



Prime Focus at 18

Growth. Experience. Confidence. Potential.

Prime Focus Limited | Annual Report 2014 - 2015



MAJOR MILESTONES

- PFW delivers more than half of all summer releases put together from major Hollywood studios
- PFT acquires DAX® (creators of PrimeTime Emmy® award-winning Digital Dailies®) and Academy® Award winning Lowry Digital
- PFW and Double Negative merge VFX business
- PFT's CLEAR™ positioned as an 'Exemplar' on the NASSCOM Product Excellence Matrix
- PFW secures U.S. Patent for View-D™ stereo conversion technology
- India's Broadcast Audience Research Council (BARC) selects PFT for Play-out Monitoring Service
- Reliance Capital picks up 30.2% in Prime Focus; Prime Focus merges Film & Media Services business of Reliance MediaWorks
- PFT receives ISO 27001 certification
- PFT-restored Associated Press Archive Digitization wins FOCAL International Award
- Prime Focus launches CSR arm Naresh Malhotra Foundation focusing on education and healthcare



- Prime Focus Animation launched
- PFT becomes the preferred supplier for BFI
- Prime Focus raises investment from Standard Chartered Public Equity
- Maa TV digitizes entire broadcast operations with CLEAR™ hybrid cloud platform from PFT



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

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

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

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

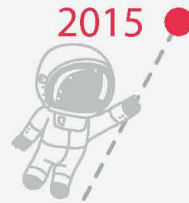
Offered India's first scanning and recording system

1997

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



2015



- Double Negative wins Academy Award, BAFTA and VES Award for Interstellar
- PFT secures another patent for DAX® and Digital Dailies® Technology
- PFW and Gener8 sign Technology Licensing Partnership
- PFT helps deliver 35,000 hours of content to launch "Hotstar"
- Prime Focus wins Best VFX Awards for Kick (IIFA Awards) and Sin City: A Dame To Kill For (Apollo Asia Awards)
- PFT signs deal with Hooq for OTT services in Asia
- PFW and Double Negative announce next phase of expansion
- PFT secures Apple iTunes Certification for direct content delivery and SoC2 Certification
- PFT wins Two MarCom Awards for 'DIGITAL NEXT' Campaign

2014

2013

- Prime Focus raises US\$38 MN equity investment from Macquarie Capital
- PFW wins Advanced Imaging Society 3D Award for Gravity
- PFT launches world's largest digital media services cloud 'True North'
- Prime Focus raises US\$10 MN from AID Partners Public Equity and opens facility in Beijing, China
- PFT wins Aegis Graham Bell Award 2013 for Innovation in Cloud-based Solutions
- PFT wins EMC Transformers Award



2012

2011

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



2010

- Prime Focus launches View-D™ and CLEAR™
- PFT deploys the World's First Hybrid Cloud Platform at BCCI



2008

2007

Entry into US through acquisition of Post Logic and Frantic Films



2006

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



2004

2003

Offered India's first DI system

2001



Welcome to this year's Prime Focus Limited Annual Report.

In the last eighteen years we've done many things: we've grown beyond recognition; we've achieved a great number of firsts in our industry; we've won many awards and accolades; and we've been privileged to work with some of the most talented filmmakers, and the biggest studios and media companies, in the world.

Looking ahead, we see a future ripe with opportunity.

Growth. Experience. Confidence. Potential.
This is Prime Focus at 18.

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EXECUTIVE

CHAIRMAN'S MESSAGE

This year Prime Focus turned 18 – and like anyone turning 18 we find ourselves in an exciting new phase of our life.

We have shared an amazing journey to get to this point. We started life in a garage - just four youngsters with a vision – and from these humble beginnings we rose to the top of our industry. We travelled the world and built a global enterprise; we learned from our experiences and applied this learning to our business; we built up a formidable leadership team and empowered our staff; we battled through the challenges that were thrown at us and emerged stronger for it. We grew from 4 to over 6000.

And now we're ready for the next phase.

Our horizons have widened with the transformative deals we have made. We now cover every service in the content creation value chain, assisting our clients from pre-production to final delivery - a truly holistic, end-to-end offering that is unique in our industry. Every day our integrated global operations come together with one common goal – to create and deliver the very best work for our clients.

We are proud to call organizations such as Reliance Group and Standard Chartered Private Equity our partners; their continued support allows us to deliver the next phase of our plans. Our mergers with Double Negative and Reliance MediaWorks have allowed us to strategically consolidate our business, giving us an extended and renewed platform on which to build. We have partnered with the best in the business, and their strengths help us to grow even stronger.

We have an unshakeable confidence. We recognize and embrace our strengths and we are capitalizing on them. We are taking bigger steps and exploring new frontiers. We have an independence of thought and a new-found sense of freedom that allows us to take on any challenge and succeed. We are bursting with potential.

The next chapter begins... the best is yet to come.



Namit Malhotra
Founder, Executive Chairman and Global CEO



HIGHLIGHTS

OF THE YEAR

As we move into a new financial year, we can look back on a year of strong progress and momentum.

Following the industry-changing announcements of summer 2014, the transactions to merge Prime Focus World (PFW) and Double Negative (Dneg), and to combine Prime Focus Limited (PFL) and Reliance Media Works (RMW), were both completed, unlocking synergies that are benefiting customers, employees and stakeholders worldwide.

PFW and Dneg announced the creation of a brand-new, worldclass VFX facility in Mumbai, to be called VFX Campus. Located in Film City, the new studio is being designed to the same exacting standards as Dneg's facilities in London, Vancouver and Singapore, with a particular emphasis on providing the very best working environment for artists. Dneg's technical infrastructure, tools and pipeline will be rolled out to the new facility as part of the build, and movies already slated for work at VFX Campus include 'The Huntsman' for Universal starring Chris Hemsworth, Charlize Theron and Emily Blunt, and 'Inferno', Ron Howard's latest movie based on the Dan Brown novel, with many more projects in the pipeline.

PFW was awarded a U.S. Patent for its View-D™ stereo conversion technology, and received an Advanced Imaging Society Lumiere™ Technology Award for its 'Hybrid Stereo Pipeline', cementing its technological leadership in this space. And the company began to explore one of the opportunities presented by the RMW transaction

- a 30% stake in industry-renowned U.S. VFX house Digital Domain - as well as the potential of its technology licensing and stereo conversion partnership with Canada's Gener8 Media Corp.

PFT announced a transformative deal with HOOQ, a joint venture between Singtel, Sony Pictures Television and Warner Bros. Entertainment for Over-The-Top Video in Asia. PFT's CLEAR™ will help package and deliver the content.

PFT also signed a deal with Hotstar, Asia's number one destination for general entertainment content. With the help of CLEAR™, Hotstar launched on February 1st, 2015, within 5 months of initial inception, and reached 10 million users in its first 40 days. In the first few months, Hotstar achieved close to 30 million downloads outperforming popular global social networking apps. In the process, Hotstar also became the fastest app to cross the million download mark in India - accomplished in just six days. PFT is proud to be associated with Hotstar.

In the U.K., Prime Focus announced the sale of its London Broadcast Post business. The divestment of this business allows Prime Focus to focus its full efforts on the core creative services divisions (PFW and Dneg) and cloud-based technology division (PFT), in addition to the broad spectrum of media services in India.

This continued momentum and progress was reflected in the range of Prime Focus' awards, deals, launches and events throughout the year.



Awards

- Double Negative wins 'Best VFX' Academy Award®, BAFTA and VES Award for 'Interstellar'
- PFW wins Lumiere™ Technology Award for its 'Hybrid Stereo Pipeline'
- Namit Malhotra included in prestigious Variety Dealmakers Impact Report
- PFT Earns Frost & Sullivan's 2015 Global Growth Excellence Leadership Award
- Prime Focus is awarded a U.S. Patent for its View-D™ stereo conversion technology
- PFTs' CLEAR™ positioned as an 'Exemplar' on the NASSCOM Product Excellence Matrix
- Namit Malhotra included in Economic Times Top 50 Inspiring Entrepreneurs
- PFW wins 'Best Stereography' Award from the Advanced Imaging Society for its work on 'Sin City: A Dame To Kill For'
- PFT secures another Patent for DAX® and Digital Dailies® Technology
- Prime Focus receives IIFA Award for work on 'Kick'
- PFW wins 24FPS and Apollo Asia Awards for work on 'Sin City: A Dame To Kill For'
- Namit Malhotra honoured with FICCI Outstanding Contribution Award
- PFT wins Two MarCom Awards for 'DIGITAL NEXT' Campaign



Ramakrishnan Sankaranarayanan and T. Shobhana of Prime Focus Technologies receiving the Frost & Sullivan 2015 Global Growth Excellence Leadership Award



Andrew Lockley and Paul Franklin of Double Negative with Academy Award® and BAFTA for 'Interstellar'



Laszlo Rikker and Rajat Roy of Prime Focus World accepting the Advanced Imaging Society Lumiere™ Technology Award



Namit Malhotra of Prime Focus accepting the Advanced Imaging Society Creative Arts Award for 'Sin City: A Dame To Kill For'

HIGHLIGHTS

OF THE YEAR



Deals

- Double Negative (Dneg) and PFW merge Hollywood VFX business
- Reliance MediaWorks (RWM) merge Film & Media Services business with Prime Focus Limited
- PFT signs deal with HOOQ, a joint venture between Singtel, Sony Pictures Television and Warner Bros. Entertainment for Over-The-Top Video in Asia
- PFT and deltatv announce 'End to End' Live Sports OTT Platform
- Prime Focus Limited sells UK Broadcast Post business
- RSG Media & PFT join forces to streamline the Digital Supply Chain to enable Content Monetization and Delivery
- PFW signs Licensing and 3D conversion partnership with Canada's Gener8 Media Corp
- FX Networks signs deal with PFT
- Crown Media signs deal with PFT for Cloud based content management
- PFT signs deal with Hotstar, Asia's number one destination for general entertainment content

Investment

- PFL raises ₹ 489 mn through Redeemable Debentures not convertible into Equity Shares of the Company
- Allotment of ₹2.4 bn equity shares on preferential basis to RMW and PFL Promoters

Launches

- Double Negative Vancouver announced
- PFW and Double Negative announce VFX Campus, Mumbai
- PFW launches Advancing Stereo Technology series
- Prime Focus launches the Naresh Malhotra Foundation
- Prime Focus Technologies expands into new space in Bengaluru



Events and Announcements

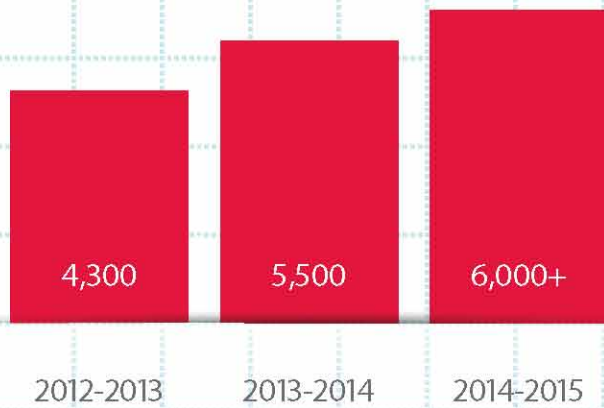
- PFT launches 'Digital Next' campaign at National Association of Broadcasters (NAB) 2015
- PFT announces International Association of Broadcasting Manufacturers Gold Membership
- Nimit Malhotra invited to deliver keynote at inaugural FICCI Frames U.S. event
- PFW's Senior Stereo Supervisor Richard Baker invited to participate in Advanced Imaging Society Q&A's for 'Avengers: Age of Ultron', 'Ant-Man' and 'Guardians of the Galaxy'
- PFT Joins Advisory Board for Media & Entertainment Services Alliance (MESA)
- Nimit Malhotra and Merzin Tavarria host British Columbia Premier Christy Clark during trade mission to India
- PFT's CLEAR™ Media ERP Suite on the Cloud unveils 'industry first' features at IBC 2014
- PFT secures Apple iTunes Certification for direct content delivery
- Ganesh Sankaran, Co-Founder and COO, PFT featured in Digital Studio's "The Most Important People in the Industry"
- PFT secures another Patent for DAX® and Digital Dailies® Technology
- PFT expanded its ISO 27001 certification, one of the most widely recognized, internationally accepted, independent security standards.
- PFT secures SoC2 Certification to provide enhanced security controls for client data protection and availability



FINANCIAL

HIGHLIGHTS

Number of Personnel (PFL)



Revenue (₹ MN)



Figures for 2013-14 pertain to fifteen months ended 30 June 2014

EBITDA (₹ MN)



Profit After Tax (₹ MN)

consolidated profit before minority
* consolidated profit after minority



PRIME

ADVANTAGES



PRIME FOCUS WORLD

Market Leading
View-D™ 3D Conversion
and Animation



PRIME FOCUS INDIA

DI / Colour Grading, Visual
Effects, Equipment Rental,
Post Production



double negative visual effects

Academy Award®
Winning VFX



PRIME FOCUS TECHNOLOGIES

CLEAR™ Media ERP Suite
Cloud Media Services
Virtualizing the content
supply chain

Following the completion of the 2014 transactions, Prime Focus offers clients an even more 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 topline savings. Prime Focus' unparalleled, integrated suite of creative and technology services provides a compelling opportunity. No other company can offer:

- Seamless integration of services throughout the development of your project
- Multi award-winning, industry-leading VFX and 3D conversion services
- Top-flight animation services for feature films and broadcast
- CLEAR™ Media ERP Suite along with Cloud Media Services to virtualize the content supply chain and help manage the business of content- currently managing 1.2 MN hours of content
- Global sourcing for optimum access to international talent, technology and tax advantages



Avengers: Age of Ultron

Double Negative - VFX

Prime Focus World- 3D Conversion



Terminator: Genisys

Double Negative - VFX

Prime Focus World- 3D Conversion

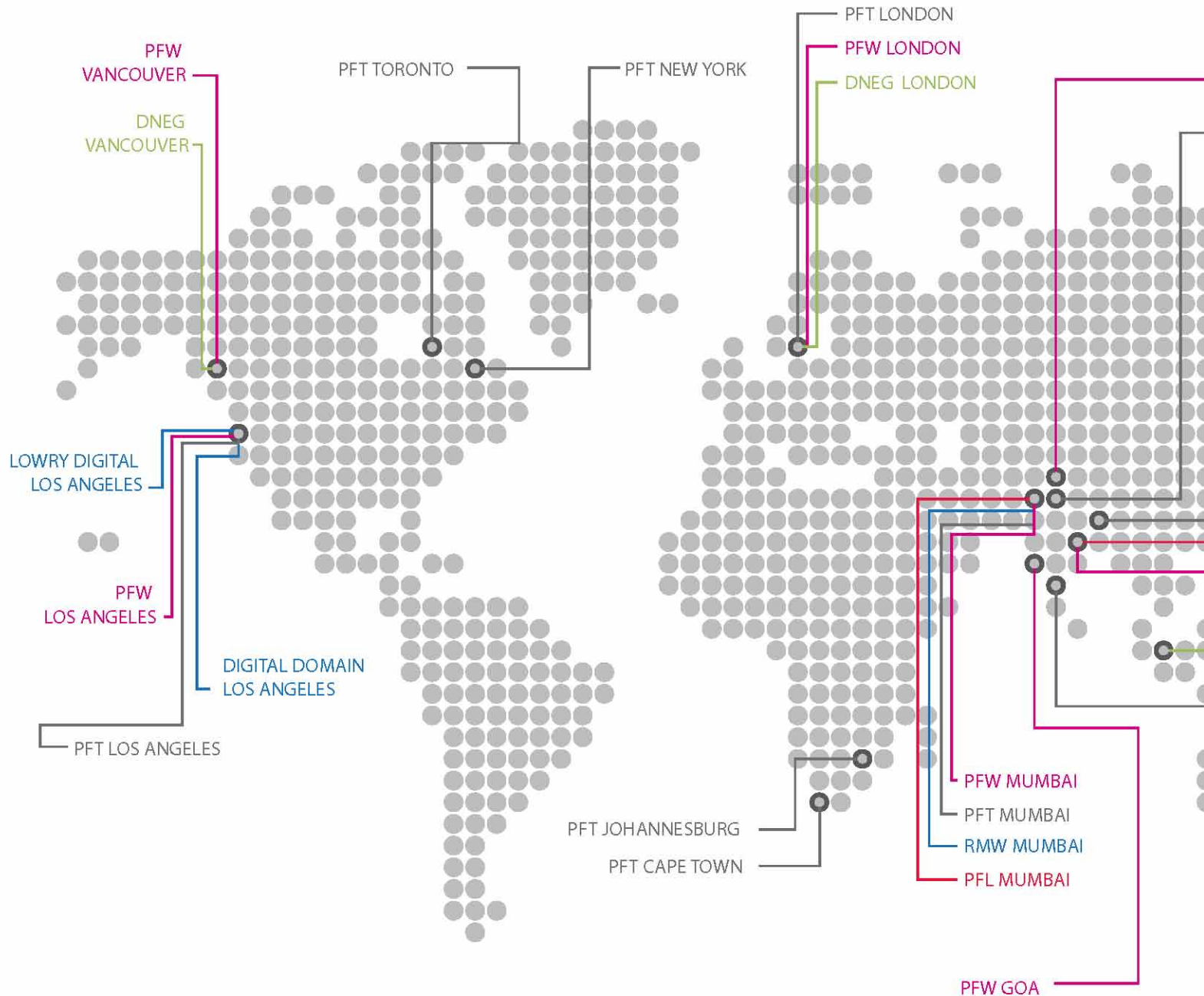


Hotstar

Delivering 35,000 hours of content across 8 different languages

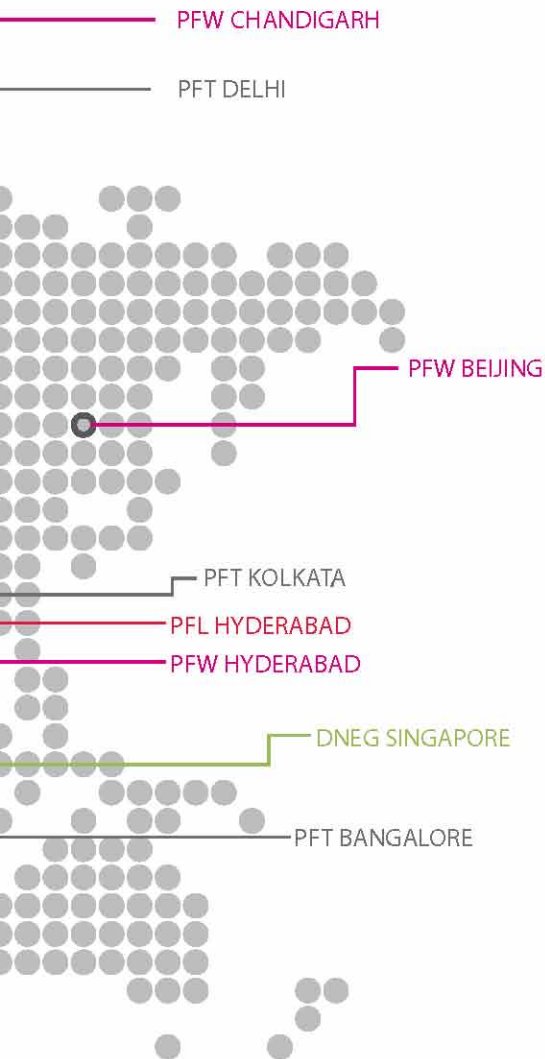
Digitization of old content, cataloguing of data, mastering/remastering and QC

GLOBAL PRESENCE



18

YEARS OF GROWTH



OFFERINGS

CREATIVE SERVICES

VISUAL EFFECTS | 3D CONVERSION |
ANIMATION

TECHNOLOGY & SERVICES

CLEAR™ MEDIA ERP SUITE
CLOUD ENABLED MEDIA SERVICES

PRODUCTION SERVICES

CAMERA EQUIPMENT RENTAL

POST PRODUCTION SERVICES

DIGITAL INTERMEDIATE |
COLOR GRADING
PICTURE POST

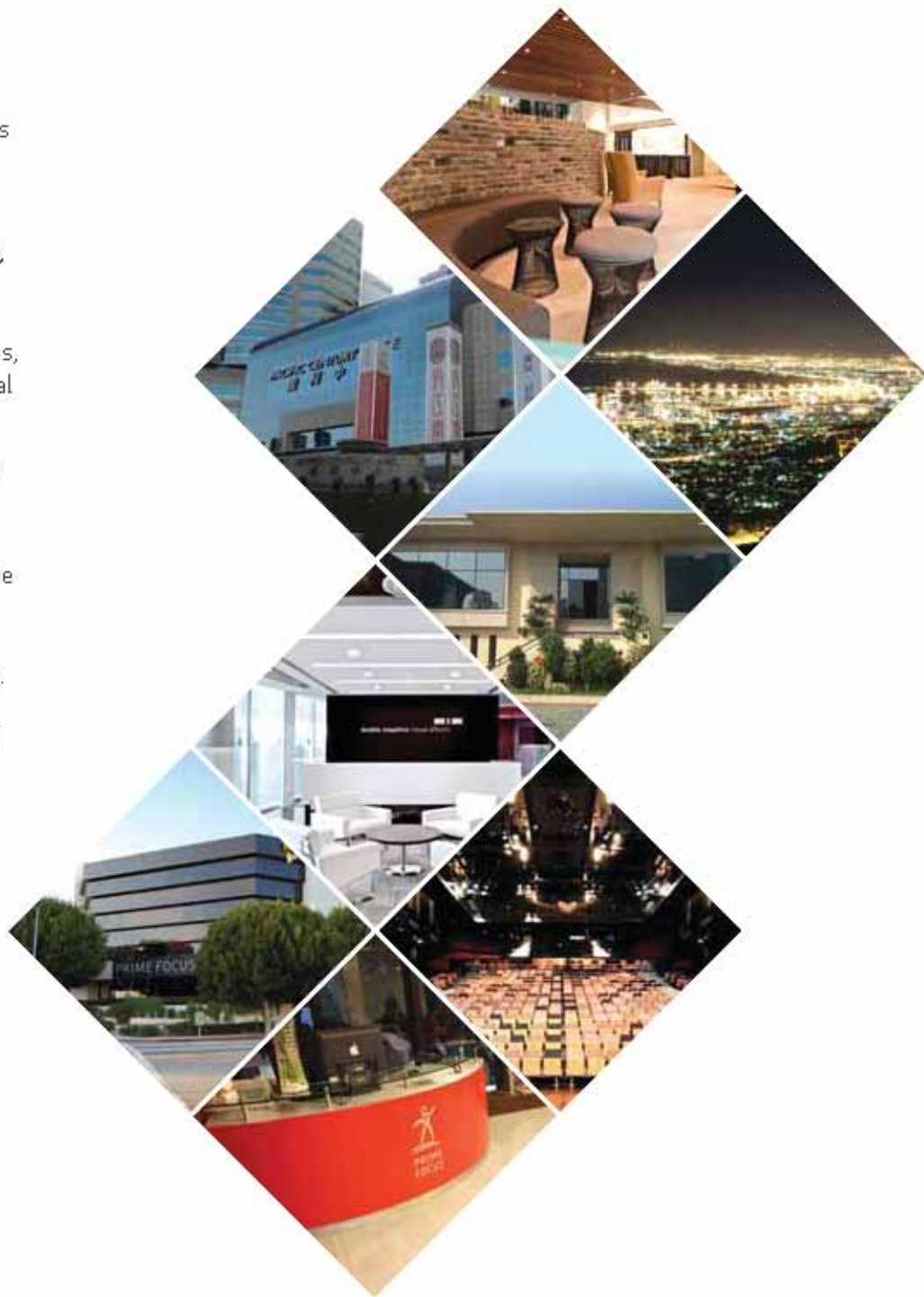
PRIME FOCUS WORLD

Prime Focus World (PFW) is the Hollywood facing business of the Company, delivering visual effects, 3D conversion and animation services to studios and production companies across the world.

With 4,000 professionals working across facilities in **Beijing, Chandigarh, Goa, London, Los Angeles, Mumbai, Singapore and Vancouver**, PFW has the infrastructure and talent to provide world-class creative services, pioneering technology and intelligent financial solutions on a global scale.

Key to PFW's performance this year has been the completion of the merger between PFW and Academy Award® winning visual effects company Double Negative (Dneg), creating the world's largest independent and integrated VFX, stereo conversion and animation company serving the Hollywood film industry.

PFW and Dneg have already worked together on a number of Hollywood blockbusters, offering clients industry-leading VFX and stereo conversion services under one roof and driving time and cost efficiencies. The relationship has also opened up workflow advantages, allowing PFW to present stereo shots to clients earlier in the production process and further improve its service offering.



Between the two companies, PFW and Dneg worked on 4 of the top 5 highest grossing worldwide movies of 2014:

Transformers: Age of Extinction (Paramount - \$1,104mn) - stereo VFX services by PFW

Guardians of the Galaxy (Marvel / Disney - \$774mn) - 3D conversion services by PFW

Maleficent (Disney - \$758mn) - 3D conversion services by PFW

The Hunger Games: Mockingjay Part 1 (Lionsgate - \$752mn) - VFX services by Dneg

The collaboration continues to grow in strength in 2015, with PFW & Dneg working together on some of the biggest movies of the year:

Avengers: Age of Ultron (Marvel / Disney - \$1.4bn) - VFX (Dneg) and 3D conversion services (PFW)

Terminator: Genisys (Paramount - \$440mn) - VFX (Dneg) and 3D conversion services (PFW)

Ant-Man (Marvel / Disney - \$409 mn) - VFX (Dneg) and 3D conversion services (PFW)

The upcoming pipeline of work for PFW and Dneg is strong, with new additions such as:

Bridge Of Spies (Walt Disney Studios)

Spectre (Sony Pictures)

The Hunger Games: Mockingjay Part 2 (Lionsgate)

In The Heart Of The Sea (Warner Bros.)

Miss Peregrine's Home For Peculiar Children (20th Century Fox)

Batman v Superman: Dawn Of Justice (Warner Bros.)

The Huntsman (Universal Pictures)

Captain America: Civil War (Marvel)

Alice Through The Looking Glass (Walt Disney Studios)

Warcraft (Universal Pictures)

Tarzan (Warner Bros.)

Star Trek Beyond (Paramount Pictures)

Inferno (Columbia Pictures)

Doctor Strange (Marvel)

Geostorm (Warner Bros.)

PFW also began to explore the potential of its technology licensing agreement with stereo conversion company Gener8, setting up a back-end office for Gener8 in Mumbai to allow Gener8 to expand its capacity and handle greater volumes of work for its Hollywood clients.





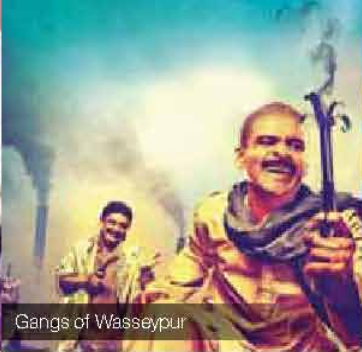
Kick



Aashiqui 2



Chandni Chowk to China



Gangs of Wasseypur



Flipkart



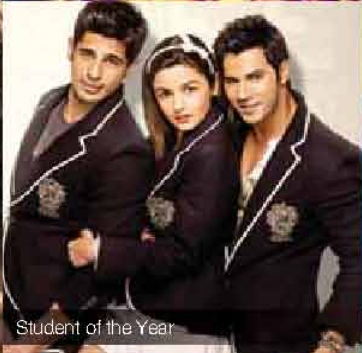
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Candyman



Happydent



Student of the Year



Paa



Rockstar



Google



Black



Avengers: Age of Ultron



Tanishq



WW II from Space



Mirror Mirror



Terminator: Genisys



Interstellar



R... Rajkumar



Satyamev Jayate



Mary Kom



Frankenweenie



Kochadaiyaan: The Legend



Men in Black 3

18

YEARS OF EXPERIENCE



Badlapur



Heyy Babyy



Maleficent



Hawaizaada



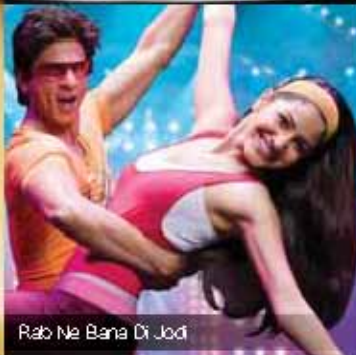
Sin City: A Dame to Kill For



Heropanti



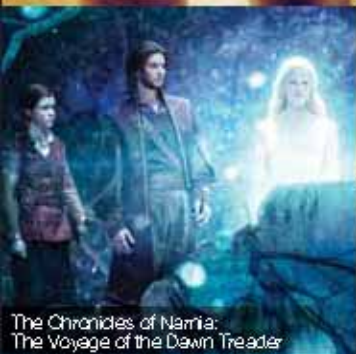
Tevar



Rab Ne Bana Di Jodi



Kurbaan



The Chronicles of Narnia: The Voyage of the Dawn Treader



Man of Steel



Edge of Tomorrow



Bhoothnath



Love Story 2050



Wildstone

PRIME FOCUS

TECHNOLOGIES

Modular Product Portfolio

Media and Entertainment (M&E) companies must embrace technology to drive outcomes like greater efficiencies, lower cost of operations and new revenues. This is spurring companies to consider new models of IT. And Cloud is the new business elixir. There is a need for M&E Companies to adopt ONE software to enhance operational efficiencies and focus on what they do best – create better content. With a view to address specific business challenge, PFT launched modular CLEAR™, the world's first and most proven hybrid cloud-enabled Media ERP Suite that virtualizes the content supply chain. Our customers can bundle them all as a Cloud Media ERP Suite or pick from the below 5 power-packed modules of CLEAR™ to address their specific business challenge.

Modules of CLEAR™:

- Cloud MAM - ONE enterprise MAM on Cloud across geographies, departments & businesses.
- Operations Cloud - Scalable Content Operations on Cloud (Transcode, Auto QC, Storage, Package & Deliver) with workflow orchestration built-in.
- Broadcast Cloud – Media ERP suite for workflow orchestration across broadcast enterprise, supply chain and partner ecosystem.
- Production Cloud – MPAA® audited and Emmy® award winning Digital Dailies®, the de facto industry standard.
- Secure Screener – Industry's first fully secure screener application with DRM protected download capability



The digital transformation of the content-value chain

Today's consumer is an evolved creature, one who is growing up with digital television, the internet, tablets and smartphones. Not only do they have a variety of choices, they also enjoy the convenience of consumption when they want it, the way they want it.

This change in consumer behavior is increasing faster than ever before, making the entire content-value chain and its players transform themselves digitally.

Volume, discovery, platforms, devices, 4K, direct-to-consumer, engagement, speed, new monetization and everything digital is the new normal. Media and entertainment enterprises (M&E) cannot live in the analog or choose to selectively be digital in this new era. There is a need to become hyper-digital to face what PFT calls "Digital Next" realities.

PFT launched Digital Next offerings in April 2015. The offerings include:

1. Media ERP: Building a connected enterprise and a digital ecosystem is key to managing the business of content. Be it revenue growth or expansion in margins, media asset management (MAM) systems cannot function in isolation anymore. The M&E companies need enterprise-wide software to manage content-led business activities across departments globally, and to deal with big-data challenges. Similar to other sectors, M&E companies need a media enterprise resource planning (ERP) suite that is rich in applications to handle workflow orchestration across the enterprise, supply chain and partner ecosystems. CLEAR™ Media ERP Suite, PFT's flagship product is that one software that connects the enterprise and virtualizes the content supply chain.
2. Distribution, in particular, has become increasingly complex in the hyper-digital world. More outlets, and the rise of video-on-demand systems – A-VoD, S-VoD and T-VoD – across the globe has driven the need for businesses to be more connected with content operations. CLEAR™ Distribution Cloud offers an integrated solution by connecting the rights and sales-order systems – it helps process and service orders and offers governance around the rights regime.
3. Content owners today have to embrace the cloud to deal with volume and speed for servicing their content demand to the growing number of digital outlets globally, such as Netflix, Hulu, Amazon and other OTT platforms. And they need to do that at the lowest total cost of delivery. PFT's CLEAR™ Operations Cloud helps do just that – it doesn't just store and transcode, but performs end-to-end content operations on the cloud at the lowest costs.
4. With myriad content available for consumption, content owners are struggling to capture the attention of fickle digital consumers – the challenge is to get consumers to discover their content. PFT came up with an equation – Content + Tags = Asset. Using detailed, multi-layered smart metadata, PFT allows content owners to tap into the DEE (discovery, engagement and experience) moment – enabling monetization like never before. PFT, along with its partners, integrates such data with content to offer an immersive OTT experience.
5. One cannot leave 4K out of the Digital Next realities. PFT's CLEAR™ Operations Cloud provides 4K support, including a 4K up-conversion module, by leveraging the Academy Award-winning Lowry image processing libraries. This is supported by GPU cloud computing infrastructure.

Numbers that speak for themselves

- Over **1.2 million** hours of Content Under Management
- Powered over **1.6 million** concurrent streams for OTT platform
- **168** Hybrid Cloud locations
- **100,000** hours of content digitized annually
- Managing **100** New TV episodes a year
- **10 Million** files of Syndication & VoD fulfilment every year
- Patented Product (US Patent No: **7,660,416/8,218,764/12,976,929**)
- **35,000** hours of Subtitling and Closed Captioning every year
- Over **85%** of Prime Time shows in Hollywood use PFT's product

PRIME FOCUS

INDIA

The Indian VFX team delivered over 8,000 VFX shots over the course of the year for some of Bollywood's biggest movies, including Kick, Bang Bang!, Ek Villian, Mary Kom, Action Jackson and Tanu weds Manu 2. Most recently, the team delivered over 500 shots for the action-packed thriller Bajrangi Bhaijaan, which has amassed a box office tally of ₹600+ crore (US\$94 mn) and counting.

Apart from VFX, the Digital Intermediate department also worked on some outstanding Bollywood projects, delivering one of the biggest movies of the year - Shahrukh Khan starrer Happy New Year. But Prime Focus' involvement didn't just finish in the suites - it began on-set, as the Camera Rental division continued to supply cameras, lenses and equipment to over 30 of the biggest films of the year including the names mentioned above.

In joining hands with Reliance MediaWorks, Prime Focus delivered some of the biggest movies of early 2015, including Dil Dhadkne Do, Gabbar is Back and Hamari Adhuri Kahani.

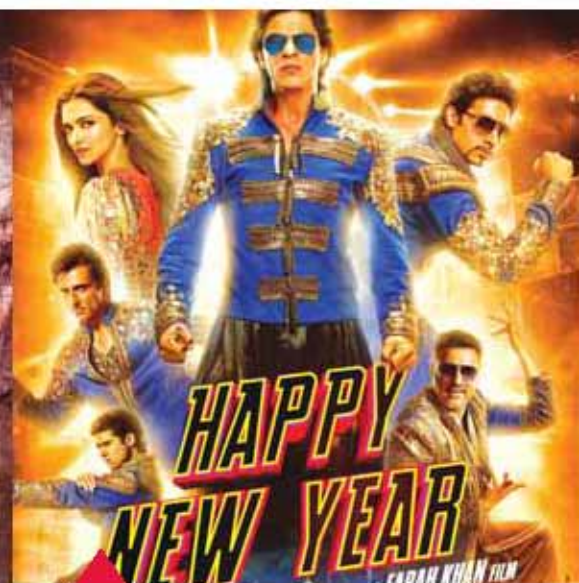
In summary, 2014 -15 was another very fruitful year for the India post production team, with five of the biggest movies worked on joining the 200 crore and above club.



BAJRANGI BHAIIJAAN

₹600+ crore

(US\$94 million and counting)



HAPPY NEW YEAR

₹383 crore

(US\$60 million)



KICK

₹377 crore

(US\$59 million)



BANG BANG!

₹340 crore

(US\$53 million)



TANU WEDS MANU RETURNS

₹252 crore

(US\$39 million)

PRIME FOCUS

INDIA

Equipment Rental (EQR)

One of the largest camera service providers in India, PrimeFocus EQR services has become the most preferred company today for serving the camera needs of filmmakers and other creative professionals. With a dedicated state-of-art rental facility, EQR offers innovative digital cinema solutions, the latest high-end cameras and equipment, and expert technical support to the film and entertainment industry in India and worldwide. Spread across an enormous 10,000 sqft facility in the heart of Film City, the EQR facility caters to an ever-growing client-base of leading production houses for films and commercials.



This year, the EQR team has worked with the following leading film production houses:

- Sanjay Leela Bhansali Productions
- Yash Raj Films
- Vishesh Films
- Red Chillies Entertainment
- Illuminati Films
- Dharma Productions
- UTV Motion Pictures
- Viacom 18 Media
- Anurag Kashyap Productions

And the following leading production houses for commercials:

- Rising Sun
- FootCandles Productions
- Bang Bang Films
- I Rock Media
- Lintas
- Mad Films
- Equinox
- Nirvana Films

Overall EQR supplied equipment for over 50 projects last year, servicing some of the biggest Bollywood movies, including:

- Ek Villian
- Kick
- Marykom
- Bajrangi Bhaijaan
- Bang Bang
- Happy New Year
- Phantom
- Heropanti
- Gabbar is Back
- Tanu weds Manu Returns
- Badlapur

Advertising and Broadcast Services

The advertising team continued to serve outstanding creative work throughout the year, with the slick VFX of the stunning Panasonic 'Smart TV' ad starring Ranbir Kapoor being perhaps the biggest. The Mumbai Mirror ad revealed the changes in people's attitudes, whilst the much-talked about Asian Paints and Big Rocks commercials were well received and brought a smile to many people's faces.

The broadcast team in India provided sponsorship idents and branding for award shows like Star Guild and TV reality show – Box Cricket League.

China

The Beijing office continued working with India to deliver VFX, stereo conversion and animation services to Chinese clients across film and television projects. The team also moved into new offices in Pacific Century Place, in the Chaoyang District of Beijing.

RECENT PROJECTS:

The Taking of Tiger Mountain – VFX (Feature Film)
completed in Mumbai

Sisters Over Flowers –
Animation (Opening Credits for TV Show)
completed in Mumbai

The Journey of Flower – VFX and stereo conversion
(TV Series and Trailer) – completed in Beijing & Mumbai

The Legend of Sword – VFX (TV Series)
completed in Mumbai

Chronicles of the Ghostly Tribe – VFX (Feature Film)
completed in Mumbai



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 film makers. Naresh was Chairman of the Board from 1997 to June 2014.



NAMIT MALHOTRA
Founder, Executive Chairman and Global CEO

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 his clients world-class creative and technical services, and intelligent financial solutions. Namit is the poster boy of Indian entrepreneurship in Hollywood.



RAMAKRISHNAN SANKARANARAYANAN
Managing Director, Prime Focus, 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 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 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

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.

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YEARS OF CONFIDENCE



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 is an MBA in finance from Cardiff University, England and Wales. A successful businessman, he provides valuable inputs for the framing and implementation of 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.



MANAGING

DIRECTOR'S MESSAGE

Dear Shareholders,

Turning 18 is always exciting! It is a milestone in more ways than one: it marks our journey from humble beginnings to global leaders in the M&E industry, endorsing our faith and focus and underlining our strategy and execution. Turning 18 is an inspiration to aim higher and an impetus to go further.

The global M&E industry continued to fare well in the year 2014. China continued making impressive gains with box office collection crossing the threshold US\$ 4 billion mark, making it the first non US/Canada international market to achieve this feat, and Hollywood exports such as Avengers: Age of Ultron, Jurassic World and Transformers: Age of Extinction enthralled audiences all over the world with their stunning visual effects and stereo work.

The story is a tad different in the west, where streaming services are convincing people to ditch cable and the trend is only going to go up. People are not only cutting the cord - by choosing from a variety of streaming services like Netflix, Hulu and Amazon Plus, they are also not signing up for traditional TV services when they move out on their own. Based on a recent research report, national advertising in the US finished down 2.7% in the second quarter, which is the worst non-recessionary, non-Olympic drop on record. Broadcast network advertising was down 2.9%—worse than expected—and cable was down 2.6%.

The broadcasters and studios are struggling with revenue and margin pressures. They must embrace technology to drive outcomes like greater efficiencies, lower cost of operations and to drive revenues. This is spurring companies to consider new models of IT - a business

transformation. And we are excited to be a part of this transformation, leading it from the front.

The Indian M&E industry also reflected this global shift towards the adoption of technology. India is one of the fastest growing digital markets in the world with a 'young' population of over 650 million increasingly embracing smart devices and making them a part of their lifestyle - a trend that is transforming the M&E industry.

Films continue to be the mainstay of outdoor entertainment in India. With the rise of multiplexes that offer a better viewing experience, the Indian film industry continued to grow to ₹126 billion in 2014. The spectacular success of films like PK, Kick and Happy New Year, all of which grossed over ₹100 crores (1 billion) at the box office, are strong indicators that wholesome and entertaining films will continue to draw large audiences.

All these developments unfolding in the industry point to an exciting and optimistic future in general, and for Prime Focus in particular. As the world's largest integrated media services powerhouse providing end-to-end creative services (visual effects, stereo 3D conversion, animation), cloud-based products & services (Media ERP Suite and Media Services), production services (equipment rental) and post production services (Digital Intermediate, picture post) to Studios, Broadcast and Advertising industries, Prime Focus is prepared and poised to capitalise on its immense potential and take advantage of these exciting possibilities. Our award-winning, cutting-edge technology, talent pool, scale and innovative business models makes us the partner of choice for the Media industry. The successes that came our way in the recent

past – be it strategic acquisitions, key client wins, award winning projects or product innovations - give us the confidence to be bold and daring and to think BIG.

Prime Focus has continued on its growth trajectory through its strategic acquisitions and alliances in the last year. In 2014-15, the total Income from Operations increased to ₹ 16,076 million assisted by the new businesses acquired in the previous year. The EBITDA for the year was ₹ 2,785 million compared to ₹ 2,363 million in the previous year (which was a fifteen month period). Profits were impacted this year due to exceptional costs related to the divestiture of non-core businesses, but this is now fully behind us as we embark on the next phase of our growth as a group.

Prime Focus is determined to rationalise its debts through various measures that include higher use of Buyers' Credit financing, mix of domestic and lower cost FX debt as well as monetizing non-core assets and utilising the proceeds to retire high cost debts.

Turning 18 is indeed exciting for all of us at Prime Focus. We have consolidated our position as the world's largest integrated media services powerhouse. The recent merger of PFW and Double Negative has given us a leadership position in the highly creative international VFX business, as well as in 3D conversion. The DAX acquisition sets the course for PFT's strategic expansion in North America, and gives us the opportunity to significantly enhance the value proposition to erstwhile DAX marquee customers including major studios and broadcast networks. And our merger with Reliance MediaWorks (film and media service business) has made us the largest post-production service provider in the fast-growing Indian M&E market, helping to ensure we remain best positioned to offer outstanding creativity,



cutting-edge technology, integrated digital media services, never-before-seen scale and financial stability and sustainability.

Prime Focus at 18 is on the cusp of the next phase of its Growth, Experience, Confidence and Potential.

Thank you for being an important and integral part of this exciting journey!

Yours faithfully,

Ramakrishnan Sankaranarayanan

Managing Director

DELIVERING

THE WORLD'S BIGGEST BLOCKBUSTERS



Above \$1bn

Avengers: Age of Ultron
\$1.4BN



Above \$500mn

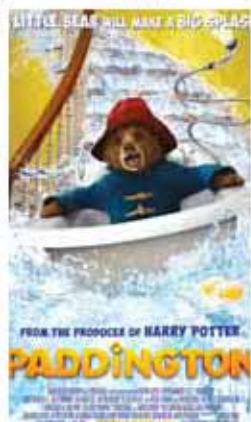
Guardians of the Galaxy
\$774MN

The Hunger Games:
Mockingjay - Part 1
\$752MN

Interstellar
\$672MN

Mission: Impossible -
Rogue Nation
\$679MN





Above \$250mn

Teenage Mutant Ninja Turtles
\$485MN

Terminator: Genisys
\$440MN

The Divergent Series: Insurgent
\$295MN

Ant-Man
\$409MN

Exodus: Gods and Kings
\$268MN

Paddington
\$259MN

Above \$100mn

Jupiter Ascending
\$183MN

Pixels
\$236MN



**PRIME FOCUS
A WORLD OF POTENTIAL**

CORPORATE

INFORMATION

18

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Namit Malhotra

Chairman and 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

Mr. Nainesh Jaisingh

Dr. (Mrs.) Hemalatha Thiagarajan

Independent Director

(Appointed w.e.f. March 31, 2015)

Mr. Amit Bapna

Appointed w.e.f. September 16, 2015

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

Ratnakar Bank Limited

IDBI Bank Limited

REGISTRAR & SHARE TRANSFER AGENTS

Link Intime India Private Limited

No. C-13, Pannalal Silk Mill Compound,
Lal Bahadur Shastri Road, Bhandup (W)

Mumbai-400078

Tel: +91 22 6171 5400

Fax: +91 22 2596 0329

Website: www.linkintime.co.in

REGISTERED OFFICE

Prime Focus House, Opposite Citi Bank,

Linking Road, Khar (West), Mumbai-400052

Tel: +91 22 67155000 Fax: +91 22 67155001

Email: irindia@primefocus.com

Website: www.primefocus.com

CORPORATE IDENTITY NUMBER (CIN)

L92100MH1997PLC108981

DIRECTORS' REPORT

To
The Members of
Prime Focus Limited

Your Company's Directors are pleased to present the Eighteenth Annual Report and the Audited Statements of the Accounts for the financial year ended June 30, 2015.

1. FINANCIAL PERFORMANCE SUMMARY

The Consolidated and Standalone Audited Financial Results for the year ended June 30, 2015 are as follows:

(₹ In lacs)

| Particulars | Consolidated | | Standalone | |
|--------------------------------|--------------|-------------|-------------|-------------|
| | 2014-15 | 2013-14 | 2014-15 | 2013-14 |
| | (12 months) | (15 months) | (12 months) | (15 months) |
| Income from operations | 153797.45 | 103,272.16 | 11349.36 | 27,354.79 |
| Other operating income | 6961.09 | 4869.71 | 1010.14 | 175.40 |
| Total income from operations | 160758.54 | 108141.87 | 12359.50 | 27530.19 |
| Less: Expenses | 158749.98 | 101,639.25 | 9892.01 | 22,648.91 |
| Add: Other income | 1955.95 | 4601.01 | 1102.59 | 3693.81 |
| Less: Finance costs | 7272.55 | 6,867.60 | 2466.79 | 2,810.83 |
| Less: Exceptional items | 24754.80 | 1,740.65 | 1570.32 | -171.51 |
| Less: Tax expense | 3252.51 | 707.93 | 2343.98 | -446.50 |
| Less: Minority interest | -2093.07 | -638.69 | - | - |
| Net Profit/Loss for the period | -29222.28 | 2426.14 | (2811.01) | 6382.27 |

2. OPERATIONS AND PERFORMANCE REVIEW

During the year under review, on consolidated basis, total income of the Company and its subsidiaries stood to be ₹ 160758.54 lacs as compared to ₹ 108141.87 lacs in the previous year.

On standalone basis, total income during the year was ₹ 12359.5 lacs as compared to ₹ 27530.19 lacs in the previous year. Profit before exceptional items and and tax during the period was ₹ 1103.28 lacs as compared to ₹ 5764.26 lacs in the previous year. The Net (loss)/profit after tax was ₹ (2811.01) lacs as compared to ₹ 6,382 lacs in the previous year.

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 2014-15, your Board did not recommend any dividend for its equity shareholders.

4. SHARE CAPITAL

During the year under review, the Authorised Share Capital of the Company was increased from ₹ 25,00,00,000 (Rupees Twenty Five Crores Only) divided into 25,00,00,000 (Twenty Five Crores) equity shares of ₹ 1/- (Rupee One Only) each to ₹ 35,00,00,000 (Rupees Thirty Five Crores Only) divided into 35,00,00,000 (Thirty Five Crores) equity shares of ₹ 1/-(Rupee One Only) each.

The Company had issued and allotted 90,384,615 equity shares of ₹ 1/- each to Reliance MediaWorks Limited and 23,076,923 equity shares of ₹ 1/- each to Monsoon Studio Private Limited aggregating to 113,461,538 equity shares of ₹ 1/- each on April 7, 2015 at a price of ₹ 52/- per share (including a premium of ₹ 51/- per share) on Preferential basis thereby triggering an open offer limit of 26%. Hence Reliance MediaWorks Limited together with Person Acting in Concert namely Reliance Land Private Limited, Namit Malhotra, Naresh Malhotra and Monsoon Studio Private Limited made open offer to the shareholders of the company for the acquisition upto 7,77,08,534 fully paid up equity shares of face value ₹ 1/- each from the public shareholders of the company constituting 26% of the full diluted voting equity capital of the company.

During the process of open offer, Reliance MediaWorks Limited acquired 4,36,95,446 equity shares and Monsoon Studio Private Limited acquired 44,29,172 equity shares from the public shareholders pursuant to Chapter II Regulation 3(2) of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011.

Consequent to the aforesaid allotment, the issued, subscribed and paid-up equity share capital of the Company increased to ₹ 29,88,78,974/- comprising of 29,88,78,974 equity shares of ₹ 1/- each from ₹ 18,54,17,436/- comprising of 18,54,17,436 equity shares of ₹ 1/-each.

5. EMPLOYEE STOCK OPTION SCHEME (ESOP)

In the Board of Directors' meeting held on July 02, 2014, approval was granted to introduce and implement Employee Stock Option Scheme titled 'PFL-ESOP Scheme 2014' whereby stock options upto 6% of the paid up capital of the Company (post aforesaid preferential allotment) aggregating 17,932,738 stock options would be issued to eligible employees of the Company, its subsidiaries and associates. The said scheme was approved by the shareholders in the Extra-ordinary General Meeting held on August 01, 2014.

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

During the year under review, following material changes took place:

A. Merger of Double Negative Holdings Limited (Double Negative) with PFW's VFX business:

Effectively July 01, 2014, Prime Focus World N.V. ('PFWNV') forming part of the group, closed the transaction relating to the merger of Double Negative, one of the largest Visual effects services providers to the global film industry pursuant to a share sale agreement date June 25, 2014. This agreement has created the World's largest independent VFX, stereo conversion and animation company serving the Hollywood film industry and Double Negative has now become a wholly owned subsidiary of PFWNV.

B. Prime Focus and Gener8 signed Technology Licensing Partnership

Prime Focus had entered into a licensing and 3D conversion partnership with Canadas Gener8 Media Corp. ("Gener8" or "the Company"), a global leader in 3D conversion technology, which shall secure an exclusive worldwide license to use the Company's proprietary 3D conversion technology G83D™ throughout the entertainment industry.

C. Acquisition of Film and Media business:

The Company acquired the Film and Media Services business of Reliance MediaWorks Limited ("RMW") on a slump sale basis as a going concern along with the assets and liabilities at a lump sum consideration of ₹ 350 crore.

There were 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.

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

During the 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.

8. RISK MANAGEMENT

The Board of the Company has formed a Risk Management Committee and a policy to frame, implement and monitor the risk management plan for the Company. The Policy covers the various risks associated with the Company while executing its object. The Policy aims to assess the risk, manage it and monitor it so as to keep the risk at zero level or minimum level. The Risk Management Committee shall be responsible to monitor and review the risk management plan of the Company. The Company is committed to manage risk in a manner appropriate to achieve its strategic objectives. For further details, please refer to the Management Discussion and Analysis Report which forms part of the Annual Report.

9. INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company is constantly endeavouring to improve the standards of internal control in various areas and taking steps to strengthen the internal control system to make it commensurate with the size of the respective entities and the nature of their business. Significant audit observations and follow up actions thereon are reported to the Audit Committee. 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 part of the Annual Report.

10. 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 Resources 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 personnels of the Company as on June 30, 2015 is over 6,000.

11. 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. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

During the year under review, Company has not received any complaints on sexual harassment.

12. DEBENTURES

During the year under review, Company issued 4,891 unlisted, unrated Redeemable Debentures not convertible into Equity Shares of the Company of ₹ 100,000/- each aggregating to ₹ 48.91 Crore to meet general corporate purposes.

13. PUBLIC DEPOSITS

The Company has not accepted any deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 ("Act") read with the Companies (Acceptance of Deposits) Rules, 2014.

14. 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-A** to this Report.

15. 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 provisions of the Listing Agreement with the Stock Exchanges and 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 is attached to the Financial Statements in **Form AOC-1**. The Company will make available the said financial statements and related detailed information of the subsidiary companies upon the 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.

16. SUBSIDIARY COMPANIES, JOINT VENTURE AND ASSOCIATE COMPANIES

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

a. Companies which have become subsidiaries:

1. Gener8 India Media Services Limited (formerly known as Prime Focus Entertainment Services Limited/Reliance MediaWorks Entertainment Services Limited) - Subsidiary of the Company
2. Reliance MediaWorks (Mauritius) Limited - Subsidiary of the Company
3. Reliance Lowry Digital Imaging Services Inc. - Subsidiary of Reliance MediaWorks (Mauritius) Limited
4. Double Negative Holdings Limited - Subsidiary of Prime Focus World N.V.
5. Gener8 Digital Media Services Limited - Subsidiary of PF World Limited
6. Double Negative Limited - Subsidiary of Double Negative Holdings Limited
7. Double Negative Singapore Pte. Limited- Subsidiary of Double Negative Holdings Limited
8. Double Negative Films Limited- Subsidiary of Double Negative Holdings Limited
9. Double Negative Canada Productions Limited - Subsidiary of Double Negative Holdings Limited

b. Companies ceased to be subsidiary companies

Based on the approval of the Board of Directors of the Company vide Resolution dated March 31, 2015, the entire holding of 21,492,003 ordinary shares in Prime Focus London Plc, a Company incorporated in the UK was sold at a total consideration of £ 399,751.26 (@1.86 pence each). Prime Focus London Plc and its following subsidiaries cease to be subsidiaries of Prime Focus Limited.

- | | |
|--------------------------------------|--------------------------------------|
| 1. Prime Focus London Plc, UK | 8. VTR Media Services Limited |
| 2. VTR Media Investments Limited | 9. PF Broadcast & Commercial Limited |
| 3. Busy Buses Limited | 10. Prime Focus Broadcast Limited |
| 4. Clipstream Limited | 11. VTR Post Limited |
| 5. VTR Media Investments 2 Limited | 12. Prime VFX Limited |
| 6. DMJM Film Limited | 13. PF Broadcast VFX Limited |
| 7. Prime Focus Productions 5 Limited | 14. PF Film UK Limited |

c. Joint Venture / Associates Companies

a. Joint Venture

No Company has become / ceased to be a joint venture during the financial year 2014-15.

b. Associates Companies

Acquired 30% ownership interest in Digital Domain - Reliance LLC during the financial year 2014-15.

The Company has adopted a Policy for determining Material Subsidiaries in line with Clause 49 of the Listing Agreement. The Policy, as approved by the Board, is uploaded on the website of the Company (URL: http://www.primefocus.com/sites/default/files/pdf/Policy_on_Material_Subsidiaries.pdf)

17. 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, 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 equipments**– 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 | June 30, 2015 | June 30, 2014 |
|--|---------------|---------------|
| Foreign Exchange Earned: Revenue from operations and interest income | 1667 | 19,804 |
| Foreign Exchange Outgo: Technical service cost, repairs and maintenance, interest and others | 58 | 183 |

18. MANAGEMENT DISCUSSION AND ANALYSIS

Management's Discussion and Analysis Report for the financial year ended June 30, 2015 as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is included as a separate section forming part of the Annual Report.

19. 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 clause 49 of the Listing Agreement with the Stock Exchanges is included in the Annual Report.

20. DIRECTORS

Pursuant to Section 149(10) of the Act, read along with the Rules framed thereunder, the Members had at the Annual General Meeting of the Company held on December 24, 2014, approved the appointment of Independent Directors [viz. Mr. Srinivasan Kodi Raghavan (DIN: 00012449), Mr. Rivkaran Singh Chadha (DIN: 00308288) and Mr. Padmanabha Gopal Aiyar (DIN 02722981)] from the conclusion of 17th Annual General Meeting to the conclusion of 22nd Annual General Meeting i.e. for a period of five consecutive years. Further, pursuant to the Section 149(13) and 152 of the Act, provisions for the retirement of rotation of directors shall not apply to such Independent Directors.

At the said Annual General Meeting, Mr. Naresh Malhotra was re-appointed as a Whole-time Director, liable to retire by rotation for a term of five years commencing from April 1, 2015.

In the Extra-Ordinary General Meeting held on August 1, 2014, Mr. Ramakrishnan Sankaranarayanan (DIN: 02696897) was appointed as Managing Director and Mr. Namit Malhotra (DIN: 00004049) was appointed as Chairman (Executive Director) and Chief Executive Officer of the Company. They have been appointed for a tenure of three years with effect from June 25, 2014 and their period of office is liable to retire by rotation.

Dr. (Mrs.) Hemalatha Thiagarajan (DIN: 07144803) was appointed as an Additional Director (Non-Executive Independent) under Section 149 and Section 161 of the Act w.e.f. March 31, 2015, subject to consent by the Members of the Company at the ensuing Annual General Meeting. Further, Mr. Amit Bapna (DIN: 00008443) was appointed as an Additional Director (Nominee on behalf of Reliance MediaWorks Limited) w.e.f. September 16, 2015. Notices pursuant to Section

160 of the Act have been received from the Member proposing the appointment of Dr. (Mrs.) Hemalatha Thiagarajan and Mr. Amit Bapna as Directors of the Company.

In accordance with the provisions of Section 152 of the Act and Articles of Association of the Company, Mr. Ramakrishnan Sankaranarayanan (DIN: 02696897) shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer himself for re-appointment.

The Board recommends these appointment / re-appointment. Items seeking your approval on the above are included in the Notice convening the Annual General Meeting.

All the Independent Directors have given declarations that they meet the criteria of Independence as laid down under Section 149(6) of the Act and Clause 49 of the Listing Agreement.

Brief resumes of the directors being appointed / re-appointed forms part of the Notice of the ensuing Annual General Meeting.

The Company has incurred loss for the Financial Year 2014-2015. Accordingly, the disclosure required under Schedule V, Part II, proviso of Section II B (iv)(IV) of the Act forms part of the Corporate Governance Report.

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

Mr. Ramakrishnan Sankaranarayanan, Managing Director of the Company was appointed as an Executive Director in Prime Focus Technologies Private Limited ("PFT"), a subsidiary company on June 25, 2014. He is in receipt of ₹ 34,00,000/- p.a. as remuneration in his capacity as an Executive Director of PFT.

22. KEY MANAGERIAL PERSONNEL (KMP)

During the year under review, Mr. Namit Malhotra was appointed as a CEO and Executive Director. Mr. Vikas Rathee was appointed as Chief Financial Officer (CFO) of the Company w.e.f. August 01, 2014 in place of Mr. Nishant Fadia who stepped down as CFO with effect from July 31, 2014.

Ms. Kirti Desai was appointed as the Company Secretary and Compliance Officer with effect from August 01, 2014 in place of Mr. Navin Agarwal who resigned with effect from July 31, 2014. Ms. Kirti Desai had resigned from the post of Company Secretary and Compliance Officer with effect from July 07, 2015. Further, Ms. Parina

Shah was appointed as the Company Secretary and Compliance Officer of the Company w.e.f. September 12, 2015.

The Company has designated following personnel as KMPs pursuant to the provisions of Section 203 of the Act and the rules made thereunder.

- Mr. Ramakrishnan Sankaranarayanan, Managing Director
- Mr. Namit Malhotra, Chief Executive Officer
- Mr. Vikas Rathee, Chief Financial Officer
- Ms. Parina Shah, Company Secretary

23. BOARD EVALUATION

Pursuant to the provisions of the Act and the corporate governance requirements as prescribed by SEBI under Clause 49 of the Equity Listing Agreement, 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 of the Board and individual Directors was evaluated by the Board seeking inputs from all the Directors. The performance of the Committees was evaluated by the Board seeking inputs from the Committee Members. The Nomination and Remuneration Committee ("NRC") reviewed the performance of the individual Directors. A separate meeting of Independent Directors was also held to review the performance of Non-Independent Directors; performance of the Board as a whole and performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive 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.

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 Clause 49 of the Listing Agreement, which is annexed as "Annexure-B".

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).

24. 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 Clause 49 of the Listing Agreement. The policy forms a part of this report and is annexed as "Annexure-C".

25. BOARD MEETINGS

During the year, fourteen 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 Clause 49 of the Listing Agreement.

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.

26. AUDIT COMMITTEE

The Audit Committee comprises of following members:

| Name of the Member | Positions |
|--|------------------|
| Mr. Rivkaran Chadha | Chairman |
| Mr. Kodi Raghavan Srinivasan | Member |
| Mr. Padmanabha Gopal Aiyar* | Member |
| Mr. Nainesh Jaisingh or his Alternate viz. Mr. Vibhav Parikh, during his absence | Member |
| Mr. Amit Bapna** | Member |

*Mr. Padmanabha Gopal Aiyar was appointed as a member of the Committee with effect from November 14, 2014.

**Mr. Amit Bapna was appointed as a member of the Committee with effect from September 16, 2015.

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

27. 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's 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)

28. PARTICULARS OF EMPLOYEES

The information on employees who were in receipt of remuneration of not less than ₹ 60 lakhs during the year or ₹ 5 lakhs per month during any part of the said year as required under Section 197 (12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in the Annexure forming part of the Report. In terms of proviso to Section 136(1) of the Act, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. The said statement is also open for inspection at the registered office of the Company. Any member interested in obtaining a copy of the same may write to the Company Secretary.

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

29. 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 E” of this report. The policy is available on the Company's website (Weblink: http://www.primefocus.com/sites/default/files/pdf/CSR_Policy.pdf)

30. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

31. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts/arrangements/ transactions entered by the Company with the Related Parties during the financial year were on an Arm's length basis and were in compliance with the applicable provisions of the Act and the Listing Agreement. 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. The particulars of contracts or arrangements with related parties referred to in Section 188 (1) of the Act in **Form AOC-2** pursuant to Section 134 (3) (h) of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014 is attached as **ANNEXURE-F** to this Report.

All Related Party Transactions are placed before the Audit Committee as also before the Board for approval. A statement of all Related Party Transactions is placed before the Audit Committee for its review on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website (URL: http://www.primefocus.com/sites/default/files/pdf/policy_on_related_parties.pdf).

32. AUDITORS

Statutory Auditors

In the last AGM held on December 24, 2014, M/s Deloitte Haskins & Sells (DHS), Chartered Accountants (Registration No. 117364W), have been 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 Auditor's Report on the consolidated financial statements contains qualification as regards figures for certain components included in the consolidated financial statements being unaudited for part of the year as under:

- i.) The financial statements / the consolidated financial statements of certain subsidiaries whose financial statements / consolidated financial statements for the year ended 31st March, 2015 have been audited by us / other auditors reflect total assets of ₹ 2,893.31 crore as at 31st March, 2015, total revenues of ₹ 953.34 crore and net cash outflow amounting to ₹ 0.52 crore for the year ended on that date. The financial information of the said subsidiaries for the year ended 30th June, 2015, as considered in the consolidated financial statements, has been derived by making appropriate adjustments, based on the management accounts approved by the board of directors of the Holding Company, to the financial information as per the aforementioned audited financial statements/consolidated financial statements for the year ended 31st March, 2015. The financial information so derived of the said subsidiaries reflect total assets (net) of ₹ 73.63 crore as at 30th June, 2015, total revenues of ₹ 372.18 crore and net cash inflows amounting to ₹ 19.98 crore for the year ended on that date, as considered in the consolidated financial statements. Our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on our reports and that of the other auditors and the aforementioned management accounts.
- ii.) The consolidated financial statements include unaudited standalone financial information in respect of certain subsidiaries which reflect total assets of ₹ 45.70 crore as at 30th June, 2015, total revenue of ₹ Nil, cash inflows amounting to ₹ 2.69 crore for the year then ended. These unaudited financial information as approved by the Board of Directors of the Company have been furnished to us by the Management and our report in so far as it relates to the amounts and disclosures included in respect of the subsidiaries is based solely on such approved unaudited standalone financial information.

The response of Directors with respect to the above are as follows:-

During the financial year 2014-15, the following material events took place:

1. Double Negative UK Holdings Ltd became a subsidiary of Prime Focus World NV (a subsidiary of the company) in July 2014. This entity has operating subsidiaries in UK, Singapore and Canada;
2. Licensing and 3D conversion partnership with Canada's Gener8 Media Corp, a global leader in 3D conversion technology, in March 2015; and
3. Acquisition of the global Film and Media Services business ('FMS business') from Reliance MediaWorks Limited in April 2015;

There were various local auditors, the annual closing of all the subsidiaries being April – March, unlike July-June for the holding company, local accounting rules and conversion of the same to Indian GAAP for audit of financials of the above mentioned acquisitions.

In view of the above-mentioned facts, it was difficult for the Company to complete the audit of component financial statements within the available time frame.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. S. N. Ananthasubramanian & Co., Practicing Company Secretaries, to undertake Secretarial Audit of the Company for the financial year 2014-15. The report of the Secretarial Auditor is annexed to this report as "Annexure G". The Secretarial Audit Report does not contain any qualifications, reservation or adverse remarks.

33. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Act, the Board of Directors, 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 at the end of the financial year and of the profit and loss of the company for that period;
- 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 internal financial controls to be followed by the company and such internal financial controls are adequate and the Company is constantly endeavouring to improve the standards of internal control in various areas and taking steps to strengthen the internal control system to make it commensurate and effective with the size of the respective entities and the nature of their business.
- 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.

34. 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.

On behalf of the Board of Directors

Naresh Malhotra
Whole-Time Director
DIN:00004597

Ramakrishnan Sankaranarayanan
Managing Director
DIN:02696897

Date: September 16, 2015

Place: Mumbai

Annexure A

Annexure to Directors' Reports

FORM NO. MGT 9 - EXTRACT OF ANNUAL RETURN

As on financial year ended on June 30, 2015

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-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai – 400078 Tel: +91 22 2596 3838 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 shall be 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. PARTICULARS 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 Private Limited Address: True North, Plot No. 63, Road No. 13, MIDC, Andheri (East), Mumbai-400093 | U72200MH2008PTC179850 | Subsidiary | 75.5 | 2(87) | - |
| 2. | Prime Focus Visual Effects Private Limited Address: 2 nd 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: 2 nd Floor, Building - H, Mainframe IT Park, Royal Palms, Near Aarey Colony, Goregaon (East), Mumbai, 400065 | U92120MH2008PLC186091 | Subsidiary | 100 | 2(87) | - |
| 4. | GVS Software Private Limited Address: 2 nd 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: 2 nd Floor, Building - H, Mainframe IT Park, Royal Palms, Near Aarey Colony, Goregaon (East), Mumbai, 400065 | U92100MH2011PTC218470 | Subsidiary | 100 | 2(87) | - |

| Sr. No. | NAME AND ADDRESS OF THE COMPANY | CIN/GLN | HOLDING/ SUBSIDIARY/ ASSOCIATE | % of shares held | Applicable section | Note |
|---------|--|-----------------------|--------------------------------|------------------|--------------------|------|
| 6. | Gener8 India Media Services Limited (Formerly known as Prime Focus Entertainment Services Limited/Reliance MediaWorks 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: 2 nd Floor, Building - H, Mainframe IT Park, Royal Palms, Near Aarey Colony, Goregaon (East), Mumbai, 400065 | U92412MH2011PTC218562 | Subsidiary | 100 | 2(87) | 4 |
| 8. | Prime Focus International Limited Address: 64 Dean Street, London, W1D 4QQ | N.A. | 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 | N.A. | Subsidiary | 100 | 2(87) | - |
| 10. | PF World Limited Address: C/o Mauritius International Trust Company Limited, 4th Floor, Ebene Skies, Rue de L'Institut, Ebene, Republic of Mauritius | N.A. | Subsidiary | 100 | 2(87) | - |
| 11. | PF Overseas Limited Address: 6th Floor, Tower 1, NeXTeracom Building, Ebene, Mauritius | N.A. | Subsidiary | 100 | 2(87) | - |
| 12. | Reliance MediaWorks (Mauritius) Limited Address: 3rd Floor, Cerne House, La Chaussee, Port Louis, Mauritius. P.O. Box 322 | N.A. | Subsidiary | 100 | 2(87) | - |
| 13. | Prime Focus Luxembourg S.a.r.l. Address: 6, Rue Eugene Ruppert, L-2453 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) | 1 |
| 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, 1097 JB Amsterdam, The Netherlands | N.A. | Subsidiary | 76.33 | 2(87) | 3 |
| 17. | Prime Focus International Services UK Limited Address: 160 Great Portland Street, London W1W 5QA | 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 |
|---------|--|---------|--------------------------------|------------------|--------------------|------|
| 18. | Prime focus Creative Services Canada, INC Address: 2200 - 1055 West Hastings St., Vancouver British Columbia V6E 2E9 | N.A. | Subsidiary | 100 | 2(87) | 4 |
| 19. | Prime Focus VFX USA Inc. Address: Prime Focus VFX USA, 1800 North Vine Street, Los Angeles, California 90028 | N.A. | Subsidiary | 100 | 2(87) | 4 |
| 20. | Prime Focus North America, Inc. Address: 1800 North Vine Street, Los Angeles, California 90028 | 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 WIW 5QA | N.A. | Subsidiary | 100 | 2(87) | 4 |
| 24. | 1800 Vine street Inc. Address: 1800, North Vine Street, Los Angeles California 90028 | 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: 64 DEAN STREET, LONDON, W1D 4QQ | N.A. | Subsidiary | 100 | 2(87) | 7 |
| 27. | PF Technologies INC Address: 345, Hudson Street, 13 th Floor, New York 10014 | 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: 2777 N. Ontario Street - Suite 200 Burbank, CA, 91504 | N.A. | Subsidiary | 100 | 2(87) | 9 |
| 30. | Double Negative Limited Address: 160 Great Portland Street, London, WIW 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 |

| Sr. No. | NAME AND ADDRESS OF THE COMPANY | CIN/GLN | HOLDING/ SUBSIDIARY/ ASSOCIATE | % of shares held | Applicable section | Note |
|---------|---|---------|--------------------------------|------------------|--------------------|------|
| 33. | Double Negative Films Limited Address: 160 Great Portland Street, London, WIW 5QA, United Kingdom | N.A. | Subsidiary | 100 | 2(87) | 10 |
| 34. | DAX PFT LLC Address: 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 |

NOTES:

1. Subsidiary of PF World Limited
2. 99.99% held by Subsidiary of Prime Focus Luxembourg S.a.r.l. and 0.01% held by PF Investments Limited
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 Private 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

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**i) Category-wise Share Holding**

| Category of Shareholders | No. of Shares held at the beginning of the year [As on July 1, 2014] | | | | No. of Shares held at the end of the year [As on June 30, 2015] | | | | % Change during the year |
|---|---|------------|-------------------|-------------------|--|------------|--------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (I) Indian | | | | | | | | | |
| a) Individual/ HUF | 77,101,546 | Nil | 77,101,546 | 41.58 | 77,101,546 | Nil | 77,101,546 | 25.80 | -15.79* |
| 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. | Nil | Nil | Nil | Nil | 2,75,06,095 | Nil | 27,5,06,095 | 9.20 | 9.20 |
| e) Banks / FI | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| f) Any other | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Total shareholding of Promoter (A) | 77,101,546 | Nil | 77,101,546 | 41.58 | 104,607,641 | Nil | 104,607,641 | 35.00 | -6.58 |

| Category of Shareholders | No. of Shares held at the beginning of the year [As on July 1, 2014] | | | | No. of Shares held at the end of the year [As on June 30, 2015] | | | | % Change during the year |
|---|---|--------------|--------------------|-------------------|--|------------|--------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | 4,179,260 | Nil | 4,179,260 | 2.25 | Nil | Nil | Nil | Nil | -2.25 |
| b) Banks / FI | 142,378 | Nil | 142,378 | 0.08 | 49,536 | Nil | 49,536 | 0.02 | -0.06 |
| 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) FIs | 3,654,176 | Nil | 3,654,176 | 1.97 | 1,174,041 | Nil | 1,174,041 | 0.39 | -1.58 |
| h) Foreign Venture Capital Funds | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | NA |
| i) Others (specify) Persons acting in concert | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | N.A. |
| Sub-total (B)(1):- | 7,975,814 | Nil | 7,975,814 | 4.30 | 135,303,638 | Nil | 135,303,638 | 45.27 | 40.97 |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i.) Indian | 2,27,28,752 | Nil | 2,27,28,752 | 12.26 | 14,33,42,338 | Nil | 14,33,42,338 | 47.96 | 35.70 |
| ii) Overseas | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | NA |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh | 16,963,768 | 1,380 | 16,965,148 | 9.15 | 9,765,943 | 20 | 9,765,963 | 3.27 | -5.88 |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 18,581,177 | Nil | 18,581,177 | 10.02 | 2,063,401 | Nil | 2,063,401 | 0.69 | -9.33 |
| c) Others (specify) | | | | | | | | | |
| Foreign Portfolio investor | Nil | Nil | Nil | Nil | 14,696 | Nil | 14,696 | 0.00 | 0.0049 |
| Non Resident Indians | 1,273,053 | Nil | 1,273,053 | 0.69 | 811,912 | Nil | 811,912 | 0.27 | -0.42 |
| Non Resident Indians (Non-epatriable) | 221,087 | Nil | 221,087 | 0.12 | 159,086 | Nil | 159,086 | 0.05 | -0.07 |
| Overseas Corporate Bodies | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | NA |
| Foreign Nationals | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | NA |
| Foreign Company | 36,549,990 | Nil | 36,549,990 | 19.71 | 36,549,990 | Nil | 36,549,990 | 12.23 | 7.48** |
| Clearing Members | 4,008,869 | Nil | 4,008,869 | 2.16 | 340,370 | Nil | 340,370 | 0.11 | -2.05 |
| Trusts | 12,000 | Nil | 12,000 | 0.01 | Nil | Nil | Nil | Nil | -100.00 |
| Other Bodies Corporate | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | N.A. |
| Foreign Bodies - D R | | | | | | | | | |
| Sub-total (B)(2):- | 100,338,696 | 1,380 | 100,340,076 | 54.12 | 193,047,736 | 20 | 193,047,736 | 64.59 | 10.47 |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | 108,314,510 | 1,380 | 108,315,890 | 58.42 | 194,271,313 | 20 | 194,271,313 | 65.00 | 6.58 |
| C. Shares held by Custodian for GDRs & ADRs | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Grand Total (A+B+C) | 185,416,056 | 1380 | 185,417,436 | 100.00 | 298,878,954 | 20 | 298,878,974 | 100.00 | 61.19 |

B) Shareholding of Promoter-

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year i.e. July 1, 2014 | | | Shareholding at the end of the year i.e. June 30, 2015 | | | % 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 | 6,22,01,546 | 33.55 | 24.60 | 6,22,01,546 | 20.81 | 18.87 | -5.73* |
| 2. | Mr. Namit Malhotra | 1,49,00,000 | 8.04 | Nil | 1,49,00,000 | 4.99 | 1.64 | 3.05* |
| 3. | Monsoon Studio Private Limited | Nil | Nil | Nil | 2,75,06,095 | 9.20 | 1.48 | 9.20 |

C) Change in Promoters' Shareholding (please specify, if there is no change)

| SN | Particulars | Shareholding at the beginning of the year (as on July 1, 2014) | | Cumulative Shareholding during the year as on June 30, 2015 | |
|----|--|---|-------------------------------------|--|-------------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | Mr. Naresh Malhotra | 6,22,01,546 | 33.55 | 6,22,01,546 | 20.81* |
| | At the end of the year | 6,22,01,546 | 33.55 | 6,22,01,546 | 20.81* |
| 2. | Mr. Namit Malhotra | 1,49,00,000 | 8.04 | 1,49,00,000 | 4.99* |
| | At the end of the year | 1,49,00,000 | 8.04 | 1,49,00,000 | 4.99* |
| 3. | Monsoon Studio Private Limited | Nil | Nil | Nil | Nil |
| | Acquisition through Open offer on January 20, 2015 | 44,29,172 | 2.39 | 44,29,172 | 2.39 |
| | Preferential allotment made on April 7, 2015 | 2,30,76,923 | 7.72 | 2,75,06,095 | 9.20 |
| | At the end of the year | | | 2,75,06,095 | 9.20 |

Notes: *There is no change in the shareholding in terms of individual holding of Mr. Naresh Malhotra and Mr. Namit Malhotra. However there is a change in the percentage shareholding on account of Preferential Allotment and subsequent increase in the share capital of the Company.

**There is no change in the shareholding in terms of individual holding of Foreign Company. However there is a change in the percentage shareholding on account of Preferential Allotment and subsequent increase in the share capital of the Company.

The change in the total capital of the Company is on account of Preferential Allotment of 11,34,61,538 equity shares of ₹ 1/- each on April 7, 2015.

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 July 1, 2014 | | Cumulative Shareholding during the year as on June 30, 2015 | |
|---------|---|---|-------------------------------------|--|-------------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | Standard Chartered Private Equity (Mauritius) III Limited | 36549990 | 19.71 | 36549990^ | 12.23 |
| 2. | Top Class Capital Markets Private Limited | 7982408 | 4.31 | 7308400 | 2.45 |
| 3. | Centrum Financial Services Limited | 444000 | 0.24 | 218000 | 0.07 |
| 4. | Citigroup Global Markets Mauritius Private Limited | 400000 | 0.22 | 356127 | 0.12 |
| 5. | Angel Broking Private Limited | 398202 | 0.21 | 303393 | 0.00 |
| 6. | Religare Finvest Ltd* | 373400 | 0.20 | 181050 | 0.06 |
| 7. | Fatehsingh Chadha* | 245740 | 0.13 | 210533 | 0.07 |
| 8. | Kan Hassomal Lakhani | 229800 | 0.12 | 227781 | 0.08 |
| 9. | Bindeshwari Mishra | 190000 | 0.10 | 230115 | 0.08 |
| 10. | Merzin D Tavaría* | 170000 | 0.09 | 170000 | 0.06 |
| 11. | Reliance MediaWorks Limited** | Nil | N.A. | 13,40,80,061 | 44.86 |
| 12. | Premier Investment Fund Limited** | Nil | N.A. | 733151 | 0.25 |
| 13. | Rajesh Kanayalal Soneji** | Nil | N.A. | 220000 | 0.07 |

Note:

- *Ceased to be in the list of Top 10 as on June 30, 2015. The same is reflected above since the shareholder was one of the Top 10 shareholders as on July 1, 2014
- **Not in the list of Top 10 shareholders as on July 1, 2014. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on June 30, 2015
- ^Out of the 3,65,49,990(12.23%) held by Standard Chartered Private Equity (Mauritius) III Limited, Marina IV (Singapore) Pte. Ltd. is the beneficial owner of 2,33,90,875(7.83%) equity shares of the Company which are registered in the name of 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.
- Shareholding is consolidated based on permanent account number (PAN) of the Shareholder.
- 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. | Shareholding of each Directors and each Key Managerial Personnel | Shareholding at the beginning of the year (as on July 1, 2014) | | Cumulative Shareholding during the year as on June 30, 2015 | |
|---------|--|--|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | Mr. Naresh Malhotra | 62201546 | 33.55 | 62201546 | 20.81* |
| 2. | Mr. Namit Malhotra | 1,49,00,000 | 8.04 | 1,49,00,000 | 4.99* |
| 3. | Mr. Ramakrishan Sankaranarayanan | 50 | 0.00 | 50 | 0.00 |

*There is no change in the shareholding in terms of individual holding of Mr. Naresh Malhotra and Mr. Namit Malhotra. However there is a change in the percentage shareholding on account of Preferential Allotment and subsequent increase in the share capital of the Company.

V) **INDEBTEDNESS** -Indebtedness of the Company including interest outstanding/accrued but not due for payment as on June 30, 2015 is as under:

(In ₹')

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|----------------------|----------|----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 1,425,607,302 | 1,901,000,000 | - | 3,326,607,302 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 5,893,588 | - | - | 5,893,588 |
| iv) Premium payable on NCD | - | 445,623,858 | - | 445,623,858 |
| Total (i+ii+iii+iv) | 1,431,500,890 | 2,346,623,858 | - | 3,778,124,748 |
| Change in Indebtedness during the financial year | | | | |
| * Addition | | | | |
| i) Principal Amount | 1,038,655,471 | - | - | 1,038,655,471 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 8,572,545 | - | - | 8,572,545 |
| iv) Premium payable on NCD | 2,808,006 | 316,158,001 | - | 318,966,007 |
| Total (i+ii+iii+iv) | 1,050,036,022 | 316,158,001 | - | 1,366,194,023 |
| * Reduction | | | | |
| i) Principal Amount | 640,310,203 | - | - | 640,310,203 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 5,893,588 | - | - | 5,893,588 |
| iv) Premium payable on NCD | - | - | - | - |
| Total (i+ii+iii+iv) | 646,203,791 | - | - | 646,203,791 |
| Net Change | 403,832,231 | 316,158,001 | - | 719,990,232 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 1,823,952,570 | 1,901,000,000 | - | 3,724,952,570 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 8,572,545 | - | - | 8,572,545 |
| iv) Premium payable on NCD | 2,808,006 | 761,781,859 | - | 764,589,865 |
| Total (i+ii+iii+iv) | 1,835,333,121 | 2,662,781,859 | - | 4,498,114,980 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(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 | 60,00,000 p.a. | 50,00,000 p.a. | 50,00,000 p.a. | 1,60,00,000 |
| | (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 | Nil | Nil | Nil | 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) | 60,00,000 p.a. | 50,00,000 p.a. | 50,00,000 p.a. | 1,60,00,000 |
| | Ceiling as per the Act | 62.14 Lac per annum as per Schedule V of the Companies Act, 2013 | | | 18,642,543 |

B. Remuneration to other directors

(In ₹)

| Sr. No. | Particulars of Remuneration | Mr. G. P. Aiyar | Mr. Rivkaran Chadha | Mr. K. R. Srinivasan | Dr. (Mrs. Hemalatha Thiagarajan | Mr. Nainesh Jaisingh | Mr. Vibhav Parikh (Alternate to Mr. Nainesh Jaisingh) |
|---------|--|---|----------------------------------|----------------------------------|---------------------------------|--------------------------------|---|
| 1 | Non-Executive Independent Directors | | | | | | |
| | Fee for attending board meetings | 1,80,000 (20,000 per meeting) | 2,80,000 (20,000 per meeting) | 1,20,000 (20,000 per meeting) | 40,000 (20,000 per meeting) | N.A. | N.A. |
| | Commission | Nil | Nil | Nil | Nil | N.A. | N.A. |
| | Others, please specify | Nil | Nil | Nil | Nil | Nil | Nil |
| | Total (1) | 1,80,000 | 2,80,000 | 1,20,000 | 40,000 | N.A. | N.A. |
| 2 | Non-Executive Directors | | | | | | |
| | Fee for attending board committee meetings | N.A. | N.A. | N.A. | N.A. | 20,000 (20,000 per meeting) | 2,60,000 (20,000 per meeting) |
| | Commission | Nil | Nil | Nil | Nil | Nil | Nil |
| | Others, please specify | Nil | Nil | Nil | Nil | Nil | Nil |
| | Total (2) | Nil | Nil | Nil | Nil | Nil | Nil |
| | Total (B)=(1+2) | 1,80,000 | 2,80,000 | 1,20,000 | 40,000 | 20,000 | 2,60,000 |
| | Total Managerial Remuneration | Nil | Nil | Nil | Nil | Nil | Nil |
| | Overall Ceiling as per the Act | 1,00,000 per meeting as per the provisions of the Companies Act, 2013 | | | | | |

Note:

The Non-Executive Directors are not paid any commission except sitting fees for attending the meeting of the Board of Directors of the Company which is within the limits prescribed under the Act.

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

(In ₹)

| Sr. No. | Particulars of Remuneration | Name of Key Managerial Personnel | | | | Total |
|---------|---|----------------------------------|--|--|--|----------------------------|
| | | CEO (Mr. Namit Malhotra) | CS (Mr. Navin Agarwal from July 1, 2014 to July 31, 2014) | CS (Ms. Kirti Desai w.e.f. August 1, 2014 to June 30, 2015) | CFO (Mr. Vikas Rathee w.e.f. August 1, 2014) | |
| 1 | Gross salary | 4,16,667 per month | 3,57,849 per month | 1,30,426 per month | 12,50,000 per month | 21,54,942 per month |
| | (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 | Nil | Nil | Nil | Nil | |
| 3 | Sweat Equity | Nil | Nil | Nil | Nil | |
| 4 | Commission | Nil | Nil | Nil | Nil | |
| | - as % of profit | Nil | Nil | Nil | Nil | |
| | Others, specify... | Nil | Nil | Nil | Nil | |
| 5 | Others, please specify | Nil | Nil | Nil | Nil | |
| | Total | 4,16,667 per month | 3,57,849 per month | 1,30,426 per month | 12,50,000 per month | 21,54,942 per month |

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 year ended June 30, 2015.

On behalf of the Board of Directors

Naresh Malhotra
Whole-Time Director
DIN:00004597

Ramakrishnan Sankaranarayanan
Managing Director
DIN:02696897

Date: September 16, 2015

Place: Mumbai

Annexure B

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 49 of the Listing Agreement (as may be applicable).

The definition of independence as provided in the Act and Clause 49 is as follows:

"An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director,—

- (a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- (b)
 - (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
 - (ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- (c) who has or had no pecuniary relationship with the company, its holding subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- (d) none of whose relatives has or had pecuniary relationship or transaction with the company, 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, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- (e) who, neither himself nor any of his relatives—
 - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company 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;
 - (ii) 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—
 - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - (B) 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;
 - (iii) holds together with his relatives two per cent or more of the total voting power of the company; or
 - (iv) is a Chief Executive or director, by whatever name called, of any nonprofit organisation that receives twenty-five per cent or more of its receipts from the company, 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 company;
 - (v) is a material supplier, service provider or customer or a lessor or lessee of the company (additional provision as per Clause 49);
 - (vi) who is not less than 21 years of age (additional provision as per Clause 49)
- (f) who possesses such other qualifications as may be prescribed"
 - 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

- Boards 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.”

On behalf of the Board of Directors

Naresh Malhotra
Whole-Time Director
DIN:00004597

Ramakrishnan Sankaranarayanan
Managing Director
DIN:02696897

Date: September 16, 2015

Place: Mumbai

Annexure C

NOMINATION AND REMUNERATION POLICY

1. PREAMBLE

This policy is framed pursuant to the requirement of sub clause IV of Clause 49 of the Equity Listing Agreement revised by the Securities Exchange Board of India (SEBI) vide CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 with the objective to align with the provisions of the Companies Act, 2013, adopt the best practices on corporate governance and make the corporate governance framework more effective.

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 in terms of the provisions of the Companies Act, 2013 and the above mentioned requirements of listing agreement as may be amended from time to time.

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. Kodi Raghavan Srinivasan | Independent and Non-Executive Director |
| 3. | Mr. Padmanabha Gopal Aiyar | Independent and Non-Executive Director |
| 4. | Mr. Nainesh Jaisingh or his alternate Mr. Vibhav Parikh | Non-Executive Director |

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 ₹ 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.

On behalf of the Board of Directors

Naresh Malhotra
Whole-Time Director
DIN:00004597

Ramakrishnan Sankaranarayanan
Managing Director
DIN:02696897

Date: September 16, 2015

Place: Mumbai

Annexure D

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;**

(₹ in lacs)

| 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 | 12.81:1 | # |
| 2. | Mr. Naresh Mahendranath Malhotra | Whole - time Director | 60 | 15.37:1 | Nil |
| 3. | Mr. Ramakrishnan Sankaranarayanan | Managing Director | 50 | 12.81:1 | # |
| KEY MANAGERIAL PERSONNEL | | | | | |
| 1. | Mr. Vikas Rathee | Chief Financial Officer | 137.5 | N.A. | # |
| 2. | Mr. Navin Agarwal | Company Secretary | 3.57 | N.A. | # |
| 3. | Ms. Kirti Desai | Company Secretary | 15.58 | N.A. | # |

#Details not given as Mr. Namit Malhotra, Mr. Ramakrishnan Sankaranarayanan, Directors and Mr. Vikas Rathee, Mr. Navin Agarwal and Ms. Kirti Desai were KMPs only for part of the Financial Year 2014-15.

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 is;**

Percentage of increase in the median remuneration on employees is 9%.

3. **The number of permanent employees on the rolls of Company;**

The number of permanent employees on the rolls of Company as on June 30, 2015 was 439.

4. **The explanation on the relationship between average increase in remuneration and company performance;**

The average increase given to employees were 5.20%. The average increase in remuneration is not based on Company's performance alone, but also takes consideration other factors like market benchmark data, the average increases being given by peer companies and overall budgetary impact within the Company.

5. **Comparison of the remuneration of the Key Managerial Personnel against the performance of the company;**

(In ₹)

| Aggregate remuneration of key managerial personnel (KMP) in FY15 | |
|--|----------------|
| Remuneration in FY 2014-15 | 2,56,66,785 |
| Revenue from operations | 1,13,49,35,721 |
| Remuneration as % of revenue | 2.26% |
| Loss after Tax (PAT) | (28,11,01,952) |
| Remuneration of KMP (as % of PAT)* | N.A. |

*In view of losses, not applicable.

6. a. Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year;

(₹ in lacs)

| Particulars | * June 30, 2015 | ** June 30, 2014 | % Change |
|--|-----------------|------------------|----------|
| Market Capitalisation (No. of Shares X Market price) (In ₹) | 137,633.77 | 91,688.92 | 50.10% |
| Price Earning Ratio | N.A. | 37.71:1 | N.A. |

* Market Price at NSE as on June 30, 2015 : ₹ 46.05/-

** Market Price at NSE as on June 30, 2014 : ₹ 49.45/-

- b. Percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies:

| | |
|--|----------|
| Market price as on June 30, 2015 | ₹ 46.05* |
| Price at the time of IPO launched in fiscal 2006 (converted to price of each share of face value of ₹ 1 each) | ₹ 37.4 |
| % Increase of Market price over the price at the time of Public Issue | 23.26% |

Note: 1. Closing share price of the Equity shares at NSE Ltd. has been used for the above table.

2. The IPO of the Company was launched in the Fiscal 2006 when the face value of the shares was ₹ 10/- each. Considering the stock split of equity shares from ₹ 10/- to ₹ 1/- each, conversion price works out to be ₹ 37.40/- per share.

7. 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 5.20%. The increase in remuneration is determined based on the performance by the employee of the Company.

8. Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company;

(₹ in lacs)

| | Executive Director | | Chief Financial Officer | Company Secretary | Company Secretary |
|------------------------------|--|---|-------------------------|---------------------|---------------------|
| | Mr. Namit Malhotra (Chairman and CEO) | Mr. Ramakrishnan Sankaranarayanan (Managing Director) | Mr. Vikas Rathee** | Mr. Navin Agarwal * | **Ms. Kirti Desai # |
| Remuneration in FY15 | 50 | 50 | 137.5 | 3.57 | 15.58 |
| Revenue from operations | 11,349.35 | 11,349.35 | 11,349.35 | 11,349.35 | 11,349.35 |
| Remuneration as % of revenue | 0.44% | 0.44% | 1.21% | 0.03% | 0.14% |
| Loss after Tax (PAT) | (2,811.01) | (2,811.01) | (2,811.01) | (2,811.01) | (2,811.01) |
| Remuneration (as % of PAT)^ | N.A. | N.A. | N.A. | N.A. | N.A. |

*Upto July 31, 2014

** From August 1, 2014

Upto July 7, 2015

^In view of losses, not applicable

9. **The key parameters for any variable component of remuneration availed by the directors;**

It is based on the recommendations of the Nomination and Remuneration Committee and as per the Remuneration Policy of the Company.

10. **the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;**

The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year is:2.29

11. **Affirmation**

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

On behalf of the Board of Directors

Naresh Malhotra
Whole-Time Director
DIN:00004597

Ramakrishnan Sankaranarayanan
Managing Director
DIN:02696897

Date: September 16, 2015

Place: Mumbai

Annexure E

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 | <p>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.</p> <p>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)</p> | | | | | | | | | | | | | |
|---|--|-----------------------|---------|--------------------|-----------------------|----|---------------------|----------|----|---------------------|--------|----|---|--------|
| 2. Composition of the CSR Committee. | <table border="1"> <thead> <tr> <th data-bbox="850 624 949 654">Sr. No.</th> <th data-bbox="956 624 1266 654">Name of the Member</th> <th data-bbox="1273 624 1636 654">Position in Committee</th> </tr> </thead> <tbody> <tr> <td data-bbox="850 661 949 691">1.</td> <td data-bbox="956 661 1266 691">Mr. Rivkaran Chadha</td> <td data-bbox="1273 661 1636 691">Chairman</td> </tr> <tr> <td data-bbox="850 698 949 728">2.</td> <td data-bbox="956 698 1266 728">Mr. Naresh Malhotra</td> <td data-bbox="1273 698 1636 728">Member</td> </tr> <tr> <td data-bbox="850 735 949 795">3.</td> <td data-bbox="956 735 1266 795">Mr. Nainesh Jaisingh or his alternate Mr. Vibhav Parikh</td> <td data-bbox="1273 735 1636 795">Member</td> </tr> </tbody> </table> | | Sr. No. | Name of the Member | Position in Committee | 1. | Mr. Rivkaran Chadha | Chairman | 2. | Mr. Naresh Malhotra | Member | 3. | Mr. Nainesh Jaisingh or his alternate Mr. Vibhav Parikh | Member |
| Sr. No. | Name of the Member | Position in Committee | | | | | | | | | | | | |
| 1. | Mr. Rivkaran Chadha | Chairman | | | | | | | | | | | | |
| 2. | Mr. Naresh Malhotra | Member | | | | | | | | | | | | |
| 3. | Mr. Nainesh Jaisingh or his alternate Mr. Vibhav Parikh | Member | | | | | | | | | | | | |
| 3. Average net profit of the company for last three financial years - | ₹ (9,46,02,378) | | | | | | | | | | | | | |
| 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. | | | | | | | | | | | | | |

Naresh Malhotra
Whole-Time Director
DIN: 00004597

Rivkaran Chadha
Chairman – CSR Committee
DIN: 00308288

Date: September 16, 2015

Place: Mumbai

Annexure F

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013

1. Details of contracts or arrangements or transactions not at arm's length basis - Nil
2. Details of material contracts or arrangement or transactions at arm's length basis:

| Name of the related party and | Nature of relationship | Nature of contracts/ arrangements/ transactions | Duration of the contracts / arrangements/ transactions | Salient terms of the contracts or arrangements or transactions including the value, if any: | Date(s) of approval by the Board, if any: | Amount paid as advances, if any |
|---|------------------------|--|--|--|--|--|
| Prime Focus World Creative Services Private Limited | Subsidiary | Consideration received towards Business Transfer Agreement dated July 31, 2014 | One time | The total net consideration is in INR equivalent of not less than USD 38 million to be discharged in a manner and on such terms and conditions as is mutually agreed upon between the Company and Prime Focus World Creative Services Private Ltd. | August 1, 2014 and ratification by shareholders vide postal ballot on September 10, 2014 | Received in 2014-15 - ₹ 1,675,800,000 Full consideration - ₹2,297,049,000 |

On behalf of the Board of Directors

Naresh Malhotra
Whole-Time Director
DIN:00004597

Ramakrishnan Sankaranarayanan
Managing Director
DIN:02696897

Date: September 16, 2015

Place: Mumbai

Annexure G
FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 30th JUNE 2015

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

To,

The Members,

Prime Focus Limited
CIN: L92100MH1997PLC108981
Prime Focus House, Linking Road,
Opp. Citi Bank, Khar (West),
Mumbai- 400052.

We 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 us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our 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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **30th June 2015**, 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 30th June, 2015 according to the provisions of:

- i. The Companies Act, 2013 and the Companies Act, 1956 (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 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 ('SEBI Act'):-
 - 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, 1992/ Securities and Exchange Board Of India (Prohibition Of Insider Trading) Regulations, 2015 (effective 15th May,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 (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 /Securities and Exchange Board of India (Share Based Employee Benefits) Regulations,2014 (effective 28th October 2014) **Not Applicable as the Company did not have any Employee Stock Option Scheme and Employee Stock Purchase Scheme in force during the period under review;**

- 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 and dealing with client - **Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review;**
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 -**Not applicable as the Company has not delisted/ propose to delist its equity shares from any stock exchange during the financial year under review;**
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 -**Not applicable as the Company has not bought back/ propose to buy-back any of its securities during the financial year under review.**
- vi. The Company has as represented by management, the following laws, which are specifically applicable to the Company.:
1. Indian Contract Act, 1872
 2. Indian Copyright Act, 1957
 3. Trademarks Act, 1999
 4. The Patent Act, 1970
 5. The Information Technology Act, 2000 and rules, regulations and amendments made thereunder.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (**not applicable as not effective during the period under review**).
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited, and;

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

We further report that: -

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, 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 Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent sufficiently 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.
- Decisions at the Board Meetings, as represented by the management were taken unanimously.

We further report that based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Company Secretary and other Senior Management Personnel and taken on record by the Board of Directors at their meeting, we are of the opinion that there are systems and processes in place in the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines: -

- As informed, the Company has responded to notices for demands, claims, penalties etc., levied by various statutory /regulatory authorities and initiated actions for corrective measures, wherever found necessary.

We further report that during the audit period:

1. The members have passed the following special resolutions which have a major bearing on the Company :
 - Accorded consent to the Board of Directors to borrow moneys on behalf of the Company up to ₹ 1000 crore.
 - Accorded consent to the Board of Directors to create mortgage/pledge/hypothecation/charge on all or any of the movable/immovable properties of the Company for securing the borrowings of the Company upto ₹ 1000 crore.
 - Ratified agreement to sell off/transfer or otherwise dispose off the “Backend” Business and Undertaking of the Company to Prime Focus World Creative Services Private Limited.
 - Accorded consent for Adoption of new Articles which are in conformity with the provisions of the Act.
 - Accorded consent to the Board of Directors to enter into related Party Transactions upto a certain annual limit as per Section 188(1) of the Act.
 - Accorded approval to all existing material Related Party Transactions which would continue beyond 31st March 2015
 - Accorded consent to the Board of Directors to frame the proposed ESOP Scheme of the Company;
 - Accorded consent to the Board of Directors to extend 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.
 - Accorded consent to the Board of Directors to create, offer, issue and allot, from time to time and in one or more tranches, by way of a Preferential Issue:
 - (i) up to 23,076,923 Equity Shares of a face value of ₹ 1/- each to Monsoon Studio Private Limited,
 - (ii) up to 23,076,923 Equity Shares of a face value of ₹ 1/- each to Reliance MediaWorks Limited for cash and
 - (iii) up to 67,307,692 Equity Shares of a face value of ₹ 1/- each to Reliance MediaWorks Limited as a consideration for transfer of its Film and Media Services business (“**F&M Business**”) to the Company.
2. Allotment of 4891 unlisted, unrated, redeemable Debentures aggregating to ₹ 48.91 crore (Rupees Forty Eight Crore Ninety One Lac) was made by the Board of Directors to certain pre-identified persons on a private placement basis.

For S. N. ANANTHASUBRAMANIAN & CO

S N Ananthasubramanian

FCS No.4206

CP No.1774

Date: **12th September, 2015**

Place: **Thane**

MANAGEMENT DISCUSSION & ANALYSIS

Coming of Age: FY15 marks beginning of new chapter of growth for PFL

Section 1

Prime Focus at 18

FY15 saw Prime Focus work on some of the biggest blockbusters of the year including Avengers: Age of Ultron (US\$1.4 billion), Guardians of the Galaxy (US\$774 million), The Hunger Games: Mockingjay Part 1 (US\$752 million) and Mission: Impossible – Rogue Nation (US\$679 million). On the technology side, PFT has logged over 1.2 million hours of content under management, 100,000 hours of content is digitized annually and manages 100K new TV episodes a year. **As we turn 18 and enter a new phase, we have: Growth. Experience. Confidence. Potential....all on our side.**

Growth: From a garage start-up to the World's largest integrated media services powerhouse with a unique 'Creative cum tech' combination and strong presence (21 global offices) across all major content markets employing over 6,000 personnel and having over ₹16 billion in revenues.

Experience: Working with leading Hollywood studios like Disney, Marvel, Universal, Dreamworks, Paramount, Lionsgate, etc. & top Bollywood players for creative services. Similarly, technology and technology enabled services for marquee clients like FX Network, Star TV, Crown Media, SABC, National Geographic channel, ZEE TV, Sony, BBC, HOOQ, BARC, Hotstar and many others.

Confidence: Won the coveted Academy Award for Interstellar (and BAFTA & VES Awards), Best VFX Awards for Kick (IIFA Awards) and Sin City: A Dame To Kill For (Apollo Asia Award & Stereo Award from the Advanced Imaging Society) and received Frost & Sullivan Global Growth Excellence Leadership Award and Marcom Awards for 'Digital Next' campaign at PFT.

Potential: Total Global M&E Revenue is expected to rise at a CAGR of 5.1% over the coming five years to reach US\$2.23 trillion in 2019. Filmed entertainment revenue will grow at 4.1% CAGR to 2019, reaching US\$104.62 billion, strong growth will be seen in China (14.5% CAGR) and Latin America, US- global leader with 33% share will see above-average growth of 4.6% CAGR. Also, there is a huge untapped potential in the market for Content Management solutions for the M&E Industry globally – the total addressable market estimated at US\$10.6 billion in 2014, which is also expected to grow at a steady pace of 5%p.a.

Section 2

FY15 Key Highlights

Post transformative transactions in the previous year, FY15 has seen smooth progress in the integration process. Already, Phase 1, which focused on maximizing positive synergies, cost optimization, building world class capabilities at Vancouver (operational), atleast some VFX work emanating out of India and divestiture of non-core activities, is nearing completion. Simultaneously, we have successfully entered Phase 2 of scalable and sustainable growth spurred by multiple growth levers across businesses and geographies.

Creative Services, Established as world's largest globally integrated media services powerhouse

- **Steady Integration of PFW and Dneg**
 - Opened new Dneg Vancouver facility, in process of setting up Film City (Mumbai) facility to assist on Dneg projects
 - Closed London & Vancouver PFW VFX operations, pruned India operations, eliminated duplicated overheads for cost consolidation
 - Maximizing cross-selling opportunities – VFX and 3D for Avengers: Age of Ultron, Terminator: Genisys & Ant-Man
- **Strategic partnership with Gener8 – a global leader in 3D conversion technology to expand 3D services**
- **"A-Level" Pedigree in Hollywood with coveted Academy Award win for Best VFX for Interstellar**
- **Worked on some of the highest grossing movies of the year - Avengers: Age of Ultron, Guardians of the Galaxy, The Hunger Games: Mockingjay Part 1 and Mission Impossible: Rogue Nation**

Technology business transforming the M&E industry

- **CLEAR™, the flagship product of PFT, now manages over 1.2 MN hours of content across the globe**
- **DAX integration on track as first year post-acquisition revenue achieved target with expanded market share**
- **Opened a SEZ facility in Bengaluru & continued to expand sales and marketing footprint globally**

- Launched 'Digital Next' Go to Market campaign at NAB Show; offering Cloud solutions for M&E enterprises
- Clients Update:
 - BARC project for play out monitoring services goes live, already streaming ~415 live channels across India
 - Various clients like BCCI, Warner Brothers and all DAX clients renewed contracts, some of them multi-year
 - Added new Clients Like EPIC TV, HOOQ, FX Networks, Crown Media Holdings and Tru Entertainment
 - CLEAR™ Operations Cloud powers 'Hotstar', Asia's biggest GEC OTT platform
- Won Global Growth Excellence Leadership Award from Frost & Sullivan 2015 for Media Resources & Workflow Management
- Won Marcom Awards for 'Digital Next' Campaign

PFL-RMW FMS merger complete; game-changer for Indian FMS business

- Merger completed post approvals, open offer & preferential allotment on April 7, 2015
- Enhanced leadership in fast growing Indian M&E market
 - Unmatched value proposition with complete media services offering across the spectrum
 - Integrated facilities with strong asset base & significant capacity addition
- Sold UK post production business to focus on core business

Fresh Capital Infusion

- RMW and the promoters infused fresh equity capital of ₹ 1.2 billion each into Prime Focus at ₹ 52 per share, through a preferential allotment aggregating ₹ 2.4 billion
- RMW Limited and the promoters concluded the open offer on January 2, 2015, acquiring collective shareholding of 16.1% of fully diluted shares (including the announced preferential allotment)
- PFL raises ₹ 489 million through Redeemable Debentures not convertible into Equity Shares of the Company

Other Highlights

- Namit Malhotra included in prestigious Variety Dealmakers Impact Report

- Namit Malhotra included in Economic Times Top 50 Inspiring Entrepreneurs
- Namit Malhotra honoured with FICCI Outstanding Contribution Award
- Prime Focus launches the Naresh Malhotra Foundation

Section 3

Global & Indian Media & Entertainment Industry Landscape

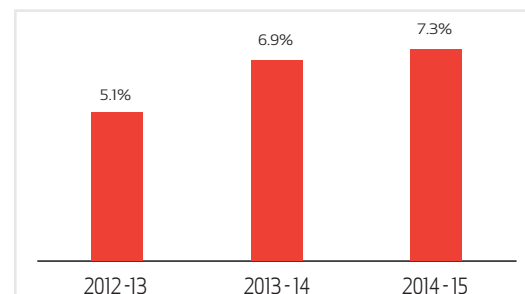
Global economy adjusting to lower commodity prices, growth to gather pace in 2016

| | 2013 | 2014 | 2015 | 2016 |
|--------------------|------|------|------|------|
| World | 3.3 | 3.4 | 3.1 | 3.6 |
| Advanced Economies | 1.1 | 1.8 | 2.0 | 2.2 |
| US | 1.5 | 2.4 | 2.6 | 2.8 |
| Euro Area | -0.3 | 0.9 | 1.5 | 1.6 |
| Japan | 1.6 | -0.1 | 0.6 | 1.0 |
| UK | 1.7 | 3.0 | 2.5 | 2.2 |
| Emerging Economies | | | | |
| Brazil | | 0.1 | -3.0 | -1.0 |
| Russia | 1.3 | 0.6 | -3.8 | -0.6 |
| India | 6.9 | 7.3 | 7.3 | 7.5 |
| China | 7.7 | 7.3 | 6.8 | 6.3 |

Source: World Economic Outlook, IMF

Global economic growth is projected to grow at 3.1% in 2015, increasing to 3.6% in 2016. In advanced economies, the modest recovery that started in 2014 is projected to strengthen further by 2016. For most emerging market economies, external conditions were difficult in first half of 2015 with increased financial market volatility in summer, declining commodity prices and downward pressure on currencies. The growth is projected to be higher next year, more than offsetting the expected gradual slowdown in China.

India, emerging as one of the largest and most promising economies- expected growth of 7-7.5%



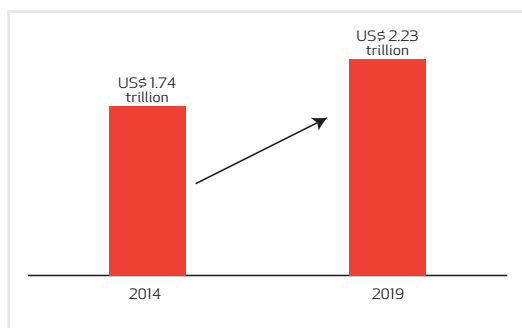
Source: Central Statistics Office

FY15 was an eventful year for the Indian economy with the newly elected government unleashing major structural reforms. These measures sent strong and positive signals to investors, resulting in a marked revival of sentiments and consumer demand. Sharp fall in prices of crude oil also buoyed growth. This had a benign impact on inflation & current account deficit. As inflation tamed to desirable levels in the vicinity of 5%, the Reserve Bank of India eased monetary policies. The repo rate was reduced in January 2015. India's GDP for FY15 grew by 7.3%, against 6.9% in the previous fiscal year. For the first time, the Indian economy crossed the threshold of US\$2 trillion in FY15. (source : RBI)

Global Entertainment & Media revenues growing at 5.1%, to reach US\$2.2 trillion by 2019

As per PWC's Global entertainment and media outlook 2015-2019, the total worldwide entertainment and media revenues will rise at a CAGR of 5.1% over the coming five years, from US\$1.74 trillion in 2014 to US\$2.23 trillion in 2019. The total global filmed entertainment revenue will rise at a 4.1% CAGR to 2019, reaching US\$104.62 billion. Particularly strong growth will be seen in China (14.5% CAGR) and in Latin America due to 6.1% CAGR in Brazil and 11.5% CAGR in Argentina. Even the US, the global leader with 33% of the total market in 2014, will see above-average growth of 4.6% CAGR.

Global Entertainment & Media Spend

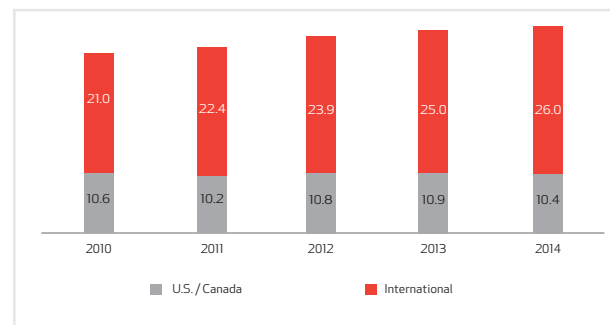


Source: Global entertainment and media outlook: 2015-2019 - PwC

Global Box office collections reached US\$36.4 billion, driven primarily by Asia Pacific region

According to the Theatrical Market Statistics 2014 released by the Motion Pictures Association of America (MPAA), the global box office of all films released around the world in 2014 reached US\$36.4 billion. The Chinese box office delivered a stellar performance, recording a collection of US\$4.8 billion in 2014, an increase of 34%, becoming the first international market (non US/Canada) to cross US\$4 billion in box office revenue.

Global Box Office - All Films (US\$ Billions)



Source: Theatrical Market Statistics 2014

2014 Top 5 Non-US Box Office Markets All Films (US\$ Billions)

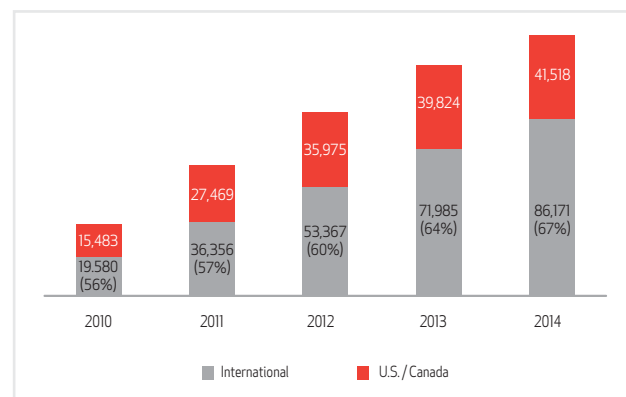
| | |
|--------|-----|
| China | 4.8 |
| Japan | 2.0 |
| France | 1.8 |
| UK | 1.7 |
| India | 1.7 |

Source: IHS Screen Digest, local sources

In 2014, the Asia Pacific region (US\$12.4 billion) increased 12% compared to 2013, driving the international increase and remaining the largest region in terms of international box office for the second year in a row.

Global digital cinema grew at 14% leading to increasing demand for VFX&3D heavy Hollywood blockbusters

The total cinema screens increased by 6% in 2014 to over 142,000 screens. This was driven mainly by the continued double-digit growth of digital screens in Asia-Pacific, which grew at over 15% in 2014. 90% of all screens globally are now digital in 2014, compared to 83% in 2013.



Source: Theatrical Market Statistics 2014

Globally, the VFX industry size is US\$2.1 billion and is growing steadily (Source: Frank N. Magid Associates, Inc.) with VFX consuming about 30%-40% of the total budget of a film. VFX heavy films perform well in the international markets because of a wider reach and greater demand. The VFX market is in line to grow at a steady pace going forward.

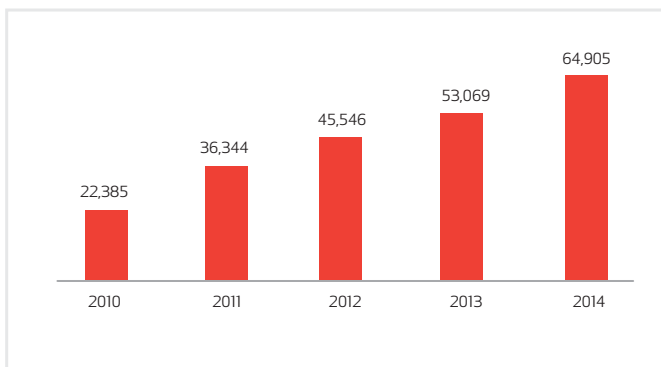
Top 10 grossers of 2015:

| Movie name | Collections (US\$ Millions) | VFX Heavy |
|----------------------------------|-----------------------------|-----------|
| Jurassic World | 1,665 | ✓ |
| Furious 7 | 1,512 | ✓ |
| Avengers: Age of Ultron | 1,403 | ✓ |
| Minions | 1,151 | ✓ |
| Inside Out | 819 | ✓ |
| Mission Impossible: Rogue Nation | 680 | ✓ |
| Fifty Shades of Grey | 570 | - |
| Cinderella (2015) | 542 | ✓ |
| San Andreas | 470 | ✓ |
| Terminator: Genisys | 440 | ✓ |

Source: Box Office Mojo

According to the Theatrical Market Statistics 2014, 9 of the top 10 and 15 of the top 25 films (Based on U.S./Canada Box Office collection) were released in 3D. Digital 3D screens continued to increase in all regions during 2014. The share of digital 3D screens as a proportion of total digital screens increased from 47% in 2013 to 51% in 2014. In the Asia-Pacific region, the share of digital 3D screens as a proportion of total digital screens grew to 70% in 2014, more than in any other region across the globe.

Worldwide Digital 3D Screens



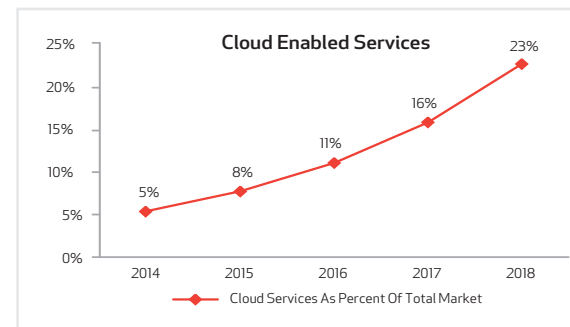
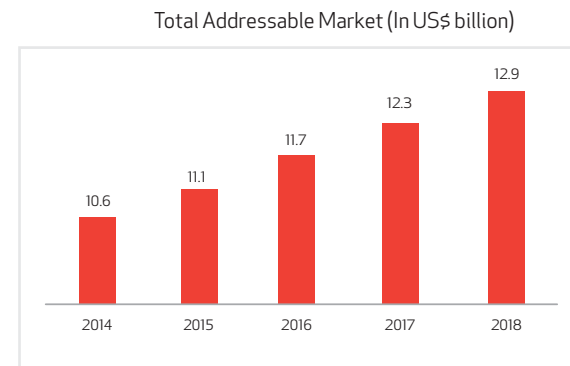
Source: Theatrical Market Statistics 2014 by MPAA

3D continues to contribute significantly to global film collections.

| 2015 | 3D Collections (US\$ Millions) |
|-------------------------|--------------------------------|
| Jurassic World | 651 |
| Avengers: Age of Ultron | 459 |
| Inside Out | 354 |
| Minions | 333 |

Source: Box Office Mojo

Growing need for Content Management solutions for E&M industry



Source: Company Estimate

The total addressable market for technology-based media services is expected to grow at a CAGR of 5% from US\$10.6 billion to reach US\$12.9 billion by 2018. North America is the largest market while Asia and Latin America are the fastest growing markets.

Digital Content will account for 87% of the growth in M&E Spending between 2013 and 2017, with the growth of Digital content comes increasingly complex media management.

Animation

There were 10 animated movies in the top 100 movies released during the year. Some of the hit movies include:

| 2014 & 2015 | Collections (US\$ Millions) |
|--|--------------------------------|
| Inside Out | 354 |
| Minions | 333 |
| The Lego | 258 |
| Home | 177 |
| The SpongeBob Movie: Sponge Out of Water | 163 |

Source: Box Office Mojo

20 Animated movies are announced to be released in 2015 and 2016.

Indian E&M Industry poised to grow at 14% CAGR to reach ₹ 1.9 trillion

The Indian Media & Entertainment (M&E) industry registered a growth of 11.7% over 2013 to reach market size of over ₹ 1 trillion. According to the FICCI-KPMG Indian Media and Entertainment Industry Report 2015, the industry continued to be dominated by the rapid spread and reach of digitization across all segments of the value chain – from film production to exhibition. Digital advertising saw “stupendous” growth of 44.5% in 2014 over 2013, driven by the explosion of smart devices and gadgets, coupled with the lowering of tariffs of data charges, both mobile as well as broadband. By the end of 2014, India had over 116 million internet enabled smartphones.

In television, advertising saw strong growth, driven by the positive shift in the macroeconomic environment, the general election spends and the emergence of e-commerce as a significant new advertising spender.

| Overall industry size (INR billion) | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | Growth in 2014 over 2013 | 2015P | 2016P | 2017P | 2018P | 2019P | CAGR (2014- 2019P) |
|--|------------|------------|------------|------------|------------|------------|-------------|-----------------------------|-------------|-------------|-------------|-------------|-------------|-----------------------|
| TV | 241 | 257 | 297 | 329 | 370.1 | 417.2 | 474.9 | 13.8% | 543.2 | 631.2 | 739.6 | 854.6 | 975.5 | 15.5% |
| Print | 172 | 175.2 | 192.9 | 208.8 | 224.1 | 243.1 | 263.4 | 8.3% | 284.5 | 307.1 | 331.9 | 358 | 386.8 | 8.0% |
| Films | 104.4 | 89.3 | 83.3 | 92.9 | 112.4 | 125.3 | 126.4 | 0.9% | 136.3 | 155.6 | 170.7 | 186.3 | 204 | 10.0% |
| Radio | 8.4 | 8.3 | 10 | 11.5 | 12.7 | 14.6 | 17.2 | 17.6% | 19.6 | 22.3 | 27 | 32.7 | 39.5 | 18.1% |
| Music | 7.4 | 7.8 | 8.6 | 9 | 10.6 | 9.6 | 9.8 | 2.3% | 10.4 | 12 | 14.2 | 16.9 | 18.9 | 14.0% |
| OOH | 16.1 | 13.7 | 16.5 | 17.8 | 18.2 | 19.3 | 22 | 14.0% | 24.4 | 27.1 | 29.6 | 32.2 | 35.1 | 9.8% |
| Animation and VFX | 17.5 | 20.1 | 23.7 | 31 | 35.3 | 39.7 | 44.9 | 13.1% | 51 | 58.7 | 68.5 | 80.6 | 95.5 | 16.3% |
| Gaming | 7 | 8 | 10 | 13 | 15.3 | 19.2 | 23.5 | 22.4% | 27.5 | 31.8 | 35.4 | 40 | 45.8 | 14.3% |
| Digital Advertising | 6 | 8 | 10 | 15.4 | 21.7 | 30.1 | 43.5 | 44.5% | 62.5 | 84 | 115.3 | 138.2 | 162.5 | 30.2% |
| Total | 580 | 587 | 652 | 728 | 821 | 918 | 1026 | 12% | 1159 | 1330 | 1532 | 1740 | 1964 | 14% |

Source: FICCI-KPMG Indian Media and Entertainment industry report 2015

The industry is expected to register a higher CAGR of 13.9% to touch ₹ 1,964 billion by 2019. Key success factors going forward will be tailored content strategies for audiences (be it global, national or local) and a focus on building the relevant digital and physical touch points to enable easier and more open and interactive access. With this, India could be at the cusp of significant growth and earn its place in the global spotlight.

Indian film industry to reach ₹ 204 billion by 2019 growing at CAGR of 10%

2014 was a “mixed bag” for the films segment with category-A films with top actors continuing to attract audiences and being successful at the box office and some strong content driven films which delivered high returns on investment. However, films without either strong content or top league actors failed. The total size of the Indian film industry grew marginally in 2014 to reach ₹ 126.4 billion, compared to ₹ 125.3 billion in 2013. Domestic theatrical revenues continued to be the mainstay of the industry, accounting for ₹ 93.5 billion (74%) of the total revenues. There has been an interesting trend noticed over the last few years: the gap between the Top 10 films and the rest has widened further wherein share of the Top 10 films in terms of gross box office collections grew by 2.4% in 2014 over 2013 collections.

As digitization widens the simultaneous reach of films, the release window gets narrower and narrower, playing a critical part in the release strategy of films. During the year, filmmakers continued to consciously plan the release of their films either during major festivals or during long weekends, and avoided major sporting events like the IPL. It is estimated that between 60-80% of a film's theatrical revenues are now collected in the first week of release. This has driven filmmakers to spend more heavily on marketing.

Animation, VFX & Post-Production

The overall size of the animation, VFX and post-production segment grew to ₹ 44.9 million in 2014, compared to ₹ 39.7 million in 2013. The highest growth was recorded in the VFX sub-segment, which grew by 22% followed by post-production with growth of 15%.

Size of Animation, VFX and post-production industry in India

| Segments | 2010 | 2011 | 2012 | 2013 | 2014 | CAGR % 2010 – 2014 | Growth in 2014 |
|----------------------|-------------|-----------|-------------|-------------|-------------|--------------------|----------------|
| Animation services | 6.2 | 7.1 | 7.6 | 8 | 8.1 | 7% | 1% |
| Animation production | 3.9 | 4.2 | 4.5 | 4.7 | 5.1 | 7% | 9% |
| VFX | 4.5 | 6.2 | 7.7 | 9.3 | 11.3 | 26% | 22% |
| Post-production | 9.1 | 13.5 | 15.5 | 17.7 | 20.4 | 22% | 15% |
| Total | 23.7 | 31 | 35.3 | 39.7 | 44.9 | 17% | 13% |

Source: FICCI-KPMG Indian Media and Entertainment industry report 2015

The Indian VFX industry grew at 26% CAGR between 2010 & 2014 on the back of steady rise in the number of films being made with VFX. Global studios are also increasingly using Indian VFX studios - a clear validation of the creative talent in India. According to the FICCI KPMG Indian Media and Entertainment Industry Report 2015, out of the ten movies nominated for Oscars in the 2014 Best Visual Effects category, Indian studios performed outsourcing services for six movies; namely Interstellar, Guardians of The Galaxy, Night at the Museum - Secret of the Tomb, Maleficent, Godzilla and X Men: Days of Future Past. The VFX work outsourced in India is rising exponentially, with more high-end projects being delivered from India. Today, almost all major productions have a good amount of VFX. In 2014, films like PK, Kick, Happy New Year, Bang Bang and Singham Returns, all had considerable VFX content. Regional films, particularly, south Indian films, are also increasingly using VFX. Baahubali is the first Indian film that spent more than ₹ 850 million on VFX.

Top 10 Bollywood grossers of 2014 and 2013 with number of VFX shots

| 2014 movies | Box office collection INR million | VFX partner | Number of VFX shots (approx) | 2013 movies | Box office collection INR million | VFX partner | Number of VFX shots (approx) |
|---------------------------|-----------------------------------|---------------------|------------------------------|---------------------------------|-----------------------------------|--|------------------------------|
| PK | 3,395 | Riva VFX | 700 | Dhoom 3 | 2,803 | Tata Elxsi | 1,500 |
| Kick | 2,330 | Prime Focus | 1,000 | Krrish 3 | 2,405 | Red Chillies VFX | 3,500 |
| Happy New Year | 2,033 | Red Chillies VFX | 2,000 | Chennai Express | 2,267 | Reliance MediaWorks & Red chillies VFX | 1300 |
| Bang Bang | 1,810 | Prime Focus | 1,600 | Yeh Jawaani Hai Deewani | 1,900 | Prime Focus | 300 |
| Singham Returns | 1,410 | Reliance Mediaworks | 2,500 | Goliyon Ki Raasleela Ram- Leela | 1,100 | Reliance Mediaworks | 750 plus |
| Holiday | 1,127 | Future Works | 750 | Bhaag Milkha Bhaag | 1,035 | Pixion Studios | 160 |
| Jai Ho | 1,110 | Prime Focus | 150 plus | Grand Masti | 1,025 | Pixion Studios | 500 |
| Ek Villain | 1,055 | Prime Focus | 200 plus | Race 2 | 1,020 | Prime Focus | 1,000 plus |
| 2 States | 1,040 | Reliance Mediaworks | 250 | Aashiqui 2 | 854 | Prime Focus | 107 |
| Humpty Sharma Ki Dulhania | 768 | NA | NA | Special Chabbis | 700 | Imagzing Labs | NA |

Source: FICCI-KPMG Indian Media and Entertainment industry report 2015

The appetite and demand for 3D content is escalating in India. With increasing numbers of 3D screens being launched, as well as the rise in 3D television sets, demand for conversion from 2D to 3D is expected to rise steadily. Compared to shooting original content in 3D, conversion is a more economical proposition. Some of the biggest films of all-time, like Star Wars: The Phantom Menace, Marvel's The Avengers and Titanic, have been converted from 2D to 3D. Four of the top five worldwide grossing movies of 2014 were released in 3D, and recent successes like Avengers: Age of Ultron and Jurassic World have re-kindled the prospects for 3D cinema.

2014 was an exciting year for the Indian Animation sector with major successes like Char Sahibzaade, which grossed ₹ 332 million. The year also saw the release of India's costliest animation film and the first film shot with photorealistic performance capture technology, Kochadaiyaan. India continues to showcase its animation and VFX strength and capabilities across all segments – films, television and advertisement. There has been a steady rise in demand for animation content in India, as evidenced by the success of international animation films released in India. In 2014, two international animation movies crossed ₹ 100 million in gross collections – How to Train Your Dragon 2 and Rio 2.

Digital transformation continues to change consumers' content consumption patterns with the gap between mobile screen and TV screen getting narrower. Whether traditional or digital, at the heart of this digital transformation is still content, and content enterprise will thus have to reinvent their business models keeping disruptive technologies like Cloud at the centre to meet the emerging demand both in terms of volumes as well as platforms like OTT, whose impact is being felt across the supply chain, from influencing content packaging affecting the bottom line. If M&E enterprises need to battle losses or low margins and build operational efficiencies, they need to digitally transform to build connected enterprises. They need to become hyper digital to cater to the hyper digital consumer. PFT, with its dominating presence in cloud based media ERP Suite, CLEAR™, is ideally poised to reinvent the way M&E industry functions.

Section 4

Company/Business Overview

Prime Focus Limited (PFL) is the world's largest integrated media services powerhouse providing end-to-end creative services (visual effects, stereo 3D conversion, animation), technology products & services (Media ERP Suite and Cloud-enabled media services), production services (equipment rental) and post production services (Digital Intermediate, picture post) to Studios, Broadcast and Advertising industries. The Company is headquartered in Mumbai, India. The Company was founded in 1997 in Mumbai by Mr Namit Malhotra to provide post production services. Over the years, the Company has acquired access to global markets through strategic acquisitions as well as established state-of-the-art capabilities of its own. The Company has joined hands with top-tier studio customers to deliver quality franchise movies. Prime Focus has been able to leverage its global business model and continues to expand into new markets. In FY15, over 80% of PFL's revenues came from outside India. The Company's global clientele is serviced from 16 cities across the globe. Prime Focus has a highly differentiated business model which seamlessly blends creativity, technology and finance to provide a holistic solution to its clients. During the year, Reliance MediaWorks announced the merging of their global film and media services business with PFL.

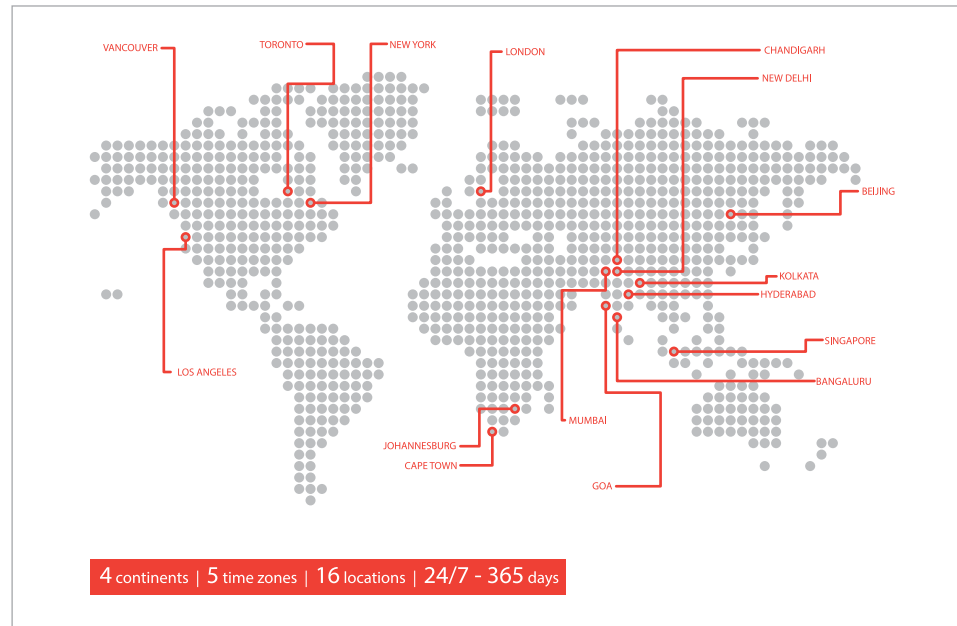
Prime Focus World, the creative services business arm of Prime Focus, is the world's largest independent creative services provider. Prime Focus World, the creative services arm of PFL, merged with Double Negative (Dneg), one of the world's foremost providers of visual effects.

PFT owns the path-breaking and industry leading technology solution - CLEAR™ (Hybrid Cloud enabled Media ERP Suite). The Company also owns Primetime Emmy® award-winning DAX Digital Dailies® and View-D™ (stereoscopic 2D to 3D conversion process). It leverages its Global Digital Pipeline and pioneering delivery model WorldSourcing® and partners with content creators at every stage of the process ensuring creative enablement, work flow efficiencies and cost optimization. In mid-2014 Prime Focus Technologies acquired DAX, a leading provider in cloud-based production workflow solutions.

PFL is listed on the BSE and NSE of India, and has operations in Los Angeles, New York, Vancouver, Toronto, London, Johannesburg, Cape Town, Singapore, Beijing, Mumbai, Delhi, Goa, Hyderabad, Bangalore, Kolkata and Chandigarh. The Company's clients include all the biggest studios like Warner Bros, Marvel, Universal Studios, Paramount, Lucasfilm, Sony, Twentieth Century Fox, Legendary Pictures, and DreamWorks, broadcast networks like Bloomberg, Disney, Star, Associated Press and Zee, and advertising agencies like JWT and Lowe, amongst others.

More than 6,000 personnel's are working for PFL across 21 facilities in 4 continents across 7 time zones. This global presence is a strong differentiator, as well as key to profitability, optimizing local advantages. With its JV operational in China, the Company is now present in all key content markets globally.

World Sourcing Model®



Marquee investors have constantly backed PFL over the years further validating its robust business model and overall performance. In November 2012, Prime Focus successfully raised ~US\$70 million from Standard Chartered Group. AID Partners Capital Limited, a private equity firm focused on buyout opportunities and expansion capital primarily in media and entertainment sector, invested US\$10 million in PFW valuing it at US\$250 million. Macquarie Capital, the principal investing arm of the Macquarie Group, further invested US\$38 million into PFW, valuing it at an Enterprise Value of US\$300 million. In April 2015, Reliance MediaWorks has invested ₹1.2 billion in PFL.

Key Business Segments

Creative Services

VFX

In the last financial year, Prime Focus has delivered VFX services for 27 Bollywood movies. Following the merger with Double Negative, PFW was catapulted into the top tier of independent VFX service providers worldwide. This augments PFW's 3D conversion leadership, now making it the "house of choice" for VFX & 3D services for Hollywood studios. Some of the major VFX projects completed last year include:

- Mission Impossible: Rogue Nation
- Ant-Man
- Terminator: Genisys
- Avengers: Age of Ultron
- Interstellar
- Ex Machina

The Gunman
 Insurgen
 Kingsman: The Secret Service
 Jupiter Ascending
 Paddington
 Exodus: Gods and Kings
 The Hunger Games: Mockingjay Part 1
 Sin City: A Dame To Kill For

Stereo Conversion

Prime Focus is a market leader with less than 30% market share in Hollywood 3D Conversion. With its proprietary View-D™ technology, global scale and presence, short time-to-market, global delivery capabilities and artist driven conversions, Prime Focus offers competitive advantages and execution capabilities.

Major 3D projects completed last year by PFW include:

Ant-Man
 Terminator: Genisys
 Avengers: Age of Ultron
 Seventh Son
 Teenage Mutant Ninja Turtles
 Guardians of the Galaxy
 Sin City: A Dame To Kill For
 Transformers: Age of Extinction

Post-Production Services

Post-production constitutes an integral part of the Prime Focus offering. The business has been built on the strength of a differentiated post-production offering, aimed at meeting the exacting and evolving demands of the advertising, broadcast and film industries. The RMW (film and media services business) - PFL merger rounds out the Prime Focus offering in the fast growing Indian M&E market.

The Indian VFX team delivered over 8,000 VFX shots over the course of the year for some of Bollywood's biggest movies. VFX delivered in the last year for Bollywood Movies includes:

- Humshakals
- Ek Villian
- Lekar Hum Deewana DII
- Kick
- Mary Kom

- Khoobsurat
- Bang Bang
- Happy New Year
- Happy Ending
- The Shaukeens
- Action Jackson
- Tevar
- Hey Bro
- Gabbar is Back
- Tanu weds Manu 2
- Dil Dhakne Do
- Hamari Aduri Kahani
- Bajrangi Bhaijaan

Commercials completed in the last year by the Company include:

- Big Bazaar (Crazy Weekend)
- 99Acres.com
- Cadbury '5 Star'
- iBall Andi – 5K Panther and 4U Frisbee
- Google GOSF
- Blenders Pride Fashion
- Big Rock
- Mumbai Mirror
- HelpAge India
- BMW
- Panasonic
- Asian Paints

And TV Shows that Prime Focus worked on last year included:

- Dance India Dance
- Gangs of Hasseepur
- Zee Risthey Awards, IFFA Awards, Apsara Awards & GIMA Awards
- Master Chef – Junior
- M-TV Rodies
- YUDH
- Miss Malini
- SMJ-2 AKPL
- HarGhar (2013 & 2014)
- Jhalak Dikhlaja – Bangla
- Comedy with Kapil (2014)
- The Anupam Kher show
- Cover shot (2013 & 14)

Technology Products and Services

The Technology business offers customers transformational solutions that help to manage their business of content better. CLEAR™ is the world's first and most proven hybrid cloud-enabled Media ERP Suite that virtualizes the content supply chain. Customers can bundle them all as a Cloud Media ERP Suite or pick from the below 5 power-packed modules of CLEAR™ to address their specific business challenge.

Modules of CLEAR™

- Cloud MAM - ONE enterprise MAM on Cloud for the company across geographies, departments & businesses
- Operations Cloud - Scalable Content Operations on Cloud (Transcode, Auto QC, Storage, Package & Deliver) with workflow orchestration built-in
- Broadcast Cloud – Media ERP suite for workflow orchestration across broadcast enterprise, supply chain and partner ecosystem
- Production Cloud – MPAA® audited and Emmy® award winning DAX Digital Dailies®, the de facto industry standard
- Secure Screener – Industry's first fully secure screener application with DRM protected download capability

Numbers that speak for themselves:

- Over 1.2 million hours of Content Under Management
- Powered over 1.6 million concurrent streams for OTT platform
- 168 Hybrid Cloud locations
- Annually digitised 100,000 hours of content
- Managing 100K new TV episodes a year
- 10 Million files of Syndication & VoD fulfilment a year
- Patented Product (US Patent No: 7,660,416/8,218,764/12,976,929)
- 35,000 hours of Subtitling and Closed Captioning every year
- Over 85% of Prime Time shows in Hollywood use PFW's product

Business Arms

Prime Focus World

Prime Focus World (PFW), the creative services business arm of Prime Focus, is the world's largest independent creative services provider. PFW, along with VFX company Double Negative, employs over 4,000 professionals in 16 cities across 3 continents and 5 time zones.

PFW provides visual effects, stereo 3D conversion and animation services to the Film, Broadcast, Advertising and Media industries. PFW

has developed View-D™, a proprietary stereoscopic 2D to 3D conversion process that has been used in the stereo conversion of a large number of Hollywood blockbusters. The Company also holds a U.S. Patent that covers its stereo conversion process.

Leveraging its global digital pipeline and pioneering delivery model – WorldSourcing® - PFW partners content creators at every stage of the production process, ensuring workflow efficiencies, cost optimization and creative enablement. PFW is a leader in the 2D to 3D conversion space with approximately 29% market share.

PFW's merger with Double Negative (Dneg) has positioned the Company as a tier 1 VFX service provider. The market is dominated by four to five key players that control up to US\$800 million of annual revenue. Double Negative works closely with leading Hollywood studios including Marvel, Universal, Warner Bros, Paramount, Twentieth Century Fox, Sony, Disney and Lionsgate. Some of Hollywood's most prominent filmmakers such as Christopher Nolan, Ridley Scott, Ron Howard, Sam Mendes and Steven Spielberg have recently worked with Dneg.

Dneg's predominance in the VFX market augments PFW's 3D conversion leadership, making PFW the "house of choice" for VFX and 3D services for the Hollywood studios.

PFW / Dneg titles with over US\$500 million in Box Office Collections this year included:

- Avengers: Age of Ultron (US\$1.4 billion) - VFX (Dneg) and 3D conversion services (PFW)
- Guardians of the Galaxy (US\$774 million) – 3D conversion services by PFW
- Maleficent (US\$758 million) – 3D conversion services by PFW
- The Hunger Games: Mockingjay Part 1 (US\$752 million) – VFX services by Dneg
- Mission Impossible: Rogue Nation (US\$679 million) – VFX services by Dneg
- Interstellar (US\$672 million) – VFX services by Dneg

The upcoming pipeline of work for PFW and Dneg is strong, with new additions such as:

- Batman v Superman: Dawn of Justice
- Inferno
- Bridge of Spies
- Spectre

- The Hunger Games: Mockingjay Part 2
- In The Heart of The Sea
- Miss Peregrine's Home For Peculiar Children
- The Huntsman
- Captain America: Civil War
- Alice Through The Looking Glass
- Warcraft
- Tarzan
- Star Trek Beyond
- Doctor Strange
- Geostorm

PFW is also active in the Animation space, with three broadcast seasons of an animated television series for a major toy manufacturer under its belt and more work in production.

FY15 Highlights:

- Dneg opened new VFX facility in Vancouver, to gain from labor tax benefits and maximize labor cost arbitrage across geographies. New contracts are added in Vancouver, in addition to the strong existing pipeline, which is expected to further boost margins going forward
- Announced the creation of a brand-new, world-class VFX facility in Mumbai, to be called VFX Campus located in Film City; movies slated for the facility include The Huntsman & Inferno
- Cost Consolidation post-merger by closing PFW's London and Vancouver VFX operations & pruned operations in India as well as elimination of duplicated overheads
- Cross-selling opportunities already started to materialize with combined VFX and 3D services for Avengers: Age of Ultron, Terminator: Genisys & Ant-Man
- Strategic partnership with Canada's Gener8, a global leader in 3D conversion technology, to expand 3D services
- Received U.S. Patent for its View-D™ stereo conversion technology
- Gaining traction in China with pipeline of projects like The Taking of Tiger Mountain, Sisters Over Flowers, The Journey of Flower, Chronicles of the Ghostly Tribe and The Legend of Sword
- Completed backend sale from PFL to PFW to improve efficiencies and retire high cost bank debt in India

Awards & Accolades

- "A-Level" Pedigree in Hollywood with Dneg's win of Academy Award for Best VFX for Interstellar, 2nd after Inception
- Dneg also won BAFTA & VES Award for Interstellar
- PFW won Advanced Imaging Society Lumiere™ Technology Award for its 'Hybrid Stereo Pipeline'
- PFW won the Best Stereography Award from the Advanced Imaging Society for its work on 'Sin City: A Dame To Kill For', which also won 24 FPS and Apollo Asia Awards 2015
- PFW won the Best VFX Award for Kick at IIFA Awards 2015 & Screen Awards 2015

Prime Focus Technologies

Prime Focus Technologies (PFT) is the technology arm of Prime Focus. PFT brings together a unique blend of Media and IT skills backed by a deep understanding of the global media and entertainment industry. At the heart of PFT is CLEAR™, the world's first Media ERP Suite, which manages content and enterprise workflows for the business of content. The world's biggest brands run their revenue critical media/content operations on CLEAR™.

The technology business of Prime Focus further strengthened its presence in North America in 2014 when PFT acquired DAX, a leading provider of production workflow solutions to the entertainment industry. This acquisition was in line with the Company's growth strategy to expand in North America. Designed to maximize efficiencies throughout the content creation lifecycle, DAX enables secure exchange, collaboration, approvals and distribution of work-in-progress materials from concept development through final delivery. PFT now has customers like Legendary Pictures, 20th Century Fox, Lionsgate and Warner Brothers, to name a few.

PFT also offers an SLA-based suite of media processing and monetization services like Metadata, Archiving, Bulk Digitization, Mastering, Delivery, Multi platform Content Preparation, Editorial and Packaging, Localization (Subtitling, Closed Captioning, and Dubbing), Cataloguing, SEO & Analytics, On Air Promo Creation and Contextual Advertising.

Out of PFT's 1,500 people around the world, over 225 expert engineers work at its R&D center in Bangalore dedicated to CLEAR™ building tailored solutions for Broadcast Networks, Studios/ Production Houses, Brands, Sports and Digital businesses.

PFT works with major content owners like Disney, Warner Bros., Legendary Pictures, Fox, Relativity, 20th Century Fox, Showtime, Lionsgate, Eros International, STAR TV, Star Sports, Discovery Channel, Bloomberg, National Geographic Channel, CNBC Africa, Volkswagen, HBO, BBC, Google, Unilever, Sony Entertainment, MTV, Colors, Hindustan Unilever Limited, JWT, Starz Entertainment, CBS Television Studio, Nestle and many more.

FY15 Highlights:

- DAX integration on track with new client wins, increased market share, post-acquisition first year revenue exceeding the target
- Opened a SEZ facility in Bengaluru, which will cater to major international client engagements, which currently includes MNET, Warner Bros., IFC, A&E TV Network, Lionsgate, Fox, Legendary amongst other
- Launched 'Digital Next' Go to Market campaign at NAB Show; offering a compelling suite of Cloud solutions for M&E enterprises
- Continued to expand sales and marketing footprint globally
- Leverages its 4K capabilities to partner Tru Entertainment to deliver "Too Cute" a 4K reality series at 60p
- PFT and deltatre announce End to End Live Sports OTT Platform
- PFT partners with RSG Media, the combination guarantees seamless integration between Business & Operations in Digital Distribution with digitization of the entire content supply chain
- Clients Update
 - o Added new Global clients like FX Networks, Crown Media Holdings and Tru Entertainment
 - o Signed deal with Hooq – Joint venture between SingTel, Warner Brothers & Sony Pictures for over the top services in Asia
 - o BARC project for play out monitoring services goes live- already streaming ~415 live channels across India
 - o BCCI extended its service contract to manage entire BCCI asset library with CLEAR™ Cloud MAM and providing managed services
 - o Entered into a 5-year engagement with Lionsgate, including CLEAR™ Operations Cloud
 - o PFT helps deliver 35,000 hours of content to launch Hotstar, Star TV's entertainment OTT platform
 - o Warner Brothers renews contracts for Closed Captioning services

- o DAX – renewed all contracts, some of them multi-year
- o Brand Services had big push in the year, aggressively winning new clients & expanding portfolio, added 15 new clients taking the total to ~160 clients

Product & other updates:

- o Production Cloud Module - enhancement of DAX functionality to its Production Cloud module & transition of DAX clients to new modules by end of year
- o Secure Screener –CLEAR™ Secure Screener gaining significant traction in US and European markets
- o Operations Cloud –Delivered over 4,000 hours to HOOQ
- o Received the 3rd Patent in Digital Dailies
- o Received ISO 27001 certification, one of the most widely recognized, internationally accepted, independent security standards
- o Secured SOC2 certification, first M&E services company in the world to receive it
- o Received iTunes certification for direct content delivery
- o Won Global Excellence award from Frost & Sullivan, for Media Resources & Workflow Management
- o CLEAR™ positioned as an 'Exemplar' on the NASSCOM Product Excellence Matrix
- o PFT powered Star Sports app was selected as App Store Best of 2014 in India by Apple
- o Joins Advisory Board for Media & Entertainment Services Alliance
- o Becomes IABM member, continues EIDR membership
- o Won Marcom Awards for 'Digital Next' Campaign

Financial Performance

PFL recorded Income from Operations for the year FY15 of ₹ 16,076 million, depicting a significant surge on the back of Dneg and Technology business. On the post production front, the India business continues to deliver strong performance. Margins were adversely impacted due to certain non-cash and extraordinary expenses. There was sequential improvement in operating performance in December, March and June quarters due to significantly higher revenue visibility and integration efforts across PFW-Dneg.

Financial Highlights of the Year:

- Income from Operations of the Company for financial year ended June 30, 2015 is at ₹ 16,076 million compared to ₹ 10,814 million for the 15 month period ended June 30, 2014
- EBIDTA for the year at ₹ 2,785 million against EBITDA of ₹ 2,363 million for the previous 15 month period ended June 30, 2014. Though operating performance improved sequentially on account of significantly higher revenue visibility and integration efforts across PFW-Dneg, margins were impacted negatively transiently due to:
 - o Significant duplication of costs in the creative services business in the first quarter post-merger
 - o Unrealized Intra group non-cash forex charge of ₹ 240 million
 - o Dneg Rent-free period straight lining amounting ₹ 240 million
- FY15 Exceptional costs which impacted the Net margin are now fully behind as the Company embark on the next phase of growth as a group.
 - o Write-off on account of sale of Prime Focus London PLC forms the largest chunk of exceptional costs for the year
 - o PFW incurred ~ US\$10million in redundancy & integration initiatives post the merger with Double Negative
- Through strategic combination, the Company has added global Film and Media Services business ('FMS business') of Reliance MediaWorks Limited ('RMW') with effect from April 7, 2015. RMW and promoters have invested ₹ 2,400 million through preferential allotment to support growth aspirations of the Company. Double Negative, a large UK based VFX business house that was added early in this financial year, has given thrust to the business and the Company's planned integration efforts will improve profitability. The Company has entered into a licensing and 3D conversion partnership with Canada's Gener8 Media Corp with effect from March 23, 2015 to further strengthen 3D conversion business foot-hold.
- Debt maintenance: The Company continues to focus on streamlining the debt across its various subsidiaries to maintain debt at reasonable levels as well as rationalize the interest costs through the appropriate mix of domestic and lower cost foreign currency debt commensurate to the foreign currency denominated business in the Group. The Double Negative transaction was financed via equity dilution by the promoters along with the assumption of low cost foreign currency debt. Similarly, most of the technical equipment capital expenditure across the Group is being financed either through lower cost capital leases facilitated by vendors themselves, or through Buyers' Credit financing which, again, is at lower interest costs. The Company continues to actively pursue opportunities to monetize non-core assets and use proceeds to retire higher cost debts.

Section 5

Strategy & Outlook

Business Strategy- Nearing Phase 1 completion; operating performance ahead of plan

EBITDA Margin at 15%

■ Phase 1

- Bundled offering of VFX & 3D conversion services in movies like Avengers: Age of Ultron, Terminator and many more in ongoing projects
- Cost Consolidation post merger by closing its London and Vancouver VFX operations & pruned operations in India as well as elimination of duplicated overheads
- Double Negative Vancouver facility is Operational, Mumbai facility will be fully operational in coming 2 quarters; revenue synergies will further enhance in coming quarters
- Divestiture of non-core UK post production business to remove the drag on consolidated results
- Increase revenue pipeline of PP services and low-hanging cost synergies

18-24 months

EBITDA Margin up by 2-4%

■ Phase 2

- Leverage strength of WorldSourcing model with enhanced execution from tax advantaged and lower cost centres
- Bundled offering of VFX & 3D conversion services
- Increase profitability of Indian post production and visual effects business with consolidation

24-36 months

EBITDA Margin up by 4-5%

■ Phase 3

- Partner of choice for M&E services across Hollywood, Bollywood & other major markets like China
- Global scalability of PFT's enhanced Cloud based Media ERP platform for content production, broadcast and exhibition segments
- Optimize capacity utilization and maximize delivery from tax advantaged & low-cost facilities

Section 6

Outlook

FY16 marks the beginning of a new chapter for PFL, one focussed on increased scale and sustainability across all businesses. In Creative Services, the revenue synergies in terms of bundled offering of VFX & 3D conversion and cross-selling opportunities which have started to accrue in FY15 are expected to bear fruits in the coming year. All the cost consolidation initiatives taken in last year, along with cost advantages from Dneg's newly established Vancouver & Mumbai facilities will help in reaching the long term profitability target of 20%.

According to Pricewaterhouse Coopers' Global Entertainment and Media Outlook 2015-19, gradually improving global economic growth will drive revenues for filmed entertainment. Global filmed entertainment revenue is forecast to rise at a CAGR of 4.1% to 2019 and reach US\$104.2 billion. China will dominate this surge in growth with a 14.5% CAGR, while the US, the world's leading market, will see a CAGR of 4.6% for the period 2015-19. The report also estimates that the global box office will be driven by a combination of Hollywood as well as local films, with local films increasing their share of country box offices. Global box office revenues are predicted to grow at a CAGR of 5.7% to US\$48.5 billion, compared to US\$36.7 billion in 2014.

With the economy back on a high-growth track and the return of confidence amongst investors and consumers alike, the outlook for the Indian media and entertainment industry is positive and optimistic. According to the FICCI-KPMG Indian Media and Entertainment Industry Report 2015, the Indian Media and Entertainment industry is forecasted to grow at a CAGR of 13.9% between 2014 and 2019. Digitization will continue to drive growth and open up new avenues as widespread reach of internet through a plethora of cheap and smart devices and falling data rates democratize choices, making growth more secular across categories, particularly digital advertising. As film makers keep discovering the amazing impact of animation and VFX and the spectacular

difference it makes to their story-telling, this segment along with post-production, is expected to continue growing at a handsome rate till 2019. PFL being one of the leading players in the fast growing Indian M&E Industry is all poised to grow and monetize the opportunity.

With the growth of digital content comes higher resolution formats, multiple versions, custom edits, devices, and global service providers. These increased volume, transcoding and distribution requirements seem to cry out for a more cost-effective, scalable solution. The growth of digital content is causing an exponential growth in physical hardware resulting in increased data center space and power. PFT's global expansion is expected to gather higher pace post the Company's investment in a global sales team, marketing spend & product development in FY15 which is expected to continue in FY16.

In summary, Prime Focus Limited (PFL)- the world's largest integrated media services powerhouse post the last three landmark transactions and their successful integration, is all set for profitable growth.

Section 7

OPPORTUNITIES AND THREATS

Digital transformation and continued disruption are the overriding concerns as well as the greatest opportunities facing the media and entertainment industry of the future. There is a tectonic shift in the online and mobile distribution of content. The problem faced by the industry is that this shift is extremely swift which does not allow the industry to adjust and adapt to the new ways of distribution and consumption. There continues to be a greater union of digitalization with various forms of media content. This greatly emphasizes companies to focus more on technology improvements and innovations in order to provide astounding customer experiences. Domestically, there is a remarkable shift in the industry starting with digitalization of television by implementation of DTH to conversion from 2D viewing to 3D viewing of content. Internationally, there is a steady transformation in the distribution technology from 3G to 4G which demands for greater speed and better technology for content distribution.

Innovation in technological solutions adopted by market participants throughout the industry will be crucial in their survival in this fast changing industry landscape. 4K UHD TV has generated a lot of excitement and press attention since the start of 2013. At the 2013 Consumer Electronics Show (CES), all the major display vendors announced and demonstrated 4K UHD TV consumer displays. In parallel, global broadcasters and media organizations have been testing 4K UHD TV production including Sky,

Netflix, and RAI, with transmission tests supported by SIS Live, Ericsson and others. RMW merger will add Lowry digital in Prime Focus's portfolio which is equipped with 2K to 4K conversion and hence is in a better position to monetize on the upcoming opportunity.

Section 8

RISK AND CONCERNS

Risks are an integral part of any business. Successful companies have a robust risk-management policy that regularly identifies any foreseen risk, evaluates its impact and takes suitable action to mitigate or minimize the effect of such risks.

At PFL, we foresee the following risks:

Macro-economic trends:

With the advent of globalization, economic turbulence in one part of the world affects everyone. Since early 2009, the global economy has faced a marked slowdown which has affected fresh investments and impacted overall consumption. Although, the global economic outlook seems to have stabilized, it will still take considerable time for the economy to completely recover.

Geographical risks:

Prime Focus is present in multiple markets which makes it fallible to regional pressures. Hence, the risk of being largely affected by events which unfold in a particular geography is redundant. The Company further diversifies its operations in regional markets like Tamil, Telugu and Kannada to further mitigate its risk.

Currency fluctuation:

The Company accrues income from various parts of the world as it has operations and dealings with customers all across the globe. This results in a huge risk of currency fluctuation. To combat this situation the Company has in place an efficient foreign exchange management team that continuously monitors the currency markets.

Competition:

Where there is opportunity, there will be competition. With the growth in demand for animation and VFX there is an influx of new market participants as everyone tries to take their share of this lucrative opportunity. Super specialization has become the norm of the industry and with the growing demand for quality content there is a huge gap to be filled. Prime Focus realizes the significance of this threat and is making

conscious efforts in this direction. The Company has a strong brand recall, a portfolio of offerings and is also expanding this space to be competitive. Moreover, the Company has delivered award winning work and established relationships with major studios around the globe.

Rising Costs

Though not a direct risk, the rising cost of talent and marketing/promotion in films had an effect on the amount available for creative services like animation, VFX and post-production services. However, the success of recent films like Bang Bang and Singham Returns have more than adequately showcased that investment made in quality creative services add to the films' overall appeal, increasing the entertainment quotient of the film significantly. PFL works with top global studios where the value addition brought in by creative services have already been proven. In these international projects, it is not the cost, but the quality of creative services and timely delivery that is important. PFL has an enviable track-record of working on some of the biggest international blockbusters, and therefore, the risk of managing costs is particular to Indian films, which is largely mitigated by PFL's global project portfolio as well as increasing awareness amongst Indian producers about the power of creative services.

Talent Retention

PFL's creative business is highly skill and talent oriented. Specialized skills like computer graphics are always sought after by rivals in the industry, and therefore, retaining talent is one of the key focus areas of the Company. The Company offers the best working conditions, remuneration and growth prospects to its employees. Employee satisfaction is always at the core of all HR policies of the Company. Moreover, the Company has a huge talent pool spread across the globe which also encourages employees to be part of a global organization, as well as mitigating the risk of attrition.

Section 9

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company is constantly endeavouring to improve the standards of internal control in various areas and taking steps to strengthen the internal control system to make it commensurate with the size of the respective entities and the nature of their business. The Internal Controls in the Company operates through well-documented standard operating procedures, policies and process guidelines. The Company's accounting and reporting guidelines ensure that transactions are recorded and reported in conformity with Generally Accepted Accounting Principles. The Company also has a Code of Business Conduct which lays down the ethical standards

expected of each of its employees and business associates in their everyday actions. The Company has a robust internal audit programme which is conducted by a professional firm appointed by the Company. They conduct a risk based audit with a view to test the adherence to laid down policies and procedures and suggest improvements in processes and systems. Internal Audit observations and recommendations are reported to the Audit Committee, which monitors the implementation of such recommendations.

Section 10

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

The Company believes employees are the most valuable resource for any organization. The Company has laid down stringent measures to make sure that the safety and health of its employees are secured. The Company has a professional and healthy work culture built around strong corporate values. It also encourages and supports its employees to upgrade their skills on a continual basis through organizing skill development programmes. Employees are also encouraged to participate in professional skills and training development courses.

The total number of personnel's as on June 30, 2015 was over 6,000.

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 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. Company undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.

REPORT ON CORPORATE GOVERNANCE

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 confirm 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 a combination of 3 Executive and 2 Non-Executive Directors and 4 Independent Non-Executive Directors. With the appointment of Mr. Amit Bapna as Non-Executive Director with effect from September 16, 2015, in terms of Clause 49 (I) (A) of the Listing Agreement, the number of Independent Directors required on the Board has increased to 5. The Company has initiated necessary steps to comply with this requirement at the earliest. 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. The appointment of the Managing Director and Executive Directors including the tenure and terms of remuneration are also approved by the members at the first meeting after the said appointment.

The required information, including information as enumerated in Annexure X to Clause 49 of the Listing Agreement is made available to the Board of Directors for discussions and consideration at Board Meetings. The Executive 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 Clause 49 (IX) of the Listing Agreement, pertaining to CEO and CFO certification for the Financial Year ended June 30, 2015

During the year under review fourteen Board meetings were held on July 02, 2014, August 01, 2014, August 28, 2014, November 14, 2014, December 29, 2014, January 28, 2015, February 14, 2015, February 20, 2015, March 04, 2015, April 07, 2015, April 17, 2015, May 05, 2015, May 08, 2015 and May 15, 2015. 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 | Chairperson in Committees of other Companies #2 | No. of meetings attended during the year #6 | Attendance at last Annual General Meeting | Shareholding in the Company |
|--------|--|--|--|---|---|---|---|-----------------------------|
| 1. | Mr. Namit Malhotra DIN: 00004049 | Chairman & Executive Director (Promoter) | Nil | Nil | Nil | 2 | Present | 1,49,00,000 |
| 2. | Mr. Naresh Malhotra DIN: 00004597 | Whole-Time Director(Promoter) | 3 | Nil | Nil | 14 | Present | 6,22,01,546 |
| 3. | Mr. Ramakrishnan Sankaranarayanan DIN: 02696897 | Managing Director | 5 | Nil | Nil | 5 | Present | 50 |
| 4. | Mr. Nainesh Jaisingh #3 DIN: 00061014 | Non - Executive Director | 2 | Nil | Nil | 1 | - | Nil |
| 5. | Mr. Vibhav Parikh #3 DIN: 00848207 | Non-Executive Director (Alternate to Mr. Nainesh Jaisingh) | Nil | Nil | Nil | 13 | Present | Nil |
| 6. | Mr. Amit Bapna #5 DIN: 00008443 | Additional Director (Non-Executive) | 5 | 2 | Nil | N.A. | N.A. | Nil |
| 7. | Mr. Kodi Raghavan Srinivasan DIN: 00012449 | Non- Executive Director (Independent) | Nil | Nil | Nil | 6 | Absent | Nil |
| 8. | Mr. Padmanabha Gopal Aiyar DIN: 02722981 | Non- Executive Director (Independent) | Nil | Nil | Nil | 9 | Absent | Nil |
| 9. | Mr. Rivkaran Chadha DIN: 00308288 | Non- Executive Director (Independent) | 5 | Nil | 3 | 14 | Absent | Nil |
| 10. | Dr. (Mrs.) Hemalatha Thiagarajan #4 DIN: 07144803 | Additional Director (Non-Executive Independent) | Nil | Nil | Nil | 2 | N.A. | Nil |

Notes:

- #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. Vibhav Parikh was appointed as alternate to Mr. Nainesh Jaisingh (Nominee of Standard Chartered Private Equity (Mauritius) III Limited and Standard Chartered Private Equity (Mauritius) Limited) with effect from November 5, 2012.
- #4 Dr. (Mrs.) Hemalatha Thiagarajan was appointed on the Board of the Company with effect from March 31, 2015.
- #5 Mr. Amit Bapna was appointed on the Board of the Company as a Nominee of Reliance MediaWorks Ltd. with effect from September 16, 2015.
- #6 Includes meetings attended via video conference facility.

Annual Independent Directors Meeting: In accordance with the provisions of schedule IV of the Act, a separate meeting of the Independent Directors was held during the year on April 07, 2015, 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 provisions of Clause 49 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.

3. COMMITTEES OF THE BOARD

The Board Committees play 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 statutory and non-statutory Committees:

A. AUDIT COMMITTEE

The Audit Committee of the Company functions in accordance with the requirement of Section 177 of the Act and Clause 49 of the Listing Agreement. The composition of the Audit Committee is in compliance of Clause 49(III) (A) of the Listing Agreement. The Audit Committee comprises of five Directors, out of which three are Independent Director and two are Non-Executive Directors. 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. During the year under review, five Audit Committee meetings were held on August 01, 2014, August 28, 2014, November 14, 2014, February 14, 2015 and May 15, 2015.

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 during the year |
|--|--------------------------------------|-----------|----------------------------------|
| Mr. Rivkaran Chadha | Independent & Non-Executive Director | Chairman | 5 |
| Mr. Kodi Raghavan Srinivasan | Independent & Non-Executive Director | Member | 4 |
| Mr. Padmanabha Gopal Aiyar ^{#1} | Independent & Non-Executive Director | Member | 1 |
| Mr. Nainesh Jaisingh ^{#2} | Non-Executive Director | Member | 1 |
| Mr. Vibhav Parikh ^{#2} | | | 4 |
| Mr. Amit Bapna ^{#3} | Non-Executive Director | Member | N.A. |

#1 Mr. Padmanabha Gopal Aiyar was appointed as a member with effect from November 14, 2014.

#2 Mr. Vibhav Parikh was appointed as alternate to Mr. Nainesh Jaisingh with effect from November 5, 2012.

#3 Mr. Amit Bapna was appointed as a member with effect from September 16, 2015.

Terms of Reference:

The broad terms of reference includes the following as is mandated in Clause 49 of the Listing Agreement 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 auditors' report thereon before submission to the Board for approval with particular reference to the matters stated under sub clause (a) to (g) of Clause 49(II)(D)(4)
- e. Reviewing, with the management the quarterly financial statements 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 CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) 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, Mumbai (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. Devising a policy on Board diversity;
- c. 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.
- d. Recommend to the Board appointment or re-appointment of Directors and Key Managerial Personnel (KMP) as defined by the Act.
- e. Carry out evaluation of every Director's performance and support the Board and Independent Director in evaluation of the performance of the Board, its committees and individual Directors. This shall include 'formulation of criteria of evaluation of Independent Director and Board'.
- f. Recommend the Remuneration policy for Directors, KMP, executive team and other employees.

During the year under review, three meetings of the Committee were held on August 01, 2014, August 28, 2014 and November 14, 2014. The decisions are taken by the Committee, at meetings or by passing circular resolutions.

As on the date of signing this report, the Nomination and Remuneration Committee comprises of 4 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 | Meeting attended during the year |
|---|--------------------------------------|-----------|----------------------------------|
| Mr. Rivkaran Chadha | Independent & Non-Executive Director | Chairman | 3 |
| Mr. Kodi Raghavan Srinivasan | Independent & Non-Executive Director | Member | 1 |
| Mr. Padmanabha Gopal Aiyar | Independent & Non-Executive Director | Member | 3 |
| Mr. Nainesh Jaisingh | Non-Executive Director | Member | 1 |
| Mr. Vibhav Parikh (alternate to Mr. Nainesh Jaisingh) | | | 2 |

The NRC recommended the following policies and criteria pursuant to the provisions of the Act and the Listing Agreement, which were adopted and implemented by the Board:

1. Remuneration Policy for Directors, Key Managerial Personnel and other employees;
2. Process on evaluation of the Board of Directors, Committee thereof and individual directors;
3. Policy on Board Diversity;
4. Familiarisation Programme for Independent Directors, available on the website of the Company; and
5. Definitive criteria for selection and appointment of Independent Directors.

Remuneration Policy

The Company adopted a Remuneration Policy for Directors, Key Managerial Personnel and other employees in accordance with the provisions of the Act and the Listing Agreement. For details on the Remuneration Policy, kindly refer to the 'Annexure-C' of the Directors' Report.

Remuneration to Directors:

Non-Executive Director:

The Non-Executive Directors of the Company are paid sitting fees of ₹ 20,000/- per meeting for attending the meeting of the Board of Directors. No sitting fees is paid to the Directors for attending the Meeting of the Committees of the Board.

Details of the Remuneration paid to Non-Executive Directors for the year ended June 30, 2015 is as follows:

| Name of Director | Remuneration Paid (in ₹) | Sitting Fees (in ₹) | Total (in ₹) |
|--|--------------------------|---------------------|--------------|
| Mr. Padmanabha Gopal Aiyar | - | 1,80,000 | 1,80,000 |
| Mr. Rivkaran Chadha | - | 2,80,000 | 2,80,000 |
| Mr. Kodi Raghavan Srinivasan | - | 1,20,000 | 1,20,000 |
| Mr. Nainesh Jaisingh | - | 20,000 | 20,000 |
| Mr. Vibhav Parikh (Alternate to Mr. Nainesh Jaisingh) | - | 2,60,000 | 2,60,000 |
| Dr. (Mrs.) Hemalatha Thiagarajan | - | 40,000 | 40,000 |

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 Managerial Remuneration paid to the Executive Chairman, Managing Director and Whole time Director for the Financial year ended June 30, 2015 during FY 14-15 and the terms of their appointment, is given below:

Pursuant to Schedule V of the Act, breakup of Remuneration paid per annum to the Executive/Whole-time Directors is given below:

| Name of the Director | Naresh Malhotra Whole Time Director | Namit Malhotra Executive Chairman | Ramakrishnan Sankaranarayanan Managing Director |
|-------------------------------|--|--------------------------------------|--|
| Remuneration (in ₹) | 60,00,000 p.a. | 50,00,000 p.a. | 50,00,000 p.a. |
| Stock Options | Nil | Nil | Nil |
| Service Contracts | 5 years | 3 years | 3 years |
| Performance linked Incentives | Nil | Nil | Nil |
| Notice period | N.A. | N.A. | N.A. |
| Severance fees | N.A. | N.A. | N.A. |

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:

- Review statutory compliance relating to all securities holders.
- 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.
- Oversee compliances in respect of dividend payments and transfer of unclaimed amounts to the Investor Education and Protection Fund.
- Approve issue of duplicate certificates of the Company.
- 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 Listing Agreement and provisions of the Act. During the year under review, four meetings were held on the August 28, 2014, November 14, 2014, February 14, 2015 and May 15, 2015.

As on the date of signing this report, the Committee comprises of 4 Directors. The Composition of Committee and attendance at the meeting is as follows:

| Composition | Positions | Meetings attended during the year |
|---|-----------|-----------------------------------|
| Mr. Rivkaran Chadha | Chairman | 4 |
| Mr. Kodi Raghavan Srinivasan | Member | 2 |
| Mr. Naresh Malhotra | Member | 4 |
| Mr. Nainesh Jaisingh | Member | 1 |
| Mr. Vibhav Parikh (alternate to Mr. Nainesh Jaisingh) | | 3 |

Compliance Officer

Ms. Parina Shah, Company Secretary is also designated as the Compliance Officer of the Company as per the requirements of the Listing Agreement. In terms of Clause 47(f) of the Listing Agreement, the designated e-mail address for investor complaints is ir.india@primefocus.com.

Complaints from Investors

During the financial year 2014-15, the Company had not received any complaints 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-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai - 400078.

D. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

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

- 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;
- 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 November 14, 2014. The composition of the CSR Committee and attendance at its meeting is given hereunder:

| Composition | Position | Attendance at Meeting held on November 14, 2014 |
|---|----------|---|
| Mr. Rivkaran Chadha | Chairman | Present |
| Mr. Naresh Malhotra | Member | Present |
| Mr. Nainesh Jaisingh | Member | Present |
| Mr. Vibhav Parikh (alternate to Mr. Nainesh Jaisingh) | | -- |

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 comprising of the following members:

| 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 |

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. INDEPENDENT DIRECTORS' COMMITTEE (IDC)

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.

As per Clause 26 (7) of SEBI Takeover Regulations, IDC 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.

G. RISK MANAGEMENT COMMITTEE

Risk Management Committee was constituted by the Board at its meeting held on November 14, 2014 pursuant to the provisions of the Listing Agreement, comprising of three directors namely Mr. Naresh Malhotra, as Chairman, Ramakrishnan Sankaranarayanan, Nainesh Jaisingh (or his alternate Mr. Vibhav Parikh during his absence) and Mr. Vikas Rathee as Members.

The Risk Management Committee shall be responsible to monitor and review the risk management plan of the Company.

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 |
|----------------|--------------------|---|------------|
| 2011-2012 | September 29, 2012 | Prime Focus Office, Main Frame IT Park, Building – H, Royal Palms, Near Aarey Colony, Goregaon (East), Mumbai – 400 065 | 11.30 a.m. |
| 2012-2013 | September 30, 2013 | Prime Focus Office, Main Frame IT Park, Building – H, Royal Palms, Near Aarey Colony, Goregaon (East), Mumbai – 400 065 | 10.00 a.m. |
| 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. |

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 |
|-------------------------|--------------------------------------|---|
| September 29, 2012 | 2 | <ol style="list-style-type: none"> 1. Appointment of Mr. Ramakrishnan Sankaranarayanan as Managing Director of the Company 2. Raising of funds by issue via Placement to Qualified Institutional Buyers (QIB) / ADR / GDR / FCCB and / or any other Convertible instrument(s) and also preferential allotment of shares or warrants or other convertible instruments to the extent of \$ 100 million |
| September 30, 2013 | 1 | <ol style="list-style-type: none"> 1. Alteration to the Articles of Association of the Company |
| December 24, 2014 | 4 | <ol style="list-style-type: none"> 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 |

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 |
|--|--------------------------------------|--|
| November 3, 2012 | 1 | <ol style="list-style-type: none"> 1. Preferential Allotment of equity Shares |
| December 20, 2012 | 2 | <ol style="list-style-type: none"> 1. Alteration of Articles of Association by inserting Part III and Part IV in the existing Articles 2. Variation of terms of contract mentioned in the Prospectus/ utilization of IPO proceeds. |

| | | |
|------------------|---|--|
| August 1, 2014 | 6 | <ol style="list-style-type: none"> Increase in the Authorised Share Capital from ₹ 25,00,00,000/- to ₹ 35,00,00,000/- and alteration of the Capital Clause in the Memorandum of Association of the Company. 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 Authorization for ESOP Scheme of the Company 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 Appointment of Mr. Ramakrishnan Sankaranarayanan as a Managing Director for a period of 3 (three) years with effect from June 25, 2014 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 | <ol style="list-style-type: none"> 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, the following resolution was passed through Postal Ballot:

| Date of passing of postal ballot resolution | Number of Special Resolutions passed | Details of Special Resolutions passed through Postal ballot | % of votes in favour on votes polled | % of votes against on votes polled |
|---|--------------------------------------|---|--------------------------------------|------------------------------------|
| September 10, 2014 | 3 | 1. Authorization to the Board of Directors to borrow moneys on behalf of the Company | 99.99 | 0.001 |
| | | 2. Authorization to the Board of Directors to create mortgage/pledge/hypothecation/charge on all or any of the movable/immovable properties of the Company for securing the borrowings of the Company | 99.99 | 0.001 |
| | | 3. Ratification of agreement to sell off/transfer or otherwise dispose off the "Backend" Business and Undertaking of the Company to Prime Focus World Creative Services Pvt. Ltd. | 100 | 0.00 |

The Company successfully completed the process of obtaining approval of its Members on the aforesaid special resolutions during the F.Y. 2014-15.

Procedure for Postal Ballot:

- The Board of Directors of the Company at its meeting held on August 01, 2014, had appointed Ms. Shilpa Ray, Practicing Company Secretary, as Scrutinizer for conducting Postal Ballot process in accordance with the law and in a fair and transparent manner.
- The Company had completed the dispatch of the Postal Ballot Notice dated August 01, 2014 together with the explanatory Statement on August 07, 2014, along with forms and postage prepaid business reply envelopes to all the shareholders whose name(s) appeared on the Register of Members/list of beneficiaries as on July 25, 2014.
- The voting (including e-voting) under postal ballot was kept open from Tuesday, August 08, 2014 to Saturday, September 06, 2014 (either physically or through electronic mode).

4. Particulars of postal ballot forms received from the Members using the electronic platform of CDSL were entered in a register separately maintained for the purpose.
5. The postal ballot forms were kept under his safe custody in sealed and tamper proof ballot boxes before commencing the scrutiny of such postal ballot forms.
6. All postal ballot forms received/receivable up to the close of working hours on September 06, 2014 the last date and time fixed by the Company for receipt of the forms, were considered for the scrutiny.
7. Envelopes containing postal ballot forms received after close of business hours on September 06, 2014 were not considered for the scrutiny.
8. On 10th September, 2014, Mr. Naresh Malhotra, Whole-time Director of the Company announced the results of the postal ballot as per the Scrutinizer's Report. The results of the postal ballot are also available on the website on the Company viz www.primefocus.com.

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 Clause 49 of the Listing Agreement, the Board of Directors at its meeting held on August 28, 2014 had 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 various rules and regulations 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. No penalties or structures have been imposed by them on the Company during the last three years.

c. Whistle Blower Policy/Vigil Mechanism

Pursuant to Clause 49 of the Listing Agreement and the provisions of Section 177 of the Act, the Board of Directors at its meeting held on May 12, 2014 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 June 30, 2015 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 Clause 49 (IX) of the Listing agreement, 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 Clause 49 of the Listing Agreement. 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 of Clause 49 of the Listing Agreement, the Company has complied with the following:

Reporting of Internal Auditor - The Internal Auditor reports directly to the Audit Committee.

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 Clause 49 of Listing Agreement. 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 Clause 41 of the Listing Agreement within prescribed time limits. Quarterly results are submitted to the Stock Exchanges in terms of the requirements of Clause 41 of the Listing Agreement.
- b. The quarterly/half yearly and annual financial results are regularly submitted to Stock Exchanges in accordance with the Listing Agreement and published in one English daily i.e. Economic Times or The Free Press Journal and one Marathi daily newspapers i.e. Maharashtra Times or 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 Clause 54 of the Listing Agreement. 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):

Clause 5A I of the Listing Agreement 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 June 30, 2015, 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 2014-15 i.e. as on July 1, 2014. | 15 | 3960 |
| Number of Shareholders who approached for Issuer/Registrar for transfer of shares from suspense account during the year 2014-15. | - | - |
| Number of shareholders whom shares were transferred from suspense account during the year 2014-15. | - | - |
| Number of Shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. as on June 30, 2015 | 15 | 3960 |

b. Status of Unclaimed dividend:

During the year under review, the Company transferred unclaimed dividend for the F.Y. 2007-2008 remaining unclaimed for seven years to the Investor Education and Protection Fund established by the Central Government (IEPF) pursuant to Section 205C of the erstwhile Companies Act, 1956 on September 20, 2014.

9. SUBSIDIARY COMPANIES

The Company has adopted a Policy for Determining Material Subsidiaries of the Company, pursuant to the provisions of Clause 49 (V) (D) of the Listing Agreement., 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 revised Clause 49 of the Listing Agreement 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 Clause 49 of the Listing Agreement, 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

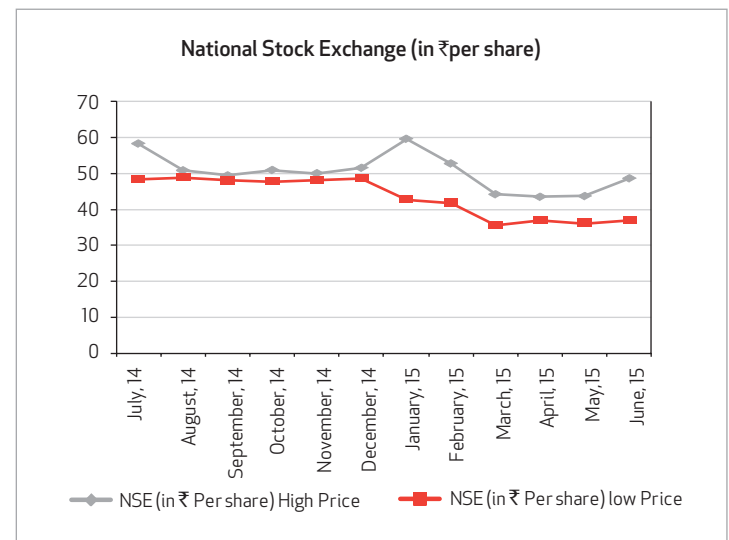
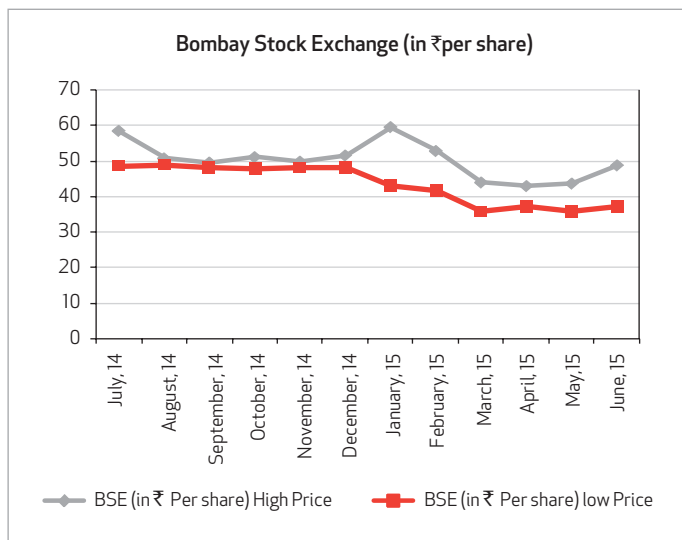
| | | |
|----|-----------------------------|---|
| 1. | Annual General Meeting | Date: December 24, 2015 Time: 10.00 a.m. |
| | Date, Time and Venue | Venue: 9th Floor, 'True North', Plot no. 63, Road no. 13, Opp. Hotel Tunga Paradise, MIDC, Andheri (East), Mumbai - 400093 |
| 2. | Financial Year | June 30, 2015 |
| 3. | Dates of Book Closure | Monday, December 14, 2015 to Thursday, December 24, 2015 (Both days inclusive) |
| 4. | Dividend | In view of Losses in financial year 2014 -15, 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 2015-16 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 & Transfer Agents | Link Intime India Private Limited Add:-C-13 Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup, Mumbai - 400078 Phone no:022- 25946970 Fax no.:022-25946969 Website: www.linkintime.co.in ; email: mt.helpdesk@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. | Plant Location | <p>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:</p> <p>Santacruz Office Anand Kunj, Linking Road, Santacruz (West), Mumba-400054</p> <p>Goregaon - Mainframe Office Building-H, Mainframe, Royal Palms, Aarey Milk Colony, Goregaon (East), Mumbai-400065</p> <p>Goregaon-Film City Office Dadasaheb Phalke Film City, Goregaon (East), Mumbai-400065.</p> <p>Khar Office Prime Focus House, Linking Road, Opposite Citibank, Khar (West), Mumbai-400052.</p> <p>Hyderabad Office Rama Naidu Studios Complex, 79, Film Nagar, Jubilee Hills, Hyderabad - 500033, India.</p> |
| 10. | Address for Correspondence | <p>Ms. Parina Shah, Company Secretary and Compliance Officer Prime Focus Limited Registered Office: Prime Focus House, Linking Road, Opposite Citibank, Khar (West), Mumbai-400052, India. Phone: +91-22-67155000; Fax: +91-22-67155001 Website: www.primefocus.com; email: ir.india@primefocus.com</p> |
| 11. | Dematerialization of Shares and liquidity | <p>As on June 30, 2015; 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.</p> |
| 12. | Electronic Clearing Services (ECS) | <p>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.</p> |
| 13. | Investor Complaints to be addressed to | <p>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.</p> |
| 14. | Outstanding GDRs/ ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity impact on equity. | <p>The Company has not issued any GDRs/ ADRs/ Warrants. There are no outstanding convertible instruments as on June 30, 2015.</p> |

b. Market Price Data

The price of the Company's Share-High, Low during each month in the last financial year 2014-15 on the Stock Exchanges is given below in a tabular form:

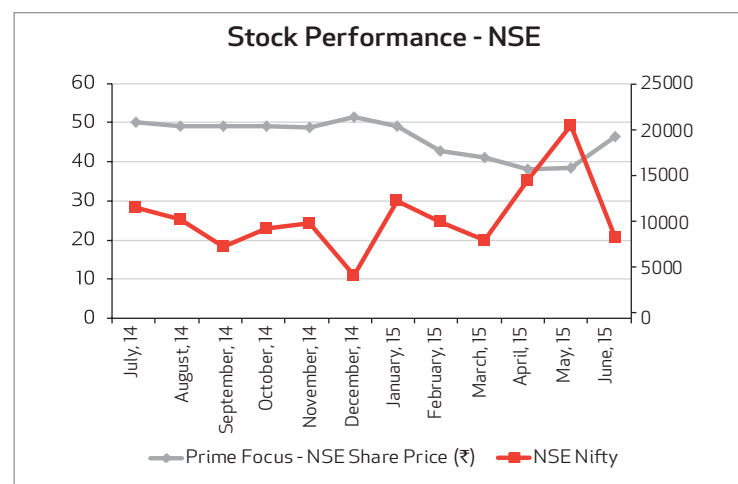
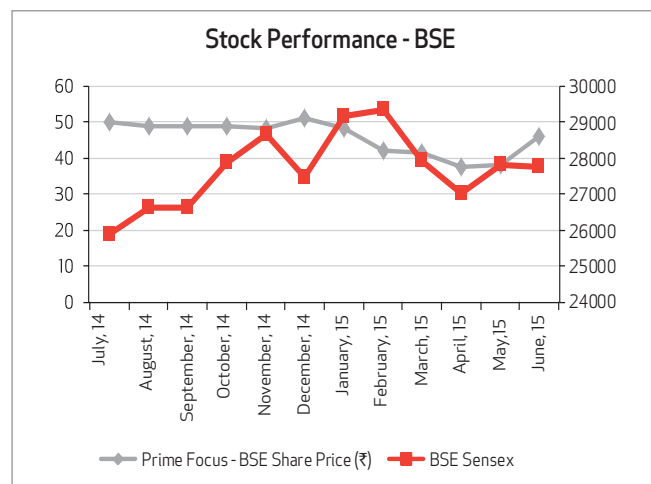
| Month | BSE Limited | | | National Stock Exchange of India Limited | | |
|----------------|-------------|-----------|---------------------------|--|-----------|---------------------------|
| | High Price | Low Price | Volume (No. of shares) | High Price | Low Price | Volume (No. of shares) |
| July 2014 | 58.35 | 48.50 | 95,37,012 | 58.20 | 48.40 | 1649539 |
| August 2014 | 50.70 | 48.80 | 55,65,789 | 50.80 | 48.75 | 797808 |
| September 2014 | 49.55 | 48.05 | 23,27,794 | 49.40 | 48.00 | 373722 |
| October 2014 | 51.05 | 47.75 | 13,03,682 | 50.90 | 47.70 | 317340 |
| November 2014 | 49.80 | 48.20 | 16,29,642 | 50.00 | 48.15 | 185716 |
| December 2014 | 51.50 | 48.00 | 38,77,661 | 51.50 | 48.50 | 567495 |
| January 2015 | 59.40 | 43.05 | 30,69,613 | 59.50 | 42.70 | 335687 |
| February 2015 | 52.75 | 41.65 | 8,32,020 | 52.70 | 41.80 | 105924 |
| March 2015 | 44.00 | 35.85 | 7,52,224 | 44.20 | 35.60 | 98523 |
| April 2015 | 43.00 | 37.30 | 4,84,245 | 43.50 | 37.00 | 64391 |
| May 2015 | 43.70 | 36.00 | 3,89,061 | 43.70 | 36.10 | 71157 |
| June 2015 | 48.75 | 37.25 | 2,98,111 | 48.60 | 37.00 | 53511 |



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 (Rupees) | Sensex | NSE Share Price (Rupees) | NSE Nifty |
|----------------|--------------------------|--------|--------------------------|-----------|
| July 2014 | 49.90 | 25895 | 49.85 | 11718 |
| August 2014 | 49.00 | 26638 | 49.00 | 10417 |
| September 2014 | 48.85 | 26631 | 48.95 | 7468 |
| October 2014 | 48.75 | 27866 | 48.80 | 9451 |
| November 2014 | 48.60 | 28694 | 48.60 | 10053 |
| December 2014 | 51.30 | 27499 | 51.25 | 4221 |
| January 2015 | 48.65 | 29183 | 48.85 | 12385 |
| February 2015 | 42.35 | 29362 | 42.50 | 10064 |
| March 2015 | 41.35 | 27957 | 40.55 | 8108 |
| April 2015 | 37.50 | 27011 | 37.80 | 14755 |
| May 2015 | 38.10 | 27828 | 38.10 | 20736 |
| June 2015 | 46.10 | 27781 | 46.05 | 8426 |

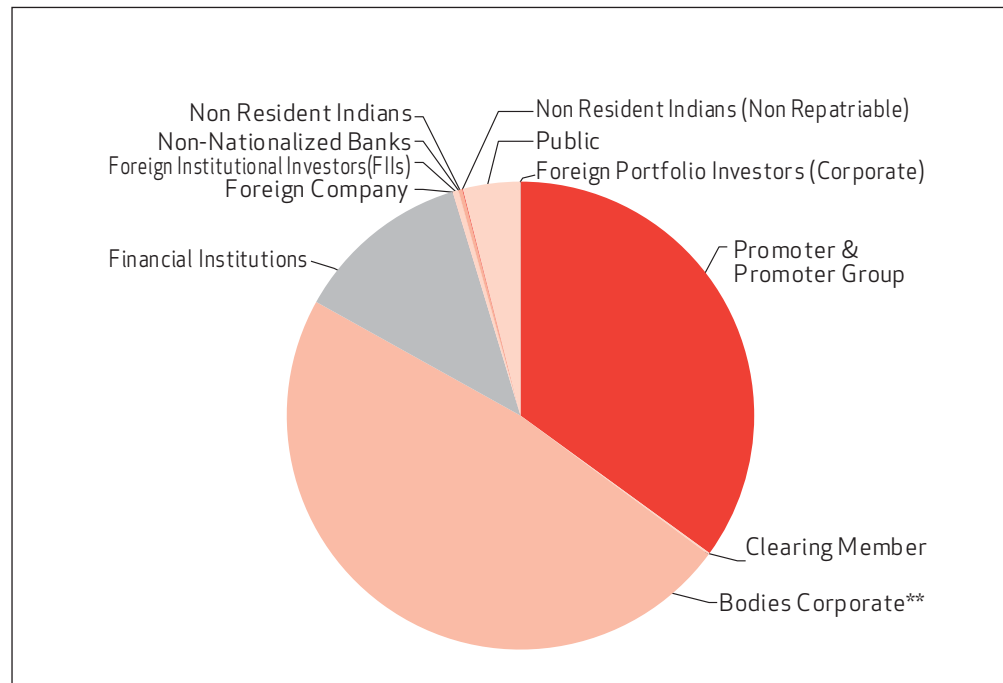


d. Distribution of Shareholding as on June 30, 2015

The broad shareholding distribution of the Company as on June 30, 2015 with respect to categories of investors was as follows:

| Sr.No. | Category | No. of Equity Shares | Percentage% |
|--------|---|----------------------|-----------------|
| 1. | Promoter & Promoter Group | 104607641 | 35.0000 |
| 2. | Clearing Member | 340370 | 0.1139 |
| 3. | Bodies Corporate** | 143342338 | 47.96 |
| 4. | Foreign Company | 36549990 | 12.230 |
| 5. | Financial Institutions | 21666 | 0.0072 |
| 6. | Foreign Institutional Investors(FIIs) | 1174041 | 0.3928 |
| 7. | Non-Nationalized Banks | 27870 | 0.0093 |
| 8. | Non Resident Indians | 811912 | 0.2717 |
| 9. | Non Resident Indians (Non Repatriable) | 159086 | 0.0532 |
| 10. | Public | 11829364 | 3.9579 |
| 11. | Foreign Portfolio Investors (Corporate) | 14696 | 0.0049 |
| | Total | 29,88,78,974 | 100.0000 |

** As set out in the Letter of Offer dated December 08, 2014 issued by Reliance MediaWorks Limited alongwith Reliance Land Private Limited (Person Acting in Concert 1), Mr. Namit Malhotra (Person Acting in Concert 2), Mr. Naresh Malhotra (Person Acting in Concert 3), Monsoon Studio Private Limited (PAC 4), this includes 13,40,80,061 shares held by Reliance MediaWorks Limited, a person acting in concert with the Promoters.



c. The broad shareholding distribution of the Company as on June 30, 2015 with respect to/ holdings was as follows:

| Range | No. of Holders | Percentage % | No. of Shares | Percentage % |
|-----------------|----------------|-----------------|------------------|-----------------|
| 1-500 | 9109 | 75.6813 | 1652779 | 0.5530 |
| 501-1000 | 1400 | 11.6318 | 1189100 | 0.3979 |
| 1001-2000 | 653 | 5.4254 | 1044160 | 0.3494 |
| 2001-3000 | 233 | 1.9359 | 617228 | 0.2065 |
| 3001-4000 | 106 | 0.8807 | 398700 | 0.1334 |
| 4001-5000 | 133 | 1.1050 | 641442 | 0.2146 |
| 5001-10000 | 198 | 1.6451 | 1524114 | 0.5099 |
| 10001 and above | 204 | 1.6948 | 291811451 | 97.6353 |
| Total | 12036 | 100.0000 | 298878974 | 100.0000 |

On behalf of the Board of Directors

Naresh Malhotra
Whole-Time Director
DIN: 00004597

Ramakrishnan Sankaranarayanan
Managing Director
DIN:02696897

Place: Mumbai

Date: September 16, 2015

ANNUAL DECLARATION BY THE CHIEF EXECUTIVE OFFICER PURSUANT TO THE LISTING AGREEMENT

As per the requirements of Clause 49(II)(E)(2) of the Listing Agreement, 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 June 30, 2015.

On behalf of the Board of Directors

Namit Malhotra
Chief Executive Officer

Place: Mumbai

Date: September 16, 2015

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Members,
Prime Focus Limited,
Opp Citi Bank,
Linking Road,
Khar (West).
Mumbai- 400052

We have examined all relevant records of **Prime Focus Limited** (the “Company”) for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement entered into with the BSE Limited and the National Stock Exchange Limited for the financial year ended **30th June 2015**. We have obtained all the information and explanations to the best of our knowledge and belief as were necessary for the purpose of this certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedure and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examination of the records produced, explanations and information furnished, we certify that:

- a. the Company has complied with all the mandatory conditions of the said Clause 49 of the Listing Agreement.

For **S. N. ANANTHASUBRAMANIAN & CO.**
Company Secretaries
Firm Registration No. P1991MH040400

S. N. ANANTHASUBRAMANIAN
PARTNER
C. P. No.:1774

Date: 16th September, 2015
Place: Thane

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PRIME FOCUS LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Prime Focus Limited** ("the Company"), which comprise the Balance Sheet as at June 30, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the Act) with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the 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 June 30, 2015, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 (the Order) issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on June 30, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on June 30, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) 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, 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 financial statements – Refer Note 30 (i) 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Firm Registration No. 117364W)

Abhijit A. Damle

(Partner)

Membership No. 102912

Mumbai, dated: September 16, 2015

Annexure to the Independent Auditors' Report

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

Having regard to the nature of the Company's business / activities/ result during the year, clauses (ii), (v), and (vi) of paragraph 3 of the Order are not applicable to the Company. In respect of other clauses, we report as under:

- 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 Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. However, the fixed assets have not been physically verified by the management during the year, in the absence thereof, we are unable to comment on the discrepancies, if any.
- ii. According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013. In respect of such loans:
 - (a) The receipts of principal amounts and interest have been as per stipulations.
 - (b) There is no overdue amount in excess of ₹ 1 lakh remaining outstanding as at the year-end.
- iii. In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, the Company needs to strengthen the internal control system to make it commensurate with the size of the Company and the nature of its business for the purchases of fixed assets and sale of services. During the course of our audit, we have not observed any continuing failure to correct major weakness in such internal control system.
- iv. According to the information and explanations given to us, in respect of statutory dues:
 - a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities, except for payment of Service Tax and Tax Deducted at Source, where significant delays have been noted.
 - b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at June 30, 2015 for a period of more than six months from the date they became payable.
 - c) There are no cases of non-deposit with the appropriate authorities of disputed dues of Sales Tax, Wealth Tax, Service Tax, Customs Duty, Value Added Tax, and Cess. Details of dues of Income Tax which have not been deposited as on June 30, 2015 on account of disputes are given below:

| Statute | Nature of Dues | Amount involved (₹) | Period to which the amount relates | Forum where dispute is pending |
|----------------------|----------------|---------------------|--|--------------------------------------|
| Income Tax Act, 1961 | Income Tax | 68,756,958 | Assessment year 2007-2008, 2009-2010 and 2010-2011 | Commissioner of Income Tax (Appeals) |
| | | 653,294 | Assessment year 2008-2009 | Income Tax Appellate Tribunal |
| Total | | 69,410,252 | | |

- d) There are no amounts that are due to be transferred by the Company to the Investor Education and Protection Fund.

- v. The Company has no accumulated losses at the end of the financial year, and the Company has incurred cash losses during the current financial year but has not incurred any cash loss during the immediately preceding financial period.
- vi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
- vii. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by Others from banks or financial institutions are not, prima facie, prejudicial to the interests of the Company.
- viii. In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.
- ix. 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 has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 117364W)

Abhijit A. Damle
(Partner)
Membership No. 102912

Mumbai, dated: September 16, 2015

BALANCE SHEET

as at June 30, 2015

in ₹

| | Notes | As at June 30, 2015 | As at June 30, 2014 |
|---|-------|-----------------------|----------------------|
| Equity and Liabilities | | | |
| Shareholders' funds | | | |
| Share Capital | 3 | 298,878,974 | 185,417,436 |
| Reserves and Surplus | 4 | 10,131,127,297 | 4,325,231,206 |
| | | 10,430,006,271 | 4,510,648,642 |
| Non-current liabilities | | | |
| Long-term borrowings | 5 | 3,642,137,017 | 2,626,346,543 |
| Other long-term liabilities | 7 | 635,675,550 | 3,970,260 |
| Long-term provisions | 8 | 22,471,308 | 6,998,021 |
| | | 4,300,283,875 | 2,637,314,824 |
| Current liabilities | | | |
| Short-term borrowings | 9 | 712,706,617 | 857,187,662 |
| Trade payables | | | |
| Total outstanding dues to Micro and Small Enterprise | 32 | - | - |
| Total outstanding dues to Creditors other than Micro and Small Enterprise | | 188,609,840 | 278,759,163 |
| Other current liabilities | 10 | 621,392,904 | 575,835,200 |
| Short-term provisions | 8 | 13,235,197 | 443,185,585 |
| | | 1,535,944,558 | 2,154,967,610 |
| | | 16,266,234,704 | 9,302,931,076 |
| Assets | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets | 11 | 2,694,293,801 | 1,700,457,079 |
| Intangible assets | 12 | 23,535,360 | 32,177,922 |
| Capital work-in-progress | | 3,056,615 | 3,200,365 |
| Non-current investments | 13 | 8,642,817,704 | 2,384,595,576 |
| Deferred tax assets (net) | 6 | 584,413,947 | 1,129,343,192 |
| Long-term loans and advances | 15 | 946,919,138 | 621,123,932 |
| | | 12,895,036,565 | 5,870,898,066 |
| Current assets | | | |
| Trade receivables | 14 | 461,542,999 | 1,392,181,531 |
| Cash and bank balances | 16 | 56,209,753 | 65,429,798 |
| Short-term loans and advances | 15 | 2,689,685,732 | 214,615,588 |
| Other current assets | 17 | 163,759,655 | 1,759,806,093 |
| | | 3,371,198,139 | 3,432,033,010 |
| | | 16,266,234,704 | 9,302,931,076 |
| Notes to accounts | 1-39 | | |

As per our report of even date
For Deloitte Haskins & Sells
Chartered Accountants

Abhijit A. Damle
Partner

Place : Mumbai
Date : September 16, 2015

For and on behalf of the Board of Directors

Naresh Malhotra
Whole-time Director
DIN: 00004597

Vikas Rathee
Chief Financial Officer

Namit Malhotra
Chairman (Executive Director)
and Chief Executive Officer
DIN: 00004049

Parina Shah
Company Secretary

Ramakrishnan Sankaranarayanan
Managing Director
DIN: 02696897

STATEMENT OF PROFIT AND LOSS

for the year ended June 30, 2015

in ₹

| | Notes | For the Year ended June 30, 2015 | For the period ended June 30, 2014 |
|---|---------|-------------------------------------|---------------------------------------|
| Income | | | |
| Revenue from operations-sale of services (net) | | 1,134,935,721 | 2,735,478,868 |
| Other operating income | 25 | 101,013,837 | 17,539,573 |
| Other income | 18 | 110,258,912 | 369,382,517 |
| | | 1,346,208,470 | 3,122,400,958 |
| Expenses | | | |
| Employee benefits expense | 19 | 225,928,422 | 693,500,509 |
| Technician fees | | 158,317,521 | 641,147,739 |
| Finance costs | 20 | 246,678,684 | 281,083,490 |
| Depreciation and amortization expense | 11 & 12 | 235,662,689 | 439,856,043 |
| Other expenses | 21 | 369,292,411 | 490,387,478 |
| | | 1,235,879,727 | 2,545,975,259 |
| Profit before exceptional items and tax | | 110,328,743 | 576,425,699 |
| Exceptional Items | 22 | 157,032,446 | (17,151,087) |
| (Loss) / Profit before tax | | (46,703,703) | 593,576,786 |
| Tax expense | | | |
| Current tax | | (424,230,682) | 444,159,935 |
| MAT credit entitlement | | - | (1,763,157) |
| | | (424,230,682) | 442,396,778 |
| Deferred tax | | 658,628,931 | (487,046,457) |
| Total tax expense | | 234,398,249 | (44,649,679) |
| (Loss) / Profit for the year / period | | (281,101,952) | 638,226,465 |
| Earnings per equity share of face value of ₹ 1 each (before exceptional items) (Refer Note 23) | | | |
| Basic | | (0.67) | 3.37 |
| Diluted | | (0.67) | 3.37 |
| Earnings per equity share of face value of ₹ 1 each (after exceptional items) (Refer Note 23) | | | |
| Basic | | (1.33) | 3.44 |
| Diluted | | (1.33) | 3.44 |
| Notes to accounts | 1-39 | | |

As per our report of even date
For Deloitte Haskins & Sells
Chartered Accountants

Abhijit A. Damle
Partner

Place: Mumbai
Date : September 16, 2015

For and on behalf of the Board of Directors

Naresh Malhotra
Whole-time Director
DIN: 00004597

Vikas Rathee
Chief Financial Officer

Namit Malhotra
Chairman (Executive Director)
and Chief Executive Officer
DIN: 00004049

Parina Shah
Company Secretary

Ramakrishnan Sankaranarayanan
Managing Director
DIN: 02696897

CASH FLOW STATEMENT

for the year ended June 30, 2015

in ₹

| | For the Year ended June 30, 2015 | For the period ended June 30, 2014 |
|---|----------------------------------|------------------------------------|
| Cash flow from operating activities | | |
| (Loss) / Profit before tax | (46,703,703) | 593,576,786 |
| Adjusted for | | |
| Depreciation and amortization expense | 235,662,689 | 439,856,043 |
| (Profit) / Loss on sale of fixed assets (net) | (1,469,559) | 3,010,210 |
| Loss on sale of subsidiary (net of provision ₹ 514,636,483, previous period ₹ Nil) | 106,971,970 | - |
| Unrealized foreign exchange (gain) (net) | (31,473,393) | (122,731,948) |
| Gain on sale of assets on slump sale | - | (1,972,058,739) |
| Bad debts written off (net of provision doubtful debts of ₹ 57,703,641, previous period ₹ 149,144,891) | 10,694,690 | 7,157,852 |
| Provision for doubtful debts/ advances (net) | 48,972,535 | 87,021,380 |
| Loans and advances written off (Net of provision for doubtful loans and advances of ₹ 1,399,495,838, previous period ₹ Nil) | - | - |
| Provision for doubtful loans and advances to a subsidiary | - | 1,353,249,789 |
| Provision for diminution in the value of investment in a subsidiary | - | 514,636,483 |
| Sundry credit balance written back | (31,097,330) | (5,527,359) |
| Interest income | (52,890,824) | (132,993,023) |
| Dividend income | (24,000) | (12,000) |
| Finance Costs | 246,678,684 | 281,083,490 |
| Operating profit before working capital changes | 485,321,759 | 1,046,268,964 |
| Movements in working capital : | | |
| (Decrease) in trade payables | (93,132,410) | (11,480,042) |
| (Decrease) in provisions | (1,073,792) | (1,668,669) |
| (Decrease) / increase in other current liabilities | (473,491) | 2,381,783 |
| Increase / (decrease) in other long-term liabilities | 631,705,290 | (6,909,840) |
| Decrease / (increase) in trade receivables | 884,235,893 | (59,759,432) |
| (Increase) in long-term loans and advances | (1,778,222) | (3,734,573) |
| (Increase) / decrease in short-term loans and advances | (72,607,342) | 30,805,901 |
| (Increase) in other current assets | (60,315,359) | (33,227,419) |
| Cash generated from operations | 1,771,882,326 | 962,676,673 |
| Direct taxes (paid) (net) | (79,680,889) | (63,928,626) |
| Net cash flow generated from operating activities (A) | 1,692,201,437 | 898,748,047 |
| Cash flow from investing activities | | |
| Purchase of fixed assets | (162,310,806) | (213,197,807) |
| Proceeds from sale of fixed assets | 7,649,958 | 5,966,833 |
| Consideration received towards backend sale | 1,675,800,000 | 621,249,000 |
| Purchase of investment in subsidiaries | (6,137,268,791) | (392,521,002) |
| Proceeds from sale of investment in subsidiary | 17,087,534 | 100,000 |
| Loans given to subsidiaries | (2,699,947,462) | (901,136,977) |
| Loans repaid by subsidiaries | 3,103,272,223 | 884,795,007 |
| Inter-corporate deposits given | (26,000,000) | (10,000,000) |
| Inter-corporate deposits received back | 50,500,000 | 5,000,000 |
| Margin money and fixed deposits under lien | 15,492,148 | 29,534,723 |
| Interest received | 22,301,880 | 32,043,234 |
| Dividend received | 24,000 | 12,000 |
| Net cash flow (used in) / generated from investing activities (B) | (4,133,399,316) | 61,845,011 |
| Cash flow from financing activities | | |

CASH FLOW STATEMENT

for the year ended 30th June, 2015

in ₹

| | For the Year ended June 30, 2015 | For the period ended June 30, 2014 |
|--|----------------------------------|------------------------------------|
| Proceeds from long term borrowings (net of expenses) | 1,011,732,985 | 96,088,589 |
| Repayment of long term borrowings | (469,212,808) | (518,959,806) |
| Proceeds from short term borrowings (net) | (144,481,045) | (264,311,692) |
| Proceeds from issuance of shares (including share premium and net of issue expenses) | 2,394,099,992 | - |
| Finance costs paid | (344,669,142) | (283,615,950) |
| Net Cash generated / (used in) from financing activities (C) | 2,447,469,982 | (970,798,859) |
| Net Increase / (decrease) in cash and cash equivalents (A+B+C) | 6,272,103 | (10,205,801) |
| Cash and cash equivalents at the beginning of the year / period | 5,531,414 | 15,737,215 |
| Cash and cash equivalents at the end of the year / period (Refer Note below) | 11,803,517 | 5,531,414 |
| Note: | | |
| Reconciliation of cash and cash equivalents | | |
| Cash and Bank balances | | |
| As per Balance Sheet (Refer Note 16) | 56,209,753 | 65,429,798 |
| less: Other bank balances (Refer Note 16) | 44,406,236 | 59,898,384 |
| As per Cash Flow Statement | 11,803,517 | 5,531,414 |

Notes:

1. 67,307,692 equity shares were issued to Reliance MediaWorks Limited ("RMW") as consideration other than cash towards the transfer of its film and media services business to the Company in accordance with the Business Transfer Agreement dated November 19, 2014 between the Company, RMW and Reliance Land Private Limited. (Refer Note 28)

2. Receivable from N2M Realty Private Limited of Rs. 265,000,000 was transferred to GVS Software Private Limited in consideration for 265,000 Redeemable Convertible Preference Shares of equivalent value. (Refer Note 27)

As per our report of even date

For Deloitte Haskins & Sells

Chartered Accountants

Abhijit A. Damle

Partner

Place: Mumbai

Date : September 16, 2015

For and on behalf of the Board of Directors

Naresh Malhotra

Whole-time Director

DIN: 00004597

Vikas Rathee

Chief Financial Officer

Namit Malhotra

Chairman (Executive Director)

and Chief Executive Officer

DIN: 00004049

Parina Shah

Company Secretary

Ramakrishnan Sankaranarayanan

Managing Director

DIN: 02696897

NOTES TO ACCOUNTS

1. Corporate information

Prime Focus Limited (the Company) is a public listed company domiciled in India and incorporated under the provisions of the Companies Act, 1956. 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. Statement of significant accounting policies:

a. Basis of preparation

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP), including the Accounting Standards specified under section 133 of the Companies Act, 2013 (the 'Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act, 2013. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous period, unless otherwise specified.

b. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Accounting estimates change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

c. Tangible fixed assets

Fixed assets 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 fixed asset 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 fixed assets, 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.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

d. Depreciation

Depreciation on tangible fixed assets is provided using the Straight Line Method (SLM) as per the useful lives of the assets estimated by the management, which are similar to useful life prescribed under Schedule II of the Companies Act, 2013.

Cost of Leasehold improvement and Leasehold building is amortised over a period of lease.

Depreciation is provided at 100% on items of fixed assets costing less than ₹ 5000/- in the year of purchase.

e. **Intangible assets**

Intangible assets are stated at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

Software

Software is amortized on straight line basis over the estimate of useful life being six years.

f. **Impairment**

The carrying values of assets are reviewed at each Balance Sheet date for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the higher of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

g. **Leases**

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the Statement of Profit and Loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight line basis over the leased term.

h. **Borrowing cost**

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

Borrowing costs relating to acquisition or construction of qualifying assets which takes substantial period of time to get ready for its intended use are capitalised to the extent they relate to the period till such assets are ready to be put to use. All other borrowing costs are expensed in the period in which they occur.

i. **Investments**

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

j. **Revenue recognition**

Revenue comprises the fair value of the consideration for the sale of services and products in the ordinary course of the Company's activities. Revenue is shown net of applicable taxes.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and no significant uncertainty exists as to its determination or realisation. The Company bases its estimates on empirical evidence of the past taking into consideration the type of transaction, the type of customer and the specifics of each arrangement.

- i. The Company 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 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 losses become evident.

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

- ii. Others

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividends are recognised when the shareholders' right to receive payment is established by the Balance Sheet date. Dividend from subsidiaries is recognized even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet.

- k. **Foreign currency transactions**

Initial recognition

Foreign Currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

At the period end, foreign currency monetary items are reported using the closing exchange rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences

Exchange differences are recognised as income or expenses in the period in which they arise except in case of exchange differences arising on long term foreign currency monetary items related to acquisition of fixed assets which are capitalised and depreciated over the remaining useful life of assets.

- 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 in accordance with the Income Tax Act, 1961 enacted in India. 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 recognised 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 realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised 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 realised.

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 realised. 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.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period.

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 and contingencies**

A provision is recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. A contingent liability is disclosed when the Company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.

o. **Retirement and other employee benefits**

Defined Contribution Plan

Provident Fund:

The Company contributes towards Provident Fund and Family Pension Fund. Liability in respect thereof is determined on the basis of contribution as required under the Statute / Rules.

Defined Benefit Plan

Gratuity:

Provision for gratuity is made based upon the actuarial valuation done at the end of every financial year using "Projected Unit Credit Method" Major drivers in actuarial assumptions, typically, are years of services and employees compensation. Gains and losses on changes in actuarial assumptions are accounted for in the Statement of Profit and Loss.

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.

3. Share capital

in ₹

| | As at June 30, 2015 | As at June 30, 2014 |
|--|---------------------|---------------------|
| Authorised shares: | | |
| 350,000,000 (Previous Year : 250,000,000) Equity shares of ₹ 1/- each | <u>350,000,000</u> | <u>250,000,000</u> |
| Issued, subscribed and paid-Up: | | |
| 298,878,974 (Previous Year: 185,417,436) Equity shares of ₹ 1/- each | 298,878,974 | 185,417,436 |
| | <u>298,878,974</u> | <u>185,417,436</u> |

a. Reconciliation of the shares outstanding at the beginning and at the end of the year / period

in ₹

| | As at June 30, 2015 | | As at June 30, 2014 | |
|---|---------------------|--------------------|---------------------|--------------------|
| | No. | Amount | No. | Amount |
| At the beginning of the year / period | 185,417,436 | 185,417,436 | 185,417,436 | 185,417,436 |
| Issued during the year / period (Refer Note 28) | 113,461,538 | 113,461,538 | - | - |
| At the end of the year / period | <u>298,878,974</u> | <u>298,878,974</u> | <u>185,417,436</u> | <u>185,417,436</u> |

b. 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.

c. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

| | As at June 30, 2015 | As at June 30, 2014 |
|---|---------------------|---------------------|
| | No. | No. |
| Equity shares allotted as fully paid up pursuant to business transfer agreement for consideration other than cash (Refer Note 28) | 67,307,692 | - |

d. Details of shareholders holding more than 5% in the Company

| | As at June 30, 2015 | | As at June 30, 2014 | |
|---|---------------------|--------------|---------------------|--------------|
| | No. | % of holding | No. | % of holding |
| Naresh Malhotra | 62,201,546 | 20.81 | 62,201,546 | 33.55 |
| Reliance MediaWorks Limited | 134,080,061 | 44.86 | - | - |
| Standard Chartered Private Equity (Mauritius) III Limited | 36,549,990 | 12.23 | 36,549,990 | 19.71 |
| Monsoon Studio Private Limited | 27,506,095 | 9.20 | - | - |
| Namit Malhotra | 14,900,000 | 4.99 | 14,900,000 | 8.04 |

- e. In the Board of Directors meeting held on July 02, 2014 approval was granted to introduce and implement Employee Stock Option Scheme titled 'PFL-ESOP Scheme 2014' whereby stock options upto 6% of the paid up capital of the Company (post preferential allotment) aggregating 17,932,738 stock options would be issued to eligible employees of the Company, its subsidiaries and associates. The said scheme was approved by the shareholders in the Extra-ordinary General Meeting held on August 01, 2014.

4. Reserves and surplus

| | in ₹ | |
|---|-----------------------|----------------------|
| | As at June 30, 2015 | As at June 30, 2014 |
| Securities Premium Account | | |
| As per last balance sheet | 2,825,090,697 | 3,051,621,190 |
| Add: Premium on issue of equity shares (Refer Note 28) | 5,786,538,438 | - |
| Less: Expenses on issue of equity shares | 5,900,000 | - |
| Less: Premium on redemption of debentures (net of tax) | 210,549,462 | 226,530,493 |
| | 8,395,179,673 | 2,825,090,697 |
| Capital Reserve | | |
| On acquisition of business (Refer Note 28) | 517,690,352 | - |
| | 517,690,352 | - |
| General Reserve | | |
| As per last balance sheet | 13,400,000 | 13,400,000 |
| | 13,400,000 | 13,400,000 |
| Debenture Redemption Reserve | | |
| As per last balance sheet | 586,655,965 | - |
| Add: Transferred from Surplus in the Statement of Profit and Loss | - | 586,655,965 |
| | 586,655,965 | 586,655,965 |
| Surplus in the Statement of Profit and Loss | | |
| As per last balance sheet | 900,084,544 | 848,514,044 |
| Add: (Loss) / Profit for the year / period | (281,101,952) | 638,226,465 |
| Less: Transferred to Debenture Redemption Reserve | - | 586,655,965 |
| Less: Depreciation on account of transitional provisions of Schedule II to the Companies Act, 2013 (net of tax) (Refer Note 37) | 10,260,080 | - |
| | 608,722,512 | 900,084,544 |
| Foreign Currency Translation Reserve | | |
| Effect of foreign exchange rate variations during the year | 9,478,795 | - |
| | 9,478,795 | - |
| | 10,131,127,297 | 4,325,231,206 |

5. Long-term borrowings

in ₹

| | Non-current portion | | Current maturities | |
|---|----------------------|----------------------|---------------------|---------------------|
| | As at June 30, 2015 | As at June 30, 2014 | As at June 30, 2015 | As at June 30, 2014 |
| Debentures (unsecured) | | | | |
| Non-convertible debentures - series A | 1,010,000,000 | 1,010,000,000 | - | - |
| Non-convertible debentures - series B | 891,000,000 | 891,000,000 | - | - |
| Premium on aforesaid debentures | 761,781,859 | 445,623,858 | - | - |
| (Refer Note (a) below) | | | | |
| Debentures (secured) | | | | |
| Non-convertible debentures | 489,100,000 | - | - | - |
| Premium on aforesaid debentures | 2,808,006 | - | - | - |
| (Refer Note (b) below) | | | | |
| Term loans (secured) | | | | |
| from a bank | - | 198,000,000 | - | 132,000,000 |
| (Refer Note (c) below) | | | | |
| from others | 406,196,930 | - | 26,540,141 | - |
| (Refer Note (d) below) | | | | |
| Other loans and advances (secured) | | | | |
| Finance lease obligations | 15,425,781 | 19,380,399 | 11,990,813 | 10,196,125 |
| (Refer Note (e) below) | | | | |
| Foreign currency loans - buyers credit | 65,824,441 | 62,342,286 | 96,167,847 | 146,500,830 |
| (Refer Note (f) below) | | | | |
| | 3,642,137,017 | 2,626,346,543 | 134,698,801 | 288,696,955 |
| The above amount includes | | | | |
| Secured borrowings | 979,355,158 | 279,722,685 | 134,698,801 | 288,696,955 |
| Unsecured borrowings | 2,662,781,859 | 2,346,623,858 | - | - |
| Amount disclosed under the head "other current liabilities" (Refer Note 10) | - | - | (134,698,801) | (288,696,955) |
| Net amount | 3,642,137,017 | 2,626,346,543 | - | - |

- 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 ₹1,901,000,000 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 ₹1,010,000,000 redeemable after 5 years and the Series B NCDs comprised of 891 Debentures aggregating ₹891,000,000 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 ₹ 100,000 each ("Debentures") aggregating upto ₹ 270,000,000 with a Green Shoe Option of upto ₹ 130,000,000 on a private placement basis. On March 04, 2015, 2,891 Debentures aggregating ₹ 289,100,000 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 ₹ 100,000 each ("Debentures") aggregating upto ₹ 200,000,000. On May 05, 2015, the Company allotted 1,580 debentures under Tranche - 1, aggregating ₹ 158,000,000 and on May 08, 2015 the Company further allotted 420 debentures under Tranche - 2, aggregating ₹ 42,000,000. In aggregate, the company allotted 4,891 debentures amounting to ₹ 489,100,000 at 14% interest payable quarterly and a redemption premium payable on maturity of the debenture to make the IRR of 17%. Of these Debentures ₹ 289,100,000 matures in August 2017 and ₹ 200,000,000 matures in November 2017.
 - c. On November 06, 2012, the Company entered into a term loan agreement with a bank to borrow ₹ 495,000,000 to fund the redemption of FCCB at an interest rate of base rate + margin (as may be agreed with the bank from time to time) for a tenor up to a maximum of 4 years. The base rate and margin were 14.75% during the previous period. The term loan was to be repaid in 45 monthly installments starting from the end of 4th month from the date of disbursement. The outstanding balance as at June 30, 2015 and June 30, 2014 is ₹ Nil and ₹ 330,000,000 respectively. The term loan was secured by a specific charge on immovable assets of the Company, personal guarantees of the promoters and pledge of shares of the company held by the promoter.
 - d. On August 13, 2014, the Company entered into a long term loan agreement with others to borrow ₹ 450,000,000 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. At the year end, outstanding balance of the term loan is ₹ 432,737,071.
 - e. Lease obligations towards assets acquired under finance leases:

in ₹

| | Total minimum lease payments outstanding | | Future Interest on outstanding lease payments | | Present Value of minimum lease payments | |
|--|--|---------------------|---|---------------------|---|---------------------|
| | As at June 30, 2015 | As at June 30, 2014 | As at June 30, 2015 | As at June 30, 2014 | As at June 30, 2015 | As at June 30, 2014 |
| Within one year | 14,615,619 | 13,031,371 | 2,624,806 | 2,835,246 | 11,990,813 | 10,196,125 |
| Later than one year and not later five years | 17,501,620 | 22,024,841 | 2,075,839 | 2,644,442 | 15,425,781 | 19,380,399 |
| Later than five years | - | - | - | - | - | - |
| | 32,117,239 | 35,056,212 | 4,700,645 | 5,479,688 | 27,416,594 | 29,576,524 |

Finance lease obligations are secured by hypothecation of plant and equipment, office equipment and vehicles taken on lease.

- f. Foreign currency loans – buyer's credit are secured by pari passu charge on the immovable 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.

6. Deferred tax (assets) (net)

in ₹

| | As at June 30, 2015 | As at June 30, 2014 |
|--|----------------------|------------------------|
| Deferred tax liability | | |
| Difference between tax and books written-down values of fixed assets | 168,829,692 | 166,197,107 |
| | 168,829,692 | 166,197,107 |
| Deferred tax assets | | |
| Unabsorbed Loss Carried forward | 488,889,179 | 488,889,179 |
| Premium on redemption of NCD | 225,062,076 | 116,645,530 |
| Provision for doubtful loan | - | 459,969,603 |
| Provision for diminution in the value of investment | - | 174,924,941 |
| Provision for doubtful debts / advances | 34,464,139 | 52,321,698 |
| Provision for gratuity | 4,828,245 | 2,789,348 |
| | 753,243,639 | 1,295,540,299 |
| Net deferred tax (assets) | (584,413,947) | (1,129,343,192) |

The Company had recognized a deferred tax asset on the carry forward losses in the earlier years. Although the Company has incurred taxable losses in the current year, based on the agreements entered into by the Company for lease/ sub-lease of its premises and to render outsourcing service to its subsidiaries coupled with the revenue from existing business activities, the management is confident that sufficient taxable income to offset carry forward losses would be generated.

7. Other long-term liabilities

in ₹

| | As at June 30, 2015 | As at June 30, 2014 |
|-------------------|---------------------|---------------------|
| Security deposits | 35,675,550 | 3,970,260 |
| Other payables | 600,000,000 | - |
| | 635,675,550 | 3,970,260 |

8. Provisions

in ₹

| | Long-term | | Short-term | |
|---|---------------------|---------------------|---------------------|---------------------|
| | As at June 30, 2015 | As at June 30, 2014 | As at June 30, 2015 | As at June 30, 2014 |
| Provision for gratuity (Refer Note 24) | 11,866,341 | 6,998,021 | 2,338,557 | 1,208,361 |
| Provision for leave encashment | 10,604,967 | - | - | - |
| Provision for income tax (net of advance tax) | - | - | 10,896,640 | 441,977,224 |
| | 22,471,308 | 6,998,021 | 13,235,197 | 443,185,585 |

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

9. Short-term borrowings (Secured)

| | in ₹ | |
|----------------------------|---------------------|---------------------|
| | As at June 30, 2015 | As at June 30, 2014 |
| From Banks / Others | | |
| Cash credit/ overdraft | 330,306,617 | 305,287,662 |
| Short-term demand loans | 382,400,000 | 551,900,000 |
| | 712,706,617 | 857,187,662 |

- a. In February 2011, the Company entered into an agreement for a working capital demand loan of ₹ 250,000,000 from a bank for a term of six months at an interest rate of 13% Per Annum. 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 June 30, 2015, ₹ 100,000,000 and as at June 30, 2014, ₹ 250,000,000 is outstanding and is included in short-term demand loans.
- b. On November 06, 2012, the Company entered in to an agreement for pre-shipment financing under export orders ("Facility") of ₹ 385,000,000 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 June 30, 2015 ₹ 146,718,825 and June 30, 2014 ₹ 292,267,856 is outstanding under the Facility. As at June 30, 2015 ₹ nil and June 30, 2014 ₹ 166,900,000 is included in short-term demand loans and as at June 30, 2015 ₹ 146,718,825 and June 30, 2014 ₹ 125,367,856 is included in cash credit / overdraft.
- c. On October 28, 2014, the Company borrowed ₹ 5,000,000 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 June 30, 2015, ₹ 5,000,000 is outstanding and is included in short-term demand loans.
- d. On November 05, 2014, the Company raised ₹ 50,000,000 from a financial institution at an interest rate of 15.5% 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. As at June 30, 2015 ₹ 50,000,000 was outstanding and is included under short-term demand loan.
- e. On February 18, 2015, the Company raised ₹ 50,000,000 from a financial institution at an interest rate of 17% Per Annum for a term of 363 days from the date of disbursement. The short-term demand loan is secured by pledge of shares by a promoter director. As at June 30, 2015 ₹ 50,000,000 was outstanding and is included under short-term demand loan.
- 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 14.50% to 14.75% Per Annum. As at June 30, 2015 and June 30, 2014, the cash credits/ overdraft outstanding were ₹ 183,587,792 and ₹ 179,919,806, respectively.
- g. On January 31, 2013, the Company entered into an agreement for a working capital loan of ₹ 150,000,000 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, 2015, 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 ₹ 50,000,000 for general corporate purpose

at an interest rate of 15.50% Per Annum for a term of 12 months from the date of disbursement. The general corporate purpose loan is secured by personal guarantee and pledge of shares by a promoter director. As at June 30, 2015 ₹ 177,400,000 and as at June 30, 2014 ₹ 135,000,000 was outstanding and is included under short-term demand loan.

- h. On November 27, 2014, the Company raised ₹ 50,000,000 through inter corporate borrowing for working capital at an interest rate of 18% Per Annum for a term of 60 days from the date of disbursement. The working capital loan was secured by pledge of shares by a promoter director. The loan was repaid during the year.
- i. On July 01, 2014, the Company raised working capital term loan of ₹ 3,000,000,000 from others at an interest rate of 13.5% Per Annum. The loan was repaid on March 31, 2015. This loan was secured by pledge of the Company's shares in PF World Ltd. (Mauritius).

10. Other current liabilities

in ₹

| | As at June 30, 2015 | As at June 30, 2014 |
|---|---------------------|---------------------|
| Current maturities of long-term borrowings (Refer Note 5) | 134,698,801 | 288,696,955 |
| Accrued salaries and benefits | 26,627,720 | 55,423,007 |
| Advances received from clients | 43,549,349 | 11,359,091 |
| Interest accrued but not due on borrowings | 8,572,545 | 5,893,588 |
| Security deposits | 35,506,271 | 32,074,100 |
| Capital creditors | 162,060,195 | 137,232,112 |
| Bank book overdraft | 151,879,992 | 2,028,765 |
| Deferred revenue | 13,774,228 | 20,000 |
| Unclaimed dividends | - | 14,835 |
| Other payables | 44,723,803 | 43,092,747 |
| | 621,392,904 | 575,835,200 |

Other payables include withholding taxes, service tax payable and employer and employee contribution to provident and other funds.

11. Tangible assets

| | Building | Plant and equipment | Furniture and fixtures | Lease Hold Improvement | Office equipments | Vehicles | Total |
|----------------------------|--------------------|----------------------|------------------------|------------------------|-------------------|-------------------|----------------------|
| Gross block | | | | | | | |
| As at April 01, 2013 | 500,004,038 | 2,908,432,341 | 186,832,985 | 28,909,070 | 72,728,278 | 35,344,519 | 3,732,251,231 |
| Additions | - | 314,171,627 | 938,919 | 2,759,766 | 1,751,162 | 88,000 | 319,709,474 |
| Deduction | - | (6,393,833) | - | - | (120,883) | (9,890,161) | (16,404,877) |
| Slump sale (Refer Note 36) | - | (594,179,475) | - | - | (16,381,178) | (2,446,707) | (613,007,360) |
| As at June 30, 2014 | 500,004,038 | 2,622,030,660 | 187,771,904 | 31,668,836 | 57,977,379 | 23,095,651 | 3,422,548,468 |
| Depreciation | | | | | | | |
| As at April 01, 2013 | 28,572,984 | 1,393,187,960 | 74,535,662 | 14,778,205 | 37,119,481 | 8,794,263 | 1,556,988,555 |
| For the period | 10,182,008 | 349,580,528 | 22,474,163 | 6,742,904 | 12,685,573 | 2,994,027 | 404,659,203 |
| Deduction | - | (2,249,909) | - | - | (112,281) | (5,065,644) | (7,427,834) |
| Slump sale (Refer Note 36) | - | (222,015,181) | - | - | (9,489,135) | (624,219) | (232,128,535) |
| As at June 30, 2014 | 38,754,992 | 1,518,503,398 | 97,009,825 | 21,521,109 | 40,203,638 | 6,098,427 | 1,722,091,389 |
| Net block | | | | | | | |
| As at June 30, 2014 | 461,249,046 | 1,103,527,262 | 90,762,079 | 10,147,727 | 17,773,741 | 16,997,224 | 1,700,457,079 |
| As at April 01, 2013 | 471,431,054 | 1,515,244,381 | 112,297,323 | 14,130,865 | 35,608,797 | 26,550,256 | 2,175,262,676 |

in ₹

| | Building | Plant and equipment | Furniture and fixtures | Lease Hold Improvement | Office equipments | Vehicles | Total |
|--|----------------------|----------------------|------------------------|------------------------|--------------------|-------------------|----------------------|
| Gross block | | | | | | | |
| As at July 01, 2014 | 500,004,038 | 2,622,030,660 | 187,771,904 | 31,668,836 | 57,977,379 | 23,095,651 | 3,422,548,468 |
| Acquisitions (Refer Note 28) | 651,900,000 | 304,392,585 | 10,723,744 | - | 46,452,015 | 3,800,535 | 1,017,268,879 |
| Additions | - | 213,966,608 | 26,689 | 1,797,840 | 107,175 | 5,898,277 | 221,796,589 |
| Deduction | - | (11,716,426) | (1,449,602) | - | - | (800,496) | (13,966,524) |
| As at June 30, 2015 | 1,151,904,038 | 3,128,673,427 | 197,072,735 | 33,466,676 | 104,536,569 | 31,993,967 | 4,647,647,412 |
| Depreciation | | | | | | | |
| As at July 01, 2014 | 38,754,992 | 1,518,503,398 | 97,009,825 | 21,521,109 | 40,203,638 | 6,098,427 | 1,722,091,389 |
| For the year | 12,951,699 | 172,487,097 | 16,513,633 | 4,339,148 | 13,156,835 | 4,056,715 | 223,505,127 |
| Adjusted against reserve (Refer Note 37) | - | 14,377,129 | 12,297 | - | 987,199 | 166,595 | 15,543,220 |
| Deduction | - | (5,849,990) | (1,175,664) | - | - | (760,471) | (7,786,125) |
| As at June 30, 2015 | 51,706,691 | 1,699,517,634 | 112,360,091 | 25,860,257 | 54,347,672 | 9,561,266 | 1,953,353,611 |
| Net block | | | | | | | |
| As at June 30, 2015 | 1,100,197,347 | 1,429,155,793 | 84,712,644 | 7,606,419 | 50,188,897 | 22,432,701 | 2,694,293,801 |

- a. Additions to plant and equipment includes ₹ 2,635,642 (net loss) [Previous period: ₹ 43,383,656 (net loss)] on account of exchange difference during the year / period.

- b. Plant and equipment and vehicles include assets taken on finance lease as under:

Gross block: ₹ 41,233,601 (Previous period: ₹ 50,899,305)

Depreciation charge for the year: ₹ 7,171,487 (Previous period: ₹ 5,281,414)

Accumulated depreciation: ₹ 13,906,109 (Previous period: ₹ 14,775,579)

Net block: ₹ 27,327,492 (Previous period: ₹ 36,123,726)

- c. Building includes leasehold premises of ₹ 651,900,000 and its accumulated depreciation of ₹ 5,055,351 (Previous Year: ₹ Nil)

12. Intangible assets

in ₹

| | Goodwill | Film Rights | Software | Total |
|-------------------------------|------------------|-------------------|-------------------|-------------------|
| Gross block | | | | |
| As at April 01, 2013 | 5,320,000 | 30,000,000 | 138,851,806 | 174,171,806 |
| Additions | - | - | 4,571,873 | 4,571,873 |
| Slump sale (Refer Note 36) | - | - | (82,648,282) | (82,648,282) |
| As at June 30, 2014 | 5,320,000 | 30,000,000 | 60,775,397 | 96,095,397 |
| Depreciation | | | | |
| As at April 01, 2013 | 5,320,000 | 12,000,001 | 62,505,422 | 79,825,423 |
| For the period | - | 7,495,890 | 27,700,950 | 35,196,840 |
| Slump sale (Refer Note 36) | - | - | (51,104,788) | (51,104,788) |
| As at June 30, 2014 | 5,320,000 | 19,495,891 | 39,101,584 | 63,917,475 |
| Net block | | | | |
| As at June 30, 2014 | - | 10,504,109 | 21,673,813 | 32,177,922 |
| As at April 01, 2013 | - | 17,999,999 | 76,346,384 | 94,346,383 |

in ₹

| | Goodwill | Film Rights | Software | Total |
|----------------------------|------------------|-------------------|-------------------|-------------------|
| Gross block | | | | |
| As at July 01, 2014 | 5,320,000 | 30,000,000 | 60,775,397 | 96,095,397 |
| Additions | - | - | 3,515,000 | 3,515,000 |
| As at June 30, 2015 | 5,320,000 | 30,000,000 | 64,290,397 | 99,610,397 |
| Depreciation | | | | |
| As at July 01, 2014 | 5,320,000 | 19,495,891 | 39,101,584 | 63,917,475 |
| For the year | - | 5,145,206 | 7,012,356 | 12,157,562 |
| As at June 30, 2015 | 5,320,000 | 24,641,097 | 46,113,940 | 76,075,037 |
| Net block | | | | |
| As at June 30, 2015 | - | 5,358,903 | 18,176,457 | 23,535,360 |

- a. Software includes assets taken on finance lease as under:

Gross block: ₹ Nil (Previous period: ₹ 1,550,000)

Depreciation charge for the period: ₹ Nil (Previous period: ₹ 313,726)

Accumulated depreciation: ₹ Nil (Previous period: ₹ 1,061,295)

Net block: ₹ Nil (Previous period: ₹ 488,705)

13. Non-current investments

| | in ₹ | |
|--|---------------------|---------------------|
| | As at June 30, 2015 | As at June 30, 2014 |
| Trade investments (at cost) | | |
| In subsidiary companies | | |
| Unquoted, fully paid up | | |
| Prime Focus London Plc, UK | - | 144,046,663 |
| Nil (previous period: 21,492,003 equity shares of 5 pence each. (Net of provision for diminution of Rs. 514,636,483) (Refer Note b)) | | |
| Prime Focus Technologies Private Limited | 75,500 | 75,500 |
| 1,517,550 equity shares of ₹10/- each | | |
| Prime Focus Technologies Private Limited | 150,000,000 | 150,000,000 |
| 15,000,000 preference shares of ₹10/- each | | |
| Prime Focus Visual Effects Private Limited | 99,990 | 99,990 |
| 9,999 equity shares of ₹10/- each | | |
| Prime Focus International Limited | 2,082,178,346 | 2,082,178,346 |
| 21,748,973 equity share of \$ 1/- each | | |
| Prime Focus Motion Pictures Limited | 500,000 | 500,000 |
| 50,000 equity shares of ₹10/- each | | |
| GVS Software Private Limited | 100,000 | 100,000 |
| 10,000 equity shares of ₹10/- each | | |
| GVS Software Private Limited | 265,000,000 | - |
| 265,000 (previous period: Nil) Redeemable Convertible Preference Shares of ₹10/- each | | |
| PF Investments Limited | 2,199,580 | 2,199,580 |
| 43,000 equity shares of \$ 1/- each | | |
| PF World Limited | 4,786,060 | 4,786,060 |
| 106,000 equity shares of \$ 1/- each | | |
| PF World Limited | 6,137,268,791 | - |
| 101,532,500 (previous period: Nil) 12% Non-convertible redeemable preference shares | | |
| Prime Focus 3D India Private Limited | 500,000 | 500,000 |
| 50,000 equity shares of ₹10/- each | | |
| PF Overseas Limited | 5,937 | 5,937 |
| 100 equity shares of \$ 1/- each | | |
| Gener8 India Media Services Limited | - | - |
| (formerly known as Prime Focus Entertainment Services Limited / Reliance MediaWorks Entertainment Services Limited) | | |

in ₹

| | As at June 30, 2015 | As at June 30, 2014 |
|--|----------------------|----------------------|
| 850,000 (previous period: Nil) equity shares of ₹10/- each (Refer Note 28) | | |
| 1,200,000 (previous period: Nil) Redeemable non-convertible preference shares of ₹1/- each (Refer Note 28) | | |
| Reliance MediaWorks (Mauritius) Limited | - | - |
| 1,000 (previous period: Nil) ordinary shares of MUR1/- each (Refer Note 28) | | |
| Reliance Lowry Digital Imaging Services Inc | - | - |
| 100 (previous period: Nil) equity shares of \$ 1/- each (Refer Note 28) | | |
| | 8,642,714,204 | 2,384,492,076 |
| Non-trade | | |
| Unquoted - fully paid up | | |
| The Shamrao Vithal Co-operative Bank | 100,000 | 100,000 |
| 4,000 equity shares of Rs 25/- each | | |
| Mainframe Premises Co-Operative Society | 3,500 | 3,500 |
| 350 equity shares of Rs 10/- each | | |
| | 103,500 | 103,500 |
| | 8,642,817,704 | 2,384,595,576 |
| a. Aggregate amount of quoted Investments | - | - |
| Aggregate amount of unquoted Investments | 8,642,817,704 | 2,384,595,576 |

- b. 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 ₹ 37,074,693. After the reversal of provision of ₹ 514,636,483 made in respect of this investment in the past, the Company incurred a loss of ₹ 106,971,970, which has been disclosed as an exceptional item (Refer Note 22). Of total consideration, ₹ 19,987,159 is outstanding as at June 30, 2015.

14. Trade receivables (unsecured)

in ₹

| | As at June 30, 2015 | As at June 30, 2014 |
|--|---------------------|----------------------|
| Debts outstanding for a period exceeding six months | | |
| Considered good | 226,683,003 | 361,121,882 |
| Considered doubtful | 51,394,937 | 58,586,821 |
| Other debts | | |
| Considered good | 234,859,996 | 1,031,059,649 |
| Considered doubtful | - | 1,539,222 |
| | 512,937,936 | 1,452,307,574 |
| Less: Provision | 51,394,937 | 60,126,043 |
| | 461,542,999 | 1,392,181,531 |

15. Loans and advances

in ₹

| | Long-term | | Short-term | |
|--|---------------------|---------------------|----------------------|---------------------|
| | As at June 30, 2015 | As at June 30, 2014 | As at June 30, 2015 | As at June 30, 2014 |
| Unsecured - considered good | | | | |
| Capital advances | 38,392,331 | 342,738,851 | - | - |
| Deposits | 75,428,759 | 69,900,537 | 3,883,904 | 12,834,100 |
| Inter-company deposits (including interest) | - | - | 59,118,952 | 89,830,941 |
| Loans to subsidiaries (Refer Note 27) | 551,782,517 | - | 2,188,014,209 | 16,341,970 |
| Other receivables from subsidiaries (Refer Note 27) | - | - | 366,317,635 | 46,902,467 |
| MAT credit entitlement | 68,524,051 | 68,524,051 | - | - |
| Advance payment of taxes (Net of provision for tax) | 212,791,480 | 139,960,493 | - | - |
| Other loans and advances | - | - | 72,351,032 | 48,706,110 |
| | 946,919,138 | 621,123,932 | 2,689,685,732 | 214,615,588 |
| Unsecured - considered doubtful | | | | |
| Capital advances | - | 11,000,000 | - | - |
| Inter-company deposits (including interest) | - | - | - | 31,946,577 |
| Loans to subsidiary (including interest) (Refer Note 27) | - | - | - | 1,338,831,689 |
| Other receivables from subsidiary (Refer Note 27) | - | - | - | 14,418,100 |
| Other loans and advances | - | - | 50,000,000 | 53,299,472 |
| | - | 11,000,000 | 50,000,000 | 1,438,495,838 |
| Less: Provision | - | 11,000,000 | 50,000,000 | 1,438,495,838 |
| | - | - | - | - |
| | 946,919,138 | 621,123,932 | 2,689,685,732 | 214,615,588 |

- a. Other loans and advances includes prepaid expenses, loans and advances to employees and others, advances to suppliers and service taxes receivable.
- b. Loans and advances include amount due from private companies in which directors is a member / director.

in ₹

| | As at June 30, 2015 | As at June 30, 2014 |
|---|---------------------|---------------------|
| Prime Focus Visual Effects Private Limited | 23,731 | 7,864 |
| GVS Software Private Limited | 2,936 | 305 |
| Prime Focus Technologies Private Limited | 26,446,966 | 21,939,984 |
| Prime Focus 3D India Private Limited | 9,019 | 5,886 |
| Prime Focus World Creative Services Private Limited | 172,556,246 | 9,810,980 |
| | 199,038,898 | 31,765,019 |

- c. i. Loans given to subsidiaries

in ₹

| Name of the Company | As at June 30, 2015 | Maximum outstanding balance during the year | As at June 30, 2014 | Maximum outstanding balance during the period |
|---|---------------------|---|---------------------|---|
| Prime Focus London Plc, UK | - | 1,239,978,500 | 1,239,978,500 | 1,239,978,500 |
| Prime Focus Technologies Private Limited | - | 113,262,638 | 6,530,990 | 255,021,968 |
| Prime Focus World Creative Services Private Limited | 126,507,493 | 349,668,779 | 9,810,980 | 19,704,540 |
| Gener8 India Media Services Limited | 1,027,523,149 | 2,047,700,000 | - | - |
| Reliance MediaWorks (Mauritius) Limited | 1,033,983,567 | 1,033,983,567 | - | - |
| Prime Focus International Limited | 551,782,517 | 551,782,517 | - | - |

- a. Loans given to subsidiaries except for Prime Focus International Limited is considered under "Short-Term Loans and Advances" and are repayable on demand and management intends to receive the loan within an operating cycle. Prime Focus International Limited loan is without planned maturity nor is repayable on demand.
- b. All the above loans are with interest of 10% - 15% except for loan of ₹ 909,785,248 given to Gener8 India Media Services Limited (acquired in business combination) which is interest free.
- c. All loans are given for general corporate purpose of the subsidiaries.
- d. There are no advances in the nature of loans.
- ii. Investment by loanee in the shares of the subsidiaries.

Investment by Prime Focus Technologies Private Limited in subsidiaries.

in ₹

| Name of the Company | Amount of investment | |
|-------------------------------------|----------------------|---------------------|
| | As at June 30, 2015 | As at June 30, 2014 |
| Prime Focus Technologies UK Limited | 1 | 1 |
| Prime Focus Technologies, Inc | 92,133,810 | 92,133,810 |

in ₹

| Name of the Company | Amount of investment | |
|---|----------------------|---------------------|
| | As at June 30, 2015 | As at June 30, 2014 |
| DAX PFT LLC | * | * |
| ** SPV created but no investment was made | | |

in ₹

| Name of the Company | Amount of investment | |
|-----------------------------|----------------------|---------------------|
| | As at June 30, 2015 | As at June 30, 2014 |
| Prime Post (Eurpoe) Limited | 9,775 | - |

16. Cash and bank balances

in ₹

| | As at June 30, 2015 | As at June 30, 2014 |
|----------------------------------|---------------------|---------------------|
| Cash and cash equivalents | | |
| Cash on hand | 231,281 | 185,039 |
| Balances with banks: | | |
| On Current Accounts | 11,572,236 | 5,346,375 |
| | 11,803,517 | 5,531,414 |
| Other bank balances: | | |
| Margin money deposits | 44,406,236 | 59,898,384 |
| | 44,406,236 | 59,898,384 |
| | 56,209,753 | 65,429,798 |

- Margin money deposits aggregating ₹ 23,448,636 (previous period: ₹ 59,898,384) are subject to first charge to secure the foreign currency loans – buyer's credit and bank guarantees.
- Margin money deposits aggregating ₹ 20,957,600 (previous period: ₹ Nil) are subject to first charge to secure the interest of non-convertible debenture holders.

17. Other Current Assets

in ₹

| | As at June 30, 2015 | As at June 30, 2014 |
|--|---------------------|----------------------|
| Unbilled revenue | 143,517,551 | 83,202,192 |
| Receivable towards transfer of backend business (Refer Note 36) | - | 1,675,800,000 |
| Receivable towards sale of subsidiary (Refer Note 13b) | 19,987,159 | - |
| Interest accrued on fixed deposits | 254,945 | 803,901 |
| | 163,759,655 | 1,759,806,093 |

18. Other income

in ₹

| | Year ended June 30, 2015 | Period ended June 30, 2014 |
|---|-----------------------------|-------------------------------|
| Dividend | | |
| Long-term investments - non trade | 24,000 | 12,000 |
| Interest Income | | |
| Bank deposits | 2,875,721 | 8,236,922 |
| On Income Tax refunds | 5,404,191 | - |
| Others (including loan to subsidiaries) | 50,015,103 | 124,756,101 |
| Profit on sale of fixed assets (net) | 1,469,559 | - |
| Exchange gain (net) | 16,812,983 | 210,564,510 |
| Excess provision for doubtful debts written back | 1,087,941 | - |
| Sundry credit balances written back | 31,097,330 | 5,527,359 |
| Insurance claim received | 423,694 | 8,871,816 |
| Bad debts recovered | 72,937 | 6,000 |
| Recovery of excess remuneration paid to KMP (Refer Note 27) | - | 3,600,000 |
| Miscellaneous income | 975,453 | 7,807,809 |
| | 110,258,912 | 369,382,517 |

19. Employee benefits expense

in ₹

| | Year ended June 30, 2015 | Period ended June 30, 2014 |
|---|-----------------------------|-------------------------------|
| Salaries and wages | 209,756,456 | 679,822,711 |
| Contribution to provident and other funds | 3,802,196 | 7,932,490 |
| Gratuity (Refer Note 24) | (868,420) | (1,668,669) |
| Staff welfare | 13,238,190 | 7,413,977 |
| | 225,928,422 | 693,500,509 |

20. Finance costs

in ₹

| | Year ended June 30, 2015 | Period ended June 30, 2014 |
|---------------------------------------|-----------------------------|-------------------------------|
| Interest on working capital finance | 151,791,306 | 155,951,388 |
| Interest on term loan | 56,979,105 | 92,125,534 |
| Interest on buyer's credit | 5,234,174 | 9,803,768 |
| Interest on non convertible debenture | 8,351,800 | - |
| Interest on others | 10,342,461 | 6,292,499 |
| Bank charges | 13,979,838 | 16,910,301 |
| | 246,678,684 | 281,083,490 |

21. Other Expenses

in ₹

| | Year ended June 30, 2015 | Period ended June 30, 2014 |
|---|-----------------------------|-------------------------------|
| Technical service cost | 68,890,824 | 34,560,578 |
| Communication cost | 6,086,894 | 23,601,056 |
| Consumable stores | 122,659 | 667,255 |
| Director's sitting Fees | 900,000 | 440,000 |
| Electricity charges | 41,133,494 | 102,192,236 |
| Insurance cost | 10,626,278 | 10,783,664 |
| Legal and professional fees | 26,326,158 | 26,305,755 |
| Loss on sale of fixed assets (net) | - | 3,010,210 |
| Rates and taxes | 87,226 | 2,720,553 |
| Rebates and discount | 17,892,388 | 17,297,565 |
| Rent (Refer Note 25) | 92,094,204 | 76,795,116 |
| Travelling and conveyance | 14,379,971 | 51,388,056 |
| Repairs and maintenance-equipment | 21,076,321 | 34,607,679 |
| Repairs and maintenance-building | 14,396,797 | 26,044,460 |
| Bad debts written off | 10,694,690 | 7,157,852 |
| (Net of provision for doubtful debt of ₹. 57,703,641 previous period ₹. 149,144,891) | | |
| Sundry balances written off | 2,979,984 | - |
| Auditor's remuneration | | |
| As auditor | | |
| Audit fees * | 2,875,000 | 2,775,000 |
| In other matters (certification, limited reviews, etc.) # | 1,802,500 | 737,500 |
| Miscellaneous expenses | 36,927,023 | 69,302,943 |
| | 369,292,411 | 490,387,478 |
| * Includes Nil (previous period ₹. 300,000) paid to MZSK & Associates, the erstwhile auditors | | |
| # Includes Nil (previous period ₹.12,500) paid to MZSK & Associates, the erstwhile auditors | | |

22. Exceptional items

in ₹

| | Year ended June 30, 2015 | Period ended June 30, 2014 |
|--|-----------------------------|-------------------------------|
| Gain on sale of assets on slump sale (Refer Note 36) | - | (1,972,058,739) |
| Provision for doubtful loans and advances to a subsidiary (net) (Refer Note 27) | - | 1,353,249,789 |
| Provision for diminution in the value of investment in a subsidiary (Refer Note 13b) | - | 514,636,483 |
| Loss on sale of subsidiary (Refer Note 13b) | 106,971,970 | - |
| (Net of provision of ₹ 514,636,483 previous period: ₹ Nil) | | |
| Provision for doubtful debts / advances (net) | 50,060,476 | 87,021,380 |
| Loans and Advances Written Off | - | - |
| (Net of provision for doubtful loans and advances of ₹1,399,495,838, previous period: ₹ Nil) | | |
| | 157,032,446 | (17,151,087) |

23. Earnings per share (EPS)

in ₹

| | Year ended June 30, 2015 | Period ended June 30, 2014 |
|---|-----------------------------|-------------------------------|
| Net (Loss) / Profit attributable to equity shareholders | (281,101,952) | 638,226,465 |
| Exceptional items (net of tax) | (140,016,890) | (13,556,047) |
| Net Profit before exceptional items but after tax | (141,085,062) | 624,670,418 |
| | Number | Number |
| Weighted average number of equity shares in calculating basic and diluted EPS | 211,839,986 | 185,417,436 |
| Earnings per share (before exceptional items) | | |
| Basic EPS | (0.67) | 3.37 |
| Diluted EPS | (0.67) | 3.37 |
| Earnings per share (after exceptional items) | | |
| Basic EPS | (1.33) | 3.44 |
| Diluted EPS | (1.33) | 3.44 |

24. The disclosures as required under Accounting Standard 15 "Employee Benefits" are as follows:

a. Defined benefit plan:

The Company has a defined benefit gratuity plan (unfunded). This plan provides a lump sum payment to employees on retirement or termination of employment, an amount based on respective employee's last drawn salary and tenure of employment with the Company.

i. Reconciliation of asset/ liability recognized in the Balance Sheet

in ₹

| | As at June 30, 2015 | As at June 30, 2014 |
|-----------------------------|---------------------|---------------------|
| Defined benefit obligation | 14,204,898 | 8,206,382 |
| Fair value of plan assets. | - | - |
| Liability recognized | 14,204,898 | 8,206,382 |

ii. Expense recognized in the Statement of Profit and Loss

in ₹

| | Year ended June 30, 2015 | Period ended June 30, 2014 |
|----------------------|-----------------------------|-------------------------------|
| Current service cost | 1,939,888 | 5,265,745 |
| Interest cost | 735,292 | 987,505 |
| Actuarial (gain) | (3,543,600) | (7,921,919) |
| Net expense | (868,420) | (1,668,669) |

iii. Changes in the present value of the defined benefit obligation are as follows:

in ₹

| | Year ended June 30, 2015 | Period ended June 30, 2014 |
|--|-----------------------------|-------------------------------|
| Opening defined benefit obligation | 8,206,382 | 9,875,051 |
| Interest cost | 735,292 | 987,505 |
| Current service cost | 1,939,888 | 5,265,745 |
| Liability transferred on Acquisition (Refer Note 28) | 6,866,936 | - |
| Actuarial (gain) | (3,543,600) | (7,921,919) |
| Closing defined benefit obligation | 14,204,898 | 8,206,382 |

Principal actuarial assumptions:

| | As at June 30, 2015 | As at June 30, 2014 |
|--|---|---------------------|
| Discount rate | 8.30% | 8.96% |
| Rate of escalation in salary (Per Annum) | 5.00% | 5.00% |
| Employee turnover | 2.00% | 2.00% |
| Mortality | Indian Assured Lives Mortality (2006-08) Ultimate | |

Major drivers in actuarial assumptions typically are years of service and employee compensation. 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 as certified by the actuary.

b. **Defined contribution plan:**

The Company contributed ₹ 2,965,436 (Previous period: ₹ 5,200,609) to provident fund during the year and recognized the contribution as an expense, which is included in note 19 as contribution to provident fund and other funds.

25. **Leases**

The Company has taken premises on non-cancellable operating lease basis. The tenure of leases ranges from 36 to 180 months with non-cancellable periods ranging from 12 to 60 months. Future lease rentals in respect of the premises taken on non-cancellable operating leases are as follows:

| | in ₹ | |
|---|---------------------|---------------------|
| | As at June 30, 2015 | As at June 30, 2014 |
| Lease Payments due within one year | 450,057 | 1,634,029 |
| Lease Payments due later than one but not later than five years | 842,428 | - |
| Lease Payments due later than five years | - | - |
| | <u>1,292,485</u> | <u>1,634,029</u> |

Amount of lease rental charged to the Statement of Profit and Loss in respect of non-cancellable operating leases is ₹ 1,736,056 (Previous period: ₹ 10,834,829).

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 ₹ 90,358,148 (Previous period: ₹ 65,960,287).

The Company has sublet certain premises on cancellable operating lease basis with a lock in period of one year. The tenure of the lease is of 60 months. An amount of ₹ 80,773,094 (Previous period: ₹ 2,906,798) has been recognized as other operating income in respect of the sublease (Refer Note 27).

26. **Segment information**

Business is the primary segment for the Company being post production activities. Since, the Company's entire operations are governed by the same set of risks and returns, these have been considered as representing a single segment.

Segment information for secondary segment reporting (by geographical segment based on location of customers)

in ₹

| | Revenue from operations (net) | | Segment Assets | | Capital Expenditure | |
|-----------------------|-------------------------------|-------------------------------|------------------------|------------------------|-----------------------------|-------------------------------|
| | Year ended June 30, 2015 | Period ended June 30, 2014 | As at June 30, 2015 | As at June 30, 2014 | Year ended June 30, 2015 | Period ended June 30, 2014 |
| India | 1,000,417,313 | 847,923,807 | 3,470,539,428 | 4,348,557,021 | 1,200,461,002 | 326,642,179 |
| United Kingdom | 129,940,850 | 625,218,139 | 33,764,890 | 352,550,474 | - | - |
| British Virgin Island | - | 393,834,578 | - | 171,293,405 | - | - |
| U.S.A | 120,399 | 11,180,349 | 177,584 | 1,523,695 | - | - |
| Canada | 20,502 | 848,808,449 | - | 478,900,456 | - | - |
| Other Countries | 4,436,657 | 8,513,546 | 11,520,450 | 8,373,636 | - | - |
| | <u>1,134,935,721</u> | <u>2,735,478,868</u> | <u>3,516,002,352</u> | <u>5,361,198,687</u> | <u>1,200,461,002</u> | <u>326,642,179</u> |

27. Related party disclosures

a. List of Parties where control exists, irrespective of transactions:

i) Subsidiary companies

Prime Focus London Plc, UK (till March 31, 2015) (Refer Note 13(b))

Prime Focus International Limited.

Prime Focus Technologies Private Limited

Prime Focus Visual Effects Private Limited

GVS Software Private Limited

Prime Focus Motion Pictures Limited

PF World Limited

PF Investments Limited

Prime Focus 3D India Private Limited

Gener8 India Media Services Limited. (w.e.f. April 07, 2015) (formerly known as Prime Focus Entertainment Services Limited / Reliance MediaWorks Entertainment Services Limited)

Reliance MediaWorks (Mauritius) Limited (w.e.f. April 07, 2015)

PF Overseas Limited (w.e.f. July 26, 2013)

ii) Step-down subsidiary companies

Subsidiary companies of PF World Limited

Prime Focus Luxembourg S.a.r.l

Gener8 Digital Media Services Limited (w.e.f. December 24, 2014)

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.)

Prime Focus VFX Australia Pty Limited (Subsidiary of Prime Focus World N.V.) (Liquidated in FY 2014)

Vegas II VFX Limited (w.e.f. May 30, 2013) (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 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 Holdings Limited (w.e.f. July 01, 2014) (Subsidiary of Prime Focus World N.V.)

Double Negative Limited (w.e.f. July 01, 2014) (Subsidiary of Double Negative Holdings UK)

Double Negative Singapore Pte Limited (w.e.f. July 01, 2014) (Subsidiary of Double Negative Holdings UK)

Double Negative Canada Productions Limited (w.e.f. July 01, 2014) (Subsidiary of Double Negative Holdings UK)

Double Negative Films Limited (w.e.f. July 01, 2014) (Subsidiary of Double Negative Holdings UK)

Subsidiary companies of Prime Focus London Plc, UK (till March 31, 2015)

VTR Media Services Limited (formerly known as Prime Focus Visual Entertainment Services Limited) (Under Liquidation)

VTR Media Investments Limited

PF Broadcast & Commercial Limited (Under Administration)

Busy Buses Limited

Prime Focus Broadcast Limited (Liquidated in FY 2014)

Clipstream Limited

VTR Post Limited (formerly known as Prime Focus Post Limited/ Amazing Spectacles Limited) (Subsidiary of VTR Media Investments Limited)

Prime Post (Europe) Limited (formerly known as Prime Focus (MW) Limited) (Subsidiary of VTR Media Investments Limited till October 14, 2014, Subsidiary of Prime Focus Technologies UK Limited w.e.f. October 15, 2014)

VTR Media Investments 2 Limited (formerly known as Prime Focus Productions 1 Limited) (Subsidiary of VTR Media Investments Limited)

Prime VFX Limited (formerly known as PF Television VFX Limited) (Subsidiary of VTR Media Investments Limited)

DMJM Film Limited (Subsidiary of VTR Media Investments Limited) (Liquidated in FY 2013)

PF Broadcast VFX Limited (Under Administration) (Subsidiary of VTR Media Investments Limited)

Prime Focus Productions 5 Limited (Dissolved on July 28, 2015) (Subsidiary of VTR Media Investments Limited)

PF Film UK Limited (Under Administration) (Subsidiary of VTR Media Investments Limited)

Subsidiary companies of Prime Focus Technologies Private Limited

Prime Focus Technologies UK Limited

Prime Focus Technologies, Inc.

Prime Post Europe Ltd (Subsidiary of Prime Focus Technologies UK Limited w.e.f. October 15, 2014)

DAX PFT LLC (Subsidiary of Prime Focus Technologies, Inc.)

DAX Cloud ULC (Subsidiary of DAX PFT LLC)

Subsidiary companies of Reliance Media Works (Mauritius) Limited (w.e.f. April 07, 2015)

Reliance Lowry Digital Imaging Services Inc.

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

i. Subsidiary companies

Prime Focus Technologies Private Limited

Prime Focus London Plc, UK

Prime Focus Visual Effects Private Limited

GVS Software Private Limited

Prime Focus 3D India Private Limited

Prime Focus Motion Pictures Limited

Prime Focus International Limited

PF World Limited

Gener8 India Media Services Limited

Reliance MediaWorks (Mauritius) Limited

- ii. **Step down subsidiary companies**
 Prime Focus North America, Inc
 Prime Focus Creative Services Canada Inc
 Prime Focus International Services UK Limited
 Prime Focus ME Holdings Limited
 Prime Focus World N.V.
 Prime Focus World Creative Services Private Limited
 Prime Focus Technologies, Inc
- iii. **Key management personnel**
 Mr. Namit Malhotra – CEO, Chairman and Executive Director (w.e.f June 25, 2014)
 Mr. Naresh Malhotra – Whole-time Director (Chairman till June 24, 2014)
 Mr. Ramakrishnan Sankaranarayanan – Managing Director (w.e.f June 25, 2014), CEO (till June 24, 2014)
 Mr. Vikas Rathee – CFO (w.e.f August 01, 2014)
 Mr. Nishant Fadia – CFO (till July 31, 2014)
 Ms. Kirti Desai – Company Secretary (resigned w.e.f. July 07, 2015)
- iv. **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
- v. **Enterprises exercising significant influence over the Company**
 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
- c. **Particulars of related party transaction**
 (i) **Subsidiary companies #**

in ₹

| | Year ended June 30, 2015 | Period ended June 30, 2014 |
|---|-----------------------------|-------------------------------|
| Revenue | | |
| Prime Focus Technologies Private Limited | 411,250 | 2,000,000 |
| Prime Focus London Plc, UK | 149,262 | - |
| Prime Focus International Limited | 116,637,704 | - |
| Other operating income | | |
| Prime Focus Technologies Private Limited | 5,076,874 | 3,626,827 |
| Technical service cost | | |
| Prime Focus Technologies Private Limited (netted off from revenue in previous period) | 81,501 | 34,818,733 |

in ₹

| | Year ended June 30, 2015 | Period ended June 30, 2014 |
|--|-----------------------------|-------------------------------|
| Reimbursement of expenses incurred by: | | |
| Prime Focus Technologies Private Limited | 1,128,347 | 6,095,950 |
| Prime Focus International Limited | 325,729 | - |
| Prime Focus London Plc, UK | 163,575 | - |
| GVS Software Private Limited | - | 305 |
| Reimbursement of expenses incurred on behalf of: | | |
| Prime Focus London Plc, UK | - | 3,053,471 |
| Prime Focus Technologies Private Limited | 20,227,340 | 32,507,393 |
| PF World Limited, Mauritius | 280,040,295 | - |
| Prime Focus Visual Effects Private Limited | 2,631 | - |
| Prime Focus 3D India Private Limited | 3,133 | 5,886 |
| Prime Focus Motion Pictures Limited | 3,133 | 1,632 |
| GVS Software Private Limited | 2,631 | - |
| Investments | | |
| GVS Software Private Limited (Refer Note below cash flow statement) | 265,000,000 | - |
| PF World Limited, Mauritius | 6,137,268,791 | - |
| Prime Focus International Limited | - | 391,828,500 |
| PF Overseas Limited | - | 5,937 |
| Loan to subsidiary (on acquisition) (Refer note 28) | | |
| Gener8 India Media Services Limited | 2,047,700,000 | - |
| Reliance Media Works (Mauritius) Limited | 1,008,000,000 | - |
| Loans given | | |
| Gener8 India Media Services Limited | 34,087,793 | - |
| Prime Focus International Limited | 706,491,075 | - |
| Prime Focus Technologies Private Limited | 345,650,000 | 874,202,742 |
| Loans repaid (including interest, where applicable) | | |
| Gener8 India Media Services Limited | 1,057,303,929 | - |
| Prime Focus International Limited | 194,083,659 | - |
| Prime Focus Technologies Private Limited | 352,602,747 | 890,158,190 |
| Interest on loans | | |
| Prime Focus London Plc, UK | - | 93,286,355 |
| Gener8 India Media Services Limited | 3,039,285 | - |
| Prime Focus International Limited | 30,661,295 | - |
| Prime Focus Technologies Private Limited | 421,757 | 22,486,438 |

in ₹

| | As at June 30, 2015 | As at June 30, 2014 |
|--|---------------------|---------------------|
| Balance outstanding ## | | |
| Trade receivables | | |
| Prime Focus Technologies Private Limited | - | 5,949,241 |
| Trade payables | | |
| Prime Focus Technologies Private Limited | - | 6,781,968 |
| Other payables | | |
| Prime Focus 3D India Private Limited | 500,000 | 500,000 |
| Prime Focus International Limited | 325,729 | - |
| Advances receivable | | |
| Prime Focus London Plc, UK | - | 14,418,100 |
| Prime Focus Visual Effects Private Limited | 23,731 | 7,864 |
| GVS Software Private Limited | 2,936 | 305 |
| Prime Focus Motion Pictures Limited | 589,512 | 586,379 |
| Prime Focus Technologies Private Limited | 26,446,966 | 15,408,994 |
| Prime Focus 3D India Private Limited | 9,019 | 5,886 |
| PF World Limited, Mauritius | 285,637,246 | - |
| Loans receivable (including interest, where applicable) | | |
| Prime Focus London Plc, UK | - | 1,338,831,689 |
| Prime Focus International Limited | 551,782,517 | - |
| Gener8 India Media Services Limited | 1,027,523,149 | - |
| Reliance Media Works (Mauritius) Limited | 1,033,983,567 | - |
| Prime Focus Technologies Private Limited | - | 6,530,990 |

(ii) Step-down Subsidiaries

in ₹

| | Year ended June 30, 2015 | Period ended June 30, 2014 |
|---|-----------------------------|-------------------------------|
| Revenue from operations | | |
| Prime Focus North America, Inc | - | 11,180,349 |
| Prime Focus Creative Services Canada Inc | - | 848,808,449 |
| Prime Focus International Services UK Limited | - | 602,390,924 |
| Prime Focus ME Holdings Limited | - | 393,834,578 |
| Other operating income - SFIS | | |
| Prime Focus World Creative Services Private Limited | 3,518 | 1,157,608 |
| Other operating income - Rent | | |
| Prime Focus World Creative Services Private Limited | 80,773,094 | 2,906,798 |

| | in ₹ | |
|---|-----------------------------|-------------------------------|
| | Year ended June 30, 2015 | Period ended June 30, 2014 |
| Sale of backend business (Refer Note 36) | | |
| Prime Focus World Creative Services Private Limited | - | 2,297,049,000 |
| Sale of Investments | | |
| Prime Focus World N.V. | - | 100,000 |
| Technical service cost | | |
| Prime Focus International Services UK Limited | - | 202,346 |
| Prime Focus World Creative Services Private Limited | 34,526,590 | - |
| Reimbursement of expenses incurred by: | | |
| Prime Focus International Services UK Limited | - | 943,784 |
| Prime Focus North America, Inc | - | 2,555,763 |
| Prime Focus World Creative Services Private Limited | 10,756,079 | - |
| Reimbursement of expenses incurred on behalf of: | | |
| Prime Focus North America, Inc | - | 3,605,577 |
| Prime Focus World Creative Services Private Limited | 20,307,687 | - |
| Prime Focus Technologies Inc | 7,423,817 | - |
| Prime Focus World N.V. | - | 831,062 |
| Loans given | | |
| Prime Focus World Creative Services Private Limited | 1,613,718,594 | 26,934,235 |
| Loans repaid (including interest) | | |
| Prime Focus World Creative Services Private Limited | 1,517,394,102 | 18,406,322 |
| Interest on loans | | |
| Prime Focus World Creative Services Private Limited | 20,372,021 | 1,283,067 |
| Security deposit received | | |
| Prime Focus World Creative Services Private Limited | 39,264,792 | 3,970,260 |
| Security deposit repaid | | |
| Prime Focus World Creative Services Private Limited | 3,970,260 | - |

| | in ₹ | |
|---|---------------------|---------------------|
| | As at June 30, 2015 | As at June 30, 2014 |
| Balance outstanding | | |
| Trade receivables | | |
| PF Broadcast & Commercial Limited ** | - | 673,629 |
| Prime Focus Creative Services Canada Inc | - | 478,900,456 |
| Prime Focus International Services UK Limited | - | 327,551,297 |
| Prime Focus ME Holdings Limited | - | 171,293,405 |

in ₹

| | Year ended June 30, 2015 | Period ended June 30, 2014 |
|---|-----------------------------|-------------------------------|
| Trade payables | | |
| Prime Focus North America, Inc | - | 71,498,149 |
| Prime Focus Creative Services Canada Inc | - | 26,068,126 |
| PF Broadcast & Commercial Limited ** | - | 61,239 |
| Prime Focus International Services UK Limited | - | 8,605,267 |
| VTR Media Services Limited ** | - | 91,859 |
| Other receivable | | |
| Prime Focus International Services UK Limited | - | 1,101,690 |
| Prime Focus North America, Inc | - | 3,625,864 |
| Prime Focus Creative Services Canada Inc | - | 25,333,430 |
| Prime Focus Technologies Inc. | 7,559,472 | - |
| Prime Focus World Creative Services Private Limited | 46,048,753 | - |
| Prime Focus World N.V. | - | 832,055 |
| Loans receivable | | |
| Prime Focus World Creative Services Private Limited | 126,507,493 | 9,810,980 |
| BTA Consideration receivable (Refer Note 36) | | |
| Prime Focus World Creative Services Private Limited | - | 1,675,800,000 |
| Security deposit payable | | |
| Prime Focus World Creative Services Private Limited | 39,264,792 | 3,970,260 |

(iii) Key Management Personnel*

in ₹

| | Year ended June 30, 2015 | Period ended June 30, 2014 |
|---|-----------------------------|-------------------------------|
| Remuneration | | |
| Mr.Naresh Malhotra | 6,000,000 | 7,500,000 |
| Mr.Ramakrishnan Sankaranarayanan | 5,000,004 | 7,068,333 |
| Mr.Namit Malhotra | 5,000,004 | 83,333 |
| Mr. Vikas Rathee | 13,750,000 | - |
| Mr. Nishant Fadia | 1,000,000 | 6,000,000 |
| Ms. Kirti Desai | 1,565,112 | - |
| Recovery of excess remuneration paid | | |
| Mr.Naresh Malhotra | - | 3,600,000 |

| | in ₹ | |
|---|---------------------|---------------------|
| | As at June 30, 2015 | As at June 30, 2014 |
| Balance Outstanding – Remuneration Payable | | |
| Mr.Naresh Malhotra | 500,000 | 371,790 |
| Mr.Ramakrishnan Sankaranarayanan | 416,667 | 449,559 |
| Mr. Namit Malhotra | 416,667 | 83,333 |
| Mr. Vikas Rathee | 1,250,000 | - |
| Mr. Nishant Fadia | - | 4,000,000 |
| Ms. Kirti Desai | 130,426 | - |

(vi) Enterprises owned or significantly influenced by key management personnel or their relatives

| | in ₹ | |
|--|-----------------------------|-------------------------------|
| | Year ended June 30, 2015 | Period ended June 30, 2014 |
| Rent expense | | |
| Blooming Bud Coaching Private Limited | 33,600,000 | 39,300,000 |
| Deposit given | | |
| Blooming Bud Coaching Private Limited | - | 5,000,000 |
| Capital advance repaid | | |
| N2M Realty Private Limited | 65,000,000 | - |
| Capital advance transferred to subsidiary | | |
| N2M Realty Private Limited (Refer Note below cash flow statement) | 265,000,000 | - |
| Shares issued on preferential basis (including share premium) | | |
| Monsoon Studio Private Limited | 1,199,999,996 | - |

| | in ₹ | |
|--|---------------------|---------------------|
| | As at June 30, 2015 | As at June 30, 2014 |
| Balance outstanding | | |
| Rent paid in advance | | |
| Blooming Buds Coaching Private Limited | - | 3,327,540 |
| Deposit | | |
| Blooming Buds Coaching Private Limited | 53,000,000 | 53,000,000 |
| Capital advance | | |
| N2M Realty Private Limited | - | 330,000,000 |

(v) Enterprises exercising significant influence over the Company

| | in ₹ | |
|---|-----------------------------|-------------------------------|
| | Year ended June 30, 2015 | Period ended June 30, 2014 |
| Issue of equity shares (including share premium) | | |
| Reliance MediaWorks Private Limited | 4,699,999,980 | - |
| Loan (repayments) / taken, net | | |
| Standard Chartered Bank | (470,549,031) | (225,804,703) |
| Finance costs | | |
| Standard Chartered Bank | 29,303,040 | 133,742,944 |
| Premium on NCD | | |
| Standard Chartered Private Equity (Mauritius) Limited | 316,158,001 | 343,176,024 |
| Interest income | | |
| Standard Chartered Bank | - | 22,295 |

| | in ₹ | |
|---|---------------------|---------------------|
| | As at June 30, 2015 | As at June 30, 2014 |
| Balance outstanding | | |
| Loan outstanding | | |
| Standard Chartered Bank | 151,718,825 | 622,267,856 |
| Bank Balance in current account | | |
| Standard Chartered Bank | 4,954 | 4,954 |
| Non-convertible debentures | | |
| Standard Chartered Private Equity (Mauritius) Limited | 1,901,000,000 | 1,901,000,000 |
| Premium on NCD accrued | | |
| Standard Chartered Private Equity (Mauritius) Limited | 761,781,859 | 445,623,858 |

The Company has given guarantees on behalf of subsidiaries and step-down subsidiaries as described below

| | As at June 30, 2015 | As at June 30, 2014 |
|---|---------------------|---------------------|
| Prime Focus London Plc, UK | ₹ - | ₹ 485,359,697 |
| | £ - | £ 4,755,398 |
| Prime Focus Technologies Private Limited | ₹ 2,463,700,000 | ₹ 1,609,500,000 |
| Prime Focus North America, Inc | ₹ 342,106,767 | ₹ 322,057,239 |
| | \$ 5,372,904 | \$ 5,372,904 |
| PF World Limited, Mauritius | ₹ 2,842,981,590 | ₹ 2,676,365,650 |
| | \$ 44,650,000 | \$ 44,650,000 |
| Prime Focus World Creative Services Private Limited | ₹ 430,000,000 | ₹ - |

* Key management personnel have given personal guarantee and have pledged part of their shareholdings for borrowings obtained by the Company. (Refer Notes 5 and 9).

**The balance outstanding as at June 30, 2015 have not been disclosed, since as at the year-end these companies were not related parties (Refer Note 13(b))

There are no provisions for doubtful debts / amounts written off / written back in respect of dues from / to related parties except in respect of the following:

- a. Provision for doubtful loans and advances of ₹ Nil (previous period: ₹ 1,353,249,789) (net) has been made in respect of for Prime Focus London Plc, UK. Of the total provision ₹ 1,353,249,789 (previous period: ₹ Nil) has been written off during the year.
- b. Provision for diminution in the value of investments of ₹ Nil (previous period: ₹ 514,636,483) has been made in respect of investments made in Prime Focus London Plc, UK (Refer Note 13b).

28. On April 07, 2015, 23,076,923 and 90,384,615 equity shares were allotted to Monsoon Studio Private Limited and Reliance MediaWorks Limited ("RMW"), respectively, on a preferential basis at Rs 52 per share. Of these 67,307,692 equity shares were issued to Reliance Media Works Limited as consideration other than cash towards the transfer of its film and media services business to the Company in accordance with the Business Transfer Agreement dated November 19, 2014 between the Company, RMW and Reliance Land Private Limited. 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 ₹. 2,000,000,000 crore was to be effected post receipt of the necessary additional approvals. Upon receipt of the necessary statutory approvals, with effect from the closing date of April 07, 2015, net assets of film and media services business were transferred to and recorded by the Company at the fair value of ₹. 4,017,690,352 as determined by the independent valuers. However, pending receipt of the additional approvals, the Studios' and the debt facilities have not been transferred to and recorded by the Company. Presently, the Company has recorded a capital reserve of ₹. 517,690,352 being the difference between consideration for the transaction being ₹. 3,500,000,000 and fair value of the net assets transferred as detailed below. Post receipt of additional approvals, the Studios' and the debt facilities will be recorded at fair value with the differential being adjusted against the capital reserve.

| | In ₹ |
|--|----------------------|
| Tangible Assets | 1,017,268,879 |
| Investments in Subsidiaries (Refer Note 13) | - |
| Lone of Subsidiaries | 3,055,700,000 |
| Net Current Assets | (55,278,527) |
| Net assets acquired on slump sale basis | 4,017,690,352 |

29. Capital and other commitments

| | in ₹ | |
|---|---------------------|---------------------|
| | As at June 30, 2015 | As at June 30, 2014 |
| i Estimated amount of contracts remaining to be executed on capital account and not provided for: | 27,335,411 | 5,466,453 |

30. Contingent liabilities in respect of

| | in ₹ | |
|--|---------------------|---------------------|
| | As at June 30, 2015 | As at June 30, 2014 |
| i <u>Income Tax matters under dispute*</u> 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 | 69,410,252 | 73,808,523 |
| * In the above matter, the Company is hopeful of succeeding and as such does not expect any significant liability to crystalize. | | |
| ii Guarantees given on behalf of subsidiary and step-down subsidiary companies | 6,078,788,357 | 5,093,282,586 |

31. Unhedged foreign currency exposure

| | in ₹ | |
|--|---------------------|---------------------|
| | As at June 30, 2015 | As at June 30, 2014 |
| Buyer's Credit (Liability) | ₹ 161,992,288 | ₹ 208,843,116 |
| | \$ 1,868,325 | \$ 3,313,749 |
| | € 609,152 | € 124,875 |
| Trade Receivables (Assets) | ₹ 42,119,406 | ₹ 1,010,010,357 |
| | \$ 140,124 | \$ 2,987,481 |
| | - | CAD 8,525,471 |
| | £ 325,146 | £ 3,444,367 |
| | AED 29,791 | AED 29,908 |
| | € 2,000 | - |
| Loans and Advances (Assets) | ₹ 1,901,598,546 | ₹ 1,385,866,084 |
| | \$ 20,884,976 | \$ 22,511,488 |
| | - | CAD 450,990 |
| | € 1,757 | - |
| | £ 5,713,393 | £ 150,983 |
| Trade Payables and Other Current Liabilities | ₹ 111,681,092 | ₹ 219,712,574 |
| | - | CAD 153,402 |
| | € 294,529 | € 397,184 |
| | £ 12,815 | £ 92,072 |
| | \$ 1,407,085 | \$ 2,822,981 |

32. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

The Company does not have suppliers who are registered as micro, small or medium enterprise under the Micro, Small and Medium Enterprises Development Act, 2006 as at June 30, 2015. The information regarding micro, small and medium enterprises has been determined on the basis of information available with the management.

33. Value of imports calculated on CIF basis

| | in ₹ | |
|---------------|-----------------------------|-------------------------------|
| | Year ended June 30, 2015 | Period ended June 30, 2014 |
| Capital Goods | 130,682,608 | 228,799,350 |

34. Expenditure in foreign currency (accrual basis)

in ₹

| | Year ended June 30, 2015 | Period ended June 30, 2014 |
|-----------------------------------|-----------------------------|-------------------------------|
| Bank charges | 87,236 | 155,676 |
| Interest on buyer's credit | 1,966,025 | 7,034,817 |
| Legal and professional fees | 25,622 | 1,021,245 |
| Repairs and maintenance | 3,619,082 | 9,507,700 |
| Consumable stores | 52,590 | 228,435 |
| Technical service cost | - | 202,336 |
| Travelling and conveyance | - | 208,989 |
| Freight and clearing | 17,322 | 14,691 |
| Sales and promotion | - | 11,801 |
| Membership & Subscription Charges | 64,571 | - |

35. Earnings in foreign currency (accrual basis)

in ₹

| | Year ended June 30, 2015 | Period ended June 30, 2014 |
|-------------------------|-----------------------------|-------------------------------|
| Revenue from operations | 136,068,604 | 1,887,182,794 |
| Interest Income | 30,661,295 | 93,286,304 |

36. Effective June 30, 2014, the Company sold its 'Backend Business', which includes (a) business of providing the services of conversion of 2D audio visual/moving images to stereo 3D audio visual/moving images provided by the Company to Prime Focus World N.V., a company incorporated and operating under the laws of Netherlands ("PFW") ("Conversion Business"); and (b) the business of providing the services of computer generated film visual special effects by the Company to PFW ("VFX Business"), to Prime Focus World Creative Services Private Limited, a company incorporated in India and an indirect controlled subsidiary of the Company on a going concern basis by way of slump sale for a total consideration of ₹ 2,297,049,000. The gain recognized on the backend slump sale of ₹ 1,972,058,739 was recorded as exceptional item in previous period (Refer Note 22). Consequently, the figures for the current year exclude the 'backend business' and hence are not comparable with the figures of the previous period.
37. Pursuant to the enactment of the Companies Act, 2013 ("the Act"), effective 1st April, 2014, the Company has revised the estimated useful lives of its fixed assets to ensure compliance with the stipulations of Schedule II to the Act. Accordingly, the unamortized depreciable amounts of the fixed assets as at 1st July, 2014 have been charged over the revised remaining useful lives. This has the impact of decreasing depreciation charge for the year ended June 30, 2015 by ₹ 24,700,563. Further, in accordance with the stipulations of the said Schedule, written down values of fixed assets, whose lives had expired as at 1st July, 2014 aggregating ₹ 10,260,080 (net of tax) have been adjusted against retained earnings.
38. The Board of Directors of the Company vide circular resolution passed on March 24, 2014 inter-alia, considered and approved the extension of the previous financial year i.e. (April 01, 2013 to March 31, 2014) of the Company by a period of three (3) months in accordance with the provisions of Section 210 of the Companies Act, 1956. Accordingly, the Previous Year's financial year of the Company was for a period of fifteen (15) months i.e. commencing from April 01, 2013 and ending on June 30, 2014 and therefore the financial results of the last financial period are not comparable with financial results of the current year which are for twelve (12) months.

39. Previous period's figures have been regrouped where necessary to conform to current year's classification.

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 : September 16, 2015

Vikas Rathee
Chief Financial Officer

Parina Shah
Company Secretary

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PRIME FOCUS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of PRIME FOCUS LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 30th June, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated 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 and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (1) of the Basis for Qualified Opinion paragraph and the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis for Qualified Opinion

1. The financial statements/the consolidated financial statements of certain subsidiaries whose financial statements/consolidated financial statements for the year ended 31st March, 2015 have been audited by us/other auditors reflect total assets of ₹ 2,893.31 crore as at 31st March, 2015, total revenues of ₹ 953.34 crore and net cash outflow amounting to ₹ 0.52 crore for the year ended on that date. The financial information of the said subsidiaries for the year ended 30th June, 2015, as considered in the consolidated financial statements, has been derived by making appropriate adjustments, based on the management accounts approved by the board of directors of the Holding Company, to the financial information as per the aforementioned audited financial statements/consolidated financial statements for the year ended 31st March, 2015. The financial information so derived of the said subsidiaries reflect total assets (net) of ₹ 73.63 crore as at 30th June, 2015, total revenues of ₹ 372.18 crore and net cash inflows amounting to ₹ 19.98 crore for the year ended on that date, as considered in the consolidated financial statements. Our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on our reports and that of the other auditors and the aforementioned management accounts.
2. The consolidated financial statements include unaudited standalone financial information in respect of certain subsidiaries which reflect total assets of ₹ 45.70 crore as at 30th June, 2015, total revenue of ₹ Nil, cash inflows amounting to ₹ 2.69 crore for the year then ended. These unaudited financial information as approved by the Board of Directors of the Company have been furnished to us by the Management and our report in so far as it relates to the amounts and disclosures included in respect of the subsidiaries is based solely on such approved unaudited standalone financial information.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 30th June, 2015, and their consolidated loss and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements / consolidated financial statements of 5 subsidiaries, whose financial statements / consolidated financial statements reflect total assets of ₹ 615.13 crore as at 30th June, 2015, total revenues of ₹ 104.64 crore and net cash outflows amounting to ₹ 2.32 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements / consolidated financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated 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-sections (3) and (11) 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.

Our opinion on the consolidated financial statements, 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company and subsidiary companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - a. We have sought and, except for the possible effect of the matters described in the Basis for Qualified Opinion paragraph above, 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 financial statements.

- b. In our opinion, except for the possible effect of the matters described in the Basis for Qualified Opinion paragraph above, proper books of account as required by law relating to preparation of the aforesaid consolidated 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, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d. In our opinion, except for the possible effect of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Group.
- f. On the basis of the written representations received from the directors of the Holding Company as on 30th June, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies, incorporated in India, none of the directors of the Group's companies, is disqualified as on 30th June, 2015 / 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- 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, in our opinion and to the best of our information and according to the explanations given to us:
 - i. Except for the possible effect of the matter described in the Basis of Qualified Opinion above, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 30 (i) to the consolidated financial statements.
 - ii. Except for the possible effect of the matter described in the Basis of Qualified Opinion above, provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer (a) Note 8 to the consolidated financial statements in respect of such items as it relates to the Group
 - iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies incorporated in India.

For DELOITTE HASKINS & SELLS

Chartered Accountants

(Firm Registration No. 117364W)

Abhijit A. Damle

(Partner)

Membership No. 102912

Mumbai, dated: September 16, 2015

Annexure to the Independent Auditors' Report

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

Our reporting on the CARO 2015 includes 5 subsidiary companies incorporated in India, to which CARO 2015 is applicable, which have been audited by other auditors and our report in respect of these entities is based solely on the reports of the other auditors, to the extent considered applicable for reporting under CARO 2015 in the case of the consolidated financial statements.

In respect of 7 subsidiary companies incorporated in India, which have been audited by us / other auditors, in our opinion, and according to the information and explanations given to us, reporting under the Order is applicable in respect of these entities. However, the financial year end of the aforesaid components under the Act is not the same as that of the Holding Company and, consequently, reporting under CARO in respect of the aforesaid entities are as at their respective financial year end under the Act. Accordingly, our reporting under the Order in the case of the consolidated financial statements in respect of the aforesaid entities is based on the last audit report of each such component issued under the Act.

- i. In respect of the fixed assets of the Holding Company and subsidiary companies incorporated in India:
 - a) The respective entities have maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) In respect of the Holding Company and 1 subsidiary company incorporated in India, the fixed assets have not been physically verified by the management during the year. In the absence thereof, we are unable to comment on the discrepancies, if any. In respect of other subsidiary companies incorporated in India, the fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, provides for physical verification of all the fixed assets at reasonable intervals. No material discrepancies were noticed on such verification, except in respect of the 1 subsidiary company incorporated in India, where the process of reconciling the fixed assets physically verified with the books of account is currently in progress and hence discrepancies if any as at 31st March 2015, have not been ascertained.
- ii. In respect of the inventories of the Holding Company and subsidiary companies incorporated in India:
 - a) As explained to us, the inventories were physically verified during the year by the Management of 1 subsidiary company at reasonable intervals.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the 1 subsidiary company and the nature of its business.
 - c) In our opinion and according to the information and explanations given to us, 1 subsidiary company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
 - d) In respect of another subsidiary company, the nature whose business is digital media services, given the specific nature of business involving digital media services, physical verification would at most, involve verification of tapes containing details of such services. In view of above, in respect of the subsidiary company is maintaining quantitative records of such tapes and no physical verification is considered necessary by the Management.
- iii. According to the information and explanations given to us, the Holding Company and subsidiary companies incorporated in India have granted loans, to the extent included in the consolidated financial statements, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013. In respect of such loans:
 - (a) The receipts of principal amounts and interest have been as per stipulations.
 - (b) There is no overdue amount in excess of ₹ 1 lakh remaining outstanding as at the year-end.

- iv. In our opinion and opinion of the other auditors and according to the information and explanations given to us and the other auditors, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, the Holding Company and 2 subsidiary companies, need to strengthen the internal control system to make it commensurate with the size of the respective entities and the nature of their business for the purchases of inventory and / or fixed assets and / or sale of services. During the course of our audit and the other auditor's audit, no major weakness in such internal control system has been observed.
- v. According to the information and explanations given to us and the other auditors, the Holding Company and subsidiary companies incorporated in India have not accepted any deposit during the year, and accordingly, the provisions of the clause (v) of paragraph 3 of the Order are not applicable.
- vi. According to the information and explanations given to us and the other auditors, in our opinion and the opinion of the other auditors, the Companies (Cost Records and Audit) Rules, 2014, specified by the Central Government under Section 148 of the Companies Act, 2013 are not applicable to the Holding Company and subsidiary companies incorporated in India except in respect of 1 subsidiary company where the auditor of that subsidiary company has stated that the subsidiary company has, prima facie, made and maintained the prescribed cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013. However the other auditor has not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. According to the information and explanations given to us and the other auditors, in respect of statutory dues of the Holding Company and subsidiary companies incorporated in India:
- The respective entities have generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to the respective entities with the appropriate authorities, except in case of Holding Company and 1 subsidiary company, for payment of Service Tax and / or Tax Deducted at Source, where significant delays have been noted.
 - There were no undisputed amounts payable by the respective entities in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31st March, 2015 / 30th June, 2015 for a period of more than six months from the date they became payable.
 - There are no cases of non- deposit with the appropriate authorities of disputed dues of Sales Tax, Wealth Tax, Service Tax, Value Added Tax and Customs Duty. Details of dues of Income Tax and Cess which have not been deposited as on 31st March 2015 / 30th June 2015 on account of disputes are given below:

| Statute | Nature of Dues | Amount involved (₹) | Period to which the amount relates | Forum where dispute is pending |
|---|----------------|---------------------|--|--------------------------------------|
| Income Tax Act, 1961 | Income Tax | 68,756,958 | Assessment year 2007-2008, 2009-2010 and 2010-2011 | Commissioner of Income Tax (Appeals) |
| | | 653,294 | Assessment year 2008-2009 | Income Tax Appellate Tribunal |
| B.P.M.C. (Cess on Entry of Goods) Rules, 1996 | Cess Tax | 53,688,655 | 2008-09 and 2009-10 | Dy. Comm. NMMC, Cess Dept. |
| Total | | 123,098,907 | | |

- There are no amounts that are due to be transferred by the respective entities to the Investor Education and Protection Fund.
- viii. The Group does not have consolidated accumulated losses at the end of the financial year and the Group, has incurred cash losses on a consolidated basis during the current financial year but had not incurred any cash loss in the immediately preceding financial period.
- ix. In our opinion and opinion of the other auditors, and according to the information and explanations given to us and the other auditors, the Holding Company and subsidiary companies incorporated in India have not defaulted in the repayment of dues to financial institutions, banks and debenture holders.

- x. In our opinion and opinion of the other auditors, and according to the information and explanations given to us and the other auditors, the Holding Company and subsidiary companies incorporated in India have not provided guarantees for loans taken by Others outside of the Group from banks and /or financial institutions.
- xi. In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the term loans have been applied by the Holding Company and subsidiary companies incorporated in India, as applicable, during the year for the purposes for which they were obtained.
- xii. To the best of our knowledge and according to the information and explanations given to us and the other auditors, no fraud by the Holding Company and its subsidiary companies incorporated in India and no material fraud on the Holding Company and its subsidiary companies incorporated in India has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 117364W)

Abhijit A. Damle
(Partner)
Membership No. 102912

Mumbai, dated: September 16, 2015

CONSOLIDATED BALANCE SHEET

as at June 30, 2015

in ₹

| | Notes | As at June 30, 2015 | As at June 30, 2014 |
|---|-------|-----------------------|-----------------------|
| Equity and Liabilities | | | |
| Shareholders' funds | | | |
| Share Capital | 3 | 298,878,974 | 185,417,436 |
| Reserves and Surplus | 4 | 10,819,409,832 | 7,190,046,208 |
| | | 11,118,288,806 | 7,375,463,644 |
| Minority Interest | | 1,540,165,046 | 1,612,680,239 |
| Non-current liabilities | | | |
| Long-term borrowings | 5 | 5,773,797,371 | 5,701,270,452 |
| Deferred tax liability (net) | 6 | 92,577,272 | 118,699,353 |
| Other long-term liabilities | 7 | 3,925,820,114 | 606,084,494 |
| Long-term provisions | 8 | 48,889,645 | 14,049,946 |
| | | 9,841,084,402 | 6,440,104,245 |
| Current liabilities | | | |
| Short-term borrowings | 9 | 2,424,273,371 | 1,773,625,287 |
| Trade payables | | | |
| Total outstanding dues to Micro and Small Enterprise | 37 | - | - |
| Total outstanding dues to Creditors other than Micro and Small Enterprise | | 2,504,791,966 | 1,325,169,869 |
| Other current liabilities | 10 | 6,349,727,284 | 1,710,086,149 |
| Short-term provisions | 8 | 101,538,604 | 471,620,990 |
| | | 11,380,331,225 | 5,280,502,295 |
| TOTAL | | 33,879,869,479 | 20,708,750,423 |
| Assets | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets | 11 | 8,071,170,658 | 6,321,605,516 |
| Intangible assets | 12 | 5,276,377,957 | 3,330,226,841 |
| Capital work-in-progress | | 3,423,779 | 40,903,388 |
| Intangible assets under development | | 441,379,416 | 157,178,849 |
| Goodwill on consolidation | | 8,029,711,933 | 1,270,616,282 |
| Non-current investments | 13 | 857,398,278 | 103,500 |
| Deferred tax assets (net) | 6 | 584,413,947 | 1,129,343,192 |
| Long-term loans and advances | 16 | 1,645,738,987 | 938,825,484 |
| Other non-current assets | 18 | 682,447 | 682,447 |
| | | 24,910,297,402 | 13,189,485,499 |
| Current assets | | | |
| Current investments | 14 | - | 625,148 |
| Inventories | | 5,644,678 | 315,789 |
| Trade receivables | 15 | 3,756,318,782 | 3,852,654,086 |
| Cash and bank balances | 17 | 616,232,865 | 224,924,109 |
| Short-term loans and advances | 16 | 2,646,561,931 | 1,734,627,340 |
| Other current assets | 18 | 1,944,813,821 | 1,706,118,452 |
| | | 8,969,572,077 | 7,519,264,924 |
| TOTAL | | 33,879,869,479 | 20,708,750,423 |
| Notes forming part of the consolidated financial statements | 1-38 | | |

As per our report of even date

For Deloitte Haskins & Sells

Chartered Accountants

Abhijit A. Damle

Partner

Place : Mumbai

Date : September 16, 2015

For and on behalf of the Board of Directors

Naresh Malhotra

Whole-time Director

DIN: 00004597

Vikas Rathee

Chief Financial Officer

Namt Malhotra

Chairman (Executive Director)

and Chief Executive Officer

DIN: 00004049

Parina Shah

Company Secretary

Ramakrishnan Sankaranarayanan

Managing Director

DIN: 02696897

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended June 30, 2015

in ₹

| | Notes | For the Year ended June 30, 2015 | For the period ended June 30, 2014 |
|---|---------|-------------------------------------|---------------------------------------|
| Income | | | |
| Revenue from operations - sale of services (net) | | 15,379,744,586 | 10,327,215,871 |
| Other operating income | | 696,108,695 | 486,970,314 |
| Other income | 19 | 195,595,168 | 460,100,989 |
| | | 16,271,448,449 | 11,274,287,174 |
| Expenses | | | |
| Employee benefits expense | 20 | 9,263,574,080 | 5,070,165,020 |
| Technician fees | | 277,503,714 | 816,661,805 |
| Finance costs | 21 | 727,254,999 | 686,759,914 |
| Depreciation and amortization expense | 11 & 12 | 2,211,412,998 | 1,331,978,681 |
| Other expenses | 22 | 4,122,507,332 | 2,945,119,339 |
| | | 16,602,253,123 | 10,850,684,759 |
| Profit before exceptional items and tax | | (330,804,674) | 423,602,415 |
| Exceptional Items | 23 | 2,475,479,679 | 174,064,647 |
| (Loss) / Profit before tax | | (2,806,284,353) | 249,537,768 |
| Tax expense | | | |
| Current tax | | (328,210,983) | 520,474,308 |
| MAT credit entitlement | | - | (17,762,686) |
| | | (328,210,983) | 502,711,622 |
| Deferred tax | | 653,461,917 | (431,918,485) |
| Total tax expense | | 325,250,934 | 70,793,137 |
| (Loss) / Profit after tax (before adjustment of minority interest) | | (3,131,535,287) | 178,744,631 |
| Minority interest | | (209,306,984) | (63,869,247) |
| (Loss) / Profit for the year / period | | (2,922,228,303) | 242,613,878 |
| Earnings per equity share of face value of ₹ 1 each (before exceptional items) (refer note 24) | | | |
| Basic | | (2.19) | 2.05 |
| Diluted | | (2.19) | 2.05 |
| Earnings per equity share of face value of ₹ 1 each (after exceptional items) (refer note 24) | | | |
| Basic | | (13.79) | 1.31 |
| Diluted | | (13.79) | 1.31 |
| Notes forming part of the consolidated financial statements | 1-38 | | |

As per our report of even date
For Deloitte Haskins & Sells
Chartered Accountants

Abhijit A. Damle
Partner

Place: Mumbai
Date : September 16, 2015

For and on behalf of the Board of Directors

Naresh Malhotra
Whole-time Director
DIN: 00004597

Vikas Rathee
Chief Financial Officer

Namit Malhotra
Chairman (Executive Director)
and Chief Executive Officer
DIN: 00004049

Parina Shah
Company Secretary

Ramakrishnan Sankaranarayanan
Managing Director
DIN: 02696897

CONSOLIDATED CASH FLOW STATEMENT

for the year ended June 30, 2015

in ₹

| | For the Year ended June 30, 2015 | For the period ended June 30, 2014 |
|--|-------------------------------------|---------------------------------------|
| Cash flow from Operating activities | | |
| (Loss) / Profit before tax | (2,806,284,353) | 249,537,768 |
| Adjusted for: | | |
| Depreciation and amortization expense | 2,211,412,998 | 1,331,978,681 |
| Assets written off | - | 77,987,782 |
| (Profit) / Loss on sale of fixed assets (net) | (1,440,418) | 60,826,631 |
| Loss on sale of investment in subsidiary | 453,022,758 | - |
| Unrealized foreign exchange (gain) (net) | (145,361,717) | (100,567,470) |
| Loan to Prime Focus London Plc written off | 1,353,249,789 | - |
| Bad debts written off (net) | 37,800,257 | 38,539,864 |
| Provision for doubtful debts/ advances, net | (75,470,474) | 87,021,379 |
| Sundry credit balance written back | (31,097,330) | (5,527,359) |
| Stock option expense | 67,584,889 | 108,249,496 |
| Interest income | (20,545,221) | (26,865,884) |
| Dividend income | (24,000) | (12,000) |
| Finance costs | 668,473,381 | 624,123,480 |
| Operating profit before working capital changes | 1,711,320,559 | 2,445,292,368 |
| Movements in working capital | | |
| Increase in trade payables | 4,349,985,800 | 687,401,378 |
| Increase in provisions | 64,452,807 | 1,461,296 |
| Increase / (decrease) in current liabilities | 254,873,559 | (208,416,723) |
| Increase in other long term liabilities | 894,669,016 | 55,308,465 |
| (Increase) in trade receivables | (2,285,986,532) | (975,188,987) |
| (Increase) in long term loans and advances | (640,537,277) | (19,783,299) |
| (Increase) in short term loans and advances | (1,591,755,239) | (937,512,137) |
| (increase) / decrease in inventories | (1,620,503) | 4,171,242 |
| (Increase) in other current assets | (341,810,664) | (673,122,233) |
| Cash generated from operations | 2,413,591,526 | 379,611,370 |
| Direct taxes (paid) (net) | (286,718,685) | (120,817,300) |
| Net cash flow generated from operating activities (A) | 2,126,872,841 | 258,794,070 |
| Cash flow from investing activities | | |
| Purchase of fixed assets | (3,195,224,953) | (2,262,177,857) |
| Proceeds from sale of fixed assets | 169,784,123 | 25,607,917 |
| Purchase / acquisition of long-term investments / business: | | |
| Gener8 Digital Media Corp (Refer Note 35) | (171,478,914) | - |
| Double Negative Holdings Limited (Refer Note 34) | (1,918,698,846) | - |
| Sample Digital Holdings LLC (DAX) (Refer Note 32) | - | (124,831,071) |
| Proceeds from sale of subsidiary - Prime Focus London Plc, (net of cash) (Refer note 23) | 12,625,080 | - |
| Purchase of non-current investments | (34,493,560) | - |

CONSOLIDATED CASH FLOW STATEMENT

for the year ended June 30, 2015

in ₹

| | For the Year ended June 30, 2015 | For the period ended June 30, 2014 |
|---|-------------------------------------|---------------------------------------|
| Inter-corporate deposits given | (26,000,000) | (159,852,500) |
| Inter-corporate deposits received back | 50,500,000 | 5,000,000 |
| Margin money and fixed deposits under lien | (178,150,882) | 84,913,605 |
| Interest received | 6,787,593 | 16,181,115 |
| Dividends received | 24,000 | 12,000 |
| Net cash flow (used in) investing activities (B) | (5,284,326,359) | (2,415,146,791) |
| Cash flow from financing activities | | |
| Proceeds from long term borrowings (net) | 304,098,114 | 1,787,568,691 |
| Proceeds / (Repayment) from short term borrowings (net) | 494,047,149 | (1,472,635,456) |
| Proceeds from issuance of shares (net of expenses) | 2,394,099,992 | 2,091,186,728 |
| Finance costs paid | (649,692,138) | (623,314,300) |
| Net cash flow generated from financing activities (C) | 2,542,553,117 | 1,782,805,663 |
| Effect of exchange on cash and cash equivalents (D) | 1,858,004 | 23,797,168 |
| Net (decrease) in cash and cash equivalents (A+B+C+D) | (613,042,397) | (349,749,890) |
| Cash and cash equivalents at the beginning of the year / period | 141,451,313 | 491,201,203 |
| Cash and bank balances on acquisition of subsidiaries during the year | 826,200,271 | - |
| Cash and cash equivalents at the end of the year / period (Refer note below) | 354,609,187 | 141,451,313 |
| Note: | | |
| Reconciliation of cash and cash equivalents | | |
| Cash and Bank balances | | |
| As per Balance Sheet (Refer note 17) | 616,232,865 | 224,924,109 |
| less: Other bank balances (Refer note 17) | 261,623,678 | 83,472,796 |
| As per Cash Flow Statement | 354,609,187 | 141,451,313 |

Note:

67,307,692 equity shares were issued to Reliance MediaWorks Limited ("RMW") as consideration other than cash towards the transfer of its film and media services business to the Company in accordance with the Business Transfer Agreement dated November 19, 2014 between the Company, RMW and Reliance Land Private Limited. (Refer note 33)

As per our report of even date

For Deloitte Haskins & Sells

Chartered Accountants

Abhijit A. Damle

Partner

Place: Mumbai

Date : September 16, 2015

For and on behalf of the Board of Directors

Naresh Malhotra

Whole-time Director

DIN: 00004597

Vikas Rathee

Chief Financial Officer

Namit Malhotra

Chairman (Executive Director)

and Chief Executive Officer

DIN: 00004049

Parina Shah

Company Secretary

Ramakrishnan Sankaranarayanan

Managing Director

DIN: 02696897

NOTES TO ACCOUNTS

1. Corporate information

Prime Focus Limited (the “Company” or the “Parent Company”) is a public company domiciled in India and incorporated under the provision of the Companies Act, 1956. The Company, its subsidiaries and an associate (collectively referred to as ‘the Group’) are engaged in the business of post-production including digital intermediate, visual effects, 2D to 3D conversion and providing complete solutions in terms of other technical and creative services to the Media and Entertainment Industry.

2. Statement of significant accounting policies:

a. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP), to comply with the Accounting Standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act, 2013 (the ‘Act’). The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of consolidated financial statements are consistent with those of previous period.

b. Principles of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries (collectively referred to as ‘the Group’), which are more than 50% owned or controlled and have been prepared, in accordance with the principles of consolidation laid down in Accounting Standard 21, Consolidated Financial Statements.

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

- i) The financial statement, consolidated financial statements of the subsidiary companies, used in the consolidation have been drawn upto March 31, 2015. The financial information of the said subsidiaries for the year ended June 30, 2015, as considered in the consolidated financial statements, has been derived by making appropriate adjustments, based on the management accounts approved by the board of directors of the Parent Company, to the financial information as per the aforementioned audited financial statements/consolidated financial statements for the year ended March 31, 2015.
- ii) The financial statements of the Company and its subsidiaries have been combined on a line-by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting profits in full. An unrealized loss resulting from intra-group transactions has also been eliminated to the extent that recoverable value of related assets is lower than their cost to the Group.
- iii) The assets and liabilities of non-integral subsidiaries are translated into Indian Rupees at the rate of exchange prevailing as of the balance sheet date. Revenue and expenses are translated into Indian Rupees at an average rate. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve.
- iv) The consolidated financial statements are prepared using uniform accounting policies to the extent practicable across the Group. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Company, except in case of depreciation.
- v) Goodwill arising on consolidation

The excess of cost to the parent, of its investment in subsidiary over its portion of equity in the subsidiary at the respective dates on which

investment in the subsidiary was made, is recognized in the financial statements as goodwill and in the case where equity exceeds the cost; the difference is accounted as capital reserve. The parent's portion of equity in the subsidiary is determined on the basis of the value of assets and liabilities as per the financial statements of the subsidiary as on the date of investment.

However, for subsidiary companies, Prime Focus World N.V. ('PFWNV') and its subsidiaries ('PFW Group'), goodwill arising on consolidation represents the excess of their respective cost of acquisition over the fair value of their respective share of the net assets / net liabilities of the acquired entity at the date of acquisition in earlier years.

Goodwill arising on this count is ₹ 1,207,581,397 (Previous period : ₹ 1,207,581,397).

Goodwill arising on consolidation is evaluated for impairment annually.

vi) List of subsidiaries which are more than 50% owned or controlled and included in the consolidated financial statements:

| Name of subsidiaries | Principal activity | Country of incorporation | Current year percentage of holding | Previous period percentage of holding |
|---|----------------------------------|--------------------------|------------------------------------|---------------------------------------|
| Prime Focus London Plc. UK * | Post Production and VFX services | England & Wales | - | 65.01% |
| Prime Focus International Limited (PFIL) | Media and other Investments | England & Wales | 100% | 100% |
| Prime Focus Technologies Private Limited (PFT) | Digital Asset Management | India | 75.50% | 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 (w.e.f. July 26, 2013) | Investments | Mauritius | 100% | 100% |
| Prime Focus 3D India Private Limited | Dormant | India | 100% | 100% |
| Gener8 India Media Services Limited (formerly known as Prime Focus Entertainment Services Limited / Reliance MediaWorks Entertainment Services Limited) (w.e.f. April 07, 2015) | Post Production Services | India | 100% | - |
| Reliance MediaWorks (Mauritius) Limited (w.e.f. April 07, 2015) | Investments | Mauritius | 100% | - |
| Subsidiary company of Reliance MediaWorks (Mauritius) Limited | | | | |
| Reliance Lowry Digital Imaging Services Inc (w.e.f April 07, 2015) #10% is held by Prime Focus Limited directly | Restoration | USA | 100%# | - |
| Subsidiary companies of Prime Focus London Plc. UK * | | | | |
| VTR Media Services Limited (formerly known as Prime Focus Visual Entertainment Services Limited) (Under Liquidation) | Broadcast Post Production | England & Wales | - | 100% |
| VTR Media Investments Limited | Media Investments | England & Wales | - | 100% |
| Busy Buses Limited | Dormant | England & Wales | - | 100% |
| PF Broadcast & Commercial Limited (Under Liquidation) | Post Production Services | England & Wales | - | 100% |
| Clipstream Limited | Digital Content Management | England & Wales | - | 100% |

| Name of subsidiaries | Principal activity | Country of incorporation | Current year percentage of holding | Previous period percentage of holding |
|--|---|--------------------------|------------------------------------|---------------------------------------|
| Prime Focus Broadcast Limited (Under Administration) | Post Production Services | England & Wales | - | 100% |
| Subsidiary companies of VTR Media Investments Limited | | | | |
| VTR Post Limited (formerly known as Prime Focus Post Limited/ Amazing Spectacles Limited) (Under Liquidation) | Post Production Service | England & Wales | - | 100% |
| Prime Post (Europe) Limited (formerly known as Prime Focus (MW) Limited) (w.e.f. October 01, 2014 subsidiary of Prime Focus Technologies UK Limited) | Post Production of Television Commercials | England & Wales | - | 100% |
| DMJM Film Limited (Liquidated in FY 2013) | Dormant | England & Wales | - | - |
| VTR Media Investments 2 Limited (formerly known as Prime Focus Productions 1 Limited) | Dormant | England & Wales | - | 100% |
| Prime VFX Limited (formerly known as PF Television VFX Limited) (Under Liquidation) | Dormant | England & Wales | - | 100% |
| PF Broadcast VFX Limited (Under Liquidation) | Dormant | England & Wales | - | 100% |
| Prime Focus Productions 5 Limited (Dissolved on July 28, 2015) | Dormant | England & Wales | - | 100% |
| PF Film UK Limited (Under Liquidation) | Post Production Services | England & Wales | - | 100% |
| Subsidiary company of PF World Limited | | | | |
| Prime Focus Luxembourg S.a.r.l | Investments | Luxembourg | 100% | 100% |
| Gener8 Digital Media Services Limited (w.e.f. December 24, 2014) | Post Production Services | Canada | 100% | - |
| Subsidiary company of Prime Focus Luxembourg S.a.r.l | | | | |
| Prime Focus 3D Cooperatief U.A #0.01% is held by PF Investments Limited | Investments | Netherlands | 99.99%# | 99.99%# |
| Subsidiary company of Prime Focus 3D Cooperatief U.A. | | | | |
| Prime Focus World N.V. | Investments | Netherlands | 76.33% | 81.59% |
| Subsidiary companies of Prime Focus World N.V. | | | | |
| Prime Focus Creative Services Canada Inc | Post Production and VFX 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 (w.e.f. July 01, 2014) | Investments | England & Wales | 100% | - |
| Subsidiary companies of Double Negative Holdings Limited | | | | |
| Double Negative Limited (w.e.f. July 01, 2014) | Post Production and VFX services | England & Wales | 100% | - |

| Name of subsidiaries | Principal activity | Country of incorporation | Current year percentage of holding | Previous period percentage of holding |
|---|----------------------------------|--------------------------|------------------------------------|---------------------------------------|
| Double Negative Singapore Pte Limited (w.e.f. July 01, 2014) | Post Production and VFX services | Singapore | 100% | - |
| Double Negative Films Limited (w.e.f. July 01, 2014) | Dormant | England & Wales | 100% | - |
| Double Negative Canada Productions Limited (w.e.f. July 01, 2014) | Post Production and VFX services | Canada | 100% | - |
| Subsidiary company of Prime Focus Creative Services Canada Inc. | | | | |
| Vegas II VFX Limited (w.e.f. May 30, 2013) | 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 Ltd. | | | | |
| Prime Focus (HK) Holdings Limited | Post Production and VFX services | Hong Kong | 100% | 100% |
| Subsidiary companies of Prime Focus Technologies Private Limited | | | | |
| Prime Focus Technologies UK Limited | Digital Asset Management | England & Wales | 100% | 100% |
| Prime Focus Technologies, Inc. | Post Production | USA | 100% | 100% |
| Subsidiary company of Prime Focus Technologies, Inc. | | | | |
| DAX PFT LLC (w.e.f. April 04, 2014) | Digital Asset Management | USA | 100% | 100% |
| Subsidiary company of DAX PFT LLC | | | | |
| DAX Cloud ULC (w.e.f. April 04, 2014) | Digital Asset Management | Canada | 100% | 100% |
| Subsidiary company of Prime Focus Technologies UK Limited | | | | |
| Prime Post (Europe) Limited | Post Production | England & Wales | 100% | - |

* On March 31, 2015, the Company sold its entire holdings of ordinary shares of Prime Focus London Plc UK

c. **Use of estimates**

The preparation of consolidated financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Accounting estimates change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

d. **Tangible fixed assets**

Fixed assets are carried 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 fixed asset 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 fixed assets, 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.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

e. Depreciation

Depreciation on tangible fixed assets of the Company and its India subsidiaries is provided using the Straight Line Method (SLM) as per the useful lives of the assets estimated by the management which is similar to the useful life prescribed under Schedule II of the Companies Act, 2013.

Depreciation on tangible fixed assets of the Company's foreign subsidiaries other than Prime Focus London Plc and its subsidiaries ('PF London Group') and PFIL has been provided on SLM as per the estimated useful life of such assets as follows:

| | |
|-------------------------------|---|
| Buildings | Over 40 years |
| Equipment, fixture & fittings | Over 3 to 10 years |
| Motor vehicles | Over 5 years |
| Leasehold improvements | Over the period of the lease or useful economic life whichever is shorter |

In case of, PF London Group (upto March 31, 2015) and Prime Focus International Limited (PFIL), depreciation has been provided using Written Down Value ('WDV') Method, to write down the cost of fixed assets to their residual values over the estimated useful economic lives at the following rates:

| Asset Group | Rates (WDV) |
|-----------------------|-------------|
| Plant and equipment | 13.91% |
| Fixtures and fittings | 18.10% |
| Vehicles | 25.89% |

Cost of leasehold improvements and leasehold building is amortised on a straight line basis over the period of the lease or useful economic life whichever is shorter.

Gross book value of assets of PF London Group is ₹ Nil (previous period ₹ 2,922,904,227). Net book value of assets of PF London Group is ₹ Nil (previous period ₹ 1,184,573,303) and depreciation charge for the year is ₹ 72,780,223 (previous period ₹ 197,612,694). The investment in PF London Group has been sold by the Company in the current year.

Gross book value of assets of PFIL is ₹ 1,840,891,729 (previous period ₹ 2,037,057,045). Net book value of assets of PFIL is ₹ 1,680,917,729 (previous period ₹ 1,920,137,922) and depreciation charge for the year is ₹ 68,471,947 (previous period ₹ 71,147,375).

Pursuant to the enactment of the 2013 Act, effective April 01, 2014, the Company and its Indian subsidiaries have revised the estimated useful lives of its fixed assets to ensure compliance with the stipulations of Schedule II to the Act. Accordingly, the unamortized depreciable amounts of the fixed assets as at July 01, 2014 / April 01, 2014 have been charged over the revised remaining useful lives. Further, in accordance with the stipulations of the said Schedule, written down value of fixed assets, whose lives had expired as at July 01, 2014 / April 01, 2014 aggregating ₹ 15,176,987 (net of tax) (previous period ₹ 2,250,751 (net of tax)) have been adjusted against retained earnings.

f. Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized on a straight line basis over the estimated useful economic lives.

The Group amortizes the intangible asset pertaining to the 2D to 3D conversion business over 20 years as the Group believes the benefits from this 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 unrecognized 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 amortized on straight line basis over the estimated useful life of six years.

Acquired intangible assets

Externally acquired finite-lived intangible assets are initially recognized at cost and subsequently amortized on a straight-line basis over their useful economic lives.

Intangible assets are recognized in business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

Finite-lived intangible assets that were acquired in a business combination, such as trade names, developed technology, customer relationships/contracts, non-compete, brands and intellectual property are amortized on a straight-line basis over their estimated useful life of upto 8 years.

The period of amortization only starts at the point at which the asset becomes available to produce economic returns. Amortization is classified as an operating expense.

Goodwill on acquisition is not amortized but is tested for impairment on an annual basis.

Research and development costs

Research costs are expensed as incurred. Development costs are expensed as incurred unless, technical and commercial feasibility of the project together with availability of required resource the intent to complete the project and ability to use or sell the asset, can be demonstrated. Additionally, the assets should be able to generate probable future economic benefit and cost thereof should be measured reliably.

g. Impairment

The carrying values of assets are reviewed at each Balance Sheet date for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the higher of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, except in case of revalued assets.

h. Borrowing cost

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

Borrowing costs relating to acquisition or construction of qualifying assets which takes substantial period of time to get ready for its intended use are capitalised to the extent they relate to the period till such assets are ready to be put to use. All other borrowing costs are expensed in the period in which they occur.

i. **Leases**

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the Statement of Profit and Loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight line basis over the leased term.

j. **Inventory**

Inventory is valued at the lower of cost and net realizable value less any provision for impairment.

k. **Investments**

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

l. **Revenue Recognition**

Revenue comprises the fair value of the consideration for the sale of services and products in the ordinary course of the Group's activities. Revenue is shown net of applicable taxes.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and no significant uncertainty exists as to its determination or realisation. The Group bases its estimates on historical results of the past taking into consideration the type of transaction, the type of customer and the specifics of each arrangement.

- i. 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 losses become evident.

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

- ii. Contract 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 perform 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 recognize 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.

iii. Others

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividends are recognised when the shareholders' right to receive payment is established by the Balance Sheet date.

m. **Foreign currency transactions**

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

At the year end, foreign currency monetary items are reported using the closing exchange rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences

Exchange differences are recognised as income or expenses in the period in which they arise except in case of exchange differences arising on long term foreign currency monetary items related to acquisition of fixed assets which are capitalised and depreciated over the remaining useful life of assets.

Translation of integral and non-integral foreign operation

The Company classifies all its foreign operations as either "integral foreign operation" or "non-integral foreign operation." The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date and items of Statement of Profit and Loss are translated at average rate. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss. When there is a change in classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

n. **Income taxes**

Tax expense comprises of current and deferred tax. Current income tax is determined on the basis of taxable income and tax credits computed for each of the entities in the Group in accordance with the provisions of applicable tax laws of the respective jurisdiction where the entities are located. 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 years.

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 Group has unabsorbed depreciation or carry forward tax losses, the corresponding 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 Group 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 Group 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.

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT credit entitlement. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Group will pay normal income tax during the specified period.

o. 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.

p. Provisions and contingencies

A provision is recognized when the Group has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. A contingent liability is disclosed when the Group has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.

q. Retirement and other employee benefits

Post-employment benefits and other long term benefits of the Group:

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

Retirement benefits in the form of Provident Fund and Family Pension Fund are defined contribution schemes and the contributions are charged to the Statement of Profit and Loss of the period when the contributions to the respective funds are due. Liability in respect thereof is determined on the basis of contributions as required under the Statute/Rules. There are no other obligations other than the contribution payable to the respective funds.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation done as per Projected Unit Credit method, carried out by an independent actuary at the end of the year. Actuarial gains and losses are recognized in full in the period in which they occur in the Statement of Profit and Loss.

r. 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 Group are segregated based on the available information.

3. Share capital

| | in ₹ | |
|---|---------------------|---------------------|
| | As at June 30, 2015 | As at June 30, 2014 |
| Authorised shares: | | |
| 350,000,000 (previous year 250,000,000) Equity shares of ₹1/- each | 350,000,000 | 250,000,000 |
| Issued, subscribed and paid-Up: | | |
| 298,878,974 (previous year: 185,417,436) Equity shares of ₹1/- each | 298,878,974 | 185,417,436 |
| | <u>298,878,974</u> | <u>185,417,436</u> |

a. Reconciliation of the shares outstanding at the beginning and at the end of the year / period:

| | As at June 30, 2015 | | As at June 30, 2014 | |
|---|---------------------|--------------------|---------------------|--------------------|
| | No. | Amount | No. | Amount |
| At the beginning of the year / period | 185,417,436 | 185,417,436 | 185,417,436 | 185,417,436 |
| Issued during the year / period (Refer note 33) | 113,461,538 | 113,461,538 | - | - |
| At the end of the year / period | <u>298,878,974</u> | <u>298,878,974</u> | <u>185,417,436</u> | <u>185,417,436</u> |

b. 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.

c. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

| | As at June 30, 2015 No. | As at June 30, 2014 No. |
|---|-------------------------------|-------------------------------|
| Equity shares allotted as fully paid up pursuant to business transfer agreement for consideration other than cash (Refer note 33) | 67,307,692 | - |

d. Details of shareholders holding more than 5% in the company

| | As at June 30, 2015 | | As at June 30, 2014 | |
|---|---------------------|--------------|---------------------|--------------|
| | No. | % of holding | No. | % of holding |
| Naresh Malhotra | 62,201,546 | 20.81 | 62,201,546 | 33.55 |
| Reliance MediaWorks Limited | 134,080,061 | 44.86 | - | - |
| Standard Chartered Private Equity (Mauritius) III Limited | 36,549,990 | 12.23 | 36,549,990 | 19.71 |
| Monsoon Studio Private Limited | 27,506,095 | 9.20 | - | - |
| Namit Malhotra | 14,900,000 | 4.99 | 14,900,000 | 8.04 |

- e. In the Board of Directors meeting held on July 02, 2014 approval was granted to introduce and implement Employee Stock Option Scheme titled 'PFL-ESOP Scheme 2014' whereby stock options upto 6% of the paid up capital of the Company (post preferential allotment) aggregating 17,932,738 stock options would be issued to eligible employees of the Company, its subsidiaries and associates. The said scheme was approved by the shareholders in the Extra-ordinary General Meeting held on August 01, 2014.

4. Reserves and surplus

in ₹

| | As at June 30, 2015 | As at June 30, 2014 |
|---|------------------------|----------------------|
| Securities Premium Account | | |
| As per last balance sheet | 4,590,396,975 | 3,498,061,519 |
| Add: Premium on issue of equity shares | 6,634,422,455 | - |
| Add: Premium on issue of preferred shares | - | 1,354,509,831 |
| Less: Share of minority | 375,856,333 | - |
| Less: Expenses on issue of equity/ preferred shares | 5,900,000 | 35,643,882 |
| Less: Premium on redemption of debentures (net of tax) | 210,549,462 | 226,530,493 |
| | 10,632,513,635 | 4,590,396,975 |
| Capital Reserve | | |
| On acquisition of business (Refer note 33) | 517,690,352 | - |
| | 517,690,352 | - |
| General Reserve | | |
| As per last balance sheet | 13,400,000 | 13,400,000 |
| | 13,400,000 | 13,400,000 |
| Debenture Redemption Reserve | | |
| As per last balance sheet | 636,455,965 | - |
| Add: Transferred from Surplus in the Statement of Profit and Loss | 65,550,000 | 636,455,965 |
| | 702,005,965 | 636,455,965 |
| Surplus in the Statement of Profit and Loss | | |
| As per last balance sheet | 1,982,008,351 | 2,572,453,224 |
| Add: (Loss)/ Profit for the year / period | (2,922,228,303) | 242,613,878 |
| Less: Depreciation on account of transitional provisions of Schedule II to the Companies Act, 2013 (net of tax) (Refer note 2e) | 15,176,987 | 2,250,751 |
| Less: Transferred to Debenture Redemption Reserve | 65,550,000 | 636,455,965 |
| Less: Minority share | 216,869,857 | 194,352,035 |
| | (1,237,816,796) | 1,982,008,351 |
| Share options outstanding account | | |
| As per last balance sheet | 225,939,646 | - |
| Amounts recorded on grants during the period | - | 225,939,646 |
| Less: Deferred stock compensation expense | 50,105,261 | 117,690,150 |
| | 175,834,385 | 108,249,496 |
| Fair value reserve | | |
| | - | (1,607,524) |
| Foreign currency translation reserve | | |
| | 15,782,291 | (138,857,055) |
| | 10,819,409,832 | 7,190,046,208 |

On March 19, 2013, PFWNV issued 187,500 of class B Convertible Redeemable Preferred Shares (“class B Preferred”), which carry a par value of €0.01 per share, for \$10.0 million. These class B Preferred shares form a separate class and carry equal rights. The preferred shares are senior to the ordinary shares of PFWNV with respect to distribution of assets and rights upon liquidation of PFWNV or a Sale Transaction. The holder of the class B Preferred is entitled to the same dividend or distribution that the Board may declare to the holders of the Ordinary shares of PFWNV. The class B Preferred shareholders are entitled to vote together with Ordinary shareholders and the number of entitled votes will be calculated based on an as converted basis according to the then applicable conversion rate of the class B Preferred shares to ordinary shares of PFWNV. All outstanding class B Preferred shares shall automatically be converted into ordinary shares of PFWNV in the event of a qualifying initial public offering.

On June 21, 2013, PFWNV issued 827,781 of class A Convertible Redeemable Preferred Shares (“class A Preferred”), which carry a par value of €0.01 per share, for \$38.0 million. These class A Preferred form a separate class and carry equal rights. The Series A Preferred shares are senior to the Series B Preferred shares and ordinary shares of PFWNV with respect to distribution of assets and rights upon liquidation of PFWNV or a Sale Transaction. The holder of the class A Preferred is entitled to a cumulative preferred dividend, accrued on quarterly basis, of 5% per annum over the aggregate of (a) nominal value of the class A Preferred, plus (b) share premium paid, in addition to the same dividend or distribution that the Board may declare from time to time to the holders of the Ordinary shares of PFWNV. The class A Preferred shareholders are entitled to vote together with Ordinary shareholders of PFWNV and the number of entitled votes will be calculated based on an “as converted” basis according to the then applicable conversion rate of the class A Preferred shares to ordinary shares of PFWNV. All outstanding class A Preferred shares shall mandatorily convert to ordinary shares of PFWNV upon completion of a qualifying initial public offering or at any time at the option of the holder into ordinary shares.

In consolidated financials, class A & B Convertible Redeemable Preferred Shares are considered as part of Minority interest of the group.

5. Long-term borrowings

in ₹

| | Non-current portion | | Current maturities | |
|---|---------------------|---------------------|---------------------|---------------------|
| | As at June 30, 2015 | As at June 30, 2014 | As at June 30, 2015 | As at June 30, 2014 |
| Debentures (unsecured) | | | | |
| Non-convertible debentures - series A | 1,010,000,000 | 1,010,000,000 | - | - |
| Non-convertible debentures - series B | 891,000,000 | 891,000,000 | - | - |
| Premium on aforesaid debentures | 761,781,859 | 445,623,858 | - | - |
| (Refer note (a) below) | | | | |
| Debentures (secured) | | | | |
| Optionally convertible debentures | 461,400,000 | 461,400,000 | - | - |
| (Refer note (b) below) | | | | |
| Non-convertible debentures | 489,100,000 | - | - | - |
| Premium on Non-convertible debentures | 2,808,006 | - | - | - |
| (Refer note (c) below) | | | | |
| Term loans (secured) | | | | |
| from banks | 430,467,119 | 1,867,382,342 | 1,247,514,153 | 377,113,216 |
| (Refer note (d), (e), (f), (i) and (j) below) | | | | |
| from financial institutions | 588,423,227 | 567,885,586 | 14,673,860 | 16,962,949 |
| (Refer note (h) below) | | | | |
| from others | 406,196,930 | - | 28,198,254 | - |
| (Refer note (g) and (k) below) | | | | |

in ₹

| | Non-current portion | | Current maturities | |
|---|----------------------|----------------------|----------------------|---------------------|
| | As at June 30, 2015 | As at June 30, 2014 | As at June 30, 2015 | As at June 30, 2014 |
| Other loans and advances (secured) | | | | |
| Finance lease obligations (Refer note (l) below) | 593,292,903 | 222,359,001 | 608,962,571 | 216,980,650 |
| Foreign currency loans - buyers credit (Refer note (m) below) | 139,327,327 | 235,619,665 | 277,305,571 | 146,500,830 |
| | 5,773,797,371 | 5,701,270,452 | 2,176,654,409 | 757,557,645 |
| The above amount includes | | | | |
| Secured borrowings | 3,111,015,512 | 3,354,646,594 | 2,176,654,409 | 757,557,645 |
| Unsecured borrowings | 2,662,781,859 | 2,346,623,858 | - | - |
| Amount disclosed under the head "other current liabilities" (note 10) | - | - | (2,176,654,409) | (757,557,645) |
| | 5,773,797,371 | 5,701,270,452 | - | - |

- 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 ₹ 1,901,000,000 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 ₹ 1,010,000,000 redeemable after 5 years and the Series B NCDs comprised of 891 Debentures aggregating ₹ 891,000,000 redeemable after 6 years.

The amounts payable on redemption on Debentures are as follows:

- With respect to the Series A NCDs, an amount equal to 188.17% of the Principal amount of Series A NCDs.
- 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 Private Limited (PFT) raised through private placement of secured, unlisted, unrated, redeemable, optionally convertible debentures (OCDs) aggregating Rs 461,400,000. 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.
- c. 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 ₹ 100,000 each ("Debentures") aggregating upto ₹ 270,000,000 with a Green Shoe Option of upto ₹ 130,000,000 on a private placement basis. On March 04, 2015, 2,891 Debentures aggregating ₹ 289,100,000 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 ₹ 100,000 each ("Debentures") aggregating upto ₹ 200,000,000. On May 05, 2015, the Company allotted 1,580 debentures under Tranche - 1, aggregating ₹ 158,000,000 and on May 08, 2015 the Company further allotted 420 debentures under Tranche - 2, aggregating ₹ 42,000,000. In aggregate, the company allotted 4,891 debentures amounting to ₹ 489,100,000 at 14% interest payable quarterly and a redemption premium payable on maturity of the debenture to make the IRR of 17%. Of these Debentures ₹ 289,100,000 matures in August 2017 and ₹ 200,000,000 matures in November 2017.

- d. On November 06, 2012, the Company entered into a term loan agreement with a bank to borrow ₹ 495,000,000 to fund the redemption of FCCB at an interest rate of base rate + margin (as may be agreed with the bank from time to time) for a tenor up to a maximum of 4 years. The base rate and margin were 14.75% during the previous period. The term loan was to be repaid in 45 monthly installments starting from the end of 4th month from the date of disbursement. The outstanding balance as at June 30, 2015 and June 30, 2014 is ₹ nil and ₹. 330,000,000 respectively. As at June 30, 2014 ₹. 198,000,000 was included in long-term borrowing and ₹. 132,000,000 was included in current maturities of long-term borrowings. The term loan was secured by a specific charge on immovable assets of the Company, personal guarantees of the promoters and pledge of shares of the company held by the promoter.
- e. Term loans from bank include ₹ 346,443,420 (Previous period: ₹ 231,987,111) 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 42 equal monthly installments beginning after a moratorium of 6 months from the date of disbursement with an interest rate of 13.50% p.a to 14.50% p.a. As at June 30, 2015, ₹170,666,701 (Previous period: ₹ 44,371,822) is included in current maturities of long-term borrowings and balance of ₹ 175,776,719 (Previous period: ₹ 187,615,289) is included in long-term borrowings.
- f. Term loans from bank include \$ 4,000,000 (₹ 254,690,400) (Previous period: \$ Nil) 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 1 of USD 2,000,000 (₹ 127,345,200) is repayable in 4 yearly equal installments beginning September 30, 2016 and facility 2 of USD 2,000,000 (₹ 127,345,200) on October 03, 2016. Interest rate on term loans are based on 6 months libor plus 550 basis.
- g. On August 13, 2014, the Company entered into a long term loan agreement with a financial institution to borrow ₹ 450,000,000 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. At the year end, outstanding balance of the term loan is ₹ 432,737,071 of which ₹ 26,540,141 is included in current maturities of long-term borrowings and ₹406,196,930 is long term borrowings.
- h. Term loans from financial institutions include ₹ 603,097,087 (Previous period: ₹ 584,848,535) for a mortgage taken by PFW Group which is collateralized by the land and buildings of the PFW Group. Out of the outstanding balance as at June 30, 2015, ₹ 588,423,227 (Previous period: ₹ 567,885,586) is included in long-term borrowings in the balance sheet and ₹ 14,673,860 (Previous period: ₹ 16,962,949) is included in current maturities of long-term borrowings. Interest is charged on this mortgage at a fixed rate of 7.1%. From July 01, 2013 the interest rate on the mortgage is reset to 3.8% for a 5 year period. The mortgage expires on July 01, 2018.
- i. Bank loan of \$ 16,912,258 as at June 30, 2015 (Previous period: \$ 24,720,426) is collateralized by the tangible and intangible assets of the PFW Group, with the land and buildings subordinated to the mortgage holder. Interest is charged on this facility at a variable rate, which was 6% in the current financial year. During the current year, the terms of the loan were amended to make the loan repayable prior to October 31, 2015. As of June 30, 2015 ₹ 1,076,847,552 (Previous period: ₹ Nil) is included in current maturities of long term borrowings and ₹ Nil (Previous period: ₹ 1,481,767,053) is included in long term borrowings.
- j. In 2011, PF London Group entered into a demand loan agreement with a bank with a sanctioned limit of \$ 3.08 million with an interest rate of libor+3% against stand by letter of credit issued by the Company's banker. As at June 30, 2014, ₹ 200,741,394 (€ 1,966,800) was included in current maturities of long-term borrowings.

- k. Term loans from others are availed on the basis of hypothecation of fixed assets funded from the loans at a rate of interest of 12.95% and is repayable over 12 quarterly installments starting the date of availing the loan.
- l. Lease obligations towards assets acquired under finance leases:

in ₹

| | Total minimum lease payments outstanding | | Future Interest on outstanding lease payments | | Present Value of minimum lease payments | |
|--|--|---------------------|---|---------------------|---|---------------------|
| | As at June 30, 2015 | As at June 30, 2014 | As at June 30, 2015 | As at June 30, 2014 | As at June 30, 2015 | As at June 30, 2014 |
| Within one year | 683,690,517 | 254,771,570 | 74,727,946 | 37,790,920 | 608,962,571 | 216,980,650 |
| Later than one year and not later five years | 649,427,498 | 252,990,591 | 56,134,595 | 30,631,590 | 593,292,903 | 222,359,001 |
| Later than five years | - | - | - | - | - | - |
| | <u>1,333,118,015</u> | <u>507,762,161</u> | <u>130,862,541</u> | <u>68,422,510</u> | <u>1,202,255,474</u> | <u>439,339,651</u> |

Finance lease obligations are secured by hypothecation of plant and machinery, office equipment, vehicles and software taken on lease.

- m. Foreign currency loans

Foreign currency loans – buyer's credit of ₹161,992,288 (Previous period ₹382,120,490) of which ₹65,824,441 (Previous period ₹235,619,665) is non-current and ₹96,167,847 (Previous period ₹146,500,830) is current and secured by pari passu charge on the immoveable 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.

Foreign currency loans- buyer's credit of ₹254,640,610 (Previous period ₹. Nil) of which ₹73,502,886 (Previous period ₹. Nil) is non-current and ₹181,137,724 (Previous period ₹. Nil) is disclosed as current maturity of long term loans is secured against margin monies- fixed deposits pledged. Interest rate ranges from 1% to 3% p.a. with maturity profile of 2-3 years.

6. Deferred tax liability (net)

in ₹

| | As at June 30, 2015 | As at June 30, 2014 |
|--|---------------------|---------------------|
| Deferred tax liability | | |
| Difference between tax and books written down values of fixed assets | 118,628,762 | 121,657,864 |
| | <u>118,628,762</u> | <u>121,657,864</u> |
| Deferred tax assets | | |
| Unabsorbed loss carried forward | 12,790,645 | - |
| Provision for doubtful debts | - | 82,678 |
| Provision for gratuity | 6,053,962 | 2,875,833 |
| Others (Rent straight lining etc.) | 7,206,883 | - |
| | <u>26,051,490</u> | <u>2,958,511</u> |
| | <u>92,577,272</u> | <u>118,699,353</u> |

Deferred tax (asset) (net)

| | in ₹ | |
|--|----------------------|------------------------|
| | As at June 30, 2015 | As at June 30, 2014 |
| Deferred tax liability | | |
| Difference between tax and books written down values of fixed assets | 168,829,692 | 166,197,107 |
| | 168,829,692 | 166,197,107 |
| Deferred tax assets | | |
| Unabsorbed loss carried forward | 488,889,179 | 488,889,179 |
| Premium on redemption on NCD | 225,062,076 | 116,645,530 |
| Provision for doubtful loan | - | 459,969,603 |
| Provision for diminution in the value of investment | - | 174,924,941 |
| Provision for doubtful debts / advances | 34,464,139 | 52,321,698 |
| Provision for gratuity | 4,828,245 | 2,789,348 |
| | 753,243,639 | 1,295,540,299 |
| | (584,413,947) | (1,129,343,192) |

The Group had recognized a deferred tax asset on the carry forward losses in the earlier years. Although the Company has incurred taxable losses in the current year, based on the agreements entered into by the Company for lease/ sub-lease of its premises and to render outsourcing service to its subsidiaries coupled with the revenue from existing business activities, the management is confident that sufficient taxable income to offset carry forward losses would be generated.

7. Other long-term liabilities

| | in ₹ | |
|--|----------------------|---------------------|
| | As at June 30, 2015 | As at June 30, 2014 |
| Security deposits | 55,500,000 | 36,120,260 |
| Lease rent liability | 1,495,903,530 | 95,231,514 |
| Deferred consideration for acquisition of business | 1,765,359,736 | 474,732,720 |
| Other payables | 609,056,848 | - |
| | 3,925,820,114 | 606,084,494 |

8. Provisions

| | Long-term | | Short-term | |
|---|---------------------|---------------------|---------------------|---------------------|
| | As at June 30, 2015 | As at June 30, 2014 | As at June 30, 2015 | As at June 30, 2014 |
| Provision for employee benefits | | | | |
| Provision for gratuity | 35,338,372 | 14,049,946 | 2,428,605 | 1,256,395 |
| Provision for leave encashment | 13,551,273 | - | 8,297,052 | - |
| Provision for onerous contract | - | - | 57,963,598 | - |
| Provision for income tax (net of advance tax) | - | - | 32,849,349 | 470,364,595 |
| | 48,889,645 | 14,049,946 | 101,538,604 | 471,620,990 |

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

9. Short-term borrowings

in ₹

| | As at June 30, 2015 | As at June 30, 2014 |
|---|----------------------|----------------------|
| From Banks / Financial Institutions / Others (Secured) | | |
| Cash credit / overdraft | 1,167,830,387 | 927,297,274 |
| Short-term demand loan | 604,680,728 | 757,964,787 |
| Invoice discounting facility | 396,553,370 | 88,363,226 |
| From Others (Unsecured) | | |
| Short-term demand loan | 255,208,886 | - |
| | 2,424,273,371 | 1,773,625,287 |

- a. In February 2011, the Company entered into an agreement for a working capital demand loan of ₹ 250,000,000 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 June 30, 2015, ₹ 100,000,000 and as at June 30, 2014, ₹ 250,000,000 is outstanding and is included in short-term demand loans.
- b. On November 06, 2012, the Company entered in to an agreement for pre-shipment financing under export orders ("Facility") of ₹ 385,000,000 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 June 30, 2015 ₹ 146,718,825 and June 30, 2014 ₹ 292,267,856 is outstanding under the Facility. As at June 30, 2015 ₹ nil and June 30, 2014 ₹ 166,900,000 is included in short-term demand loans and as at June 30, 2015 ₹ 146,718,825 and June 30, 2014 ₹ 125,367,856 is included in cash credit / overdraft.
- c. On October 28, 2014, the Company borrowed ₹ 5,000,000 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 June 30, 2015, ₹ 5,000,000 is outstanding and is included in short-term demand loans.
- d. On November 5, 2014, the Company raised ₹ 50,000,000 from others at an interest rate of 15.5% 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. As at June 30, 2015 ₹ 50,000,000 was outstanding and is included under short-term demand loan.
- e. On February 18, 2015, the Company raised ₹ 50,000,000 from others at an interest rate of 17% per annum for a term of 363 days from the date of disbursement. The short-term demand loan is secured by pledge of shares by a promoter director. As at June 30, 2015 ₹ 50,000,000 was outstanding and is included under short-term demand loan.
- 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 14.50% to 14.75% per annum. As at June 30, 2015 and June 30, 2014, the cash credits/ overdraft outstanding were ₹ 183,587,792 and ₹ 179,919,806, respectively.

- g. On January 31, 2013, the Company entered into an agreement for a working capital loan of ₹150,000,000 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, 2015, 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 ₹ 50,000,000 for general corporate purpose at an interest rate of 15.50% per annum for a term of 12 months from the date of disbursement. The general corporate purpose loan is secured by personal guarantee and pledge of shares by a promoter director. As at June 30, 2015 ₹ 177,400,000 and as at June 30, 2014 ₹ 135,000,000 was outstanding and is included under short-term demand loan.
- h. Short term demand loan includes bank loan of ₹222,280,725 (\$3,322,032) (Previous period: ₹ 206,064,787 (\$3,437,794)) taken by PFW Group, which is collateralized by the tax credit receivables of \$ 4,598,326 (Previous period: \$4,061,703). 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%.
- i. 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 ranges from 13% to 15%. As at June 30, 2015 and June 30, 2014 ₹139,189,630 and ₹105,479,040 respectively was included in Cash Credit / Overdraft and ₹50,041,223 and ₹51,894,910 respectively was included in Invoice Discounting Facility.
- j. In June 2014, cash credit balance included a line of credit availed from a bank by the PF London Group of ₹ 516,530,572 (£ 5,060,800). The facility was repayable on demand, carried interest at LIBOR + 5% and was secured by film trade receivables of PF London Group.
- k. In June 2014, invoice discounting facility included a line of credit availed from a financial institution by the PF London Group of ₹ 36,468,316 (£ 357,305). The facility was repayable on demand, carried an interest rate of 5% (2% over base rate) and was secured by broadcast and commercial trade receivables of PF London Group.
- l. On November 27, 2014, the Company raised ₹ 50,000,000 through inter corporate borrowing for working capital at an interest rate of 18% per annum for a term of 60 days from the date of disbursement. The working capital loan was secured by pledge of shares by a promoter director. The loan was repaid during the year.
- m. On July 01, 2014, the Company raised short term demand loan of ₹ 3,000,000,000 from others at an interest rate of 13.5% p.a. This loan was repaid on March 31, 2015. This loan was secured by pledge of the Company's shares in PF World Ltd. (Mauritius).
- n. 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 ₹ 250,000,000 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 ₹ 180,000,000. As at June 30, 2015 ₹ 346,512,147 (Previous period: ₹ nil) is included in Invoice discounting facility.
- o. PFW Group has availed cash credit/ overdraft from a bank for which bank has 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 June 30, 2015 ₹ 698,334,140 (Previous period: ₹. Nil) is outstanding and is included in cash credit/ overdraft.
- p. PFW Group has availed unsecured short term working capital loans from corporates during the year. As at June 30, 2015 ₹ 255,208,886 (Previous period: ₹ nil) is outstanding and is included in Unsecured short term borrowings from others.

10. Other current liabilities

in ₹

| | As at June 30, 2015 | As at June 30, 2014 |
|---|----------------------|----------------------|
| Current maturities of long-term borrowings (Refer note 5) | 2,176,654,409 | 757,557,645 |
| Accrued salaries and benefits | 498,836,130 | 218,265,798 |
| Withholding and other taxes payable | 348,203,323 | 217,095,370 |
| Capital Creditors | 191,756,253 | 137,232,112 |
| Advances received from clients | 168,344,468 | 95,863,107 |
| Interest accrued but not due on borrowings | 14,567,149 | 9,235,229 |
| Interest & redemption premium payable on OCD's | 13,449,324 | - |
| Security deposits | 31,917,029 | 16,424,100 |
| Bank book overdraft | 153,892,020 | 2,028,765 |
| Deferred revenue | 1,257,078,392 | 74,625,074 |
| Deferred consideration for acquisition of business | 593,704,232 | - |
| Unclaimed dividends | - | 14,835 |
| Other payables | 901,324,555 | 181,744,114 |
| | 6,349,727,284 | 1,710,086,149 |

Other payables include withholding taxes, service tax payable, VAT payable and employer and employee contribution to provident and other funds liability.

11. Tangible assets

in ₹

| | Building | Plant and equipment | Furniture and fixtures | Lease Hold Improvement | Office equipments | Vehicles | Total |
|----------------------------|----------------------|----------------------|------------------------|------------------------|--------------------|-------------------|-----------------------|
| Gross block | | | | | | | |
| As at April 01, 2013 | 1,821,574,114 | 5,664,057,716 | 441,774,220 | 824,852,479 | 85,207,143 | 40,493,074 | 8,877,958,746 |
| Additions | - | 1,172,451,289 | 34,345,022 | 360,441,829 | 80,490,149 | 7,017,599 | 1,654,745,888 |
| Deduction | - | (47,043,051) | (532,317) | (102,039,865) | (120,883) | (9,890,161) | (159,626,277) |
| Exchange differences | 135,816,216 | 471,686,653 | 57,005,008 | 149,715,445 | 5,692,477 | 775,417 | 820,691,216 |
| As at June 30, 2014 | 1,957,390,330 | 7,261,152,607 | 532,591,933 | 1,232,969,888 | 171,268,886 | 38,395,929 | 11,193,769,573 |
| Depreciation | | | | | | | |
| As at April 01, 2013 | 112,771,971 | 2,534,892,009 | 229,114,233 | 438,947,788 | 39,305,071 | 10,530,535 | 3,365,561,607 |
| For the period | 46,231,024 | 857,334,358 | 48,929,661 | 151,464,878 | 45,908,299 | 5,155,540 | 1,155,023,760 |
| Deduction | - | (8,543,105) | (532,317) | (2,947,375) | (112,281) | (5,065,644) | (17,200,722) |
| Exchange differences | 8,521,922 | 254,293,745 | 35,054,408 | 69,248,003 | 703,395 | 957,939 | 368,779,412 |
| As at June 30, 2014 | 167,524,917 | 3,637,977,007 | 312,565,985 | 656,713,294 | 85,804,484 | 11,578,370 | 4,872,164,057 |
| Net block | | | | | | | |
| As at June 30, 2014 | 1,789,865,413 | 3,623,175,600 | 220,025,948 | 576,256,594 | 85,464,402 | 26,817,559 | 6,321,605,516 |
| As at April 01, 2013 | 1,708,802,143 | 3,129,165,707 | 212,659,987 | 385,904,691 | 45,902,072 | 29,962,539 | 5,512,397,139 |

in ₹

| | Building | Plant and equipment | Furniture and fixtures | Lease Hold Improvement | Office equipments | Vehicles | Total |
|----------------------------------|----------------------|-----------------------|------------------------|------------------------|--------------------|-------------------|-----------------------|
| Gross block | | | | | | | |
| As at July 01, 2014 | 1,957,390,330 | 7,261,152,607 | 532,591,933 | 1,232,969,888 | 171,268,886 | 38,395,929 | 11,193,769,573 |
| Business acquisition | 658,415,151 | 5,635,137,069 | 93,873,236 | 1,945,276,967 | 90,318,065 | 3,800,535 | 8,426,821,023 |
| Additions | - | 1,687,950,668 | 12,099,100 | 450,332,810 | 69,745,236 | 5,898,277 | 2,226,026,091 |
| Deduction | - | (187,391,290) | (10,028,183) | - | - | (800,496) | (198,219,969) |
| Sale of investment in subsidiary | - | (2,219,672,212) | (270,735,525) | (419,624,427) | - | (2,865,706) | (2,912,897,870) |
| Exchange differences | 90,897,554 | (462,572,710) | (25,988,556) | (188,582,020) | 2,358,717 | 259,277 | (583,627,738) |
| As at June 30, 2015 | 2,706,703,035 | 11,714,604,132 | 331,812,005 | 3,020,373,218 | 333,690,904 | 44,687,816 | 18,151,871,110 |
| Depreciation | | | | | | | |
| As at July 01, 2014 | 167,524,917 | 3,637,977,008 | 312,565,985 | 656,713,294 | 85,804,484 | 11,578,370 | 4,872,164,058 |
| Business acquisition | 6,515,151 | 4,327,008,801 | 36,075,483 | 999,506,479 | 43,003,469 | - | 5,412,109,383 |
| For the year | 42,649,989 | 1,257,948,851 | 23,966,869 | 472,610,981 | 47,958,338 | 6,090,584 | 1,851,225,612 |
| Adjustment against reserve | - | 16,496,805 | 12,297 | - | 5,296,947 | 166,595 | 21,972,644 |
| Deduction | - | (23,671,190) | (5,444,604) | - | - | (760,471) | (29,876,265) |
| Sale of investment in subsidiary | - | (1,103,715,237) | (189,177,986) | (377,226,335) | - | (1,542,612) | (1,671,662,170) |
| Exchange differences | 9,011,377 | (266,936,519) | (14,366,788) | (88,479,809) | (14,552,655) | 91,584 | (375,232,810) |
| As at June 30, 2015 | 225,701,434 | 7,845,108,519 | 163,631,256 | 1,663,124,610 | 167,510,583 | 15,624,050 | 10,080,700,452 |
| Net block | | | | | | | |
| As at June 30, 2015 | 2,481,001,601 | 3,869,495,613 | 168,180,749 | 1,357,248,608 | 166,180,321 | 29,063,766 | 8,071,170,658 |

- The Group has capitalized exchange loss, arising on long-term foreign currency loans, amounting to ₹ 11,492,969 (Previous period ₹ 54,820,725) to the cost of plant and equipment.

12. Intangible assets

in ₹

| | Goodwill | Film Rights | Customer relationships and contracts | Trade names | Software | Total |
|----------------------------|--------------------|----------------------|--------------------------------------|------------------|----------------------|----------------------|
| Gross block | | | | | | |
| As at April 1, 2013 | 5,320,000 | 896,647,016 | 66,052,718 | 6,506,940 | 1,320,228,217 | 2,294,754,891 |
| Additions | 598,896,213 | 525,849,087 | - | - | 158,652,405 | 1,283,397,705 |
| Deduction | - | - | - | - | (1,160,929) | (1,160,929) |
| Exchange differences | - | 204,729,289 | 342,044 | 809,813 | 55,176,676 | 261,057,822 |
| As at June 30, 2014 | 604,216,213 | 1,627,225,392 | 66,394,762 | 7,316,753 | 1,532,896,369 | 3,838,049,489 |
| Amortization | | | | | | |
| As at April 1, 2013 | 5,320,000 | 12,000,001 | 66,052,718 | 6,506,940 | 229,552,787 | 319,432,446 |
| For the period | - | 7,495,890 | - | - | 169,459,031 | 176,954,921 |
| Deduction | - | - | - | - | (168,710) | (168,710) |
| Exchange differences | - | - | 342,044 | 809,813 | 10,452,134 | 11,603,991 |
| As at June 30, 2014 | 5,320,000 | 19,495,891 | 66,394,762 | 7,316,753 | 409,295,242 | 507,822,648 |
| Net block | | | | | | |
| As at June 30, 2014 | 598,896,213 | 1,607,729,501 | - | - | 1,123,601,127 | 3,330,226,841 |
| As at April 1, 2013 | - | 884,647,015 | - | - | 1,090,675,430 | 1,975,322,445 |

in ₹

| | Goodwill | Film Rights | Customer relationships and contracts | Trade names, Brand and Non-competes | Software | Total |
|----------------------------|----------------------|----------------------|--------------------------------------|-------------------------------------|----------------------|----------------------|
| Gross block | | | | | | |
| As at July 1, 2014 | 604,216,213 | 1,627,225,392 | 66,394,762 | 7,316,753 | 1,532,896,369 | 3,838,049,489 |
| Business acquisition | 416,645,871 | - | - | 45,322,793 | 1,565,019,691 | 2,026,988,355 |
| Additions | 309,845,007 | - | - | - | 657,517,148 | 967,362,155 |
| Deduction | (57,305,340) | - | - | - | (9,130,403) | (66,435,743) |
| Sale of subsidiary | (43,642,535) | (147,862,818) | - | - | - | (191,505,353) |
| Exchange differences | 154,718,930 | (42,780,339) | 426,380 | 8,028,697 | (21,114,586) | 99,279,082 |
| As at June 30, 2015 | 1,384,478,146 | 1,436,582,235 | 66,821,142 | 60,668,243 | 3,725,188,219 | 6,673,737,985 |
| Depreciation | | | | | | |
| As at July 1, 2014 | 5,320,000 | 19,495,891 | 66,394,762 | 7,316,753 | 409,295,242 | 507,822,648 |
| Business acquisition | - | - | - | - | 518,387,174 | 518,387,174 |
| For the period | - | 5,145,206 | - | 6,767,925 | 348,274,255 | 360,187,386 |
| Deduction | - | - | - | - | - | - |
| Sale of subsidiary | - | - | - | - | - | - |
| Exchange differences | - | - | 426,380 | 4,365,015 | 6,171,425 | 10,962,820 |
| As at June 30, 2015 | 5,320,000 | 24,641,097 | 66,821,142 | 18,449,693 | 1,282,128,096 | 1,397,360,028 |
| Net block | | | | | | |
| As at June 30, 2015 | 1,379,158,146 | 1,411,941,138 | - | 42,218,550 | 2,443,060,123 | 5,276,377,957 |

- The Group has capitalized exchange loss, arising on long-term foreign currency loans, amounting to ₹ 442,777. (Previous period: ₹ 116, 932) to the cost of software.

13. Non-current investments

| | in ₹ | |
|---|---------------------|---------------------|
| | As at June 30, 2015 | As at June 30, 2014 |
| Non-trade | | |
| Unquoted - fully paid up | | |
| The Shamrao Vithal Co-operative Bank Ltd. 4,000 shares of ₹ 25/- each | 100,000 | 100,000 |
| Mainframe Premises Co-Operative Society Ltd. 350 shares of ₹ 10/- each | 3,500 | 3,500 |
| Locksmith Ltd 1400 shares of £ 0.001 each | 35,035,987 | - |
| Digital Domain-Reliance LLC * | 822,258,791 | - |
| | 857,398,278 | 103,500 |

* The Group has 30% ownership interest in Digital Domain - Reliance LLC

14. Current investments (at lower of cost and market value)

| | in ₹ | |
|----------------------------------|---------------------|---------------------|
| | As at June 30, 2015 | As at June 30, 2014 |
| Other than trade unquoted | | |
| Conexion Media Group Plc | - | 625,148 |
| | - | 625,148 |

15. Trade receivables (unsecured)

| | in ₹ | |
|---|----------------------|----------------------|
| | As at June 30, 2015 | As at June 30, 2014 |
| Debts outstanding for a period exceeding six months | | |
| Considered good | 2,404,067,989 | 331,013,871 |
| Considered doubtful | 109,324,484 | 230,171,330 |
| Other debts | | |
| Considered good | 1,352,250,793 | 3,521,640,215 |
| Considered doubtful | - | 1,539,222 |
| | 3,865,643,266 | 4,084,364,638 |
| Less: Provision | 109,324,484 | 231,710,552 |
| | 3,756,318,782 | 3,852,654,086 |

16. Loans and advances

in ₹

| | Long-term | | Short-term | |
|--|----------------------|---------------------|----------------------|----------------------|
| | As at June 30, 2015 | As at June 30, 2014 | As at June 30, 2015 | As at June 30, 2014 |
| Unsecured - considered good | | | | |
| Capital advances | 309,865,599 | 392,082,791 | - | - |
| Deposits | 828,648,104 | 137,381,358 | 3,883,904 | 252,598,100 |
| Inter-company deposits (including interest) | - | - | 225,218,671 | 241,696,500 |
| MAT credit entitlement | 72,520,042 | 103,706,336 | - | - |
| Prepaid expenses | - | - | 499,898,785 | 336,954,170 |
| Tax credits receivable from foreign government | - | - | 980,776,852 | 510,679,458 |
| Advance payment of taxes (Net of Provision for Tax) | 418,703,655 | 209,325,363 | - | - |
| Other loans and advances | 16,001,587 | 96,329,636 | 936,783,719 | 392,699,112 |
| | 1,645,738,987 | 938,825,484 | 2,646,561,931 | 1,734,627,340 |
| Unsecured - considered doubtful | | | | |
| Capital advances | - | 11,000,000 | - | - |
| Inter-company deposits (including interest) | - | - | - | 31,946,577 |
| Other loans and advances | - | - | 50,000,000 | 53,299,472 |
| | - | 11,000,000 | 50,000,000 | 85,246,049 |
| Less: Provision | - | (11,000,000) | (50,000,000) | (85,246,049) |
| | 1,645,738,987 | 938,825,484 | 2,646,561,931 | 1,734,627,340 |

Other loans advances include loans and advances to employees and others, advances to suppliers, input credit, deposits to Government authorities, service taxes receivable, etc.

17. Cash and bank balances

in ₹

| | As at June 30, 2015 | As at June 30, 2014 |
|----------------------------------|---------------------|---------------------|
| Cash and cash equivalents | | |
| Cash on hand | 2,462,646 | 2,279,348 |
| Balances with banks: | | |
| In Current Accounts | 352,146,541 | 70,919,987 |
| Deposits less than three months | - | 68,251,978 |
| | 354,609,187 | 141,451,313 |
| Other bank balances: | | |
| Margin money deposits | 261,623,678 | 83,472,796 |
| | 261,623,678 | 83,472,796 |
| | 616,232,865 | 224,924,109 |

- a. Margin money deposits aggregating ₹ 240,666,078 (previous period: ₹ 83,472,796) are subject to first charge to secure the foreign currency loans – buyer's credit and bank guarantees.
- b. Margin money deposits aggregating ₹ 20,957,600 (previous period: ₹ Nil) are subject to first charge to secure the interest of non-convertible debenture holders issued by the Company.

18. Other assets

in ₹

| | Non-current | | Current | |
|---|---------------------|---------------------|----------------------|----------------------|
| | As at June 30, 2015 | As at June 30, 2014 | As at June 30, 2015 | As at June 30, 2014 |
| Unbilled revenue | - | - | 1,920,357,166 | 1,679,672,901 |
| Interest accrued on fixed deposits | - | - | 4,469,496 | 2,600,838 |
| Receivable on sale of subsidiary (Refer note 23) | - | - | 19,987,159 | - |
| Other assets | 682,447 | 682,447 | - | 23,844,713 |
| | 682,447 | 682,447 | 1,944,813,821 | 1,706,118,452 |

19. Other income

in ₹

| | Year ended June 30, 2015 | Period ended June 30, 2014 |
|--|-----------------------------|-------------------------------|
| Dividend | | |
| Long term investments - non trade | 24,000 | 12,000 |
| Interest Income | | |
| Bank deposits | 12,650,717 | 14,144,207 |
| On income tax refunds | 5,404,191 | - |
| Others | 7,894,504 | 12,721,677 |
| Profit on sale of asset | 3,601,169 | - |
| Exchange gain (net) | - | 380,697,185 |
| Excess provision for doubtful debts written back | 127,275,492 | - |
| Sundry credit balance written back | 31,097,330 | 5,527,359 |
| Insurance claim received | 423,694 | 8,871,816 |
| Bad debt recovered | 72,937 | 6,000 |
| Recovery of excess remuneration paid to KMP (Refer note 26) | - | 3,600,000 |
| Miscellaneous income | 7,151,134 | 34,520,745 |
| | 195,595,168 | 460,100,989 |

20. Employee benefits expense

in ₹

| | Year ended June 30, 2015 | Period ended June 30, 2014 |
|---|-----------------------------|-------------------------------|
| Salaries, wages and bonus | 9,002,358,531 | 4,872,671,163 |
| Stock option expense (refer note 31) | 67,584,889 | 108,249,496 |
| Contribution to provident and other funds | 38,184,139 | 22,624,730 |
| Gratuity | 7,411,081 | 1,461,296 |
| Staff welfare | 148,035,440 | 65,158,335 |
| | 9,263,574,080 | 5,070,165,020 |

21. Finance costs

in ₹

| | Year ended June 30, 2015 | Period ended June 30, 2014 |
|---|-----------------------------|-------------------------------|
| Interest on working capital finance | 282,453,456 | 178,661,605 |
| Interest on term loan | 259,399,508 | 391,157,477 |
| Interest on buyer's credit | 7,848,315 | 13,261,444 |
| Interest on non convertible debentures | 8,351,800 | - |
| Interest on optionally convertible debentures | 75,213,668 | 20,932,677 |
| Interest on others | 35,206,635 | 20,110,277 |
| Bank charges | 58,781,617 | 62,636,434 |
| | 727,254,999 | 686,759,914 |

22. Other expenses

in ₹

| | Year ended June 30, 2015 | Period ended June 30, 2014 |
|--|-----------------------------|-------------------------------|
| Technical service cost | 514,548,103 | 596,078,533 |
| Communication cost | 166,489,320 | 140,736,639 |
| Consumable stores | 250,847,572 | 151,142,555 |
| Director's sitting fees | 900,000 | 440,000 |
| Electricity charges | 111,857,765 | 184,516,307 |
| Insurance cost | 91,652,802 | 48,758,668 |
| Legal and professional fees | 380,795,563 | 316,710,488 |
| Loss on sale of fixed assets | 2,160,751 | 60,826,631 |
| Rates and taxes | 70,920,778 | 41,160,120 |
| Rebates and discount | 17,892,388 | 17,297,565 |
| Rent (Refer note 27) | 1,044,361,623 | 566,858,609 |
| Travelling and conveyance | 258,625,440 | 220,417,431 |
| Miscellaneous expenses | 535,297,360 | 418,310,199 |
| Repairs and maintenance-equipment | 69,738,809 | 93,991,834 |
| Repairs and maintenance-buildings | 167,071,134 | 26,188,582 |
| Bad debts written off (net of provision for doubtful debts written back of ₹ 61,906,158) (Previous period ₹ 132,705,729) | 37,800,257 | 38,539,864 |
| Provision for doubtful debts | 1,744,542 | - |
| Sundry balances written off | 2,979,984 | - |
| Exchange loss (net) | 372,538,385 | - |
| Auditor's remuneration | | |
| As auditor | | |
| Audit fees | 22,482,256 | 22,782,814 |
| In other matters | 1,802,500 | 362,500 |
| | 4,122,507,332 | 2,945,119,339 |

23. Exceptional items

in ₹

| | Year ended June 30, 2015 | Period ended June 30, 2014 |
|---|-----------------------------|-------------------------------|
| Provision for doubtful debts / advances (net) | 50,060,476 | 87,021,379 |
| Restructuring and integration costs | 619,146,656 | 9,055,486 |
| Loss on disinvestment of subsidiary (Refer note below) | 453,022,758 | - |
| Assets written off | - | 77,987,782 |
| Loan to PFL PLC written off | 1,353,249,789 | - |
| | 2,475,479,679 | 174,064,647 |

On March 31, 2015 the Company sold its entire holdings of 21,492,003 ordinary shares of Prime Focus London Plc. (PFL PLC), a subsidiary company incorporated in the U.K. for a consideration of ₹ 37,074,693. The Company incurred a loss of ₹ 453,022,758. Of the total consideration ₹ 19,987,159 is outstanding as at June 30, 2015 (Refer note 18).

24. Earnings per share (EPS)

in ₹

| | Year ended June 30, 2015 | Period ended June 30, 2014 |
|---|-----------------------------|-------------------------------|
| Net (loss) / profit attributable to equity shareholders | (2,922,228,303) | 242,613,878 |
| Exceptional items (net of tax) | 2,458,464,123 | 137,578,956 |
| Net Profit before exceptional items but after tax | (463,764,180) | 380,192,834 |

| | Number | Number |
|--|--------------------|--------------------|
| Weighted average number of equity shares in calculating basic and diluted EPS | 211,839,986 | 185,417,436 |
| Earnings per share (before exceptional items) | | |
| Basic EPS | (2.19) | 2.05 |
| Diluted EPS | (2.19) | 2.05 |
| Earnings per share (after exceptional items) | | |
| Basic EPS | (13.79) | 1.31 |
| Diluted EPS | (13.79) | 1.31 |

25. Segment information

Primary segment information - Business Segments

The Group is presently operating as integrated post production set up. 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 segment. The said treatment is in accordance with the guiding principles enunciated in the Accounting Standard on Segment Reporting (AS-17).

Segment information for secondary segment reporting (by geographical segment based on location of customers)

in ₹

| | Revenue from operations | | Segment Assets | | Capital Expenditure | |
|-----------------|-----------------------------|-------------------------------|------------------------|------------------------|-----------------------------|-------------------------------|
| | Year ended June 30, 2015 | Period ended June 30, 2014 | As at June 30, 2015 | As at June 30, 2014 | Year ended June 30, 2015 | Period ended June 30, 2014 |
| India | 2,567,812,885 | 2,356,057,662 | 8,662,327,389 | 4,848,793,183 | 1,856,778,394 | 1,144,696,874 |
| United Kingdom | 4,327,766,845 | 3,297,171,808 | 15,386,367,222 | 6,849,798,690 | 1,323,530,385 | 821,746,732 |
| U.S. | 6,917,937,868 | 3,044,508,611 | 2,591,445,890 | 5,639,438,821 | 935,978,915 | 701,467,351 |
| Canada | 1,220,939,884 | 297,713,113 | 2,561,684,485 | 1,472,683,644 | 1,002,632,210 | 213,832,752 |
| Other Countries | 345,287,105 | 1,331,764,677 | 2,044,517,656 | 129,974,001 | 53,810,797 | 13,701,080 |
| | 15,379,744,586 | 10,327,215,871 | 31,246,342,642 | 18,940,688,339 | 5,172,730,701 | 2,895,444,789 |

26. Related party disclosures

a. 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 (Chairman till June 24, 2014)

Mr. Ramakrishnan Sankaranarayanan – Managing Director (w.e.f June 25, 2014), CEO (till June 24, 2014)

Mr. Namit Malhotra – CEO, Chairman and Executive Director (w.e.f June 25, 2014)

Mr. Nishant Fadia – CFO (till July 31, 2014)

Mr. Vikas Rathee – CFO (w.e.f August 01, 2014)

Ms. Kirti Desai – Company Secretary (resigned w.e.f. July 07, 2015)

Prime Focus World N.V.

Mr. Namit Malhotra – Chief Executive Officer and Whole-time Director

Mr. Massoud Entekhabi – Whole-time Director

Prime Focus Technologies Private Limited

Mr. Ramakrishnan Sankaranarayanan – Whole-time Director

Mr. Ganesh V.Sankaran - Whole-time Director

Prime Focus London Plc

Mr. Bernard Kumeta - CEO and Whole time Director (resigned on November 05, 2013)

- ii. **Relative of Key management personnel**
Prime Focus Technologies Private Limited
 Mrs. Sumati Ganesh – Wife of Mr. Ganesh V Sankaran
- 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
- iv. **Enterprises exercising significant influence over the Company**
 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 *

in ₹

| | Year ended June 30, 2015 | Period ended June 30, 2014 |
|---|-----------------------------|-------------------------------|
| Remuneration | | |
| Mr.Naresh Malhotra | 6,000,000 | 7,500,000 |
| Mr.Ramakrishnan Sankaranarayanan | 8,391,433 | 7,068,333 |
| Mr.Namit Malhotra | 35,974,544 | 40,197,838 |
| Mr.Massoud Entekhabi | 24,779,942 | 32,778,636 |
| Mr.Vikas Rathee | 13,750,000 | - |
| Mr. Nishant Fadia | 1,000,000 | 6,000,000 |
| Mr.Ganesh V. Sankaran | 7,200,000 | 7,400,000 |
| Ms. Kirti Desai | 1,565,112 | - |
| Mr. Bernard Kumeta | - | 11,099,970 |
| Recovery of excess remuneration paid | | |
| Mr.Naresh Malhotra | - | 3,600,000 |

in ₹

| | As at June 30, 2015 | As at June 30, 2014 |
|---|------------------------|------------------------|
| Balance Outstanding – Remuneration Payable | | |
| Mr.Naresh Malhotra | 500,000 | 371,790 |
| Mr.Ramakrishnan Sankaranarayanan | 608,555 | 449,559 |
| Mr.Namit Malhotra | 416,667 | 83,333 |
| Mr.Ganesh V. Sankaran | 437,026 | 437,123 |
| Mr.Vikas Rathee | 1,250,000 | - |
| Mr. Nishant Fadia | - | 400,000 |
| Ms. Kirti Desai | 130,426 | - |

(ii) Relative of Key Management Personnel

| | Year ended June 30, 2015 | Period ended June 30, 2014 |
|---------------------|-----------------------------|-------------------------------|
| Remuneration | | |
| Mrs.Sumati Ganesh | 579,961 | 886,725 |

in ₹

| | As at June 30, 2015 | As at June 30, 2014 |
|---|------------------------|------------------------|
| Balance Outstanding – Remuneration Payable | | |
| Mrs.Sumati Ganesh | 33,515 | 55,886 |

in ₹

(iii) Enterprises owned or significantly influenced by key management personnel or their relatives

| | Year ended June 30, 2015 | Period ended June 30, 2014 |
|--|-----------------------------|-------------------------------|
| Rent | | |
| Blooming Bud Coaching Private Limited | 33,600,000 | 39,300,000 |
| Deposit given | | |
| Blooming Bud Coaching Private Limited | - | 5,000,000 |
| Capital advance repaid (net) | | |
| N2M Reality Private Limited | 65,000,000 | - |
| Shares issued on preferential basis (including share premium) | | |
| Monsoon Studio Private Limited | 1,199,999,996 | - |

in ₹

| | As at June 30, 2015 | As at June 30, 2014 |
|--|------------------------|------------------------|
| Balance outstanding | | |
| Rent paid in advance | | |
| Blooming Buds Coaching Private Limited | - | 3,327,540 |
| Deposit | | |
| Blooming Buds Coaching Private Limited | 53,000,000 | 53,000,000 |
| Capital advance | | |
| N2M Reality Private Limited | 265,000,000 | 330,000,000 |

in ₹

(iv) Enterprises exercising significant influence over the Company

in ₹

| | Year ended June 30, 2015 | Period ended June 30, 2014 |
|---|-----------------------------|-------------------------------|
| Loan (repayments) / taken, net | | |
| Standard Chartered Bank | (470,549,031) | (225,804,703) |
| Finance costs | | |
| Standard Chartered Bank | 29,303,040 | 133,742,944 |
| Premium on NCD | | |
| Standard Chartered Private Equity (Mauritius) Limited | 316,158,001 | 343,176,024 |
| Interest income | | |
| Standard Chartered Bank | - | 22,295 |
| Issue of equity shares (including share premium) | | |
| Reliance MediaWorks Limited | 4,699,999,980 | - |

in ₹

| | As at June 30, 2015 | As at June 30, 2014 |
|---|------------------------|------------------------|
| Balance outstanding | | |
| Loan outstanding | | |
| Standard Chartered Bank | 151,718,825 | 622,267,856 |
| Bank Balance in current account | | |
| Standard Chartered Bank | 4,954 | 4,954 |
| Non-convertible debentures | | |
| Standard Chartered Private Equity (Mauritius) Limited | 1,901,000,000 | 1,901,000,000 |
| Premium on NCD accrued | | |
| Standard Chartered Private Equity (Mauritius) Limited | 761,781,859 | 445,623,858 |

* 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 5 and 9).

27. Leases

in ₹

| | As at June 30, 2015 | As at June 30, 2014 |
|--|------------------------|------------------------|
| Lease Payments due within one year | 709,342,365 | 170,943,557 |
| Lease Payments due later than one year and not later than five years | 2,459,396,727 | 414,751,413 |
| Lease Payments due later than five years | 6,296,848,308 | - |
| | 9,465,587,400 | 585,694,970 |

Amount of lease rental charged to the Statement of Profit and Loss in respect of non-cancellable operating leases is ₹ 859,434,212 (Previous period: ₹ 144,612,902).

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 ₹ 184,927,411 (Previous period: ₹ 422,245,707).

28. Capitalization of expenditure

in ₹

| | Year ended June 30, 2015 | Period ended June 30, 2014 |
|-------------------------------|-----------------------------|-------------------------------|
| Foreign currency loss /(gain) | 11,935,746 | 54,937,657 |
| Employee benefit expenses | 771,616,459 | 115,776,382 |
| Direct overheads * | 55,421,434 | 38,234,179 |
| Finance cost | 3,489,252 | 6,875,577 |

During the period, the Group has capitalized the following expenses of revenue nature to the cost of intangible asset under development / capital work in progress and tangible assets. Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Group.

* Includes rent, electricity and security charges

29. Capital and other commitments

in ₹

| | As at June 30, 2015 | As at June 30, 2014 |
|--|------------------------|------------------------|
| i Estimated amount of contracts remaining to be executed on capital account net of advances, and not provided for: | 214,795,736 | 99,578,936 |

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.

30. Contingent liabilities

in ₹

| | As at June 30, 2015 | As at June 30, 2014 |
|--|------------------------|------------------------|
| i <u>Income Tax matters under dispute</u> * 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 | 69,410,252 | 73,808,523 |
| * 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 | 3,575,088,357 | 5,093,282,586 |
| iii Earn outs and performance linked consideration payable for business acquisitions | 417,769,937 | 249,169,545 |
| iv PFL Plc is a member of a Group VAT registration and is jointly and severally liable for any debts by member of the registration | - | 7,687,434 |
| v Cummulative dividend on class A Convertible Redeemable Preferred Shares | 235,326,952 | 107,647,467 |
| vi 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. 96 56 175/- deposited, as Tax demand, for the purpose of admission of Appeal is reflected as Short Term Loans and Advances. | 53,688,655 | - |
| vii Claims against the Company not acknowledged as debts | 583,422,280 | - |

31. Stock based compensation

- i. PFT has reserved issuance of 210,396 (Previous period 231,572) equity shares of ₹ 10/- each for offering to eligible employees of the Company under Employees Stock Option Scheme (ESOP). 19,024 options were granted during the year. From options granted in previous periods 12,237 were vested during the year (Previous period 4,880).

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

| Particulars | Current year | Previous period | Current year | Previous period |
|--|----------------------------|-----------------|---------------------------------|-----------------|
| | No. of outstanding options | | Weighted average exercise price | |
| Outstanding at the beginning of the year/ period | 217,865 | 60,645 | 2,683 | 263 |
| Granted during the year/ period | 19,024 | 169,067 | 2,745 | 2,847 |
| Lapsed/ forfeited during the year/ period | 49,730 | 11,847 | 2,757 | 263 |
| Exercised during the year/ period | - | - | - | - |
| Expired during the year/ period | - | - | - | - |
| Outstanding at the end of the year/ period | 187,158 | 217,865 | 2,359 | 2,683 |
| Exercisable at the end of the year/ period | 17,117 | 4,880 | 911 | 263 |

For stock options outstanding as at June 30, 2015 the range of exercise price is ₹ 263 to ₹ 4,478 and weighted average remaining contractual life is 5.12

Weighted average fair value of options granted during the year is ₹ 816.37

Following are details with regard to determination of the fair value of stock options:

Option Pricing Model used – Black-Scholes-Merton formula

Weighted average share price – ₹ 2,488 per share

Expected volatility – 10%

Option life – 6 years

Expected dividends – 0% yield

Risk-free interest rate – 8.08% p.a.

PFT has followed the intrinsic value method to account for the grant of stock options. Since the intrinsic value, being the difference between the Net Asset Value and the Exercise Price, is Nil, the grant of options does not have any financial implications. Profit and Loss impact for the year if Fair Value method is followed is ₹ 32,702,404.

- ii. PF London Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted.

The charge for the period recognised in Statement of Profit and Loss in respect of equity-settled, share-based payments is ₹ Nil (Previous period: ₹ Nil).

The following tables reconcile the number of share options outstanding and the weighted average exercise price:

| For the period ended 30 June 2014 | Options | Weighted average exercise price |
|--|------------------|---------------------------------|
| | Number | Pence |
| Outstanding at April 01, 2013 | 1,000,287 | 7.00 |
| Granted | - | - |
| Forfeited | - | - |
| Exercised | - | - |
| Outstanding at June 30, 2014 | 1,000,287 | 7.00 |
| Exercisable as at June 30, 2014 | 1,000,287 | - |

- iii. During fiscal year 2014, the Board of Directors of PFWNV and its Shareholders' approved a share option plan and reserved 973,285 common shares for issuance thereunder. During fiscal year 2014, options totalling 408,586 ordinary shares were granted to certain executives and board members.

Each 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 share-based payment arrangements 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 |

61,250 options were fully vested at the date of grant and 347,336 options vest over a period of 16 to 36 months after their date of the grant and expire within ten years from the date of grant, or ninety days after the resignation of the optionee, if not exercised.

Fair value of share options granted in 2014

The weighted average fair value of the share options granted during the fiscal year 2014 is \$9.12. Options were priced using a black scholes option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. Expected volatility is based on historical sale price volatility of comparable companies in the industry over the expected life of 5.19 – 5.81 years.

Inputs into the model were as follows:

| | |
|-------------------------|-------------------|
| Grant date share price | \$ 13.13 |
| Exercise price | \$ 13.13 |
| Expected volatility | 85% |
| Expected life | 5.19 – 5.81 years |
| Dividend yield | - |
| Risk free interest rate | 1.39 – 1.66% |

Movement in shares options during the year

The following reconciles the shares options outstanding at the beginning and the end of the year/ period:

| | 2015 | | 2014 | |
|--|--------------------|---------------------------------|--------------------|---------------------------------|
| | Numbers of Options | Weighted average exercise price | Numbers of Options | Weighted average exercise price |
| Balance at beginning of year/ period | 408,586 | \$ 13.13 | - | - |
| Granted during the year/ period | - | - | 408,586 | \$ 13.13 |
| 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 365 days (FY 14: 609 days).

32. On April 04, 2014, Prime Focus Technologies Inc. (PFT Inc.) completed acquisition of Sample Digital Holdings LLC (DAX) for a base consideration of \$ 9.1 million in a performance linked transaction. PFT Inc. acquired all the assets of DAX for an upfront payment with balance payable over 3 years primarily from cash flows from the North American operations.
33. On April 07, 2015, 23,076,923 and 90,384,615 equity shares were allotted to Monsoon Studio Private Limited and Reliance MediaWorks Limited ("RMW"), respectively, on a preferential basis at ₹ 52 per share. Of these 67,307,692 equity shares were issued to Reliance MediaWorks Limited as consideration other than cash towards the transfer of its film and media services business to the Company in accordance with the Business Transfer Agreement dated November 19, 2014 between the Company, RMW and Reliance Land Private Limited. 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 ₹ 2,000,000,000 was to be effected post receipt of the necessary additional approvals. Upon receipt of the necessary statutory approvals, with effect from the closing date of April 07, 2015, net assets of film and media services business were transferred to and recorded by the Company at the fair value of ₹ 4,017,690,352 as determined by the independent valuers. However, pending receipt of the additional approvals, the Studios' and the debt facilities have not been transferred to and recorded by the Company. Presently, the Company has recorded a capital reserve of ₹ 517,690,352 being the difference between considerations for the transaction being ₹ 3,500,000,000 and fair value of the net assets transferred as detailed below. Post receipt of additional approvals, the Studios' and the debt facilities will be recorded at fair value with the differential being adjusted against the capital reserve.

| | In ₹ |
|--|----------------------|
| Tangible Assets | 1,017,268,879 |
| Investments in Subsidiaries | - |
| Loans to Subsidiaries | 3,055,700,000 |
| Net Current Assets | (55,278,527) |
| Net assets acquired on slump sale basis | 4,017,690,352 |

34. Effective July 1, 2014 the Group acquired the entire outstanding shareholding of Double Negative Holdings Limited (“DNEG” a UK based VFX business house) for a consideration of ₹ 3,896,739,271 of which ₹1,918,698,846 has been discharged in the form of cash and issue of equity shares in Prime Focus World NV of ₹ 795,964,603 and balance ₹ 1182,075,821 is deferred consideration payable over 4 years. Double Negative Holdings Limited is operating through its subsidiaries Double Negative Limited, Double Negative Singapore PTE Limited, Double Negative Canada Productions Limited and Double Negative Films Limited in the business of providing visual effects services. For the current year, the Company has consolidated the results of Double Negative Holdings Limited and its subsidiaries for the entire year.
35. The Group acquired the 2-dimensional to 3-dimensional conversion business of Gener8 Digital Media Corp Limited for a consideration of ₹505,798,294 of which ₹ 171,478,914 was paid in cash and balance ₹334,319,380 is deferred consideration payable over 4 years. The business was acquired by a Vancouver based subsidiary of the Group incorporated during the current year – Gener8 Digital Media Services Limited. The Company has recognized the purchase effective March 23, 2015.
36. The Board of Directors of the Company vide circular resolution passed on March 24, 2014 inter-alia, considered and approved the extension of the previous financial year i.e. (April 01, 2013 to March 31, 2014) of the Company by a period of three (3) months in accordance with the provisions of Section 210 of the Companies Act, 1956. Accordingly, the previous period’s financial year of the Company was for a period of fifteen (15) months i.e. commencing from April 01, 2013 and ending on June 30, 2014 and therefore the financial results of the last financial period are not comparable with financial results of the current year which are for twelve (12) months.
37. **Details of dues to micro and small enterprises as defined under the MSMED Act, 2006**
The Company does not have suppliers who are registered as micro, small or medium enterprise under the Micro, Small and Medium Enterprises Development Act, 2006 as at June 30, 2015. The information regarding micro, small and medium enterprises has been determined on the basis of information available with the management.
38. Previous period’s figures have been regrouped where necessary to confirm to current year’s classification.

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 : September 16, 2015

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 Private Limited | Prime Focus Technologies UK Limited | Prime Focus Technologies, Inc. | Prime Post Europe Limited | DAX Cloud ULC | Prime Focus International Limited | Prime Focus Visual Effects Private Limited |
|---------|--|--|-------------------------------------|--------------------------------|---------------------------|---------------|-----------------------------------|--|
| 1 | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | 31-Mar-15 | 31-Mar-15 | 31-Mar-15 | 31-Mar-15 | 31-Mar-15 | 31-Mar-15 | 31-Mar-15 |
| 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 | CAD | GBP | INR |
| | | 1.00 | 92.7564 | 62.53 | 92.7564 | 49.45 | 92.7564 | 1.00 |
| 3 | Share capital (₹) | 170,100,000 | 1 | 1,000 | 9,276 | 4,945 | 2,260,212,637 | 100,000 |
| 4 | Reserves & surplus | 386,622,892 | (30,615,800) | 73,538,432 | 32,935,664 | 20,725,354 | (620,925,584) | (50,082) |
| 5 | Total assets | 2,537,141,573 | 59,721,652 | 1,312,561,155 | 293,731,358 | 22,473,417 | 3,477,179,737 | 90,400 |
| 6 | Total liabilities | 1,980,418,681 | 90,337,451 | 1,239,021,724 | 260,786,418 | 1,743,118 | 1,837,892,685 | 40,482 |
| 7 | Investments | - | - | 4,945 | - | - | - | - |
| 8 | Turnover | 1,564,035,173 | 68,970,571 | 515,608,172 | 149,024,200 | 29,327,369 | 284,913,897 | - |
| 9 | Profit before taxation | 77,408,376 | (17,372,483) | (41,048,453) | 34,942,382 | 20,237,681 | (46,528,437) | (3,039) |
| 10 | Provision for taxation | 26,578,986 | 1,028,849 | 541,762 | - | - | - | - |
| 11 | Profit after taxation | 50,829,390 | (18,401,332) | (41,590,215) | 34,942,382 | 20,237,681 | (46,528,437) | (3,039) |
| 12 | Proposed Dividend | - | - | - | - | - | - | - |
| 13 | % of shareholding | 75.50% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

in ₹

| Sr. No. | Name of the Subsidiary | GVS Software Private Limited | PF Motion Pictures Limited | PF Investments Limited | Prime Focus 3D India Private Limited | PF Overseas Limited | PF World Limited | Prime Focus Luxembourg S.a.r.l. | Gener8 Digital Media Services Limited |
|---------|---|------------------------------|----------------------------|------------------------|--------------------------------------|---------------------|------------------|---------------------------------|---------------------------------------|
| 1 | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | 31-Mar-15 | 31-Mar-15 | 31-Mar-15 | 31-Mar-15 | 31-Mar-15 | 31-Mar-15 | 31-Mar-15 | 31-Mar-15 |

| | | | | | | | | | |
|----|--|-----------|-----------|-------------|---------|-------------|---------------|---------------|-------------|
| 2 | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries. | INR | INR | USD | INR | USD | USD | USD | CAD |
| | | 1.00 | 1.00 | 62.53 | 1.00 | 62.53 | 62.53 | 62.53 | 49.45 |
| 3 | Share capital (₹) | 100,000 | 500,000 | 2,688,790 | 500,000 | 6,253 | 5,267,433,405 | 1,083,019,600 | 225,656,377 |
| 4 | Reserves & surplus | (111,151) | (600,027) | (2,792,852) | (9,019) | (2,185,159) | 30,934,380 | (118,430,315) | 24,116,062 |
| 5 | Total assets | 2,300 | 500,000 | 1,296,091 | 500,000 | 336,099 | 5,718,732,007 | 2,168,291,451 | 787,796,254 |
| 6 | Total liabilities | 13,451 | 600,027 | 1,400,152 | 9,019 | 2,515,005 | 420,364,222 | 1,203,702,165 | 538,023,815 |
| 7 | Investments | - | - | - | - | - | - | - | - |
| 8 | Turnover | - | - | - | - | - | 34,618,921 | 278,978 | 134,987,512 |
| 9 | Profit before taxation | (2,936) | (4,765) | (934,648) | (9,019) | (839,764) | 33,428,014 | (35,249,617) | 33,222,139 |
| 10 | Provision for taxation | - | - | - | - | - | - | 243,696 | - |
| 11 | Profit after taxation | (2,936) | (4,765) | (934,648) | (9,019) | (839,764) | 33,428,014 | (35,493,312) | 33,222,139 |
| 12 | Proposed Dividend | - | - | - | - | - | - | - | - |
| 13 | % of shareholding | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

in ₹

| Sr. No. | Name of the Subsidiary | Prime Focus 3D Cooperatief U.A. | Prime Focus World N.V. | Prime Focus International Services UK Limited | Prime Focus North America Inc. | 1800 Vine Street LLC | Prime Focus Creative Services Canada Inc. | 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-15 | 31-Mar-15 | 31-Mar-15 | 31-Mar-15 | 31-Mar-15 | 31-Mar-15 | 31-Mar-15 | 31-Mar-15 |
| 2 | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries. | USD | USD | GBP | USD | USD | CAD | USD | USD |
| | | 62.53 | 62.53 | 92.7564 | 62.53 | 62.53 | 49.45 | 62.53 | 62.53 |
| 3 | Share capital (₹) | 2,167,828,496 | 4,323,802 | - | 312,650 | - | 35,483,798 | - | 625.00 |
| 4 | Reserves & surplus | (7,388,857) | 7,072,495,019 | (1,580,069,142) | 4,226,747,727 | 725,098,750 | (548,626,346) | 41,919,277 | (15,904,036) |
| 5 | Total assets | 2,167,977,317 | 11,895,628,546 | 1,384,568,812 | 6,869,556,574 | 1,396,654,846 | 1,661,196,212 | 920,581,044 | - |
| 6 | Total liabilities | 7,537,679 | 4,818,809,725 | 2,964,637,954 | 2,642,496,197 | 671,556,096 | 2,174,338,760 | 878,661,767 | 15,903,411 |

| | | | | | | | | | |
|----|------------------------|---------------|----------------|-----------------|---------------|------------|---------------|---------------|---------|
| 7 | Investments | 2,167,591,445 | 11,661,100,609 | - | - | - | - | - | - |
| 8 | Turnover | - | - | 1,075,078,444 | 3,777,966 | 67,397,335 | 1,065,777,911 | (330,979,614) | - |
| 9 | Profit before taxation | (1,040,374) | 95,164,146 | (1,278,743,426) | (349,276,491) | 16,108,607 | 8,197,673 | (28,960,840) | - |
| 10 | Provision for taxation | - | 3,599,681 | - | 1,458,779 | - | - | - | - |
| 11 | Profit after taxation | (1,040,374) | 91,564,465 | (1,278,743,426) | (350,735,270) | 16,108,607 | 8,197,673 | (28,960,840) | - |
| 12 | Proposed Dividend | - | - | - | - | - | - | - | - |
| 13 | % of shareholding | 100.00% | 76.33% | 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 Creative Services Private Limited | Double Negative Holdings Limited | Double Negative Limited | Double Negative Singapore Pte Limited | Double Negative Canada Productions Limited | Double Negative Films Limited |
|---------|--|---------------------------------|---------------------------|-----------------------------------|---|----------------------------------|-------------------------|---------------------------------------|--|-------------------------------|
| 1 | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | 31-Mar-15 | 31-Mar-15 | 31-Mar-15 | 31-Mar-15 | 31-Mar-15 | 31-Mar-15 | 31-Mar-15 | 31-Mar-15 | 31-Mar-15 |
| 2 | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries. | USD 62.53 | USD 62.53 | USD 62.53 | INR 1.00 | GBP 92.7564 | GBP 92.7564 | SGD 45.4985 | CAD 49.45 | GBP 92.7564 |
| 3 | Share capital (₹) | 429,822 | 18,759 | 81 | 3,478,000 | 464 | 6,493 | 45 | 49 | - |
| 4 | Reserves & surplus | 1,166,363,428 | (185,767) | 16,417,657 | 2,289,861,650 | (19,293) | (1,745,260,837) | 1,108,039,582 | (9,079,804) | - |
| 5 | Total assets | 1,380,254,974 | 9,398,259 | 100,286,575 | 3,035,540,502 | 15,305 | 4,242,095,951 | 1,125,679,566 | 363,658,074 | - |
| 6 | Total liabilities | 213,461,724 | 9,565,267 | 83,868,837 | 742,200,852 | 34,134 | 5,987,350,295 | 17,639,939 | 372,737,829 | - |
| 7 | Investments | - | - | - | - | 6,679 | - | - | - | - |
| 8 | Turnover | 84,415,500 | 337,515,053 | 744,159 | 962,706,648 | - | 3,717,228,790 | 1,150,887,161 | 89,892,745 | - |
| 9 | Profit before taxation | (48,717,461) | 152,727,427 | (14,046,123) | 1,530,899 | - | (750,512,504) | 364,482,805 | (9,973,090) | - |

| | | | | | | | | | | |
|----|------------------------|--------------|-------------|--------------|-----------|---------|---------------|-------------|-------------|---------|
| 10 | Provision for taxation | - | 38,181,857 | - | 255,115 | - | - | 29,963 | - | - |
| 11 | Profit after taxation | (48,717,461) | 114,545,570 | (14,046,123) | 1,275,784 | - | (750,512,504) | 364,452,842 | (9,973,090) | - |
| 12 | Proposed Dividend | - | - | - | - | - | - | - | - | - |
| 13 | % of shareholding | 100.00% | 70.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

Notes:

- i. Gener8 India Media Services Limited, Reliance MediaWorks (Mauritius) Limited and Reliance Lowry Digital Imaging Services Inc were acquired on April 07, 2015, hence are not part of table above
- ii. Subsidiaries and step-down subsidiaries sold / liquidated during the year
- | | |
|-----------------------------------|-----------------------------------|
| Prime Focus London Plc, UK | VTR Media Services Limited |
| VTR Media Investments Limited | PF Broadcast & Commercial Limited |
| Busy Buses Limited | Prime Focus Broadcast Limited |
| Clipstream Limited | VTR Post Limited |
| VTR Media Investments 2 Limited | Prime VFX Limited |
| DMJM Film Limited | PF Broadcast VFX Limited |
| Prime Focus Productions 5 Limited | PF Film UK Limited |

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 : September 16, 2015

Vikas Rathee

Chief Financial Officer

Parina Shah

Company Secretary



PRIME FOCUS LIMITED

Registered Office: Prime Focus House, Linking Road, Khar (West), Mumbai- 400052 Tel: +91 22 6715 5000

Website: www.primefocus.com ; Email Id: ir.india@primefocus.com

CIN: L92100MH1997PLC108981

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. / Client ID No. :

I/We, being the Member(s) of shares of the above named company, hereby appoint:

- Name : Email ID :
Address :
Signature :, or failing him/her
- Name : Email ID :
Address :
Signature :, or failing him/her
- Name : Email ID :
Address :
Signature :

as my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 18th Annual General Meeting of the Company, to be held on Thursday, 24th December, 2015 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 | Vote (Optional*) | | |
|--------------------------|--|------------------|---------|---------|
| | | For | Against | Abstain |
| Ordinary business | | | | |
| 1 | To receive, consider and adopt : a. the Audited Standalone Financial Statements of the Company for the Financial Year ended June 30, 2015, 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 June 30, 2015 and the Report of Auditors thereon. | | | |
| 2 | To appoint a Director in place of Mr. Ramakrishnan Sankaranarayanan (DIN:02696897), who retires by rotation and being eligible offers himself for re-appointment | | | |
| 3 | Ratification of Statutory Auditors' Appointment | | | |
| Special Business | | | | |
| 4 | Appointment of Dr. (Mrs.) Hemalatha Thiagarajan (DIN: 07144803) as an Independent Director | | | |
| 5 | Appointment of Mr. Amit Bapna (DIN: 00008443) as a Non-Executive Director | | | |
| 6 | Offer or invite for Subscription of Secured / Unsecured Non-Convertible Debentures and/or other Debt securities on private placement basis | | | |
| 7 | Approval for existing Material Related Party Transactions | | | |

Signed this _____ day of _____ 2015

Signature of the shareholder :

Signature of Proxy holder(s) :

Affix Revenue Stamp

Notes:

- 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.
- For the Resolutions, Explanatory Statements and Notes, please refer the Notice of Annual General Meeting.
- The Company reserves its right to ask for identification of the proxy.
- The proxy form should be signed across the Revenue Stamp as per specimen signature(s) registered with the Company/depository participant.
- *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.

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.



PFL

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