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PRIME FOCUS LIMITED

TRANSCRIPT OF THE 26TH ANNUAL GENERAL MEETING OF PRIME FOCUS LIMITED HELD AT 12:30 P.M. (IST) ON FRIDAY, SEPTEMBER 29, 2023 THROUGH VIDEO CONFERENCING

Parina Shah, Company Secretary:

A very good afternoon to each and every one of you. I Parina Shah, Company Secretary of your Company have a great pleasure in extending a warm and cordial welcome to all of you at the 26th Annual General Meeting (hereinafter referred to as “AGM”) of the Company which is being held through video conferencing, in compliance with the applicable provisions of the Companies Act, 2013 (the “Act”), as per the relevant Circulars issued by Ministry of Corporate Affairs and the Securities and Exchange Board of India.

Hope, all of you are safe & in good health and wish you all to stay that way.

Before I hand over the proceedings to Mr. Naresh Malhotra, the Chairman of the Company to declare the meeting open, I would like to highlight certain points:

1. The Company has made all efforts to enable the members to participate at the meeting through the video conferencing facility and vote electronically. The facility of joining the AGM through video conference is being made available to the Members on a ‘first come-first-serve’ basis.
2. The joining to this meeting is opened 15 minutes before the scheduled time of the commencement of the meeting, which is 12:15 p.m. Members are encouraged to join the meeting through their laptops and headphones for a better experience and use internet with a good speed to avoid any disturbance during the meeting. Participants connecting from mobile devices or tablets or through laptops connecting via a mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use a stable wi-fi or a LAN connection to mitigate any kind of aforesaid glitches.
3. Members attending the AGM through video conference are being counted for the purpose of reckoning the quorum under Section 103 of the Act and as per the MCA Circulars.
4. Subsequent to the relevant circulars issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the body corporate is entitled to appoint authorized representatives to attend the AGM through Video



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Conference, other audio/video means on their behalf and participate and cast their votes through e-voting.

The Company had provided the facility to the members to cast their votes through remote e-voting which commenced on Monday, September 25, 2023 from 9:00 a.m. (IST) to Thursday, September 28, 2023 till 5:00 p.m. (IST). Members who have not casted their votes yet electronically and who are participating in this meeting will have an opportunity to cast their votes during the meeting through the e-voting system provided by CDSL. The said facility will continue to be available for the next 15 minutes post conclusion of the Meeting.

5. In this meeting, there will be NO voting by show of hands and there will not be any proposer/ seconder for any Resolution placed for voting.
 6. All Members who have joined this meeting are, by default, placed on 'mute' mode by the 'host' to avoid any disturbance or inconvenience arising from the background noise and to ensure smooth and seamless conduct of meeting proceedings.
 7. The Company had provided facility to the members to register themselves as speakers for the AGM to ask any queries or questions during the Questions and Answers session. The Question and Answer session for the members who have registered themselves as speaker will open once all the resolutions set forth in the Notice are presented. The speaker may please keep their queries/ questions in brief. We will announce names of shareholders who have registered as 'speaker shareholders', one-by-one.
 8. During AGM, if a member faces any technical issues, he/she may contact the helpline no. mentioned in the notice of the AGM.
 9. To transact the business as mentioned in the notice, the members were provided an opportunity to inspect all documents referred to in the notice and explanatory statement by sending their requests to ir.india@primefocus.com till the continuation of the AGM.
- The Register of Directors and Key Managerial Personnel, the Register of Contracts or Arrangements, have been made available electronically for inspection by the members during the continuation of the AGM. Members seeking to inspect such documents can send their requests to ir.india@primefocus.com.
10. The registered office of the Company situated at Mumbai shall be deemed as the venue for this AGM.



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In case there is any connectivity issue for the Chairman, as per the decision of our Board of Directors, Mr. Samu Devarajan will conduct rest of the proceedings of the Meeting.

Before we start the proceedings of the meeting, I welcome the Board of Directors of the Company present by video conferencing to the 26th Annual General meeting and would like to introduce them for the benefit of the Members.

Mr. Naresh Malhotra, Chairman and Whole-Time Director and Mr. Samu Devarajan, the Independent Director of the Company are present at this meeting through video Conference.

Mr. Nishant Fadia, Chief Financial Officer (CFO) and the representatives of Statutory Auditors and Secretarial Auditors are also present at this meeting through Video Conference.

Mr. Mehul Raval, Practicing Company Secretary, is also present at this meeting who shall act as the scrutinizer for this meeting and scrutinize the e-voting process in a fair and transparent manner.

I now call on the Board Members and the CFO who are on video conference to introduce themselves.

Mr. Naresh Malhotra

Good Afternoon, I Naresh Malhotra, Chairman and Whole-time Director of the Company, is attending this Meeting by video conference from Mumbai.

Mr. Samu Devarajan

Good Afternoon, I am Samu Devarajan, Independent Director of the Company. I am attending this Annual General Body Meeting from my home office in Bengaluru. I serve as Chairman of Audit Committee, Nomination & Remuneration Committee and Stakeholders' Relationship Committee Meeting. I wish you all very best, stay well, thank you.

Mr. Nishant Fadia

Good Afternoon, I am Nishant Fadia, Chief Financial Officer of the Company and I am attending meeting from Mumbai

Parina Shah, Company Secretary

With this, I now hand over the proceedings to the Chairman Sir. Thank you.



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Mr. Naresh Malhotra, Chairman & Whole-Time Director

I welcome all the shareholders to the 26th Annual General Meeting of the Company which is being held through Video Conferencing as per the relevant circulars issued by MCA and SEBI. As our Company, completed 26 years of growth and success in the industry, on behalf of Board of Directors and everyone at Prime Focus Limited I would like to thank all our members and stakeholders for their trust and confidence that have placed and look forward for their continued support to us.

Mr. Namit Malhotra, Mr. K R Srinivasan Mr. Vibhav Parikh and Mrs. Hemalatha Thiagarajan could not attend this meeting due to pre-occupation.

As requisite quorum is present, I now call the Meeting in order.

The Report of Board of Directors, the Financial Statements for the Financial Year ended March 31, 2023 and the notice convening this AGM has already been circulated to the members electronically and with your permission be taken as read. The Members are also informed that, there are no qualification, reservation, adverse remark or disclaimer in the Statutory Auditors Report. Further, the Secretarial Audit Report also does not have any qualification, observation or other adverse remarks which has material adverse effect on the functioning of the Company. Accordingly, the reports are not required to be read out.

We have fourteen resolutions for approval in this AGM as stated in the Notice of the AGM.

1. To receive, consider and adopt:
 - a) the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2023, together with the Reports of the Board of Directors and Auditors thereon.
 - b) the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2023 and the Report of Auditors thereon.
2. To appoint a Director in place of Mr. Namit Naresh Malhotra (DIN: 00004049) who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Statutory Auditors and to fix their remuneration.
4. To alter the Object Clause of the Memorandum of Association of the Company.
5. To approve to sell/transfer/dispose/lease/assign asset(s) of the material subsidiary (ies).



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6. To approve material related party transaction(s) between the Company and DNEG India Media Services Limited, a subsidiary of the Company.
7. To approve material related party transaction(s) between DNEG India Media Services Limited, a subsidiary of the Company and certain identified Related Parties of the Company.
8. To approve material related party transaction(s) between Double Negative Montréal Productions Ltd., a subsidiary of the Company and certain identified Related Parties of the Company.
9. To approve material related party transaction(s) between Double Negative Limited, a subsidiary of the Company and certain identified Related Parties of the Company.
10. To approve material related party transaction(s) between Double Negative Canada Productions Ltd., a subsidiary of the Company and certain identified Related Parties of the Company.
11. To approve material related party transaction(s) between Prime Focus World N.V., a subsidiary of the Company and certain identified Related Parties of the Company.
12. To approve material related party transaction(s) between DNEG North America, Inc., a subsidiary of the Company and certain identified Related Parties of the Company.
13. To approve material related party transaction(s) between Double Negative Films Limited, a subsidiary of the Company and DNEG PLC, a subsidiary of the Company.
14. To approve material related party transaction(s) between Double Negative Holdings Limited, a subsidiary of the Company and Incamera Limited, associate of the Company.

With this, I request the Company Secretary for further proceedings of the meeting.

Ms. Parina Shah, Company Secretary

Thank you Sir, I would now like to start with the questions and answer session of the speaker shareholders.

I would now call names of the speaker shareholders one by one and request the CDSL team to promote and allow them to ask their questions in the session.

Request the CDSL team to please promote Mr. Dnyaneshwar K Bhagwat



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Moderator: Ma'am, he is not present.

Ms. Parina Shah, Company Secretary

Ms. Prakashini G Shenoy

Moderator: Ma'am, she is not present.

Ms. Parina Shah, Company Secretary

Mr. Bharat Pratapsinh Negandhi

Moderator: Ma'am, he is not present.

Ms. Parina Shah, Company Secretary

Mrs. Lata Bharat Negandhi

Moderator: Lata Ma'am, please unmute and speak, she is not responding and she is not unmuting herself.

Ms. Parina Shah: okay, no problem we will move to next speaker.

Ms. Parina Shah, Company Secretary

Mr. Hariram Chaudhary:

Chairman Mr. Naresh Malhotra ji, my name is Hariram Chaudhary, I am speaking from my house at Santacruz. Mr. Chairman, firstly I would like to appreciate the efforts taken by Company Secretary and her staff member for joining this meeting and thanks a lot for Annual Report, we again appreciate the efforts of Company Secretary for Annual Report which is very informative. Now Mr. Chairman, CSR is my first subject so, please kindly let me know who is chairman of CSR committee, who are the member of CSR Committee and how much amount we have spent for CSR during the current year and whether this amount is more than 2% percent or not. kindly let us know about the CSR.

Now Mr. Chairman, kindly let me know what technology we have adopted also about the latest technologies and Artificial Intelligence, kindly let us know about that.

Mr. Chairman about capital expenditure how much capital expenditure we have incurred in the current year and how much we are expecting to spend in the next year.



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I convey my best wishes for all the progress and prosperity of the Company and thank you Naresh Malhotra ji.

Ms. Parina Shah: Thank you sir, we will respond to all the questions at the end.

Now, I will call the next speaker i.e. **Mr. Anil Mehta**

Moderator: Ma'am, he is not present.

Ms. Parina Shah, Company Secretary

Mr. Naresh Ratilal Kachalia

Moderator: Ma'am, he is not present.

Ms. Parina Shah, Company Secretary

Mr. Saurabh Jain:

Good afternoon sir, I want to understand more about the VFX industry, lot of companies have entered into this industry, so what kind of opportunity sizes are there for Prime Focus? How do you compete and how do we differentiate from other competitors? What is the differentiation of our Company? Second question is about DNEG deal which had happened, how the Company is getting restructured and what all changes are being undertaken in this deal which is signed by the Company? and how will this have an impact on our borrowings because the company has huge debt on its balance sheet so what kind of repayment schedule should we expect post the signing of this deal? My next question is that as we see our margin have been quite volatile over the last one year so they have reduced significantly in the last quarter to almost thirteen percent EBIDTA, what would be the reason behind this? Are we undertaking any investments which are impacting this margin and when should we expect our margin to normalise and what should we take as the normal margins?

The last question is if you can talk about what is the outlook of the company for next three to five years? and is there any visibility of the company becoming debt free near future? What is the focus in terms of growing our revenue profitability for the next three to five years? Thank you.

Ms. Parina Shah: Thank you, next shareholder is Mr. Freeman John Rodrigues.

Hello, I have a couple of questions and I think few of the questions were covered by last speakers. I want to appreciate for the detailed information in the Annual Report, you have already given a fair amount of information about the company's future outlook but I have minor questions, any plans to list subsidiary company DNEG as we have been hearing the same from past five to six years, I think we planned to list it last May and something came up and it was actually called back



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again. So just wanted to know what is the status of DNEG listing? My second question is that I would just like to know that the cost of interest is very huge and whatever earning which the company does is actually taken away by two components i.e. depreciation and interest so, I would just wanted to know that now since the company has been selling its assets to its subsidiaries and for last deal we would just like to know what would be the deal size and how much money will flow from DNEG to parent company? and how long it will take to get this back. What we can expect to get debt to be reduced to zero. Another question is why do we as a service providing company the depreciation amount is so high? and if I check the Balance Sheet the depreciation has been around three hundred to four hundred crores continued from four or five years. So that is the important point I want to know. My next question is what is effect of Hollywood strike on the company and what would be material impact on the coming quarters and current years? next question is that company has co – produced movie called Brahmastra so just wanted to know that what was the contribution and what was the share of prime focus in the production and what was the profit from this particular movie also? I would like to know the company's intend to co-produce Bollywood movies with any of the Indian companies, I just wanted to know that the promoter pledge is high and that is actually dragging the stock price so we would like to know what will be the time frame in which the promoter is looking to reduce the promoter pledge? Thanks a lot.

Ms. Parina Shah, Company Secretary

Thank you Mr. Freeman, I would request Mr. Nishant Fadia, to reply on the questions.

Mr. Nishant Fadia, CFO

Thank you all for your questions. I will cover some outlook so which may cover a lot of questions already asked by many speakers, Mr. Rodrigues talked about the strike in Hollywood and that obviously has an impact on our operations because a major part of our revenues comes from the Hollywood industry. So 1st quarter was lower in terms of EBIDTA, this strike has very recently being called off and so we are hopeful that things will come back to normal sooner rather than later, but we still expect that by the time the production cycle really picks up again, there will be a timeline between now and then, so we do see a material impact on this year's earnings. It's difficult to quantify what exactly this impact would be given that the strikes have just been called off but we certainly expect that there will be an impact. On profitability, one of the other questions was, around debt and plans to reduce that. Recently NaMa capital's debt at Prime focus, Mauritius level was converted into equity that reduces the debt on the balance sheet and hence it will also reduce the interest substantially so by March, 2024 balance sheet, you will see some amount of reduction in the interest.

We continuously, evaluate what is the best way to reduce debt even after this conversion of the debt to capital, one of those options is always listing and at the right time we will obviously look to list those subsidiaries. There is no active discussion right now, which I can tell you about, but



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that is one of the ways to do it, apart from many other ways, also whatever earnings we have go towards repaying the debt, and we are taking conscious efforts on that, thanks the shareholders to point that out for us. But, we continuously look at opportunities and means and ways on how we reduce our debt on the balance sheet. One of the other questions, I heard was on the pledges, the pledges have now been removed entirely from the promoter's pledge.

So that's a positive sign for us.

Further, there is no percentage of CSR, which we are mandated to spend and hence we have not done any of that at the Prime Focus Limited. I think Mr Saurabh Jain's question was around the VFX industry, I think from three to five year's outlook, we are very positive. We're very bullish. We believe that high quality content continues to be made, whether it is in the film side of things or in the streaming side of things and we believe we are well positioned. Not only in Budgets, but also, in terms of new customers, so we feel, you know, that over the next three to five years, there is a very robust visual effects market out there.

I think this year's capital expenditure will be not that high because of the Hollywood strikes. So we have obviously put all capex on hold. what we will do in 2025 is still too premature for me to commit and to comment on what kind of capex we will spend in 2025 that depends on how fast the industry comes back and how revenue starts to group. So, it would be kind of pretty much premature to talk about that right now.

It was 1st of the times, where we took risk in a movie, so without really quantifying the exact number what we did we put our services as equity into the movie. And, I think sufficient to say that the movie did well and we are fully covered for our services. So, I think that movie was a good experience for us also, I think the other question was, do we plan to do more of this? I think, yes, we will plan to do more of this, especially given that, you know, visual effects is becoming such a big part of movie making and the budgets for digital work of visual effects work are going up exponentially if the film requires it, if we see the opportunity,. Yes, there is a good enough upside apart from the services revenue. Looking at that, I don't think we are in the pure business of financing a movie, but certainly to take equity positions, where our services are involved is certainly something which we will consider actively.

As you know our subsidiary does a lot of work on developing tools and AI technology to sort of help along the value chain. We believe that in the long term view three to five years. There's a fair amount of development, not only in the technology business, but also in the visual effects business, which will be aided by AI. So, yes, Certainly, we have, our own Research and Development pipelines which work on this kind of product to see continuously how best we can increase efficiency with help of AI.



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Ms. Parina Shah, Company Secretary

One request was regarding the constitution of CSR committee, this is to inform that Mr. Naresh Malhotra is the chairman and Mr. Samu Devarajan and Mr. Namit Malhotra are members of the CSR Committee. Now, I think majority of the questions are covered.

Moreover, I thank the shareholders for their valuable suggestions, comments and for showing a keen interest in the operations of the Company. In case of any further questions, shareholders can write to the Company at ir.india@primefocus.com and the same will be duly responded.

The Company had provided to the shareholders, the facility to cast vote through remote e-voting and e-voting at the AGM through a system/platform administered by Central Depository Services (India) Limited (“CDSL”). Remote e-voting period commenced from Monday, September 25, 2023 at 9:00 a.m. (IST) and ended on Thursday, September 28, 2023 at 5: 00 p.m. (IST).

Now, I would request the Members who have not yet cast their vote by remote e-voting may cast their vote on the e-voting platform now. As the meeting is convened through VC today, resolutions set out in the Notice of AGM have already been put to vote through remote e-voting or e-voting and the requirement to propose and second is not applicable. The Shareholders are informed that the e-voting facility would remain open for next 15 minutes to cast votes through e-voting, after which the meeting will stand closed.

The results would be announced within the statutory timelines as prescribed from the conclusion of this Meeting after considering the e-voting done today by members participating in this AGM and also the remote e-voting already done by certain members and the same would be intimated to the Stock Exchanges and uploaded on the website of the Company and CDSL.

I thank the shareholders for attending the Meeting and for their continued support and co-operation in the smooth conduct of the Annual General Meeting. I also thank the Directors for joining the Meeting remotely.

With your consent, I and the other Board members would take your leave. I request all Shareholders to stay safe and stay healthy. Thank You.

Directors: Thank you very much, have a good day.