

**GVS Software Private Limited****Balance sheet as on March 31, 2019**

in ₹

	Notes	As at March 31,	
		2019	2018
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Financial Assets</b>			
Other non-current assets	3	265,000,000	265,000,000
		<b>265,000,000</b>	<b>265,000,000</b>
<b>Current assets</b>			
<b>Financial Assets</b>			
i) Cash ad cash equivalents	4	2,300	2,300
Other current assets		-	-
		<b>2,300</b>	<b>2,300</b>
<b>TOTAL</b>		<b>265,002,300</b>	<b>265,002,300</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity Share Capital	5	2,750,000	2,750,000
Other Equity	6	262,066,529	262,083,029
		<b>264,816,529</b>	<b>264,833,029</b>
<b>Financial Liabilities</b>			
i) Trade payables	7	185,771	169,271
		<b>185,771</b>	<b>169,271</b>
<b>TOTAL</b>		<b>265,002,300</b>	<b>265,002,300</b>

Notes forming part of the financial statements

1-12

As per our report of even date

**For V. Shivkumar & Associates****For and on behalf of the Board of Directors****Chartered Accountants****Firm Registration No.: 112781W****V. Shivkumar**  
**(Proprietor)**  
**Membership No. 042673**  
**Mumbai**  
**May 25, 2019****Ramakrishnan**  
**Sankaranarayanan**  
**(Director)****Rivkaran Chadha**  
**(Director)**

**GVS Software Private Limited****Statement of Profit and Loss for the year ended March 31, 2019**

in ₹

	Notes	For the year ended March 31,	
		2019	2018
<b>Income</b>			
Revenue from operations (net)		-	-
Other income		-	-
		<u>-</u>	<u>-</u>
<b>Expenses</b>			
Employee benefits expenses		-	-
Other expenses	8	16,500	16,000
Finance costs		-	-
Depreciation and amortization expenses		-	-
		<u>16,500</u>	<u>16,000</u>
<b>Loss before exceptional items and tax</b>		<b>(16,500)</b>	<b>(16,000)</b>
Exceptional Items		-	-
<b>Loss before tax</b>		<b>(16,500)</b>	<b>(16,000)</b>
<b>Tax expense</b>			
Current tax		-	-
Deferred tax		-	-
<b>Total tax expense</b>		<u>-</u>	<u>-</u>
<b>Loss for the year</b>		<b>(16,500)</b>	<b>(16,000)</b>
<b>Earnings per equity share</b>			
Basic	11	(1.65)	(1.60)
Diluted		(1.65)	(1.60)
Notes to accounts	1-12		

As per our report of even date

**For V. Shivkumar & Associates****For and on behalf of the Board of Directors****Chartered Accountants****Firm Registration No.: 112781W****V. Shivkumar**  
**(Proprietor)**  
**Membership No. 042673**  
**Mumbai**  
**May 25, 2019****Ramakrishnan**  
**Sankaranarayanan**  
**(Director)****Rivkaran Chadha**  
**(Director)**

## Statement of Changes in Equity for the year ended March 31, 2019

## Changes in Share capital

	Equity Shares		Redeemable Convertible Preference Shares	
	No of shares	Amount	No of shares	Amount
As at 1st April 2016	10,000	100,000	265,000	2,650,000
Changes during the year	-	-	-	-
As at 31st March 2018	10,000	100,000	265,000	2,650,000
Changes during the year	-	-	-	-
As at 31st March 2019	10,000	100,000	265,000	2,650,000

## Changes in Other Equity

in ₹

	Securities		Total Other equity	Non-controlling interests	Total
	Premium Account	Retained Earnings			
As at 1st April 2017	262,350,000	(238,959)	262,111,041	-	262,111,041
Profit/ (loss) for the year	-	(16,000)	(16,000)	-	(16,000)
As at 31st March 2018	262,350,000	(254,959)	262,095,041	-	262,095,041
Profit/ (loss) for the year	-	(16,500)	(16,500)	-	(16,500)
As at 31st March 2019	262,350,000	(271,459)	262,078,541	-	262,078,541

As per our report of even date

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

For and on behalf of the Board of Directors

V. Shivkumar  
(Proprietor)  
Membership No. 042673  
Mumbai  
May 25, 2019

Ramakrishnan  
Sankaranarayanan  
(Director)

Rivkaran Chadha  
(Director)

**GVS Software Private Limited****Cash Flow statement for the year ended March 31, 2019**

in ₹

	Notes	As at March 31,	
		2019	2018
<b>A. Cash flow from Operating activities</b>			
Net Profit before taxation		(16,500)	(16,000)
Adjustments for :			
Operating profit before working capital changes		(16,500)	(16,000)
Movements in working capital :			
Increase/(Decrease) in current liabilities		16,500	16,000
Cash generated from operations		-	-
Direct Taxes paid (Net of Refunds)		-	-
<b>Net Cash from operating activities</b>		-	-
<b>B. Cash flow from investing activities</b>			
<b>Net Cash from investing activities</b>		-	-
<b>C. Cash flow from Financing activities</b>			
<b>Net cash used in Financing activities</b>		-	-
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>		-	-
<b>Cash and cash equivalents at the beginning of the year</b>	4	2,300	2,300
<b>Cash and cash equivalents at the end of the year</b>		<b>2,300</b>	<b>2,300</b>
Notes to accounts	1-12		-

As per our report of even date

**For V. Shivkumar & Associates**  
**Chartered Accountants**  
**Firm Registration No.: 112781W**

**For and on behalf of the Board of Directors**

**V. Shivkumar**  
**(Proprietor)**  
**Membership No. 042673**  
**Mumbai**  
**May 25, 2019**

**Ramakrishnan**  
**Sankaranarayanan**  
**(Director)**

**Rivkaran Chadha**  
**(Director)**

## **1. Corporate information**

GVS Software Private Limited (the Company) is a private company domiciled in India and incorporated under the provision 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 have been prepared in accordance with the Indian Accounting Standards (herein after referred to as 'Ind AS'). The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these standalone financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IND AS 102, leasing transactions that are within the scope of IND AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IND AS 2 or value in use in IND AS 36.

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

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

### **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 revenues, expenses, 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 could change from period to period. Actual results could differ from these 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. 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.

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.

**d. Dividend income and interest income**

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**e. Foreign currencies**

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

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

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

**f. Provisions**

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

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

**g. Taxation**

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

**Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

**Deferred tax**

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

**Current and deferred tax for the year**

Current and deferred tax are recognised in profit or loss, except when they related to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

**h. 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.

**i. Cash Flow statements**

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

**GVS Software Private Limited**

<b>3. Other non-current assets</b>	<b>As at March 31,</b>		in ₹
	<b>2019</b>	<b>2018</b>	
Capital advances	265,000,000	265,000,000	
	<b>265,000,000</b>	<b>265,000,000</b>	

  

<b>4. Cash and bank balances</b>	<b>As at March 31,</b>		in ₹
	<b>2019</b>	<b>2018</b>	
<b>Cash and cash equivalents</b>			
Balances with banks:			
On Current Accounts	-	-	
Cash on hand	2,300	2,300	
	<b>2,300</b>	<b>2,300</b>	

  

<b>5. Share capital</b>	<b>As at March 31,</b>		in ₹
	<b>2019</b>	<b>2018</b>	
<b>Authorised shares:</b>			
10,000 Equity Shares of Rs.10/- each (Previous year 10,000 Shares of Rs.10/- each)	100,000	100,000	
265,000 Redeemable Convertible Preference Shares of Rs.10/- each (Previous year 265,000 of Rs. 10/- each)	2,650,000	2,650,000	
<b>Issued, subscribed and paid-Up:</b>			
10,000 Equity Shares of Rs.10/- each (Previous year 10,000 Shares of Rs.10/- each)	100,000	100,000	
265,000 Redeemable Convertible Preference Shares of Rs.10/- each (Previous year 265,000 of Rs. 10/- each)	2,650,000	2,650,000	
	<b>2,750,000</b>	<b>2,750,000</b>	

  

<b>6. Other Equity</b>	<b>As at March 31,</b>		in ₹
	<b>2019</b>	<b>2018</b>	
<b>Securities Premium Account</b>			
Premium on issuance of Redeemable Convertible Preference Shares	262,350,000	262,350,000	
<b>Retained Earnings</b>			
Balance as per last financial statements	(266,971)	(250,971)	
Loss for the year	(16,500)	(16,000)	
<b>Net Retained Earnings</b>	<b>(283,471)</b>	<b>(266,971)</b>	
<b>Other Equity</b>	<b>262,066,529</b>	<b>262,083,029</b>	

  

<b>7. Trade payables</b>	<b>As at March 31,</b>		in ₹
	<b>2019</b>	<b>2018</b>	
Trade payables	50,515	40,515	
Trade payables to related parties (note 9)	135,256	128,756	
	<b>185,771</b>	<b>169,271</b>	

  

<b>8. Other expenses</b>	<b>For the year ended March 31,</b>		in ₹
	<b>2019</b>	<b>2018</b>	
Legal and Professional Fees	6,500	6,000	
Audit Fees	10,000	10,000	
	<b>16,500</b>	<b>16,000</b>	

## GVS Software Private Limited

### 9. Related Party Disclosure

List of related Parties where control exists and related parties with whom transactions have taken place and relationships:

Name of the related party	Relationship
Prime Focus Limited	Holding Company
N2M Reality Private Limited	Enterprises owned or significantly influenced by Key Management Personnel of Holding Company

### Related Party Transaction During the Year

in ₹

	March 31,	
	2019	2018
<b>Reimbursement of expense incurred by:</b>		
Prime Focus Limited	6,500	6,000

### Balance outstanding

in ₹

	As at March 31,	
	2019	2018
<b>Redeemable Convertible Preference Shares</b>		
Prime Focus Limited	265,000,000	265,000,000
<b>Capital advance</b>		
N2M Reality Private Limited	265,000,000	265,000,000
<b>Trade Payables</b>		
Prime Focus Limited	135,256	128,756

### 10. Fair Value Measurements

in ₹

	As at March 31		As at March 31	
	2019	2018	2019	2018
	Carrying Value		Fair Value	
<b>A. Financial Assets:</b>				
<b>Amortised cost</b>				
Cash ad cash equivalents	2,300	2,300	-	-
<b>Total</b>	<b>2,300</b>	<b>2,300</b>	-	-
<b>B. Financial Liabilities:</b>				
<b>Amortised cost</b>				
Trade payables	185,771	169,271	-	-
<b>Total</b>	<b>185,771</b>	<b>169,271</b>	-	-

**Capital Risk Management**

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

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

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

**a) Financial risk management**

The company is exposed through its operations to the following financial risks:

- Credit risk
- Liquidity risk

**i) Credit Risk**

Cash is held with banks having good credit ratings and Company does not anticipate any risk in value.

**ii) Liquidity Risk**

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

The following analysis sets out the maturities of financial assets and liabilities.

<b>Liquidity Risk</b>				in ₹
<b>At 31 March 2019</b>	<b>Less than 12 months</b>	<b>More than 12 months</b>	<b>Total</b>	
<b>Current financial assets</b>				
Cash and cash equivalents	2,300	-	<b>2,300</b>	
	<b>2,300</b>	-	<b>2,300</b>	
<b>Current financial liabilities</b>				
Trade Payables	185,771	-	<b>185,771</b>	
	<b>185,771</b>	-	<b>185,771</b>	
<hr/>				
<b>At 31 March 2018</b>	<b>Less than 12 months</b>	<b>More than 12 months</b>	<b>Total</b>	
<b>Current financial assets</b>				
Cash and cash equivalents	2,300	-	<b>2,300</b>	
	<b>2,300</b>	-	<b>2,300</b>	
<b>Current financial liabilities</b>				
Trade Payables	169,271	-	<b>169,271</b>	
	<b>169,271</b>	-	<b>169,271</b>	

Particulars	Year ended		in ₹
	March 31, 2019	Year ended March 31, 2018	
Net (loss) attributable to equity shareholders	(16,500)	(16,000)	
Exceptional items (net of tax)	-	-	
Net Profit/(loss) before exceptional items but after tax	(16,500)	(16,000)	
<b>Weighted average number of equity shares in calculating basic and diluted EPS</b>	<b>10,000</b>	<b>10,000</b>	
<b>Earnings per share (before exceptional items)</b>			
Basic EPS	(1.65)	(1.60)	
Diluted EPS	(1.65)	(1.60)	

12. There are no unhedged foreign currency exposure

The accompanying notes are an integral part of the financial statements.

As per our report of even date

**For V. Shivkumar & Associates**  
**Chartered Accountants**  
**Firm Registration No.: 112781W**

**For and on behalf of the Board of Directors**

**V. Shivkumar**  
**(Proprietor)**  
**Membership No. 042673**  
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**May 25, 2019**

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**(Director)**

**Rivkaran Chadha**  
**(Director)**