred as per the requirement of IEPF Rules.

39. AUDITORS

Statutory Auditors

At the AGM held on December 24, 2014, Deloitte Haskins & Sells (DHS), Chartered Accountants (Registration No. 117364W), were appointed as Statutory Auditors of the Company to hold office from the conclusion of 17th Annual General Meeting till the conclusion of 22nd Annual General Meeting of the Company, subject to ratification of their appointment by the Members at every Annual General Meeting. Further, DHS have under Section 139(1) of the Act and the Rules framed thereunder furnished a certificate of their eligibility and consent for appointment.

The members are requested to ratify the appointment of Deloitte Haskins & Sells, Chartered Accountants as Auditors from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting in 2018 and to authorize the Board to fix their remuneration for the year 2017-18.

The Auditors Report for the Financial year 2016-17 does not contain any qualification, reservation or adverse remark.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s. D M Zaveri and Company, Practicing Company Secretaries has been appointed as Secretarial Auditor, to undertake Secretarial Audit of the Company for the financial year 2016-17. The report of the Secretarial Auditor is annexed to this report as **Annexure G**. The Secretarial Auditors' Report for the Financial year 2016-17 does not contain any qualification, reservation or adverse remark.

40. DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SECTION 143(12)

During the year under review, there were no frauds reported by the auditors to the Audit Committee or the Board under section 143(12) of the Companies Act, 2013.

41. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors acknowledge the responsibility for ensuring compliances with the provisions of section 134(3)(c) read with section 134(5) of the Companies Act, 2013 in the preparation of the annual accounts for the year ended on March 31, 2017 and to the best of their knowledge and ability, confirm that:

a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at the March 31, 2017 and of the profit and loss of the company for that year on that date;

c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d) the directors had prepared the annual accounts on a going concern basis;

e) the directors had laid down proper systems of internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;

f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

42. MANAGING DIRECTOR & CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

In terms of Regulation 17(8) of SEBI (LOOR) Regulations, 2015, the Company has obtained compliance certificate from Managing Director and CFO.

ACKNOWLEDGEMENT

Your Directors would like to express their sincere appreciation to its stakeholders financial institutions, bankers and business associates, Government authorities, customers and vendors for their co-operation and support and looks forward to their continued support in future. Your Directors also place on record, their deep sense of appreciation for the committed services by the employees of the Company.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Ramakrishnan Sankaranarayanan **Managing Director** **DIN: 02696897**	**Naresh Malhotra** **Whole-Time Director** **DIN:00004597**

Date: May 23, 2017
Place: Mumbai

ANNEXURE - A
DIVIDEND DISTRIBUTION POLICY

1. **Background, Scope and Applicability**

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulations") require the top 500 listed companies (by market capitalisation) to disclose a Dividend Distribution Policy ("Policy") in the annual report and on the corporate website. The entities other than top 500 listed companies may adopt and disclose their dividend distribution policies on voluntary basis.

The Company currently has only one class of shares, viz. equity, for which this policy is applicable. The policy is subject to review if and when the Company issues different classes of shares.

The intent of the Policy is to broadly specify the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend and how the retained earnings shall be utilized, etc.

2. **Dividend**

Dividend represents the profit of the Company, which is distributed to shareholders in proportion to the amount paid-up on shares they hold. Dividend includes Interim Dividend.

3. **Circumstances under which shareholders can expect Dividend**

The Board shall before declaring any dividend assess the Company's financial performance, long term strategy, present and future organic and inorganic growth plans and other relevant factors (as mentioned elsewhere in this policy) and ensure that sufficient funds are retained for growth of the Company.

The Dividend for any financial year shall normally be paid out of the Company profits for that year. If circumstances require, the Board may also declare dividend out of accumulated profits of any previous financial year(s) in accordance with provisions of the Act and Regulations, as applicable.

4. **Parameters for declaration of Dividend**

The Board of Directors of the Company, shall consider the following parameters for declaration of Dividend:

Financial Parameters / Internal Factors :

The Board of Directors of the Company would consider the following financial parameters before declaring or recommending dividend to shareholders:

(a) Net operating profit after tax;

(b) Distributable surplus available as per the Act and Regulations;

(c) Working capital requirements;

(d) Capital expenditure requirements;

(e) Resources required to fund acquisitions and / or new businesses;

(f) Cash flow required to meet contingencies;

(g) Outstanding borrowings;

(h) Additional investment in subsidiaries and associates of the company;

(i) Stipulations/ Covenants of loan agreements; and

(j) Past Dividend Trends.

External Factors:

The Board of Directors of the Company would consider the following external factors before declaring or recommending dividend to shareholders:

(a) Prevailing legal requirements, regulatory conditions or restrictions laid down under the applicable laws including tax laws;

(b) Global conditions; and

(c) Dividend pay-out ratios of companies in the same industry.

5. **Utilization of Retained Earning**

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- Market expansion plan;
- Increase in production capacity;
- Modernization plan;
- Diversification of business;
- Long term strategic plans;
- Replacement of capital assets;
- Dividend payment; and
- Such other criteria as the Board may deem fit from time to time.

6. **Manner of Dividend Payout**

Interim dividend: Interim dividend, if any, shall be declared by the Board. Before declaring interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration to the shareholders entitled to receive the dividend on the record date, as per the applicable laws.

Final dividend: Recommendation, if any, shall be done by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company. The dividend as recommended by the Board shall be approved/declared at the Annual General Meeting of the Company. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration, to those shareholders who are entitled to receive the dividend on the record date/book closure period, as per the applicable law.

7. **Disclosures**

The Dividend Distribution Policy shall be disclosed in the Annual Report and on the website of the Company i.e. at www.primefocus.com. The Company shall also make appropriate disclosures as required under the SEBI Regulations.

8. **General**

This Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, Securities Exchange Board of India or such other regulatory authority as may be authorized, from time to time, on the subject matter.

The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

9. **Disclaimer**

This document does not solicit investments in the Company's securities. Nor is it an assurance of guaranteed returns (in any form), for investments in the Company's equity shares.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Ramakrishnan Sankaranarayanan	**Naresh Malhotra**
Managing Director	**Whole-Time Director**
DIN:02696897	**DIN:00004597**

Place: Mumbai
Date: May 23, 2017

ANNEXURE B

Annexure to Directors' Report

FORM NO. MGT 9 - EXTRACT OF ANNUAL RETURN

As on financial year ended on March 31, 2017

[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014]

I. REGISTRATION & OTHER DETAILS

1.	CIN	L92100MH1997PLC108981
2.	Registration Date	June 24, 1997
3.	Name of the Company	Prime Focus Limited
4.	Category/Sub-category of the Company	Public Company/ Limited by shares
5.	Address of the Registered office and contact details	Prime Focus House, Opp. Citi Bank, Linking Road, Khar (West) – Mumbai – 400 052 Tel: +91 22 67155000; Fax +91 22 67155001 Email : ir.india@primefocus.com Website: www.primefocus.com
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai-400 083 Tel: +91 22 49186000 Fax: +91 22 49186060 Email: ishwar.suvarna@linkintime.co.in Website: www.linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company have been stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Motion picture, video and television programme post-production activities	5912	100

III. PARICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable section	Note
1.	**Prime Focus Technologies Limited** Address: True North, Plot No. 63, Road No. 13, MIDC, Andheri (East), Mumbai-400093	U72200MH2008PLC179850	Subsidiary	73.75	2(87)	-
2.	**Prime Focus Visual Effects Private Limited** Address: 2nd Floor, Building - H, Mainframe IT Park, Royal Palms, Near Aarey Colony, Goregaon (East), Mumbai- 400065	U52392MH2008PTC179538	Subsidiary	100	2(87)	-
3.	**Prime Focus Motion Pictures Limited** Address: 2nd Floor, Building - H, Mainframe IT Park, Royal Palms, Near Aarey Colony, Goregaon (East), Mumbai-400065	U92120MH2008PLC186091	Subsidiary	100	2(87)	-

Sr. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable section	Note
4.	**GVS Software Private Limited** Address: 2nd Floor, Building - H, Mainframe IT Park, Royal Palms, Near Aarey Colony, Goregaon (East), Mumbai-400065	U72100MH2007PTC174803	Subsidiary	100	2(87)	-
5.	**Prime Focus 3D India Private Limited** Address: 2nd Floor, Building - H, Mainframe IT Park, Royal Palms, Near Aarey Colony, Goregaon (East), Mumbai-400065	U92100MH2011PTC218470	Subsidiary	100	2(87)	-
6.	**Gener8 India Media Services Limited** (Formerly known as Prime Focus Entertainment Services Limited/Reliance Media Works Entertainment Services Limited) Address: 6th Floor, Building No.3, Serene Properties Pvt. Ltd. SEZ (Mindspace Airoli) Thane Belapur Road, Airoli, Navi Mumbai-400708	U70100MH2006PLC160748	Subsidiary	100	2(87)	-
7.	**Prime Focus World Creative Services Private Limited** Address: 2nd Floor, Building - H, Mainframe IT Park, Royal Palms, Near Aarey Colony, Goregaon (East), Mumbai, 400065	U92412MH2011PTC218562	Subsidiary	100	2(87)	4
8.	**De-Fi Media Limited** (Formerly known as Prime Focus International Limited) Address: Suite 55, Rochester Mews, London NW193B	NA	Subsidiary	100	2(87)	-
9.	**PF Investments Limited (Mauritius)** Address: C/o Mauritius International Trust Company Limited, 4th Floor, Ebene Skies, Rue de L'Institut, Ebene, Republic of Mauritius	NA	Subsidiary	100	2(87)	-
10.	**PF World Limited** Address: C/o . Amicorp (Mauritius) Limited, 6th Floor, 1 Nexteracom Building, Ebene, Republic of Mauritius	NA	Subsidiary	100	2(87)	-
11.	**PF Overseas Limited** Address: c/o Amicorp (Mauritius) Limited, 6th Floor, 1 Nexteracom Building, Ebene, Republic of Mauritius	NA	Subsidiary	100	2(87)	-
12.	**Reliance MediaWorks (Mauritius) Limited** Address: C/o Financial consulting associates limited, 3rd Floor, Cerne House , La Chaussee, Port Louis, Mauritius. P.O. Box 322	N.A.	Subsidiary	100	2(87)	-

Sr. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable section	Note
13.	**Prime Focus Luxembourg S.a.r.l.** Address: 65, Boulevard Grande - Duchesse Charlotte, L-1331, Luxembourg	N.A.	Subsidiary	100	2(87)	1
14.	**Gener8 Digital Media Services Ltd, Canada** Address: 20th Floor, 250 Howe Street Vancouver BC V6C 3R8, Canada	N.A.	Subsidiary	100	2(87)	4
15.	**Prime Focus 3D Cooperatief U.A.** Address: Prins Bernhardplein 200, 1097 JB, Amsterdam, The Netherlands	N.A.	Subsidiary	100	2(87)	2
16.	**Prime Focus World N.V.** Address: Prins Bernhardplein 200, 1097JB Amsterdam, The Netherlands	N.A.	Subsidiary	88.30*	2(87)	3
17.	**Prime Focus International Services UK Limited** Address: 160 Great Portland Street, London, WIW5QA	N.A.	Subsidiary	100	2(87)	4
18.	**Prime Focus Creative Services Canada, Inc** Address: 20th Floor, 250 Howe Street Vancouver BC V6C 3R8, Canada	N.A.	Subsidiary	100	2(87)	4
19.	**Prime Focus VFX USA Inc.** Address: Prime Focus VFX USA 5750 Hannum Ave. Suite 100 Culver City, CA 90230	N.A.	Subsidiary	100	2(87)	4
20.	**Prime Focus North America, Inc.** Address: 5750 Hannum Ave. Suite 100 Culver City, CA 90230	NA	Subsidiary	100	2(87)	4
21.	**Prime Focus ME Holdings Limited** Address: Mill Mall, Suite 6, Wickhams Cay 1, PO Box 3085, Road Town, Tortola, Virgin Islands, British Virgin Islands.	NA	Subsidiary	100	2(87)	4
22.	**Prime Focus China Limited** Address: Akara Bldg., 24 De Castro Street, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	N.A.	Subsidiary	70	2(87)	4
23.	**Double Negative Holdings Limited** Address: 160 Great Portland Street, London W1W 5QA	N.A.	Subsidiary	100	2(87)	4
24.	**1800 Vine street LLC** Address: 5750 Hannum Ave. Suite 100 Culver City, CA 90230	N.A.	Subsidiary	100	2(87)	5
25.	**Vegas II VFX Limited** Address: 20th Floor, 250 Howe Street, Vancouver, BC V6C 3R8 Canada	N.A.	Subsidiary	100	2(87)	6
26.	**Prime Focus Technologies UK Limited** Address: Suite 55, Rochester Mews, London NW193B	N.A.	Subsidiary	100	2(87)	7

Sr. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable section	Note
27.	**Prime Focus Technologies Inc** Address: 1521 Concord Pike, Suite 301 Wilmington, DE 19803	N.A.	Subsidiary	100	2(87)	7
28.	**Prime Focus (HK) Holdings Limited** Address: Room 501-7, 5th Floor, Sands Building, 17 Hankow Road, Tsimi Sha Tsui, Kowloon, Hong Kong	N.A.	Subsidiary	100	2(87)	8
29.	**Reliance Lowry Digital Imaging Services Inc.** Address: 5750 Hannum Ave. Suite 100 Culver City, CA 90230	N.A.	Subsidiary	100	2(87)	9
30.	**Double Negative Limited** Address: 160 Great Portland Street, London, W1W 5QA, United Kingdom	N.A.	Subsidiary	100	2(87)	10
31.	**Double Negative Singapore Pte. Limited** Address: 80 Raffles Place, #32-01, UOB Plaza 1, Singapore – 048624	N.A.	Subsidiary	100	2(87)	10
32.	**Double Negative Canada Productions Limited** Address: 20th Floor, 250 Howe St, Vancouver, BC V6C 3R8, Canada	N.A.	Subsidiary	100	2(87)	10
33.	**Double Negative Films Limited** Address: 160 Great Portland Street, London, W1W 5QA, United Kingdom	N.A.	Subsidiary	100	2(87)	10
34.	**DAX PFT LLC** 1675 S State St Ste B, Dover, DE, 19901US	N.A.	Subsidiary	100	2(87)	11
35.	**DAX Cloud ULC** Address: 693, Queen Street East, Toronto, Ontario M4M1G6	N.A.	Subsidiary	100	2(87)	12
36.	**Prime Post Europe Limited** (formerly known as Prime Focus (MW) Limited) Address: 2, Brouchier Street, London, W1D 4HX	N.A.	Subsidiary	100	2(87)	13
37.	**Prime Focus Malaysia SDN. BHD (Malaysia)** Address: Attentus Corporate Services Sdn. Bhd., 5th Floor, Wisma Harwant, 106, Jalan Tuanku Rahman, 50100, Kuala Lumpur, Wilayah Persekutuan	N.A.	Subsidiary	70	2(87)	-
38	**Prime Focus World Malaysia SDN. BHD (Malaysia)** Address: Attentus Corporate Services Sdn. Bhd., 5th Floor, Wisma Harwant, 106, Jalan Tuanku Rahman, 50100, Kuala Lumpur, Wilayah Persekutuan	N.A.	Subsidiary	100	2(87)	4

Sr. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable section	Note
39.	**Double Negative India Private Limited** (formerly known as Reliable Laptops Private Limited) Address: 2nd Floor, Building-H, Main Frame IT Park, Royal Palms, Near -Aarey Colony, Goregaon (East), Mumbai- 400 065	U72900MH2008PTC183047	Subsidiary	100	2(87)	14
40.	**Double Negative Huntsman VFX Ltd** Address: 20th Floor, 250 Howe Street,Vancouver BC V6C 3R8, Canada	N.A.	Subsidiary	100	2(87)	15
41.	**Prime Focus Academy of Media and Entertainment Studies Private Limited** (formerly known as Filmesocial Private Limited) Address:2nd Floor, Building - H, Mainframe It Park Royal Palms, Near Aarey Colony, Goregaon (East) Mumbai -400065	U74110MH2016PTC281032	Subsidiary	100	2(87)	14
42.	**Double Negative LA LLC** Address:- 6725 W, Sunset Boulevard, Los Angeles, California 90028	NA	Subsidiary	100	2(87)	10
43.	**Prime Focus Animation UK Limited** Address:- 160 Great Portland Street, London, W1W5Q	NA	Subsidiary	100	2(87)	16

NOTES:

1. Subsidiary of PF World Limited (Mauritius)
2. Subsidiary of Prime Focus Luxembourg S.a.r.l.
3. Subsidiary of Prime Focus 3D Cooperatief U.A.
4. Subsidiaries of Prime Focus World N.V.
5. Subsidiary of Prime Focus North America, Inc.
6. Subsidiary of Prime Focus Creative Services Canada, Inc.
7. Subsidiary of Prime Focus Technologies Limited
8. Subsidiary of Prime Focus China Limited
9. 90% held by Reliance MediaWorks (Mauritius) Limited and 10% held by Prime Focus Limited
10. Subsidiary of Double Negative Holdings Limited
11. Subsidiary of Prime Focus Technologies Inc.
12. Subsidiary of DAX PFT LLC.
13. Subsidiary of Prime Focus Technologies UK Limited
14. Subsidiary of Prime Focus World Creative Services Pvt. Ltd
15. Subsidiary of Double Negative Canada Productions Ltd
16. Subsidiary of Prime Focus International Services UK Limited

* 80% on fully diluted basis after considering Preferred Stock.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

A) CATEGORY-WISE SHARE HOLDING

Category of Shareholders	No. of Shares held at the beginning of the year [As on April 1, 2016]				No. of Shares held at the end of the year [As on March 31, 2017]				% Change During the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	77,101,546	Nil	77,101,546	25.80	77,101,546	Nil	77,101,546	25.80	Nil
b) Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) State Govt.(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Bodies Corp.	27,506,095	Nil	27,506,095	9.20	27,506,095	Nil	27,506,095	9.20	Nil
e) Banks / FI	Nil	Nil	Nil	Nil	Ni	Ni	Ni	Ni	Nil
f) Any other	Nil	Nil	Nil	Nil	Ni	Ni	Ni	Ni	Nil
Sub Total (A) (1)	**104,607,641**	**Nil**	**104,607,641**	**35.00**	**104,607,641**	**Nil**	**104,607,641**	**35.00**	**Nil**
(2) Foreign									
a. NRI –Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b. Other Individulas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c. Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d. Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e. Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub Total (A) (2)	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
Total shareholding of Promoter (A) = (A) (1) + (A) (2)	**104,607,641**	**Nil**	**104,607,641**	**35.00**	**104,607,641**	**Nil**	**104,607,641**	**35.00**	**Nil**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Banks / FI	Nil	Nil	Nil	Nil	32074	Nil	32074	0.01	0.01
c) Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NA
d) State Govt.(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NA
e) Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NA
f) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NA
g) FIIs	1,247	Nil	1,247	0.00	Nil	Nil	Nil	Nil	NA
h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NA
i) Others (specify) Foreign Portfolio Investors	31,850,112	Nil	31,850,112	10.66	3,00,90,234	Nil	3,00,90,234	10.07	-0.59
Sub-total (B)(1):-	**31,851,359**	**Nil**	**31,851,359**	**10.66**	**3,01,22,308**	**Nil**	**3,01,22,308**	**10.08**	**-0.58**
2. Non-Institutions									
a) Bodies Corp.									
i.) Indian	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Individuals									

Category of Shareholders	No. of Shares held at the beginning of the year [As on April 1, 2016]				No. of Shares held at the end of the year [As on March 31, 2017]				% Change During the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	7,900,650	20	7,900,670	2.64	6,864,413	20	6,864,433	2.30	(0.34)
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1,226,338	0	1,226,338	0.41	3,227,133	0	3,227,133	1.08	0.67
Others (Specify)									
i. Bodies Corporate	115,158,856	Nil	115,158,856	38.53	11,59,68,234	Nil	11,59,68,234	38.80	0.27
ii. Clearing Members	259,589	Nil	259,589	0.09	384,632	Nil	384,632	0.13	0.04
iii. Foreign Individuals or NRI	785,946	Nil	785,946	0.26	636,536	Nil	6,36,536	0.21	(0.05)
iv. Foreign Companies	36,549,990	Nil	36,549,990	12.23	36,549,990	Nil	36,549,990	12.23	-
v. Hindu undivided family	538,085	Nil	538,085	0.18	517,967	Nil	517,967	0.17	(0.01)
vi. Foreign Nationals	400	Nil	400	0.00	Nil	Nil	Nil	Nil	(0.00)
vii. Trusts	100	Nil	100	0.00	100	Nil	100	0.00	-
Sub-total (B)(2):-	**162,419,954**	**20**	**162,419,974**	**54.34**	**164,149,005**	**20**	**164,149,025**	**54.92**	**0.58**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**194,271,313**	**20**	**194,271,333**	**65.00**	**194,271,313**	**20**	**194,271,333**	**65.00**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	**298,878,954**	**20**	**298,878,974**	**100.00**	**298,878,954**	**20**	**298,878,974**	**100.00**	Nil

B) SHAREHOLDING OF PROMOTERS

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on April 1, 2016)			Shareholding at the end of the year (as on March 31, 2017)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1.	Mr. Naresh Malhotra	62,201,546	20.81	17.61	62,201,546	20.81	14.18	0
2.	Mr. Namit Malhotra	14,900,000	4.99	4.99	14,900,000	4.99	2.86	0
3.	Monsoon Studio Private Limited	27,506,095	9.20	1.48	27,506,095	9.20	1.48	0

C) CHANGE IN PROMOTERS' SHAREHOLDING

There was no change in promoters' shareholding in Financial Year 2016-17. The shareholding of promoters is same as mentioned above in the shareholding pattern.

D) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (as on April 01, 2016)		Cumulative Shareholding at the end of the year (as on March 31, 2017)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Reliance MediaWorks Financial Services Private Limited**/#/$				
	At the beginning of the year	-	-		
	Purchase(s) during the year	10,49,39,361	35.11	10,49,39,361	35.11
	At the end of the year			10,49,39,361	35.11
2.	Standard Chartered Private Equity (Mauritius) Limited				
	At the beginning of the year	2,92,41,817	9.78		
	At the end of the year			2,92,41,817	9.78
3.	Marina IV (Singapore) Pte.Ltd.				
	At the beginning of the year	2,33,90,875	7.83		
	At the end of the year			2,33,90,875	7.83
4.	STANDARD CHARTERED PRIVATE EQUITY (MAURITIUS) III LIMITED ****				
	At the beginning of the year	1,04,58,768	3.50		
	At the end of the year			1,04,58,768	3.50
5.	Top Class Capital Markets Private Limited				
	At the beginning of the year	73,08,400	2.45		
	At the end of the year			73,08,400	2.45
6.	Marina Horizon (Singapore) Pte.Ltd				
	At the beginning of the year	27,00,347	0.90		
	At the end of the year			27,00,347	0.90
7.	MADHUSUDAN KELA **				
	At the beginning of the year	-	-		
	Purchase(s) during the year	18,00,028	0.60	18,00,028	0.60
	At the end of the year			18,00,028	0.60
8.	MERLIN MARKETING PRIVATE LIMITED				
	At the beginning of the year	9,00,000	0.30		
	Purchase(s) during the year	8,43,543	0.28	17,43,543	0.58
	Sale(s) during the year	(3,48,543)	(0.11)	13,95,000	0.47
	At the end of the year			13,95,000	0.47
9	PREMIER INVESTMENT FUND LIMITED				
	At the beginning of the year	7,50,000	0.25		
	Sale(s) during the year	(63,412)	(0.0)	6,86,588	0.23
	At the end of the year			6,86,588	0.23
10	IL AND FS SECURITIES SERVICES LIMITED **				
	At the beginning of the year	43,745	0.01		
	Purchase(s) during the year	7,03,322	0.23	7,47,067	0.25
	Sale(s) during the year	(2,78,877)	(0.09)	4,68,190	0.15
	At the end of the year			4,68,190	0.16
11	RELIGARE FINVEST LTD*				
	At the beginning of the year	5,56,041	0.19		
	Purchase(s) during the year	71,724	0.02	6,27,765	0.21
	Sale(s) during the year	(5,89,765)	(0.19)	38,000	0.01
	At the end of the year			38,000	0.01

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (as on April 01, 2016)		Cumulative Shareholding at the end of the year (as on March 31, 2017)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
12	RELIANCE MEDIAWORKS LIMITED *				
	At the beginning of the year	10,49,39,361	35.11		
	Sale(s) during the year	(10,49,39,361)	(35.11)	0	0.00
	At the end of the year			0	0.00
13	TIMF HOLDINGS *				
	At the beginning of the year	18,58,295	0.62		
	Sale(s) during the year	(18,58,295)	(0.62)	0	0.00
	At the end of the year			0	0.00

Note:

1. *Ceased to be in the list of Top 10 as on March 31, 2017. The same is reflected above since the shareholder was one of the Top 10 shareholders as on April 1, 2016.
2. **Not in the list of Top 10 shareholders as on April 1, 2016. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on March 31, 2017.
3. #Persons Acting In Concert with Promoter's.
4. $As set out in the Letter of Offer dated December 08, 2014 issued by Reliance MediaWorks Limited alongwith Reliance Land Private Limited (PAC 1), Mr. Namit Malhotra (PAC 2), Mr. Naresh Malhotra (PAC 3), Monsoon Studio Private Limited (PAC 4), this includes 10,49,39,361 shares which were held by Reliance MediaWorks Limited, a person acting in concert with the Promoters. Further, Reliance MediaWorks Limited sold 10,49,39,361 shares on March 30, 2017 to Reliance MediaWorks Financial Services Private Limited (a wholly owned subsidiary of Reliance MediaWorks Limited) by way of inter-se transfer of shares under Regulation 10(1) (a)(iii) of SEBI (SAST) Regulations, 2011.
5. ****Out of the 10458768 (3.5%) held by Standard Chartered Private Equity (Mauritius) III Limited, Marina IV (Singapore) Pte. Ltd. is the beneficial owner of 41,79,961 constituting 1.40% of the paid up capital of the Company which are currently held by Standard Chartered Private Equity (Mauritius) III Limited. Further Standard Chartered Private Equity (Mauritius) III Limited and Marina IV (Singapore) Pte. Ltd. are affiliates under the common control of Standard Chartered Plc.
6. Shareholding is consolidated based on permanent account number (PAN) of the Shareholder.
7. Date wise increase / decrease in the shareholding is available on the website www.primefocus.com

E) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Sr. No.	Name Directors and Key Managerial Personnel	Shareholding at the beginning of the year (As on April 01, 2016)		Cumulative Shareholding at the end of the year (As on March 31, 2017)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Naresh Malhotra				
	At the beginning of the year	6,22,01,546	20.81		
	At the end of the year			6,22,01,546	20.8
2.	Namit Malhotra				
	At the beginning of the year	1,49,00,000	4.99		
	At the end of the year			1,49,00,000	4.99
3.	Ramakrishnan Sankaranarayanan				
	At the beginning of the year	50	0.00		
	At the end of the year			50	0.00
4.	Amit Bapna				
	At the beginning of the year	-	0.00		
	At the end of the year			-	0.00
5.	Kodi Raghavan Srinivasan				
	At the beginning of the year	-	0.00		
	At the end of the year				
6.	Samu Devarajan				
	At the beginning of the year	-	0.00		
	At the end of the year			-	0.00
7.	Rivkaran Singh Chadha				
	At the beginning of the year	-	0.00		
	At the end of the year			-	0.00
8.	Padmanabha Gopal Aiyar				
	At the beginning of the year	-	0.00		
	At the end of the year			-	0.00
9.	Udai Dhawan				
	At the beginning of the year	-	0.00		
	At the end of the year			-	0.00
10.	Hemalatha Thiagarajan				
	At the beginning of the year	-	0.00		
	At the end of the year			-	0.00
11.	Nainesh Jaisingh*				
	At the beginning of the year	-	0.00		
	At the end of the year			-	0.00
12	Vibhav Parikh *				
	At the beginning of the year	-	0.00		
	At the end of the year			-	0.00

Sr. No.	Name Directors and Key Managerial Personnel	Shareholding at the beginning of the year (As on April 01, 2016)		Cumulative Shareholding at the end of the year (As on March 31, 2017)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
13	Vikas Rathee				
	At the beginning of the year	-	0.00		
	At the end of the year			-	0.00
14	Parina Shah				
	At the beginning of the year	-	0.00		
	At the end of the year			-	0.00

***Note:**

Mr. Nainesh Jaisingh (DIN: 00061014) (nominee of Standard Chartered Private Equity (Mauritius) III Limited and Standard Chartered Private Equity Mauritius Limited), resigned as Non-Executive Director effective from December 14, 2016, due to pre-occupation and Consequent to his resignation, Mr. Vibhav Parikh also ceases to be an Alternate Director of the Company w.e.f. December 14, 2016.

V) INDEBTEDNESS -INDEBTEDNESS OF THE COMPANY INCLUDING INTEREST OUTSTANDING/ACCRUED BUT NOT DUE FOR PAYMENT

(Amount in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,998,051,640	2,984,800,000	-	4,982,851,640
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	15,447,546	25,117,240	-	40,564,786
iv) Premium payable on NCD	9,974,940	1,028,263,720	-	1,038,238,660
Total (i+ii+iii+iv)	**2,023,474,126**	**4,038,180,960**	**-**	**6,061,655,086**
Change in Indebtedness during the financial year				
*Addition				
i) Principal Amount	1,825,199,747	-	-	1,825,199,747
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	27,057,339	-	-	27,057,339
iv) Premium payable on NCD	9,903,962	394,573,930	-	404,477,892
Total (i+ii+iii+iv)	**1,862,161,048**	**394,573,930**	**-**	**2,256,734,978**
* Reduction				
i) Principal Amount	845,952,807	1,083,800,000	-	1,929,752,807
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	15,447,546	25,117,240	-	40,564,786
iv) Premium payable on NCD	-	-	-	-
Total (i+ii+iii+iv)	**861,400,353**	**1,108,917,240**	**-**	**1,970,317,593**
Net Change	1,000,760,695	(714,343,310)	-	286,417,385
Indebtedness at the end of the financial year				
i) Principal Amount	2,977,298,580	1,901,000,000	-	4,878,298,580
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	27,057,339	-	-	27,057,339
iv) Premium payable on NCD	19,878,902	1,422,837,650	-	1,442,716,552
Total (i+ii+iii+iv)	**3,024,234,821**	**3,323,837,650**	**-**	**6,348,072,471**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER:

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Mr. Naresh Malhotra	Mr. Ramakrishnan Sankaranarayanan	Mr. Namit Malhotra	
1.	Gross salary	6,000,000	5,000,004	5,000,004	16,000,008
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil	Nil	Nil
2.	Stock Option	NA	Nil	NA	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission - as % of profit - others, specify…	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil
	Total (A)	6,000,000	5,000,004	5,000,004	16,000,008
	Ceiling as per the Act	As per Schedule V of the Companies Act, 2013.			

B. REMUNERATION TO OTHER DIRECTORS

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Mr. G. P. Aiyar	Mr. Rivkaran Chadha	Mr. K. R. Srinivasan	Ms. (Dr.) Hemalatha Thiagarajan	Mr. Nainesh Jaisingh	Mr. Vibhav Parikh (Alternate to Mr. Nainesh Jaisingh)	Mr. Amit Bapna	Samu Devarajan	Udai Dhawan	Total Amount
1	Non-Executive Independent Directors										
	*Fee for attending board meetings	40,000	1,00,000	60,000	20,000	NA	NA	NA	20,000	NA	240,000
	Commission	Nil	Nil	Nil	Nil	N.A.	N.A.	N.A.	Nil	N.A.	-
	Others, please specify	Nil	Nil	Nil	Nil	N.A.	N.A.	N.A.	Nil	N.A.	-
	Total (1)	40,000	1,00,000	60,000	20,000	NA	NA	NA	20,000	NA	240,000
2	Non-Executive Directors										
	*Fee for attending board meetings	NA	NA	NA	NA	NA	100,000	120,000	NA	20,000	240,000
	Commission	N.A.	N.A.	N.A.	N.A.	N.A.	Nil	Nil	N.A.	Nil	-
	Others, please specify	N.A.	N.A.	N.A.	N.A.	N.A.	Nil	Nil	N.A.	Nil	-
	Total (2)	NA	NA	NA	NA	NA	1,00,000	1,20,000	NA	20,000	240,000
	Total (B)=(1+2)	40,000	100,000	60,000	20,000	N.A.	100,000	120,000	20,000	20,000	480,000
	Total Managerial Remuneration	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	-
	Overall Ceiling as per the Act	100,000 per meeting as per the provisions of the Companies Act, 2013									

Note : *₹ 20,000 Per Board Meeting

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of Key Managerial Personnel			
		CEO (Mr. Namit Malhotra)	CS (Ms. Parina Shah)	CFO (Mr. Vikas Rathee)	Total
1	Gross salary	5,000,004	2,074,043	8,722,584	15,796,631
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Nil	Nil	Nil	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil	
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	
2	Stock Option	NA	Nil	Nil	
3	Sweat Equity	Nil	Nil	Nil	
4	Commission	Nil	Nil	Nil	
	- as % of profit	Nil	Nil	Nil	
	Others, specify…	Nil	Nil	Nil	
5	Others, please specify	Nil	Nil	Nil	
	Total	5,000,004	2,074,043	8,722,584	15,796,631

NOTE:

Mr. Namit Malhotra is the CEO (Key Managerial Personnel) as well as Executive Director in the Company.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

There were no penalties / punishment / compounding of offences for breach of any section of Companies Act against the Company or its Directors, if any, during the financial year ended March 31, 2017

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Ramakrishnan Sankaranarayanan
Managing Director
DIN:02696897

Naresh Malhotra
Whole-Time Director
DIN:00004597

Place: Mumbai
Date: May 23, 2017

ANNEXURE C

CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES AND INDEPENDENCE OF A DIRECTOR

1. **Definition of Independence**

A director will be considered as an "Independent Director" if the person meets with the criteria for 'Independent Director' as laid down in the Companies Act and Clause 16 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (as may be applicable).

The definition of independence as provided in the Act and Clause 16 is as follows:

"An independent director in relation to a company, means a non-executive director, other than anominee director of the listed entity:,—

I. who, in the opinion of the board of directors, is a person of integrity and possesses relevant expertise and experience;

II. who is or was not a promoter of the listed entity or its holding, subsidiary or associate company;

III. who is not related to promoters or directors in the listed entity, its holding, subsidiary or associate company;

IV. who, apart from receiving director's remuneration, has or had no material pecuniary relationship with the listed entity, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;

V. none of whose relatives has or had pecuniary relationship or transaction with the listed entity, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed from time to time, whichever is lower, during the two immediately preceding financial years or during the current financial year;

VI. who, neither himself, nor any of his relative(s) —

a) holds or has held the position of a key managerial personnel or is or has been an employee of the listed entity or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

b) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of-

i) A firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company ; or

ii) Any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;

c) holds together with his relatives two per cent or more of the total voting power of the listed entity; or

d) is a chief executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts or corpus from the listed entity, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the listed entity;

e) is a material supplier, service provider or customer or a lessoror lessee of the listed entity;

VII. who is not less than 21 years of age.

- Current and ex-employees of a Prime Focus may be considered as independent only if he/ she has or had no pecuniary relationship with any Group company (due to employment/ receipt of monthly pension by way of Special Retirement Benefits/ holding consultant or advisor positions) during the two immediately preceding financial years or during the current financial year.

2. **Qualifications of Directors**

- Board will ensure that a transparent board nomination process is in place that encourages diversity of thought, experience, knowledge, perspective, age and gender.
- It is expected that boards have an appropriate blend of functional and industry expertise.
- While recommending appointment of a director, it is expected that the Nomination and Remuneration Committee ("NRC") consider the manner in which the function and domain expertise of the individual contributes to the overall skill-domain mix of the Board.
- Independent Directors ("ID") ideally should be thought/ practice leaders in their respective functions/ domains.

3. **Positive attributes of Directors**

Directors are expected to comply with duties as provided in the Act. For reference, the duties of the Directors as provided by the Act are as follows:

1) "Act in accordance with the articles of the company.

2) Act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.

3) Exercise duties with due and reasonable care, skill and diligence and exercise independent judgment.

4) Not be involved in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.

5) Not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates.

6) Not assign his office."

Additionally, the Directors on the Board of Prime Focus are also expected to demonstrate high standards of ethical behavior, strong interpersonal and communication skills and soundness of judgment.

IDs are also expected to abide by the 'Code for Independent Directors' as outlined in Schedule IV to section 149(8) of the Act. The Code specifies the guidelines of professional conduct, role and function and duties of Independent Directors. The guidelines of professional conduct specified in the Code are as follows:

"An independent director shall:

1) uphold ethical standards of integrity and probity;

2) act objectively and constructively while exercising his duties;

3) exercise his responsibilities in a bona fide manner in the interest of the company;

4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;

5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;

6) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;

7) refrain from any action that would lead to loss of his independence;

8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;

9) assist the company in implementing the best corporate governance practices."

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Ramakrishnan Sankaranarayanan	**Naresh Malhotra**
Managing Director	**Whole-Time Director**
DIN:02696897	**DIN:00004597**

Place: Mumbai
Date: May 23, 2017

ANNEXURE - D
NOMINATION AND REMUNERATION POLICY

1. PREAMBLE

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

In pursuance of the Company's policy to consider human resources as its most valuable assets, ensure equitable remuneration to all viz. Directors, Key Managerial Personnel (KMP) and other employees of the Company, this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management Members and other employees has been formulated by the Nomination and Remuneration Committee and approved by the Board of Directors.

2. OBJECTIVE AND PURPOSE OF THE POLICY:

The objective and purpose of this policy are:

- To formulate the criteria and terms to determine qualifications, attributes and independence of Directors;
- To identify the qualification, key attributes and profile required of persons who may be appointed in Senior Management and Key Managerial positions;
- To determine remuneration of the Directors, Key Managerial Personnel and Senior Management employees and other employees based on the Company's size of business, financial position and trends and practices prevailing in similar companies in the industry;
- To devise mechanism and carry out evaluation of the performance of Directors;
- To devise and achieve diversity on the composition of Board, an essential element to support quality of performance;
- To retain, motivate and promote talent and create a sense of participation and ownership.

Accordingly, the following policy formulated by the Nomination and Remuneration Committee and applicable to Directors (Executive and Non Executive), Key Managerial Personnel and Senior Management Personnel and other employees was recommended for adoption to the Board of Directors. The key features of the Remuneration policy and the evaluation criteria followed shall be disclosed in the Annual Report of the Company.

3. RELEVANT PARTICULARS

Effective Date:

This policy as formulated by the Nomination and Remuneration Committee and approved by the Board shall be effective from October 1, 2014.

Nomination and Remuneration Committee:

The Board has changed the nomenclature of the Company's existing Remuneration Committee by renaming it as Nomination and Remuneration Committee on May 12, 2014 pursuant to the requirements of the Companies Act, 2013 and the revised Listing Agreement. The Nomination and Remuneration Committee of the Company comprises of the following Directors:

Sr. No.	Name	Position
1.	Mr. Rivkaran Chadha	Independent and Non-Executive Director
2.	Mr. K. R. Srinivasan	Independent and Non-Executive Director
3.	Mr. G. P. Aiyar	Independent and Non-Executive Director
4.	Mr. Amit Bapna	Non-Executive Director
5.	Mr. Samu Devarajan*	Independent and Non-Executive Director

*Mr. Samu Devarajan was appointed as member w.e.f. December 14, 2016

The Board has the power to reconstitute the Committee consistent with the Company's policy and in compliance with the applicable statutory requirements.

Definitions

- Key Managerial Personnel (KMP): Key Managerial Personnel means:
  1) Managing Director or Chief Executive Officer;
  2) Whole-time Director;
  3) Chief Financial Officer;
  4) Company Secretary and

such other officer as may be prescribed under the applicable statutory provisions or regulations;

- Senior Management: Senior Management means personnel of the Company occupying the position of one level below the Board of Directors of the Company.

General

This Policy is divided in three parts:

Part – A covers the matters to be dealt with and recommended by the Committee to the Board

Part – B covers the appointment criteria and nomination

Part–C covers remuneration criteria.

PART – A

MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE

The Committee shall, based on the requirement from time to time:

- Identify and formulate criteria to determine qualifications, positive attributes and independence of a Director.
- Formulate criteria to identify persons who are qualified to become Directors and persons who may be appointed in Key Managerial and Senior Management positions.
- Recommend to the Board, appointment of Director, KMP and Senior Management Personnel and other employees.

PART – B

APPOINTMENT CRITERIA

Appointment criteria and qualifications:

1. The Committee shall identify and ascertain the integrity, professional qualifications, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and other employees and recommend to the Board his/her appointment. While doing this the Committee shall also take into account the mandatory requirement for the composition of the Board, Audit Committee, the Stakeholders' Relationship Committee. The Committee shall lay emphasis on a diverse Board composition based on a range of diversity perspectives such as gender, age, educational background, skills, experience etc. The ultimate decision shall be based on merit.
2. The Committee has discretionary power to decide whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the concerned position as a KMP or Senior management personnel.
3. The Committee shall not recommend for appointment or continuation of any person as Director who:

- Is of unsound mind and so declared by a competent court;
- Is an undischarged insolvent;
- Has applied to be adjudicated as an insolvent and his application is pending;
- Has been convicted by a Court of any offence whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence;
- Has been convicted of any offence and sentenced in respect thereof to imprisonment for seven years;
- An order disqualifying him for appointment as Director has been passed by a Court or Tribunal and the order is in force;
- Has not paid any calls in respect of the shares of the Company held by him and six months have elapsed from the last day fixed for the payment of the call;
- Has been convicted of the offence dealing with related party transactions under Section 188 at any time during the last preceding 5 years;
- Has not been allotted the DIN under Section 152 of the Companies Act 2013;
- Has not completed the age of twenty-one years and has attained the age of 70 years. If any Director who has completed the age of 70 years and the appointment is approved by special resolution passed by the Company in General Meeting, no further approval of the Central Government shall be required;
- Is a managerial person in more than one company and draws remuneration from one or more companies above the ceiling provided in Section V of Part II of Schedule V of the Companies Act, 2013.
- Further no person who has been a Director of the Company shall be eligible to be reappointed as Director of that Company or appointed as Director in any other Company for a period of five years from the date on which the Company fails to:
- File financial statements or annual returns for any continuous period of three financial years
- Repay deposits accepted or pay interest thereon or redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure continues for one year.

- No person can be appointed as Director in more than twenty companies and maximum number of public companies in which he can be a Director shall not exceed ten. Similarly a person cannot be a Managing Director in more than two companies.
- There shall be a minimum of three Directors and a maximum of fifteen in a Company. The Company can appoint a higher number of Directors on approval by Members vide special resolution.

Term and Tenure

1. **Managing Director/Whole-time Director:**

   The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director or Whole-time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

2. **Independent Director:**

   As per Companies Act, 2013 an Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment for another term of five years on passing of a special resolution by the Company and disclosure of such appointment in the Board's Report. No Independent Director shall hold office for more than two consecutive terms of five years and thereafter he shall be eligible for appointment after expiry of three years (cooling period) of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

   At the time of appointment of Independent Director it should be ensured that the number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director but only three listed companies as an Independent Director in case such person is also serving as a Whole-time Director of a listed company.

3. **Senior Management Personnel:**

   In terms of the provisions of Section 203 of the Companies Act 2013, a Whole-time Key managerial personnel (KMP) shall not hold office in more than one Company except in its subsidiary company at the same time.

   However the KMP can be a Director in any other Company (which may or may not be a subsidiary) with the approval of the Board.

   Any remuneration payable to a Managing Director/Whole-time Director/ Executive Director who is also drawing remuneration in another Company in a similar position shall be subject to the highest maximum limit admissible from any one Company calculated in such manner as provided in Schedule V and other applicable provisions of the Companies Act 2013.

   Evaluation:

   The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular intervals (yearly or such other interval as the Committee deems fit).

PART – C

POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

A) General:

1. The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel and other employees will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
2. The remuneration and commission to be paid to the Whole-Time Director shall be in accordance with the percentage/ slabs/conditions laid down under Section 197, 198 and other applicable provisions of the Companies Act, 2013, read with Schedule V and rules 4 and 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014 made thereunder.
3. Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board which should be within the ceiling limit slabs approved by the Shareholders in the case of Whole-time Director.

B) Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

1. Fixed pay:

   The Whole-time Director/KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The break- up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the

Committee and approved by the shareholders and Central Government, wherever required.

2. Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

3. Provisions for excess remuneration:

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or the prior sanction of the Central Government, where required, is not obtained, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless it is approved by the Central Government.

C) Remuneration to Non- Executive/Independent Director:

1. Remuneration/Commission:

The remuneration/commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Companies Act, 2013 and the rules made thereunder.

2. Sitting Fees:

The Non-Executive/Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rupees One lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

3. Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

4. Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Ramakrishnan Sankaranarayanan	**Naresh Malhotra**
Managing Director	**Whole-Time Director**
DIN:02696897	**DIN:00004597**

Place: Mumbai
Date: May 23, 2017

"ANNEXURE E"

PARTICULARS OF EMPLOYEES

[Pursuant to Section 197(12) of the Companies Act, 2013, and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014]

1. **The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year and the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;**

(Amount in ₹)

Sr. No.	Names of Directors/Key Managerial Personnel	Designation	Remuneration	Ratio of Directors remuneration to Median remuneration	% increase in the remuneration
DIRECTORS					
1	Mr. Namit Malhotra	Chairman, Chief Executive Officer and Executive Director	50,00,004	13.08	Nil
2	Mr. Naresh Mahendranath Malhotra	Whole – time Director	60,00,000	15.70	Nil
3	Mr. Ramakrishnan Sankaranarayanan	Managing Director	50,00,004	13.08	Nil
KEY MANAGERIAL PERSONNEL					
1.	Mr. Vikas Rathee	Chief Financial Officer	87,22,584	N.A.	(64.12)
2.	Ms. Parina Shah	Company Secretary	20,74,043	N.A.	16.76

Note:

Non-Executive Directors are paid remuneration only by way of sitting Fees.

2. **The percentage increase in the median remuneration of employees in the financial year:**
   Percentage of increase in the median remuneration on employees is 1.37%.

3. **The number of permanent employees on the rolls of Company;**
   The number of permanent employees on the rolls of Company as on March31, 2017 was 459.

4. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;**

   Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year was 8.71%. The increase in remuneration is determined based on the performance by the employee of the Company.

5. **Affirmation**
   It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Ramakrishnan Sankaranarayanan
Managing Director
DIN:02696897

Naresh Malhotra
Whole-Time Director
DIN:00004597

Place: Mumbai
Date: May 23, 2017

"ANNEXURE F"

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1.	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs	CSR is strongly connected with the principles of Sustainability; an organization should make decisions based not only on financial factors, but also on the social and environmental consequences. Therefore, it is the core corporate responsibility of Prime Focus Limited to practice its corporate values through its commitment to grow in a socially and environmentally responsible way, while meeting the interests of its stakeholders. The CSR policy of the Company can be viewed on website of the Company at (Weblink: http://www.primefocus.com/sites/default/files/pdf/CSR_Policy.pdf)
2.	Composition of the CSR Committee.	See table below
3.	Average net profit of the company for last three financial years -	₹ (75,841,688)
4.	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	Not Applicable in view of Loss
5.	Details of CSR spent during the financial year:	Not Applicable
a.	Total amount to be spent for the financial year;	NIL
b.	Amount unspent, if any; -	Not Applicable
c.	Manner in which the amount spent during the financial year	Not Applicable
6.	Reasons for failure to spend the two percent of the average net profit of the last three financial years or any part thereof:	Not Applicable
7.	Responsibility statement of CSR Committee of the Board	The CSR Committee states that the implementation and monitoring of the CSR Policy, is in compliance with the CSR objectives and Policy of the Company.

Sr. No.	Name of the Member	Position in Committee
1.	Mr. Rivkaran Chadha	Chairman
2.	Mr. Naresh Malhotra	Member
3.	Mr. Amit Bapna	Member
4.	Mr. Samu Devarajan*	Member

* Appointed as Member of CSR Committee w.e.f December 14, 2016

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Rivkaran Chadha
Chairman - CSR Committee
DIN:00308288

Naresh Malhotra
Whole-Time Director
DIN:00004597

Place: Mumbai
Date: May 23, 2017

ANNEXURE G

SECRETARIAL AUDIT REPORT

Form No. MR-3

For the Financial year ended 31st March, 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

Prime Focus Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Prime Focus Limited** (hereinafter called 'the Company'). Secretarial audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial year ended on 31st March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st, March, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and the Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('The SEBI'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not relevant / applicable, since there is no delisting of equity shares during the year)

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not relevant / applicable, since there is no buyback of equity shares during the year)

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I have also examined compliance with the applicable clauses to the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India;

(ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that, the Board of Directors of the Company is duly constituted with proper balance of Executive, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all the directors to schedule the Board Meeting, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For D. M. Zaveri & Co
Company Secretaries

Sd/-
Dharmesh Zaveri
(Proprietor)
FCS. No.: 5418
CP No.: 4363

Place: Mumbai
Date: May 23, 2017

MANAGEMENT DISCUSSION & ANALYSIS

Section 1

With the completion of a 20-year journey, it is an apt time to look at both the achievements and lessons learnt from the past and also on where we stand now in achieving our vision for the future. Prime Focus Limited (PFL) is today standing in a formidable position as a ₹19.7-billion globally-renowned Indian MNC deriving 80+% of its revenue from overseas markets, while boasting of a client-list within the global Media & Entertainment world that includes the who's who of Hollywood and global broadcasting, as well as Bollywood's best.

With all three businesses - Creative, Tech/Tech-Enabled Services and Indian Film & Media Services (FMS) - poised for stellar growth, backed by cutting edge technology, higher scale and more visible order books (US$450 million), and increasing delivery from low-cost centres, the stage is set for sustained momentum in the years ahead.

Section 2

Financial Year 2016-17 Key Highlights

Financial Year 2016-17 - A year of PROFITABLE GROWTH

The year gone by saw Prime Focus delivering stellar operational and financial performance and working on some of the highest grossers of the year, while posting EBITDA Margin of over 20%, above the mid-term target, and positive PAT.

The Company delivered three of the Top 5 blockbuster movies of 2017 (January 1 To April 1) and four of the Top 10 blockbuster movies of 2016 CY, including the likes of Captain America: Civil War (US$1,153 million), Beauty and the Beast (Box office collection US$1,100 million), The Fate Of The Furious (US$908 million), Fantastic Beasts and Where To Find Them (US$814 million), Suicide Squad (US$745 million) and Kong: Skull Island (US$558 million)1.

The Combined Order Book reached US$450 million as the business witnessed increased traction globally. The Creative Services Order Book has some of the most anticipated movies of 2017 and 2018, such as Pacific Rim: Uprising, Dunkirk, The Mummy, Transformers: The Last Knight, Avengers: Infinity War, Thor: Ragnarok, Pirates of the Caribbean: Dead Men Tell No Tales, Justice League, Annihilation, Blade Runner 2049 and Wonder Woman, while the Tech/Tech-Enabled Services Order Book has grown more robust on the back of new client-wins and renewed/new contracts from existing clients.

During the year, the Tech/Tech-Enabled Services business secured its first round of growth equity funding from Ambit Pragma Private Equity, at an Enterprise Valuation of ~US$200 million, further validating the potential for unlocking value in PFL's various subsidiaries..

Creative Services

- Delivered some of the highest grossers, such as Captain America: Civil War, Beauty and the Beast, The Fate Of The Furious, Fantastic Beasts and Where To Find Them, Suicide Squad, Kong: Skull Island etc.
- Order book at US$250+ million with projects like Pacific Rim: Uprising, Dunkirk, The Mummy, Transformers: The Last Knight, Avengers: Infinity War, Thor: Ragnarok, Blade Runner 2049 and Wonder Woman among others
- Prime Focus and Bad Robot delivered the immersive, multi-screen experience for the Barco Escape release of 'Star Trek Beyond'
- Entered mainstream Film Animation services with a significant project-win from a major global studio in addition to a healthy pipeline
- Operating EBITDA Margin over 20% on account of consolidation of work flows and real-time integration of facilities across the globe

Tech/Tech-Enabled Services business, leader in Cloud solutions for the Media & Entertainment (M&E) industry increases global penetration.

- **Order book at over US$200 million, to be executed over 3 to 5 years**
    - **New Client Wins:**
        - Signed deal with Complex Networks for Media Asset Management on Cloud
        - Signed a deal with Tata Sky to create exclusive subscriber communications for their Value-Added Services
        - Signed a deal with Viacom18 to deliver a 'Digital Next' workflow for VOOT
        - Entered into a long-term agreement with Amazon for Amazon Prime packaging and delivery

1. Worldwide Box Office collections as of 1 April 2017 – source: boxofficemojo.com

    - Closed a deal with Turner Latin America to virtualise content operations across the supply chain
    - Signed a deal with Netherlands-headquartered Television, Entertainment & Reality Network (TERN) for powering INsight TV
  - **New Contracts with Existing Clients:**
    - Partnered with Hotstar to provide live and VOD coverage for Rio Olympics 2016
    - Closed new orders with ICC, Amazon, Prasar Bharati, Katyayani TV, ZEE TV, Netflix, Multivision Multimedia, Paras TV, Phantom Films and Fox Life
    - Renewed key DAX® accounts
  - **Robust Performance of Brand Services with 78% YoY Revenue Growth:**
    - Augmented client roster with new clients, such as Soch, Sulekha, Amazon, Myntra, LG and Cholayil
    - Engaged new brands like Dove, L'Oreal, Havells, Bajaj and QRG Healthcare for creative enablement
- **Products & Services update:**
  - Secured fourth patent for DAX® with Digital Dailies®, which applies to a broader usage of Digital Dailies and collaborative workflows
  - Launched 'CREATE', a mobile-first solution for end-to-end production management
  - Introduced Digital Ad Insertion for digital platforms in India
  - Unveiled the world's first Interoperable Master Format (IMF) Media Player for playback over streaming proxy
  - Introduced an industry-first Mastering Automation solution for efficient domestic and international syndication
  - Launched Promo Operations for end-to-end business process orchestration for promo creation, including versioning automation
- Catered to robust demand from OTT platforms like Hotstar, Voot, and HOOQ
- Secured first round of funding from Ambit Pragma Private Equity at an enterprise valuation of US$200 million to be used for business and product development in international markets
- CLEAR™ Media ERP's Promo Operations Module won TV Technology's 'Best of Show Awards' at IBC 2016 and the 'StudioDaily Prime Award' at NAB 2017
- Dax® Production Cloud won the 'Best of Show Award' at NAB 2017
- Won four awards at the 2016 MarCom Awards for the Go-to-market campaign 'Be Bold. Take the Leap'
- Ramki Sankaranarayanan, Founder & CEO, was honoured with the 'Hall of Fame' award at the Digital Studio India Channel Awards 2016
- T Shobhana, VP, Global Marketing & Communications, won Gold at the Stevie® Awards for Women in Business
- Featured by Digital Studio India as one of the 10 most admired companies

India FMS: Distinct Leadership in fast-growing Indian Market with unparalleled service capabilities

- Delivered several marquee projects, including Dangal (₹ 730 crore), Ae Dil Hai Mushkil (₹ 238 crore), Raees (₹ 272 crore), Rustom (₹ 216 crore), M.S. Dhoni: The Untold Story (₹ 215 crore), Housefull 3 (₹ 195 crore) and Kaabil (₹ 148 crore), among others
- Maintained EBITDA margin in the range of 34-38%, in the price-competitive Indian Market; a testimony to PFL'S quality work
- Robust Order book with movies like Tubelight, Robot 2, Reloaded, Dragon, etc.

Other Highlights:

- Prime Focus was ranked 18th on the prestigious Fortune India 'Next 500' list
- Fortune India - Award for 'Excellence in the Media & Entertainment Sector'
- Orbit Live Award – VFX Powerhouse of the Year – Double Negative

Section 3

Global & Indian Media & Entertainment Industry Landscape

Global economy

The year 2016 turned out to be a difficult one for economies across the globe amidst political uncertainties, weak market sentiments, declining global trade, low productivity, and pressures of inward-looking policies in advanced economies. This led to the global economy witnessing its slowest growth of 3.1% in 2016 since 2010 (3.4% in 2015).

Growth in Advanced Economies declined led by drags in the USA (driven by political instability due to elections, weak investments, and low trade due to dollar appreciation) and the Euro Area (driven by Brexit, declining productivity and investments, and weak demand). Growth in Emerging Markets and Developing Economies (EMDEs) declined marginally, driven by macroeconomic strains among commodity exporters and weaker activities in key countries. In China, the rising investments and continuous policy stimulus led to some revival in the economic scenario, while Brazil, Argentina and Turkey witnessed slowdown. Russia is however, steadily reviving owing to strengthening oil prices.

In spite of this, 2016 ended on a positive note with recovery in financial markets, manufacturing and trade. The turn of events is likely to put the global economy back on the revival path with growth expected at 3.5% in 2017 and 3.6% in 2018. The capital flows to the EMDEs during the year are likely to improve and boost activities in the region. (Source: IMF – World Economic Outlook April 2017)

	2015	2016	2017	2018
World Output	3.4	3.1	3.5	3.6
Advanced economies	2.1	1.7	2.0	2.0
United States	2.6	1.6	2.3	2.5
Euro Area	2.0	1.7	1.7	1.6
Emerging and Developing economies	**4.2**	**4.1**	**4.5**	**4.8**
China	6.9	6.7	6.6	6.2
India	7.9	6.8	7.2	7.7
Russia	-2.8	-0.2	1.4	1.4
Brazil	-3.8	-3.6	0.2	1.7

Source: World Economic Outlook Projections April'17

Indian Economy

India is one of the bright spots among the major countries in the subdued global economic context. India recorded a growth of 7.1% in 2016-17, compared to 7.9% in 2015-16, despite the demonetisation. Demonetisation was one of the most important events of the year, whereby the government delegalised 86% of the in-circulation currency in an effort to track down black money, curb the growth of the shadow economy and reduce cash transactions. This is likely to benefit the country in the long run by bringing more citizens under the ambit of taxation and increasing the unorganised sector's accountability.

The factors determining the macro-economic stability of the country were also positive. The repo rate declined 50 basis points to 6.25% making borrowings cheaper, while inflation, fiscal deficit and forex reserves at the end of the fiscal were at comfortable levels of 4.6%, 3.5% and US$362.8 billion, respectively. The year also witnessed the present Central Government winning crucial state assembly elections in Uttar Pradesh, Goa, Uttarakhand and Manipur. This is likely to improve political stability in the country, enhance investor confidence and facilitate passing of important Bills in Parliament.

Passing of the Goods and Services Tax (GST) Bill was another crucial initiative that is likely to simplify the tax regime, prevent tax evasion and facilitate manufacturing. Besides, there is a clear mandate from the government to give a boost to infrastructure and the rural economy, reduce red tape, fast-track stalled projects, increase ease of doing business, and make the country more investor-friendly.

Outlook

The International Monetary Fund (IMF) remains positive on the India growth story and predicts it to remain the fastest-growing major economy on the back of suitable fiscal and monetary policies, structural reforms and declining supply-side bottlenecks. It predicts the Indian economy to grow at 7.2% in 2017 and 7.7% in 2018.

Indian GDP and inflation trend

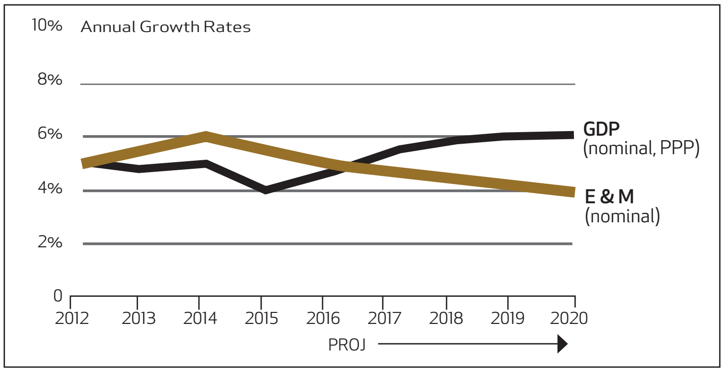
	GDP growth	Inflation
2009	8.5	10.6
2010	9.5	10.3
2011	6.6	9.5
2012	5.6	9.9
2013	6.6	9.4
2014	7.2	5.9
2015	7.9	4.9
2016	6.8	4.9
2017 (P)	7.2	4.8
2018 (P)	7.7	5.1

(Source: IMF)

Global Media and Entertainment (M&E) industry

The global Media and Entertainment industry is witnessing a significant change with rising digitalisation, free media, sharing and declining price bargaining power reshaping the way industry operates. The industry is expected to grow at a CAGR of 4.4% during 2016-20 and reach US$2.1 trillion. The advanced countries are showing signs of slowdown, while in populous emerging markets, M&E spending is growing rapidly. Countries like Venezuela, Argentina, Indonesia, Brazil, Egypt, Russia, Nigeria and Pakistan are expected to witness M&E spending growth outpacing their GDP growth.

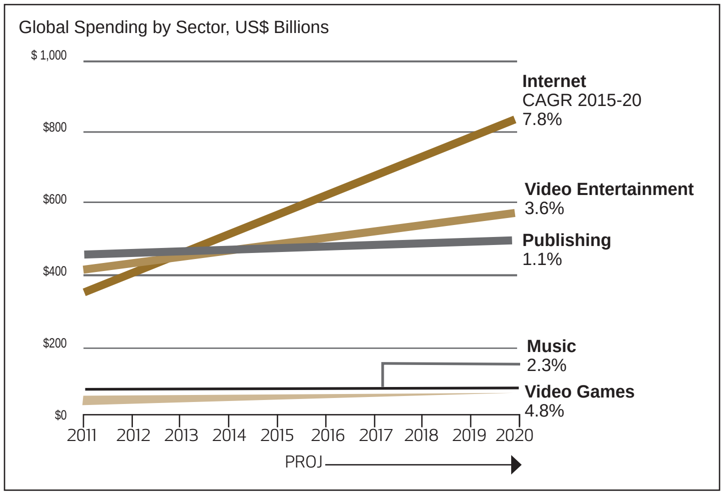
Comparison of growth rate in global M&E spending vs GDP



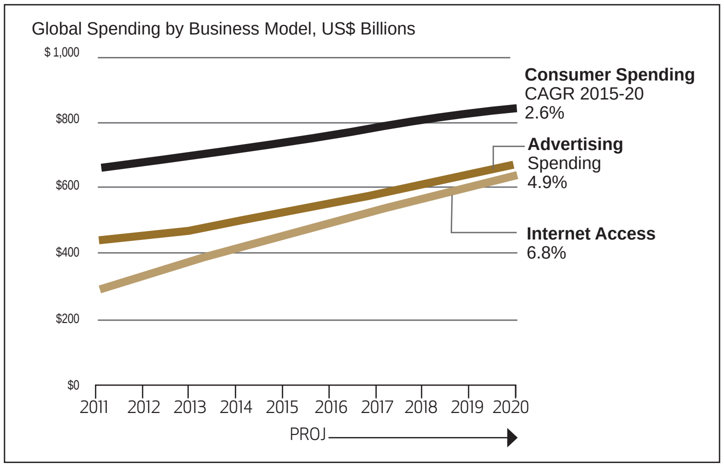
(Source: PWC strategy+business, special report, 2016)

In terms of spending by sector, the M&E industry is categorised into five broad segments – internet, video entertainment, publishing, music and video games. Globally, the industry is witnessing a gradual shift with revenues from the internet and video entertainment segments taking over the publishing segment. In terms of spending by business model, the industry is divided into three segments – consumer spending, advertising spending and internet access. While the consumer spending model continues to remain strong, internet access (including mobile) is on the rise and is likely to rival advertising spending. (Source: PWC strategy+business, special report, 2016)

Global M&E spending by sector



Global M&E spending by business model



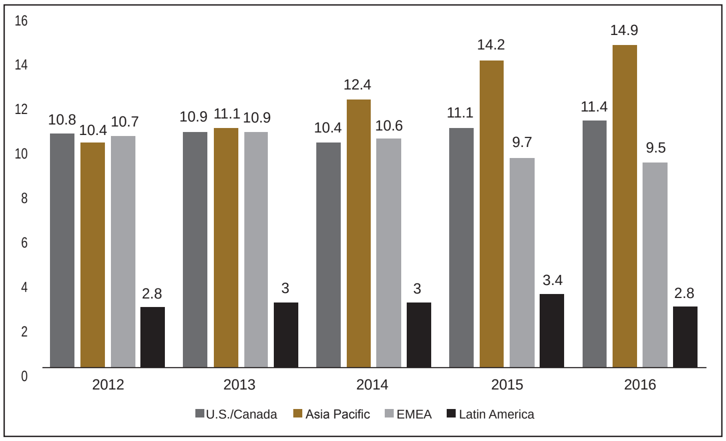
(Source: PWC strategy+business, special report, 2016)

Global box office

The year 2016 continued to be a strong year for the global film industry with box office collections reaching an all-time high of US$38.6 billion (US$38.4 billion in 2015), on the back of growth driven by Asian countries .

In U.S./Canada, collections grew nearly 2% to US$11.4 billion, of which US$1.6 billion came from 3D movies. The total number of tickets sold was steady at 1.32 billion. In the international markets, box office collections remained steady at US$27.2 billion. Asia-Pacific continued to be the key region with collections growing nearly 5% to US$14.9 billion, while in Europe, Middle East & Africa (EMEA) and Latin America, collections declined by 2% and 18%, respectively, to US$9.5 billion and US$2.8 billion, respectively. (Source: Theatrical Market Statistics, 2016)

Region-wise box office collections



(Source: Theatrical Market Statistics, 2016)

Top 5 International box office markets in 2016 (US$ billion)

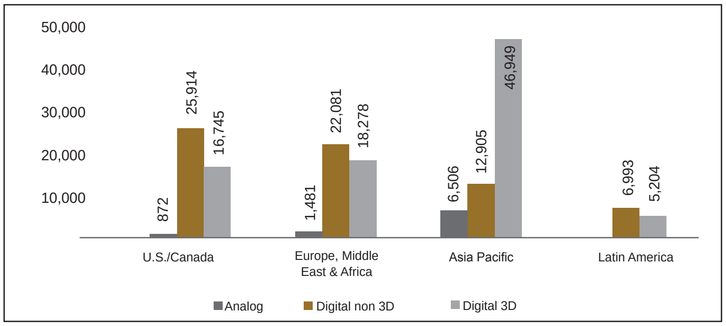
Country	Box office collection
China	6.6
Japan	2.0
India	1.9
U.K.	1.7
France	1.6

(Source: Theatrical Market Statistics, 2016)

Global cinema screens

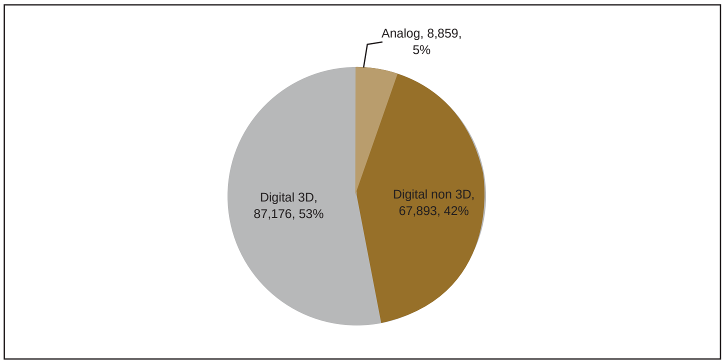
In 2016, the total number of cinema screens across the globe reached 164,000 (of which 155,069 were digital screens) having grown 8% over the previous year. The Asia-Pacific region continued to be the key growth driver recording 18% growth in the number of screens added, taking its total to 66,360 screens. (Source: Theatrical Market Statistics, 2016)

2016 screens by format and region



(Source: Theatrical Market Statistics, 2016)

Break-up of global cinema screens by format



(Source: Theatrical Market Statistics, 2016)

In 2016, the proportion of digital screens to overall screens across the globe increased to 95% from 93% in 2015. 3D digital screens grew 17% as globally players added over 12,500 new units. The proportion of 3D digital screens to overall digital screens is the highest in the Asia-Pacific region at 78%, compared to the global average of 56%. (Source: Theatrical Market Statistics, 2016)

Worldwide 3D digital screens

	2012	2013	2014	2015	2016	2016 % of Digital
U.S./Canada	14,734	15,782	16,143	16,441	16,745	39%
EMEA	13,964	15,813	16,880	17,580	18,278	45%
Asia Pacific	14,219	17,726	27,472	35,807	46,949	78%
Latin America	2,629	3,748	4,294	4,733	5,204	43%
Total	45,546	53,069	64,789	74,561	87,176	56%
% Change vs. Previous Year	25%	17%	22%	15%	17%	--

(Source: Theatrical Market Statistics, 2016)

Indian Media and Entertainment industry

In 2016, the performance of the Indian Media and Entertainment industry remained rather diverse. On the one hand, digital penetration opened up various new avenues for growth, while on the other several areas called for introspection. The industry, driven by strong fundamentals and steady consumption growth, witnessed a growth of 9.1% to ₹ 1,262 billion in spite of setbacks from demonetisation that trimmed growth across all sub-segments. The Print industry continued to witness a slowdown while digital advertising, animation and VFX, and gaming industries witnessed strong growth. A major disappointment during the year was the television and film industry. Television grew only 8.5%, driven by lacklustre subscription and advertisement revenues. For films, which grew by only 3%, the core revenue stream of domestic theatricals and cable and satellite rights declined. (Source: KPMG India – FICCI report)

Indian M&E industry: size and projections

(₹ billion)

Overall Industry size	2012	2013	2014	2015	2016	2021P	% Growth in 2016 over 2015	CAGR 2016-21 (%)
TV	370.1	417.2	474.9	542.2	588.3	1,165.6	8.5	14.7
Print	224.1	243.2	263.4	283.4	303.3	431.1	7.0	7.3
Films	112.4	125.3	126.4	138.2	142.3	206.6	3.0	7.7
Digital Advertising	21.7	30.1	43.5	60.1	76.9	294.5	28.0	30.8
Animation and VFX	35.3	39.7	44.9	51.1	59.5	131.7	16.4	17.2
Gaming	15.3	19.2	23.5	26.5	30.8	71.0	16.2	18.2
OOH	18.2	19.3	22.0	24.4	26.1	45.7	7.0	11.8
Radio	12.7	14.6	17.2	19.8	22.7	47.8	14.6	16.1
Music	10.6	9.6	9.8	10.8	12.2	25.4	13.0	15.8
Total	820.4	918.2	1,025.6	1,156.5	1,262.1	2,419.4	9.1	13.9

(Source: KPMG India – FICCI report)

Indian film industry

The total size of the Indian film industry increased by a mere 3% from ₹ 138.2 billion in 2015 to ₹ 142.3 billion in 2016 amidst negative growth from domestic theatrical, cable & satellite and home video segments. Overseas theatrical, sale of digital rights and in-cinema advertisements emerged as the new lifeline for the industry. A key development in the industry has been the increasing depth and reach of regional language movies and emergence of new revenue streams in the form of sale of digital rights, which recorded a robust growth of 51% to ₹ 15.5 billion in 2016. Screen density in the country continues to be a challenge for the industry. While multiplexes witnessed growth, driven by rising ticket prices and new screen additions, single-screen theatres struggled.

Film industry performance and outlook

Revenues	2014	2015	2016	2021 (P)	% growth over 2015	% CAGR growth during 2016-2021
Domestic theatrical	93.5	101.4	99.8	131.2	-1.6	5.6
Overseas theatrical	8.6	9.6	10.9	15.3	14.0	7.2
Home video	1.2	1.0	0.9	0.5	-13.0	-11.2
Cable & satellite rights	14.7	15.9	15.3	20.2	-4.0	5.7
Ancillary revenue streams	8.4	10.2	15.5	39.4	51.0	20.6
Total	**126.4**	**138.1**	**142.4**	**206.6**	**3.0**	**7.7**

(Source: KPMG India – FICCI report)

In 2016, the revenue share of domestic theatricals to the overall film industry declined to 70% from over 73% in 2015. Weak performance of Hindi and Tamil films (key contributors to the domestic theatrical segment) led to the decline in the segment's business. Regional film markets like Malayalam, Marathi, Punjabi and Gujarati performed significantly well. Hollywood also performed well in India recording 10% growth in gross collections. The top-five Hollywood movies generated collections of over ₹ 5 billion with 'The Jungle Book' becoming the highest Hollywood grosser in India.

For Bollywood, the year was rather disappointing with 225 releases, decline in collections and merely five movies crossing the ₹ 1 billion mark. On the positive side, content-driven movies having differentiated and strong messages received higher viewer appreciation. The trend of better performance of movies from marquee actors and directors remained predominant.

The coming years will be crucial for the Indian Film Industry as it needs to address fundamental issues of infrastructure, business model and content. The conversion of single-screen to multiplexes, rise in average ticket prices, increasing contribution from sale of digital rights, in-cinema advertising, focus on innovation and better content, growth of regional movie markets, and strengthening revenues from food & beverages are all likely to benefit the industry. Driven by these factors, the Indian film industry is expected to grow at a CAGR of 7.7% during 2016 to 2021 and reach ₹ 206.6 billion.

VFX and Post-Production

In 2016, the country's animation and VFX industry matured rapidly while touching new heights. Improving technology and creativity, coupled with efforts of imaginative filmmakers, have brought about a revolution in the industry.

The VFX industry in India is developing at a rapid pace. In 2016, the country's VFX and post-production industry grew by 20% to ₹ 44.5 billion, boosted by a 31% growth in the VFX segment. The rising interest of audiences has led to an increasing number of filmmakers adopting VFX in movies, making it crucial to the film's production cycle. Besides, its reach is extending to newer areas like television, advertising and locally-produced animation content. Hollywood studios, in recent years, are tapping massive pools of Indian VFX professionals driven by its low-cost advantage. Though VFX revenues from international projects account for a significant proportion of the industry revenue at 73%, revenues from domestic projects are likely to grow at a faster pace of 31% CAGR during 2016 to 2021, driven by high acceptance of visual effects-led Hollywood films by Indian audiences.

India: VFX industry performance and outlook

(₹ in billion)

Segments	2014	2015	2016	2021(P)	% growth in 2016	CAGR 2016-21 (P)
VFX	11.3	14.4	18.9	57.8	31	25
Post-production	20.4	22.8	25.7	50.2	13	14
Total	**31.7**	**37.2**	**44.6**	**108.0**	**20**	**19**

(Source: KPMG India – FICCI report)

In 2016, VFX redefined storytelling in India with movies like 'Fan', 'M. S. Dhoni: The Untold Story', 'Sultan', 'Shivaay' and 'Mohenjo Daro', which contained a significant component of visual effects. At present, almost all A-listed Indian films have an element of VFX. Studios in India have already adopted collaborative models to gain skills and expertise from developed VFX markets. This is likely to boost development of films in the disaster and science fiction genres where VFX can be progressively used. Sequels of movies like Robot and Baahubali are expected to take VFX used in Indian films to a grander level. While Robot 2 is expected to be the most expensive Indian film, with a production budget of ₹ 3.5 billion, Baahubali: The Conclusion is believed to have appointed about 30 VFX studios across the globe.

The scope of VFX-concentrated content is gradually moving beyond the film industry with TV soaps, advertisements, and video games beginning to leverage its power of drawing the masses. Advertisement agencies are harnessing the power of VFX to create innovative advertisements to catalyse brand storytelling, which in turn generates stronger brand connect. Companies like Ching's Secret, Ambuja Cement and Coca-Cola have used the power of VFX on a larger scale in their recent advertisements. In fact, the budget of Ching's Secret TV commercial featuring Ranveer Singh is the most expensive ad film, with an advertising and promotion budget of ₹ 750 million. Driven by the vast upcoming opportunities, the Indian VFX and post-production industry is expected to grow at a CAGR of 19% during 2016 to 2021 and generate revenues of ₹ 108 billion. (Source: KPMG India – FICCI report)

Section 4

Company/Business Overview

With two decades of experience, 9,000+ skilled personnel, 23 global facilities across 4 continents and 6 time zones, 24/7*365 days of operations and an enterprise value of ₹ 37.6 billion (as on March 31, 2017), Prime Focus Limited (PFL) is one of the world's largest independent & integrated media services players.

PFL was established in 1997 by Mr. Namit Malhotra. It is headquartered in Mumbai (India) and has presence in Los Angeles, New York, Vancouver, Toronto, London, Johannesburg, Cape Town, Delhi, Goa, Hyderabad, Bangalore, Kolkata, Chandigarh and Abu Dhabi. Its robust business model, pool of skilled professionals and strong balance sheet has attracted investments from marquee investors like Standard Chartered Private Equity, AID Partners Capital Limited, Macquarie Capital, Reliance Capital and Ambit Pragma Private Equity.

It is a global leader in integrated media services providing comprehensive solutions to leading studios, and the broadcast and advertising industries worldwide. It has a robust track record of working in high-end franchise movies in collaboration with top-tier studios. Its range of products and services include:

- Creative services like visual effects, stereo 3D conversion and animation
- Tech/Tech-Enabled Services like Media ERP Suite and Cloud-enabled media services
- Production and Post-production services like digital intermediate, picture post, equipment rental, shooting floors and sound stages

The Company has a unique business model that facilitates seamless blending of creative and technological aspects to provide holistic solutions to its clients. Over 80% of the Company's revenues come from international markets, leveraging the best of talent and technology across multiple locations spread across the globe. Its Global Digital Pipeline and pioneering World Sourcing delivery model facilitate partnering with content creators across all stages for creative enablement, deriving better efficiencies and cost optimisation. PFL is listed on the BSE and the NSE of India.

Over the years, the Company has undertaken several strategic mergers and acquisitions to enhance its capabilities and establish global presence. These include:

- Merged operations of Prime Focus World (PFL's Creative Services arm) with Double Negative (Dneg), a global leader in visual effects, in 2014
- Merged operations with the film and media services business of Reliance MediaWorks in 2015
- Entered into a strategic tie-up with Canada's Gener8 Media Corp, a significant player in stereo 3D conversion technology in 2015
- Acquired DAX®, creators of Primetime Emmy® award-winning Digital Dailies® in 2014 and Academy Award®-winning Lowry Digital in 2015

Marquee clients

- Studios – Warner Bros., Disney, Marvel, Universal Studios, Paramount, Sony, Twentieth Century Fox, Legendary Pictures, Lionsgate and DreamWorks
- Broadcast networks – Bloomberg, Disney, Star, Hearst, Associated Press and Zee
- Others – ICC, BCCI, Cricket Australia, JWT, Lowe Lintas, Netflix, Amazon and Sky

Key businesses

Creative Services

Double Negative is amongst the leading 'tier one' independent VFX providers in the world, and its ability to bundle VFX with industry-leading stereo 3D conversion services from PFW and Gener8 makes it a unique proposition for leading Hollywood studios. PFL is a leading provider of VFX services to the Bollywood market, and has worked on a number of blockbuster titles this year.

Creative Services: Selected Projects 2016-17

Hollywood	Bollywood
The Fate Of The Furious	Dishoom
Fantastic Beasts and Where To Find Them	Housefull 3
Captain America: Civil War	M.S. Dhoni: The Untold Story
Star Trek Beyond	Ae Dil Hai Mushkil
Beauty and the Beast	Kaabil

Production & Post-Production Services

Post-production is one of the Company's key business areas. PFL employs skilled professionals capable of delivering differentiated post-production services, such as professional digital intermediate/colour grading, sound and picture post. In 2015 the Company merged operations with Reliance MediaWorks enabling it to further strengthen its offerings and capture market share.

Production & Post-Production: Selected Projects 2016-17

Dangal	Dubai Tourism
Raees	Make My Trip
Baar Baar Dekho	MasterChef 2016
Rustom	Femina Miss India 2016
Samsung Service	IIFA Awards 2016
Ariel - #ShareTheLoad	Great Overland Adventure Season 2

Tech/Tech-Enabled Services

The Tech/Tech-Enabled Services business offers customers transformational solutions that help virtualise the content supply chain and digitally mediate enterprise workflows to manage not just the content, but also the business of content. CLEAR™, our award-winning Hybrid Cloud technology-enabled Media ERP platform and digital content services helps drive creative enablement, enhance ecosystem efficiencies & sustainability, reduce costs and realise new monetisation opportunities.

1.5 MN	170	400
Hours of content managed annually	Hybrid Cloud locations	TV Shows powered by CLEAR™ daily
10 MN	35,000	70%
Assets delivered for VoD fulfillment annually	Hours of Subtitling and Closed Captioning annually	of US primetime scripted network television production use Tech/ Tech-enabled Services' products

Business arms

Prime Focus World (PFW)

PFW is the Creative Services arm of PFL engaged in providing visual effects, stereo 3D conversion and animation services. In 2014, PFW merged operations with Double Negative (Dneg), a leader in the area of visual effects with experience of working with leading Hollywood studios (Marvel, Universal, Warner Bros, Paramount, Twentieth Century Fox, Sony, Disney and Lionsgate) and directors (Christopher Nolan, David Yates, Ron Howard, Zack Snyder and Steven Spielberg amongst others).

Together the merged entity emerged as the largest independent creative services provider with presence in 7 cities across three continents and employing over 6,500 professionals. The advantage of Dneg's VFX leadership position and PFW's stereo 3D conversion experience, further enhanced by the strategic partnership with Gener8, has enabled the Company to offer high-quality bundled services at competitive prices. PFW and Gener8 combined are a global leader in the stereo 3D conversion space commanding nearly 30% market share. These competitive advantages make the Company a "house of choice" for Hollywood's VFX and stereo 3D conversion requirements.

The Creative Services division also provides animation services, partnering with content creators across the production lifecycle to facilitate development of beautifully animated CG content. The Company leverages its experience, scale of operations and pioneering delivery model (WorldSourcing) to deliver high-end projects whilst ensuring high efficiencies and cost optimisation.

Highlights, 2016-17

- Prime Focus and Bad Robot delivered the Immersive, Multi-Screen Experience for the Barco Escape release of 'Star Trek Beyond'. Barco Escape brings audiences inside the action like never before, expanding the storytelling across three screens to create a thrilling new movie-going experience
- Entered mainstream Film Animation services with a significant project-win from a major global studio in addition to a healthy pipeline
- Operating EBITDA Margin of over 20% on account of consolidation of workflow and facilities across India
- Order book at US$250+ million with projects like Pacific Rim: Uprising, Dunkirk, The Mummy, Transformers: The Last Knight, Avengers: Infinity War, Thor: Ragnarok, Pirates of the Caribbean: Dead Men Tell No Tales, Justice League, Annihilation, Blade Runner 2049 and Wonder Woman among others
- DnegTV opened a new Los Angeles office. DNegTV is a leading VFX provider for television

Awards & Accolades

- Orbit Live Award – VFX Powerhouse of the Year – Double Negative

Prime Focus Technologies (PFT)

Prime Focus Technologies (PFT), the Tech/Tech-Enabled Services subsidiary of PFL, is the creator of Enterprise Resource Planning (ERP) software, CLEARTM for the Media & Entertainment (M&E) industry. It offers broadcasters, studios, brands and service providers transformational solutions that help them lower their Total Cost of Operations (TCOP) by virtualising business processes around content and managing their business of content better. As a cloud solutions provider with a global delivery model and the world's largest digital media services cloud infrastructure at its disposal, Tech/Tech-Enabled Services also delivers a range of technical, creative and new media services on cloud with defined Service Level Agreements (SLAs). These include Localisation (Closed Captioning, Subtitling, Dubbing and Descriptive Video), Digital Packaging & Delivery, 4K Remastering & Upconversion, QC (Quality Check), Production & Post-Production and Metadata Tagging & Cataloging, among others.

The Tech/Tech-Enabled Services division works with major M&E companies like Disney, 21st Century Fox-owned Star TV, Hearst, Warner Bros., CBS Television Studios, 20th Century Fox Television Studios, Lionsgate, Starz Media (a Lionsgate company), Showtime, A+E Networks, Tru TV, HBO, IFC Films, FX Networks, Miramax, CNBC Africa, TERN International, Sony Music, Google, YouTube, Novi Digital – Hotstar, Amazon Prime, HOOQ, Viacom's Voot, Cricket Australia, BCCI, Indian Premier League and The Associated Press.

Clientele

· Studios – Disney, Warner Bros., Legendary Pictures, Fox, Relativity, 20th Century Fox, Showtime, Lionsgate, Eros International

· Broadcasters – STAR TV, Star Sports, Discovery Channel, Bloomberg, National Geographic Channel, CNBC Africa, HBO, BBC, Google, Sony Entertainment, MTV, Colors, Starz Entertainment, CBS Television Studio

· Companies – Volkswagen, Unilever, Hindustan Unilever Limited, JWT, Nestle

Highlights: 2016-17

· Secured first round of funding from Ambit Pragma Private Equity at an enterprise valuation of US$200 million to be used for business and product development in international markets

· International markets contributed 24% of revenue, depicting the strong traction overseas while Annuity projects contributed 74% of revenue, providing strong visibility to revenue

· Order book at over US$200 million, on account of multiple new client-wins and new contracts from existing clients to be executed over 3 to 5 years

· Catered to robust demand from OTT platforms like Hotstar, Voot, and HOOQ

- **New Client-Wins:**
    - § Signed a deal with Complex Networks for Media Asset Management on Cloud
    - § Signed a deal with Tata Sky to create exclusive subscriber communications for their Value-Added Services
    - § Signed a deal with Viacom18 to deliver a 'Digital Next' workflow for VOOT
    - § Entered into a long-term agreement with Amazon for Amazon Prime packaging and delivery
    - § Closed a deal with Turner Latin America to virtualise content operations across the supply chain
    - § Signed a deal with Netherlands-headquartered Television, Entertainment & Reality Network (TERN) for powering INsight TV
- **New Contracts with Existing Clients:**
    - § Partnered with Hotstar to provide live and VOD coverage for the Rio Olympics 2016
    - § Closed new orders with ICC, Amazon, Prasar Bharati, Katyayani TV, ZEE TV, Netflix, Multivision Multimedia, Paras TV, Phantom Films and Fox Life
    - § Renewed key DAX® accounts
- **Products & Services update:**
    - o Secured fourth patent for DAX® with Digital Dailies®, which applies to a broader usage of Digital Dailies and collaborative workflows
    - o Launched 'CREATE', a mobile-first solution for end-to-end production management
    - o Introduced Digital Ad Insertion for digital platforms in India
    - o Unveiled world's first Interoperable Master Format (IMF) Media Player for playback over streaming proxy
    - o Introduced an industry-first Mastering Automation solution for efficient domestic and international syndication
    - o Launched Promo Operations for end-to-end business process orchestration for promo creation, including versioning automation
- **Awards & Accolades:**
    - o CLEAR™ Media ERP's Promo Operations Module won TV Technology's 'Best of Show Awards' at IBC 2016 and the 'StudioDaily Prime Award' at NAB 2017
    - o Dax® Production Cloud won 'Best of Show Award' at NAB 2017
    - o Won four awards at the 2016 MarCom Awards for the Go-to-market campaign 'Be Bold. Take the Leap'
    - o Ramki Sankaranarayanan, Founder & CEO, was honoured with the 'Hall of Fame' award at the Digital Studio India Channel Awards 2016
    - o T Shobhana, VP, Global Marketing & Communications, won Gold at Stevie® Awards for Women in Business
    - o Featured by Digital Studio India as one of the 10 most admired companies

Financial performance and highlights

Prime Focus delivered stellar financial performance with significant improvement in profitability led by margin expansion in Creative Services and Tech/Tech-Enabled Services. The Company reported Income from Operations of ₹ 2,178 crore in Financial Year 2016-17, with 77% and 16% contribution from Creative and Tech/Tech-Enabled Services, respectively. EBITDA Margin increased by 546 bps as revenue synergies realised in terms of cross-selling and execution from lower cost-centres, such as India and Vancouver, climbed. The Company returned to positive PAT aftergoing through a phased Integration plan across geographies and businesses.

Financial Highlights of Financial Year 2016-17 (Consolidated Audited Financials):

- Income from Operations of the Company is at ₹ 2,178 crore, compared to ₹ 1,428 crore for the 9-month period ended March 31, 2016
- EBITDA Margin reached 23%, above the mid-term target of 20%, up 546 bps from 12 months ending March 2016
- PBT after exceptional item is at ₹ 149 crore, compared to ₹ 303 crore loss in the 12 months ended March 31, 2016. Exceptional item in the year includes gain from sale of Investment in Digital Domain
- Cash Profit (PAT + Depreciation + ESOP) is at ₹ 422 crore; Cash Profit Margin at 19%
- Profit after tax is at ₹ 140 crore, including Exceptional gain of ₹ 97 crore; PAT Margin at 6%
- All business divisions on profitable growth curve:
  - Creative Services revenue has grown 17% to ₹ 1,671 crore in Financial Year 2016-17 from ₹ 1,424 crore in 12 months ending March 2016. This business now contributes 77% to Group revenues and has an EBITDA margin of 21%
  - Tech/Tech-Enabled Services revenue grew 15% to ₹ 341 crore in Financial Year 2016-17 from ₹ 296 crore in 12 months ending March 2016; EBITDA Margin at 26%, maintained in the range of 25-30%
  - India FMS revenue marginally up. EBITDA Margin is at 34%, in the price-competitive Indian Market, a testimony to PFL'S quality work
- **Net Debt (Debt-Cash) at ₹ 1,255 crore as of March 2017**
  - Proceeds from sale of non-core assets used/to be used towards debt reduction; divested illiquid stake in Digital Domain for US$30 million, proceeds used mainly to retire debt. Second part of the transaction for US$20 million in marketable securities is still in process
  - Constant efforts towards reducing high-cost India debt via re-financing with cheaper and longer-tenure debt; current blended interest cost is 10%
  - Also undertook various initiatives such as release of trapped cash (e.g. security deposits), internal accruals

Section 5

Business Strategy

The company has scaled up its revenue significantly in the last 5 years at over 2.5X of Financial Year 12, margins have also increased to mid-term target of Financial Year 2016-17. Going forward, the Company plans to continue on accelerated profitable growth curve and increase shareholder return as follows:

- In Creative Services, continue to cross-sell and provide bundled offering to drive revenue growth
- In Tech/Tech-Enabled Services expand Revenue contribution from International work. Funds raised from Ambit Pragma Private Equity for PFT to be used towards marketing and product investments, which will further fuel future growth in technology business
- In Tech/Tech-Enabled Services, enter new client engagements with a specific module, create an opportunity to cross-sell other modules and increase revenue from existing clients
- Margin Expansion via enhanced execution from lower-cost centres, such as India and Vancouver
- Prudent Debt Management: Focus on deleveraging via sale of non-core assets and cash flow from operations as well as rationalising the interest costs

Section 6

Outlook

Financial Year 2017-18 looks to be a promising year, with immense market opportunity emerging in the Global Media and Entertainment Industry. Prime Focus, one of the world's largest independent & integrated media services players, is poised for accelerated profitable growth with its higher scale, cutting edge technology, larger & more visible combined order book of US$450 million and increasing efficiencies across geographies.

The global M&E industry has witnessed major technological changes during the past decade. Digital media is replacing newspapers and publishing, streaming is replacing audio and video, big analytics is playing a crucial role in advertising, and marketing is being done through new media. The entire industry is going through a radical transformation with internet and smart phones taking over the world. It will be crucial for the industry players to re-think their strategies across five key aspects:

- Demography – With industry and economies across the globe rapidly digitalising, youths are likely to emerge as the key target segment that will drive consumption and be instrumental in setting new trends

- Consumption – Consumers increasingly want to get content anytime, anywhere and on any device, leading content owners to provide content on an integrated omni-channel basis
- Competition – Though the industry is witnessing increasing homogenisation in content driven by globalisation, local content will continue to drive industry growth
- Geography – Several disruptions are leading to various markets developing in different ways. It will be important to develop country-specific strategies rather than region-specific ones
- Business model – Companies will be required to reshape business models centred around customers with focus on creating value for them

Amidst this changing industry landscape, the global M&E industry is expected to grow at a CAGR of 4.4% during 2016 to 2020 from its current level of US$1.7 trillion. Digital will be the key media that will propel growth in the coming years. (Source: PWC strategy+business, special report, 2016)

The outlook for Indian M&E industry remains strong amidst a favourable macro-economic scenario. Demonetisation, though hurting the industry in the short run, is likely to have a positive impact in the long run, driven by curbing the growth of a parallel economy and through reduction in cash transactions. This will lead to a significant proportion of the unorganised and unaccounted sector moving into the formal economy. Implementation of the Goods and Services Tax (GST) is likely to further improve the viability of several industry sub-segments, thanks to easing taxation. The rapid growth of data consumption, reduction in data tariffs and rise in smart phone consumption have led to a significant upsurge of digital advertising and content consumption. Driven by these factors, the Indian M&E industry is estimated to grow at a CAGR of 13.9% during 2016 to 2021 and reach a value of ₹ 2,419.4 bn. With compounded growth 30.8%, 18.2% and 17.2% the digital advertising, gaming, and animation & VFX industry-segments respectively are likely to witness fastest growth during this period. Television and film segments are also expected to perform strongly with expected CAGR of 14.7% and 7.7%, respectively. In television, segment growth will be driven by rising advertisement and subscription revenues as digitisation completes. In the films segment, the increasing penetration of regional content, overseas market expansion and rising contribution of digital revenue streams will drive growth. (Source: KPMG India – FICCI report)

The launch of 4G spectrum and growing internet subscriber base are likely to enhance penetration of smart phones as alternative screens. This has led to the growth of OOT Video on Demand (VoD) services and entry of international OTT video leaders like Netflix and Amazon Prime along with the launch of major broadcast network-backed platforms like VOOT by Viacom 18 and OZee by Zee TV. Existing players like Hotstar and Sony Liv were found consolidating their offerings by launching premium services and a dedicated channel for kids. (Source: KPMG India – FICCI report)

Section 7

Opportunities and Threats

The M&E industry is rapidly evolving amidst the disruptions created by digital technologies, giving rise to several benefits and challenges. While content production, distribution and consumption have become easier and faster than ever before, the policies and regulations governing the industry are lagging behind. While innovative technologies are revolutionising our daily lives, the industry players are constantly striving hard to remain competitive. While the industry is witnessing the opening up of several new revenue streams, consumers want more content faster, easier and cheaper. Globalisation is leading to the entry of several global content leaders in new formats and the rise of tech-savvy start-ups, while governments are focusing on protecting their regional markets.

The scenario is compelling industry leaders to offer interesting and relevant content. Producers are focused on monetising demand to the maximum through identifying newer platforms and revenue streams. Besides, most regulators across the globe are focusing on reviewing their copyright and Intellectual Property (IP) laws as well as the technology and telecommunications regulations which might require industry players to rethink their strategies across markets. (Source: 2016 Top Markets Report, U. S. Department of Commerce)

In India, the M&E sector where a high level of piracy prevails, might witness a transition with the roll-out of 4G services. The entry of telecom player Reliance Jio accelerated the consumers' shift to digital media, driven by access to free or low-cost high-speed data. With better internet speeds, easy and cheap availability of content and tightening piracy laws, the mindset of consumers in the country is likely to undergo a shift. The pace of digitalisation in the country is likely to divide the country's media into three business models, with each of these targeting different audiences – infotainment followers on feature phones, digital self-aggregators on smart phones in cities, and newspaper readers in villages and small towns. Further, the Government's Digital India initiative is likely to transform the scenario in the rural areas as well, as it intends to install broadband in 25,000 villages by 2017, provide free wi-fi in public schools and universities and wi-fi hotspots in all major cities by 2019. (Source: PWC strategy+business, special report, 2016)

Section 8

Risks and Concerns

PFL believes in identifying risks at the onset, understanding their impact on businesses and devising appropriate strategies necessary to keep the business afloat. It is this ability to effectively mitigate risks that has enabled the Company to thrive under a challenging and competitive market scenario.

The major risks associated with our business include:

Industry risks

A slowdown in the general economic scenario, and in specific the M&E sector, may negatively impact the Company's business growth.

India is currently undergoing a fundamental change as it transforms from a largely informal economy with a complex taxation regime to a formal one via increasing accountability, focusing on implementing the GST, and migrating to digitalisation. This move will not only benefit the country in the long run but will also boost growth in the M&E industry.

Competition risk

Inability of the Company to provide quality work at faster turnaround time may lead to loss of market share.

PFL, with years of experience in delivering quality work for leading production houses in Hollywood and Bollywood, employing best professionals in the industry and collaborating with leading global media service providers (DAX®, Double Negative and Reliance MediaWorks), is amongst the most trusted and reputed players in the field. It has a robust track record of working on some of the most memorable projects. Its competence is evident from the exhaustive list of awards won, including Oscars, IIFA, 24 FPS, Apollo Asia, International 3D Society, and FICCI BAF, among many others. The Company has also been instrumental in developing novel patented technologies that have revolutionised the sector. It also offers the advantage of providing a wide range of service offerings and holistic packages under one roof making it a "house of choice" for leading studios.

Talent risk

Inability of the Company to attract and retain a skilled pool of people might impact its competitive edge and result in loss of goodwill. Besides, poaching is one of the key issues faced by the industry.

PFL ensures highest level of employee satisfaction by providing them appropriate remuneration along with a facilitative work culture that boosts creative thinking. The employees are also motivated to continuously undertake skill development training and specialised courses for personal as well as organisational benefits. The Company also provides employees with opportunities for working on challenging global projects across the globe. Strong brand name and the enthusiasm of being associated with several prestigious award-winning projects further enhance motivation levels.

Profitability risks

The M&E sector operates at very thin margins owing to low budgets from production houses and high cost of professional talent. Inability of the Company to manage costs may lead to losses.

The animation, VFX and post-production segments are evolving rapidly with more production houses inclined to use the same owing to the rising acceptance and positive appreciation from global audiences. Moreover, high quality of visual effects and post-production can substantially enhance the entertainment quotient of the films, resulting in higher box office collections. PFL being a leading player in the segment having the ability to offer bundled services and deliver internationally acclaimed projects is well placed to capitalise on this opportunity. The Company has time and again proven that the quality work done by it generates higher box office collections compared to the investment made by the filmmaker, besides the audience appreciation. This reputation enables it to bag projects from high-end production houses, which offer better margins.

Project risks

Inability of the Company to increase the number of projects may impact its profitability.

The Company's operations being spread judiciously across key markets in five continents considerably reduces the risks associated with being low on work. In addition to this, the Indian film industry being huge and with directors increasingly resorting to visual effects, significant opportunities are expected to come up. Apart from this, the Company also works with regional (Tamil, Telugu and Kannada) filmmakers to ensure better sweating of assets.

Cybersecurity Risk

We Are Exposed to Risks Associated with Security Breaches and Fraud.

Our products and services involve the storage and transmission of customers' proprietary information both online and offline, and security breaches expose us to a risk of loss or leakage of this information. Our security measures may also be breached due to employee error, malfeasance, system errors, etc. Additionally, outside parties may attempt to fraudulently induce employees or customers to disclose sensitive information in order to gain access to our data or our customers' data. Because the tools & techniques of these sabotage systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Any such breach or unauthorized access could result in significant legal and financial exposure, damage to our reputation, and a loss of confidence in the security of our products and services that could potentially have an adverse effect on our business.

Section 9

Internal Control Systems and their Adequacy

The Company's internal control systems are commensurate with the size of its business and nature of industry it operates in. It constantly focuses on enhancing its internal controls to ensure compliance with policies, procedures and process guidelines. These well-defined and adequately documented systems focus on safeguarding the Company's assets, ensuring reliability of financials and maintain organisational effectiveness. It ensures that all transactions are recorded and reported in accordance with the Generally Accepted Accounting Principles. The Company also maintains a Code of Business Conduct which defines ethical standards and expectations from its employees. The Company's appointed Independent firm of Internal Auditor works under the overview of the Audit Committee. All activities are regularly monitored and any findings or recommendations are reported to the Audit Committee for further action. The Company also has a robust MIS system that ensures all expenses are maintained within the budget and any mismatch is immediately flagged off for corrective action.

Section 10

Material Developments in Human Resources

Human resources form a vital element at Prime Focus driven by the services-oriented nature of the business that requires high degree of skills and specialisation. As a result, the Company's HR policies focus on providing employees with fair remuneration, higher satisfaction levels, and a healthy, safe and conducive work environment, facilitating creative thinking. The Company regularly provides important technology-driven training to keep employees updated with industry requirements. Besides, the employees are also encouraged to undertake special skill courses for value addition. In addition to this, the Company has also undertaken initiatives like streamlining of the appraisal process, arranging engaging programmes and event celebrations to enhance employee motivation levels. As on March 31, 2017, the Company had a total workforce of over 9,000.

Section 11

Cautionary Statement

This report contains statements that may be "forward looking" including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to the Company's future business developments and economic performance. While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, general market, macroeconomic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance. The Company undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.

Note:

"The Company and its subsidiaries has adopted Indian Accounting Standards ("Ind AS") – IFRS Converged Standards, with effect from April 1, 2016 pursuant to the Ministry of Corporate Affairs notification dated February 16, 2015 notifying the Companies (Indian Accounting Standard) Rules, 2015. The Company has published Ind AS Financials for the year ended March 31, 2017 along with figures comparable as on March 31, 2016 and Opening Statement of Assets and Liabilities as on July 1, 2015."

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's corporate governance philosophy rests on the pillars of integrity, accountability, equity, transparency and environmental responsibility that conform fully with laws, regulations and guidelines. The company's philosophy on corporate governance is to achieve business excellence and maximizing shareholder value through ethical business conduct. The Company's philosophy also includes building partnerships with all stakeholders, employees, customers, vendors, service providers, local communities and government. The Company has always set high targets for the growth, profitability, customer satisfaction, safety and environmental performance and continues its commitment to high standards of corporate governance practices. During the year under review, the Board continued its pursuit of achieving its objectives through the adoption and monitoring of corporate strategies and prudent business plans.

2. BOARD OF DIRECTORS

The Board of Directors of the Company has an appropriate mix of Executive Directors ("ED"), Non-Executive Directors ("NED") and Independent Directors ("ID") to maintain the Board's independence, and separate its functions of governance and management. Currently, the Board comprises of 3 Executive, 2 Non-Executive Directors and 5 Independent Non-Executive Directors. Except Mr. Naresh Malhotra and Mr. Namit Malhotra who are related to each other by way of father and son relationship, none of the other Directors are related to each other.

None of the Directors on the Company's Board is a Member of more than ten Committees and Chairman of more than five Committees [Committees being, Audit Committee and Stakeholder Relationship Committee] across all the Indian public limited companies in which he/she is a Director. All the Directors have made necessary disclosures regarding Committee positions held by them in other companies and do not hold the office of Director in more than twenty companies, including ten public companies. All Directors except Nominee and Independent Directors are liable to retire by rotation.

The required information, including information as enumerated in Part A of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is made available to the Board of Directors for discussions and consideration at Board Meetings. The Managing Director and the Chief Financial Officer (CFO) have certified to the Board upon inter alia, the accuracy of the financial statements and adequacy of internal controls for the financial reporting, in accordance with Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements),Regulations, 2015 , pertaining to CEO and CFO certification for the Financial Year ended March 31, 2017

During the year under review Six (6) Board meetings were held on April 27, 2016, May 30, 2016, August 11, 2016, November 14, 2016, December 14, 2016 and February 14, 2017. The Company has complied with the terms of section 173(1) of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for conducting minimum 4(four) meetings of Board of Directors during the year and the maximum time-gap between any two meetings did not exceed 120 days.

The Board of Directors of the Company has an optimum combination of Executive and Non-Executive Directors. The names and categories of the Directors on the Board, the number of directorships and committee positions held by them in other Public Limited Companies as on the date of signing this report are as under:

Sr. No	Name of Director	Category of Director	No. of Directorship held in other Companies #1	Membership held in Committees of other Companies #2	Chairmanship held in Committees of other Companies #2	No. of meetings attended during the year #4	Attendance at last Annual General Meeting	Shareholding in the Company #7
1.	Mr. Namit Malhotra DIN: 00004049	Chairman & Executive Director (Promoter)	1	Nil	Nil	1	Absent	1,49,00,000 equity shares
2.	Mr. Naresh Malhotra DIN: 00004597	Whole-Time Director (Promoter)	3	Nil	Nil	6	Present	6,22,01,546 equity shares
3.	Mr. Ramakrishnan Sankaranarayanan DIN: 02696897	Managing Director	5	Nil	Nil	5	Absent	50 equity shares
4.	Mr. Nainesh Jaisingh DIN: 00061014 #3	Non - Executive Director	Nil	Nil	Nil	Nil	Absent	Nil
5.	Mr. Vibhav Parikh DIN: 00848207 #3	Non-Executive Director (Alternate to Mr. Nainesh Jaisingh)	1	Nil	Nil	5	Present	Nil

Sr. No	Name of Director	Category of Director	No. of Directorship held in other Companies #1	Membership held in Committees of other Companies #2	Chairmanship held in Committees of other Companies #2	No. of meetings attended during the year #4	Attendance at last Annual General Meeting	Shareholding in the Company #7
6.	Mr. Amit Bapna (DIN: 00008443) #8	Non-Executive Director	6	7	Nil	6	Absent	Nil
7.	Mr. Kodi Raghavan Srinivasan DIN: 00012449	Non- Executive Director (Independent)	Nil	Nil	Nil	3	Absent	Nil
8.	Mr. Padmanabha Gopal Aiyar DIN: 02722981	Non- Executive Director (Independent)	2	2	Nil	2	Absent	Nil
9.	Mr. Rivkaran Chadha DIN: 00308288	Non- Executive Director (Independent)	7	Nil	3	5	Present	Nil
10.	Dr. (Mrs.) Hemalatha Thiagarajan DIN: 07144803	Non-Executive Director (Independent)	Nil	Nil	Nil	1	Absent	Nil
11.	Mr. Samu Devarajan DIN: 00878956 #5	Non-Executive Director (Independent)	3	4	Nil	1	N.A	Nil
12.	Mr. Udai Dhawan DIN: 03048040 #6	Non-Executive Director	4	3	Nil	1	N.A	Nil

#1 Excludes directorship held in Private Companies, Foreign Companies, Companies formed under Section 8 of the Companies Act 2013 ("the Act") and Alternate Directorships.

#2 Includes Memberships/Chairmanships of only Audit Committees and Stakeholder Relationship Committees (excluding Prime Focus Limited)

#3 Mr. Nainesh Jaisingh (DIN: 00061014) (nominee of Standard Chartered Private Equity (Mauritius) III Limited and Standard Chartered Private Equity Mauritius Limited) resigned as Non-Executive Director effective from December 14, 2016, due to pre-occupation and consequent to his resignation, Mr. Vibhav Parikh ceased to be an Alternate Director of the Company w.e.f. December 14, 2016.

#4 Includes meetings attended via video conference facility.

#5 Mr. Samu Devarajan was appointed by the Board of Directors as a Non-Executive Independent Director effective from December 14, 2016.

#6 Mr. Udai Dhawan was appointed by the Board of Directors as a (Nominee of Standard Chartered Private Equity (Mauritius) III Limited and Standard Chartered Private Equity Mauritius Limited) as Non-Executive Director effective from December 14, 2016.

#7 The Company has not issued any convertible instruments.

#8. Mr Amit Bapna is a Non-Executive Director (Nominee of Reliance MediaWorks Financial Services Private Limited (the wholly owned subsidiary of Reliance MediaWorks Limited)

Annual Independent Directors Meeting: In accordance with the provisions of schedule IV of the Act & Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors was held during the year on February 14, 2017, to review the performance of the Non-Independent Non-Executive Directors including the Chairman of the Board and performance of the Board as a whole. The Non-Independent Directors did not take part in the meeting.

Board Effectiveness Evaluation: Pursuant to the Regulation 17 and Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Act, Board evaluation involving evaluation of the Board of Directors, its Committees and individual Directors, including the role of the Board Chairman, was conducted during the year. For details kindly refer the Directors' Report.

Further, the evaluation criteria of the Independent Directors is detailed in the Board's Report.

Familiarization Programme for Independent Directors: The details of familiarization Programme for Independent Directors is available on the website of the Company at http://www.primefocus.com/sites/default/files/pdf/Familiarisation_programme_for_Independent_Directors.PDF.

3. COMMITTEES OF THE BOARD

The Board Committees plays a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities which concern the Company and need a closer review. The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by members of the Board, as a part of good governance practice. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The minutes of the meetings of all Committees are placed before the Board for review. The Board Committees can request special invitees to join the meeting, as appropriate.

The Board has currently established the following Committees:

A. AUDIT COMMITTEE

The Audit Committee of the Company functions in accordance with the requirement of Section 177 of the Act and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The composition of the Audit Committee is in compliance of Regulation 18(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Audit Committee comprises of 5 Directors, out of which four are Independent Directors and one is Non-Executive Director. The Members of the Audit Committee possesses financial/accounting expertise/exposure.

The meetings of the Audit Committee are also attended by the Chief Financial Officer, Representatives of the Statutory Auditors and other Senior Officials of the Company as special invitees. The Company Secretary of the Company acts as the Secretary to the Audit Committee. The minutes of each Audit Committee meeting are noted in the next meeting of the Board. The quorum of Committee is two members or one-third of its members, whichever is higher with minimum 2 Independent Directors. During the year under review, 5 (five) Audit Committee meetings were held on May 30, 2016, August 11, 2016, November 14, 2016, December 14, 2016 and February 14, 2017

As on the date of signing this report, the Audit Committee comprises of the following members of the Board:

Name of the Member	Category	Positions	Meeting attended#3
Mr. Rivkaran Chadha	Independent & Non-Executive Director	Chairman	4
Mr. Kodi Raghavan Srinivasan	Independent & Non-Executive Director	Member	4
Mr. Padmanabha Gopal Aiyar	Independent & Non-Executive Director	Member	3
Mr. Amit Bapna	Non-Executive Director	Member	5
Mr. Samu Devarajan#2	Independent & Non-Executive Director	Member	1
Nainesh Jaisingh#1 Mr. Vibhav Parikh (alternate to Mr. Nainesh Jaisingh)	Non- Executive Director	Member	NA

Note:

#1 Mr. Nainesh Jaisingh resigned from the Audit Committee w.e.f April 18, 2016, and consequent to his resignation, Mr. Vibhav Parikh ceased to be member of the Committee.

#2 Mr. Samu Devarajan was appointed as member in Audit Committee w.e.f. December 14, 2016.

#3 Includes meetings attended via video conference facility.

Terms of Reference:

The broad terms of reference includes the following as is mandated in Part C of Schedule II of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Act:

a. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

b. Recommend to the Board, the appointment, re-appointment, terms of appointment, remuneration and, if required, replacement or removal of Statutory Auditors and fixation of Audit fees.

c. Approval of payment to statutory auditors for any other services rendered by them.

d. Reviewing, with the management the annual financial statements and auditor's report thereon before submission to the Board for approval with particular reference to the matters stated under sub clause (a) to (g) of Part C of Schedule II of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015

e. Reviewing, with the management the quarterly financial results before submission to the Board for approval.

f. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency, monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

g. Review and monitor the auditor's independence and performance and effectiveness of audit process.

h. Approval or any subsequent modification of transactions of the Company with related parties.

i. Scrutiny of inter-corporate loans and investments.

j. Valuation of undertakings or assets of the Company, wherever it is necessary.

k. Evaluation of internal financial controls and risk management systems.

l. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.

m. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

n. Discussion with internal auditors of any significant findings and follow up there on.

o. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

p. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

q. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non- payment of declared dividends) and creditors.

r. To review the functioning of the Whistle Blower mechanism.

s. Approval of appointment of Chief Financial officer after assessing the qualifications, experience & background, etc. of the candidate.

t. examination of the financial statement and the auditors' report thereon

u. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Deloitte Haskins & Sells, Chartered Accountants (ICAI Firm Registration No. 117364W), the Company's Statutory Auditor, is responsible for performing an independent audit of the Financial Statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in India.

B. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee (NRC) of the Company functions in accordance with the Act and Listing Requirements, which are reviewed from time to time. The broad terms of reference of the Nomination and Remuneration Committee are as follows:

a. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

b. formulation of criteria for evaluation of performance of independent directors and the board of directors;

c. Devising a policy on Board diversity;

d. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

e. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

During the year under review, two meetings of the Committee were held on May 30, 2016 and December 14, 2016. The decisions are taken by the Committee, at meetings or by passing circular resolutions.

As on the date of this report, the Nomination and Remuneration Committee comprises of 5 Directors, all of them being Non-Executive Directors with half the composition being Independent Directors. The Composition of Nomination and Remuneration Committee and attendance at its meeting is as follows:

Composition	Category	Positions	Meetings attended
Mr. Rivkaran Chadha	Independent & Non-Executive Director	Chairman	2
Mr. Kodi Raghavan Srinivasan	Independent & Non-Executive Director	Member	2
Mr. G.P. Aiyar	Independent & Non-Executive Director	Member	2
Mr. Amit Bapna	Non-Executive Director	Member	2
Mr. Nainesh Jaisingh*	Non-Executive Director	Member	0
Mr. Vibhav Parikh (alternate to Mr. Nainesh Jaisingh)*			1
Mr. Samu Devarajan**	Independent & Non-Executive Director	Member	0

Note:

*Mr. Nainesh Jaisingh (nominee of Standard Chartered Private Equity (Mauritius) III Limited and Standard Chartered Private Equity Mauritius Limited), resigned as Member of Nomination & remuneration committee w.e.f. June 8, 2016 and consequent to his resignation Mr. Vaibhav Parikh ceased to be member of the Committee.

**Mr. Samu Devarajan was appointed as member in Nomination and Remuneration Committee w.e.f December 14, 2016.

Nomination and Remuneration Policy

The Company adopted a Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other employees in accordance with the provisions of the Act and the SEBI (Listing Obilgations and Disclosure Requirements) Regulations, 2015. For details on the Nomination and Remuneration Policy, kindly refer to the **'Annexure-D'** of the Directors' Report.

Remuneration to Directors:

Non-Executive Director:

The Non-Executive Directors of the Company are paid sitting fees of Rs. 20,000/- per meeting for attending the meeting of the Board of Directors. No sitting fees were paid to the Directors for attending the Meeting of the Committees of the Board and attending the separate meeting of Independent Directors.

Details of the Remuneration paid to Non-Executive Directors for the year ended March 31, 2017 are as follows:

Amount in ₹

Name of Director	Remuneration Paid	Sitting Fees	Total
Non-Executive Directors			
Mr. Padmanabha Gopal Aiyar	-	40,000	40,000
Mr. Rivkaran Chadha	-	1,00,000	1,00,000
Mr. Kodi Raghavan Srinivasan	-	60,000	60,000
Mr. Nainesh Jaisingh	-	-	-
Mr. Vibhav Parikh (Alternate to Mr. Nainesh Jaisingh)	-	1,00,000	1,00,000
Dr. (Mrs.) Hemalatha Thiagarajan	-	20,000	20,000
Mr. Amit Bapna	-	1,20,000	1,20,000
Mr. Samu Devarajan	-	20,000	20,000
Mr. Udai Dhawan	-	20,000	20,000

Executive Director:

The remuneration paid to the Executive Directors is commensurate with industry standards and Board level positions held in similar sized companies, taking into consideration the individual responsibilities shouldered by them and is in consonance with the terms of appointment approved by the Members, at the time of their appointment.

Details of Remuneration paid to the Executive Chairman, Managing Director and Whole time Director for the financial year ended March 31, 2017 are as follows:

(Amount in ₹)

Name of the Director	Naresh Malhotra Whole Time Director	Namit Malhotra Executive Chairman	Ramakrishnan Sankaranarayanan Managing Director
Remuneration (in ₹)	60,00,000 p.a.	50,00,004 p.a.	50,00,004 p.a.
Service Contracts	5 years	3 years	3 years
Performance linked Incentives	Nil	Nil	Nil
Stock options	Nil	Nil	Nil

C. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee functions with the objective of looking into the redressal of Shareholders'/Investors' grievances. The Stakeholders Relationship Committee is primarily responsible to:

1. Review statutory compliance relating to all securities holders.
2. Consider and resolve the grievances of security holders of the Company including complaints related to transfer of securities, non-receipt of annual report/declared dividends/ notices/ balance sheet.
3. Oversee compliances in respect of dividend payments and transfer of unclaimed amounts to the Investor Education and Protection Fund.
4. Approve issue of duplicate certificates of the Company.
5. Recommend measures for overall improvement of the quality of investor services.

The Stakeholders' Relationship Committee's composition and the terms of reference meets with the requirements of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and provisions of the Act. During the year under review, four meetings were held on May 30, 2016, August 11, 2016, November 14, 2016 and February 14, 2017.

As on the date of signing this report, the Committee comprises of 5 Directors. The Composition of Committee and attendance at the meetings are as follows:

Composition	Positions	Meetings attended
Mr. Rivkaran Chadha	Chairman	3
Mr. Kodi Raghavan Srinivasan	Member	1
Mr. Naresh Malhotra	Member	4
Mr. Amit Bapna	Member	4
Mr. Nainesh Jaisingh*	Member	0
Mr. Vibhav Parikh* (Alternate to Mr. Nainesh Jaisingh)		1
Mr. Samu Devarajan**	Member	1

Note:

*Mr. Nainesh Jaisingh (nominee of Standard Chartered Private Equity (Mauritius) III Limited and Standard Chartered Private Equity Mauritius Limited), resigned as Member of Stakeholder Relationship Committee w.e.f. June 8, 2016 and consequent to his resignation Mr. Vaibhav Parikh ceased to be member of the committee

** Mr. Samu Devarajan was appointed as member in Stakeholder Relationship Committee w.e.f December 14, 2016

Compliance Officer

Ms. Parina Shah is the Company Secretary & Compliance Officer of the Company and the designated e-mail address for investor complaints is ir.india@primefocus.com.

Complaints from Investors

During the financial year 2016-17, the Company has not received any complaint from the investors. There were no complaints pending as at the end of the financial year. Complaints or queries relating to the shares and/or Debentures can be forwarded to the Company's Registrar and Transfer Agent-Link Intime India Private Limited at 'C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai-400 083', Tel: +91 22 49186000 Fax: +91 22 49186060.

D. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The CSR committee has been constituted in accordance with the Act to:

a) Formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII;

b) Recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and

c) Monitor the CSR policy of the Company from time to time.

During the year under review, one meeting of the Committee was held on May 30, 2016. The composition of the CSR Committee and attendance at its meeting is given hereunder:

Composition	Position	Meeting Attended
Mr. Rivkaran Chadha	Chairman	1
Mr. Naresh Malhotra	Member	1
Mr. Amit Bapna	Member	1
Mr. Nainesh Jaisingh**	Member	-
Mr. Vibhav Parikh** (Alternate to Mr. Nainesh Jaisingh)		1
Mr.Samu Devarajan*	Member	N.A

Note:

*Mr. Samu Devarajan was appointed as a member in Corporate Social Responsibility Committee w.e.f December 14, 2016.

**Mr. Nainesh Jaisingh (nominee of Standard Chartered Private Equity (Mauritius) III Limited and Standard Chartered Private Equity Mauritius Limited), resigned as Member of Corporate Social Responsibility Committee w.e.f. June 8, 2016 and consequent to his resignation Mr. Vaibhav Parikh ceased to be member of the committee

E. ESOP COMPENSATION COMMITTEE

Pursuant to the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and provisions of the Act, the Board of Directors in its meeting held on July 02, 2014 constituted ESOP Compensation Committee. During the year under review, two meetings of the committee were held on May 30, 2016 and August 12, 2016.

Composition	Position
Mr. Rivkaran Chadha	Chairman
Mr. Nainesh Jaisingh or his Alternate viz. Mr. Vibhav Parikh, during his absence*	Member
Mr. K. R. Srinivasan	Member
Mr. Amit Bapna	Member
Mr. Samu Devarajan**	Member

*Mr. Nainesh Jaisingh [nominee of Standard Chartered Private Equity (Mauritius) III Limited and Standard Chartered Private Equity Mauritius Limited], resigned as Member of ESOP Compensation Committee w.e.f. June 8, 2016 and consequent to his resignation Mr. Vaibhav Parikh ceased to be member of the committee.

**Mr. Samu Devarajan was appointed as member in ESOP Compensation Committee w.e.f December 14, 2016.

The terms of reference of ESOP Compensation Committee include, inter-alia, granting of Stock Options to the eligible employees, ascertaining the detailed terms and conditions for such grants, administering the Employee Stock Option Schemes of the Company and exercising the powers and performing the duties as prescribed under Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and/or any amendment or repealment thereto.

F. DISSOLUTION OF NON- MANDATORY COMMITTEES

i. Risk Management Committee

As the Risk Management Committee is required to be constituted by top 100 listed entities, determined on the basis of market capitalisation, as at the end of the immediate previous financial year in pursuance of Regulation 21 of the SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 and in order to align with the aforesaid provision, since, the Company does not fall into the stipulated criteria, the Board of Directors at their Meeting held on May 30, 2016 decided to dissolve the said Committee.

ii. Foreign Exchange Risk Management Committee

As the Foreign Exchange Risk Management Committee is considered to be non-mandatory and since, the provision role of Foreign Exchange Risk Management Committee is governed by Board and Audit Committee, the Board of Directors at their Meeting held on May 30, 2016 decided to dissolve the said Committee

iii. Independent Directors Committee (IDC)

As the Committee of Independent Directors was constituted pursuant to the requirement of Clause 26 (6) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **("Takeover Regulations")** as amended, upon receipt of the detailed public statement, to provide reasoned recommendations on the open offer made by Reliance MediaWorks Limited ("Acquirer") along with Reliance Land Private Limited ("PAC 1"), Mr. Namit Malhotra ("PAC

2"), Mr. Naresh Malhotra ("PAC 3") and Monsoon Studio Private Limited ("PAC 4") acting as persons acting in concert (collectively "PACs") so that the target Company i.e. Prime Focus Limited can publish such recommendations;

Further, in pursuance to the above, IDC has provided a written reasoned recommendations on the open offer ("Offer") made by the Acquirer and PAC's to the public Shareholders of the Company and such recommendations was published before the commencement of the tendering period, in the same newspapers where the public announcement of the open offer was published.

And on completion of above transaction, the Board of Directors at their meeting held on August 11, 2016 approved the dissolution of the said committee.

4. GENERAL BODY MEETINGS

i. Annual General Meeting

Location and time, where last three Annual General Meetings were held is given below:

Financial year	Date	Location	Time
2013-2014	December 24, 2014	Prime Focus Office, Main Frame IT Park, Building – H, Royal Palms, Near Aarey Colony, Goregaon (East), Mumbai – 400 065	10.00 a.m.
2014-2015	December 24, 2015	9th Floor, 'True North', Plot No. 63, Road No. 13, Opp. Hotel Tunga Paradise, Midc, Andheri (East), Mumbai – 400093	10.00 a.m.
2015-2016	September 30, 2016	9th Floor, 'True North', Plot no. 63, Road no. 13, Opp. Hotel Tunga Paradise, MIDC, Andheri (East), Mumbai – 400093	10.00 a.m

ii. Special Resolutions

a. Details of special resolutions passed in the Annual General Meetings during the last three financial years are as follows:

Date of General Meeting	Number of Special resolutions passed	Details of Special Resolutions
December 24, 2014	4	1. Reappointment of Mr. Naresh Malhotra (DIN: 00004597) as Whole-time Director for a period of 5 (five) years with effect from April 01, 2015 2. Adoption of new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013 3. Approval of transactions with related party as per Companies Act, 2013 4. Approval of transactions with related party as per applicable provisions of the Listing Agreement
December 24, 2015	1	1. Offer or invite for Subscription of Secured / Unsecured Non-Convertible Debentures and/or other Debt securities on private placement basis.
September 30, 2016	2	1. Offer or invite for Subscription of Secured / Unsecured Non-Convertible Debentures and/or other Debt securities on private placement basis 2. Issue of Securities to the Qualified Institutional Buyers

b. Details of special resolutions passed in the Extra-Ordinary General Meetings during the last three financial years are as follows:

Date of Extra-Ordinary General Meeting	Number of Special Resolutions passed	Details of Special Resolutions
August 1, 2014	6	1. Increase in the Authorised Share Capital from Rs. 25,00,00,000/- to Rs. 35,00,00,000/- and alteration of the Capital Clause in the Memorandum of Association of the Company. 2. Preferential Issue of Equity Shares of 113,461,538 equity shares of Re. 1/- each to Reliance MediaWorks Limited (RMW) and Monsoon Studio Private Limited 3. Authorization for ESOP Scheme of the Company 4. Approval of extension of the benefits of the PFL-ESOP Scheme 2014 to the eligible employees of the holding company, subsidiary and, associate companies, if any, of the Company as per applicable laws 5. Appointment of Mr. Ramakrishnan Sankaranarayanan as a Managing Director for a period of 3(three) years with effect from June 25, 2014 6. Appointment of Mr. Namit Malhotra as a Chairman and Executive Director for a period of 3 (three) years with effect from June 25, 2014.
January 28, 2015	1	1. Preferential Issue of Equity Shares

iii. Details of Resolution passed through postal ballot, the persons who conducted the postal ballot exercise and details of the voting pattern

During the year under review, no special resolution has been passed through the exercise of postal ballot.

5. DISCLOSURES

a. Related Party Transactions

Details of the relevant related party transactions entered into by the Company are set out in the Notes to Accounts. During the year under review, materially significant transactions with related parties were on an arm's length basis and did not have potential conflicts with the interests of the Company at large. Suitable disclosures as required by the Accounting Standard (AS18) have been made in the Annual Report. All transactions with related parties entered into by the Company were on an arm's length basis and were approved by the Audit Committee.

Pursuant to the Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board of Directors have adopted the 'Related Party Transaction Policy'. The said policy is available on the Company's website.

(Weblink: http://www.primefocus.com/sites/default/files/pdf/policy_on_related_parties.pdf)

b. Compliances by the Company

The Company has complied with applicable rules and regulations as prescribed by the Stock Exchanges, Securities Exchange Board of India or any other statutory authority relating to the capital markets during the last three years except of the following:

1. The composition of Board of Directors was not in compliance with erstwhile Clause 49(II)(A)(2) of the Listing Agreement / Regulation 17(1)(b) of the SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "the listing regulations"), effective from September 16, 2015, with regard to having atleast half of the Board of directors of the Company to comprise of independent directors when chairperson of board of directors is an executive director. However, in order to comply with the aforesaid listing regulations, the Board of Directors of the Company has appointed a Non-Executive Independent Director w.e.f. December 14, 2016;
2. The Company has delayed in submission of its annual audited financial results for the financial year ended June 30, 2015 as required under erstwhile Clause 41(I)(d) of the Listing Agreement within sixty days from the end of the financial year. In this regard the company has paid the penalties imposed by stock exchange(s) concerned and, no other penalties or strictures have been imposed on the Company during the last three years

c. Whistle Blower Policy/Vigil Mechanism

Pursuant to Regulation 4 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 and the provisions of Section 177 of the Act, the Board of Directors has adopted a 'Whistle Blower Policy/Vigil Mechanism', which provided a formal mechanism for all Directors and employees of the Company to approach the Management of the Company and make protective disclosure to the Management about unethical behavior, actual or suspected fraud. A copy of the policy is available on the website of the Company.

(Weblink:http://www.primefocus.com/sites/default/files/pdf/Vigil_Mechanism_Policy.pdf). The Company affirms that no director or employee of the Company has been denied access to the Audit Committee.

No complaint has been received as at the Financial Year ended March 31, 2017 and no employee of the Company was denied access to meet the Chairman of the Audit Committee in this regard.

d. CEO/CFO certification

In terms of requirements of Regulation 33(2) of SEBI Listing obligations and Disclosure Requirements) Regulations, 2015 , the CEO and CFO of the Company has certified to the Board in the prescribed format for the year under review and the same has been reviewed by the Audit Committee and taken on record by the Board.

e. Compliance with mandatory and non-mandatory requirements

The Company has complied with all the mandatory requirements of SEBI Listing obligations and Disclosure Requirements) Regulations, 2015 The details of these compliances have been given in the relevant sections of this report. The Company also incorporates certain non-mandatory recommendations and among the non-mandatory requirements SEBI Listing obligations and Disclosure Requirements) Regulations, 2015, the Company has complied with the following:

1. The Board :

   The Company has an Executive Chairman and the office provided to him for performing his executive duties is also utlised by him for discharging his duties as Chairman. No separate office is maintained for the non-executive Chairman of the Audit Committee but Secretarial and other assistance is provided to him whenever needed, in performance of his duties.

2. Shareholder Rights:

   Audited and Un-audited quarterly financial results are sent to the stock exchanges and published in the news papers as per the Listing Regulation.

3. Modified opinion(s) in audit report:

   Company's financial statements are unqualified

4. Reporting of internal auditor:

   The Internal Auditor reports directly to the Audit Commitee

f. Reconciliation of Share Capital Audit

A Company Secretary in Practice carries out audit of Reconciliation of Share Capital on quarterly basis to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. This Report is also placed before the Board for its noting.

6. CODE OF CONDUCT

The Company has laid down a Code of Conduct for all its Board Members and Senior Management Personnel for avoidance of conflicts of interest and ensuring the highest standard of honesty, dedication and professionalism in carrying out their functional responsibilities. The Code of Conduct is in consonance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Code of Conduct is available on the Company's website (weblink: http://www.primefocus.com/sites/default/files/pdf/pfl_code_of_conduct.pdf). The Code has been circulated to all the members of the Board and the Senior Management. The Directors and the Senior Management have affirmed compliance of the Code.

The Annual Report of the Company contains a declaration to this effect duly signed by the CEO of the Company.

7. MEANS OF COMMUNICATION

a. The Board of Directors of the Company approves and takes on record the quarterly, half yearly and yearly financial results in the format prescribed by Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 within prescribed time limits. Quarterly results are submitted to the Stock Exchanges in terms of the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

b. The quarterly/half yearly and annual financial results are regularly submitted to Stock Exchanges in accordance with the SEBI (Listing Obligations and Disclosure Requirements), 2015 and published in one English national daily newspaper circulating in the whole or substantially the whole of India i.e. either of Business Standards / Economic Times / The Free Press Journal and one Marathi daily newspapers i.e. either of Pudhari Kokan/ Maharashtra Times / Navshakti.

The Company's website www.primefocus.com contains a separate dedicated section "investors" where shareholders information is available. Full Annual Reports are also available on the website in a user- friendly and downloadable format.

The Company posts its Quarterly / Half Yearly/Annual Results, Annual Report, official news releases, presentations made to investors and transcripts of the meetings with institutional investors / analysts on its website i.e. www.primefocus.com. This website contains the basic information about the Company, e.g., details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company who is responsible for assisting and handling investor grievances and such other details as may be required under Regulation 46 of the SEBI (Listing Obligations and Disclsoure Requirements) Regulations, 2015. The Company ensures that the contents of this website are updated at all times.

8. UNCLAIMED SHARES/AMOUNTS

a. Unclaimed shares issued pursuant to Initial Public Offer (IPO): Regulation 39 read with Schedule VI of SEBI (Listing Obligation and Disclosure Requirements), Regulation, 2015 stipulates a uniform procedure for dealing with unclaimed shares lying in the escrow account. Under the regulation, the said unclaimed shares are to be credited to a separate dematerialized suspense account. Accordingly, all the corporate benefits accruing on these shares will also be credited to such account. All the voting rights shall remain frozen till the rightful owner claims the shares. All such rightful owners may approach the Company for re-transfer of such shares to their account which will be effected on proper verification of the identity of such owner.

Accordingly, as on March 31, 2017, the unclaimed shares lying in 'Prime Focus Limited-Unclaimed Securities Suspense Account' held with Centrum Broking Limited are as tabled below:

Particulars	No. of cases	No. of Shares
Number of Shareholders and the outstanding shares in the suspense account lying at the beginning of the Year 2016-17 i.e. as on April 1, 2016.	15	3960
Number of Shareholders who approached for Issuer/ Registrar for transfer of shares from suspense account during the year 2016-17	-	-
Number of shareholders whom shares were transferred from suspense account during the year 2016-17.	-	-
Number of Shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. as on March 31, 2017	15	3960

9. SUBSIDIARY COMPANIES

The Company has adopted a Policy for Determining Material Subsidiaries of the Company, pursuant to the provisions of Regulation 23 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015., states the following:

i. meaning of 'Material' Subsidiary

ii. Requirement of Independent Director in certain Material Non Listed Indian Subsidiaries

iii. Restriction on disposal of Shares of a Material Subsidiary by the Company

iv. Restriction on transfer of Assets of a Material Subsidiary and

v. Disclosure requirements, based on Regulation 23 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 and any other laws and regulations as may be applicable to the Company.

This policy is available on the website of the Company (weblink: http://www.primefocus.com/sites/default/files/pdf/Policy_on_Material_Subsidiaries.pdf)

In terms of the provisions of Regulation 24 of the (Listing obligations and Disclosure Requirements) Regulations, 2015), the minutes of the board meetings of subsidiary companies are placed before the Board of Directors of the Company and the attention of the Directors is drawn to significant transactions and arrangements entered into by the subsidiary companies. The performance and summary of key decisions of the subsidiaries is also reviewed by the Board periodically.

10. PREVENTION OF INSIDER TRADING

The Company has instituted mechanism to avoid Insider Trading. In accordance with the SEBI Regulations as amended, the Company has established systems and procedures to restrict insider trading activity and has framed a Code of Fair Disclosure and Conduct to prevent misuse of any unpublished price sensitive information and prohibit any insider trading activity, in order to protect the interest of the shareholders at large. The said Code of Fair Disclosure and Conduct is available on the Company's website.

a. GENERAL SHAREHOLDER INFORMATION

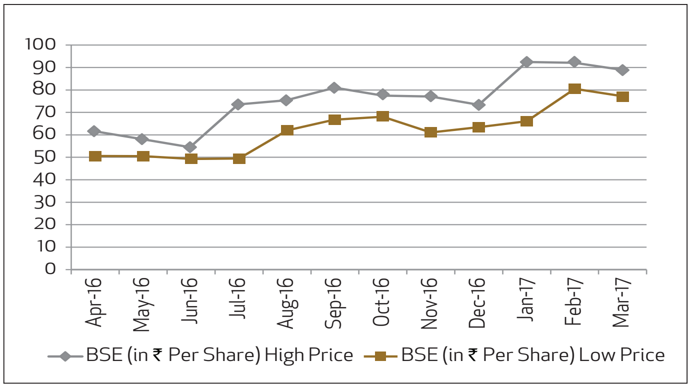
1.	**Annual General Meeting Date, Time and Venue**	Date: September 27, 2017 Time: 10.00 a.m. Venue: 9th Floor, 'True North', Plot no. 63, Road no. 13, Opp. Hotel Tunga Paradise, MIDC, Andheri (East), Mumbai - 400093
2.	**Financial Year**	March 31, 2017
3.	**Dates of Book Closure**	September 21, 2017 (Thursday) to September 27, 2017 (Wednesday) (both days inclusive).
4.	**Dividend**	In view of losses, no Dividend has been declared
5.	**Listing on Stock Exchanges**	The equity shares of your Company are listed on: **BSE Limited (BSE)** Add:- P.J. Towers, Dalal Street, Fort, Mumbai - 400 001; & **National Stock Exchange of India Limited (NSE)** Add:- Exchange Plaza, Bandra-Kurla Complex, Bandra,Mumbai - 400 051. The Zero Coupon Unsecured Redeemable Non-Convertible Debentures (NCDs) issued by the Company under Series A and Series B are listed on Wholesale Debt Market Segment of the BSE Limited (BSE). Your Company has paid Annual Listing Fees to all the exchanges for the financial year 2016-17 within the prescribed time limit.
6.	**Stock Code**	**For Equity Shares** BSE Limited (BSE):- "532748" National Stock Exchange of India Limited (NSE):- "PFOCUS" ISIN Code : INE367G01038 **For NCDs (Listed on BSE - Wholesale Debt Market segment)** SERIES A-ISIN Code : INE367G08017 SERIES B-ISIN Code : INE367G08025 **Unlisted NCDs:** ISIN Code: INE367G07019 ISIN Code: INE367G07027

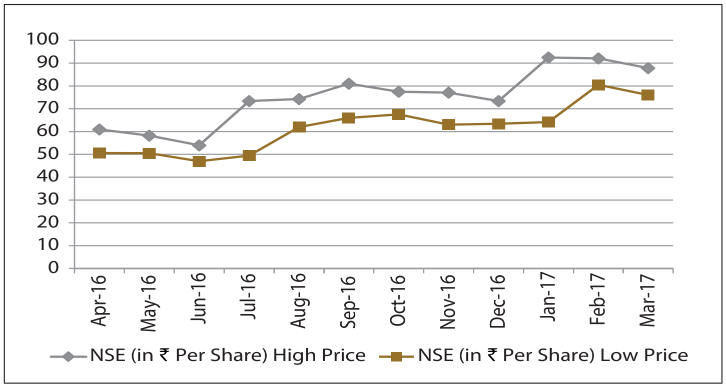
7.	**Registrar to issue & Share Transfer Agents**	Link Intime India Private Limited Add: C-101, 247 Park, L B S Marg, Vikhroli West, Mumbai-400 083 Tel: +91 22 49186000 Fax: +91 22 49186060 Website: www.linkintime.co.in; email: ishwar.suvarna@linkintime.co.in
8.	**Share Transfer System**	The Board of Directors has delegated the authority to transfer the shares to M/s Link Intime India Private Limited, Registrar and Share Transfer Agent of the Company. The Share Transfer Agent attends to share transfer formalities, if any, once in a fortnight.
9.	**Commodity price risk or foreign exchange risk and hedging activities;**	The Company seeks to minimize the effects of adverse exchange rate fluctuations on the financial positions of the Company by closely monitoring the Foreign Exchange Exposure and taking the adequate measures when needed.
10.	**Plant Location**	The Company is not a manufacturing unit and thus not having any Plant. Following are the Offices where the business of the Company is being conducted: **Goregaon-Film City Office** i. FC Main Building, Film City Complex, Dadasaheb Phalke Film City,Goregaon (East),Mumbai-400065. ii. 1st, 2nd & 3rd Floor, Mainframe, B Wing, Royal Palms, Aarey Colony, Goregoan (East), Mumbai - 400 065 iii. Recording & Dubbing Studio, Dadasaheb Phalke Film City Complex, Goregaon (East), Mumbai - 400065. iv. RMW Studios, Film City Complex, Dadasaheb Phalke Chitranagri, Goregaon (East), Mumbai - 400 065 **Santacruz office** 2nd and 3rd Floor, Anandkunj, North Avenue, Linking Road, Santacruz (West), Mumbai – 400 054. **Khar Office** i. Prime Focus House,Linking Road, Opposite Citibank,Khar (West) Mumbai-400052. ii. 201, Glacis, Linking Road, Above IndusInd Bank, Khar (West), Mumbai – 400 052. **Hyderabad Office** Rama Naidu Studios Complex, 79, Film Nagar, Jubilee Hills, Hyderabad - 500033, India.
11.	**Address for Correspondence**	Ms. Parina Shah, Company Secretary and Compliance Officer Prime Focus Limited Registered Office: Prime Focus House, Linking Road, Opposite Citbank, Khar (West), Mumbai-400052, India. Phone: +91-22-67155000; Fax: +91-22-67155001 Website: www.primefocus.com; email: ir.india@primefocus.com
12.	**Dematerialization of Shares and liquidity**	As on March 31, 2017; 29,88,78,954 equity shares of the Company constituting 99.99% of the equity share capital are held in Dematerialized form. The equity shares of the Company are traded only in dematerialized form in the stock exchanges.
13.	**Electronic Clearing Services (ECS)**	Members are requested to update their bank account details with their respective Depository Participants for shares held in the electronic form or write to the Company' s Registrar and Share Transfer Agent M/s Link Intime India Private Limited for the shares held in physical form.
14.	**Investor Complaints to be addressed to**	Registrar and Share Transfer Agent - M/s Link Intime India Private Limited at helpdesk@linkintime.co.in or to Ms. Parina Shah, Company Secretary at ir.india@primefocus.com.
15.	**Outstanding GDRs/ ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity impact on equity.**	The Company has not issued any GDRs/ ADRs/ Warrants. There are no outstanding convertible instruments as on March 31, 2017.
16.	**Name and Address of Debenture Trustee**	For Listed NCDs - Series A & B : Unit Trust of India Investment Advisory Services Private Limited Unit No. 2, Block B, 1st Floor, JVPD Scheme, Gulmohar Cross Road No. 9, Andheri (West),Mumbai – 400049 Phone: +91-022-2628 5289 For Unlisted NCDs : Axis Trustee Services Ltd. (A wholly owned subsidairy of Axis Bank) Axis House, 2nd Floor, Wadia International Centre Pandurang Budhkar Marg, Worli, Mumbai - 400 025, Phone : 022-2425 5215

b. Market Price Data

The price of the Company's Share-High, Low during each month in the last financial year 2016-17 on the Stock Exchanges is given below in a tabular form:

Month	BSE Limited			National Stock Exchange of India Limited		
	High Price (₹)	Low Price (₹)	Volume (No. of shares)	High Price (₹)	Low Price (₹)	Volume (No. of shares)
April, 2016	60.95	50.60	1,21,057	61.85	50.10	37323.44
May, 2016	58.20	50.50	1,61,616	58.00	50.10	24866.77
June, 2016	54.00	47.00	1,03,170	54.40	48.50	21203.18
July, 2016	73.35	49.50	35,85,328	73.10	49.60	307181.40
August, 2016	74.30	62.00	6,62,634	74.50	61.50	158247.68
September, 2016	81.00	66.00	8,47,577	81.00	66.60	171334.50
October, 2016	77.50	67.55	6,20,438	77.50	68.25	104156.42
November, 2016	77.10	63.00	4,34,158	77.00	61.25	62891.95
December, 2016	73.40	63.45	74,155	73.25	63.10	15270.36
January, 2017	92.45	64.15	6,37,293	92.20	65.4	103335.10
February, 2017	92.05	80.50	2,47,876	92.20	80.05	61655.47
March, 2017	87.80	76.00	3,93,039	89.00	77.30	4626376.40

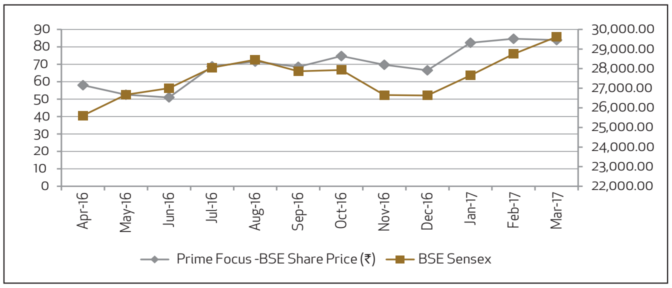


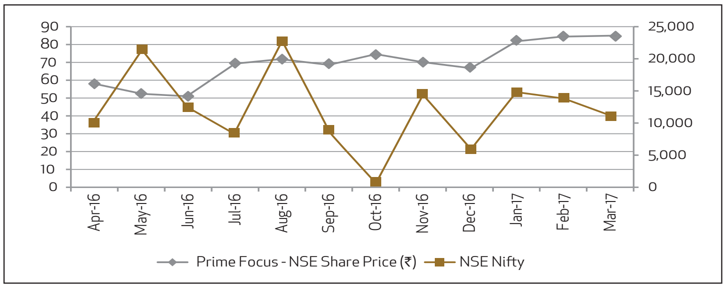


c. Performance of share price of the Company in comparison with the broad based indices

Prime Focus Share Price compared with BSE Sensex & NSE Nifty (Month-end closing):

Month	BSE Share Price (₹)	Sensex	NSE Share Price (₹)	NSE Nifty
April, 2016	57.95	25,606.62	58.25	9,872.58
May, 2016	52.55	26,667.96	52.35	21,491.53
June, 2016	50.95	26,999.72	51	12,346.32
July, 2016	68.85	28,051.86	69.1	8,428.8
August, 2016	71.55	28,452.17	71.45	22,534.29
September, 2016	68.55	27,865.96	68.7	8,849.27
October, 2016	74.75	27,930.21	74.25	805.89
November, 2016	69.70	26,652.81	69.55	14,473.78
December, 2016	66.55	26,626.46	66.9	5,800.7
January, 2017	82.35	27,655.96	82.35	14,721.17
February, 2017	84.65	28,743.32	84.9	13,819.57
March, 2017	83.85	29,620.50	83.9	10,955.05





d. Distribution of Shareholding as on March 31, 2017

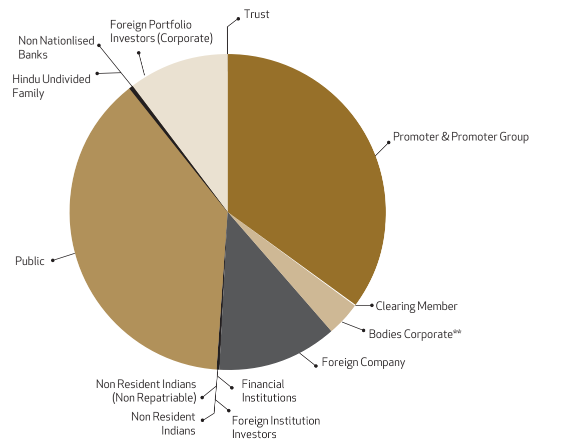
The broad shareholding distribution of the Company as on March 31, 2017 with respect to categories of investors was as follows:

Sr. No.	Category	No. of Equity Shares	Percentage%
1.	Promoter & Promoter Group	104607641	35.00
2.	Clearing Member	384632	0.13
3.	Other Bodies Corporate	11028873	3.69
4.	Foreign Company***	36549990	12.23
5	Non Resident Indians	487273	0.16
6.	Non Resident Indians (Non Repatriable)	149263	0.05
7.	Public **	115030927	38.49
8.	Foreign Portfolio Investors (Corporate)	30015234	10.04
9.	Trusts	100	0.00
10.	Hindu Undivided Family	517967	0.17
11.	Financial Institutions	28496	0.01
12.	Foreign Inst. Investor	75000	0.03
13.	Non Nationalised Banks	3578	0.00
	Total	298878974	100

Note:

(**) As set out in the Letter of Offer dated December 08, 2014 issued by Reliance MediaWorks Limited alongwith Reliance Land Private Limited (PAC 1), Mr. Namit Malhotra (PAC 2), Mr. Naresh Malhotra (PAC 3), Monsoon Studio Private Limited (PAC 4), this includes 10,49,39,361 shares which were held by Reliance MediaWorks Limited, a person acting in concert with the Promoters. Further, Reliance MediaWorks Limited sold 10,49,39,361 shares on March 30, 2017 to Reliance MediaWorks Financial Services Private Limited (a wholly owned subsidiary of Reliance MediaWorks Limited) by way of inter-se transfer of shares under Regulation 10(1) (a)(iii) of SEBI (SAST) Regulations, 2011.

***Out of the 10458768 (3.5%) held by Standard Chartered Private Equity (Mauritius) III Limited, Marina IV (Singapore) Pte. Ltd. is the beneficial owner of 41,79,961 constituting 1.40% of the paid up capital of the Company which are currently held by Standard Chartered Private Equity (Mauritius) III Limited. Further Standard Chartered Private Equity (Mauritius) III Limited and Marina IV (Singapore) Pte. Ltd. are affiliates under the common control of Standard Chartered Plc.



e. The broad shareholding distribution of the Company as on March 31, 2017 with respect to/ holdings was as follows:

Range	No. of Holders	Percentage %	No. of Shares	Percentage %
1- 500	7091	78.00	1117158	0.3738
501-1000	950	10.45	796234	0.2664
1001-2000	431	4.74	676595	0.2264
2001-3000	145	1.60	383566	0.1283
3001-4000	75	0.82	277906	0.0930
4001-5000	88	0.97	423993	0.1419
5001-10000	113	1.24	865550	0.2896
10001 and above	198	2.18	294337972	98.4807
Total	9091	100	298878974	100

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Ramakrishnan Sankaranarayanan
Managing Director
DIN:02696897

Naresh Malhotra
Director
DIN:00004597

Place: Mumbai

Date: May 23, 2017

ANNUAL DECLARATION BY THE CHIEF EXECUTIVE OFFICER PURSUANT TO THE SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS), REGULATIONS, 2015

This is confirm that the Company has adopted Code of Conduct for its Board Members and Senior Management Personnel. This Code of Conduct is available on the Company's website.

As per the requirements of Regulation 34 (3) and Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, I, Namit Malhotra, Chief Executive Officer, hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Business Conduct and Ethics for the Financial Year ended March 31, 2017.

For and on behalf of the Board

Namit Malhotra
Chief Executive Officer

Place: Mumbai
Date: May 23, 2017

CERTIFICATE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE

To
The Members,
Prime Focus Limited

We have examined the compliance of conditions of Corporate Governance by Prime Focus Limited ("the Company"), for the year ended on 31 March 2017, stipulated as per the relevant provisions of Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations 2015 ("Listing Regulations") as referred to in regulation 15(2) of Listing Regulations for the period 1st April 2016 to 31st March 2017.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Yash Pareek & Associates
Company Secretaries

Sd/-
CS Yash Pareek
Proprietor
M.no: A42874
C.P No.: 15887

Place: Bhopal
Date: May 23, 2017

Introduction

Sustainability has for long been on the agenda at many organizations, but for decades their governance, economic and environmental activities have been disconnected from core strategy. Disclosure on the non-financial parameters (economic, environmental and social) can serve as a differentiator in competitive industries and foster investor confidence, trust and employee loyalty. With the growing expectations from internal as well as the external stakeholders along with stringent norms, reporting on the non-financial parameters is gaining momentum to several organizations worldwide. Embedding the sustainability factors into an organization's strategy and decision making processes helps an organization to achieve sustainable value creation.

The Securities and Exchange Board of India (SEBI) in 2012 mandated the top 100 listed entities based on market capitalization at BSE and NSE to include 'Business Responsibility Report' as part of the annual report. Later in 2015, this got extended to the top 500 listed entities as per clause (f) of sub regulation (2) of regulation 34 of Listing Regulations of SEBI.

To strengthen our commitment to responsible business, we have embarked on the journey of developing this business responsibility report based on the suggested framework of SEBI. We consider this as an opportunity to communicate our performance and progress across environmental, social and governance aspects for the financial year (Financial Year) 2016-17. Through this report, we are committed to monitoring and reporting on the non-financial parameters and thereby maintain confidence and trust of all our stakeholders elemental for our continued growth.

Section A: General Information about the Company

1 Corporate Identity Number (CIN) of the Company: L92100MH1997PLC108981

2. Name of the Company: Prime Focus Limited

3. Registered address: Prime Focus House
   Opp. Citi Bank,
   Linking road, Khar (West),
   Mumbai- 400052.

4. Website: www.primefocus.com

5. E-mail id: brr.india@primefocus.com

6. Financial Year reported: 2016-17

7. Sector(s) that the Company is engaged in (industrial activity code-wise): Code – 5912 - Services

8. List three key products/services that the Company manufactures/ provides (as in balance sheet)

   Following are the key services provided by PFL as in the balance sheet:
   Film, video camera, light equipment & accessories renting, Post Production – Advertisement, digital intermediation, Visual effects, animation and digital cinema packaging.

9. Total number of locations where business activity is undertaken by the Company
   i. Number of International Locations (Provide details of major 5) - None
   ii. Number of National Locations – 8 offices including registered office and regional office.

10. Markets served by the Company – We serve the Domestic and International Markets.

Section B: Financial Details of the Company

1. Paid up Capital (INR) – ₹ 298,878,974.00

2. Total Turnover (INR) - ₹ 1,455,999,516

3. Total profit after taxes (INR) – ₹ (110,410,997)

4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):

   Nil. We take social responsibility as a paramount importance and have formulated our CSR policy. We did not spend on the CSR activities during FY 2016-17 considering the losses.

5. List of activities in which expenditure in 4 above has been incurred
   Not Applicable

Section C: Other Details

1. Does the Company have any Subsidiary Company/ Companies?

   Yes, we have our subsidiaries.

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

   This being the first BR report, none of our subsidiaries have sought participation in this initiative.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

   None of the entity/entities doing business with us participate in the BR initiative.

Section D: BR Information

1. Details of Director/Directors responsible for BR

a) Details of the Director/Directors responsible for implementation of the BR policy/policies

Name	DIN Number	Designation
Mr. Rivkaran Singh Chadha	00308288	Director

b) Details of the BR head

Sr. no	Particulars	Details
1.	DIN	00308288
2.	Name	Mr. Rivkaran Singh Chadha
3.	Designation	Director/HOD CSR Committee
4.	Telephone number	022-61785555
5.	e-mail id	brr.india@primefocus.com

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

The National Voluntary Guidelines on social, environmental and economic responsibilities of business prescribed by the Ministry of Corporate Affairs advocates the nine principles (detailed below) as P1-P9 to be followed:

Principle 1 (P1)	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
Principle 2 (P2)	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
Principle 3 (P3)	Businesses should promote the wellbeing of all employees.
Principle 4 (P4)	Businesses should respect the interests of, and be responsive to the needs of all stakeholders, especially those who are disadvantaged, vulnerable, and marginalized.
Principle 5 (P5)	Businesses should respect and promote human rights.
Principle 6 (P6)	Businesses should respect, protect, and make efforts to restore the environment.
Principle 7 (P7)	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
Principle 8 (P8)	Businesses should support inclusive growth and equitable development.
Principle 9 (P9)	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

S. No	Particulars	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for....	Y	Y	Y	Y	Y	Y	NA	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
3.	Does the policy conform to any national /international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	NA	Y	Y
4.	Has the policy been approved by the Board? Is yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	NA	Y	Y
5.	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	NA	Y	Y
6.	Indicate the link for the policy to be viewed online?	For any queries related to the BR policies and the report, kindly reach out at brr@primefocus.com								

S. No	Particulars	P1	P2	P3	P4	P5	P6	P7	P8	P9
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
8.	Does the company have in-house structure to implement the policy/policies	Y	Y	Y	Y	Y	Y	NA	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
10.	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	NA	Y	Y

2a. If answer to Sr.no 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

S No	Particulars	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles	N.A.								
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

3. Governance related to BR

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

  Our BR performance is reviewed annually by our CSR committee. The functions of the CSR committee have been extended to overseeing BR activities.

- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

  This is our first Business Responsibility Report which will be published annually along with our Annual Report.

Section E: Principle-wise performance

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

We at Prime Focus Limited have a philosophy on code of governance. Our corporate governance philosophy rests on the pillars of integrity, accountability, equity, transparency and environmental responsibility that conform fully with laws, regulations and guidelines. Our philosophy is to achieve business excellence and maximize shareholder value through ethical business conduct.

We are committed to maintain the highest standards of business ethics in all our dealings with the customers, suppliers, employees and other stakeholders to achieve success in the market place. We appreciate the value of responsible governance and follow the principles of:

- Business Integrity
- No proper advantage
- Disclosure of information
- Intellectual properties
- Fair business practices
- Protection of identity.

We have a Code of Conduct approved by Board of Directors and the code is applicable to all the Directors on the Board of Directors and the Senior Management team. Furthermore, we have implemented Vigil Mechanism/ Whistle Blower Policy, Ethics Management Policy and a Code of Fair Disclosure and Conduct for sound corporate governance which covers the company and also our suppliers.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

   Our Whistle Blower Policy establishes the necessary vigil mechanism and covers malpractices and events:

   - Which have taken place or suspected to have taken place
   - Is being taken place
   - Misuse or abuse of authority
   - Fraud or suspected fraud
   - Violation of company's rules and policies
   - Manipulations, negligence causing danger to public health and safety
   - Misappropriation of monies and other matters or activity.

     There have been no stakeholder complaints received during the Financial Year 2016-17.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. **List up to 3 products or services whose design has incorporated social or environmental concerns, risks, and/or opportunities.**

   Our services whose design has incorporated social or environmental concerns, risks and/ or opportunities are:

   Film, video camera, light equipment & accessories renting, Post Production – Advertisement, digital intermediation, Visual effects, animation and digital cinema packaging.

2 **For each product, provide the following details in respect of resources (energy, water, raw material etc.) per unit of product (optional)**

   Despite of being a service provider and not engaging in any manufacturing activity, we understand our role in environmental protection. We continue to adopt different energy conservation initiatives by taking energy efficient measures and replace old equipments with new energy efficient equipments wherever possible. We also continuously strive to conserve energy in our post-production facilities and studio offices.

3. **Does the company have procedures in place for sustainable sourcing (including transportation)?**

   Our safety policy ensures safe and sustainable goods and services. We maintain a healthy relationship with our vendors and suppliers and lay emphasis on conformity of safe working condition, prevention of child labour, business ethics and general housekeeping by our suppliers.

4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

   We undertake conscious efforts to contribute to local economy by procuring services from suppliers in the vicinity of our operations. We procure various materials like stationary, cleaning materials and services such as manpower for facility maintenance and security from local agencies. This has ensured stable employment and source of income for the local communities. Around 15-30% of our materials and services are procured locally.

5. **Does the company have mechanism to recycle products and waste? If yes, what is the percentage of recycling waste and products?**

   Considering us as not a manufacturing unit, the waste generated at our offices is managed through appropriate waste disposal process. We have procedures in place to dispose off e-waste through authorized e-waste vendors and have received certification from E-waste Recyclers India for the same. Also we ensure all the paper waste generated in our offices is sold to agencies that further utilize the same for recycling.

Principle 3: Businesses should promote the wellbeing of all employees

1. **Please indicate the Total number of employees.**

   The total number of employees at our organization is 459.

2. **Please indicate the Total number of employees hired on temporary/contractual/casual basis.**

   The total no of contractual employees recruited through third party agencies for various activities like Housekeeping, Office assistants, janitors, Security, Electricians, etc. is 59.

3. **Please indicate the Number of permanent women employees.**

   The total number of permanent women employees at our organization are 33.

4. **Please indicate the Number of permanent employees with disabilities**

   The total number of permanent employees with disabilities at our organization are 2.

5. **Do you have an employee association that is recognized by management?**

   No. We do not have an employee association.

6. **What percentage of your permanent employees is members of this recognized employee association?**

   NA

7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

S. No.	Category	No of Complaints filed during the financial year	No of complaints pending as on end of this financial year
1.	Child labour/forced labour/involuntary labour	NIL	NIL
2.	Sexual harassment	NIL	NIL
3.	Discriminatory employment	NIL	NIL

At PFL, we have zero tolerance for sexual harassment at workplace and have a mechanism in place for prevention, prohibition and redressal of sexual harassment at workplace. The mechanism is in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. Our Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment at workplace. Similarly our Vigil Mechanism (Whistle Blower Policy) provides a platform for all our employees to voice their grievances. Our employment agreement ensures that candidates only above 18 years of age are hired thus eliminating any cases of child labor.

8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

Category	Safety Training
Permanent Employees	75%
Permanent Women Employees	50%
Casual/Temporary/Contractual Employees	100%

We consider our employees to be our most important assets and undertake initiatives to foster a culture of continuous growth. It is our constant endeavor to empower them with safety and skill-upgradation trainings to motivate professional and personal development. We conduct security fire drills, safety trainings for all our employees and an induction of our newly hired employees to train them on our code of conduct and business ethics.

Principle 4: Businesses should respect the interests of, and be responsive to the needs of all stakeholders, especially those who are disadvantage vulnerable, and marginalized.

1. **Has the company mapped its internal and external stakeholders?**

   Yes. We have mapped our internal and external stakeholders. Our internal stakeholders are our employees and senior management. Whereas our external stakeholders are our clients, shareholders, regulatory authorities, service providers and suppliers.

2. **Has the company identified the disadvantaged, vulnerable, and marginalized stakeholders?**

   Yes. Through our CSR policy we have identified the disadvantaged, vulnerable and marginalized stakeholders as children, women, orphans, senior citizens, war widows and differently abled.

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**

   Our CSR policy suggests various initiatives that can be undertaken to engage with the disadvantaged, vulnerable and marginalized stakeholders. Some of them are promoting education and employment of women and differently abled stakeholders, enhancing livelihood, setting up of old age homes, day care centers, hostels etc. However, currently we are not engaging in any of the above activities in the view of losses.

Principle 5: Businesses should respect and promote human rights

1. **Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/Others?**

   We recognize human rights as a top priority. Our activities are governed by policies, processes and monitoring systems to enforce human rights in our operations. We are committed to provide equal opportunities without regard to race, caste, sex, religion, colour, nationality, disability, etc.

   Our Code of Conduct inheres guidelines which ensure observance of human rights while the Whistle Blower Policy provides a platform to report violation of human rights within the organization. Adding to this, we have also put into effect anti-sexual harassment policy and have a zero tolerance for sexual harassment at workplace. The policies are applicable to the Company and the Group.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   No stakeholder complaints were received during the Financial Year 2016-17 concerning to violation of human rights.

Principle 6: Businesses should respect, protect, and make efforts to restore the environment

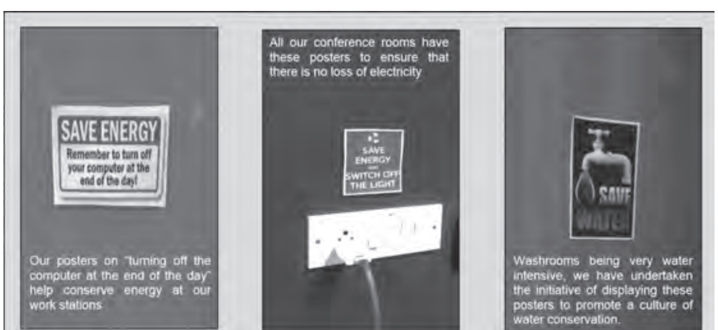
1. **Does the policy related to Principle 6 cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/ NGOs/Others?**

   Our CSR policy extends to our entire company and guides us on following aspects:

   - Environmental sustainability
   - Ecological balance
   - Preservation of flora and fauna
   - Animal welfare
   - Agro forestry
   - Conservation of natural resources and
   - Maintaining quality of soil, air and water

2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? If yes, give hyperlink for the webpage etc.**

   Though we are not engaged in manufacturing activities, being a responsible corporate citizen, we are aware that our operations have an impact on environment and have taken initiatives to mitigate the same. We believe that awareness is an important step in environmental protection and have undertaken certain measures to enhance environmental awareness among our employees. We have displayed posters and flyers on "importance of paper waste reduction, conservation of water and electricity" at relevant locations in the premises of our offices.



Awareness initiatives undertaken to inculcate a culture of environmental friendly behavior in office premises

3. **Does the company identify and assess potential environmental risks?**

   We have a Risk Management Framework to identify and evaluate business and operational risks However, currently, we do not have a mechanism to identify and assess potential environmental risks.

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof. Also, if Yes, whether any environmental compliance report is filed?**

   We currently do not have any projects related to Clean Development Mechanism.

5. **Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.? Y/N. If yes, please give hyperlink for web page etc.**

   Despite of being a service provider and not engaging in any manufacturing activity, we understand our role in environmental wellbeing. We continue to adopt different energy conservation initiatives by taking energy efficient measures and replace old equipment with new energy efficient equipment wherever possible. We also continuously strive to conserve energy in our post-production facilities and studio offices.

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   Since we are not involved in manufacturing of products and our business involves post production activities, we co-ordinate with the municipal corporations who manage our waste and effluents. Also, we have DG Sets at our facilities which are maintained as per the Pollution Control Board standards.

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   We ensure that the emissions and waste generated by us at our various locations are well below the limits prescribed by Central Pollution Control Board (CPCB) and State Pollution Control Board (SPCB). We have not received any show cause notices from either CPCB or SPCB in the reporting year.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

We are a gold member of the following associations:

1. Service Export Promotion Council for Software
2. Electronic and Computer Software Council
3. Indian Motion Picture Producers Association
4. Association of Motion Picture Studios

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

   As a member of the above associations, we contribute in development and prosperity of the broadcasting industry across the globe through the creation, coordination and dissemination of knowledge and information. This includes technology briefings, networking events, regular news bulletins and market intelligence.

Principle 8: Businesses should support inclusive growth and equitable development.

1. **Does the company have specified programmes/initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   We believe that CSR is strongly connected with the principle of sustainability and that an organization is equally responsible for social and environmental well-being along with economic prosperity. We have formulated a CSR policy and have a committee in place to guide our CSR activities. Currently, we do not have any CSR activities in operation in the view of losses.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organization?**

   Not applicable

3. **Have you done any impact assessment of your initiative?**

   Not applicable

4 **What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

   Not applicable

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   Not applicable

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year?**

   As of 31st March, 2017, no cases were pending against Prime Focus Limited.

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/N.A. /Remarks (additional information)**

   Yes. Our "Ethics Management Policy" guides us on factual and righteous display of information and truthful disclosure on our services to the clients. The "Fair Business Practices" section of this policy clearly outlines our approach on ethical advertising and promotions, equitable competition and winning customers by the virtue of the quality of our services.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

   There have not been any cases filed against us either for unfair trade practices, irresponsible advertising, or anti-competitive behavior in the last year. We understand that responsible business incorporates responsible advertising and marketing as well. Hence we ensure that our advertisements or promotions are not misleading.

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**

   Though we have not carried out any formal consumer surveys, we receive feedback from our clients on closure of engagements. We have received several informal appreciative feedbacks from our clients for our services. We have been recommended and re-appointed by our existing clients for multiple engagements and consider this to be a testimony of their appreciation.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PRIME FOCUS LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Prime Focus Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, 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 the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS 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 of these standalone Ind AS 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 accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting 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 thereunder.

We conducted our audit of the standalone Ind AS financial statements 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 standalone Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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, of the state of affairs of the Company as at March 31, 2017, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   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 relevant books of account.
   d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
   e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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 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 has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements, as referred to in 35 to the financial statements;
      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.
      iv. The Company has provided requisite disclosures in the standalone Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.
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
(Firm's Registration No. 117364W)

Abhijit A. Damle
Partner
(Membership No. 102912)

MUMBAI, May 23, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(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 Prime Focus Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone 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 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, 2017, 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.

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

Abhijit A. Damle
Partner
(Membership No. 102912)
MUMBAI, May 23, 2017

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(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) 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 explanation given to us, no material discrepancies were noticed on such verification.

c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deeds / transfer deed / conveyance deed provided to us, we report that the title deeds comprising all the immovable properties of buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties that have been taken on lease and disclosed as fixed asset 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 CARO 2016 is not applicable.

iii. According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(c) There is no overdue amount remaining outstanding as at the year-end.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities as applicable.

v. According to the information and explanations given to us, the Company has not accepted any deposit during the year.

vi. Having regard to the nature of the Company's business / activities, reporting under clause (vi) CARO 2016 is not applicable.

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

a) The Company has been 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, cess and other material statutory dues applicable to it to the appropriate authorities, except for payment of Service tax and Tax Deducted at Source, where significant delays have been noted There were no undisputed amounts payable in respect of the aforesaid dues in arrears, as at March 31, 2017 for a period of more than six months from the date they became payable.

b) There are no cases of non- deposit with the appropriate authorities of disputed dues of Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax and Cess. Details of dues of Income Tax which have not been deposited as on March 31, 2017 on account of disputes are given below:

Name of the Statute	Nature of Dues	Amount Involved (Rupees in Crore)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Taxes	15.16	AY 2007-08, 2010-11 and 2012-13	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Taxes	0.15	AY 2008-09	Income Tax Appellate Tribunal
Finance Act, 1994	Service Tax	58.36	FY 2007-08 to FY 2014-15	Customs, Excise & Service Tax Appellate Tribunal

viii. In our opinion and according to the information and explanations given to us, the Company has generally been regular in the repayment of loans or borrowings to banks and debenture holders. There were no borrowings or loans from the financial institutions and Government.

ix. In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company for the purposes for which they were raised. The Company has not raised monies by way of initial public offer or further public offer (including debt instruments).

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. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 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 CARO 2016 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 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
(Firm's Registration No. 117364W)

Abhijit A. Damle
Partner
(Membership No.102912)
MUMBAI, May 23, 2017

BALANCE SHEET as at March 31, 2017

₹ Crores

	Notes	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Assets				
Non-current Assets				
(a) Property, plant and equipment	4	388.52	403.14	403.30
(b) Capital work in progress		0.87	0.30	0.08
(c) Goodwill and other intangible assets	5	3.08	3.06	2.35
(d) Intangible assets under development		-	0.84	0.22
(e) Financial assets				
(i) Investments	6	944.28	872.98	864.59
(ii) Loans	7	-	56.69	55.18
(iii) Other financial assets	8	5.69	5.57	5.73
(f) Deferrred tax assets (net)	26d	44.58	28.80	23.46
(g) Other non-current assets	9	42.07	31.34	25.12
Total non-current assets		**1,429.09**	**1,402.72**	**1,380.03**
Current Assets				
(a) Financial assets				
(i) Trade receivables	10	54.83	72.26	40.74
(ii) Cash and cash equivalents	11	0.78	1.01	1.18
(iii) Bank balances other than (ii) above	11	10.41	4.16	4.44
(iv) Loans	7	220.72	236.02	211.21
(v) Other financial assets	12	66.14	63.02	59.31
(b) Other current assets	9	13.32	10.96	8.91
Total current assets		**366.20**	**387.43**	**325.79**
Total assets		**1,795.29**	**1,790.15**	**1,705.82**
Equity and liabilities				
Equity				
(a) Equity share capital	13	29.89	29.89	29.89
(b) Other equity	14	1,066.83	1,078.37	1,092.19
Total equity		**1,096.72**	**1,108.26**	**1,122.08**
Liabilities				
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	15	267.12	408.27	287.93
(ii) Other financial liabilities	20	66.65	103.82	76.46
(b) Provisions	16	2.19	2.18	2.25
(c) Other non-current liabilities	17	2.85	2.58	62.39
Total non-current liabilities		**338.81**	**516.85**	**429.03**

₹ Crores

	Notes	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Current liabilities				
(a) Financial liabilities				
(i) Borrowings	18	42.59	70.04	71.27
(ii) Trade payables	19	26.72	23.19	18.86
(iii) Other financial liabilities	20	258.44	24.03	14.33
(b) Provisions	16	0.17	0.14	0.23
(c) Current tax liability (net)		3.26	3.26	1.09
(d) Other current liabilities	17	28.58	44.38	48.93
Total current liabilities		**359.76**	**165.04**	**154.71**
Total liabilities		**698.57**	**681.89**	**583.74**
Total equity and liabilities		**1,795.29**	**1,790.15**	**1,705.82**

See accompanying notes to the financial statements 1 - 42

In terms of our report attached.

As per our report of even date

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

For and on behalf of the Board of Directors

Abhijit A. Damle
Partner
(Membership No. 102912)

Naresh Malhotra
Whole-time Director
DIN: 00004597

Namit Malhotra
Chairman (Executive Director)
and Chief Executive Officer
DIN: 00004049

Ramakrishnan Sankaranarayanan
Managing Director
DIN: 02696897

Place : Mumbai
Date : May 23, 2017

Vikas Rathee
Chief Financial Officer

Parina Shah
Company Secretary

STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2017

₹ Crores

	Notes	Year ended March 31, 2017	Nine Months Ended March 31, 2016
Income			
Revenue from operations	21	154.51	119.06
Other income	22	15.36	13.45
Total income		**169.87**	**132.51**
Expenses			
Employee benefits expense	23	31.38	20.87
Employee stock option expense	30	25.55	-
Technician fees		19.67	14.80
Technical service cost		3.86	4.69
Finance costs	24	32.75	22.18
Depreciation and amortisation expense	4 & 5	30.80	24.78
Other expenses	25	47.34	33.38
Exchange loss (net)		9.08	-
Total expenses		**200.43**	**120.70**
(Loss) / profit before exceptional item and tax		**(30.56)**	**11.81**
Exceptional items	6d	(18.46)	-
(Loss) / profit before tax		**(12.10)**	**11.81**
Tax expense			
Current tax	26	0.17	2.17
Deferred tax		(1.23)	4.13
Net tax expense		**(1.06)**	**6.30**
(Loss) / profit for the year / period		**(11.04)**	**5.51**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit plans		(0.05)	(0.37)
Income tax relating to the above		0.02	0.13
		(0.03)	**(0.24)**
Total comprehensive income for the year / period		**(11.07)**	**5.27**
Earnings per equity share:	27		
[Nominal value per share: ₹ 1 (Previous Year: ₹ 1)]			
Before exceptional items			
Basic and diluted (₹)		(0.86)	0.18
After exceptional items (net of tax)			
Basic and diluted (₹)		(0.37)	0.18
See accompanying notes to the financial statements	1 - 42		

As per our report of even date

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

For and on behalf of the Board of Directors

Abhijit A. Damle
Partner
(Membership No. 102912)

Naresh Malhotra
Whole-time Director
DIN: 00004597

Namit Malhotra
Chairman (Executive Director) and Chief Executive Officer
DIN: 00004049

Ramakrishnan Sankaranarayanan
Managing Director
DIN: 02696897

Place : Mumbai
Date : May 23, 2017

Vikas Rathee
Chief Financial Officer

Parina Shah
Company Secretary

STATEMENT OF CHANGES IN EQUITY for the year ended March 31, 2017

₹ Crores

A. Equity Share Capital	Total
As at July 01, 2015	**29.89**
Changes in Equity Share Capital during the period	-
As at March 31, 2016	**29.89**
Changes in Equity Share Capital during the year	-
As at March 31, 2017	**29.89**

₹ Crores

B. Other Equity	Reserves and Surplus						Other Comprehensive Income		Total
	Capital Reserve	General Reserve	Debenture Redemption Reserve	Securities Premium Account	Share Options Outstanding Account	Retained Earnings	Foreign Currency Translations Reserve	Actuarial Gains / (Losses)	
Balance as at July 01, 2015	51.77	1.34	58.66	839.52	-	139.95	0.95	-	**1,092.19**
Transfer from retained earnings	-	-	1.09	-	-	(1.09)	-	-	-
Premium on NCD (net of tax)	-	-	-	(18.14)	-	-	-	-	**(18.14)**
Other adjustment	-	-	-	-	-	-	(0.95)	-	**(0.95)**
Total comprehensive income for the period (net of tax)	-	-	-	-	-	5.51		(0.24)	**5.27**
Balance as at the March 31, 2016	**51.77**	**1.34**	**59.75**	**821.38**	-	**144.37**	-	**(0.24)**	**1,078.37**
Premium on NCD (net of tax)	-	-	-	(26.02)	-	-	-	-	**(26.02)**
Recognition from share based payments	-	-	-	-	25.55	-	-	-	**25.55**
Total comprehensive income for the year (net of tax)	-	-	-	-	-	(11.04)	-	(0.03)	**(11.07)**
Balance as at March 31, 2017	**51.77**	**1.34**	**59.75**	**795.36**	**25.55**	**133.33**	-	**(0.27)**	**1,066.83**

See accompanying notes to the financial statements

As per our report of even date

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DIN: 02696897

Place : Mumbai
Date : May 23, 2017

Vikas Rathee
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Parina Shah
Company Secretary

CASH FLOW STATEMENT for the year ended March 31, 2017

₹ Crores

		Year ended March 31, 2017	Nine months ended March 31, 2016
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit before tax	(12.10)	11.81
	Adjustments for:		
	Depreciation and amortisation expense	30.80	24.78
	Loss / (profit) on sale of property, plant and equipment (net)	0.09	(0.09)
	Property, plant and equipment written off	-	0.05
	(Profit) / loss on sale of investment in subsidiaries	(24.23)	-
	Unrealized foreign exchange (gain) / loss (net)	7.07	(3.27)
	Bad debts written off	1.02	0.09
	Provision for doubtful debts/ advances (net)	2.95	(1.86)
	Stock Option Expense	25.55	-
	Sundry balance written off	-	0.41
	Sundry credit balance written back	1.11	(0.37)
	Interest income	(9.38)	(9.09)
	Finance costs	32.75	22.18
	Operating Profit before working capital changes	**55.63**	**44.64**
	Changes in working capital:		
	Decrease / (Increase) in trade and other receivables	6.45	(30.54)
	(Decrease) in trade and other payables	(4.46)	(58.79)
	Cash generated from / (used in) from operations	**57.62**	**(44.69)**
	Income taxes (paid)	(10.47)	(7.73)
	Net cash flow generated from / (used in) operating activities (A)	**47.15**	**(52.42)**
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of property, plant and equipment and other intangible assets (including CWIP)	(21.69)	(24.64)
	Proceeds from sale of property, plant and equipment and other intangible assets (including CWIP)	0.50	0.36
	Purchase of investment in subsidiaries	(95.45)	(8.39)
	Sale of investment in subsidiary	48.38	-
	Loans given to subsidiaries	(326.59)	(136.20)
	Loans repaid by subsidiaries	392.40	114.93
	Margin money and fixed deposits under lien	(6.20)	0.26
	Interest received	5.03	4.56
	Net cash flow (used in) investing activities (B)	**(3.62)**	**(49.12)**

₹ Crores

	Year ended March 31, 2017	Nine months ended March 31, 2016
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings (net of expenses)	143.41	138.14
Repayment of long term borrowings	(125.62)	(12.87)
Repayment of short term borrowings (net)	(27.45)	(1.23)
Finance costs paid	(34.10)	(22.67)
Net Cash (used in) / generated from financing activities (C)	**(43.76)**	**101.37**
Net (decrease) in cash and cash equivalents (A+B+C)	**(0.23)**	**(0.17)**
Cash and Cash equivalents at the beginning of the year / period	1.01	1.18
Cash and cash equivalent at end of year / period (refer note 11a)	**0.78**	**1.01**

Notes :

a. During the year ended March 31, 2017, received 83,916 equity shares of ₹ 10/- each a premium of ₹ 3,977/- per share aggregating ₹ 33.45 crores on conversion of 9% non-cumulative, redeemable, optionally convertible, preferences shares of Prime Focus Technologies Limited (Refer note 6 d).

See accompanying notes to the financial statements

As per our report of even date

For **Deloitte Haskins & Sells**
Chartered Accountants
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For and on behalf of the Board of Directors

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Ramakrishnan Sankaranarayanan
Managing Director
DIN: 02696897

Place : Mumbai
Date : May 23, 2017

Vikas Rathee
Chief Financial Officer

Parina Shah
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Prime Focus Limited (the 'Company') is a public limited company incorporated and domiciled in India. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The address of its registered office is Prime Focus House, Opp. Citi Bank, Linking Road, Khar (West) – Mumbai – 400 052

The Company is engaged in the business of post-production including digital intermediate, visual effects, 2D to 3D conversion and other technical and creative services to the Media and Entertainment industry.

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 provision of Companies Act, 2013.

These financial statements are the Company's first Ind AS financial statements. Upto the period ended March 31, 2016, the Company prepared its financial statements in accordance with the requirement of Indian GAAP which includes Standard notified under the Companies (Accounting Standards) Rules, 2006 (hereinafter referred to as 'Previous GAAP'). The date of transition to Ind AS is July 01, 2015.

Refer note 3.2 for details of first time adoption and note 37 for reconciliation between Ind AS and Previous GAAP.

2.2 Basis of preparation

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

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

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

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

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

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

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 subsidiaries 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 loses become evident.

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

2.4.2 Dividend and interest income

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

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

2.4.3 Rental income

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

2.5 Leasing

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

2.5.1 The Company as lessor

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

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

2.5.2 The Company as lessee

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

Lease payments are apportioned between finance expenses and reduction of the lease obligations so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs (see note 2.7 below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

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

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

2.6 Foreign currencies

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 capitalisation.

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.

2.9 Employee benefits

2.9.1 Retirement benefit costs and termination benefits

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

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

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

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

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

2.9.2 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 Share-based payment arrangements

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

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

2.11 Taxation

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

2.11.1 Current tax

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

2.11.2 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.

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

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

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

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

2.11.3 Current and deferred tax for the year

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

2.12 Non-current assets held for sale

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

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

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

Cost of Leasehold improvements and Leasehold building 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.

2.14 Intangible assets

2.14.1 Intangible assets acquired separately

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

2.14.2 Internally-generated intangible assets – research and development expenditure

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

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

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

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

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

2.14.3 Useful lives of intangible assets

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

2.14.4 De-recognition of intangible assets

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

2.15 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.

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

2.16.1 Onerous contracts

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

2.16.2 Restructuring

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 staring 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.

2.17 Financial instruments

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

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

2.18 Financial assets

All regular way purchases of 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.

2.18.1 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 2.18.5

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

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on

specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for 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 2.18.5.

All other financial assets are subsequently measured at fair value.

2.18.2 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.

2.18.3 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.

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

Investments in equity instruments are classified as FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading (see note 2.18.3 above).

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

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

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

2.18.5 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 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

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

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

2.18.6 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 de-recognition 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.

2.18.7 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.

2.19 <u>Financial liabilities and equity instruments</u>

2.19.1 Classification as debt or equity

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

2.19.2 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 entity 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.

2.19.3 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.

2.19.4 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 quality 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.

2.19.4.1Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

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

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a Company 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 Companying is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and the Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

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

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

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

Fair value is determined in the manner described in note 2.19.4.3

2.19.4.2Financial 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.

2.19.4.3Financial guarantee contracts

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

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

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

2.19.4.4Commitments to provide a loan at below-market interest rate

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

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

2.19.4.5Foreign 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.

2.19.4.6 De-recognition of financial liabilities

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

2.20 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.

2.20.1 Embedded derivatives

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

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 judgemental in nature and are estimated by experienced staff using their knowledge of the time necessary to the work.

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

3.1.2 Taxation

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

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

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

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 Recoverability of trade receivable

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

3.1.5 Provisions

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

3.1.6 Fair value measurements and valuation process

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

3.2 First Time adoption of IND AS

The Company has prepared the opening balance sheet as per Ind AS as of July 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below.

The Company has adopted Ind AS with effect from April 01, 2016 with comparatives being restated. Accordingly, the impact of transition has been provided in the opening Reserves as at July 01, 2015 and all the periods presented have been restated accordingly.

Exemptions from retrospective application

a) Business combination exemption

The Company has applied the exemption as provided in Ind AS 101 on non-application of Ind AS 103, "Business Combinations" to business combinations consummated prior to July 01, 2015 (the "Transition Date"), pursuant to which goodwill/capital reserve arising from a business combination has been stated at the carrying amount prior to the date of transition under Indian GAAP. The Company has also applied the exemption for past business combinations to acquisitions of investments in subsidiaries / associates / joint ventures consummated prior to the Transition Date.

b) Investments in subsidiaries

The Company has elected to measure investment in subsidiaries at cost or fair value as deemed cost on date of transition.

c) Cumulative translation difference on foreign operations

The Company has elected the option to reset the cumulative translations difference on foreign operations that exist as of the transition date to zero.

d) Fair value as deemed cost exemption

The Company has elected to measure items of property, plant and equipment and intangible assets at its carrying value as at transition date except for certain class of assets which are measure at fair value as deemed cost.

4. Property, Plant and Eqiupment

₹ Crores

Description of Assets	Building	Plant and equipment	Furniture and fixtures	Lease Hold Improvement	Office equipments	Vehicles	Total
I. Gross Block							
Balance as at July 01, 2015	**249.06**	**312.87**	**19.71**	**3.35**	**10.45**	**3.20**	**598.64**
Additions	-	22.64	0.03	0.56	0.26	0.49	23.98
Deduction	(0.06)	(0.47)	-	-	-	(0.14)	(0.67)
Balance as at March 31, 2016	**249.00**	**335.04**	**19.74**	**3.91**	**10.72**	**3.54**	**621.95**
Additions	-	15.64	0.04	-	0.17	-	15.85
Deduction	-	-	(0.66)	-	(0.19)	(0.35)	(1.20)
Balance as at March 31, 2017	**249.00**	**350.68**	**19.12**	**3.91**	**10.70**	**3.19**	**636.60**
II. Accumulated depreciation							
Balance as at July 01, 2015	**5.17**	**169.95**	**11.24**	**2.59**	**5.43**	**0.96**	**195.34**
Depreciation for the period	4.54	15.71	1.37	0.29	1.51	0.41	23.83
Deduction	(0.01)	(0.29)	-	-	-	(0.06)	(0.36)
Balance as at March 31, 2016	**9.70**	**185.37**	**12.61**	**2.88**	**6.94**	**1.31**	**218.81**
Depreciation for the year	5.86	21.07	1.55	0.30	0.70	0.39	29.87
Deduction	-	-	(0.21)	-	(0.18)	(0.21)	(0.60)
Balance as at March 31, 2017	**15.56**	**206.44**	**13.95**	**3.18**	**7.46**	**1.49**	**248.08**
Net block (I-II)							
Balance as at March 31, 2017	**233.44**	**144.24**	**5.17**	**0.73**	**3.24**	**1.70**	**388.52**
Balance as at March 31, 2016	**239.30**	**149.67**	**7.13**	**1.03**	**3.78**	**2.23**	**403.14**
Balance as at July 01, 2015	**243.89**	**142.92**	**8.47**	**0.76**	**5.02**	**2.24**	**403.30**

a. Addition to plant and equipment includes ₹ 0.24 crores (net gain) [Previous period ₹0.43 crores (net loss)] on account of exchange difference during the year / period.

b. Plant and equipment and vehicles includes assets taken on finance lease as under:

Gross block: ₹ 9.04 crores (March 31, 2016 : ₹ 7.71 crores; July 01, 2015 : ₹ 4.12 crores)

Depreciation charge for the year : ₹ 1.07 crores (Previous period : ₹ 0.46 crores)

Accumulated depreciation: ₹ 2.21 crores (March 31, 2016 : ₹ 1.72 crores; July 01, 2015: ₹ 1.39 crores)

Net Block: ₹ 6.84 crores (March 31, 2016 : ₹ 5.99 crores; July 01, 2015: ₹ 2.73 crores)

c. Building includes leasehold premises

Gross block: ₹ 112.20 crores (March 31, 2016: ₹ 112.20 crores; July 01, 2015 : ₹ 112.20 crores)

Depreciation charge for the year : ₹ 3.43 crores (Previous period : ₹ 2.71 crores)

Accumulated depreciation: ₹ 6.65 crores (March 31, 2016: ₹ 3.22 crores; July 01, 2015: ₹ 0.51 crores)

d. Refer note 15 and 18 for assets pledged/ hypothecated.

5. Goodwill and other intangible assets

₹ Crores

Description of Assets	Goodwill	Film Rights	Computer Software	Total
I. Intangible Assets				
Balance as at July 01, 2015	**0.53**	**3.00**	**6.43**	**9.96**
Additions	-	-	1.66	1.66
Deduction	-	-	-	-
Balance as at March 31, 2016	**0.53**	**3.00**	**8.09**	**11.62**
Additions	-	-	0.95	0.95
Deduction	-	-	-	-
Balance as at March 31, 2017	**0.53**	**3.00**	**9.04**	**12.57**
II. Accumulated amortisation				
Balance as at July 01, 2015	**0.53**	**2.46**	**4.62**	**7.61**
Amortisation for the period	-	0.39	0.56	0.95
Deduction	-	-	-	-
Balance as at March 31, 2016	**0.53**	**2.85**	**5.18**	**8.56**
Amortisation for the year	-	-	0.93	0.93
Deduction	-	-	-	-
Balance as at March 31, 2017	**0.53**	**2.85**	**6.11**	**9.49**
Net block (I-II)				
Balance as at March 31, 2017	-	**0.15**	**2.93**	**3.08**
Balance as at March 31, 2016	-	**0.15**	**2.91**	**3.06**
Balance as at July 01, 2015	-	**0.54**	**1.82**	**2.35**

a. Software include assets taken on finance lease as under:

Gross Block: ₹ 1.25 crores (March 31, 2016 : ₹ 0.96 crores; July 01, 2015: Nil)

Amortisation for the year: ₹ 0.20 crores (Previous period : ₹ 0.04 crores)

Accumulated amortisation : ₹ 0.24 crores (March 31, 2016 : ₹ 0.04 crores; July 01, 2015: Nil)

Net Block: ₹ 1.01 crores (March 31, 2016 : ₹ 0.92 crores; July 01, 2015: Nil)

6. Investments

₹ Crores

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Non current			
Unquoted equity instrument, fully paid up			
Investment in subsidiaries:			
Prime Focus Technologies Limited	33.46	0.01	0.01
1,601,466 equity shares (March 31, 2016 : 1,517,550; July 01, 2015: 1,517,550) of ₹ 10/- each (Refer note (d) below)			
Prime Focus Visual Effects Private Limited	0.01	0.01	0.01
9,999 equity shares of ₹ 10/- each			
De-fi Media Limited (Refer note 37 b)	-	-	-
(formerly known as Prime Focus International Limited)			
24,367,188 equity share of British pound 1/- each			
Prime Focus Motion Pictures Limited	0.05	0.05	0.05
50,000 equity shares of ₹ 10/- each			
GVS Software Private Limited	0.01	0.01	0.01
10,000 equity shares of ₹ 10/- each			
PF Investments Limited	0.22	0.22	0.22
43,000 equity shares of USD 1/- each			
PF World Limited (Refer note 37 b)	209.00	209.00	209.00
106,000 equity shares of USD 1/- each			
Prime Focus 3D India Private Limited	0.05	0.05	0.05
50,000 equity shares of ₹ 10/- each			
PF Overseas Ltd	0.00	0.00	0.00
100 equity shares of USD 1/- each			
Prime Focus Malaysia SDN BHD	0.06	0.06	-
35,000 equity shares of RM 1/- each			
Gener8 India Media Services Limited	-	-	-
850,000 equity shares of ₹ 10/- each (Refer note (b) below)			
Reliance Media Works (Mauritius) Limited	-	-	-
1,000 ordinary shares of MUR 1/- each (refer note (b) below)			
Reliance Lowry Digital Imaging Services Inc.	-	-	-
100 equity shares of USD 1/- each (refer note (b) below)			
Unquoted Preference Shares, (at cost)			
Investment in subsidiaries :			
Prime Focus Technologies Limited	-	15.00	15.00

₹ Crores

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Nil preference shares (March 31, 2016 : 15,000,000; July 01, 2015 : 15,000,000) of ₹ 10/- each (refer note (d) below)			
GVS Software Private Limited	26.50	26.50	26.50
265,000 Redeemable Convertible Preference Shares of ₹ 10/- each			
PF World Limited	674.91	622.06	613.73
109,932,500 (March 31, 2016: 102,792,500; July 01, 2015: 101,532,500) 12% optionally convertible preference shares of USD 1/- each			
Gener8 India Media Services Limited	-	-	-
1,200,000 Redeemable non-convertible preference share of ₹ 1/- each (refer note (b) below)			
	944.27	**872.97**	**864.58**
Unquoted equity instruments - fully paid up (at fair value)			
Other Investment:			
The Shamrao Vithal Co-operative Bank	0.01	0.01	0.01
4,000 (March 31, 2016: 4,000; July 01, 2015: 4,000) equity shares of ₹ 25/- each			
Mainframe Premises Co-Operative Society	0.00	0.00	0.00
350 (March 31, 2016: 350; July 01, 2015: 350) equity shares of ₹ 10/- each			
	0.01	**0.01**	**0.01**
	944.28	**872.98**	**864.59**
a) Aggregate amount of quoted Investments	-	-	-
Aggregate amount of unquoted Investments	**944.28**	**872.98**	**864.59**

b) These investments form part of net assets acquired on slump sale basis, recorded at fair value ₹ NIL based on the valuation report obtained. (Refer note 32).

c) The list of investment in subsidiaries, along with proportion of ownership held and country of incorporation are disclosed in note 1.1 of Consolidated Financial Statements.

d) During the year, 15,000,000 9% non-cumulative, redeemable, optionally convertible, preference shares of ₹10/- each of Prime focus Technologies Limited were converted to 83,916 equity shares of ₹10/- each at a premium of ₹ 3,977/- per share aggregating to ₹ 33.45 crores. Consequent to conversion of the said investment into equity shares, the Company has recognised gain of ₹18.46 crores. The said gain has been disclosed as an exceptional item in the Statement of Profit and Loss.

7. Loans (Unsecured, Considered good)

₹ Crores

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Non Current			
Loan to Subsidiaries (Refer note 31)	-	56.69	55.18
Total	-	**56.69**	**55.18**
Current			
Loan to Subsidiaries (Refer note 31)	220.72	236.02	211.21
Total	**220.72**	**236.02**	**211.21**

a. **Loans given to Subsidiaries**

₹ Crores

Name of the Company	As at March 31, 2017	Maximum outstanding balance during the year	As at March 31, 2016	Maximum outstanding balance during the period	As at July 01, 2015	Maximum outstanding balance during the year
Prime Focus World Creative Services Private Limited	22.15	31.65	11.94	47.31	5.06	34.97
Gener8 India Media Services Limited	93.15	124.83	116.73	121.48	102.75	204.77
Reliance MediaWorks (Mauritius) Limited	105.12	107.35	107.35	111.10	103.40	103.40
Double Negative India Ltd.	0.30	0.30	-	-	-	-
De-Fi Media Limited	-	62.90	56.69	58.43	55.18	55.18
	220.72	**327.03**	**292.71**	**338.32**	**266.39**	**398.32**

i. Loans given to subsidiaries except for De-Fi Media Limited are considered under "Current Loans" and are repayable on demand and management intends to receive the loan within the operating cycle. De-Fi Media Limited loan were without planned maturity nor were repayable on demand. During the year, the Company recovered the entire loan from De-Fi Media Limited

ii. All the above loans carry interest @ 5% - 15% except for loan of ₹ 93.15 crores given to Gener8 India Media Services Limited (acquired in business combination) which is interest free.

iii. All loans are given for general corporate purpose of the subsidiaries.

b. **Loans and advances include amount due from private companies in which directors is a member / director**

₹ Crores

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Prime Focus Visual Effects Private Limited *	0.00	0.00	0.00
GVS Software Private Limited	0.01	0.01	0.00
Prime Focus 3D India Private Limited *	0.00	0.00	0.00
Prime Focus World Creative Services Private Limited	23.02	14.44	9.67
	23.03	**14.45**	**9.67**

*The value 0.00 means amount is below ₹ 50,000/-

8. Other Financial Assets (non-current)

(Unsecured, considered good)

₹ Crores

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Security Deposits	5.69	5.57	5.73
Total	5.69	**5.57**	**5.73**

9. Other assets

₹ Crores

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Other Non-current assets			
Capital Advances (unsecured, considered good)	2.15	1.45	3.84
Advance Income Tax (net)	39.21	29.01	21.28
Other Loans and advances (unsecured, considered good)	0.71	0.88	-
Total	**42.07**	**31.34**	**25.12**
Other current assets			
Other Loans and advances			
Considered Good	13.32	10.96	8.91
Doubtful	5.00	5.00	5.00
Total	18.32	15.96	13.91
Less: Provision for doubtful advances	(5.00)	(5.00)	(5.00)
Total	**13.32**	**10.96**	**8.91**

a) Other loans and advances includes prepaid expenses, loans and advances to employees and others, advances to suppliers and service tax and vat receivables.

10. Trade receivables (Unsecured)

₹ Crores

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Considered good	54.83	72.26	40.74
Considered doubtful	14.10	11.15	18.15
Allowance for doubtful receivables	(14.10)	(11.15)	(18.15)
	54.83	**72.26**	**40.74**
The movement in allowance for bad and doubtful debts is as follows:			
Balance as at the beginning of the year / period	**11.15**	**18.15**	
Allowance for bad and doubtful debts during the year	2.95	-	
Excess Provision for doubtful debts written back	1.02	(1.90)	
Trade Receivables written off during the year / period	(1.02)	(5.10)	
Balance as at the end of the year	**14.10**	**11.15**	**18.15**

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

11. Cash and bank balances

₹ Crores

		As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
a.	**Cash and cash equivalents**			
	Cash on hand (Refer note (i) below)	0.02	0.01	0.02
	Bank balances			
	In current accounts	0.76	1.00	1.16
Total		**0.78**	**1.01**	**1.18**
b.	**Bank balances other than (a) above**			
	Other Bank balances			
	In deposits *	10.41	4.16	4.44
Total		**10.41**	**4.16**	**4.44**

*Fixed deposits are provided as security against fund -based and non-fund based credit facilities.

i) Refer note 39 for details of Specified Bank Notes (SBNs) held and transacted during the period from November 08, 2016 to December 30, 2016.

12. Other Financial Assets (Current)

(Unsecured, Considered good)

₹ Crores

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Security Deposits	1.22	0.84	0.39
Inter Corporate Deposits	6.11	5.98	5.91
Advances to Subsidiaries* (Refer note 31)	43.20	42.36	36.63
Interest accrued on bank deposits	0.05	0.01	0.03
Unbilled Revenue	15.56	11.93	14.35
Receivable towards sale of subsidiary #	-	1.90	2.00
Total	**66.14**	**63.02**	**59.31**

* Refer Note 7b

On March 31, 2015, the Company sold its entire holdings of 21,492,003 ordinary shares of Prime Focus London Plc., a subsidiary company incorporated in the U.K. for a consideration of ₹ 3.71 crores. Of the total consideration, ₹ Nil (previous period ₹ 1.90 crores and as at July 01, 2015: ₹ 2.00 crores) is outstanding as at March 31, 2017.

13. Equity share capital

₹ Crores

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Authorised:			
350,000,000 Shares of ₹ 1/- each (Previous year 350,000,000 Shares of ₹ 1/- each)	35.00	35.00	35.00
Issued, Subscribed and Paid up:			
298,878,974 Shares of ₹ 1/- each (Previous year 298,878,974 Shares of ₹ 1/- each)	29.89	29.89	29.89
Total	**29.89**	**29.89**	**29.89**

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

Fully paid equity shares:

₹ Crores

	As at March 31, 2017		As at March 31, 2016	
	Number of Shares	Amount	Number of Shares	Amount
Balance as at the beginning and at the end of the year/ period	298,878,974	29.89	298,878,974	29.89

13.2

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Shares reserved for issue under options (Refer note 30)	17,932,738	-	-

13.3 Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of ₹ 1 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.

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

	As at March 31, 2017		As at March 31, 2016		As at July 01, 2015	
	Numbers	% of holding	Numbers	% of holding	Numbers	% of holding
Naresh Malhotra	62,201,546	20.81	62,201,546	20.81	62,201,546	20.81
Reliance MediaWorks Limited	-	-	104,939,361	35.11	134,080,061	44.86
Reliance MediaWorks Financial Services Private Limited	104,939,361	35.11	-	-	-	-
Standard Chartered Private Equity (Mauritius) III Limited	10,458,768	3.50	10,458,768	3.50	36,549,990	12.23
Standard Chartered Private Equity (Mauritius) Limited	29,241,817	9.78	29,241,817	9.78	-	-
Marina IV (Singapore) Pte. Limited	23,390,875	7.83	23,390,875	7.83	-	-
Monsoon Studio Private Limited	27,506,095	9.20	27,506,095	9.20	27,506,095	9.20
Namit Malhotra	14,900,000	4.99	14,900,000	4.99	14,900,000	4.99

13.5 Aggregate number of shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Equity shares allotted as fully paid up pursuant to business transfer agreement for consideration other than cash	67,307,692	67,307,692	67,307,692

14. Other equity

₹ Crores

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Securities Premium			
As per last balance sheet	821.38	839.52	
Less : Movement during the year / period	26.02	18.14	
	795.36	**821.38**	**839.52**
Capital Reserve			
As per last balance sheet	51.77	51.77	
	51.77	**51.77**	**51.77**
General Reserve			
As per last balance sheet	1.34	1.34	
	1.34	**1.34**	**1.34**
Debenture Redemption Reserve			
As per last balance sheet	59.75	58.66	
Add: Movement during the year / period	-	1.09	
	59.75	**59.75**	**58.66**
Retained earnings			
As per last balance sheet	144.37	139.95	
Add / (Less) : Movement during the year / period	(11.04)	4.42	
	133.33	**144.37**	**139.95**
Share options outstanding account			
As per last balance sheet	-	-	
Add: Movement during the year / period	25.55	-	
	25.55	**-**	**-**
Other Comprehensive Income			
As per last balance sheet	(0.24)	0.95	
Add/(less): Movement during the year / period	(0.03)	(1.19)	
	(0.27)	**(0.24)**	**0.95**
Total	**1,066.83**	**1,078.37**	**1,092.19**

15. Borrowings (Non-Current)

₹ Crores

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Debentures (unsecured)			
Non-convertible debentures - series A (Refer note (a) below)	-	101.00	101.00
Non-convertible debentures - series B (Refer note (a) below)	89.10	89.10	89.10
Debentures (secured)			
Non-convertible debentures (Refer note (b) below)	-	47.01	49.09
Term loans (secured)			
from banks (Refer note (f) below)	127.51	-	-
from others (Refer note (c) and (d) below)	35.97	49.65	40.62
Other loans and advances (secured)			
Finance Lease Obligations (Refer note (g) below)	6.04	4.65	1.54
Foreign Currency Loans - Buyers Credit (Refer note (h) below)	8.50	8.48	6.58
Other loans and advances (unsecured)			
Inter Corporate Deposit Received (Refer note (e) below)	-	108.38	-
Total	**267.12**	**408.27**	**287.93**

a. On November 05, 2012, the Company issued 1,901 Zero Coupon Unsecured Redeemable Non-Convertible Debentures (NCDs) of ₹ 10 Lakhs each, of the aggregate nominal value of ₹ 190.10 crores to Standard Chartered Private Equity (Mauritius) III Limited. The Debentures were issued in two series being the Series A NCDs and the Series B NCDs. The Series A NCDs comprised of 1,010 Debentures aggregating ₹ 101 crores redeemable after 5 years and the Series B NCDs comprised of 891 Debentures aggregating ₹ 89.10 crores redeemable after 6 years.

The amounts payable on redemption on Debentures are as follows:

(i) With respect to the Series A NCDs, an amount equal to 188.17% of the Principal amount of Series A NCDs.

(ii) With respect to the Series B NCDs, an amount equal to 213.41% of the Principal amount of Series B NCDs

In the event that, either the Company or the Debenture Holders are desirous of redeeming the Debentures prior to its scheduled maturity other than upon the occurrence of an Event of Default, the Company and the Debenture Holders shall mutually agree on the amounts payable to the Debenture Holders upon such early redemption and the other terms of such redemption.

b. On February 20, 2015, the Company made an offer for the issuance of upto 4,000 unlisted, unrated, redeemable debentures not convertible into Equity Shares of the Company of face value of ₹ 1 lakh each ("Debentures") aggregating upto ₹ 27 crores with a Green Shoe Option of upto ₹ 13 crores on a private placement basis. On March 04, 2015, 2,891 Debentures aggregating ₹ 28.91 crores were allotted. On April 07, 2015, the Company made an additional offer for the issuance of upto 2,000 unlisted, unrated, redeemable debentures not convertible into Equity Shares of the Company of face value of ₹ 1 lakh each ("Debentures") aggregating upto ₹20 crores. On May 05, 2015, the Company allotted 1,580 debentures under Tranche - 1, aggregating ₹ 15.80 crores and on May 08, 2015 the Company further allotted 420 debentures under Tranche – 2, aggregating ₹ 4.20 crores. In aggregate, the company allotted 4,891 debentures amounting to ₹ 48.91 crores at 14% interest payable quarterly and a redemption premium payable on maturity of the debenture to make the IRR of 17%. Of these Debentures ₹ 28.91 crores matures in September 2017 and ₹ 20 crores matures in November 2017.

c. On August 13, 2014, the Company entered into a long-term loan agreement with others to borrow ₹ 45 crores at an interest rate of 12.50% p.a., to repay the existing term loan and for general corporate purpose which includes working capital and advance payment for capital expenditure. The term loan is to be repayable in 120 equated monthly installments starting from October 01, 2014 for loan availed on

August 29, 2014 and from November 01, 2014 for loan availed on September 05, 2014. Further, the term loan is secured by a specific charge on immovable properties of the Company. At the year end March 31, 2017, ₹35.97 crores is disclosed as non-current and ₹2.44 crores is disclosed as current. At the period end March 31, 2016, ₹38.40 crores were disclosed as non-current and ₹2.91 crores were disclosed as current. As at July 01, 2015 ₹ 40.62 crores were disclosed as non-current and ₹2.65 crores were disclosed as current.

d. On October 19, 2015, the Company entered into an agreement for term loan with others to borrow ₹ 20 crores at an interest rate of 15.25% p.a., to repay the existing term loan and for general corporate purpose which includes working capital. The loan is repayable in 6 quarterly installments starting from end of 3rd quarter from the date of disbursement. The loan is secured by pledge of shares by promoters. At the year end March 31, 2017, ₹11.25 crores is disclosed as current. At the period end March 31, 2016, ₹11.25 crores were disclosed as non-current and ₹8.75 crores were disclosed as current.

e. During the previous period, the Company had taken Inter Corporate Deposits (ICDs) at an interest rate of 13% p.a., for general corporate purpose which includes working capital. These inter corporate deposits were repayable after 2 years from the date of disbursement. As at March 31, 2016, outstanding balance of these inter corporate deposits was ₹ 108.38 crores. The ICDs was repaid during the year out of the proceedings received from new facility granted as mentioned in point (f) below.

f. During the current year, the Company has availed a Term Loan facility aggregating to ₹ 191 crores at an interest rate based on one-year MCLR + 1.90% with a reset on yearly basis. This term loan is repayable in 84 months from date of the 1st disbursement including 6 months moratorium, it is to be repaid in 26 quarterly installments (post 6 months moratorium). The term loan is secured with exclusive charge over present and future current assets and movable fixed assets, personal guarantees of promoters, 35% of shares of the Company held by promoters, Corporate Guarantee of Reliance Capital Limited of ₹ 100 crore, exclusive charge by way of mortgage of immovable properties, pledge of 30% shares of subsidiaries viz; Prime Focus World Creative Services Private Limited, Prime Focus Technologies Limited and its subsidiaries, PF World Limited, Mauritius, Prime Focus Luxembourg s.a.r.l., Prime Focus 3D Cooperatief U.A. and pledge over $25 million worth shares of Digital Domain Holdings Limited, as and when, received by the Company.

As at March 31, 2017 out of the above availed facility, Company took the disbursement aggregating to ₹ 148.50 crore. At the year-end, out of the outstanding loan amount ₹127.51 crore (net of transaction fees) is disclosed as non-current and ₹4.46 crore is disclosed as current.

g. Finance lease

The Company has acquired certain equipments (mainly equipment, office equipment and vehicles) under finance leases. The average lease term is around 5 years. The Company has option to purchase the equipment for a nominal amount at the end of the lease term. The Company's obligation under finance leases are secured by hypothecation of plant and equipment, office equipment and vehicles taken on lease.

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 11.70% to 14.50% per annum.

Finance lease obligations are payable as follows:

₹ Crores

	As at March 31, 2017			As at March 31, 2016			As at July 01, 2015		
	Future minimum lease payments	Interest element of MLP	PV of MLP	Future minimum lease payments	Interest element of MLP	PV of MLP	Future minimum lease payments	Interest element of MLP	PV of MLP
Within less than one year	2.15	0.64	1.51	2.50	0.69	1.81	1.46	0.26	1.20
Between one and five years	7.31	1.27	6.04	5.70	1.05	4.65	1.75	0.21	1.54
	9.46	**1.91**	**7.55**	**8.20**	**1.74**	**6.46**	**3.21**	**0.47**	**2.74**

h. Foreign currency loans – buyer's credit of ₹ 13.91 crores (March 31, 2016: ₹ 11.77 crores; July 01, 2015: ₹16.20 crores) are secured by pari passu charge on the immoveable assets of the Company, both present and future (except building in Royal Palms, Goregaon, Mumbai), pari passu charge on the Company's current assets both present and future and personal guarantees of the promoter director. Also secured against margin monies – fixed deposits. Interest rate ranges from 1% to 2% p.a. with maturity profile of 2-3 years. As at March 31, 2017 ₹8.50 crores(March 31, 2016: ₹8.48 crores; July 01, 2015: ₹6.58 crores) is non-current and ₹5.41 crores (March 31, 2016: ₹3.29 crores; July 01, 2015: ₹9.62 crores) is current.

16. Provisions

₹ Crores

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Provisions (non-current)			
Provision for employee benefits: (Refer note 28)			
Provision for gratuity	1.52	1.36	1.19
Provision for compensated absenses	0.67	0.82	1.06
Total	**2.19**	**2.18**	**2.25**
Provisions (current)			
Provision for employee benefits: (Refer note 28)			
Provision for gratuity	0.17	0.14	0.23
Total	**0.17**	**0.14**	**0.23**

17. Other Liabilities

₹ Crores

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Other Non-Current Liabilities			
Deposit Received	2.85	2.58	2.39
Other Payable	-	-	60.00
Total	**2.85**	**2.58**	**62.39**
Other Current Liabilities			
Accrued salaries and benefits	3.14	3.62	2.66
Advances received from clients	5.57	2.38	4.35
Deposits from customers	5.84	3.84	3.55
Capital Creditors	10.05	15.34	16.21
Deferred revenue	1.13	6.32	2.50
Other payable	2.85	12.88	19.66
Total	**28.58**	**44.38**	**48.93**

18. Borrowings (Current)

₹ Crores

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Cash credit / overdraft (secured)			
from banks (Refer note (b) and (f) below)	32.59	26.04	33.03
Short-term demand loan (secured)			
from banks (Refer note (a), (d) and (h) below)	10.00	20.50	10.50
from others (Refer note (c), (e) and (g) below)	-	23.50	27.74
Total	**42.59**	**70.04**	**71.27**

a. In February 2011, the Company entered into an agreement for a working capital demand loan of ₹25 crores from a bank for a term of six months at an interest rate of 13% p.a. This is renewed periodically and is secured by first pari passu charge on the Company's current assets both present and future, personal guarantees and pledge of shares by the promoter director. As at March 31, 2016 and as at July 01, 2015, ₹10 crores were outstanding and was included in short-term demand loans. The said loan was repaid during the year.

b. On November 06, 2012, the Company entered in to an agreement for pre-shipment financing under export orders ("Facility") of ₹38.50 crores for funding against confirmed orders up to 100% of export sales. The interest rate for the facility drawn in Indian rupees is base rate plus margin and for facility drawn in currency other than Indian rupees is LIBOR plus margin. There are sub-limits under the facility for financial guarantees / standby letter of credit for payment undertaking for buyer's credit, pre-shipment financing under export letter of credit, export bills discounting, export invoice financing, import invoice financing, overdraft, short-term loans and bonds/ guarantees. The Facility is secured by first pari-passu charge on stock and book debts of the Company, personal guarantee of the promoters, first pari-passu charge on movable fixed assets of the Company, first pari-passu charge on immovable fixed assets located at Royal Palms-Mastermind, Goregoan, Mumbai and Raghuvanshi Mills, Mumbai and pledge of shares of the Company. As at March 31, 2017 ₹12.90 crores, as at March 31, 2016 ₹14.66 crores and as at July 01, 2015 ₹ 14.67 crores were outstanding under the Facility and included in cash credit/ overdraft.

c. On November 05, 2014, the Company raised ₹ 5 crores from others at an interest rate of 15.50% per annum for a term of 6 months from date of disbursement. This loan is renewed and is secured by pledge of shares by a promoter director. The loan was repaid during the previous period.

d. On October 28, 2014, the Company borrowed ₹ 50 lakhs as working capital demand loan from a bank for a term of ten months at an interest rate of 13.75%. The short-term demand loan is secured by first pari passu charge on the Company's current assets both present and future, personal guarantees and pledge of shares by the promoter director. As at March 31, 2016 and as at July 01, 2015, ₹ 0.50 crores were outstanding and was included in short-term demand loans. The said loan was repaid during the year.

e. On February 18, 2015, the Company raised ₹ 5 crores from others at an interest rate of 17% per annum for a term of 363 days from the date of disbursement. On February 15,2016, the said loan of ₹ 5 crores was repaid and on February 16, 2016, March 02, 2016 and March 09, 2016 the Company further borrowed ₹ 5.75 Crores; ₹ 2.25 cores and ₹ 2 crores respectively. The short-term demand loan is secured by pledge of shares by a promoter director. As at March 31, 2016 ₹10 crores and as at July 01, 2015 ₹ 5 crores was outstanding and is included under short-term demand loan. The said loan was repaid during the year.

f. Cash credits/ overdraft from banks are secured against first pari passu charge on the Company's current assets both present and future, personal guarantees and pledge of shares by the promoter director. The cash credit is repayable on demand and carries interest at the rate of 14.00% to 14.75% per annum. As at March 31, 2017 the outstanding is ₹19.69 crores and as at March 31, 2016 and July 01, 2015, the cash credits/ overdraft outstanding were ₹11.38 crores and ₹ 18.36 crores respectively.

g. On January 31, 2013, the Company entered into an agreement for a working capital loan of ₹15 crores from others at an interest rate of 16% per annum for a term of 12 months from the date of disbursement. This loan is renewed periodically and is secured by personal guarantee and pledge of shares by a promoter director. On February 01, 2016, the Company rolled over the said loan at an interest rate of 15.50% per annum for a term of 12 months from the date of renewal. On January 21, 2015, the Company additionally borrowed ₹5 crores for general corporate purpose at an interest rate of 15.50% per annum for a term of 12 months from the date of disbursement. On January 22, 2016, the Company rolled over the loan at an interest rate of 15.50% per annum for a term of 12 months from the date of renewal. The general corporate purpose loan is secured by personal guarantee and pledge of shares by a promoter director. As at March 31, 2016 ₹13.50 crores and as at July 01, 2015 ₹ 17.74 crores were outstanding and was included under short-term demand loan. The said loan was repaid during the year.

h. On September 14, 2015, the Company entered into an agreement for a working capital demand loan of ₹10 crores from a bank for a term of 90 days at an interest rate of 13.90% per annum. This loan is renewed periodically and is secured by first pari passu charge on the Company's current assets both present and future, personal guarantees and pledge of shares by the promoter director. As at March 31, 2017 and as at March 31, 2016, ₹10 crores are outstanding and is included in short-term demand loans.

19 . Trade Payables

₹ Crores

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Total outstanding dues to creditors other than micro and small enterprises	23.86	20.09	18.78
Owed to Group Company (Refer note 31)	2.86	3.10	0.08
Total	**26.72**	**23.19**	**18.86**

19.1 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.

20. Other financial liabilities

₹ Crores

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Other financial liabilities (non-current)			
Premium on Non-convertible debentures	66.65	103.82	76.46
Total	**66.65**	**103.82**	**76.46**
Other financial liabilities (current)			
Current maturities of long-term debt (refer note 20.1)	251.88	16.76	13.47
Interest accrued and not due on borrowings	2.71	4.06	0.86
Others	3.85	3.21	-
Total	**258.44**	**24.03**	**14.33**

Note : There are no amount due for payment to the Investor Education and Protection Fund under section 125 of the Companies Act, 2013 as at March 31, 2017 (March 31, 2016 : Nil; July 01, 2015 : Nil)

20.1 Current maturity of long term borrowings

₹ Crores

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Debentures (unsecured)			
Non-convertible debentures - series A (Refer note 15a)	101.00	-	-
Premium on Non-convertible debentures (Unsecured)	75.63	-	-
Debentures (secured)			
Non-convertible debentures (Refer note 15b)	48.19	-	-
Premium on Non-convertible debentures	1.99	-	-
Term loans (secured)			
from banks (Refer note 15 f)	4.46	-	-
from others (Refer note 15 c and d)	13.69	11.66	2.65
Other loans and advances (secured)			
Finance Lease Obligations (Refer note 15 g)	1.51	1.81	1.20
Foreign Currency Loans - Buyers Credit (Refer note 15 h)	5.41	3.29	9.62
Total	**251.88**	**16.76**	**13.47**

21. Revenue from Operations

₹ Crores

		Year ended March 31, 2017	Nine months ended March 31, 2016
(a)	Sale of Services	145.60	111.09
(b)	Other Operating Income		
	- Property rentals	8.20	6.85
	- Export incentives	0.71	1.12
Total Revenue from Operations		**154.51**	**119.06**

Included in revenue arising from sales of services of ₹ 145.60 crores (previous period ₹ 111.09 crores) are revenues of approximately ₹ 33.73 crores (previous period ₹ 28.81 crores) which arose from sales for the Company's top 5 customers.

22 .Other Income

₹ Crores

	Year ended March 31, 2017	Nine months ended March 31, 2016
Interest income under the effective interest method:		
- Interest Income - Bank Deposits	0.39	0.24
- Interest Income - Others (includes loan to subsidiaries)	8.98	8.85
- Interest Income - Income Tax Refund	-	0.37
Dividend income on equity securities *	0.00	-
Gain on sale of investment	5.77	-
Net Gain on foreign currency transactions and translations	-	2.14
Net Gain on Disposal of property plant and equipments	0.01	0.09
Bad Debts Recovered	0.12	1.17
Liabilities/provisions no longer required written back	-	0.37
Miscellaneous Income	0.09	0.22
Total	**15.36**	**13.45**
*The value 0.00 means amount is below ₹ 50,000/-		

23. Employee Benefits Expense

₹ Crores

	Year ended March 31, 2017	Nine months ended March 31, 2016
Salaries and wages	29.70	19.88
Contribution to Provident and Other Funds	0.78	0.50
Gratuity [Refer note 28]	0.47	0.32
Staff Welfare Expenses	0.43	0.17
Total	**31.38**	**20.87**

24. Finance costs

₹ Crores

	Year ended March 31, 2017	Nine months ended March 31, 2016
Interest on working capital finance	8.38	8.13
Interest on term loan	11.41	5.58
Interest on buyer's credit	0.36	0.34
Interest on Inter Corporate Deposits	5.06	2.16
Interest on Non Convertible Debenture	4.87	3.52
Interest on others	2.67	2.45
Total	**32.75**	**22.18**

25. Other Expenses

₹ Crores

	Year ended March 31, 2017	Nine months ended March 31, 2016
Rent	11.23	8.55
Rates and taxes	1.74	1.62
Rebates and discounts	1.06	0.72
Communication cost	1.98	0.95
Power and fuel	7.62	5.86
Insurance	0.56	0.58
Repairs to buildings	2.54	1.99
Repairs to plant and machinery	3.26	1.60
Repairs - others	-	0.24
Legal and professional fees	2.43	1.32
Manpower cost	0.81	4.39
Payment to Auditors:		
- Audit fees	0.28	0.28
- In other matters (certification, limited review,taxation, etc.)*	0.13	0.24
Traveling and Conveyance	1.48	1.07
Net Loss on disposal of property, plant and equipment and other Intangible assets	0.10	-
Provision for doubtful Trade Receivables and advances	2.95	(1.86)
Bad debts and advances written off	1.02	0.09
Fixed Asset written off	-	0.05
Directors Sitting Fees and Commission	0.05	0.03
Miscellaneous expenses	8.10	5.66
Total	**47.34**	**33.38**

*Includes payments of ₹ Nil (Previous period ₹ 0.18 crores) for the year ended March 31, 2017, for taxation matters to an affiliated firm in view of the networking arrangement which is registered with the Institute of Chartered Accountants of India.

26 . Income Tax

A. Income tax recognised in Statement of Profit and Loss

₹ Crores

	Year ended March 31, 2017	Nine months ended March 31, 2016
Current Tax		
- In respect of the current year / period (a)	-	2.17
- In respect of prior years / periods (b)	0.17	-
Deferred Tax (c)		
- In respect of the current year / period	(1.23)	4.13
Total Income tax expenses recognised in the current year / period (a+b+c)	**(1.06)**	**6.30**

B. Income tax recognised in other comprehensive income

₹ Crores

	Year ended March 31, 2017	Nine months ended March 31, 2016
- Re-measurement of defined benefit obligation	0.02	0.13
Tax recognised in other comprehensive income	**0.02**	**0.13**

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

₹ Crores

	Year ended March 31, 2017	Nine months ended March 31, 2016
Profit before tax	(12.10)	11.81
Applicable Tax rate	34.61%	33.99%
Computed Tax Expense	(4.19)	4.01
Tax Effect of:		
Effect of expenses that are not deductible	0.06	0.52
Effect on changes in income tax rate	0.15	-
Effect of tax on capital gain	(2.41)	-
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	5.16	1.77
	(1.23)	6.30
Taxes pertaining to prior years	0.17	-
Income tax expenses recognised in profit or loss	**(1.06)**	**6.30**

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

₹ Crores

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Deferred tax on temporary differences	(37.73)	(21.95)	(16.61)
Mat credit entitlement	(6.85)	(6.85)	(6.85)
Net deferred tax (assets)	**(44.58)**	**(28.80)**	**(23.46)**

E. Movement in temporary differences

₹ Crores

	Balance as at July 01, 2015	Recognised in Profit / Loss during 2015-16	Recognised in other equity during 2015-16	Recognised in OCI during 2015-16	Balance as at March 31, 2016	Recognised in Profit / Loss during 2016-17	Recognised in other equity during 2016-17	Recognised in OCI during 2016-17	Balance as at March 31, 2017
Deferred tax liability									
Difference between tax books and written down value of PPE and other intangible assets	63.22	1.41	-	-	64.63	2.12	-	-	66.75
Foreign currency translation reserve relating to net investments in foreign operations	-	0.68	-	-	0.68	(0.68)	-	-	-
Lease Deposit discounting and equalisation	-	0.03	-	-	0.03	(0.01)	-	-	0.02
Fair Value Reserve of Investment in Subsidiaries	0.06	-	-	-	0.06	-	-	-	0.06
	63.28	**2.12**	**-**	**-**	**65.40**	**1.43**	**-**	**-**	**66.83**
Deferred tax assets									
Unabsorbed loss carried forward	48.89	-	-	-	48.89	0.89	-	-	49.78
Premium on redemption of NCD	22.51	-	9.34	-	31.85	-	14.53	-	46.38
Provision for doubtful debts / advances	7.95	(2.46)	-	-	5.49	1.12	-	-	6.61
Provision for gratuity and others	0.48	0.06	-	0.13	0.67	0.01	-	0.02	0.70
Provision for non convertible debentures	0.06	0.39	-	-	0.45	0.64	-	-	1.09
Mat credit entitlement	6.85	-	-	-	6.85	-	-	-	6.85
	86.74	**(2.01)**	**9.34**	**0.13**	**94.20**	**2.66**	**14.54**	**0.02**	**111.41**
Net deferred tax (assets)	**(23.46)**	**4.13**	**(9.34)**	**(0.13)**	**(28.80)**	**(1.23)**	**(14.54)**	**(0.02)**	**(44.58)**

F. **Unrecognised deferred tax assets**

₹ Crores

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Unabsorbed depreciation FY 2016-17 (AY 2017-18)	6.49	-	-
Unabsorbed business loss FY 2014-15 (AY 2015-16)	2.99	2.94	2.94
Unabsorbed depreciation FY 2014-15 (AY 2015-16)	7.26	7.13	7.13
Unabsorbed business loss FY 2012-13 (AY 2013-14)	1.35	1.91	5.96
Unabsorbed depreciation FY 2012-13 (AY 2013-14)	8.38	8.23	8.54
	26.47	**20.21**	**24.57**

G. **The unabsorbed business losses expire after seven years from the assessment year and unabsorbed depreciation has indefinite life.**

27. Earnings Per Share (EPS)

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

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

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

₹ Crores

	Year ended March 31, 2017	Nine Months ended March 31, 2016
Net (loss) / Profit after tax as per statement of profit and loss attributable to equity shareholder	(11.04)	5.51
Less: Exceptional items (net of tax)	(14.59)	-
Profit after tax (before exceptional items)	(25.63)	5.51
Weighted average number of Equity shares for basic EPS	298,878,974	298,878,974
Effects of dilution:		
Weighted average potential equity shares	4,179,016	-
Weighted average number of Equity shares adjusted for the effect of dilution	303,057,990	298,878,974
Earnings per share (before exceptional items)		
Basic earning per share (₹)	(0.86)	0.18
Diluted earning per share (₹)	(0.86)	0.18
Earnings per share (after exceptional items)		
Basic earning per share (₹)	(0.37)	0.18
Diluted earning per share (₹)	(0.37)	0.18
Nominal value of shares (₹)	1.00	1.00

i) Potential equity shares are anti-dilutive in nature and hence diluted earnings per share is same as basic earnings per share.

28. Employee benefit plans

28.1 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:

₹ Crores

	Year ended March 31, 2017	Nine months ended March 31, 2016
Employer's Contribution to Provident Fund and other funds	0.78	0.50

28.2 Defined benefit plans

The Company has a defined benefit gratuity plans (unfunded) for qualifying employees of its operations in India. The defined benefit plans are 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; however, this will be partially offset by an increase in the return on the plan's investments.
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 plan assets and the present value of the defined benefit obligation were carried out by an external expert, who's a duly registered actuary. The present value of the defined benefit obligation and the related current service cost and past service cost, where measured using the projected unit credit method.

(i) Expense recognised in Statement of Profit and Loss:

₹ Crores

	Year ended March 31, 2017	Nine months ended March 31, 2016
Current service cost	0.35	0.24
Interest cost	0.12	0.08
Net expense recognised	**0.47**	**0.32**

(ii) Reconciliation of opening and closing balances of Defined Benefit Obligation:

₹ Crores

	Year ended March 31, 2017	Nine months ended March 31, 2016
Defined Benefit obligation at beginning of the year	1.50	1.42
Current Service Cost	0.35	0.24
Interest Cost	0.12	0.08
Actuarial (Gain)/Loss	0.05	0.37
Benefits Paid	(0.33)	(0.61)
Defined Benefit obligation at year end	**1.69**	**1.50**

(iii) **Expenses recognised during the year:**

₹ Crores

	Year ended March 31, 2017	Nine months ended March 31, 2016
In Income Statement		
Current Service Cost	0.35	0.24
Interest Cost	0.12	0.08
Net cost	**0.47**	**0.32**
In other comprehensive income		
Actuarial (gain) / loss	0.05	0.37
Net expenses for the year / profit recognised in OCI	**0.05**	**0.37**

(iv) **Actuarial Assumptions:**

	Year ended March 31, 2017	Nine months ended March 31, 2016
Discount Rate (p.a.)	7.57%	8.01%
Rate of escalation in salary (p.a.)	5.00%	5.00%
Attrition Rate	2.00%	2.00%
Mortatlity Table	IALM 2006-08	IALM 2006-08

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. The above information is certified by the actuary.

(v) The expected contributions for Defined Benefit Plan for the next financial year will be in line with financial year 2016-17.

(vi) **Sensitivity Analysis of the defined benefit obligation:**

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:

₹ Crores

	March - 17		March - 16	
	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate (1% movement)	(0.19)	0.22	(0.16)	0.20
Future salary appreciation (1% movement)	0.23	(0.19)	0.20	(0.17)
Attrition rate (1% movement)	0.05	(0.05)	0.05	(0.06)

29. Financial instruments

29.1 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 of consists of borrowings (as detailed in note 15, 18 and 20), offset by cash and bank balances (note 11), 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 0.51 as on March 31, 2017 (0.45 as on March 31, 2016)

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

The Company is not subject to any externally imposed capital requirements

29.2 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.

29.3 Market risk

The Company is primarily exposed to the following market risks.

29.3.1 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) and the Company's net investments in foreign subsidiaries.

The Company's foreign currency exposure is not hedged by a derivative instrument or otherwise as at year end is as follows:

Particulars	Foreign Currency Denomination	As at March 31, 2017		As at March 31, 2016	
		Foreign Currency	₹ Crores	Foreign Currency	₹ Crores
Financial Assets	GBP	496,488	4.01	7,795,774	74.04
	AED	29,791	0.05	29,791	0.05
	USD	21,618,949	139.92	21,853,090	144.45
	EURO	-	-	-	-
	KES	71,085	0.01	-	-
	CAD	845,552	4.11	427,496	2.18
Total			**148.10**		**220.72**
Financial Liabilities	GBP	299,289	2.42	290,688	2.76
	EURO	1,004,738	6.95	962,570	7.22
	USD	1,903,925	12.32	1,994,784	13.19
Total			**21.69**		**23.17**
Net Financial Assets			**126.41**		**197.55**

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 / (loss) before tax by approximately ₹ 6.32 Crores for the year ended March 31, 2017 (March 31, 2016: ₹9.88 crores). This sensitivity analysis includes only outstanding foreign currency denominated monetary items.

29.3.2 Interest rate risk management

The Company is exposed to interest rate risk because it borrows funds at floating interest rates also.

The sensitivity analysis for exposure to interest rates on borrowings as at the end of the reporting period indicates that a 50 basis point increase in floating interest rates at the reporting date would have decreased equity and profit for the year / period by ₹ 1.03 Crore and ₹ 0.29 crore for March 31, 2017 and March 31, 2016 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.

29.3.3 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 receivables from clients and cash. Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis.

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

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 358.56 crores, ₹ 382.04 crores and ₹ 322.60 crores as at March 31, 2017; March 31, 2016 and July 01, 2015 respectively, being the total of the carrying amount of the balances with banks, bank deposits, investments excluding equity and preference investments, trade receivables, unbilled revenue and other financial assets.

The Company's exposure to customers is diversified and no single customer contributes to more than 10% of outstanding trade receivables and unbilled revenue as at March 31, 2017 and March 31, 2016.

29.4 Liquidity risk management

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

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

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

₹ Crores

As at March 31, 2017	Less than 1 year	Between 1 and 5 years
Long term and short term borrowings	216.85	267.12
Premium on NCD	77.62	66.65
Interest accrued but not due	2.71	-
Trade Payables and accruals	26.72	-
	323.90	**333.77**

₹ Crores

As at March 31, 2016	Less than 1 year	Between 1 and 5 years
Long term and short term borrowings	86.79	408.27
Premium on NCD	-	103.82
Interest accrued but not due	4.06	-
Trade Payables and accruals	23.19	-
	114.04	**512.09**

₹ Crores

As at July 01, 2015	Less than 1 year	Between 1 and 5 years
Long term and short term borrowings	84.74	287.93
Premium on NCD	-	76.46
Interest accrued but not due	0.86	-
Trade Payables and accruals	18.86	-
	104.46	**364.39**

29.5 Fair Value Measurements

₹ Crores

	Carrying Value			Fair Value			Fair value hierarchy
	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015	
Financial Assets							
FVTPL							
Investments*	0.01	0.01	0.01	0.01	0.01	0.01	Level 3
Amortised Cost							
Investments	944.27	872.97	864.58	-	-	-	
Loans	220.72	292.71	266.39	-	-	-	
Trade receivables	54.83	72.26	40.74	-	-	-	
Cash and cash equivalent	0.78	1.01	1.18	-	-	-	
Other Bank balances	10.41	4.16	4.44	-	-	-	
Other financial assets	71.83	68.59	65.03	-	-	-	
Total	**1,302.85**	**1,311.71**	**1,242.37**	**0.01**	**0.01**	**0.01**	
Financial Liabilities							
FVTPL							
Borrowings derivatives*	3.85	3.21	2.80	3.85	3.21	2.80	Level 3
Amortised Cost							
Borrowings	628.24	598.89	446.33	-	-	-	
Trade payable	26.72	23.19	18.86	-	-	-	
Other financial liabilities	2.71	4.06	0.86	-	-	-	
Total	**661.52**	**629.35**	**468.85**	**3.85**	**3.21**	**2.80**	

a. Accounting Classifications and fair values*

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

₹ Crores

Financial Assets / Liabilities	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015	Fair Value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Financial Assets							
Investment	0.01	0.01	0.01	Level 3	Discounted cash flows	Discount rate and probable cash flows	Higher the discount rate, lower the fair value
Financial Liabilities							
Derivatives	3.85	3.21	2.80	Level 3	Discounted cash flows	Discount rate and probable cash flows	Higher the discount rate, lower the fair value

b	Reconciliations of Level 3 fair values :	
	Opening balance as at July 01, 2015 (Financial liability)	**2.80**
	Mark to market change in embedded derivative of NCD	0.41
	Opening balance as at March 31, 2016 (Financial liability)	**3.21**
	Mark to market change in embedded derivative of NCD	0.64
	Closing balance as at March 31, 2017 (Financial Liability)	**3.85**

30. Share based payments

A. During the financial year 2014-15, the Board of Directors of PFL and its Shareholders' approved a share option plan and reserved 17,932,738 common shares for issuance thereunder. During the financial year 2016-17, option totalling to 17,932,738 ordinary shares were granted to certain identified eligible employees of the Company. Detailed description of share based payment arrangements is as below:

(a)	Date of shareholders' approval	August 01, 2014
(b)	Total number of options approved under ESOS	17,932,738
(c)	Vesting requirements	Out of the total options granted, 45.88% options vest after 1st year, 45.88% options vest after 2nd year and 8.24% options vest after 3rd year from the date of respective grant.
(d)	Exercise price or pricing formula	₹ 52
(e)	Maximum term of options granted	2 years from each vesting date
(f)	Source of shares (primary, secondary or combination)	Primary
(g)	Variation in terms of options	No Variation

B. The weighted average fair value of the share option granted during the financial year 2016-17 is ₹ 32.26. Options were priced using a Black Sholes Merton Formula pricing model. Where relevant, the expected life used in this model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavior considerations. Expected volatility is based on historical sale price volatility of comparable companies in the industry over the expected life of 2 – 4 years.

Inputs into the model were as follows:

(a)	Grant date share price	₹ 68.35
(b)	Exercise Price	₹ 52.00
(c)	Expected Volatility	49.67% – 46.62%
(d)	Expected life	2 – 4 years
(e)	Dividend yield	-
(f)	Risk free interest rate	6.85% to 6.97%

C. Reconciliation of outstanding share options:

	Weighted average exercise price 31 March 2017	Number of options 31 March 2017
Outstanding at April 01	-	-
Granted during the period	52.00	17,932,738
Forfeited / lapsed during the period	-	-
Exercised during the year / period	-	-
Outstanding at March 31	52.00	17,932,738
Exercisable at March 31	-	-

Option vested during the year is ₹ NIL (previous period ₹ NIL)

Money realised by exercise of option during the year is ₹ NIL (previous period ₹ NIL)

The options outstanding at March 31, 2017 have an exercise price of ₹ 52/- (March 31, 2016: ₹ NIL) and a weighted average remaining contractual life of 3 years (March 31, 2016: N.A. years)

Weighted average share price at the date of the exercise of share options exercised in 2016-17 is not disclosed as no share were exercised during this year.

D. Expense recognised in statement of profit and loss

The Company has followed the fair value method to account for the grant of stock options, profit and loss impact for the year ended March 31, 2017 is ₹25.55 Crores (previous period : Nil)

31. Related party transactions

a. List of Parties where control exists, irrespective of transactions:

i) Subsidiary companies

De-fi Media Limited (formerly known as Prime Focus International Limited)

Prime Focus Technologies Limited

Prime Focus Visual Effects Private Limited

GVS Software Private Limited

Prime Focus Motion Pictures Limited

PF World Limited, (Mauritius)

PF Investments Limited (Mauritius)

Prime Focus 3D India Private Limited

Gener8 India Media Services Limited

Reliance MediaWorks (Mauritius) Limited (w.e.f. April 07, 2015)

PF Overseas Limited (Mauritius)

Prime Focus Malaysia Sdn Bhd (w.e.f. July 15, 2015)

ii) **Step-down subsidiary companies**

Subsidiary companies of PF World Limited (Mauritius)

Prime Focus Luxembourg S.a.r.l

Gener8 Digital Media Services Limited, Canada

Prime Focus 3D Cooperatief U.A. (Subsidiary of Prime Focus Luxembourg S.a.r.l)

Prime Focus World N.V. (Subsidiary of Prime Focus 3D Cooperatief U.A.)

Prime Focus International Services UK Limited (Subsidiary of Prime Focus World N.V.)

Prime Focus North America Inc. (Subsidiary of Prime Focus World N.V.)

1800 Vine Street LLC (Subsidiary of Prime Focus North America, Inc.)

Prime Focus Creative Services Canada Inc. (Subsidiary of Prime Focus World N.V.)

Vegas II VFX Limited (Subsidiary of Prime Focus Creative Services Canada Inc.)

Prime Focus VFX USA, Inc. (Subsidiary of Prime Focus World N.V.)

Prime Focus ME Holdings Limited (Subsidiary of Prime Focus World N.V.)

Prime Focus World Malaysia sdn bhd (Subsidiary of Prime Focus World N.V.)

Prime Focus China Limited (Subsidiary of Prime Focus World N.V.)

Prime Focus (HK) Holdings Limited. (Subsidiary of Prime Focus China Limited)

Prime Focus World Creative Services Private Limited (Subsidiary of Prime Focus World N.V.)

Double Negative India Pvt. Ltd. (Formerly known as Reliable Laptops Private Limited) (Subsidiary of Prime Focus World Creative Services Private Limited)

Double Negative Holdings Limited (Subsidiary of Prime Focus World N.V.)

Double Negative Limited UK (Subsidiary of Double Negative Holdings Limited)

Double Negative Singapore Pte Limited (Subsidiary of Double Negative Holdings Limited)

Double Negative Canada Productions Limited (Subsidiary of Double Negative Holdings Limited)

Double Negative Film Limited UK (Subsidiary of Double Negative Holdings Limited)

Double Negative Huntsman VFX Limited (Subsidiary of Double Negative Canada Productions Limited)

Double Negative LA LLC (w.e.f. 07.03.2017) (Subsidiary of Double Negative Holdings Limited)

Prime Focus Academy of Media & Entertainment Studies (w.e.f. October 01, 2016) (Subsidiary of Prime Focus World Creative Services Private Limited)

Prime Focus Animation UK Limited (w.e.f. January 16, 2017) (Subsidiary of Prime Focus International Services UK Limited)

Subsidiary companies of Prime Focus Technologies Limited

Prime Focus Technologies UK Limited

Prime Focus Technologies, Inc.

Prime Post Europe Ltd (Subsidiary of Prime Focus Technologies UK Limited)

DAX PFT LLC (Subsidiary of Prime Focus Technologies, Inc.)

DAX Cloud ULC (Subsidiary of DAX PFT LLC)

Subsidiary companies of Reliance MediaWorks (Mauritius) Limited

Reliance Lowry Digital Imaging Services Inc.

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

i) **Subsidiary companies**

Prime Focus Technologies Limited

Prime Focus Visual Effects Private Limited

GVS Software Private Limited

Prime Focus 3D India Private Limited

Prime Focus Motion Pictures Limited

De-Fi Media Limited

PF World Limited

Gener8 India Media Services Limited

Reliance MediaWorks (Mauritius) Limited

Prime Focus Malaysia sdn bhd

ii) **Step down subsidiary companies**

Prime Focus Creative Services Canada Inc

Prime Focus International Services UK Limited

Prime Focus World N.V.

Prime Focus World Creative Services Private Limited

Prime Focus Technologies, Inc

Double Negative India Private Limited

iii) **Key management personnel**

Mr. Namit Malhotra – CEO, Chairman and Executive Director

Mr. Naresh Malhotra – Whole-time Director

Mr. Ramakrishnan Sankaranarayanan – Managing Director

Mr. Vikas Rathee – CFO

Ms. Kirti Desai – Company Secretary (resigned w.e.f. July 07, 2015)

Ms. Parina Shah – Company Secretary (w.e.f. September 12, 2015)

iv) **Enterprises owned or significantly influenced by Key Management Personnel or their relatives**

Blooming Buds Coaching Private Limited

N2M Realty Private Limited

Monsoon Studio Private Limited

v) **Enterprises exercising significant influence over the Company**

Reliance MediaWorks Limited

Standard Chartered Private Equity (Mauritius) III Limited

Standard Chartered Private Equity (Mauritius) Limited

Standard Chartered Bank

(i) Subsidiary companies #

₹ Crores

	Year ended March 31, 2017	Nine months ended March 31, 2016
Revenue		
Prime Focus Technologies Limited	0.08	0.14
DE-Fi Media Limited	7.72	6.99
Other operating income - SFIS		
Prime Focus Technologies Limited *	0.00	0.03
Other operating income - Rent		
Prime Focus Technologies Limited	0.05	-
Technical service cost		
Prime Focus Technologies Limited	0.11	0.14
Transfer of Deposit to		
Prime Focus Technologies Limited	-	1.04
Reimbursement of expenses incurred by:		
Prime Focus Technologies Limited	0.47	0.07

₹ Crores

	Year ended March 31, 2017	Nine months ended March 31, 2016
Reimbursement of expenses incurred on behalf of:		
Prime Focus Technologies Limited	1.51	1.81
GVS Software Private Limited *	0.00	0.01
PF World Limited, Mauritius	8.70	5.02
Prime Focus Visual Effects Private Limited *	0.00	0.00
DE-Fi Media Limited	0.25	-
Prime Focus 3D India Private Limited *	0.00	-
Prime Focus Motion Pictures Limited *	0.00	0.00
Gener8 India Media Services Limited *	0.00	-
Investments		
Prime Focus Malaysia SDN BHD (MYR)	-	0.06
PF World Limited, Mauritius	95.45	8.33
Redemption of Investments		
PF World Limited, Mauritius	48.38	-
Profit on Conversion of Investment		
Prime Focus Technologies Limited	18.46	-
Loans given		
Gener8 India Media Services Limited	221.42	26.77
DE-Fi Media Limited	-	1.27
Loans repaid (including interest, where applicable)		
Gener8 India Media Services Limited	249.07	14.77
DE-Fi Media Limited	50.35	0.85
Interest on loans		
Gener8 India Media Services Limited	4.53	1.98
DE-Fi Media Limited	0.58	4.05
Interest waived off		
DE-Fi Media Limited	2.83	-

₹ Crores

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Balance outstanding ##			
Trade receivables			
DE-Fi Media Limited	-	12.06	-
Prime Focus Technologies Limited	0.12	0.00	-
Trade payables			
Prime Focus Technologies Limited	1.68	1.04	-
Other payables			
Prime Focus 3D India Private Limited	0.05	0.05	0.05
DE-Fi Media Limited	-	0.03	0.03
Other receivable			
Prime Focus Visual Effects Private Limited *	0.00	0.00	0.00
GVS Software Private Limited	0.01	0.01	0.00
Gener8 India Media Services Limited	0.01	-	-
Prime Focus Motion Pictures Limited	0.06	0.06	0.06
Prime Focus Technologies Limited	3.17	1.57	2.64
Prime Focus 3D India Private Limited *	0.00	0.00	0.00
PF World Limited, Mauritius	32.59	34.62	28.56
Loans receivable (including interest, where applicable)			
DE-Fi Media Limited	-	56.69	55.18
Gener8 India Media Services Limited	93.15	116.73	102.75
Reliance Media Works (Mauritius) Limited	105.12	107.35	103.40

(ii) Step-down Subsidiaries #

₹ Crores

	Year ended March 31, 2017	Nine months ended March 31, 2016
Other operating income - Rent		
Prime Focus World Creative Services Private Limited	7.88	6.64
Other operating income - SFIS		
Prime Focus World Creative Services Private Limited	0.05	0.05
Technical service cost		
Prime Focus World Creative Services Private Limited	-	0.85
Manpower Cost		
Prime Focus World Creative Services Private Limited	0.81	4.39
Revenue		
Prime Focus World Creative Services Private Limited *	0.00	-
Double Negative India Private Ltd.	0.27	-
Purchase of SFIS License		
Prime Focus World Creative Services Private Limited	0.14	-
Reimbursement of expenses incurred by:		
Prime Focus World Creative Services Private Limited	1.22	0.67
Reimbursement of expenses incurred on behalf of:		

₹ Crores

	Year ended March 31, 2017	Nine months ended March 31, 2016
Prime Focus World Creative Services Private Limited	1.79	2.26
Prime Focus International Services UK Limited	0.81	0.62
Prime Focus Creative Services Canada, INC	1.67	1.11
Gener8 Digital Media Services Ltd., Canada	0.42	1.07
Prime Focus World NV	0.32	-
Loans given		
Prime Focus World Creative Services Private Limited	77.61	108.17
Double Negative India Private Ltd.	0.28	-
Loans repaid (including interest)		
Prime Focus World Creative Services Private Limited	70.53	103.59
Double Negative India Private Ltd. *	0.00	-
Interest on loans		
Prime Focus World Creative Services Private Limited	3.13	2.30
Double Negative India Private Ltd.	0.02	-
Security deposit repaid		
Prime Focus World Creative Services Private Limited	-	0.36

₹ Crores

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Balance outstanding			
Trade receivables			
Prime Focus World Creative Services Private Limited	0.96	11.87	7.59
Double Negative India Private Ltd.	0.27	-	-
Trade Payables			
Prime Focus World Creative Services Private Limited	1.13	1.98	-
Other receivable			
Prime Focus International Services UK Limited	1.31	0.62	-
Prime Focus World Creative Services Private Limited	0.82	2.50	4.60
Prime Focus Technologies Inc.	0.77	0.78	0.76
Prime Focus Creative Services Canada, INC	2.68	1.11	-
Gener8 Digital Media Services Ltd., Canada	1.42	1.07	-
Prime Focus World NV	0.31	-	-
Loans receivable			
Prime Focus World Creative Services Private Limited	22.15	11.94	5.60
Double Negative India Private Ltd.	0.30	-	-
Security deposit			
Prime Focus World Creative Services Private Limited	3.57	3.57	3.93

(iii) **Key Management Personnel****

₹ Crores

	Year ended March 31, 2017	Nine months ended March 31, 2016
Remuneration		
Mr. Naresh Malhotra	0.60	0.45
Mr. Ramakrishnan Sankaranarayanan	0.50	0.38

₹ Crores

	Year ended March 31, 2017	Nine months ended March 31, 2016
Mr. Namit Malhotra	0.50	0.38
Mr. Vikas Rathee	0.87	1.06
Ms. Kirti Desai	-	0.00
Ms. Parina Shah	0.21	0.10

₹ Crores

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Balance Outstanding – Remuneration Payable			
Mr. Naresh Malhotra	0.05	0.05	0.05
Mr. Ramakrishnan Sankaranarayanan	0.04	0.04	0.04
Mr. Namit Malhotra	0.04	0.04	0.04
Mr. Vikas Rathee	0.04	0.12	0.13
Ms. Parina Shah	0.02	0.01	-
Ms. Kirti Desai	-	-	0.01

(v) **Enterprises owned or significantly influenced by key management personnel or their relatives**

₹ Crores

	Year ended March 31, 2017	Nine months ended March 31, 2016
Rent		
Blooming Bud Coaching Private Limited	4.10	3.01

₹ Crores

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Balance outstanding			
Deposit			
Blooming Buds Coaching Private Limited	5.30	5.30	5.30

(vi) Enterprises exercising significant influence over the Company

₹ Crores

	Year ended March 31, 2017	Nine months ended March 31, 2016
Loan (repayments) / taken, net		
Standard Chartered Bank	4.14	1.52
Finance costs		
Standard Chartered Bank	1.97	1.51
Premium on NCD		
Standard Chartered Private Equity (Mauritius) Limited	39.46	26.65

₹ Crores

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Balance outstanding			
Loan outstanding			
Standard Chartered Bank	12.90	15.16	15.17
Bank Balance in current account			
Standard Chartered Bank*	0.00	0.00	0.00
Non-convertible debentures			
Standard Chartered Private Equity (Mauritius) Limited	190.10	190.10	190.10
Premium on NCD accrued			
Standard Chartered Private Equity (Mauritius) Limited	142.28	102.83	76.18

The Company has given guarantee on behalf of subsidiaries and step-down subsidiaries as described below:

₹ Crores

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Prime Focus Technologies Limited	334.02	173.96	246.37
Prime Focus World Creative Services Private Limited	139.43	44.46	43.00
Gener8 India Media Services Limited	74.00	-	-
Prime Focus North America, Inc	34.78	35.51	34.21
	$5,372,904	$5,372,904	$5,372,904
PF World Limited, Mauritius	288.99	295.13	284.30
	$44,650,000	$44,650,000	$44,650,000

*The value ₹ 0.00 means amount is below 50,000/-

* *Key management personnel have given personal guarantee and have pledged part of their shareholdings for borrowings obtained by the Company (Refer Notes 15 and 18). The figures of Key management personnel do not include provisions for gratuity / other employee benefit as separate actuarial valuation not available. Under ESOP Scheme 2014, 1,030,000 options were granted to Key Management Personnel during the year

There are no provision for doubtful debts / amount write off / written back in respect of due from / to related parties other than disclosed above if any.

Note : All contacts / arrangements with related parties are at arm's length.

32. Vide Business Transfer Agreement dated November 19, 2014 between the Company, Reliance Media Works Limited (RMW) and Reliance Land Private Limited, the Company acquired RMW's film and media services business for consideration other than cash. In accordance with the said Agreement, the transfer of BOT Agreement pertaining to the Studio including other business assets and liabilities related to the BOT Agreement ("Studios") and debt facilities of ₹ 20,000 lac was to be effected post receipt of the necessary additional approvals. Pending receipt of the additional approvals, the Studios' and the debt facilities have not been transferred to and recorded by the Company. However, based on the mutual understanding with RMW, the Company, continues to operate the Studio, recognize revenue from operations and incurs operating expenses including obligations towards lease rentals and property tax.

33. Operating lease arrangement

₹ Crores

	As at March 31 2017	As at March 31 2016	As at July 01, 2015
Lease Payments due within one year	0.55	0.43	0.05
Lease Payments due later than one year and not later than five years	0.33	0.47	0.08
Lease Payments due later than five years	-	-	-
	0.88	**0.90**	**0.13**

Amount of lease rental charged to the Statement of Profit and Loss in respect of non-cancellable operating leases is ₹ 0.52 crore (Previous year: ₹ 0.15 crore).

The Company has taken certain premises on cancellable operating lease basis. The tenure of the lease ranges from 11 to 180 months. Amount of lease rental charged to the Statement of Profit and Loss in respect of cancellable operating leases is ₹10.71 crore (Previous year: ₹8.40 crore).

The Company has sublet certain premises on cancellable operating lease basis. The tenure of the lease if of 60 months. An amount of ₹ 8.20 crore (Previous year ₹ 6.85 crore) has been recognised as other operating income in respect of the sublease.

34. Capital and other Commitments

₹ Crores

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Estimated amount of contracts remaining to be executed on capital account net of advances, and not provided for:	3.46	1.67	2.73

35. Contingent liabilities

₹ Crores

		As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
I	Income Tax matters under Dispute*			
	Relates to demands raised by the income tax authorities for various assessment years mainly on account of disallowance of depreciation on computer based assets, addition under Transfer Pricing provisions and Tax Deducted at source (TDS) amounts.	15.31	15.31	6.94
II	Guarantees given on behalf of subsidiaries and step-down subsidiaries	871.22	549.07	607.88

* In the above matter, the Company is hopeful of succeeding and as such does not expect any significant liability to crystalize.

36. Corporate social responsibility

The Company did not spend on the Corporate social responsibility activities during FY 2016-17 considering the losses.

37. First-time IND AS adoption reconciliation

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 provision of Companies Act, 2013.

These financial statements are the Company's first Ind AS financial statements. Upto the period ended March 31, 2016, the Company prepared its financial statements in accordance with the requirement of Indian GAAP which includes Standard notified under the Companies (Accounting Standards) Rules, 2006 (hereinafter referred to as 'Previous GAAP'). The date of transition to Ind AS is July 01, 2015.

This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at July 01, 2015 and the financial statements as at and for the period ended March 31, 2016.

37.1 Effect of Ind AS adaption on the Balance sheet as at July 01, 2015

₹ Crores

	Notes	Indian GAAP	Adjustments	IND AS
Assets				
Non-current Assets				
(a) Property, Plant and Equipment	a	269.43	133.87	403.30
(b) Capital Work In Progress		0.08	-	0.08
(c) Other Intangible assets		2.35	-	2.35
(d) Intangible assets under development		0.22	-	0.22
(e) Financial Assets				
(i) Investments	b	864.28	0.31	864.59
(ii) Loans		55.18	-	55.18
(iii) Other financial assets	d	7.55	(1.82)	5.73
(g) Deferrred Tax assets (net)	f	65.29	(41.83)	23.46
(h) Other Non Current Assets		25.12	-	25.12
Total non-current assets		**1,289.50**	**90.53**	**1,380.03**
Current Assets				
(a) Financial Assets				
(i) Trade Receivables	c	53.74	(13.00)	40.74
(ii) Cash and cash equivalents		1.18	-	1.18
(iii) Bank balances other than (ii) above		4.44	-	4.44
(iv) Loans		211.21	-	211.21
(v) Other financial assets		59.31	-	59.31
(b) Other Current Assets	d	7.24	1.67	8.91
Total current assets		**337.12**	**(11.33)**	**325.79**
Total Assets		**1,626.62**	**79.20**	**1,705.82**

₹ Crores

	Notes	Indian GAAP	Adjustments	IND AS
Equity and Liabilities				
Equity				
(a) Equity Share Capital		29.89	-	29.89
(b) Other Equity	g	1,013.11	79.08	1,092.19
Total Equity		**1,043.00**	**79.08**	**1,122.08**
Liabilities				
Non-current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	e	287.75	0.18	287.93
(ii) Other financial liabilities		76.46	-	76.46
(b) Provisions		2.25	-	2.25
(c) Other Non Current Liabilities	d	63.57	(1.18)	62.39
Total non-current liabilities		**430.03**	**(1.00)**	**429.03**
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings		71.27	-	71.27
(ii) Trade Payables		18.86	-	18.86
(iil) Other financial liabilities		14.33	-	14.33
(b) Provisions		0.23	-	0.23
(c) Current tax liability		1.09	-	1.09
(d) Other Current Liabilities	d	47.81	1.12	48.93
Total current liabilities		**153.59**	**1.12**	**154.71**
Total Liabilities		**583.62**	**0.12**	**583.74**
Total Equity and Liabilities		**1,626.62**	**79.20**	**1,705.82**

37. 2 Effect of Ind AS adaption on the Balance sheet as at March 31, 2016

₹ Crores

	Notes	Indian GAAP	Adjustments	IND AS
Assets				
Non-current Assets				
(a) Property, Plant and Equipment	a	271.70	131.44	403.14
(b) Capital Work In Progress		0.30	-	0.30
(c) Other Intangible assets		3.06	-	3.06
(d) Intangible assets under development		0.84	-	0.84

₹ Crores

	Notes	Indian GAAP	Adjustments	IND AS
(e) Financial Assets				
(i) Investments	b	872.67	0.31	872.98
(ii) Loans		56.69	-	56.69
(iii) Other financial assets	d	7.64	(2.07)	5.57
(g) Deferrred Tax assets (net)	f	69.33	(40.53)	28.80
(h) Other Non Current Assets		30.46	0.88	31.34
Total non-current assets		**1,312.69**	**90.03**	**1,402.72**
Current Assets				
(a) Financial Assets				
(i) Trade Receivables	c	83.40	(11.14)	72.26
(ii) Cash and cash equivalents		1.01	-	1.01
(iii) Bank balances other than (ii) above		4.16	-	4.16
(iv) Loans		236.02	-	236.02
(v) Other financial assets		62.47	0.55	63.02
(b) Other Current Assets	d	10.48	0.48	10.96
Total current assets		**397.54**	**(10.11)**	**387.43**
Total Assets		**1,710.23**	**79.92**	**1,790.15**
Equity and Liabilities				
Equity				
(a) Equity Share Capital		29.89	-	29.89
(b) Other Equity	g	999.70	78.67	1,078.37
Total Equity		**1,029.59**	**78.67**	**1,108.26**
Liabilities				
Non-current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	e	410.16	(1.89)	408.27
(ii) Other financial liabilities		103.82	-	103.82
(b) Provisions		2.18	-	2.18
(c) Other Non Current Liabilities	d	3.57	(0.99)	2.58
Total non-current liabilities		**519.73**	**(2.88)**	**516.85**
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings		70.04	-	70.04
(ii) Trade Payables		23.19	-	23.19
(iil) Other financial liabilities		20.81	3.22	24.03

₹ Crores

	Notes	Indian GAAP	Adjustments	IND AS
(b) Provisions		0.14	-	0.14
(c) Current tax liability		3.26	-	3.26
(d) Other Current Liabilities	d	43.47	0.91	44.38
Total current liabilities		**160.91**	**4.13**	**165.04**
Total Liabilities		**680.64**	**1.25**	**681.89**
Total Equity and Liabilities		**1,710.23**	**79.92**	**1,790.15**

37. 3 Effect of Ind AS adaption on the Statement of Profit and Loss for the period ended March 31, 2016

₹ Crores

	Notes	Indian GAAP	Adjustments	IND AS
Revenue from operations		118.86	0.20	119.06
Other Income		15.10	(1.65)	13.45
Total Income		**133.96**	**(1.45)**	**132.51**
Expenses				
Employee benefits expense		21.24	(0.37)	20.87
Technician Fees		14.80	-	14.80
Technical service cost		4.69	-	4.69
Finance Costs		20.85	1.33	22.18
Depreciation and amortization expense		22.37	2.41	24.78
Other Expenses		34.87	(1.49)	33.38
Total Expenses		**118.82**	**1.88**	**120.70**

₹ Crores

	Notes	Indian GAAP	Adjustments	IND AS
Profit before tax		**15.14**	**(3.33)**	**11.81**
Tax Expense				
Current Tax		2.17	-	2.17
Deferred Tax		4.61	(0.48)	4.13
Net Tax expense		**6.78**	**(0.48)**	**6.30**
Profit for the period		**8.36**	**(2.85)**	**5.51**
Other Comprehensive Income:				
Items that will not be reclassified to profit or loss:				
Actuarial losses on post retirement benefit plans		-	(0.37)	(0.37)
Income Tax relating to items that will not be reclassified to profit or loss		-	0.13	0.13
		-	**(0.24)**	**(0.24)**
Total Comprehensive Income for the period		**8.36**	**(3.09)**	**5.27**

Effect of Ind AS adoption on the Cash flow Statement:

There are no material adjustment to the Statement of cash flow as reported in the previous GAAP.

Notes to first time adoption

a) Deemed cost for property, plant and equipment

The Company has elected to use fair value as deemed cost for its Buildings as at the transition date. As a result, the value of property, plant and equipment increased by ₹ 133.87 crores in accordance with stipulations of Ind AS 101 with the resultant impact being accounted for in the reserves.

b) Deemed cost for investments

The Company has elected to use fair value as deemed cost for the equity based investments in two of its subsidiaries.

c) Trade receivables

As per Ind AS 109, the Company has applied expected credit loss model for recognising the allowance for doubtful debts.

d) Security deposits

Under the previous GAAP, interest free lease deposit were recorded at their transaction value. On transaction to Ind AS, these lease deposits are remeasured at amortised cost using the effective interest rate method. The difference between the transaction value of the deposit and amortised cost is regarded as prepaid rent and recognised as expenses uniformly over the lease period. Interest income, measured by the effective interest rate method is accrued. The effect of these is reflected in total equity and / or profit or loss, as applicable.

e) Embedded derivatives

The Company has identified embedded derivatives in its non-convertible debentures that has option to convert the debentures into its subsidiaries shares at fair value on maturity. The embedded derivative was carved out and separately valued at transition date. Balance portion of debt are recognised using effective rate method.

f) Deferred tax

The impact of transition adjustments together with Ind AS mandate of using balance sheet approach (against profit and loss approach in the previous GAAP) for computation of deferred taxes has resulted in charge to the reserves on date of transition with consequential impact to the statement of profit and loss for the subsequent period.

g) Retained earnings

Retained earnings as at July 01, 2015 has been adjusted consequent to the above Ind AS transition adjustments net of deferred tax

h) Re-measurement of defined benefit obligation

Under previous GAAP, actuarial gains and losses were recognised in the statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of re-measurement of net defined benefit liability, which is recognised in other comprehensive income in respective years.

38. The Board of Directors of the Company vide resolution passed on September 17, 2015 inter-alia, considered and approved re-alignment of the Financial Year of the Company in accordance with Section 2(41) of the Companies Act, 2013. Accordingly, the financial year 2015-16 is for a period of 9 months ending on March 31, 2016 and therefore the figures of the last financial period which are for nine (9) months are not comparable with figures of the current financial year, which is for twelve (12) months.

39. Disclosure on Bank Notes (SBNs)

During the year, the Company had Specified Bank Notes (SBNs) and other denomination notes as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBNs) held and transacted during the period from November 08, 2016 to December 30, 2016. The details of SBNs and other denomination notes held and transacted during the period are given below:

(In ₹)

Particulars	SBNs*	Other Denomination notes	Total
Closing cash in hand as on November 08, 2016	114,000	72,726	186,726
(+) Permitted receipts	-	690,000	690,000
(-) Permitted payments	-	(535,737)	(535,737)
(-) Amount deposited in Banks	(114,000)	-	(114,000)
Closing cash in hand as on December 30, 2016	**-**	**226,989**	**226,989**

* For the purpose of this clause 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated November 08, 2016

40. Segment Reporting

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

41. Event after the reporting period

There were no events after the reporting period.

42. Approval of Financial Statements

The financial statements were approved for issue by the board of directors on May 23, 2017.

As per our report of even date

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

For and on behalf of the Board of Directors

Abhijit A. Damle
Partner
(Membership No. 102912)

Naresh Malhotra
Whole-time Director
DIN: 00004597

Namit Malhotra
Chairman (Executive Director)
and Chief Executive Officer
DIN: 00004049

Ramakrishnan Sankaranarayanan
Managing Director
DIN: 02696897

Place : Mumbai
Date : May 23, 2017

Vikas Rathee
Chief Financial Officer

Parina Shah
Company Secretary

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PRIME FOCUS LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Prime Focus Limited (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), comprising the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting 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 thereunder.

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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements of the subsidiaries, referred to below in the Other Matters paragraph, the aforesaid consolidated Ind AS 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, of the consolidated state of affairs of the Group as at March 31, 2017, and their consolidated profit, consolidated total comprehensive income s, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matters

(a) We did not audit the financial statements of thirteen subsidiaries, whose financial statements reflect total assets of Rs. 98,762.99 lakh as at March 31, 2017, total revenues of Rs. 136,428.85 lakh and net cash inflows amounting to Rs. 5,125.74 lakh for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

(b) We did not audit the financial statements / financial information of eighteen subsidiaries, whose financial statements/ financial information, before consolidation adjustments, reflect total assets of ₹ 143,621.48 lakh as at March 31, 2017, total revenues of ₹ 6,327.31 lakh and net cash inflows amounting to ₹ 132.30 lakh for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/ financial information are not material to the Group.

(c) The comparative financial information for the year ended March 31, 2016 and the transition date opening balance sheet as at July 1, 2015 in respect of thirteen subsidiaries included in these consolidated Ind AS financial statements prepared in accordance with the Ind AS have been audited by other auditors and have been relied upon by us.

Our opinion on the consolidated Ind AS financial statements above, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements of subsidiaries and other financial information of subsidiaries incorporated in India, referred in the Other Matters paragraph above we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the Directors of the Parent as on March 31, 2017 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the Directors of the Group companies incorporated in India is disqualified as on March 31, 2017 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Parent company and subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Parent's and the subsidiary company's incorporate in India, internal financial controls over financial reporting, which were incorporated in India.

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

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 37 to the financial statements;

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent and its subsidiary companies incorporated in India.

iv. The Parent has provided requisite disclosures in the consolidated financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Parent Company and the group entities, as produced to us and based on the consideration of report of other auditors, referred to in the Other matters paragraph above.

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

Abhijit A. Damle
Partner
(Membership No. 102912)
MUMBAI, May 23, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (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")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Prime Focus Limited (hereinafter referred to as "Parent") and its subsidiary companies, incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors referred to in the Other Matters paragraph below, the Parent and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

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

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

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

Abhijit A. Damle
Partner
(Membership No. 102912)
MUMBAI, May 23, 2017

CONSOLIDATED BALANCE SHEET as at March 31, 2017

₹ Crore

	Notes	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
ASSETS				
1. Non-current assets				
(a) Property, plant and equipment	4	729.77	800.75	940.98
(b) Capital work-in-progress		2.66	0.90	0.34
(c) Goodwill and Other Intangible assets	5	1,517.63	1,521.47	1,490.90
(d) Intangible assets under development		17.01	49.88	44.14
(e) Financial assets				
(i) Investments	6	3.99	88.76	85.74
(ii) Other financial assets	10	64.52	72.92	76.03
(f) Deferred tax assets (net)	27	44.58	69.33	65.70
(g) Other non-current assets	11	94.26	83.95	77.14
Total non-current assets		**2,474.42**	**2,687.96**	**2,780.97**
2. Current assets				
(a) Inventories	7	0.45	0.62	0.56
(b) Financial assets				
(i) Trade receivables	8	269.39	191.12	146.51
(ii) Cash and cash equivalents	9 a	105.99	90.81	35.46
(iii) Bank balance other than (ii) above	9 b	19.93	22.68	26.16
(iv) Other financial assets	10	275.55	98.43	155.00
(c) Other current assets	11	200.09	322.76	243.94
Total current assets		**871.40**	**726.42**	**607.63**
Total assets		**3,345.82**	**3,414.38**	**3,388.60**
EQUITY AND LIABILITIES				
1. Equity				
(a) Equity share capital	12	29.89	29.89	29.89
(b) Other equity	13	526.59	378.28	709.86
Equity attributable to owners of the Company		**556.48**	**408.17**	**739.75**
Non-controlling interests		114.15	70.02	101.90
Total Equity		**670.63**	**478.19**	**841.65**
Liabilities				
1. Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	14	1,010.67	555.51	500.92
(ii) Other financial liabilities	15	306.43	417.29	763.00
(b) Provisions	17	5.99	6.46	4.89
(c) Deferred tax liabilities (net)	27	113.24	151.53	155.79
(d) Other non-current liabilities	18	1.65	2.38	-
Total non-current liabilities		**1,437.98**	**1,133.17**	**1,424.60**

₹ Crore

	Notes	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
2. Current liabilities				
(a) Financial liabilities				
(i) Borrowings	19	158.39	735.26	214.66
(ii) Trade payables		129.66	201.24	250.48
(iii) Other financial liabilities	16	459.82	428.85	325.98
(b) Provisions	17	19.68	0.39	6.87
(c) Current tax liabilities (net)	20	21.17	14.55	3.28
(d) Other current liabilities	18	448.49	422.73	321.08
Total current liabilities		**1,237.21**	**1,803.02**	**1,122.35**
Total liabilities		**2,675.19**	**2,936.19**	**2,546.95**
Total equity and liabilities		**3,345.82**	**3,414.38**	**3,388.60**

See accompanying notes to the consolidated financial statements 1-44

As per our report of even date

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

For and on behalf of the Board of Directors

Abhijit A. Damle
Partner
(Membership No. 102912)

Naresh Malhotra
Whole-time Director
DIN: 00004597

Namit Malhotra
Chairman (Executive Director)
and Chief Executive Officer
DIN: 00004049

Ramakrishnan Sankaranarayanan
Managing Director
DIN: 02696897

Place : Mumbai
Date : May 23, 2017

Vikas Rathee
Chief Financial Officer

Parina Shah
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS for year ended March 31, 2017

₹ Crore

	Notes	For the year ended March 31, 2017	Nine months period ended March 31, 2016
Income			
Revenue from operations	21	2,153.62	1,382.81
Other income	22	24.45	13.03
Exchange gain (net)		-	32.51
Total Income		**2,178.07**	**1,428.35**
Expenses			
Employee benefits expense	23	1,216.32	855.97
Employee stock options expense		25.67	4.28
Technician fees		36.99	24.69
Technical service cost		59.17	46.04
Finance costs	25	127.88	262.02
Depreciation and amortisation expense	4 & 5	254.61	203.14
Other expenses	24	364.17	249.26
Exchange loss (net)		41.39	-
Total expenses		**2,126.20**	**1,645.40**
Profit / (Loss) before exceptional items and tax		**51.87**	**(217.05)**
Exceptional Items	26	(96.82)	83.50
Profit / (Loss) before tax		**148.69**	**(300.55)**
Tax expense	**27**		
Current tax		8.61	23.64
Deferred tax		0.35	(7.36)
Total tax expense		**8.96**	**16.28**
Profit / (Loss) for the year / period		**139.73**	**(316.83)**
Other comprehensive income			
A (i) Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit obligation		(0.92)	0.18
(ii) Income tax relating to items that will not be reclassified to profit or loss		0.34	(0.06)
B (i) Items that will be reclassified to the Profit or loss			
Exchange differences in translating the financial statements of foreign operations		(62.14)	(32.89)
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Total other comprehensive income		**(62.72)**	**(32.77)**
Total comprehensive income for the year / period		**77.01**	**(349.60)**

₹ Crore

	Notes	For the year ended March 31, 2017	Nine months period ended March 31, 2016
Profit (loss) attributable to			
Owners of the Company		127.44	(283.35)
Non-controlling interests / (recoveries)		12.29	(33.48)
Other comprehensive income attributable to			
Owners of the Company		(61.78)	(34.37)
Non-controlling interests / (recoveries)		(0.94)	1.60
Total comprehensive income attributable to			
Owners of the Company		65.66	(317.72)
Non-controlling interests / (recoveries)		11.35	(31.88)
Earnings per equity share of face value of ₹ 1 each (before exceptional items and net off tax)			
Basic (in ₹)		1.44	(7.81)
Diluted (in ₹)		1.42	(7.81)
Earnings per equity share of face value of ₹ 1 each (after exceptional items)			
Basic (in ₹)		4.68	(10.60)
Diluted (in ₹)		4.61	(10.60)

See accompanying notes to the consolidated financial statements 1-44

As per our report of even date

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

For and on behalf of the Board of Directors

Abhijit A. Damle
Partner
(Membership No. 102912)

Naresh Malhotra
Whole-time Director
DIN: 00004597

Namit Malhotra
Chairman (Executive Director)
and Chief Executive Officer
DIN: 00004049

Ramakrishnan Sankaranarayanan
Managing Director
DIN: 02696897

Place : Mumbai
Date : May 23, 2017

Vikas Rathee
Chief Financial Officer

Parina Shah
Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for year ended March 31, 2017

A. Equity share capital

₹ Crore

	Amount
Balance as at July 01, 2015	**29.89**
Change in equity share capital during the period	-
Balance as at March 31, 2016	**29.89**
Change in equity share capital during the year	-
Balance as at March 31, 2017	**29.89**

B. Other equity

in ₹ Crore

	Reserves and Surplus						Other Comprehensive Income		Total Attributable to Owners of the Company	Attributable to Non-controlling Interests	Total
	Capital Reserve	General Reserve	Debenture Redemption Reserve	Securities Premium Reserve	Share Options Outstanding Account	Retained Earnings	Foreign Currency Translation Reserve	Re-measurements of Defined Benefit Obligation			
Balance as at July 01, 2015	**51.77**	**1.34**	**70.20**	**918.33**	**19.53**	**(351.31)**	**-**	**-**	**709.86**	**101.90**	**811.76**
Premium on redemption of debentures (net of tax)	-	-	-	(18.14)	-	-	-	-	(18.14)	-	(18.14)
Transferred from Retained earnings	-	-	1.09	-	-	(1.09)	-	-	-	-	-
(Loss) for the period	-	-	-	-	-	(283.35)	-	-	(283.35)	(33.48)	(316.83)
Other comprehensive income (net of tax)	-	-	-	-	-	-	(34.49)	0.12	(34.37)	1.60	(32.77)
Stock compensation expense (refer note 33)	-	-	-	-	4.28	-	-	-	4.28	-	4.28
Balance as at March 31, 2016	**51.77**	**1.34**	**71.29**	**900.19**	**23.81**	**(635.75)**	**(34.49)**	**0.12**	**378.28**	**70.02**	**448.30**
Securities Premium on issue of Equity shares by subsidiary	-	-	-	29.99	-	-	-	-	29.99	-	29.99
Expenses related to issue of equity shares	-	-	-	(0.60)	-	-	-	-	(0.60)	-	(0.60)
Premium on redemption of debentures (net of tax)	-	-	-	(26.02)	-	-	-	-	(26.02)	-	(26.02)
Transferred from Retained earnings	-	-	7.17	-	-	(7.17)	-	-	-	-	-
Profit for the year	-	-	-	-	-	127.44	-	-	127.44	12.29	139.73
Other comprehensive income (net of tax)	-	-	-	-	-	-	(61.20)	(0.58)	(61.78)	(0.94)	(62.72)
Stock compensation expense (refer note 33)	-	-	-	-	25.67	-	-	-	25.67	-	25.67
Change in ownership during the year/ other adjustments	-	-	-	-	-	(1.82)	55.43	-	53.61	32.78	86.39
Balance as at March 31, 2017	**51.77**	**1.34**	**78.46**	**903.56**	**49.48**	**(517.30)**	**(40.26)**	**(0.46)**	**526.59**	**114.15**	**640.74**

See accompanying notes to the consolidated financial statements

As per our report of even date

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

For and on behalf of the Board of Directors

Abhijit A. Damle
Partner
(Membership No. 102912)

Naresh Malhotra
Whole-time Director
DIN: 00004597

Namit Malhotra
Chairman (Executive Director) and Chief Executive Officer
DIN: 00004049

Ramakrishnan Sankaranarayanan
Managing Director
DIN: 02696897

Place : Mumbai
Date : May 23, 2017

Vikas Rathee
Chief Financial Officer

Parina Shah
Company Secretary

CONSOLIDATED CASH FLOW for year ended March 31, 2017

₹ Crore

	Year ended March 31, 2017	Period ended March 31, 2016
Cash flow from operating activities		
Profit/ (Loss) before tax	148.69	(300.55)
Adjusted for:		
Depreciation and amortisation expense	254.61	203.14
Net (gain) / loss on sale of property, plant and equipment	(6.42)	7.46
Gain on sale of investment	(106.57)	-
Unrealised foreign exchange (gain) / loss (net)	45.01	(19.27)
Dividend Income	0.00	-
Bad debts written off	1.22	0.10
Provision for doubtful debts/ advances (net)	3.43	-
Employee stock option expense	25.67	4.28
Change in fair value of deferred consideration	(20.30)	-
Expected loss on tax credit and other receivables	37.73	20.95
Sundry balance written off	-	0.51
Sundry credit balance written back	-	(0.89)
Interest income	(4.86)	(5.56)
Finance Costs	127.88	262.02
Operating profit before working capital changes	**506.09**	**172.19**
Movements in working capital :		
Decrease / (Increase) in inventories	0.17	(0.06)
(Decrease) in trade and other payables	(41.04)	(47.62)
(Increase) in trade and other receivables	(166.03)	(79.51)
Cash generated from operations	**299.19**	**45.00**
Direct taxes paid (net)	(7.98)	(15.39)
Net cash flow generated from operating activities (A)	**291.21**	**29.61**
Cash flow from investing activities		
Purchase of Property, Plant and Equipment and other intangible assets (including capital work in progress)	(232.90)	(223.21)
Proceeds from sale of Property, Plant and Equipment and other intangible assets	9.13	136.20
Sale of investment	191.69	-
Payment of acquisition related deferred consideration		
- Double Negative Holdings Limited	(41.22)	(11.69)
- Gener8 Digital Media Corp	(16.32)	(8.07)
- Sample Digital Holdings LLC (DAX)	(3.90)	-
Margin money and fixed deposits under lien	2.75	3.49
Interest received	3.41	4.43
Dividend received	0.00	-
Net cash flow (used in) investing activities (B)	**(87.36)**	**(98.85)**

₹ Crore

	Year ended March 31, 2017	Period ended March 31, 2016
Cash flow from financing activities		
Proceeds from long term borrowings (net)	333.66	13.63
Repayment of preference shares	(301.36)	-
(Repayment) / Proceeds from short term borrowings (net)	(174.78)	178.26
Proceeds from issuance of Compulsory Convertible Debentures and Equity Shares of subsidiaries.	60.00	-
Finance costs paid	(104.66)	(68.50)
Net Cash (used in) / generated from financing activities (C)	**(187.14)**	**123.39**
Effect of exchange on cash and cash equivalents (D)	**(1.53)**	**1.20**
Net increase in cash and cash equivalents (A+B+C+D)	**15.18**	**55.35**
Cash and cash equivalents at the beginning of the year / period (refer note 9 a)	90.81	35.46
Cash and cash equivalents at the end of the year / period (refer note 9 a)	**105.99**	**90.81**

See accompanying notes to the consolidated financial statements

As per our report of even date

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

Abhijit A. Damle
Partner
(Membership No. 102912)

Place : Mumbai
Date : May 23, 2017

For and on behalf of the Board of Directors

Naresh Malhotra
Whole-time Director
DIN: 00004597

Namit Malhotra
Chairman (Executive Director) and Chief Executive Officer
DIN: 00004049

Ramakrishnan Sankaranarayanan
Managing Director
DIN: 02696897

Vikas Rathee
Chief Financial Officer

Parina Shah
Company Secretary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Prime Focus Limited ("the Company") is a public limited company domiciled in India. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Company and its subsidiaries (collectively referred as "Group") are engaged in the business of post-production including digital intermediate, visual special effects (VFX), two dimension to three dimension (2D to 3D) conversion and providing complete solutions in terms of other technical and creative services to the Media and Entertainment industry. The address of the Company's registered office is Prime Focus House, Linking Road Khar (West), Mumbai- 400052, India.

1.1 Subsidiaries of the Group

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

Name of subsidiaries	Principal activity	Country of incorporation	Current year percentage of holding	Previous period percentage of holding
De-Fi Media Limited (formerly known as Prime Focus International Limited)	Media and other Investments	England & Wales	100%	100%
Prime Focus Technologies Limited (Converted to public company w.e.f. February 08, 2017)	Digital Asset Management	India	73.75%	75.50%
Prime Focus Visual Effects Private Limited	Dormant	India	100%	100%
GVS Software Private Limited	Dormant	India	100%	100%
Prime Focus Motion Pictures Limited	Dormant	India	100%	100%
PF World Limited	Investments	Mauritius	100%	100%
PF Investments Limited	Investments	Mauritius	100%	100%
PF Overseas Limited	Investments	Mauritius	100%	100%
Prime Focus 3D India Private Limited	Dormant	India	100%	100%
Gener8 India Media Services Limited	Post Production Services	India	100%	100%
Reliance MediaWorks (Mauritius) Limited	Investments	Mauritius	100%	100%
Prime Focus Malaysia SDN BHD (w.e.f. July 15, 2015)	Post Production Services	Malaysia	100%	100%
Subsidiary company of Reliance MediaWorks (Mauritius) Limited				
Reliance Lowry Digital Imaging Services Inc	Restoration	USA	90%#	90%#
# 10% is held by Prime Focus Limited directly				
Subsidiary companies of PF World Limited				
Prime Focus Luxembourg S.a.r.l	Investments	Luxembourg	100%	100%

Name of subsidiaries	Principal activity	Country of incorporation	Current year percentage of holding	Previous period percentage of holding
Subsidiary company of Prime Focus Luxembourg S.a.r.l				
Prime Focus 3D Cooperatief U.A	Investments	Netherlands	99.99%#	99.99%#
# 0.01% is held by PF Investments Limited				
Subsidiary company of Prime Focus 3D Cooperatief U.A.				
Prime Focus World N.V.	Investments	Netherlands	93.05%	93.05%
Subsidiary companies of Prime Focus World N.V.				
Prime Focus Creative Services Canada Inc	Post Production and VFX Services	Canada	100%	100%
Gener8 Digital Media Services Limited*	Post Production Services	Canada	100%	100%
Prime Focus VFX USA Inc	Dormant	USA	100%	100%
Prime Focus North America Inc	Post Production and VFX Services	USA	100%	100%
Prime Focus International Services UK Limited	Post Production and VFX Services	England & Wales	100%	100%
Prime Focus ME Holdings Limited	Post Production and VFX Services	British Virgin Island	100%	100%
Prime Focus World Creative Services Private Limited	Post Production and VFX Services	India	100%	100%
Prime Focus China Limited	Post Production and VFX Services	British Virgin Island	70%	70%
Double Negative Holdings Limited	Investments	England & Wales	100%	100%
Prime Focus World Malaysia SDN BHD (w.e.f July 20, 2015)	Post Production and VFX Services	Malaysia	100%	100%
Subsidiary companies of Double Negative Holdings Limited				
Double Negative Limited	Post Production and VFX Services	England & Wales	100%	100%
Double Negative Singapore Pte Limited	Post Production and VFX Services	Singapore	100%	100%
Double Negative Films Limited	Dormant	England & Wales	100%	100%
Double Negative Canada Productions Limited	Post Production and VFX Services	Canada	100%	100%
Double Negative LA LLC (w.e.f March 07, 2017)	Post Production and VFX Services	USA	100%	-
Subsidiary company of Double Negative Canada Productions Limited				
Double Negative Huntsman VFX Limited	Post Production and VFX Services	Canada	100%	100%
Subsidiary company of Prime Focus Creative Services Canada Inc.				
Vegas II VFX Limited	Post Production and VFX Services	Canada	100%	100%
Subsidiary company of Prime Focus North America Inc.				
1800 Vine Street LLC	Administrative	USA	100%	100%
Subsidiary company of Prime Focus China Limited				
Prime Focus (HK) Holdings Limited	Post Production and VFX Services	Hong Kong	100%	100%
Subsidiary companies of Prime Focus World Creative Services Private Limited				
Double Negative India Private Limited (Previously known as Reliable Laptops Private Limited (w.e.f December 07, 2015))	Post Production and VFX Services	India	100%	100%
Prime Focus Academy of Media and Entertainment Studies Private Limited (w.e.f. October 01, 2016)	Training Institue	India	100%	-

Name of subsidiaries	Principal activity	Country of incorporation	Current year percentage of holding	Previous period percentage of holding
Subsidiary company of Prime Focus International Services UK Limited				
Prime Focus Animation UK Limited (w.e.f. January 16, 2017)	Dormant	England & Wales	100%	-
Subsidiary companies of Prime Focus Technologies Limited				
Prime Focus Technologies UK Limited	Digital Asset Management	England & Wales	100%	100%
Prime Focus Technologies Inc.	Post Production Services	USA	100%	100%
Subsidiary company of Prime Focus Technologies Inc.				
DAX PFT LLC	Digital Asset Management	USA	100%	100%
Subsidiary company of DAX PFT LLC				
DAX Cloud ULC	Digital Asset Management	Canada	100%	100%
Subsidiary company of Prime Focus Technologies UK Limited				
Prime Post (Europe) Limited	Post Production Services	England & Wales	100%	100%

*Ownership transferred from PF World Limited during the year

2. Significant accounting policies

2.1 Basis of preparation

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

These consolidated financial statements are the Group's first Ind AS financial statements. Upto the period ended March 31, 2016, the Group prepared its financial statements in accordance with the requirement of erstwhile Indian GAAP which includes Standard notified under the Companies (Accounting Standards) Rules, 2006 (hereinafter referred to as 'Previous GAAP'). The date of transition to Ind AS is July 01, 2015.

Refer note 3.2 for details of first time adoption and note 38 for reconciliation between Ind AS and Previous GAAP.

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the assets or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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

2.2 Use of Estimates

The preparation of consolidated financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the consolidated 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.

2.3 Basis of consolidation

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

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

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

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

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

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

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

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

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

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

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

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

2.4 Business combinations

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

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

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

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

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

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

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

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

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

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

2.5 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note 2.4 above) less accumulated impairment losses, if any.

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

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

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

2.6 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.

2.6.1 Rendering of services

The Group provides a variety of post-production services including digital intermediate, visual special effects (VFX), two dimension to three dimension (2D to 3D) conversion and other technical services to its 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 loses become evident.

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

2.6.2 Contracts with contingent revenue terms

Some customer contracts for the provision of services are structured so that the economic benefits that flow to the Group are contingent on a future event, such as the performance of the film at the box office. In such cases, management performs an assessment of the probability that the contingent event will occur. These assessments are generally based on available market information and revenue will only be recognised when this assessment shows that it is probable the contingent event will occur and therefore it is probable the economic benefits will flow to the Group. When the determination to recognise revenue is reached, the Group calculates revenue in accordance with the fixed price contract policy with regard to percentage of completion method, unbilled revenue, deferred revenue and change orders.

2.6.3 Dividend and interest income

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

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

2.6.4 Rental income

The Company's policy for recognition of revenue from operating leases is described in note 2.7.1 below.

2.6.5 Tax credits

The Group's operations based in British Colombia (BC), Canada are eligible to earn tax credits on labour and related costs for the work performed. The Group's operations based in India are eligible to earn custom duty credits on realisation of export proceeds. These credits are not recognised until there is reasonable assurance that the Company will comply with the local compliance regulations attaching to them and that the credits will be received.

Tax credits are recognised in Statement of Profit or Loss on a systematic basis over the periods in which the Group recognises as expenses the related costs which the credits are intended to compensate.

2.7 Leasing

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

2.7.1 The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group'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 Group's net investment outstanding in respect of the leases.

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

2.7.2 The Group as lessee

Assets held under finance lease are initially recognised as assets of the Group 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 consolidated balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligations so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see note 2.9 below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

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

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

2.8 Foreign currencies

In preparing the financial statements of each individual group entity, 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; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

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

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

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

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

2.9 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 capitalisation.

2.10 Government grants

Government grants are not recognised until there is reasonable assurance that the Group 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 Group recognises as expense the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated balance sheet and transferred to profit or loss on a systematic basis 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 Group 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.

2.11 Employee benefits

2.11.1 Retirement benefit costs and termination benefits

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

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

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

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

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

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

2.11.2 Short-term and other long-term employee benefits

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

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

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

2.12 Share-based payment arrangements

2.12.1 Share-based payment transactions of the Group

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 33.

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

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

2.13 Taxation

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

2.13.1 Current tax

The tax currently payable is based on taxable profit for the year / period. Taxable profit differs from 'profit before tax' as reported in the consolidated 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 Groups current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.13.2 Deferred tax

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

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

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

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

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

2.13.3 Current and deferred tax for the year

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

2.14 Property, plant and equipment (PPE)

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.

Assets held under finance leases, Leasehold improvements and Leasehold building 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.

Depreciation on tangible assets of the Company and it's subsidiaries is provided using the straight line method (SLM) as per useful lives which are similar to the useful life prescribed under Schedule II of the Companies Act, 2013. Depreciation on Property, Plant and Equipment of the Company's foreign subsidiaries other than De-fi Media Limited has been provided on SLM as per the estimated useful lives of the such assets are as follows:

Buildings – upto 60 years

Plant and equipment, fixture and fittings– 3 years to 15 years

Motor Vehicles- Over 5 years

In case of De-fi Media Limited, depreciation has been provided using Written Down Value ('WDV') Method, to write down the cost of property, plant and equipment to their residual values over the estimated useful economic lives at the following rates:

Plant and equipment – 13.91%
Fixtures and fittings – 18.10%
Vehicles – 25.89%

In case of De-fi Media Limited Gross book value of assets is ₹ 35.03 Crore (March 31, 2016: ₹ 41.21 Crore; July 01, 2015: ₹ 43.43 Crore), net book value of assets is ₹ 17.82 Crore (March 31, 2016: ₹ 22.61 Crore; July 01, 2015 ₹ 27.43 Crore) and depreciation charge for the year is ₹ 1.50 Crore (Previous Period: ₹ 3.56 Crore)

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

2.15 Intangible assets

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

The group amortised intangible assets pertaining to the 2D to 3D coversion business over 20 years as the Group believes the benefits from the intangible asset will accrue over 20 years.

Film rights

The Company amortizes film costs using the individual film forecast method. Under the individual film forecast method, such costs are amortized for each film in the ratio that current year revenue for such films bears to management's estimate of remaining unrecognised ultimate revenue as at the beginning of the financial year. Management regularly reviews and revises, where necessary, its total estimates on a film by film basis, which may result in a change in the rate of amortization and/or a write down of the intangible asset to fair value. The period of amortization only starts at the point at which the asset starts to produce economic returns.

Software

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

2.15.1 Intangible assets acquired separately

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

2.15.2 Internally-generated intangible assets – research and development expenditure

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

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

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

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

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

2.15.3 Intangible assets acquired in a business combination

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

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Finite-lived intangible assets that were acquired in a business combination, such as trade names, customer relationships and developed technology are amortised on a straight-line basis over their estimated useful life as follows:

Trade names-Upto 8 years

Non-compete - Over the contractual period (5 years)

Customer relationships and contracts- Upto 8 years

First look rights- Upon commencement of work on each movie over the period of performance of the contract with respect to each movie

Software - Upto 8 years

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

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

Brands- Indefinite life

2.15.4 De recognition of intangible assets

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

2.16 Impairment of tangible and intangible assets other than goodwill

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

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

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

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

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

2.17 Inventories

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

2.18 Provisions

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

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

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

2.18.1 Onerous contracts

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

2.18.2 Restructurings

A restructuring provision is recognised when the Group 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 staring 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.

2.18.3 Contingent liabilities acquired in a business combination

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

2.19 Financial instruments

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

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

2.20 Financial assets

All regular way purchases of 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.

2.20.1 Classification of financial assets

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

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

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

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

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

Interest income is recognised in profit or loss for 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 in this reserve is reclassified to profit or loss.

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

All other financial assets are subsequently measured at fair value.

2.20.2 Effective interest method

The effective interest is a method of calculating the amortised cost of debt instruments and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees 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.

2.20.3 Investments in equity instruments at FVTOCI

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

A financial asset is held for trading if:

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

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

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

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

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 Group has not designated any debt instruments at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Group's right to receive dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

2.20.5 Impairment of financial assets

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

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

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

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

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

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

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

2.20.6 De-recognition of financial assets

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

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

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

2.20.7 Foreign exchange gains and losses

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

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

2.21 Financial liabilities and equity instruments

2.21.1 Classification as debt or equity

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

2.21.2 Equity instruments

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

Repurchase of the 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.

2.21.3 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.

2.21.4 Financial liabilities

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

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

2.21.4.1Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

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

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

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

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

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

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

2.21.4.2Financial 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.

2.21.4.3Financial guarantee contracts

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

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

- The amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and

- The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

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

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

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

2.21.4.5 Foreign exchange gains and losses

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

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

2.21.4.6 De-recognition of financial liabilities

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

2.22 Derivative financial instruments

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

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently 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.

2.22.1 Embedded derivatives

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

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, the management of the 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 reviewed if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1.1 Revenue recognition

The Group also derives most of its 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 judgemental in nature and are estimated by experienced staff using their knowledge of the time necessary to the work.

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

For some contracts the Group's ability to receive the economic benefits is contingent on a future event, such as the performance of the film at the box office. For these projects, management utilises available market information and the historical performance of similar films to assess the likelihood that the contingent event will occur, and to reliably estimate the total value of the economic benefit. Revenue for these projects will only be recognised when this assessment shows that it is probable the contingent event will occur, and all other revenue recognition criteria have been met.

3.1.2 Taxation

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

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

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

3.1.3 Recoverability of internally generated intangible asset

During the year, the Company considered the recoverability of the Group's internally generated intangible asset arising from its business development of tools and software, which is included in the consolidated balance sheet as at March 31, 2017.

The business continues to progress in a satisfactory manner, and customer reaction has reconfirmed the Company's previous estimates of anticipated revenues from the business. Detailed sensitivity analysis has been carried out and the Company is confident that the carrying amount of the asset will be recovered in full, even if returns are reduced. This situation will be closely monitored, and adjustments made in future periods if future market activity indicates that such adjustments are appropriate.

3.1.4 Impairment of goodwill

Determining, whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

3.1.5 Useful lives of property, plant and equipment

The Group reviews the estimated useful lives of property and equipment at the end of each reporting period. During fiscal year ended March 31, 2017, one of the components of the group has reviewed and revised the estimated useful life of certain items of Equipment, Fixtures and Fittings, considering technical factors. Accordingly, depreciation for the year ended March 31, 2017 is lower by ₹ 9.16 Crore and consequently profit is higher by the same amount.

3.1.6 Fair value measurements and valuation process

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

3.1.7 Trade Receivables

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

3.2 First-time adoption – mandatory exceptions, optional exemptions

3.2.1 Overall principle

The Group has prepared the opening consolidated balance sheet as per Ind AS as of July 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Group as detailed below.

The Group has adopted Ind AS with effect from April 01, 2016 with comparatives being restated. Accordingly, the impact of transition has been provided in the opening Reserves as at July 01, 2015 and all the periods presented have been restated accordingly.

Exemptions from retrospective application

a) Business combination exemption

The Group has elected not to apply Ind AS 103 Business Combinations to past business combinations that occurred before the transition date of July 01, 2015. Consequently,

- The Group has kept the same classification for the past business combinations as in its previous GAAP financial statements;
- The Group has not recognised assets and liabilities that were not recognised in accordance with previous GAAP in the consolidated balance sheet of the acquirer and would also not qualify for recognition in accordance with Ind AS in the separate balance sheet of the acquire;
- The Group has excluded from its opening balance sheet those items recognised in accordance with previous GAAP that do not qualify for recognition as an asset or liability under Ind AS;
- The Group has tested the goodwill for impairment at the transition date based on the conditions as of the transition date;
- The effects of the above adjustments have been given to the measurement of non-controlling interests and deferred tax.

b) Cumulative translation differences on foreign operations

The Group has elected the option to reset the cumulative translation differences on foreign operations that exist as of the transition date to zero.

c) Assessment of embedded derivatives

The Group has assessed whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of conditions that existed at the later of the date it first became a party to the contract and the date when there has been a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

d) Fair value as deemed cost exemption

The Group has elected to measure items of property, plant and equipment and intangible assets at its carrying value as at transition date except for certain class of assets which are measure at fair value as deemed cost.

4. Property, plant and equipment

₹ Crore

	Buildings	Plant and equipment	Furniture and fixtures	Leasehold improvements	Office equipments	Vehicles	Total
Gross Block							
As at July 01, 2015	404.55	826.54	34.70	205.18	79.81	4.28	1,555.06
Additions	-	136.00	0.32	23.43	1.12	0.49	161.36
Deductions	(160.77)	(7.11)	-	(11.16)	-	(0.85)	(179.89)
Exchange differences	5.90	(16.66)	0.17	(2.73)	1.59	0.04	(11.69)
As at March 31, 2016	**249.68**	**938.77**	**35.19**	**214.72**	**82.52**	**3.96**	**1,524.84**
Depreciation							
As at July 01, 2015	22.58	435.43	17.71	75.62	61.38	1.36	614.08
For the period	6.79	113.38	2.35	37.22	4.80	0.51	165.05
Deductions	(19.64)	(3.96)	-	(11.10)	-	(0.35)	(35.05)
Exchange differences	0.64	(17.32)	0.09	(5.07)	1.65	0.02	(19.99)
As at March 31, 2016	**10.37**	**527.53**	**20.15**	**96.67**	**67.83**	**1.54**	**724.09**
Net Block							
As at March 31, 2016	**239.31**	**411.24**	**15.04**	**118.05**	**14.69**	**2.42**	**800.75**
As at July 01, 2015	**381.97**	**391.11**	**16.99**	**129.56**	**18.43**	**2.92**	**940.98**

₹ Crore

	Buildings	Plant and equipment	Furniture and fixtures	Leasehold improvements	Office equipments	Vehicles	Total
Gross Block							
As at April 01, 2016	249.68	938.77	35.19	214.72	82.52	3.96	1,524.84
Additions	-	131.24	0.21	9.01	2.77	-	143.23
Deductions	-	(33.17)	(0.63)	-	(0.01)	(0.30)	(34.11)
Adjustments*	-	(58.41)	-	(15.28)	-	-	(73.69)
Exchange differences	-	(78.58)	(0.10)	(23.75)	(1.76)	-	(104.19)
As at March 31, 2017	**249.68**	**899.85**	**34.67**	**184.70**	**83.52**	**3.66**	**1,456.08**
Depreciation							
As at April 01, 2016	10.37	527.53	20.15	96.67	67.83	1.54	724.09
For the year	5.86	107.83	2.86	44.06	4.80	0.43	165.84
Deductions	-	(31.07)	(0.17)	-	-	(0.16)	(31.40)
Adjustments*	-	(34.68)	-	(15.53)	-	-	(50.21)
Exchange differences	-	(63.99)	(0.07)	(16.46)	(1.49)	-	(82.01)
As at March 31, 2017	**16.23**	**505.62**	**22.77**	**108.74**	**71.14**	**1.81**	**726.31**
Net Block							
As at March 31, 2017	**233.45**	**394.23**	**11.90**	**75.96**	**12.38**	**1.85**	**729.77**

* Adjustments pertains to regrouping for class of assets from Tangible to Intangible (Software)

4.1 Assets pledged as a security

Refer note 14 and 19 regarding details of borrowings where assets have been placed as security.

4.2 Building includes leasehold premises of ₹ 112.20 Crores (March 31, 2016: ₹ 112.20 Crores; July 01, 2015: ₹ 112.20 Crores) and its accumulated depreciation is ₹ 6.65 Crores (March 31, 2016: ₹ 3.22 Crores; July 01, 2015: ₹ 0.51 Crores). Depreciation charge for the year is ₹ 3.43 Crores (period ended March 31, 2016: ₹ 2.71 Crores)..

5. Goodwill and other intangible assets

₹ Crore

	Goodwill	Film rights	Customer relationship and contracts	Trade names, Brand and Non-compete	Software	Total
Gross Block						
As at July 01, 2015	941.42	3.00	20.59	5.91	743.15	1,714.07
Acquisition	25.49	-	-	-	-	25.49
Additions	28.75	-	-	-	57.01	85.76
Deductions	-	-	-	-	(3.89)	(3.89)
Exchange differences	(25.31)	-	0.03	0.46	2.16	(22.66)
As at March 31, 2016	**970.35**	**3.00**	**20.62**	**6.37**	**798.43**	**1,798.77**
Depreciation						
As at July 01, 2015	0.53	2.46	20.59	1.89	197.70	223.17
For the period	-	0.39	-	0.54	37.16	38.09
Deductions	-	-	-	-	(3.87)	(3.87)
Exchange differences	-	-	0.03	0.30	19.58	19.91
As at March 31, 2016	**0.53**	**2.85**	**20.62**	**2.73**	**250.57**	**277.30**
Net Block						
As at March 31, 2016	**969.82**	**0.15**	**-**	**3.64**	**547.86**	**1,521.47**
As at July 01, 2015	**940.89**	**0.54**	**-**	**4.02**	**545.45**	**1,490.90**

₹ Crore

	Goodwill	Film Rights	Customer relationship and contracts	Trade names, Brand and Non-compete	Software	Total
Gross Block						
As at April 01, 2016	970.35	3.00	20.62	6.37	798.43	1,798.77
Additions	-	-	-	-	114.99	114.99
Deduction	-	-	-	-	-	-
Adjustments*	-	-	-	-	56.79	56.79
Exchange differences	2.11	-	(0.15)	(0.19)	(69.10)	(67.33)
As at March 31, 2017	**972.46**	**3.00**	**20.47**	**6.18**	**901.11**	**1,903.22**
Depreciation						
As at April 01, 2016	0.53	2.85	20.62	2.73	250.57	277.30
For the year	-	-	-	0.73	88.03	88.76
Deduction	-	-	-	-	-	-
Adjustments*	-	-	-	-	33.31	33.31
Exchange differences*	-	-	(0.15)	(0.05)	(13.58)	(13.78)
As at March 31, 2017	**0.53**	**2.85**	**20.47**	**3.41**	**358.33**	**385.59**
Net Block						
As at March 31, 2017	**971.93**	**0.15**	**-**	**2.77**	**542.78**	**1,517.63**

* Adjustments pertains to regrouping for class of assets from Tangible to Intangible (Software)

5.1 Allocation of goodwill to cash-generating units (CGU)

Goodwill has been allocated for impairment testing purposes to the following cash-generating units.

- Creative services business
- Technology and technology enabled business
- Others

Before recognition of impairment losses, the carrying amount of goodwill (other than goodwill related to discontinuing operations) was allocated to cash-generating units as follows :

in ₹ Crore

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Creative services business	734.17	726.53	699.76
Technology and technology enabled business	181.64	186.64	184.48
Others	56.12	56.65	56.65
Total	**971.93**	**969.82**	**940.89**

The recoverable amount for these cash-generating units is determined on a value in use calculation which uses cash flow projections based on financial budgets approved by the Directors.

Following key assumptions were considered while performing Impairment testing

Long term sustainable growth rates 2% to 5%

Weighted Average Cost of Capital % (WACC) before tax 14.5% to 14.8%

EBITDA margins 23.7% to 30%

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

Weighted Average Cost of Capital % (WACC) = Risk free return + (Market risk premium x Beta variant for the Company)

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

6. Non-current investments

₹ Crore

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Unquoted equity instruments - fully paid up (at fair value)			
The Shamrao Vithal Co-operative Bank Limited	0.01	0.01	0.01
4,000 (4,000 as at March 31, 2016; 4,000 as at July 01, 2015) shares of ₹ 25/- each			
Mainframe Premises Co-Operative Society Limited	0.00	0.00	0.00
350 (350 as at March 31, 2016, 350 as at July 01, 2015) shares of ₹ 10/- each*			
Locksmith Limited	3.98	3.63	3.50
1,400 (1,400 as at March 31, 2016; 1,400 as at July 01, 2015) shares of £ 0.01 each			
Digital Domain-Reliance LLC	-	85.12	82.23
	3.99	**88.76**	**85.74**

*The value 0.00 means amount is below ₹ 50,000/-

₹ Crore

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Aggregate amount of quoted investment	-	-	-
Aggregate market value of quoted investment	-	-	-
Aggregate amount of unquoted investment	3.99	88.76	85.74

Category wise classification of investments as per Ind AS 109:

₹ Crore

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Financial assets carried at fair value through profit or loss (FVTPL)	3.99	88.76	85.74

7. Inventories

₹ Crore

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Inventories (lower of cost and net realisable value)			
Tapes	0.45	0.62	0.56
	0.45	**0.62**	**0.56**

The mode of valuation of inventories has been stated in notes 2.17

8. Trade receivables (Unsecured)

₹ Crore

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Current			
Considered good	269.39	191.12	146.51
Considered Doubtful	199.86	236.82	240.08
	469.25	**427.94**	**386.59**
Allowance for doubtful receivables	199.86	236.82	240.08
	269.39	**191.12**	**146.51**

₹ Crore

	Year ended March 31, 2017	Nine months period ended March 31, 2016
The movement in allowance for doubtful receivables is as follows:		
Balance as the beginning for the year / period	236.82	240.08
Movement during the year / period	(36.96)	(3.26)
Balance as at the end of the year / period	**199.86**	**236.82**

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

9. Cash and bank balances

₹ Crore

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
a. Cash and cash equivalents			
Cash on hand (Refer note (i) below)	0.10	0.21	0.25
Bank balances:			
In Current Accounts	105.89	90.60	35.21
	105.99	**90.81**	**35.46**
b. Bank balances other than (a) above			
Other Bank balances			
In deposits*	19.93	22.68	26.16
	19.93	**22.68**	**26.16**

*Fixed deposits are provided as security against fund and non-fund based credit facilities.

(i) Refer note 40 for details of Specified Bank Notes (SBNs) held and transacted during the period from November 08, 2016 to December 30, 2016.

10. Other financial assets (Unsecured, considered good)

₹ Crore

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Non-current			
Deposits	64.52	72.92	76.03
	64.52	**72.92**	**76.03**
Current			
Derivative assets	6.30	-	-
Deposits	19.91	0.41	0.39
Inter-corporate deposits	25.05	23.88	22.52
Unbilled revenue	224.10	71.70	129.64
Interest accrued on fixed deposits	0.19	0.54	0.45
Receivable on sale of subsidiary#	-	1.90	2.00
	275.55	**98.43**	**155.00**

On March 31, 2015, the Company sold its entire holdings of 21,492,003 ordinary shares of Prime Focus London Plc., a subsidiary company incorporated in the U.K. for a consideration of ₹ 3.71 crores. Of the total consideration, ₹ Nil is outstanding as at March 31, 2017 (as at March 31, 2016 ₹ 1.90 crores and as at July 01, 2015: ₹ 2.00 crores) .

11. Other assets

₹ Crore

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Non-current (Unsecured)			
Capital advances	30.24	28.26	30.99
Prepaid expenses	4.63	2.25	2.61
Other loans and advances			
Considered good	0.71	0.46	1.67
Advance payment of taxes (net of provisions for tax)	58.68	52.98	41.87
	94.26	**83.95**	**77.14**
Current (Unsecured)			
Other loans and advances			
Considered good	57.79	183.14	93.68
Dobutful	5.00	5.00	5.00
Total	**62.79**	**188.14**	**98.68**
Less : Provision for doubtful advances	(5.00)	(5.00)	(5.00)
	57.79	**183.14**	**93.68**
Prepaid expenses	70.66	36.46	52.18
Tax credits receivable from foreign government	68.01	100.65	98.08
Advance payment of taxes (net of provision for tax)	3.63	-	-
Other assets (considered good)	-	2.51	-
	200.09	**322.76**	**243.94**

Other loans and advances includes loans and advances to employees and others, advances to suppliers and service tax receivables and vat receivables.

12. Equity share capital

₹ Crore

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Authorised shares:			
350,000,000 Equity shares of ₹ 1/- each	**35.00**	**35.00**	**35.00**
Issued, subscribed and paid-Up:			
298,878,974 Equity shares of ₹ 1/- each	29.89	29.89	29.89
	29.89	**29.89**	**29.89**

12.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year / period.

Fully paid equity shares

	Year ended March 31, 2017		Nine month period ended March 31, 2016	
	Number	Amount in ₹ Crore	Number	Amount in ₹ Crore
Balance as at the beginning and end of the year / period	298,878,974	29.89	298,878,974	29.89

12.2

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Shares reserved for issuance under options (Refer note 33)	**17,932,738**	-	-

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

	As at March 31, 2017		As at March 31, 2016		As at July 01, 2015	
	Numbers	% of holding	Numbers	% of holding	Numbers	% of holding
Naresh Malhotra	62,201,546	20.81	62,201,546	20.81	62,201,546	20.81
Reliance MediaWorks Limited	-	-	104,939,361	35.11	134,080,061	44.86
Reliance MediaWorks Financial Services Private Limited	104,939,361	35.11	-	-	-	-
Standard Chartered Private Equity (Mauritius) III Limited	10,458,768	3.50	10,458,768	3.50	36,549,990	12.23
Standard Chartered Private Equity (Mauritius) Limited	29,241,817	9.78	29,241,817	9.78	-	-
Marina IV (Singapore) Pte. Limited	23,390,875	7.83	23,390,875	7.83	-	-
Monsoon Studio Private Limited	27,506,095	9.20	27,506,095	9.20	27,506,095	9.20
Namit Malhotra	14,900,000	4.99	14,900,000	4.99	14,900,000	4.99

12.4 Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of ₹ 1 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.

12.5 Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Equity shares allotted as fully paid up pursuant to business transfer agreement for consideration other than cash	67,307,692	67,307,692	67,307,692

13. Other equity

₹ Crore

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Securities Premium			
As per last balance sheet	900.19	918.33	
Movement during the year / period	3.37	(18.14)	
	903.56	**900.19**	**918.33**
Capital Reserve			
As per last balance sheet	51.77	51.77	
	51.77	**51.77**	**51.77**
General Reserve			
As per last balance sheet	1.34	1.34	
	1.34	**1.34**	**1.34**
Debenture Redemption Reserve			
As per last balance sheet	71.29	70.20	
Movement during the year / period	7.17	1.09	
	78.46	**71.29**	**70.20**
Retained earnings			
As per last balance sheet	(635.75)	(351.31)	
Movement during the year / period	118.45	(284.44)	
	(517.30)	**(635.75)**	**(351.31)**
Share options outstanding account			
As per last balance sheet	23.81	19.53	
Movement during the year / period	25.67	4.28	
	49.48	**23.81**	**19.53**
Other Comprehensive Income			
As per last balance sheet	(34.37)	-	
Movement during the year / period	(6.35)	(34.37)	
	(40.72)	**(34.37)**	**-**
	526.59	**378.28**	**709.86**

14. Borrowings (Non-current)

₹ Crore

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Debentures (unsecured)			
Non-convertible debentures - series A	-	101.00	101.00
Non-convertible debentures - series B	89.10	89.10	89.10
(Refer note (a) below)			
Debentures (secured)			
Optionally convertible debentures	71.38	-	46.14
(Refer note (b) and (c) below)			
Non-convertible debentures (Refer note (d) below)	-	48.02	48.91
Term loans (secured)			
from banks	564.07	76.40	43.05
(Refer note (h), (i), (j), (l), (q) and (r) below)			
from others	35.97	49.65	99.46
(Refer note (e), (f) and (k) below)			
Other loans and advances (secured)			
Finance lease obligations	108.26	66.56	59.33
(Refer note (t) below)			
Foreign currency loans - buyers credit	8.69	16.40	13.93
(Refer note (s) below)			
Other loans and advances (unsecured)			
Inter corporate deposit received (Refer note (m) and (g) below)	31.70	108.38	-
Puttable Equity Instrument (Refer note (w) below)	101.50	-	-
	1,010.67	**555.51**	**500.92**

a. On November 05, 2012, the Company issued 1,901 Zero Coupon Unsecured Redeemable Non-Convertible Debentures (NCDs) of ₹ 1,000,000 each, of the aggregate nominal value of ₹ 190.10 Crore to Standard Chartered Private Equity (Mauritius) III Limited. The Debentures were issued in two series being the Series A NCDs and the Series B NCDs. The Series A NCDs comprised of 1,010 Debentures aggregating ₹ 101.00 Crore redeemable after 5 years and the Series B NCDs comprised of 891 Debentures aggregating ₹ 89.10 Crore redeemable after 6 years.

The amounts payable on redemption on Debentures are as follows:

i. With respect to the Series A NCDs, an amount equal to 188.17% of the Principal amount of Series A NCDs.

ii. With respect to the Series B NCDs, an amount equal to 213.41% of the Principal amount of Series B NCDs

In the event that either the Company or the Debenture Holders are desirous of redeeming the Debentures prior to its scheduled maturity other than upon the occurrence of an Event of Default, the Company and the Debenture Holders shall mutually agree on the amounts payable to the Debenture Holders upon such early redemption and the other terms of such redemption.

b. During March 2014 and April 2014, Prime Focus Technologies Limited (PFT) raised through private placement of secured, unlisted, unrated, redeemable, optionally convertible debentures (OCDs) aggregating ₹ 46.14 Crore. After 2 years from allotment, Investors will have an option of converting up to 25% of the total principal amount into equity shares of PFT. OCDs are secured by pledge of equity shares of PFT equivalent to 3 times of the issue size held by the Parent Company, guarantee issued by the Parent Company and personal guarantees of promoters. Further, secured by second charge on all the fixed assets of PFT and first and exclusive charge on Debt Service Reserve Amount (DSRA). Interest rate 14% p.a. with maturity profile of 27 months. OCDs were repaid during the year.

c. During May 2016 and June 2016, Prime Focus Technologies Limited (PFT) raised through private placement of secured, unlisted, unrated, redeemable, optionally convertible debentures (OCDs) aggregating ₹ 74.83 crore. After 24, 27 and 30 months from the date of allotment, Investors will have an option of converting up to 25% of the total principal amount (one third each) into equity shares of PFT. OCDs are secured by pledge of equity shares of PFT equivalent to 3 times of the issue size held by the Parent Company, guarantee issued by the Parent Company and personal guarantees of promoters. Further, secured by second charge on all the fixed assets of PFT and first and exclusive charge on Debt Service Reserve Amount (DSRA). Interest rate 14.5% p.a. with maturity profile of 24, 27 and 30 months.

d. On February 20, 2015 the Company made an offer for the issuance of upto 4,000 unlisted, unrated, redeemable debentures not convertible into Equity Shares of the Company of face value of ₹ 1,00,000/- each ("Debentures") aggregating upto ₹ 27.00 Crore with a Green Shoe Option of upto ₹ 13.00 Crore on a private placement basis. On March 04, 2015, 2,891 Debentures aggregating ₹ 28.91 Crore were allotted. On April 07, 2015 the Company made an additional offer for the issuance of upto 2,000 unlisted, unrated, redeemable debentures not convertible into Equity Shares of the Company of face value of ₹ 1,00,000/- each ("Debentures") aggregating upto ₹ 20.00 Crore. On May 05, 2015, the Company allotted 1,580 debentures under Tranche - 1, aggregating ₹ 15.80 Crore and on May 08, 2015 the Company further allotted 420 debentures under Tranche – 2, aggregating ₹ 4.20 Crore. In aggregate, the company allotted 4,891 debentures amounting to ₹ 48.91 Crore at 14% interest payable quarterly and a redemption premium payable on maturity of the debenture to make the IRR of 17%. Of these Debentures ₹ 28.91 Crore matures in September 2017 and ₹ 20.00 Crore matures in November 2017.

e. On August 13, 2014, the Company entered into a long term loan agreement with others to borrow ₹ 45.00 Crore at an interest rate of 12.50% p.a., to repay the existing term loan and for general corporate purpose which includes working capital and advance payment for capital expenditure. The term loan is to be repayable in 120 equated monthly installment starting from October 01, 2014 for loan availed on August 29, 2014 and from November 01, 2014 for loan availed on September 05, 2014. Further, the term loan is secured by a specific charge on immovable properties of the Company. As at March 31, 2017 ₹ 35.97 Crore (March 31, 2016: ₹ 38.40 Crore; July 01, 2015: ₹ 40.62 Crore) is disclosed as non-current and ₹ 2.44 Crore (March 31, 2016: ₹ 2.91 Crore; July 01, 2015 : ₹ 2.82 Crore) is disclosed as current.

f. On October 19, 2015, the Company entered into an agreement for term loan with others to borrow ₹ 20.00 Crore at an interest rate of 15.25% p.a., to repay the existing term loan and for general corporate purpose which includes working capital. The loan is repayable in 6 quarterly installments starting from end of 3rd quarter from the date of disbursement. The loan is secured by pledge of shares by promoters. As at March 31, 2017 ₹ 11.25 Crore (March 31, 2016: ₹ 8.75 Crore) is disclosed as current and ₹ Nil (March 31, 2016: ₹ 11.25 Crore) is disclosed as non-current.

g. During the current year, the Company repaid entire inter corporate deposit aggregating ₹ 108.38 Crore that Company had taken during last year for general corporate purpose which includes working capital at an interest rate of 13% p.a. These inter corporate deposits were repayable after 2 years from the date of disbursement. As at March 31, 2016, outstanding balance of these inter corporate deposits was ₹ 108.38 Crore.

h. During the current year, the group has availed a Term Loan facility aggregating to ₹ 408 Crore at an interest rate based on one year MCLR + 1.90% with a reset on yearly basis. This term loan is repayable in 84 months from date of the 1st disbursement including 6 months moratorium, it is to be repaid in 26 quarterly installments (post 6 months moratorium). The term loan is secured with exclusive charge over present and future current assets and movable fixed assets, personal guarantees of promoters, 35% of shares of the Company held by promoters, Corporate Guarantee of Reliance Capital Limited of ₹ 100 crore, exclusive charge by way of mortgage of immovable properties, pledge of 30% shares of subsidiaries viz; Prime Focus World Creative Services Private Limited, Prime Focus Technologies Ltd and its subsidiaries, PF World Limited, Mauritius, Prime Focus Luxembourg s.a.r.l, Prime Focus 3D Cooperatief UA and pledge over USD 25 million worth shares of Digital Domain Holdings Limited, as and when, received by the Company.

As at March 31, 2017 out of the above availed facility, Company took the disbursement aggregating to ₹ 175.45 Crore. At the year-end, out of the outstanding loan amount ₹ 152.95 Crore (net of transaction fees) is disclosed as non-current and ₹ 5.20 Crore is disclosed as current.

i. Term loans from bank include ₹ 22.26 Crore (Previous year: ₹ 43.73 Crore) taken by PFT, which is secured by first and exclusive charge on all existing and future current assets and existing and movable fixed asset except for fixed assets financed through equipment loan/lease, extension of mortgage property owned by the Group at Khar Mumbai, pledge of parent company shares held by the promoter, corporate guarantee issued by the parent company and personal guarantees of promoters. Loan is repayable in 36 equal monthly installments beginning after a moratorium of 6 months from the date of disbursement with an interest rate of 7.25% p.a to 12.50% p.a. As at March 31, 2017 ₹ 12.57 Crore (March 31, 2016: ₹ 23.70 Crore; July 01, 2015: ₹ 17.07 Crore) is included in current maturities of long-term borrowings and balance of ₹ 9.69 Crore (March 31, 2016: ₹ 20.03 Crore; July 01, 2015: ₹ 17.58 Crore) is included in long-term borrowings.

j. Term loans from bank include ₹ 22.65 Crore (Previous year: ₹ 26.44 Crore) taken by Prime Focus Technologies Inc. (PFT Inc.), which is secured by exclusive first charge on all assets including current assets of PFT Inc., cash margin, escrow of receivables, pledge of shares of PFT Inc. and DAX PFT LLC, pledge of certain shares of PFT and of the Company both backed by non-disposal undertaking, corporate guarantee of PFT and personal guarantee of the promoter. Term loan facility is repayable in 4 yearly equal installments beginning September 30, 2016. As at March 31, 2017 ₹ 16.18 Crore (March 31,2016: ₹ 16.52 Crore; July 01, 2015: ₹ Nil) is included in current maturities of long-term borrowings and balance of ₹ 6.47 Crore (March 31, 2016: ₹ 9.91 Crore; July 01, 2015: ₹ 25.47 Crore) is included in long-term borrowings. Interest rate on term loans are based on 6 months Libor plus 550 basis.

k. As at July 01, 2015 term loan from financial institution included ₹ 60.31 Crore out of which ₹ 58.84 crore is included in long term borrowings and ₹ 1.47 crore is included in current maturity of long term borrowings for a mortgage taken by PFW Group which was collateralized by the land and building of the PFW Group. Interest charged on this mortgage was a fixed rate of 3.8%. On sale of building, the mortgage was released and settled at entirety in March 2016.

l. PFW Group had availed term loan from a bank of ₹ 59.98 Crore for which bank had a fixed and floating charge in respect of all present and future liabilities and obligations secured on the undertaking and all property and assets present and future including goodwill, book debts, uncalled capital, buildings, fixtures and fixed plant & machinery. As at March 31, 2016 ₹ 46.46 Crore was disclosed as non-current long term borrowing and ₹ 13.52 Crore as current portion of long-term borrowing. During the year this loan was repaid.

m. During current year, unsecured inter corporate deposit of ₹ 31.70 Crore was availed from financial institution at interest rate of 12.5% repayable within 2 years. As at March 31, 2017 ₹ 31.70 Crore was disclosed as non-current portion of long-term borrowing.

n. Bank loan of ₹ 52.05 Crore as at March 31, 2016 was collateralized by the tangible and intangible assets of the PFW Group, with the land and buildings subordinated to the mortgage holder. Interest was charged on this facility at a variable rate, which ranged 5.2% to 6% in the current period. As at March 31, 2016 ₹ 52.05 Crore and at July 01, 2015 ₹ 107.68 Crore was disclosed under current maturity of long term borrowings. During the year this was repaid.

o. PFW Group had availed unsecured loans from corporates during 2015. As at March 31, 2016 ₹ 23.24 Crore and at July 01, 2015 ₹ 25.52 Crore was included in current maturity of long term borrowing. During the year this was repaid.

p. Unsecured term loans from others are availed at interest rate of zero percent to 13.50% . As at March 31, 2017 ₹ 1.00 Crore (March 31, 2016: ₹ 0.79 Crore) is disclosed under current maturities of long term borrowings.

q. A Bank held a charge on tangible and current assets of the Group for the line of credit of ₹ 297.88 Crore. Further shares of Prime Focus World NV held by Prime Focus 3D Cooperatief, Investments of Prime Focus World NV in Double Negative Holdings Limited, Prime Focus Creative Services Canada Inc, Gener8 Digital Media Services Limited and Prime Focus International Services UK Limited are pledged. The rate of interest of the loan is in the range of Libor plus 3.5% to 4%. The loan is repayable over a period of four years. As at March 31, 2017 ₹ 297.88 Crore is disclosed under long term borrowings.

r. A Bank held a charge on tangible and current assets of the PFW Group for the line of credit of ₹ 97.09 Crore. Further, shares of Prime Focus World NV held by Prime Focus 3D Cooperatief, Investments of Prime Focus World NV in Double Negative Holdings Limited, Prime Focus Creative Services Canada Inc, Gener8 Digital Media Services Limited and Prime Focus International Services UK Limited are pledged. The rate of interest of the loan is in the range of Libor plus 7% to 9%. The loan is repayable in September 2020. As at March 31, 2017 ₹ 97.09 Crore is disclosed under long term borrowings.

s. Foreign currency loans

Foreign currency loans – buyer's credit of ₹ 13.92 Crore (March 31, 2016: ₹ 11.76 Crore; July 01, 2015: ₹ 16.20 Crore) is secured by pari passu charge on the immovable assets of the Parent Company, both present and future (except building in Royal Palms, Goregaon, Mumbai), pari passu charge on the Parent Company's current assets both present and future and personal guarantees of the promoter director. Also secured against margin monies – Fixed Deposits. Interest rate ranges from 1% to 2% p.a. with maturity profile of 2-3 years. As at March 31, 2017 ₹ 8.51 Crore (March 31, 2016: ₹ 8.48 Crore; July 01, 2015: ₹ 6.58 Crore) is non-current and ₹ 5.41 Crore (March 31, 2016: ₹ 3.29 Crore; July 01, 2015: ₹ 9.62 Crore) is current.

Foreign currency loans- buyer's credit of ₹ 7.58 Crore (March 31, 2016: ₹ 17.87 Crore; July 01, 2015: ₹ 25.46 Crore) is secured against margin monies- fixed deposits pledged. Interest rate ranges from 1% to 2% p.a. with maturity profile of 2-3 years. As at March 31, 2017 ₹ 0.18 Crore (March 31, 2016: ₹ 7.92 Crore; July 01, 2015: ₹ 7.35 Crore) is non-current and ₹ 7.58 Crore (March 31, 2016: ₹ 9.94 Crore; July 01, 2015: ₹ 18.11 Crore) is disclosed as current maturity of long term loan.

t. Finance lease

The Group leases certain equipment under finance leases. The average lease term is around 4 years. The Group has option to purchase the equipment for a nominal amount at the end of the lease term. The Group's obligation under finance leases are secured by hypothecation of plant and equipment and office equipment.

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 11.70 % to 14.50% per annum.

Finance lease obligations are payable as follows:

₹ Crore

	Total minimum lease payments outstanding		
	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Within one year	71.65	71.74	68.37
Later than one year and not later five years	120.56	74.77	64.94
Later than five years	-	-	-
	192.21	**146.51**	**133.31**

	Future Interest on outstanding lease payments		
	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Within one year	11.29	11.47	7.47
Later than one year and not later five years	12.30	8.21	5.61
Later than five years	-	-	
	23.59	**19.68**	**13.08**

	Present Value of minimum lease payments		
	As at March 31 2017	As at March 31, 2016	As at July 01, 2015
Within one year	60.36	60.27	60.90
Later than one year and not later five years	108.26	66.56	59.33
Later than five years	-	-	-
	168.62	**126.83**	**120.23**

u. Unsecured term loan from others as at March 31, 2016 includes ₹ 15.86 crore in current maturities of long term borrowing taken by PFW Group against collateral of tax credit receivables. During the year this loan was repaid

v. Unsecured term loan from others as at March 31, 2016 includes ₹ 2.14 crore in current maturities of long term borrowing (July 01, 2015: ₹2.25 crore) taken by PFW Group, which is collateralized by the tax credit receivables. The line of credit amount is $3,950,000. The line of credit is bearing interest rate at the bank prime rate plus 1.3%, equivalent to 4.3%. During the year this loan was repaid.

w. **Class A convertible redeemable preferred shares**

On June 21, 2013, the Company issued 827,781 of Class A Convertible Redeemable Preferred Shares ("Class A Preferred"), which carry a par value of €0.01 per share, for ₹ 245.94 crore.

The Class A Preferred Shares contains two components: a host debt instrument measured at amortised cost and embedded derivatives for redemption and conversion features measured at FVTPL. The effective interest rate of the host debt instrument element on initial recognition is 4% per annum.

As per terms of instrument, if PFWNV has not consummated a qualified IPO before the outside date i.e. December 21, 2016, the holder has the right to require PFWNV to redeem all of the Class A Preferred shares for cash at the price of the amount of initial consideration plus all accrued and unpaid dividends. In addition, the redemption feature provides the holders of Class A Preferred Shares the right to receive a Redemption IRR Amount paid out in ordinary shares. The redemption IRR Amount is calculated to ensure a return that yields an internal rate of return of 12% - 17.3% per annum. Further, there is another redemption option if the above redemption option is not exercised by the investor. This option triggers if there is a non-qualified IPO before the outside date and the same is not consummated into a qualified IPO within two years from the date of issue of ordinary shares under non-qualified IPO. This redemption is to take place at the fair market value of the shares.

At the date of issue, the fair value of the embedded derivative redemption and conversion options are based on the present value of the expected proceeds to the security holders as a result of exercising the redemption and conversion options of the Class A Preferred. These proceeds were estimated based on a multi-step analysis which included a forecast of the Company's total equity and an assessment of the probability of the expected total equity value at each quarter end over a five year period. Based on these values, the probability of investor exit scenarios and related pay outs were determined and ultimately the present value of the probable pay out under each scenario, including the redemption and conversion options being exercised, was established.

In December 2016, the Company entered into a term sheet with Class A Preferred shareholders settling the amount at ₹ 301.36 Crore of cash (plus 5% interest till the date of settlement) and ₹ 144.65 Crore of equity. The aforesaid Equity Shares has a put option after 90 days post existing current maturity of new borrowing facilities drawn by PFWNV during the year, but no later than 48 months from December 21, 2016. Consequently, Equity shares have been classified under Non-Current Borrowings at amortised cost of ₹ 101.50 Crore.

15. Other financial liabilities - non current

₹ Crore

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Premium on non-convertible debentures	66.65	102.83	76.46
Deposits	-	1.46	5.55
Deferred rent	104.62	131.81	139.48
Class B Convertible Redeemable Preferred Shares and Derivatives (refer note below)	68.50	69.83	61.87
Class A Convertible Redeemable Preferred Shares and Derivatives (refer note 14 (w))	-	-	241.62
Other long term payables	12.96	4.88	61.48
Deferred consideration for acquisition of subsidiaries and business	53.70	106.48	176.54
	306.43	**417.29**	**763.00**

Note :

On March 19, 2013, the Company issued 187,500 of Class B Convertible Redeemable Preferred Shares ("Class B Preferred"), which carry a par value of € 0.01 per share, for ₹ 64.72 Crore.

The Class B Preferred Shares contains two components: a host debt instrument measured at amortised cost and an embedded derivative redemption option measured at FVTPL. The effective interest rate of the host debt instrument element on initial recognition is 2.07% per annum.

At the date of issue, the fair value of the embedded derivative redemption option is based on the present value of the expected proceeds to the security holders as a result of exercising the redemption option of the convertible redeemable preferred shares. These proceeds were estimated based on a multi-step analysis which included a forecast of the Company's total equity and an assessment of the probability of the expected total equity value at each quarter end over a five year period. Based on these values the probability of investor exit scenarios and related pay outs were determined and ultimately the present value of the probable pay out under each scenario, including the redemption option being exercised, was established.

All outstanding Class B Preferred shares shall automatically be converted into ordinary shares in the event of a qualifying initial public offering

(QIPO). A QIPO for the purposes of a required conversion is the listing of shares on an internationally recognised stock exchange with a minimum market capitalisation of $ 370 million immediately after such listing. If the Company has not consummated an IPO within 66 months of the issuance of the Class B Preferred Shares, the holder has the right to require the Company to redeem all of the Class B Preferred shares for cash at the price of the amount of initial consideration plus a return that yields an internal rate of return of 5%

16. Other financial liabilities (current)

₹ Crore

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Current maturity of long term borrowings			
Debentures (unsecured)			
Non-convertible debentures - series A	101.00	-	-
(Refer note (14.a))			
Debentures (secured)			
Optionally convertible debentures	-	47.25	-
(Refer note (14.b))			
Non-convertible debentures	48.19	-	-
(Refer note (14.d))			
Term loans (secured)			
from banks	33.95	105.79	124.75
(Refer note (14.h), (14.i), (14.j), (14.n), (14.q), (14.l) and (14.r))			
from others	13.69	52.90	32.06
(Refer note (14.e), (14.f) and (14.o))			
Term loans (unsecured)			
from others	1.00	0.79	-
(Refer note (14.p))			
Other loans and advances (secured)			
Finance lease obligations	60.36	60.27	60.90
(Refer note (14.t))			
Foreign currency loans - buyers credit	12.99	13.23	27.73
(Refer note (14.s))			
	271.18	**280.23**	**245.44**
Deferred consideration for acquisition of business	77.01	120.80	39.98
Premium on aforesaid debentures	77.62	-	-
Interest accrued but not due on borrowings	9.40	6.88	2.80
Security deposits	6.57	3.84	3.19
Capital Creditors	12.57	17.10	19.18
Bank book overdraft	1.60	-	15.39
Derivatives	3.87	-	-
	459.82	**428.85**	**325.98**

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, 2017 (March 31, 2016 : Nil; July 01, 2015 : Nil)

17. Provisions

₹ Crore

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Non-current			
Provision for employee benefits			
Provision for gratuity (Refer note 31)	5.29	5.59	3.53
Provision for compensated absences	0.70	0.87	1.36
	5.99	**6.46**	**4.89**
Current			
Provision for employee benefits			
Provision for gratuity (Refer note 31)	2.40	0.18	0.24
Provision for compensated absences	17.28	0.21	0.83
Provision for onerous contract	-	-	5.80
	19.68	**0.39**	**6.87**

Movement in provision for onerous contract

Balance as at July 01, 2015	**5.80**
Less : Amount utilised / reversed during the period	(5.80)
Balance as at March 31, 2016	**-**
Less : Amount utilised / reversed during the year	-
Balance as at March 31, 2017	**-**

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

18. Other liabilities

₹ Crore

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Non-Current			
Deposit received from customers	1.65	-	-
Deferred revenue	-	2.38	-
	1.65	**2.38**	**-**
Current			
Accrued salaries and benefits	59.22	52.46	49.88
Advance received from customers	7.98	32.79	16.83
Deferred revenue	281.43	145.15	125.71
Other payables#	99.86	192.33	128.66
	448.49	**422.73**	**321.08**

Other payables include withholding taxes, service tax payable, VAT payable and employer and employee contribution to provident fund and other funds liability.

19. Borrowings - current

₹ Crore

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
From Banks / Others (secured)			
Cash credit / overdraft (Refer note (b), (e), (h) and (l) below)	34.22	151.09	116.78
Short-term demand loan (Refer note (a), (c), (d), (f), (g), (j), (m), (n), (o) and (p) below)	54.51	87.80	58.22
Invoice discounting facility (Refer note (i), (h) and (k) below)	69.66	94.29	39.66
Class A Convertible Redeemable Preferred Shares and Derivatives (Refer note 14(w))	-	402.08	-
	158.39	**735.26**	**214.66**

a. In February 2011, the Company entered into an agreement for a working capital demand loan of ₹ 25.00 Crore from a bank for a term of six months at an interest rate of 13% p.a. This is renewed periodically and is secured by first pari passu charge on the Company's current assets both present and future, personal guarantees and pledge of shares by the promoter director. As at March 31, 2016 and as at July 01, 2015, ₹ 10.00 Crore was outstanding and was included in short-term demand loans. The loan was repaid during the year.

b. On November 06, 2012, the Company entered in to an agreement for pre-shipment financing under export orders ("Facility") of ₹ 38.50 Crore for funding against confirmed orders up to 100% of export sales. The interest rate for the facility drawn in Indian rupees is base rate plus margin and for facility drawn in currency other than Indian rupees is LIBOR plus margin. There are sub-limits under the facility for financial guarantees / standby letter of credit for payment undertaking for buyer's credit, pre-shipment financing under export letter of credit, export bills discounting, export invoice financing, import invoice financing, overdraft, short-term loans and bonds/ guarantees. The Facility is secured by first pari-passu charge on stock and book debts of the Company, personal guarantee of the promoters, first pari-passu charge on movable fixed assets of the Company, first pari-passu charge on immovable fixed assets located at Royal Palms-Mastermind, Goregoan, Mumbai and Raghuvanshi Mills, Mumbai and pledge of shares of the Company. As at March 31, 2017 ₹ 12.90 Crore, (March 31, 2016: ₹ 14.66 Crore and July 01, 2015: ₹ 14.67 Crore) is outstanding under the Facility and included in cash credit/ overdraft.

c. On October 28, 2014, the Company borrowed ₹ 0.50 Crore as working capital demand loan from a bank for a term of ten months at an interest rate of 13.75% p.a. The short-term demand loan is secured by first pari passu charge on the Company's current assets both present and future, personal guarantees and pledge of shares by the promoter director. As at March 31, 2016 and as at July 01, 2015, ₹ 0.50 Crore was outstanding and was included in short-term demand loans. The loan was repaid during the year.

d. On February 18, 2015, the Company raised ₹ 5.00 crores from others at an interest rate of 17% per annum for a term of 363 days from the date of disbursement. On February 15,2016, the said loan of ₹ 5.00 crores was repaid and on February 16, 2016; March 02, 2016 and March 09, 2016 the Company further borrowed ₹ 5.75 Crores; ₹ 2.25 cores and ₹ 2.00 crores respectively. The short-term demand loan is secured by pledge of shares by a promoter director. As at March 31, 2016 ₹ 10.00 crores and as at July 01, 2015 ₹ 5.00 crores was outstanding and is included under short-term demand loan. The said loan was repaid during the year.

e. Cash credits/ overdraft from banks are secured against first pari passu charge on the Company's current assets both present and future, personal guarantees and pledge of shares by the promoter director. The cash credit is repayable on demand and carries interest at the rate of 14.00% to 14.75% per annum. As at March 31, 2017 the outstanding is ₹ 19.69 Crore and as at March 31, 2016 and July 01, 2015, the cash credits / overdraft outstanding were ₹ 11.38 Crore and ₹ 18.36 Crore respectively.

f. On January 31, 2013, the Company entered into an agreement for a working capital loan of ₹ 15.00 Crore from others at an interest rate of 16% per annum for a term of 12 months from the date of disbursement. This loan is renewed periodically and is secured by personal guarantee and pledge of shares by a promoter director. On February 01, 2016, the Company rolled over the said loan at an interest rate of 15.50% per annum for a term of 12 months from the date of renewal. On January 21, 2015, the Company additionally borrowed ₹ 5.00 Crore for general corporate purpose at an interest rate of 15.50% per annum for a term of 12 months from the date of disbursement. On January 22, 2016, the Company rolled over the loan at an interest rate of 15.50% per annum for a term of 12 months from the date of renewal. The general corporate purpose loan is secured by personal guarantee and pledge of shares by a promoter director. As at March 31, 2016 ₹ 13.50 Crore and as at July 01, 2015 ₹ 17.74 Crore was outstanding and was included under short-term demand loan. The loan was repaid during the year.

g. On September 14, 2015, the Company entered into an agreement for a working capital demand loan of ₹ 10.00 Crore from a bank for a term of 90 days at an interest rate of 13.90% per annum. This loan is renewed periodically and is secured by first pari passu charge on the Company's current assets both present and future, personal guarantees and pledge of shares by the promoter director. As at March 31, 2017 and as at March 31, 2016, ₹ 10.00 Crore is outstanding and is included in short-term demand loans.

h. PFT has availed a cash credit and invoice discounting facility from bank, which is secured by first and exclusive charge on all existing and future current assets and all existing and future movable fixed assets except financed through equipment loan/lease pari-passu with term loans. The loans are further secured by corporate guarantee issued by parent company and personal guarantee of promoters. The rate of interest for cash credit / overdraft ranges from 12.65% p.a. to 14.90% p.a.. As at March 31, 2017 ₹ 1.63 Crore (March 31, 2016: ₹ 17.28 Crore and July 01, 2015: ₹ 13.92 Crore) was included in Cash Credit / Overdraft and ₹Nil (March 31, 2016: ₹ 10.02 Crore and July 01, 2015: ₹ 5.00 Crore) was included in Invoice Discounting Facility.

i. In previous period, PFT UK availed an invoice discounting facilities from financial institution. The loan is secured by charge on debtors and carries interest of 3.5% p.a. As on March 31, 2017 ₹Nil (March 31, 2016: ₹ 0.65 Crore) is outstanding and included in Invoice Discounting Facility.

j. Short term demand loan includes bank loan of ₹ 28.21 Crore taken by PFW Group, which is collateralized by the tax credit receivables. The line of credit is bearing interest rate at the bank prime rate plus 1.3%. As at March 31, 2017 ₹ 28.21 Crore (March 31, 2016: ₹ 23.59 Crore) is included in short term demand loans.

k. PFW Group has availed borrowings from banks for pre-shipment and post-shipment export finance at a rate of interest of LIBOR+2.50% to LIBOR+7.25% with a tenor of upto 1 year. The facility is secured against current assets and fixed assets of the Company, pledge of shares of the ultimate holding Company by the promoter of the ultimate holding company, corporate guarantee of the ultimate holding company and personal guarantee of the promoter of the ultimate holding company to the extent of ₹ 25.00 Crore and is secured against current assets and fixed assets of the Company and corporate guarantee from ultimate holding company and parent company to the extent of ₹ 18.00 Crore. As at March 31, 2017 ₹ 69.66 Crore (March 31, 2016: ₹ 83.62 Crore and July 01, 2015 ₹ 34.65 Crore) is included in Invoice discounting facility.

l. PFW Group had availed cash credit/ overdraft from a bank for which bank had a fixed and floating charge in respect of all present and future liabilities and obligations secured on the undertaking and all property and assets present and future including goodwill, book debts, uncalled capital, buildings, fixtures and fixed plant & machinery. During the year this loan was repaid. As at March 31, 2016 ₹ 107.77 Crore and July 01, 2015 ₹ 69.83 Crore was outstanding and is included in cash credit/ overdraft.

m. The Company entered in an agreement with others for an unsecured demand loan for an amount not exceeding ₹ 10.00 Crore in as many tranches as parties mutually decide. Of the total available limits, the Company had availed and repaid loan of ₹ 6.00 Crore during the previous period for working capital purpose at an interest rate of 11% p.a. The outstanding balance as on March 31, 2016 is ₹ Nil.

n. Short term demand loan of ₹ 16.30 Crore as at March 31, 2017 was obtained at interest rate of CIBC current prime rate plus 2%, with tax credit receivables as collateral.

o. Short term demand loan (secured) as at March 31, 2016 includes bank loan of ₹ 20.21 crore (July 01, 2015: ₹19.97 crore taken by PFW Group, which is collateralized by the tax credit receivables. The line of credit is bearing interest rate at the bank prime rate plus 1.3%, equivalent to 4.3%. This loan was repaid during the year.

p. On November 05, 2014, the Company raised ₹ 5.00 crore from others at an interest rate of 15.5% per annum for a term of 6 months from date of disbursement. This loan was secured by pledge of shares by a promoter director. The loan was repaid during the previous period.

20. Current tax liabilities(Net)

₹ Crore

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Income and other tax payable (net of advance tax)	21.17	14.55	3.28
	21.17	**14.55**	**3.28**

21. Revenue from operations

₹ Crore

	Year ended March 31, 2017	Nine months period ended March 31, 2016
Sale of services	2,139.62	1,330.19
Other Operating Income:		
Tax credits	-	50.76
Property rentals	1.96	0.74
Export incentives	12.04	1.12
Total Other Operating Income	14.00	52.62
Total Revenue from Operations	**2,153.62**	**1,382.81**

22. Other income

₹ Crore

	Year ended March 31, 2017	Nine months period ended March 31, 2016
Interest income :		
Bank Deposits	1.27	1.14
In income tax refunds	1.80	0.37
Others	1.79	4.05
Dividend income*	0.00	-
Gain on sale of investment	5.79	-
Net gain on sale of property, plant and equipment	6.42	2.91
Others	7.38	4.56
Total Other Income	**24.45**	**13.03**

*The value 0.00 means amount is below ₹ 50,000/-

23. Employee benefits expense

₹ Crore

	Year ended March 31, 2017	Nine months period ended March 31, 2016
Salaries and wages	1,124.98	801.74
Contribution to provident fund and other funds (refer note 31)	74.59	45.53
Staff welfare expenses	16.75	8.70
Total Employee benefits expense	**1,216.32**	**855.97**

24. Other expenses

₹ Crore

	Year ended March 31, 2017	Nine months period ended March 31, 2016
Rent	94.85	64.13
Communication cost	21.99	14.97
Consumable stores	5.28	19.36
Director's sitting fees	0.10	0.03
Electricity	38.85	13.34
Insurance cost	7.98	8.19
Rebates and discount	1.09	0.72
Traveling and conveyance	32.91	26.00
Bad debts written off	1.22	0.10
House keeping	6.39	3.16
Rates and taxes	20.48	17.13
Legal and Professional fees	58.43	34.66
Payment to auditors (see Note (i) below)	2.05	2.00
Repairs and maintenance	26.79	12.01
Provision for doubtful debts / advances (net)	3.43	-
Miscellaneous*	42.33	33.46
Total Other expenses	**364.17**	**249.26**
Payment to auditors#		
As auditor		
Audit fees	1.92	1.57
In other matters	0.13	0.43
Total	**2.05**	**2.00**

Note :

* Miscellaneous expenses include allowances for tax credits and other receivable aggregating ₹ 37.73 Crore (previous period ₹ Nil) and gain on settlement of deferred consideration payable aggregating ₹ 20.3 Crore (previous period ₹ Nil)

Includes payment of ₹ Nil (Previous period ₹ 0.17) for taxation matters to an affiliated firm in view of the networking arrangement which is registered with the Institute of Chartered Accountants of India.

25. Finance costs

₹ Crore

	Year ended March 31, 2017	Nine months period ended March 31, 2016
Interest expense on financial liabilities measured at amortized cost	1.62	7.22
Interest on working capital finance	17.35	40.82
Interest on term loan	41.19	11.33
Interest on buyer's credit	0.50	0.57
Interest on non convertible debentures	4.87	3.52
Interest on optionally convertible debentures	11.35	7.05
Interest on Inter Corporate Deposits	9.92	2.16
Interest on others	51.41	18.01
Change in fair value of financial liabilities	(10.33)	171.34
Total Finance costs	**127.88**	**262.02**

26. Exceptional items

₹ Crore

	Year ended March 31, 2017	Nine months period ended March 31, 2016
Profit on sale of investments	(100.78)	-
Loss on sale of property, plant and equipment	-	10.37
Restructuring and integration costs	3.96	73.13
Total Exceptional items	**(96.82)**	**83.50**

a. During the year, the Group sold 30% membership interest in Digital Domain – Reliance LLC and realised profit of ₹ 100.78 Crore.

b. This related to costs for closure of business operations in Singapore. The Group is in discussions with Economic Development Board (EDB) for closure of the Company.

27. Income tax

A. Income tax recognised in profit or loss

₹ Crore

	Year ended March 31, 2017	Nine months period ended March 31, 2016
Current tax		
- in respect of current year/ period (a)	7.68	23.64
- in respect of prior years/ periods (b)	0.93	-
Deferred tax (c)	0.35	(7.36)
- in respect of current Year/ Period	0.35	(7.36)
Total income tax expense recognied in the current year/ period (a) + (b) + (c)	**8.96**	**16.28**

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

in ₹ Crore

	Year ended March 31, 2017	Nine months period ended March 31, 2016
Re-measurements of defined benefit liability (asset)	0.34	(0.06)
Tax recognised in other comprehensive income	**0.34**	**(0.06)**

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

₹ Crore

	March 31, 2017		March 31, 2016	
	% of PBT	Amount	% of PBT	Amount
Profit / (Loss) before tax		148.69		(300.55)
Tax using Company's domestic tax rate	34.61%	51.46	33.99%	(102.16)
Effect of:				
Effect of expenses that are not deductible		1.46		0.51
Effect of income that is exempt from taxation		(36.58)		0.31
Effect on deferred tax balances due to the change in income tax rate		0.15		-
Change in tax rates		(2.41)		-
Effect of different tax rates of subsidiaries operating in other jurisdictions		(9.03)		35.29
Effect of unused tax losses and tax offsets not recognised as deferred tax assets		2.98		82.33
		8.03		**16.28**
Adjustments recognised in the current year in relation to the current tax of prior years				
Income tax expense recognised in profit or loss		0.93		-
Income tax expenses recognised in profit or loss	**6.03%**	**8.96**	**-5.42%**	**16.28**

D. **Deferred tax balances**

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

₹ Crore

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Deferred tax assets	44.58	69.33	65.70
Deferred tax liabilities	(113.24)	(151.53)	(155.79)
	(68.66)	**(82.20)**	**(90.09)**

E. Movement in temporary differences

₹ Crore

	Balance as at July 01, 2015	Recognised in Profit / Loss during 2015-16	Recognised in other equity during 2015-16	Recognised in OCI during 2015-16	Balance as at March 31, 2016	Recognised in Profit / Loss during 2016-17	Recognised in other equity during 2016-17	Recognised in OCI during 2016-17	Balance as at March 31, 2017
Deferred tax liability									
Difference between tax books written down value of fixed assets	178.05	15.49	-	-	193.54	(8.01)	-	-	185.53
Foreign currency translation reserve relating to net investments in foreign operations	-	0.68	-	-	0.68	(0.68)	-	-	-
Lease Deposit discounting and equalisation	0.62	0.08	-	-	0.70	0.07	-	-	0.77
Fair Value Reserve of Investment in Subsidiaries	0.06	-	-	-	0.06	-	-	-	0.06
	178.73	**16.25**	**-**	**-**	**194.98**	**(8.62)**	**-**	**-**	**186.36**
Deferred tax assets									
Unabsorbed loss carried forward	48.89	13.84	-	-	62.73	(10.49)	-	-	52.24
Premium on redemption of debentures	23.28	(5.03)	(15.31)	-	33.56	1.79	12.86	-	48.20
Provision for Doubtful Debts / advances	8.04	(2.50)	-		5.54	1.29	-	-	6.83
Provision for gratuity and others	1.09	2.58	-	(0.06)	4.01	(0.78)	-	0.34	3.57
Others	0.09	-			0.09	(0.08)	-	-	0.01
MAT credit entitlement	7.25	(0.40)	-		6.85	-	-	-	6.85
	88.64	**8.89**	**14.90**	**(0.06)**	**112.78**	**(8.27)**	**12.86**	**0.34**	**117.70**
Net deferred tax (assets)	**(90.09)**	**(7.36)**	**14.90**	**(0.06)**	**(82.20)**	**0.35**	**12.86**	**0.34**	**(68.66)**

The Group has carried forward losses in Canada, United Kingdom, Netherlands, United States and India against which deferred tax asset has not been recognised.

28. Segment information

Operating segments:

a. The segment information has been prepared in line with the review of operating results by chief operating decision maker (CODM) of Group i.e. the Group Chief Executive and Chairman

b. The Group is presently operating as integrated post-production setup. The entire operations of the Group are governed by the same set of risks and returns and hence have been considered as representing a single operating segment.

Geographical information

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

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

₹ Crore

	Sale of services		Segment Non-current assets *	
	Year ended March 31, 2017	Period ended March 31, 2016	As at March 31, 2017	As at March 31, 2016
India	336.59	243.92	1,072.31	1,041.76
United Kingdom	834.36	314.33	666.55	738.17
U.S.	232.00	296.25	310.08	314.45
Canada	694.26	471.94	255.34	301.72
Other Countries	42.41	3.75	57.05	60.85
	2,139.62	**1,330.19**	**2,361.33**	**2,456.95**

* Non-current assets exclude financial assets and deferred tax assets

No single customer represents 10% or more of the group's total revenue for the year ended March 31, 2017 and period ended March 31, 2016.

29. Earnings per share

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

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

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

₹ Crore

	Year ended March 31, 2017	Period ended March 31, 2016
Net profit / (loss) attributable to equity shareholders	139.73	(316.83)
Exceptional items (net of tax)	(96.82)	83.50
Net Profit before exceptional items but after tax	42.91	(233.33)
	Number	Number
Weighted average number of equity shares in calculating basic EPS	**298,878,974**	**298,878,974**
Weighted average number of equity shares in calculating diluted EPS	**303,057,990**	**298,878,974**
Earnings per share (before exceptional items)		
Basic EPS (in ₹)	1.44	(7.81)
Diluted EPS (in ₹)	1.42	(7.81)
Earnings per share (after exceptional items)		
Basic EPS (in ₹)	4.68	(10.60)
Diluted EPS (in ₹)	4.61	(10.60)

30. Statement of net assets, net profit / loss after tax and other comprehensive .income attributable to owners and non-controlling interest.

(₹ crores)

Sr No	Name of entity	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
Parent									
1	Prime Focus Limited	197%	1,096.72	-9%	(11.04)	0%	(0.03)	-17%	(11.07)
Subsidiaries			-		-		-		-
Indian			-		-		-		-
2	Prime Focus Technologies Limited	57%	317.23	-1%	(1.87)	-1%	0.37	-2%	(1.49)
3	Prime Focus Visual Effects Private Limited	0%	0.00	-0%	(0.00)	0%	-	-0%	(0.00)
4	GVS Software Private Limited	5%	26.48	-0%	(0.00)	0%	-	-0%	(0.00)
5	PF Motion Pictures Limited	-0%	(0.01)	-0%	(0.00)	0%	-	-0%	(0.00)
6	Prime Focus 3D India Private Limited	0%	0.05	-0%	(0.00)	0%	-	-0%	(0.00)
7	Gener8 India Media Services Limited	-25%	(140.93)	-16%	(20.32)	-0%	0.01	-31%	(20.31)
8	Prime Focus World Creative Services Private Limited	42%	232.88	2%	3.16	-1%	0.65	6%	3.81
9	Prime Focus Academy of Media & Entertainment	3%	14.93	-0%	(0.08)	0%	-	-0%	(0.08)
10	Double Negative India Private Limited (Formerly Known as Reliable Laptops Private Limited)	0%	0.23	0%	0.25	0%	-	0%	0.25
			-		-		-		-
Foreign			-		-		-		-
11	Prime Focus Technologies UK Limited	3%	15.51	0%	0.37	0%	-	1%	0.37
12	Prime Focus Technologies, Inc.	-7%	(37.08)	2%	2.11	0%	-	3%	2.11
13	Prime Post Europe Limited	-0%	(0.16)	-1%	(1.44)	0%	-	-2%	(1.44)
14	DAX PFT LLC	9%	51.08	8%	10.44	0%	-	16%	10.44
15	DAX Cloud ULC	1%	6.40	2%	2.19	0%	-	3%	2.19
16	De-Fi Media Limited	-46%	(257.32)	-43%	(54.40)	0%	-	-84%	(54.40)
17	PF Investments Limited	-0%	(0.12)	-0%	(0.05)	0%	-	-0%	(0.05)
18	PF Overseas Limited	-0%	(0.33)	-0%	(0.05)	0%	-	-0%	(0.05)
19	PF World Limited	131%	726.76	6%	8.10	0%	-	13%	8.10
20	Prime Focus Luxembourg S.a.r.l.	17%	92.57	-3%	(3.74)	0%	-	-6%	(3.74)
21	Prime Focus 3D Cooperatief U.A.	40%	223.06	-0%	(0.30)	0%	-	-0%	(0.30)
22	Prime Focus Malaysia SDN BHD	0%	0.03	-0%	(0.01)	0%	-	-0%	(0.01)

(₹ crores)

Sr No	Name of entity	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
23	Reliance Lowry Digital Imaging Services Inc.	-20%	(109.37)	-5%	(6.25)	0%	-	-10%	(6.25)
24	Reliance MediaWorks (Mauritius) Limited	1%	5.14	75%	96.18	0%	-	149%	96.18
25	Prime Focus World N.V.	61%	341.60	-8%	(10.21)	0%	-	-16%	(10.21)
26	Prime Focus International Services UK Limited	-1%	(8.25)	3%	3.25	0%	-	5%	3.25
27	Prime Focus North America Inc.	62%	344.14	-17%	(21.42)	0%	-	-33%	(21.42)
28	1800 Vine Street LLC	11%	59.03	-0%	(0.17)	0%	-	-0%	(0.17)
29	Prime Focus Creative Services Canada Inc.	-0%	(2.37)	19%	24.47	0%	-	38%	24.47
30	Gener8 Digital Media Services Limited	10%	53.18	23%	29.90	0%	-	46%	29.90
31	Vegas II VFX Limited	-2%	(9.01)	-7%	(9.03)	0%	-	-14%	(9.03)
32	Prime Focus VFX USA, Inc.	-0%	(1.65)	0%	-	0%	-	0%	-
33	Prime Focus ME Holdings Limited	19%	105.83	-12%	(14.68)	0%	-	-23%	(14.68)
34	Prime Focus China Limited	-1%	(6.46)	-5%	(5.84)	0%	-	-9%	(5.84)
35	Prime Focus (HK) Holdings Limited	0%	-	0%	-	0%	-	0%	-
36	Prime Focus World Malaysia sdn bhd	0%	0.02	-0%	(0.01)	0%	-	-0%	(0.01)
37	Double Negative Holdings Limited	-0%	(0.00)	0%	-	0%	-	0%	-
38	Double Negative Limited	-36%	(201.79)	-4%	(5.35)	0%	-	-8%	(5.35)
39	Double Negative Singapore Pte. Limited	0%	2.33	-82%	(103.93)	0%	-	-161%	(103.93)
40	Double Negative Canada Productions Limited	-3%	(13.93)	1%	0.83	0%	-	1%	0.83
41	Double Negative Huntsman VFX Limited	-1%	(3.11)	-1%	(1.56)	0%	-	-2%	(1.56)
42	Double Negative Films Limited	0%	-	0%	-	0%	-	0%	-
43	Double Negative LA LLC	-0%	(2.04)	-2%	(2.11)	0%	-	-3%	(2.11)
44	Prime Focus Animation UK Limited	0%	-	0%	-	0%	-	0%	-
		0%	**2,921.26**	**0%**	**(92.61)**	**0%**	**1.00**	**0%**	**(91.61)**
	Add/(Less): Effects of Inter Company adjustments / eliminations	-404%	(2,250.63)	182%	232.34	102%	(63.72)	261%	168.62
	Less: Minority Interest in all subsidiaries	-21%	(114.15)	-10%	(12.29)	0%	0.94	-19%	(11.35)
		0%	**556.48**	**0%**	**127.44**	**0%**	**(61.78)**	**0%**	**65.66**

31. Employee benefit plans

a. Defined contribution plans

The total amount recognised in profit or loss is ₹ 74.59 Crore (Period ended March 31, 2016 ₹ 45.53 Crore), which is included in note 23 as 'Contribution to Provident Fund and Other Funds'

b. Defined benefit plans

The Group sponsors defined benefit plans for qualifying employees of its operations in India. The defined benefit plans are administered by the Group directly. Under the plans, the employee are entitled to a lump-sump 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 Group to actuarial risks such as; investment risk, interest rate risk, longevity risk and salary risk..

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however this will be partially offset by an increase in the return on the plan's investments.
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 plan in India, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out by an external expert, who's a duly registered actuary. The present value of the defined benefit obligation and the related current service cost and past service cost, where measured using the projected unit credit method.

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

in ₹ Crore

	Funded		Unfunded	
	March 2017	March 2016	March 2017	March 2016
Defined Benefit Obligation at the Beginning of the year / period	0.20	0.25	5.77	3.77
Interest Cost	0.02	0.02	0.46	0.26
Current Service Cost	0.24	0.20	2.98	1.56
Benefit Paid Directly by the Employer	-	-	(0.62)	(0.26)
Actuarial (Gains)/Losses on Obligations	(0.02)	(0.27)	(0.90)	0.44
Defined Benefit Obligation at the End of the year / period	**0.44**	**0.20**	**7.69**	**5.77**

II. Reconciliation of opening and closing balances of fair value of plan assets :

₹ Crore

	Funded		Unfunded	
	March 2017	March 2016	March 2017	March 2016
Fair value of plan assets at the Beginning of the Period	0.45	0.43	-	-
Interest Income	0.05	0.03	-	-
Return on plan assets, excluding other income	-	(0.01)	-	-
Present Value of Benefit Obligation at the End of the Period	0.49	0.45	-	-

III. Reconciliation of fair value of assets and obligations :

₹ Crore

	Funded		Unfunded	
	March 2017	March 2016	March 2017	March 2016
Present Value of Benefit Obligation at the End of the Period	(0.44)	(0.20)	(7.69)	(5.77)
Fair Value of Plan Assets at the end of the Period	0.49	0.46	-	-
Net (Liability)/Asset Recognized in the Balance Sheet	**0.05**	**0.26**	**(7.69)**	**(5.77)**

IV. Expenses recognised in Statement of profit and loss during the year/ period

₹ Crore

	Funded		Unfunded	
	March 2017	March 2016	March 2017	March 2016
Current Service Cost	0.24	0.20	2.98	1.56
Net Interest Cost	(0.02)	(0.01)	0.46	0.26
Expenses Recognized	**0.22**	**0.19**	**3.44**	**1.82**

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

₹ Crore

	Funded		Unfunded	
	March 2017	March 2016	March 2017	March 2016
Actuarial (Gains)/Losses on Obligation For the Period	(0.02)	(0.27)	(0.90)	0.44
Return on Plan Assets, Excluding Interest Income	0.00	0.01	-	-
Net (Income)/Expense Recognized in OCI	**(0.02)**	**(0.26)**	**(0.90)**	**0.44**

Actuarial assumptions

	Funded		Unfunded	
	March 2017	March 2016	March 2017	March 2016
Expected Return on Plan Assets (per annum)	N.A.	N.A.	N.A.	N.A.
Rate of Discounting (per annum)	7.29%	8.04%	7.57%-7.95%	7.95%-8.08%
Rate of Salary Increase (per annum)	5%	5%	5%	5%
Rate of Employee Turnover (per annum)	5.00%	2.00%	2.00%-5.00%	2.00%-5.00%
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Mortality Rate After Employment	N.A.	N.A.	N.A.	N.A.

1. The discount rate is based on the prevailing market yields of the Government of India bonds as at the Balance Sheet date for the estimated term of the obligations
2. The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.
3. The Expected Rate of Return on Plan Assets is determined considering several applicable factors, mainly the composition of Plan Assets held, assessed risks, historical results of return on Plan Assets and the Group's policy for Plan Assets Management.

VI. Sensitivity analysis of the defined benefit obligations:

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

	March 2017		March 2016	
	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate (1% movement)	(1.10)	1.36	(0.79)	0.97
Future salary appreciation (1% movement)	1.38	(1.14)	0.99	(0.82)
Attrition rate (1% movement)	0.22	(0.28)	0.17	(0.23)

32. Financial instruments

a. Capital Management

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

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

The capital structure of the Group consists of borrowings (as detailed in note 14,15,16 and 19), offset by cash and bank balances (note 9), and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as detailed in statement of changes in shareholders' equity). The debt equity ratio for current year is 2.86 as on March 31, 2017 (2.59 as on March 31, 2016).

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

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

b. Financial risk management

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

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

c. Credit risk management

Credit risk is the risk of financial loss to the Group if a client or counter-party 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 reputed production houses, national broadcasters and major organisations which the Group has worked with for a number of years. However, as the Group grows its customer base and works with more independent producers it will experience an increased credit risk environment. The Group is also exposed to credit risk in respect of its cash and seeks to minimise this risk by holding funds on deposit with major financial institutions.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 739.37 Crores, ₹ 564.72 Crores and ₹ 524.89 Crores as at March 31, 2017, March 31, 2016 and July 01, 2015 respectively, being the total of the carrying amount of the balances with banks, bank deposits, investments excluding equity and preference investments, trade receivables, unbilled revenue and other financial assets.

The Group's exposure to customers is diversified and one single customer contributes to more than 10% of outstanding trade receivables and unbilled revenue as at March 31, 2017.

d. 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 amount 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 15 and 17.

₹ Crore

	31-Mar-17	
	Less than 1 year	More than 1 year
Financial Liabilities		
Borrowings	158.39	1,010.67
Other financial liabilities	459.82	306.43
Trade payables	129.66	-
	747.87	**1,317.10**

in ₹ Crore

	31-Mar-16	
	Less than 1 year	More than 1 year
Financial Liabilities		
Borrowings	735.26	555.51
Other financial liabilities	428.85	417.29
Trade payables	201.24	-
	1,365.35	**972.80**

in ₹ Crore

	1-Jul-15	
	Less than 1 year	More than 1 year
Financial Liabilities		
Borrowings	214.66	500.92
Other financial liabilities	325.98	763.00
Trade payables	250.48	-
	791.12	**1,263.92**

e. Market risk

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

32.5.1 Foreign currency risk management

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

The following analysis has been worked out based on the net exposures for each of the subsidiaries and Prime Focus Limited 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 31, 2017		As at March 31, 2016	
		Foreign Currency	₹ Crores	Foreign Currency	₹ Crores
Financial Assets	AED	29,791	0.05	29,791	0.05
	AUD	56,274	0.28	-	-
	CAD	5,075,690	24.64	16,242,622	82.78
	EUR	813,778	5.63	427,225	3.21
	GBP	7,827,717	63.26	10,769,446	102.28
	KES	71,085	0.01	-	-
	USD	48,856,972	316.22	46,493,865	307.32
	ZAR	3,146,898	1.57	-	
Total			**411.66**		**495.64**
Financial Liabilities	AED	61,380	0.11	-	-
	AUD	38,257	0.19	-	-
	CAD	7,381,272	35.84	984,850	5.02
	EUR	1,336,039	9.24	1,096,999	8.23
	GBP	17,233,666	139.28	11,690,961	111.03
	SGD	2,218,736	10.27	2,214,211	10.85
	USD	100,509,689	650.53	73,991,421	489.08
Total			**845.46**		**624.21**

5% appreciation/ depreciation of respective foreign currencies with respect to functional currency of Prime Focus Limited and its subsidiaries would result in decrease/ increase in the Group's net profit / (loss) before tax by approximately ₹ 21.69 Crores for the year ended March 31, 2017 [March 31, 2016: ₹ 6.43 Crores]. This sensitivity analysis includes only outstanding foreign currency denominated monetary items.

32.5.2 Interest rate risk management

The Group is exposed to interest rate risk because the entities in the group borrow 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 ₹ 3.63 Crore and ₹ 2.16 crore for March 2017 and March 2016 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.

f. **Fair value measurements**

A. Accounting classifications and fair values

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

₹ Crore

	Carrying value			Fair value			
	As at March 31, 2017	As at March 31, 2016	As at July 1, 2015	As at March 31, 2017	As at March 31, 2016	As at July 1, 2015	Fair value hierarchy
FINANCIAL ASSETS							
Financial assets measured at fair value							
Investments	3.99	88.76	85.74	3.99	88.76	85.74	Level 3
Other financial assets							
- Derivatives - forward contract exchange contracts	6.30	0.97	13.34	6.30	0.97	13.34	Level 2
- Revenue participation in movies	9.16	2.47	-	9.16	2.47	-	Level 3
Financial assets measured at amortised cost							
Deposits	84.43	73.33	76.42	-	-	-	
Trade receivables	269.39	191.12	146.51	-	-	-	
Cash and cash equivalents	105.99	90.81	35.46	-	--	-	
Bank balance other than (ii) above	19.93	22.68	26.16	-	-	-	
Other financial assets	215.13	70.70	118.75	-	-	-	
Inter-corporate deposits	25.05	23.88	22.52	-	-	-	
	739.37	**564.72**	**524.90**	**19.45**	**92.20**	**99.08**	
FINANCIAL LIABILITIES							
Financial liabilities measured at fair value							
Class A and B Convertible Redeemable Preferred Share Derivative	5.89	163.74	15.12	5.89	163.74	15.12	Level 3
OCD and NCD derivative	8.45	7.16	2.73	8.45	7.16	2.73	Level 3
Derivative - forward contract exchange contracts	1.86	-	-	1.86	-	-	Level 2
Contingent consideration	10.83	42.41	21.69	10.83	42.41	21.69	Level 3
Interest rate swaps	0.04	0.26	0.21	0.04	0.26	0.21	Level 2
Financial liabilities measured at amortised cost							
Class A and B Convertible Redeemable Preferred Shares	62.61	308.17	288.37	-	-	-	
Borrowings	1,576.06	1,264.59	1.034.75	-	-	-	
Deferred consideration	119.88	184.87	194.83	-	-	-	
Trade payables	129.66	201.24	250.48	-	-	-	
Other financial liabilities	149.69	165.71	246.86	-	-	-	
	2,064.97	**2,338.15**	**2,055.04**	**27.07**	**213.57**	**39.75**	

Fair Value as at

(Financial Assets) / Financial Liabilities	March 31, 2017	March 31, 2016	July 01, 2015	Fair Value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Forward contracts for receivables from customers	(6.30)	(0.97)	(13.34)	Level 2	Forward rate quotes for same periods obtained from Bankers	None	Not applicable
Revenue participation in movies	(9.16)	(2.47)	-	Level 3	Undiscounted cash flow based on estimated theatrical box office performance	Future estimated theatrical box office performance. These estimates are based on available historical market information in respect of the actual performance of the films deemed to be generally comparable.	Higher the estimated theatrical box office performance, the higher is the fair value
Investment	(3.99)	(88.76)	(85.74)	Level 3	Discounted cash flows	Discount rate and probable cash flows	Higher the discount rate, lower the fair value
Total Financial Assets	**(19.45)**	**(92.20)**	**(99.08)**				
Optionally Convertible Debentures Derivatives and Non- Convertibles Debentures	8.45	7.16	2.73	Level 3	Third party valuation using Probability Expected Return Methodology ("PWERM")	Probability of expected return	The higher the expected returns, the higher the fair value. The higher the discount rate, the lower the fair value.
Derivatives for Redeemable Convertible Preferred Shares Class A and B	5.89	163.74	15.12	Level 3	Third party valuation using Probability Expected Return Methodology ("PWERM")	Probability of expected return	The higher the expected returns, the higher the fair value. The higher the discount rate, the lower the fair value.
Forward contracts for receivables from customers	1.86	-	-	Level 2	Forward rate quotes for same periods obtained from Bankers	None	Not applicable
Contingent consideration	10.83	42.41	21.69	Level 3	Discounted cash flow method was used to capture present value	Risk-adjusted discount rate of 7% and 12%	An increase in discount rate used would result a significant decrease in fair value.
Interest rate swaps	0.04	0.26	0.21	Level 2	Based on valuation model using market quoted rate at the end of the year	Not applicable	Not applicable
Total Financial Liabilities	**27.07**	**213.57**	**39.75**				

Reconciliation of Level 3 fair values

	in ₹ Crore
Opening balance as at July 01, 2015 (Financial Liabilities)	**39.54**
Mark to Market change in embedded derivative of Preferred shares Class A and Class B, Optionally convertible Debentures and Non-Convertible Debentures recognised in Profit or Loss (net of settlements)	153.05
Contingent consideration for acquisition (net of payments)	20.72
Closing balance as at March 31, 2016 (Financial Liabilities)	**213.31**
Mark to Market change in embedded derivative of Preferred shares Class A and Class B, Optionally convertible Debentures and Non-Convertible Debentures recognised in Profit or Loss (net of settlements)	(156.56)

Contingent consideration for acquisition (net of payments)	(31.58)
Closing balance as at March 31, 2017 (Financial Liabilities)	**25.17**
Opening balance as at July 01, 2015 (Financial Assets)	**(85.74)**
Additional Investment (net of exchange fluctuation)	(3.02)
Payments made for revenue participation in movies	(2.47)
Closing balance as at March 31, 2016 (Financial Assets)	**(91.23)**
Sale of Investment (net of exchange fluctuation)	84.77
Payments made for revenue participation in movies	(6.69)
Closing balance as at March 31, 2017 (Financial Assets)	**(13.15)**

33. Share based payments

I. During the financial year 2014-15, the Board of Directors of the Company and its Shareholders' approved a share option plan and reserved 17,932,738 common shares for issuance thereunder. During the financial year 2016-17, options totalling to 17,932,738 ordinary shares were granted to certain identified eligible employees of the Company. Detailed description of share based payment arrangements is as below:

(a)	Date of shareholders' approval	August 01, 2014
(b)	Total number of options approved under ESOS	17,932,738
(c)	Vesting requirements	Out of the total options granted, 45.88% options vest after 1st year, 45.88% options vest after 2nd year and 8.24% options vest after 3rd year from the date of respective grant.
(d)	Exercise price or pricing formula	₹ 52
(e)	Maximum term of options granted	2 years from each vesting date within which the vested options can be exercised
(f)	Source of shares (primary, secondary or combination)	Primary
(g)	Variation in terms of options	No Variation

The weighted average fair value of the share option granted during the financial year 2016-17 is ₹ 32.26. Options were priced using a Black Sholes Merton Formula pricing model. Where relevant, the expected life used in this model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavior considerations. Expected volatility is based on historical sale price volatility of comparable companies in the industry over the expected life of 2 – 4 years.

Inputs into the model were as follows:

(a)	Grant date share price	₹ 68.35
(b)	Exercise Price	₹ 52.00
(c)	Expected Volatility	49.67 – 46.62%
(d)	Expected life	2 – 4 years
(e)	Dividend yield	-
(f)	Risk free interest rate	6.85% to 6.97%

Reconciliation of outstanding share options:

	Number of options March 31, 2017	Weighted average exercise price March 31, 2017
Outstanding at April 1	-	-
Granted during the year	17,932,738	52.00
Forfeited during the year	-	-
Exercised during the year	-	-
Outstanding at March 31	17,932,738	52.00
Exercisable at March 31	-	-

Options vested during the year is ₹ Nil (Previous period ₹ Nil)

Money realised by exercise of option during the year is ₹ Nil (Previous period ₹ Nil)

The options outstanding at March 31, 2017 have an exercise price of ₹ 52/- (March 31, 2016: ₹ NA) and a weighted average remaining contractual life of 3 years (March 31, 2016: N.A. years)

Weighted average share price at the date of exercise of share options exercised in 2016-17 is not disclosed as no shares were exercised during this year.

II. During fiscal year 2014, the Board of Directors and Shareholders' of PFWNV ("Prime Focus World N.V.") approved a share option plan and reserved 973,285 common shares for issuance thereunder. Options totalling 408,586 ordinary shares were granted to certain executives and board members.

Each equity settled share option converts into one ordinary share of PFWNV on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of the expiry.

The following equity settled share options were in existence during the current year:

	Number	Grant date	Expiry date	Exercise Price per share	Fair value at grant date
Grants	408,586	1-Jul-2013	1-Jul-2023	$ 13.13	$ 8.92-9.31

All of the above options are fully vested and exercisable over a period of ten years from the date of grant, or ninety days after the resignation of the optionee, if not exercised.

Movement in equity settled shares options during the current year

	Fiscal year 2017		Fiscal period 2016	
	Numbers of options	Weighted average exercise price	Numbers of options	Weighted average exercise price
Balance at beginning of year / period	408,586	$ 13.13	408,586	$ 13.13
Granted during the year / period	-	-	-	-
Forfeited during the year / period	-	-	-	-
Exercised during the year / period	-	-	-	-
Expired during the year / period	-	-	-	-
Balance at the end of the year / period	408,586	$ 13.13	408,586	$ 13.13

The average remaining contractual life in respect of share based options is 684 days (FY 16: 1,049 days)

Weighted average share price at the date of exercise of share options exercised in 2016-17 and 2015-16 is not disclosed as no shares were exercised during this year/ period.

III. PFT ("Prime Focus Technologies Limited") has reserved issuance of 244,207 (Previous period 242,021) equity shares of ₹ 10/- each for offering to eligible employees of the Company under Employees Stock Option Scheme (ESOP). 2,186 (Previous period 31,625) options were granted during the year. From options granted in previous periods 55,189 were vested during the year (Previous period 21,313).

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

Particulars	Current year		Previous period	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year/ period	212,303	2,359	187,158	2,359
Granted during the period/ year	2,186	3,996	30,313	2,908
Lapsed/ forfeited during the year/ period	9,051	2,308	6,480	1,154
Exercised during the year/ period	2,418	263	-	-
Expired during the year/ period	-	-	-	-
Outstanding at the end of the year/ period	203,019	2,415	212,303	2,359
Exercisable at the end of the year/ period	90,058	1,895	38,430	911

For stock options outstanding as at March 31, 2017 the range of exercise price is ₹ 263 to ₹ 4,478 and weighted average remaining contractual life is 4.94

Weighted average fair value of options granted during the year is ₹ 1,125/-

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

Option Pricing Model used - Black-Scholes-Merton Formula

Weighted average fair value of share - ₹ 3,821.20 per share

Expected volatility – 27.9%-29.2%

Option life – 5 - 7 years

Expected dividends – 0% yield

Risk-free interest rate – 6.70% p.a. - 6.84% p.a.

Weighted average share price at the date of exercise of share options exercised in 2016-17 was 3821.20 (2015-16: Nil)

Expenses recognised in statement of profit and loss:

The Group has followed the fair value method to account for the grant of stock options, profit and loss impact for the year ended March 31, 2017 is ₹ 25.67 Crore (previous period ₹ 4.28 Crore)

34. Related party transactions

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

i. **Key management personnel**

Prime Focus Limited

Mr. Naresh Malhotra – Whole-time Director

Mr. Ramakrishnan Sankaranarayanan – Managing Director

Mr. Namit Malhotra – CEO, Chairman and Executive Director

Mr. Vikas Rathee – CFO

Ms. Parina Shah – Company Secretary (w.e.f. September 12, 2015)

Ms. Kirti Desai – Company Secretary (resigned w.e.f. July 7, 2015)

Prime Focus World N.V.

Mr. Namit Malhotra – Chief Executive Officer and Whole-time Director

Prime Focus Technologies Limited

Mr. Ramakrishnan Sankaranarayanan – Whole-time Director

Mr. Ganesh V. Sankaran - Whole-time Director

ii. **Relative of Key management personnel**

Prime Focus Technologies Limited

Mrs. Sumati Ganesh – Wife of Mr. Ganesh V Sankaran (resigned w.e.f. February, 19, 2016)

iii. **Enterprises owned or significantly influenced by Key Management Personnel or their relatives**

Blooming Buds Coaching Private Limited

N2M Reality Private Limited

Monsoon Studio Private Limited

Enterprises exercising significant influence over Prime Focus Limited

Reliance MediaWorks Limited (w.e.f. April 07, 2015)

Standard Chartered Private Equity (Mauritius) III Limited

Standard Chartered Private Equity (Mauritius) Limited

Standard Chartered Bank

(i) **Key Management Personnel ***

₹ Crore

	Year ended March, 31 '2017	Period ended March, 31 '2016
Remuneration		
Mr. Naresh Malhotra	0.60	0.45
Mr. Ramakrishnan Sankaranarayanan	0.91	0.63
Mr. Namit Malhotra	6.06	8.36
Mr. Vikas Rathee	2.30	1.06
Mr. Ganesh V. Sankaran	0.19	0.76
Ms. Parina Shah	0.21	0.10
Ms. Kirti Desai	-	0.00

₹ Crore

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Balance Outstanding – Remuneration Payable			
Mr. Naresh Malhotra	0.05	0.05	0.05
Mr. Ramakrishnan Sankaranarayanan	0.15	0.06	0.06
Mr. Namit Malhotra	3.93	0.04	0.04
Mr. Ganesh V. Sankaran	0.01	0.05	0.04
Mr. Vikas Rathee	0.04	0.12	0.13
Ms. Parina Shah	0.02	0.01	-
Ms. Kirti Desai	-	-	0.01

Under ESOP Scheme of one of the subsidiary, 259,422 options were granted to KMPs (previous period : 259,422)

Under ESOP Scheme 2014, 1,030,000 options were granted to KMPs during the year.

The above figures do not include provisions for gratuity / other employee benefits as separated actuarial valuation are not available.

(ii) Relative of Key Management Personnel

₹ Crore

	Year ended March, 31 '2017	Period ended March, 31 '2016
Remuneration		
Mrs.Sumati Ganesh	-	0.05

₹ Crore

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Balance Outstanding – Remuneration Payable			
Mrs. Sumati Ganesh	-	-	0.00

The value 0.00 means amount is below ₹ 50,000/-

(iii) Enterprises owned or significantly influenced by key management personnel or their relatives

₹ Crore

	Year ended March, 31 '2017	Period ended March, 31 '2016
Rent		
Blooming Bud Coaching Private Limited	4.10	3.01

₹ Crore

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Balance outstanding			
Deposit			
Blooming Buds Coaching Private Limited	5.30	5.30	5.30
Capital advance			
N2M Reality Private Limited	26.50	26.50	26.50

(iv) **Enterprises exercising significant influence over the Company**

₹ Crore

	Year ended March, 31 '2017	Period ended March, 31 '2016
Loan (repayments) / taken, net		
Standard Chartered Bank	4.14	1.52
Finance costs		
Standard Chartered Bank	1.97	1.51
Premium on NCD		
Standard Chartered Private Equity (Mauritius) Limited	39.46	26.65

₹ Crore

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Balance outstanding			
Loan outstanding			
Standard Chartered Bank	12.90	15.16	15.17
Bank Balance in current account			
Standard Chartered Bank	0.00	0.00	0.00
Non-convertible debentures			
Standard Chartered Private Equity (Mauritius) Limited	190.10	190.10	190.10
Premium on NCD accrued			
Standard Chartered Private Equity (Mauritius) Limited	142.28	102.83	76.18

*Naresh Malhotra and Namit Malhotra (promoters) have given personal guarantees individually / jointly and have pledged part of their shareholdings for borrowings obtained by the Group (Refer note 14 and 19)

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

35. Operating lease arrangement

The Company has taken certain premises on cancellable operating lease basis. The tenure of the lease ranges from 11 to 180 months. Amount of lease rental charged to the Statement of Profit and Loss in respect of cancellable operating leases is ₹ 37.53 Crore (Previous year: ₹ 24.33 Crore).

Amount of lease rental charged to the Statement of Profit and Loss in respect of non-cancellable operating leases is ₹ 57.32 Crore (Previous year: ₹ 39.80 Crore).

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

₹ Crore

	As at March 31 2017	As at March 31 2016	As at July 01, 2015
Lease Payments due within one year	52.28	72.62	70.93
Lease Payments due later than one year and not later than five years	164.47	230.15	245.94
Lease Payments due later than five years	357.73	535.32	629.68
	574.48	**838.09**	**946.55**

36. Commitments

₹ Crore

	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Estimated amount of contracts remaining to be executed on capital account net of advances, and not provided for:	7.21	4.89	21.48

PFT and the promoters of the Company have agreed that neither PFT nor its subsidiaries will undertake any activities, as defined under Memorandum/ Articles of Association without obtaining consent of debenture holders in the Company, so long as at least 20% or more of the debentures issued by the Company are outstanding.

37. Contingent liabilities

₹ Crore

		As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
i	Income Tax matters under dispute* Relates to demands raised by the income tax authorities for various assessment years mainly on account of disallowances of depreciation on computer based assets, additions under the Transfer Pricing provisions and Tax deducted at source (TDS) amounts	15.31	15.31	6.94
	* in the above matter, the Company is hopeful of succeeding and as such does not expect any significant liability to crystalize.			
ii	Guarantees given by the Group	437.77	369.65	357.51
iii	Earn outs and performance linked consideration payable for business acquisitions	6.47	11.40	41.78
iv	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, for the purpose of admission of Appeal is reflected as other Loans and Advances.	5.37	5.37	5.37
v	Claims against the Company not acknowledged as debts	62.79	62.79	58.34

38. First-time IND AS adoption reconciliation

These financial statements for the year ended March 31, 2017 are the first Ind AS financial statement of the Company. For periods up to and including the period ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2017, together with the comparative period data as at and for the period ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at July 01, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at July 01, 2015 and the financial statements as at and for the period ended March 31, 2016.

Effect of Ind AS adaption on the Balance sheet as at July 01, 2015

in ₹ Crore

	Notes	Indian GAAP	Adjustments	IND AS
ASSETS				
1. Non-current assets				
(a) Property, plant and equipment	a	807.12	133.86	940.98
(b) Capital work-in-progress		0.34	-	0.34
(c) Goodwill & intangible assets	a	1,330.61	160.29	1,490.90
(d) Intangible assets under development		44.14	-	44.14
(e) Financial assets				
(i) Investments		85.74	-	85.74
(ii) Other financial assets	c	82.86	(6.83)	76.03
(f) Deferred tax assets (net)		65.70	-	65.70
(g) Other non-current assets	c	74.53	2.61	77.14
Total non-current assets		**2,491.04**	**289.93**	**2,780.97**
2. Current assets				
(a) Inventories		0.56	-	0.56
(b) Financial assets				
(i) Trade receivables	b	375.64	(229.13)	146.51
(ii) Cash and cash equivalents		35.46	-	35.46
(iii) Bank balance other than (ii) above		26.16	-	26.16
(iv) Other financial assets	b	217.39	(62.39)	155.00
(c) Other current assets	c	241.75	2.19	243.94
Total current assets		**896.96**	**(289.33)**	**607.63**
Total assets		**3,388.00**	**0.60**	**3,388.60**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital		29.89	-	29.89
(b) Other equity	e, i	1,081.94	(372.08)	709.86
Equity attributable to owners of the Company		**1,111.83**	**(372.08)**	**739.75**
Non-controlling interests	e, i	154.02	(52.12)	101.90
		1,265.85	**(424.20)**	**841.65**
Liabilities				
(1) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings		500.92	-	500.92
(ii) Other financial liabilities	d, e, j	469.04	293.96	763.00
(b) Provisions		4.89	-	4.89
(c) Deferred tax liabilities (net)	g	9.27	146.52	155.79
Total non-current liabilities		**984.12**	**440.48**	**1,424.60**

in ₹ Crore

	Notes	Indian GAAP	Adjustments	IND AS
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings		214.66	-	214.66
(ii) Trade payables		250.48	-	250.48
(iii) Other financial liabilities	f	345.39	(19.41)	325.98
(b) Provisions		6.87	-	6.87
(c) Current tax liabilities (net)		3.28	-	3.28
(d) Other current liabilities	c	317.35	3.73	321.08
Total current liabilities		**1,138.03**	**(15.68)**	**1,122.35**
Total liabilities		**2,122.15**	**424.80**	**2,546.95**
Total equity and liabilities		**3,388.00**	**0.60**	**3,388.60**

Reconciliation of equity as at March 31,2016

₹ Crore

	Notes	Indian GAAP	Adjustments	IND AS
ASSETS				
1. Non-current assets				
(a) Property, plant and equipment	a	669.30	131.45	800.75
(b) Capital work-in-progress		0.90	-	0.90
(c) Goodwill and other Intangible assets	a	1,376.90	144.57	1,521.47
(d) Intangible assets under development		49.88	-	49.88
(e) Financial assets				
(i) Investments		88.45	0.31	88.76
(ii) Other financial assets	c	76.00	(3.08)	72.92
(f) Deferred tax assets (net)		69.33	-	69.33
(g) Other non-current assets	c	81.70	2.25	83.95
Total non-current assets		**2,412.46**	**275.50**	**2,687.96**
2. Current assets				
(a) Inventories		0.62	-	0.62
(b) Financial assets				
(i) Trade receivables	b	418.37	(227.25)	191.12
(ii) Cash and cash equivalents		90.81	-	90.81
(iii) Bank balance other than (ii) above		22.68	-	22.68
(iv) Other financial assets	b	162.79	(64.36)	98.43
(c) Other current assets	c	320.43	2.33	322.76
Total current assets		**1,015.70**	**(289.28)**	**726.42**
Total assets		**3,428.16**	**(13.78)**	**3,414.38**

₹ Crore

	Notes	Indian GAAP	Adjustments	IND AS
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital		29.89	-	29.89
(b) Other equity	e, i	925.14	(546.86)	378.28
Equity attributable to owners of the Company		**955.03**	**(546.86)**	**408.17**
Non-controlling interests	e, i	132.22	(62.20)	70.02
Total equity		**1,087.25**	**(609.06)**	**478.19**
Liabilities				
(1) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	d	557.41	(1.90)	555.51
(ii) Other financial liabilities	d, e, j	418.81	(1.52)	417.29
(b) Provisions		6.46	-	6.46
(c) Deferred tax liabilities (net)	g	12.47	139.06	151.53
(d) Other non-current liabilities		3.20	(0.82)	2.38
Total non-current liabilities		**998.35**	**134.82**	**1,133.17**
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	e	333.17	402.09	735.26
(ii) Trade payables		201.24	-	201.24
(iii) Other financial liabilities	f	370.48	58.37	428.85
(b) Provisions		0.39	-	0.39
(c) Current tax liabilities (net)		14.55	-	14.55
(d) Other current liabilities		422.73	-	422.73
Total current liabilities		**1,342.56**	**460.46**	**1,803.02**
Total liabilities		**2,340.91**	**595.28**	**2,936.19**
Total equity and liabilities		**3,428.16**	**(13.78)**	**3,414.38**

Effect of Ind AS adaption on the Statement of profit and loss for the period ended March 31, 2016

₹ Crore

	Notes	Indian GAAP	Adjustments	IND AS
Revenue from operations		1,382.81	-	1,382.81
Other income	c	11.96	1.07	13.03
Net profit on foreign currency transactions and translations		32.51	-	32.51
Total Income		**1,427.28**	**1.07**	**1,428.35**
Expenses				
Employee benefits expense	h	854.69	1.28	855.97

	Notes	Indian GAAP	Adjustments	IND AS
				₹ Crore
Employee stock option expense		4.28	-	4.28
Technician fees		24.69	-	24.69
Technical service cost		46.04	-	46.04
Finance costs	d, f	82.04	179.98	262.02
Depreciation and amortisation expense	a	200.73	2.41	203.14
Other expenses	c	249.62	(0.36)	249.26
Net loss on foreign currency transactions and translations		-	-	-
Total expenses		**1,462.09**	**183.31**	**1,645.40**
Profit / (Loss) before exceptional items and tax		**(34.81)**	**(182.24)**	**(217.05)**
Exceptional Items		83.50	-	83.50
Profit / (Loss) before tax		**(118.31)**	**(182.24)**	**(300.55)**
Tax expense				
Current tax		15.82	7.82	23.64
Deferred tax	g	7.82	(15.18)	(7.36)
Total tax expense		**23.64**	**(7.36)**	**16.28**
Profit/(Loss) after tax		**(141.95)**	**(174.88)**	**(316.83)**

Effect of Ind AS adaption on the Cash flow Statement :

There was no significant impact of transition on cash flow statement hence not presented.

Notes to first time adoption

a) **Deemed cost for property, plant and equipment and Intangible assets**

The Company has elected to use fair value as deemed cost for its Buildings and certain intangible assets as at the transition date. As a result, the value of property, plant and equipment and intangibles increased by ₹133.86 crores and ₹ 144.29 crores respectively in accordance with stipulations of Ind AS 101 with the resultant impact being accounted for in the reserves.

b) **Trade receivables**

As per Ind AS 109, the group has applied expected credit loss model for recognising the allowance for doubtful debts.

c) **Security deposits**

Under the previous GAAP, interest free lease deposits were recorded at their transaction value. On transition to Ind AS, these lease deposits are remeasured at amortised cost using the effective interest rate method. The difference between the transaction value of the deposit and amortised cost is regarded as prepaid rent and recognised as expenses uniformly over the lease period. Interest income, measured by the effective interest rate method is accrued. The effect of these is reflected in total equity and / or profit or loss, as applicable.

d) **Embedded derivatives**

The Company has identified embedded derivatives in its non-convertible debentures that has option to convert the debentures into its subsidiaries shares at fair value on maturity. The embedded derivative was carved out and separately valued at transition date.

e) Reclassification of preference share capital from equity to debt

The Group has reclassified redeemable convertible preference share capital from equity to debt.

Embedded derivative included in the above was carved out and separately valued at transition date.

f) Deferred consideration

Attribution of time value of money to amount payable towards acquisition of business in the earlier years.

g) Deferred tax

The impact of transition adjustments together with Ind AS mandate of using balance sheet approach (against profit and loss approach in the previous GAAP) for computation of deferred taxes has resulted in charge to the reserves on date of transition and in the Profit and Loss for the year ended March 31, 2016

h) Re-measurement of defined benefit obligation

Under previous GAAP, actuarial gains and losses were recognised in the statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of re-measurement of net defined benefit liability, which is recognised in other comprehensive income in respective years.

i) Retained earnings

Retained earnings as at July 01, 2015 has been adjusted consequent to the above Ind AS transition adjustments net of deferred tax

j) Lease payments

Under Ind AS, the Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Thus, rent provision on account of consideration of future escalation in rent is reversed. This has resulted in increase in net income.

39. Vide Business Transfer Agreement dated November 19, 2014 between the Company, Reliance Media Works Limited (RMW) and Reliance Land Private Limited, the Company acquired RMW's film and media services business for consideration other than cash. In accordance with the said Agreement, the transfer of BOT Agreement pertaining to the Studio including other business assets and liabilities related to the BOT Agreement ("Studios") and debt facilities of ₹ 200 crore was to be effected post receipt of the necessary additional approvals. Pending receipt of the additional approvals, the Studios' and the debt facilities have not been transferred to and recorded by the Company. However, based on the mutual understanding with RMW, the Company, continues to operate the Studio, recognise revenue from operations and incurs operating expenses including obligations towards lease rentals and property tax.

40. Details of Specified Bank Notes (SBN) held and transacted during the period November 08, 2016 to December 30, 2016 in respect of the Holding Company and its Indian Subsidiaries are as under:

in ₹

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on November 08, 2016	347,500	474,429	821,929
(+) Permitted receipts	54,000	1,858,848	1,912,848
(-) Permitted payments	-	(1,546,556)	(1,546,556)
(-) Amount deposited in Banks	(401,500)	-	(401,500)
Closing cash in hand as on December 30, 2016	-	786,721	786,721

* For the purpose of this clause 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the November 08, 2016

41. During the year, there was an investment by a Private Equity Investor in PFT of ₹ 60 crores, by way of Equity Share Capital of ₹ 30 crore and Compulsorily Convertible Debentures of ₹ 30 crore. The same has been disclosed as Non Controlling Interest in Financial Statements.

42. The Board of Directors of the Company vide resolution passed on September 17, 2015 inter-alia, considered and approved re-alignment of the Financial Year of the Company in accordance with Section 2(41) of the Companies Act, 2013. Accordingly, the financial year 2015-16 is for a period of 9 months ending on March 31, 2016 and therefore the figures of the last financial period which are for nine (9) months are not comparable with figures of the current financial year, which is for twelve (12) months.

43. Events after the reporting period

There were no events after the reporting period.

44. Approval of Financial Statements

The financial statements were approved for issue by the Board of Directors on May 23, 2017..

For and on behalf of the Board of Directors

Naresh Malhotra
Whole-time Director
DIN: 00004597

Namit Malhotra
Chairman (Executive Director)
and Chief Executive Officer
DIN: 00004049

Ramakrishnan Sankaranarayanan
Managing Director
DIN: 02696897

Place : Mumbai
Date : May 23, 2017

Vikas Rathee
Chief Financial Officer

Parina Shah
Company Secretary

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/Associate Companies/ Joint Venture

In ₹

Sr. No.	Name of the Subsidiary	Prime Focus Technologies Limited	Prime Focus Technologies UK Limited	Prime Focus Technologies, Inc.	Prime Post Europe Limited	DAX PFT LLC	DAX Cloud ULC	De-Fi Media Limited
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	INR	GBP	USD	GBP	USD	CAD	GBP
		1.00	80.82	64.72	80.82	64.72	48.55	80.82
3	Share capital (₹)	21,715,780	203,672,859	1,036	8,082	-	-	1,969,300,577
4	Reserves & surplus	3,150,551,117	(48,591,924)	(370,820,456)	(1,618,935)	510,793,512	63,963,995	(4,542,483,119)
5	Total assets	5,986,051,282	367,749,175	1,036,708,620	29,534,993	510,793,512	67,797,640	1,146,410,834
6	Total liabilities	2,813,784,386	212,668,240	1,407,528,040	31,145,846	-	3,833,645	3,719,593,376
7	Investments	298,040,625	-	-	-	-	-	-
8	Turnover	2,255,225,042	176,117,418	496,446,163	112,846,873	336,356,303	25,481,866	185,405,305
9	Profit before taxation	(21,525,673)	3,455,415	23,803,049	(13,270,115)	100,906,891	20,855,578	(502,349,532)
10	Provision for taxation	(6,576,240)	-	3,368,235	-	-	-	-
11	Profit after taxation	(14,949,433)	3,455,415	20,434,814	(13,270,115)	100,906,891	20,855,578	(502,349,532)
12	Proposed Dividend	-	-	-	-	-	-	-
13	% of shareholding	73.75%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

In ₹

Sr. No.	Name of the Subsidiary	Prime Focus Visual Effects Private Limited	GVS Software Private Limited	PF Motion Pictures Limited	Prime Focus 3D India Private Limited	PF Investments Limited (Mauritius)	PF Overseas Limited	PF World Limited (Mauritius)
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	INR	INR	INR	INR	USD	USD	USD
		1.00	1.00	1.00	1.00	64.72	64.72	64.72
3	Share capital (Rs.)	100,000	2,750,000	500,000	500,000	2,783,113	6,472	7,122,083,457
4	Reserves & surplus	(71,589)	262,099,029	(621,636)	(30,228)	(4,030,336)	(3,275,854)	145,480,311
5	Total assets	90,400	265,002,300	500,000	500,000	963,734	173,524	7,594,217,815
6	Total liabilities	61,989	153,271	621,636	30,228	2,210,957	3,442,905	326,654,047
7	Investments	-	-	-	-	92,814	-	4,432,131,592
8	Turnover	-	-	-	-	-	-	-
9	Profit before taxation	(10,907)	(12,012)	(11,209)	(11,209)	(516,430)	(451,204)	78,299,768
10	Provision for taxation	-	-	-	-	-	-	-
11	Profit after taxation	(10,907)	(12,012)	(11,209)	(11,209)	(516,430)	(451,204)	78,299,768
12	Proposed Dividend	-	-	-	-	-	-	-
13	% of shareholding	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

In ₹

Sr. No.	Name of the Subsidiary	Prime Focus Luxembourg S.a.r.l.	Prime Focus 3D Cooperatief U.A.	Prime Focus Malaysia SDN BHD	Gener8 India Media Services Limited	Reliance Lowry Digital Imaging Services Inc	Reliance MediaWorks (Mauritius) Limited	Prime Focus World N.V.
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	USD	USD	MYR	INR	USD	MUR	USD
		64.72	64.72	14.62	1.00	64.72	1.77	64.72
3	Share capital (₹)	1,121,012,059	2,243,876,214	511,620	9,700,000	64,724	1,766	1,893,426,237
4	Reserves & surplus	(195,337,711)	(13,244,887)	(241,807)	(1,418,776,701)	(1,093,718,263)	51,395,594	1,522,561,264
5	Total assets	2,244,688,464	2,243,686,768	671,412	678,700,024	102,218,048	1,631,100,990	15,593,213,751
6	Total liabilities	1,319,014,115	13,055,454	401,599	2,087,776,725	1,195,871,588	1,579,703,631	12,177,226,250
7	Investments	2,243,783,355	2,243,630,816	-	-	-	194,158,266	13,841,724,331
8	Turnover	-	-	-	332,936,666	46,673,347	-	-
9	Profit before taxation	(35,833,939)	(2,887,072)	(113,210)	(203,244,342)	(60,376,626)	932,938,206	(98,665,848)
10	Provision for taxation	328,504	-	-	-	-	-	-
11	Profit after taxation	(36,162,443)	(2,887,072)	(113,210)	(203,244,342)	(60,376,626)	932,938,206	(98,665,848)
12	Proposed Dividend	-	-	-	-	-	-	-
13	% of shareholding	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	93.05%

In ₹

Sr. No.	Name of the Subsidiary	Prime Focus International Services UK Limited	Prime Focus North America Inc.	1800 Vine Street LLC	Prime Focus Creative Services Canada Inc.	Gener8 Digital Media Services Limited	Vegas II VFX Limited	Prime Focus VFX USA, Inc.
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	GBP	USD	USD	CAD	CAD	CAD	USD
		80.82	64.72	64.72	48.55	48.55	48.55	64.72
3	Share capital (₹)	1,479,583,905	323,618	-	3,48,37,146	212,752,398	-	647
4	Reserves & surplus	(1,562,052,327)	3,441,082,954	590,257,638	(5,85,11,581)	319,051,209	(90,076,725)	(16,461,951)
5	Total assets	1,584,335,560	3,559,539,081	29,040,685	2,44,53,27,498	1,284,049,998	2,730,296	-
6	Total liabilities	1,666,803,982	118,132,509	(561,216,953)	2,46,90,01,933	752,246,391	92,807,021	16,461,304
7	Investments	-	-	-	-	-	-	-
8	Turnover	1,342,284,863	-	-	2,58,56,31,038	1,121,346,323	-	-
9	Profit before taxation	29,982,728	(202,755,346)	(1,666,905)	24,60,34,515	315,532,975	(85,999,194)	-
10	Provision for taxation	-	4,266,124	-	1,31,09,503	30,880,163	-	-
11	Profit after taxation	29,982,728	(207,021,470)	(1,666,905)	23,29,25,012	284,652,811	(85,999,194)	-
12	Proposed Dividend	-	-	-	-	-	-	-
13	% of shareholding	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

In ₹

Sr. No.	Name of the Subsidiary	Prime Focus ME Holdings Limited	Prime Focus China Limited	Prime Focus (HK) Holdings Limited	Prime Focus World Malaysia sdn bhd	Prime Focus World Creative Services Private Limited	Prime Focus Academy of Media & Entertainment	Prime Focus Animation UK Limited	Double Negative India Pvt. Ltd. (Formerly Known as Reliable Laptops Private Limited)
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	USD	USD	USD	MYR	INR	INR	GBP	INR
		64.72	64.72	64.72	14.62	1.00	1.00	80.82	1.00
3	Share capital (Rs.)	444,900	9,727,951	-	744,321	3,478,000	150,100,000	-	100,000
4	Reserves & surplus	1,057,862,568	(74,285,306)	-	(545,495)	2,325,289,221	(800,979)	-	2,236,402
5	Total assets	1,059,763,050	-	-	591,616	4,082,015,744	150,309,871	-	533,421,765
6	Total liabilities	1,455,581	64,557,355	-	392,793	1,753,248,523	1,010,850	-	531,085,363
7	Investments	-	-	-	-	200,000	-	-	-
8	Turnover	-	-	-	-	2,739,903,614	-	-	584,439,040
9	Profit before taxation	(141,891,981)	(56,416,740)	-	(86,282)	77,499,428	(800,979)	-	4,004,605
10	Provision for taxation	-	-	-	-	39,428,954	-	-	1,504,179
11	Profit after taxation	(141,891,981)	(56,416,740)	-	(86,282)	38,070,474	(800,979)	-	2,500,426
12	Proposed Dividend	-	-	-	-	-	-	-	-
13	% of shareholding	100.00%	70.00%	100.00%	100.00%	100.00%	100.00%	100%-	100.00%

In ₹

Sr. No.	Name of the Subsidiary	Double Negative Holdings Limited	Double Negative Limited	Double Negative Singapore Pte Limited	Double Negative Canada Productions Limited	Double Negative Huntsman VFX Limited	Double Negative Films Limited	Double Negative LA LLC
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	GBP	GBP	SGD	CAD	CAD	GBP	USD
		80.82	80.82	46.31	48.55	48.55	80.82	64.72
3	Share capital (Rs.)	599	8,486	46	-	49	-	-
4	Reserves & surplus	(24,936)	(2,017,888,118)	23,260,525	(139,348,740)	(31,149,155)	-	(20,404,552)
5	Total assets	19,781	8,987,591,264	106,020,780	461,105,927	339,152,804	21,012,607	-
6	Total liabilities	44,118	11,005,470,895	82,760,209	600,454,667	370,301,911	21,012,607	20,404,552
7	Investments	8,632	11,486,097	-	-	-	-	-
8	Turnover	-	7,059,107,287	-	3,884,156,664	-	-	-
9	Profit before taxation	-	(47,965,021)	(988,984,078)	7,906,268	(14,817,541)	-	(20,404,552)
10	Provision for taxation	-	1,448,819	5,762,343	-	-	-	-
11	Profit after taxation	-	(49,413,840)	(994,746,421)	7,906,268	(14,817,541)	-	(20,404,552)
12	Proposed Dividend	-	-	-	-	-	-	-
13	% of shareholding	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

For and on behalf of the Board of Directors

Naresh Malhotra
Whole-time Director
DIN: 00004597

Namit Malhotra
Chairman (Executive Director)
and Chief Executive Officer
DIN: 00004049

Ramakrishnan Sankaranarayanan
Managing Director
DIN: 02696897

Place : Mumbai
Date : May 23, 2017

Vikas Rathee
Chief Financial Officer

Parina Shah
Company Secretary

PRIME FOCUS LIMITED

PFL

Registered Office: Prime Focus House, Opp. CITI Bank, Linking Road, Khar (West), Mumbai- 400052 Tel: +91 22 6715 5000
Website: www.primefocus.com; Email Id: ir.india@primefocus.com
CIN: L92100MH1997PLC108981
Share Transfer Agent: Link Intime India Pvt. Ltd., C-101, 247 Park, L.B.S. Marg, Vikhroli (w), Mumbai - 400083 .

(FORM MGT-11)
PROXY FORM
Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration Rules) 2014

Name of the member(s) : ....
Registered Address : ....
E-mail ID : ....
Folio No. / DP & Client ID No. :..

I/We, being the member(s) of .... shares of the above named company, hereby appoint

1. Name : .... Email ID : ....
   Address : ....
   ....
   Signature : ...., or failing him/her

2. Name : .... Email ID : ....
   Address : ....
   ....
   Signature : ...., or failing him/her

3. Name : .... Email ID : ....
   Address : ....
   ....
   Signature : ...., or failing him/her

as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 20th Annual General Meeting of the Company, to be held on Wednesday, 27th September, 2017 at 10.00 a.m. at 9th Floor, 'True North', Plot no. 63, Road no. 13, Opp. Hotel Tunga Paradise, MIDC, Andheri (East), Mumbai – 400093 and at any adjournment thereof in respect of such resolutions as is indicated below:

Sr. No.	RESOLUTIONS	Optional*		
Ordinary business		**For**	**Against**	**Abstain**
1	To receive, consider and adopt : a. the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2017, together with the Report of the Board of Directors and Auditors thereon. b. the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2017 and the Report of Auditors thereon.			
2	To appoint a Director in place of Mr. Naresh Malhotra (DIN: 00004597), who retires by rotation and being eligible offers himself for re-appointment			
3	Ratification of Statutory Auditors' Appointment			
Special Business				
4	Offer or invite for Subscription of Secured / Unsecured Non-Convertible Debentures and/or other Debt securities on private placement basis			
5	Issue of Securities to Qualified Institutional Buyers			
6	Appointment of Mr. Samu Devarajan (DIN: 00878956), as an Independent Director of the Company			
7	Appointment of Mr. Udai Dhawan (DIN: 03048040), as a Non-Executive Director of the Company			
8	Re-appointment of Mr. Namit Malhotra (DIN: 00004049) as a Chairman and Executive Director			
9	Re-appointment of Mr. Ramakrishnan Sankaranarayanan (DIN: 02696897) as a Managing Director			
10	To fix minimum fee for serving various documents on members of the company			

Affix Revenue Stamp

Signed this __________day of ________2017 Signature of the shareholder : .... Signature of Proxy holder(s) : ....

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statements and Notes, please refer the Notice of Annual General Meeting.
3. The Company reserves its right to ask for identification of the proxy.
4. The proxy form should be signed across the Revenue Stamp as per specimen signature(s) registered with the Company/depository participant.
5. *It is optional to put 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all resolution, your proxy will be entitled to vote in the manner as he/she thinks appropriate.

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DISCLAIMER

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes' and word of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future events or otherwise.

CELEBRATING 20 YEARS OF PRIME FOCUS

Registered Office

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