

**Prime Focus Technologies Inc.**

**Standalone Financial Statement for the year ended**

**March 31, 2020**

Prime Focus Technologies Inc.  
Standalone Balance Sheet

in USD

Particulars	Note	31-Mar-20	31-Mar-19
<b>Assets</b>			
<b>1. Non-current assets</b>			
(a) Property, plant and equipment	3	731,272	1,302,715
(b) Capital work-in-progress		1,259,440	542,666
(c) Goodwill	3	13,816,555	13,816,555
(d) Other intangible assets	3	6,074,180	3,112,190
(e) Right to use plant & machinery	3	465,088	-
(f) Intangible assets under development		-	3,055,779
(g) Financial assets		-	-
(h) Other non-current assets		-	-
(i) Deferred tax asset (net)		-	-
		<b>22,346,535</b>	<b>21,829,905</b>
<b>2. Current assets</b>			
(a) Inventories		-	-
(b) Financial assets			
(i) Trade receivables	4	1,625,963	7,699,724
(ii) Cash and cash equivalents	5	112,295	607,126
(iii) Others financial assets	6	3,073,236	8,939,642
(c) Income tax assets (net)		13,190	1,400
(d) Other assets	7	1,434,798	1,550,568
		<b>6,259,482</b>	<b>18,798,460</b>
<b>Total assets</b>		<b>28,606,017</b>	<b>40,628,365</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
(a) Equity share capital	8	22	22
(b) Other equity	9	(14,222,448)	(3,582,219)
<b>Equity attributable to equity holders of the Parent</b>		<b>(14,222,426)</b>	<b>(3,582,197)</b>
Non-controlling interests		-	-
		<b>(14,222,426)</b>	<b>(3,582,197)</b>
<b>Liabilities</b>			
<b>1. Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	10	7,510,557	9,450,339
(ii) Others		-	-
(b) Deferred tax liability (net)		-	-
(c) Provisions		-	-
(d) Other non-current liabilities	11	66,127	146,143
		<b>7,576,684</b>	<b>9,596,482</b>
<b>2. Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	12	27,577,376	27,200,180
(ii) Current maturities of long-term borrowings	13	2,181,936	1,399,956
(iii) Trade payables	14	2,072,115	2,197,807
(iv) Others	15	3,376,681	3,207,656
(b) Provisions		-	-
(c) Current tax liability		18,280	367,299
(d) Other liabilities	16	25,371	241,182
		<b>35,251,759</b>	<b>34,614,080</b>
<b>Total equity and liabilities</b>		<b>28,606,017</b>	<b>40,628,365</b>

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

For **V. Shivkumar & Associates**

Chartered Accountants

Firm Registration Number: 112781W

**V. Shivkumar**

(Proprietor)


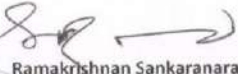

Membership Number : 042673

Mumbai, dated: 29-Jul-2020

For and on behalf of the Board of Directors

**Ramakrishnan Sankaranarayanan**  
Director



Prime Focus Technologies Inc. Standalone Statement of Profit and Loss			in USD	
			Year ended	Year ended
Sr No.	Particulars	Note	31-Mar-20	31-Mar-19
1	<b>Income from operations</b>			
	Net sales / income from operations		6,436,055	6,696,998
	Other operating income		-	-
	<b>Total income from operations</b>		<b>6,436,055</b>	<b>6,696,998</b>
2	<b>Expenses</b>			
	Employee benefit expense	17	5,185,051	2,658,559
	Technical service cost		1,977,848	2,716,903
	Depreciation and amortisation expense		1,573,879	1,375,003
	Other expenditure (net)	18	8,364,473	2,427,116
	Exchange loss (net)		(584)	1,759
	<b>Total Expenses</b>		<b>17,100,567</b>	<b>9,179,340</b>
3	<b>Profit / (Loss) from operations before other income, finance costs and exceptional items (1 - 2)</b>		<b>(10,664,512)</b>	<b>(2,482,342)</b>
4	Other income:			
	a) Exchange gain (net)		-	-
	b) Others (net)		953,032	373,959
5	<b>Profit from ordinary activities before finance costs and exceptional items (3 + 4)</b>		<b>(9,711,480)</b>	<b>(2,108,383)</b>
6	Finance costs	19	1,269,876	3,669,537
7	<b>Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5 - 6)</b>		<b>(10,981,356)</b>	<b>(5,777,920)</b>
8	Exceptional items		-	-
9	<b>Profit / (Loss) from ordinary activities before tax (7 - 8)</b>		<b>(10,981,356)</b>	<b>(5,777,920)</b>
10	Tax expense		(341,127)	15,623
11	<b>Net Profit / (Loss) from ordinary activities for the period (9 - 10)</b>		<b>(10,640,229)</b>	<b>(5,793,543)</b>
12	Extraordinary items (net of tax expense USD Nil)		-	-
13	<b>Net (Loss) / Profit after tax and before minority (11 ± 12)</b>		<b>(10,640,229)</b>	<b>(5,793,543)</b>
14	Minority interest		-	-
15	<b>Net Profit / (Loss) for the period (13 - 14)</b>		<b>(10,640,229)</b>	<b>(5,793,543)</b>
A	<b>Other comprehensive income (net of tax)</b>			
	Items that will be reclassified to the profit or loss		-	-
	Exchange difference in translating the financial statements		-	(159,070)
	<b>Total comprehensive income (net of tax) (13 + 14)</b>		<b>(10,640,229)</b>	<b>(5,952,613)</b>
	Earnings per equity share of face value of USD 0.01		2,235	2,235
	(a) Basic (in USD)		(4,761)	(2,592)
	(b) Diluted (in USD)		(4,761)	(2,592)
Accompanying notes to the Standalone financial statements In terms of report attached				
For V. Shivkumar & Associates Chartered Accountants Firm Registration Number: 112781W			For and on behalf of the Board of Directors	
 V. Shivkumar (Proprietor) Membership Number : 042673 Mumbai, dated: 29-Jul-2020			 Ramakrishnan Sankaranarayanan Director	
				

Prime Focus Technologies Inc.  
Standalone Statement of Changes in Equity

A. Equity Share Capital

	in USD
Balance as at March 31, 2019	22
Change in equity share capital during the year	-
Balance as at March 31, 2020	22

B. Other Equity

Particulars	in USD			
	Securities Premium	Retained Earnings	Other Comprehensive Income	Total
Balance as at March 31, 2019				
Changes during the year	4,992,479	(8,415,628)	(159,070)	(3,582,219)
Balance as at March 31, 2020	4,992,479	(10,640,229)	-	(10,640,229)
		(19,055,857)	(159,070)	(14,222,448)

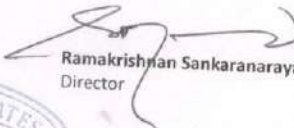
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in terms of report attached

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

V. Shivkumar  
(Proprietor)  
Membership Number : 042673  
Mumbai, dated: 29-Jul-2020



For and on behalf of the Board of Directors

  
Ramakrishnan Sankaranarayanan  
Director

Prime Focus Technologies Inc. Standalone Statement of Cash Flows		
		in USD
Particulars	Year ended	Year ended
	31-Mar-20	31-Mar-19
<b>I. Cash flows from operating activities</b>		
Net Profit (Loss) before taxation	(10,640,229)	(5,793,543)
<b>Adjustments for:</b>		
Depreciation and amortization expenses	1,573,879	1,375,003
Bad debts and advances written off, allowance for doubtful trade receivables and advances (net)	5,320,227	-
Unrealized Forex Loss/(Gain)	(684)	1,759
Tax Expenses	(341,127)	15,623
Finance costs	1,269,876	3,669,537
<b>Operating profits before working capital changes</b>	<b>(2,818,058)</b>	<b>(731,621)</b>
Movements in working capital:		
(Increase)/ Decrease in trade receivables	753,534	(1,376,383)
(Increase)/ Decrease in other financial assets	2,570,527	2,936,955
(Increase)/ Decrease in other current assets	103,980	(1,090,428)
Increase/(Decrease) in trade payables	(125,008)	1,720,228
Increase/(Decrease) in current provisions	-	(48,775)
Increase/(Decrease) in current financial liabilities	140,607	(18,635)
Increase/(Decrease) in other current liabilities	(223,703)	13,973
Increase/(Decrease) in other Non current liabilities	(80,016)	-
<b>Cash generated from operations</b>	<b>321,864</b>	<b>1,405,315</b>
Taxes paid (net of refunds)	-	(34,792)
<b>Net cash generated from operating activities (A)</b>	<b>321,864</b>	<b>1,370,523</b>
<b>II. Cash flows from investing activities</b>		
Purchase of fixed assets (including capital advances)	(2,038,704)	(2,493,869)
<b>Net cash (used in) investing activities (B)</b>	<b>(2,038,704)</b>	<b>(2,493,869)</b>
<b>III. Cash flows from financing activities</b>		
Equity Share Capital & Share Premium	-	-
Proceeds from long-term borrowings	-	10,449,405
Repayments of long-term borrowings	(1,157,801)	(3,251,984)
short-term borrowings (net)	3,673,074	(4,285,254)
Interest paid	(1,293,264)	(1,209,183)
<b>Net cash from financing activities (C)</b>	<b>1,222,009</b>	<b>1,702,984</b>
<b>Effect of exchange Foreign Currency Translation Reserve (D)</b>	<b>-</b>	<b>(159,070)</b>
Net increase in cash and cash equivalents (A+B+C+D)	(494,832)	420,568
Cash and cash equivalents- Opening balance	607,126	186,559
<b>Cash and cash equivalents at end of year (Refer note 5)</b>	<b>112,294</b>	<b>607,126</b>
Accompanying notes to the Standalone financial statements In terms of report attached		
<p>For V. Shivkumar &amp; Associates Chartered Accountants Firm Registration Number: 112781W</p> <p>V. Shivkumar (Proprietor) Membership Number : 042673 Mumbai, dated: 29-Jul-2020</p>		
<p>For and on behalf of the Board of Directors</p> <p>Ramakrishnan Sankaranarayanan Director</p>		



**1 Corporate Information**

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

**2 Statement of significant accounting policies**

**a. Statement of Compliance**

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

**b. Basis of Preparation and presentation**

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

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of products and services and the time between acquisition of assets for processing and their realization in cash and cash equivalent, the Company has ascertained its operating cycle as twelve (12) months for the purpose of current or non-current classification of assets and liabilities.

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

**c. Use of estimates**

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

**d. Borrowing cost**

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

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

**e. Foreign currencies**

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

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

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

**f. Property, plant and equipment (PPE)**

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

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

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

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

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

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



#### g. Intangible assets

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

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

#### h. Depreciation

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

#### i. Impairment

Impairment of tangible and intangible assets

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

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

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

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

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

#### j. Leases

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

##### The Company as lessor

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

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

##### The Company as lessee

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

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

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

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

#### k. Revenue recognition

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

##### Rendering of services

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

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

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

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

#### l. Income taxes

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

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

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

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

#### m. Earnings per share

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

#### n. Provisions

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

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

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

#### o. Retirement and other employee benefits

##### Defined Contribution Plan

Social Security and Medicare

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

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

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

#### p. Cash flow statement

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

#### q. Financial Instruments

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





**Initial recognition**

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

**Subsequent measurement****Financial assets at amortized cost**

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

**Financial assets at fair value through other comprehensive income**

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

**Financial liabilities**

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

**Offsetting of financial instruments**

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



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

3 Non Current Assets : (Current Year)

Asset Category	Gross Block						Depreciation				Net Block			
	As at 01.04.2019	Additions	Deductions	Transfer to Right to Use	Transfer from Right to Use	As at 31.03.2020	As at 01.04.2019	For the Period	Deductions	Transfer to Right to Use	Transfer from Right to Use	As at 31.03.2020	As at 31.03.2020	As at 31.03.2019
Property, Plant and Equipment	1,430,192	225,941	-	-	-	1,656,133	1,61,421	277,959	-	-	-	1,439,381	216,752	268,771
Leasehold Improvements	3,067,005	174,047	19,466	1,538,907	911,819	2,594,498	2,172,866	155,534	11,653	985,646	895,538	2,226,638	367,860	894,139
Computer Hardware	385,846	40,982	-	-	-	426,828	344,323	11,266	-	-	-	355,589	71,239	41,523
Furniture and fixtures	7,289,614	1,045	-	-	-	7,290,659	7,690,335	23,904	-	-	-	7,714,239	75,421	98,280
Office equipment	12,671,657	442,015	19,466	1,538,907	911,819	12,467,118	11,568,945	468,664	11,653	985,646	895,538	11,735,847	731,271	1,302,713
<b>TOTAL</b>	<b>13,816,555</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,816,555</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,816,555</b>	<b>-</b>	<b>13,816,555</b>
Goodwill	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Softwares	6,305,244	3,925,709	-	-	-	10,230,953	3,193,052	963,722	-	-	-	4,156,774	6,074,180	3,112,192
Right to use Plant & Machinery (Trf from PPE)	-	69,603	-	-	-	696,691	-	143,493	-	895,538	985,646	231,601	465,090	-
<b>TOTAL</b>	<b>6,305,244</b>	<b>3,995,312</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,927,644</b>	<b>3,193,052</b>	<b>1,107,215</b>	<b>-</b>	<b>895,538</b>	<b>985,646</b>	<b>4,388,375</b>	<b>6,539,270</b>	<b>3,112,192</b>

Deemed cost for Property, Plant and Equipment and Intangible Assets :  
The Company has elected to use fair value as deemed cost for tangible and intangible assets as at the transition date in accordance with stipulations of Ind AS 101.  
Non Current Assets : (Previous Year)

Asset Category	Gross Block				Depreciation				Net Block			
	As at 01.04.2018	Acquisition	Additions	Deductions	As at 31.03.2019	As at 01.04.2018	Acquisition	Transition adjustment	Deductions	Upto 31.03.2019	As at 31.03.2019	As at 31.03.2018
Property, Plant and Equipment	1,430,192	-	-	-	1,430,192	1,054,501	-	-	-	1,054,501	268,771	375,691
Leasehold Improvements	2,579,611	-	487,394	-	3,067,005	1,961,643	-	-	-	2,172,866	894,139	617,968
Computer Hardware	371,805	-	14,040	-	385,846	334,111	-	-	-	41,523	37,695	37,695
Furniture and fixtures	7,279,921	-	9,323	-	7,289,244	7,658,482	-	-	-	7,690,335	98,280	120,809
<b>TOTAL</b>	<b>12,160,500</b>	<b>-</b>	<b>510,757</b>	<b>-</b>	<b>12,671,257</b>	<b>10,383,738</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,008,737</b>	<b>1,302,713</b>	<b>1,152,163</b>
Goodwill	13,816,555	-	-	-	13,816,555	-	-	-	-	-	13,816,555	13,816,555
Other Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Softwares	6,228,801	-	76,443	-	6,305,244	2,178,257	-	-	-	3,193,052	3,112,192	4,050,544
<b>TOTAL</b>	<b>6,228,801</b>	<b>-</b>	<b>76,443</b>	<b>-</b>	<b>6,305,244</b>	<b>2,178,257</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,193,052</b>	<b>3,112,192</b>	<b>4,050,544</b>

3.1 Computer Hardware includes assets taken on Finance Lease. Gross Block includes \$ 696,691 (Previous Year - \$ 1,538,907). Depreciation during the year is \$ 131,102 (Previous Year - \$ 88,765). Accumulated depreciation is \$ 231,603 (Previous Year - \$ 985,646 ) and Net Block is \$ 465,090 ( Previous Year - \$ 553,261 )



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

Note	in USD	
	As at 31.03.2020	As at 31.03.2019
4 Trade receivables Unsecured and Considered Good Considered doubtful  Allowance for doubtful receivables	1,625,963	7,699,724
	2,216,957	-
	3,842,920	7,699,724
	(2,216,957)	-
	<b>1,625,963</b>	<b>7,699,724</b>
5 Cash and cash equivalents Cash on hand Remittance in Transit Balances with banks on current account	-	-
	-	515,995
	112,295	91,131
	<b>112,295</b>	<b>607,126</b>
6 Others Loans to group company Advances Given to Group Company Deposits Unbilled Income	559,965	3,855,844
	2,206,431	4,545,087
	126,600	38,711
	180,239	500,000
	<b>3,073,236</b>	<b>8,939,642</b>
7 Other current assets  Prepaid expenses Others	-	-
	215,937	1,369,883
	1,218,861	180,685
	<b>1,434,798</b>	<b>1,550,568</b>



Note				
<b>8 Equity Share capital</b>	<b>Number of Shares</b>		<b>Amount</b>	
	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
	Authorised shares: Equity Shares of \$ 0.01 Each			
	2,235	2,235	22	22
	Issued, subscribed and paid-Up: Equity Shares of \$ 0.01 Each			
	2,235	2,235	22	22
	<b>2,235</b>	<b>2,235</b>	<b>22</b>	<b>22</b>
	<b>Movement in equity share capital</b>			
	<b>Number of Shares</b>		<b>Amount</b>	
	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
	2,235	2,235	22	22
	-	-	-	-
	<b>2,235</b>	<b>2,235</b>	<b>22</b>	<b>22</b>
	<b>Details of Shareholders holding more than 5% shares in the company</b>			
<b>As at 31.03.2020</b>		<b>As at 31.03.2019</b>		
<b>No of shares</b>	<b>%</b>	<b>No of shares</b>	<b>%</b>	
2,235	100%	22	100%	
<b>2,235</b>	<b>100%</b>	<b>22</b>	<b>100%</b>	
<b>9 Other Equity</b>				<b>In USD</b>
			<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
	<b>Securities premium account</b>			
	Balance at the beginning of the year		4,992,479	4,992,479
	Add : Premium on issue of equity shares during the year		-	-
	Less : Expenses on issue of equity shares / debentures		-	-
	Less : Premium on redemption of bonds/ debentures (net of tax)		-	-
			<b>4,992,479</b>	<b>4,992,479</b>
	<b>General reserve</b>			
	Balance at the beginning of the year		-	-
			-	-
	<b>Other comprehensive income</b>			
	Balance at the beginning of the year		(159,070)	-
	Movement during the year		-	(159,070)
		<b>(159,070)</b>	<b>(159,070)</b>	
<b>Surplus in the statement of profit and loss</b>				
As per last balance sheet		(8,415,628)	(2,622,085)	
Add: (Loss) / profit for the year		(10,640,229)	(5,793,543)	
		<b>(19,055,857)</b>	<b>(8,415,628)</b>	
		<b>(14,222,448)</b>	<b>(3,582,219)</b>	



Prime Focus Technologies Inc.		in USD	
Notes forming part of the Standalone Financial Statements		As at	As at
Note		31.03.2020	31.03.2019
<b>10</b>	<b>Non Current Liabilities</b>		
	<b>Financial Liabilities</b>		
	<b>(i) Borrowings</b>		
a)	(Secured)		
	<b>Term loans</b>		
	From a bank [Refer note 10.1]	9,193,525	10,158,959
	<b>Other loan and advances</b>		
b)	Finance lease obligations [Refer note 10.2]	498,968	691,336
		<b>9,692,493</b>	<b>10,850,295</b>
	Less: Current maturity [Refer note 13]	2,181,936	1,399,956
		<b>7,510,557</b>	<b>9,450,339</b>
10.1	Term loans are secured by:		
a)	Exclusive charge over all current assets and movable fixed assets of : <ul style="list-style-type: none"> <li>- Prime Focus Technologies Inc., USA</li> <li>- DAX PFT LLC, USA</li> <li>- Prime Focus Technologies UK Ltd.</li> <li>- Prime Post Europe UK Ltd.</li> </ul> (Excluding assets charge against financial leases in normal course of business)		
b)	Pledge over 30% Shares and NDU over 70% shares of : <ul style="list-style-type: none"> <li>- Prime Focus Technologies Inc., USA</li> <li>- DAX PFT LLC, USA</li> <li>- Prime Focus Technologies UK Ltd.</li> <li>- Prime Post Europe UK Ltd.</li> </ul>		
c)	Corporate guarantee of intermediate holding company and ultimate holding company and personal guarantee of Namith Malhotra		
d)	Term loan facility of USD 11,000,000 is repayable over 84 Months in 26 Structured Quarterly disbursement from 31.03.2019		
e)	Interest rate on term loans are based on 6 months libor plus 385 basis points.		
10.2	Lease obligations towards assets acquired under finance leases:		
	<u>Due within one year</u>		
	Total minimum lease payments outstanding	336,666	336,666
	Future interest on outstanding lease payments	36,710	36,710
	Present value of minimum lease payments	299,956	299,956
	<u>Due in a period between one year and five years</u>		
	Total minimum lease payments outstanding	452,864	452,864
	Future interest on outstanding lease payments	61,484	61,484
	Present value of minimum lease payments	391,380	391,380
	Finance lease obligations are secured by hypothecation of computer hardware taken on lease. Rate of interest ranges from 4.38% to 6.27% p.a. with maturity profile of 5 years.		
<b>11</b>	<b>Other non-current liabilities</b>		
	Deferred lease rent payable	66,127	146,143
	<b>Total</b>	<b>66,127</b>	<b>146,143</b>



Prime Focus Technologies Inc.		in USD	
Notes forming part of the Standalone Financial Statements		As at	As at
Note		31.03.2020	31.03.2019
	<b>Current liabilities</b>		
<b>12</b>	<b>Borrowings (Unsecured)</b>		
	Loan from related party [Refer note 24 & Note No.12.1]	27,577,376	27,200,180
		<b>27,577,376</b>	<b>27,200,180</b>
12.1	Unsecured loan taken from related party is repayable on demand with rate of interest @ 6% p.a. to 6.72%		
<b>13</b>	<b>Current maturity of long-term borrowings:</b>		
	a) Loan from a related party	-	-
	b) Finance lease obligation [Refer note 10]	171,499	299,956
	c) Term Loan from Bank [Refer note 10]	2,010,437	1,100,000
		<b>2,181,936</b>	<b>1,399,956</b>
<b>14</b>	<b>Trade payables</b>		
	Trade Payables	863,725	1,902,881
	Trade Payables to related party [Refer Note 24]	1,208,390	294,926
		<b>2,072,115</b>	<b>2,197,807</b>
<b>15</b>	<b>Others</b>		
	Accrued salaries and benefits	268,722	128,115
	Interest payable to group companies	2,856,402	2,859,286
	Capital creditors	112,480	60,675
	Interest accrued but not due	139,077	159,581
		<b>3,376,681</b>	<b>3,207,656</b>
<b>16</b>	<b>Other current liabilities</b>		
	Statutory Dues Payable	-	-
	Current portion of deferred lease rent	3,522	109,608
	Deferred Revenue	-	122,925
	Advances received from clients	21,848	-
	Other Payables	-	8,649
		<b>25,371</b>	<b>241,182</b>



Prime Focus Technologies Inc.		in USD	
Notes forming part of the Standalone Financial Statements			
Note		For the year ended 31.03.2020	For the year ended 31.03.2019
<b>17</b>	<b>Employee benefit expense</b>		
	Salaries, bonus and allowances [Refe note no.23]	4,725,462	2,249,261
	Contribution to defined contribution plans, etc.	403,917	352,198
	Staff welfare expenses	55,672	57,100
		<b>5,185,051</b>	<b>2,658,559</b>
<b>18</b>	<b>Other expenses</b>		
	Communication expenses	292,973	71,842
	Consumables and consumable stores	50,255	34,719
	Selling and marketing expenses	506,751	443,473
	Rent and equipment hire charges [Refer note 22]	852,133	1,007,570
	Electricity Charges	125,030	136,075
	Traveling and conveyance	211,279	190,949
	Insurance expenses	43,879	55,095
	Legal and professional fees	172,340	119,939
	Repairs and maintenance - Building	13,095	22,638
	Repairs and maintenance - equipment	529,817	103,874
	Rates and taxes	7,985	53,051
	House-keeping charges	15,998	18,966
	Bad Debts Written Off	2,700,000	-
	Provision for Doubtful Debts	2,216,957	-
	Miscellaneous expenses	625,981	168,925
		<b>8,364,473</b>	<b>2,427,116</b>
<b>19</b>	<b>Finance costs</b>		
	Interest on term loan from banks	725,794	585,451
	Interest on working capital loans	-	39,519
	Interest on finance lease	48,858	61,885
	Interest on loan from holding company [Refer note no. 24]	27,841	2,369,235
	Interest on loan from fellow subsidiary [Refer note no. 24]	317,271	39,294
	Interest on others	1,516	408,092
	Financial Facility Processing Fees	134,567	131,079
	Bank charges	14,030	34,981
		<b>1,269,876</b>	<b>3,669,537</b>



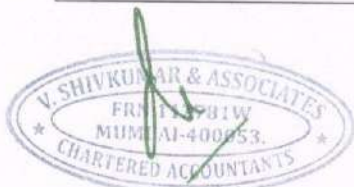
Note		For the year ended 31.03.2020	For the year ended 31.03.2019
20	<b>Commitments</b> Ultimate and intermediate holding company has given non disposal undertaking of certain percentage of its holding in the holding company for availing the term loan facilities by the Group to one of the lender.		
21	<b>Earning per Common stock (EPS)</b> EPS is calculated by dividing the profit/ (loss) attributable to the common stock holders by the weighted average number of common stock outstanding during the year, as under:		
	a) Net profit / (loss) for the year attributable to common stock shareholders for basic EPS	(10,640,229)	4,770,519
	b) Weighted average number of common stock shares outstanding during the year (for calculating basic EPS)	2,235	2,235
	c) Basic EPS	(4,761)	2,134
	d) Nominal Value Per Share	0.01	0.01
	Note: There are no dilutive potential equity shares. Hence diluted EPS is equal to basic EPS		
22	<b>Leases</b> The Group has taken certain property on non cancellable operating lease for the period of 12 to 50 months. Lease payments recognized in the Statement of Profit and Loss for the year in respect thereof aggregate	852,133	1,007,570
	The following is a summary of future minimum lease rental commitments towards non-cancellable operating leases.		
	Due within one year	253,270	
	Due in a period between one year and five years	1,044,933	
	Due after five years	-	
23	<b>Intangible asset under development</b> During the year, the Group has capitalized the following expenses of revenue nature to the cost of intangible asset under development (Software) Consequently, expenses disclosed under the respective heads are net of the amounts capitalized by the Company.		
	<b>Opening balance</b>	3,055,779	1,631,102
	Add: Expenses incurred during the year:		
	Employee benefit expenses	542,209	1,252,927
	Software testing and design charges	218,121	171,750
	Less : Assets under development Capitalised During the Year	3,816,109	-
	<b>Closing balance</b>	-	<b>3,055,779</b>





Prime Focus Technologies Inc.		in USD	
Notes forming part of the Consolidated Financial Statements		For the year ended	For the year ended
Note		31.03.2020	31.03.2019
24	<b>Related party disclosure:</b>		
	<b>(i) List of related parties with whom transactions have taken place during the year:</b>		
	Prime Focus Limited- Ultimate Holding Company (control exists)		
	Prime Focus Technologies Limited- Intermediate Holding Company (control exists)		
	Dneg North America Inc. (Formerly Prime Focus North America Inc.) - Fellow subsidiary		
	Prime Focus World NV - Fellow subsidiary		
	Prime Focus Technologies UK Limited- Fellow subsidiary		
	Prime Post (Europe) Limited - Fellow subsidiary		
	Prime Focus Creative Services Canada Inc.- Fellow subsidiary		
	Prime Focus International Services UK Limited - Fellow subsidiary		
	Reliance Lowry Digital Imaging Services, Inc. - Fellow subsidiary (Formerly Reliance Lowry Digital Imaging Services, Inc.)		
	Prime Focus MEAD FZ LLC - Fellow subsidiary		
	DE-FI Media Limited - Fellow subsidiary		
	PF World Mauritius Ltd. - Fellow subsidiary		
	Double Negative LA LLC - Fellow subsidiary		
	DAX PFT, LLC -Subsidiary		
	DAX Cloud, ULC -Subsidiary		
	Ramakrishnan Sankaranarayanan - Key Management Personnel of Holding Company		
	Narash Malhotra- Key Management Personnel of Ultimate Holding Company		
	Namit Malhotra- Key Management Personnel of Ultimate Holding Company		
	<b>(ii) Particulars of related party transactions:</b>		
	<b>Ultimate Holding Company</b>		
	<u>Prime Focus Limited</u>		
	Management recharge	-	-
	Repayment of Management recharge	-	118,724.00
	Balance outstanding at the year end- credit (net)	-	-
	<b>Intermediate Holding Company</b>		
	<u>Prime Focus Technologies Limited</u>		
	Technical services charges	(1,511,413)	(1,412,783)
	Technical services charges Repayment	1,590,872	653,707
	Short term loan taken	-	(4,300,000)
	Repayment of short term loan	289,340	900,000
	Reimbursement of expenses (net)	-	(24,451)
	Repayment Reimbursement of expenses	24,451	77,056
	Interest on loan	(27,841)	(2,369,235)
	Corporate guarantee given to banks for credit facilities taken (Guarantees given jointly with Ultimate Holding Company)	(9,900,000)	(11,000,000)
	Balance outstanding at the year end- credit (net)	(20,339,536)	(20,704,945)
	<b>Subsidiary Company</b>		
a)	<u>DAX PFT, LLC</u>		
	Loans and Advances Received	(2,034,490)	(4,819,189)
	Expenses Recharge given	1,420,631	3,930,855
	Balance outstanding at the year end- credit (net)	(10,357,198)	(9,743,339)
b)	<u>DAX Cloud, ULC</u>		
	Reimbursement of expenses (net)		
	Management Fees Recharge	280,325	175,816
	Advances Received (net)	(389,598)	
	Balance outstanding at the year end- credit (net)	321,176	430,449
	<b>Fellow Subsidiary Companies</b>		
a)	<u>Dneg North America Inc. (Formerly Prime Focus North America Inc.)</u>		
	Short term loan taken credit (net)	-	(3,017,250)
	Repayment of short term loan taken	-	2,533,158
	Reimbursement of expenses credit (net)	-	1,546
	Short term loan taken repaid	599,575	
	Interest on loans	(317,271)	(30,725)
	Repayment of Interest on loans	347,996	
	Balance outstanding at the year end- credit (net)	(0)	(630,300)
b)	<u>Prime Focus Technologies UK Limited</u>		
	Short term loan taken		
	Repayment of short term loan taken		455,422
	Interest on loans		(8,575)
	Short term loan Given		5,294,785
	Repayment of Short term loan Given	(3,384,023)	(2,065,628)
	Interest on loans Receivable	41,589	197,400
	Repayment of Interest on loans taken		89,950
	Received of Recovery of expenses (net)		1,692
	Repayment of Recovery of expenses (net)		(21,330)
	Sale of asset	7,811	
	Payment Received for Sale of asset	(7,811)	
	Balance outstanding at the year end- credit (net)	82,961	3,425,395

c) <u>Prime Focus World NV</u>		
Short term loan taken	-	
Interest on loans	-	
Repayment of short term loan given	-	(110,000)
Balance outstanding at the year end- debit (net)	-	-
d) <u>Prime Post (Europe) Limited</u>		
Trade Receivable - Receipt	-	(675,000)
Balance outstanding at the year end- debit (net)	-	-
e) <u>Prime Focus International Services UK Limited</u>		
Short term advances given	2,154,415	35,000
Repayment of short term advances given	(2,154,415)	
Interest on advances receivable	31,197	
Interest on advances received	(31,197)	
Balance outstanding at the year end- credit (net)	-	-
f) <u>Prime Focus Creative Services Canada Inc.</u>		
Repayment of Short Term Loan Taken	-	59,980
Balance outstanding at the year end- credit (net)	-	-
g) <u>Reliance Lowry Digital Imaging Services, Inc.</u> <u>(Formerly Reliance Lowry Digital imaging Services, Inc.)</u>		
Advances Given	346,010	578,423
Expenses Recharge	(341,449)	-
Interest on advances receivable	310,446	
Repayment of Advances Given	(4,549,648)	
Interest received on advances	(310,446)	
Balance outstanding at the year end	-	4,545,087
h) <u>Prime Focus MEAD FZ LLC - Fellow subsidiary</u>		
Short term loan taken repaid	515,995	(515,995)
Balance outstanding at the year end- credit (net)	-	(515,995)
i) <u>DE-FI Media Limited - Fellow subsidiary</u>		
Advances Given	7,752,032	
Repayment of advances given	(7,752,032)	
Short term Loan taken	(497,968)	
Interest on advances receivable	211,247	
Interest Received	(211,247)	
Balance outstanding at the year end- credit (net)	(497,968)	-
j) <u>PF World Mauritius Ltd. - Fellow subsidiary</u>		
Advances Given	3,956,431	
Repayment of advances given	(1,750,000)	
Interest Received	(78,175)	
Interest on advances receivable	78,175	
Balance outstanding at the year end- credit (net)	2,206,431	-
k) <u>Double Negative LA LLC - Fellow subsidiary</u>		
Reimbursement of expenses	(291,642)	
Balance outstanding at the year end- credit (net)	(291,642)	
<b>Key Management Personnel of Ultimate Holding Company - Ramakrishnan Sankaranarayanan</b>		
Remuneration	255,865	300000
Remuneration payable	6,865	5769
<b>Key Management Personnel of Ultimate Holding Company - Naresh Malhotra</b>		
Personal guarantee given to banks for credit facilities taken	-	-
<b>Key Management Personnel of Ultimate Holding Company - Namith Malhotra</b>		
Personal guarantee given to banks for credit facilities taken	(9,900,000)	(11,000,000)
(iii) There are no provisions for doubtful debts or amounts written off or written back in respect of debts due from / to related parties.		



## 25 Financial Instruments

## (A) Fair Value Measurements

	As at		As at	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	Carrying Value		Fair Value	
<b>i Financial Assets:</b>				
<b>Measured at amortised cost</b>				
Trade receivables	1,625,963	7,699,724	1,625,963	7,699,724
Cash and cash equivalents	112,295	607,126	112,295	607,126
Other financial assets	3,073,236	8,939,642	3,073,236	8,939,642
<b>Total financial assets measured at amortised cost</b>	<b>4,811,494</b>	<b>17,246,492</b>	<b>4,811,494</b>	<b>17,246,492</b>
<b>ii Financial Liabilities:</b>				
<b>Measured at amortised cost</b>				
Borrowings	29,759,312	28,600,136	29,759,312	28,600,136
Trade payables	2,072,115	2,197,807	2,072,115	2,197,807
Other financial liabilities	3,376,681	3,207,656	3,376,681	3,207,656
<b>Total financial liabilities measured at amortised cost</b>	<b>35,208,108</b>	<b>34,005,599</b>	<b>35,208,108</b>	<b>34,005,599</b>

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

## iii Fair value hierarchy

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

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

Particulars	Fair value measurement using		
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
	(Level 1)	(Level 2)	(Level 3)
<b>As at March 31, 2020</b>			
<b>Financial liabilities</b>			
Borrowings	-	-	29,759,312
<b>Total</b>	-	-	29,759,312
<b>As at March 31, 2019</b>			
<b>Financial liabilities</b>			
Borrowings	-	-	28,600,136
<b>Total</b>	-	-	28,600,136

## (B) Capital Risk Management

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

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

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



**(C) Financial risk management**

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

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

**i) Credit risk**

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

The Company has a low credit risk in respect of its trade receivables, its principal customers being national broadcasters and major organization's which the Company has worked with for a 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 minimize this risk by holding funds on deposit with major financial institutions.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was USD 4,811,494 and USD 17,246,492 as at March 31 2020 and March 31, 2019 respectively, being the total of the carrying amount of the balances with banks, bank deposits, trade receivables, unbilled revenue and other financial assets.

Two customers contribute individually to more than 10% of outstanding trade receivables as at March 31, 2020 amounting to USD 879,876/- (P.Y.- Two customers- USD 3,480,123) and A single customer contribute individually to more than 10% of unbilled revenue as that date amounting to USD 180,239 (P.Y. - Single customers- USD 500,000).

**ii) Liquidity risk Management**

Liquidity risk is the risk that the Company 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 Company has sufficient cash at all times to meet liabilities as they fall due.

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

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

**Liquidity Risk**

At 31 March 2020	Less than 3 months	Between 3 and 12 months	More than 12 months	Total
<b>Current financial assets</b>				
Trade receivables	1,625,963	-	-	1,625,963
Cash and cash equivalents	112,295	-	-	112,295
Other financial assets	3,073,236	-	-	3,073,236
	<b>4,811,494</b>	-	-	<b>4,811,494</b>
<b>Current financial liabilities</b>				
Borrowings	29,759,312	-	-	29,759,312
Trade payables	2,072,115	-	-	2,072,115
Other financial liabilities	1,938,127	1,438,554	-	3,376,681
	<b>33,769,554</b>	<b>1,438,554</b>	-	<b>35,208,108</b>



At 31 March 2019	Less than 3 months	Between 3 and 12 months	More than 12 months	Total
<b>Current financial assets</b>				
Trade receivables	7,699,724	-	-	7,699,724
Cash and cash equivalents	607,126	-	-	607,126
Other financial assets	8,939,642	-	-	8,939,642
	<b>17,246,492</b>	-	-	<b>17,246,492</b>
<b>Current financial liabilities</b>				
Borrowings	28,600,136	-	-	28,600,136
Trade payables	2,197,807	-	-	2,197,807
Other financial liabilities	3,207,656	-	-	3,207,656
	<b>34,005,599</b>	-	-	<b>34,005,599</b>

iii **Market risk**

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

**Foreign currency risk management**

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

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

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

Particulars	Foreign Currency Denomination	As at March 31st 2020		As at March 31st 2019	
		Foreign Currency inputs	USD	Foreign Currency inputs	USD
<b>Financial Assets</b>	CAD	-	-		
	GBP	-	-	428,364	536,478
<b>Financial Liabilities</b>	CAD	-	-	-	-
	GBP	-	-	400,000	515,995

**Interest rate risk management**

The Group is exposed to interest rate risk because the group borrows funds at both fixed and floating interest rates. The risk is managed by the group by maintaining an appropriate mix between fixed and floating rate borrowings. The sensitivity analysis for exposure to interest rates on borrowings as at the end of the reporting period indicates that a 50 basis point increase in floating interest rates at the reporting date would have decreased equity and profit for the year/ period by USD 49,500 and USD 41,439 for March 2020 and March 2019 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.



Prime Focus Technologies Inc.

Notes forming part of the Standalone Financial Statements

Note

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



For and on behalf of the Board of Directors

Ramakrishnan Sankaranarayanan  
Director