



PRIME FOCUS LIMITED

Registered Office: 2nd Floor, Main Frame IT Park, Building – H, Royal Palms, Near Aarey Colony,
Goregaon (East), Mumbai – 400 065

Notice Pursuant to Section 192A of the Companies Act, 1956 read with the Companies (passing of the Resolution by Postal Ballot) Rules, 2011.

Dear Member(s),

Notice is hereby given that the an Ordinary Resolution is circulated herewith for approval of the Members of Prime Focus Limited ("Company") to be accorded by Postal Ballot in accordance with the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011:

To consider and if thought fit, to give assent/dissent to the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 293(1)(a), Section 192A read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 and other applicable provisions, if any, of the Companies Act, 1956, the Memorandum and Articles of Association of the Company and subject to the approvals, consents, permissions and sanctions as may be necessary from the concerned statutory authorities and subject to such terms and conditions as may be imposed by them, consent of the Company be and is hereby accorded to the Board of Directors of the Company ("the Board" which expression shall also include a committee thereof) to sell, transfer, and/or otherwise dispose of its 'Backend Business', [being the business through which Company rendered services to Prime Focus World N.V., a company incorporated and operating under the laws of Netherlands ("PFW")], which includes (a) business of providing the services of conversion of 2D audio visual/moving images to stereo 3D audio visual/moving images by the Company to 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") along with all assets and liabilities including the personnel, contracts, licences, permits, consents and approvals relating to such backend business, located at the Company's Chandigarh facility (i.e., at 1st floor of the extension of the Atrium, A-45, Industrial Area, Phase VIII B, Mohali- 160059, Chandigarh, Punjab, India) and Mumbai facility (i.e., at Building H, Mainframe IT Park, Royal Palms, Goregaon, Mumbai-400065 and Ground Floor, Master Mind 1, Royal Palms, Goregaon (E) Mumbai - 400065), to Prime Focus World Creative Services Pvt. Ltd.', a company incorporated in India which is a direct subsidiary of PFW and an indirect subsidiary of the Company, in the manner and as per terms and conditions as may be agreed to between the Board of the Company and Prime Focus World Creative Services Private Limited, on a going concern basis by way of slump sale for a total consideration not less than INR equivalent of USD 38 million and subject to such terms and conditions as may be decided by the Board."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do and perform all such acts, matters, deeds and things, as may be necessary, without further referring to the Members of the Company, including finalising the terms and conditions, methods and modes in respect thereof, determining the exact effective date, and finalising and executing necessary documents including schemes, agreements including 'Business Transfer Agreement', deeds of assignment / conveyance and such other documents as may be necessary or expedient in its own discretion and in the best interest of the Company including the power to delegate, to give effect to this Resolution."

By order of the Board

FOR PRIME FOCUS LIMITED

Place : Mumbai,
Date: August 5, 2013

Navin Agarwal
Company Secretary

NOTES:

1. Explanatory Statement and reasons for the proposed business above pursuant to Section 173(2) read with Section 192A of the Companies Act, 1956 are given hereunder.
2. The Company has appointed Ms. Shilpa Ray, of Shilpa Ray & Associates, Company Secretary in whole time Practice as Scrutinizer for the purpose of Postal Ballot exercise in a fair and transparent manner.
3. The Notice is being sent under certificate of posting to all the Members whose names would appear in the Register of Members / Record of Depositories as on Friday August 2, 2013.
4. A Member desiring to exercise vote by Postal Ballot may complete the enclosed Postal Ballot Form and send it to the Scrutinizer in the enclosed self-addressed Business Reply Envelope. Postage will be borne and paid by the Company. However, envelopes containing Postal Ballots, if sent by courier or by Registered Post at the expense of or deposited by the registered member will also be accepted. The envelopes containing the Postal Ballot should reach the Company not later than the close of working hours on Saturday, 14th September, 2013, failing which, it will be treated as if no reply has been received from the Member.

5. The Scrutinizer, after completion of scrutiny, will submit his Report to the Chairman of the Company. The result of the Postal Ballot shall be announced by the Chairman, or in his absence by any other person, so authorized by the Chairman on 17th September, 2013 at 4.00 P.M. at the Registered Office of the Company at 2nd Floor, Main Frame, IT Park, Building H, Royal Palms, Near Aarey Colony, Goregaon East, Mumbai 400 065 and the resolutions will be taken as passed effectively on the date of announcement of the result by the Chairman, if the result of the Postal Ballot indicates that the requisite majority of the Shareholders had assented to the Resolutions. Members who wish to be present at the venue at the time of declaration of the result are welcome to do so. The result of the Postal Ballot shall also be announced through a newspaper advertisement and on the website of the Company www.primefocusltd.com
6. A copy of all the documents referred to in the accompanying Explanatory statement are open for inspection at the Registered Office of the Company on all working days, except Saturdays, Sundays and Public holidays, between 9.30 a.m. and 11.30 a.m. up to the date of declaration of the results of the Postal Ballots.
7. Members are requested to carefully read the instructions printed on the backside of the Postal Ballot Form before exercising their vote.
8. The Company is providing e-voting facility as an alternate, for its members to enable them to cast their vote electronically instead of dispatching the form. The procedure for the same is as under:
 - a. Open your web browser during the voting period and log on to the e-voting website www.evotingindia.com.
 - b. Now click on "Share Holders" for logging into e-voting system.
 - c. Select the "Electronic Voting Sequence Number (EVSN)" along with Prime Focus Ltd. from the drop down menu and click on "Submit".
 - d. A new window shall open. Fill up the following mandatory details in the appropriate boxes, for logging in:

	For members holding shares in Demat form	For members holding shares in Physical form
User-Id	For NSDL – 8 character DPID + 8 digit Client ID For CDSL – 16 digit beneficial owner ID	Registered Folio number with the Company as provided at the bottom of Postal Ballot Form
Password	For members logging in for the first time, their unique password shall be provided on the Form / Email. However, members who have used this platform earlier also, are requested to use their own passwords created by them at the e-voting website previously. In case they do not remember password, they may go to the option "Forget password" and proceed.	Enter the password as received by you from the Company.
PAN	Enter your 10 digit Permanent Account Number (PAN number) issued by the Income Tax Department. In case the shareholder do not have PAN or have not registered the PAN with the Co. please use the dummy PAN: PRIM12345Z	

- e. After log-in, the members holding shares in physical form will reach directly to the voting screen.
- f. Members holding shares in Demat form, who have logged in for first time on e-voting platform, will now be required to mandatorily change password in the new password field and may enter their demographic details i.e. date of birth/date of incorporation, mobile number and e-mail id. Kindly remember the changed password as this can be used for voting on future Postal Ballot resolution(s) of any Company. Members who have already used the e-voting platform for other companies, and have created their passwords earlier, will reach directly to the voting screen.
- g. On the voting page, you will now see Resolution and option for voting (Yes/No) against resolution description. The option "Yes" implies that you assent for the resolution and "No" implies that you dissent for the resolution.
- h. Click on the Resolution File Link, if you wish to view the postal ballot notice.
- i. Enter the number of shares (which represents the number of votes) under the heading of the resolution, if you want to vote Yes/No, but not exceeding your total holding.
- j. After selecting the appropriate option, click on "Submit". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "Cancel" and accordingly modify your vote.
- k. Once you have confirmed your vote, you will not be allowed to modify your vote.

- l. You can login any number of times till you have voted on the resolution or till the end of the voting period i.e. till last date of receipt of postal ballot forms, whichever is earlier.
- m. In addition to above, Non-Individual members like Corporates/Financial Institutions/Banks/Foreign Institutional Investors / Trusts, etc. using the e-voting platform shall be required to send a scanned copy of certified Board Resolution/Power of Attorney related to voting to helpdesk.evoting@cdslindia.com. The documents can be sent before/immediately after casting the vote but before the closure of voting period. In case the documents are not received by CDSL before the closure of voting period, the vote so exercised will be rejected in the CDSL system.
- n. Kindly note that the members can opt for any one mode of voting only. In case member(s) casts vote by sending physical form as well as votes through e-voting, then voting done through physical form shall prevail and voting done by e-voting shall be treated as invalid.
- o. In case you have any queries or issues regarding e-voting, please contact helpdesk.evoting@cdslindia.com.

EXPLANATORY STATEMENT PURSUANT TO SECTIONS 173(2) AND 192A OF THE COMPANIES ACT, 1956

The Company primarily has 2 businesses:

- 1) India Centric Film and Advertising Business – the Company (PFL) is a leading Post production and visual effects service provider in Bollywood. Few of the most recent projects include *Yeh Jawaani Hai Deewani*, *Dabangg 2*, *Race 2*, etc. Revenue from this business was Rs.739 mn in Financial Year 12-13. Apart from this the company also provides post production and visual effects services for advertising and broadcast industry.
- 2) Backend business for Prime Focus World N.V.: the Company had executed a Service Level Agreement (“SLA”) on 1st October, 2011 with Prime Focus World N.V. ,a controlled subsidiary of the Company, registered and operating under the laws of Netherlands (“PFW”), under which the Company, on an exclusive outsourcing basis for PFW, converts the Hollywood projects from 2D to 3D, offers Animation services and offers Visual Effects services to PFW on an exclusive basis in terms of the SLA (“Backend Business”). As per terms under the SLA, the Company charges PFW all costs + margin in return for its services offered in terms of the SLA. This SLA is based upon an independent Transfer Pricing Study conducted by a third party agency for the Company (one of the Big 4 accounting firms). The Company has more than 2600 staff in this business as on 30th June 2013. Revenue from this business was approx. Rs.1,090 mn in Financial Year 12-13.

In June 2013, Macquarie (UK) Group Services Limited invested US\$38mn by way of private equity in PFW, valuing the indirect subsidiary at an Enterprise Valuation of US\$300mn. Now, PFW has expressed an interest in purchasing the Backend Business through its wholly owned Indian subsidiary, Prime Focus World Creative Services Private Limited. The valuation has been arrived at through an independent valuation study conducted by an independent third party valuer(one of the big 4 accounting firms).

The sale of the Backend Business will allow PFL to strengthen its balance sheet by using the proceeds to retire high-cost debt of the company. This would also result in the release of a substantial portion of the current pledge on PFL's shares, in line with the company's aim to bring down the total pledge from 77% to 13% levels over the course of the current quarter. The sale of the Backend Business also rids PFL of its burden of having to support the large Backend Business by taking on additional leverage on its books. The same can now be supported by PFW through cheaper USD-denominated debt, thereby reducing the overall interest burden of the Prime Focus group.

The purchase of the Backend Business makes strategic sense for PFW as well, since it converts PFW into an end-to-end provider of high-quality services in the entertainment services industry. Also, from an external investor perspective and a future capital raising point of view, PFW business is better positioned owning all of its assets critical to the business, as against having an exclusive backend facility through SLA (even if it's a group entity). Further, international investors also do not look at related party transactions with a favourable view.

The sale of Backend Business will also result in operational efficiencies for Prime Focus group, as it will help them to streamline operations, reduce duplication of efforts within the group, and hence result in higher margins and profitability for both the Company and PFW. The Backend Business intended to be transferred to Prime Focus World Creative Services Private Limited , a subsidiary of PFW, shall include all of the business, assets, properties, contractual rights, goodwill, going concern value, rights and claims of the Company, located at the Mohali, Chandigarh facility (i.e., at 1st floor of the extension of the Atrium, A-45, Industrial Area, Phase VIII B, Mohali- 160059, Chandigarh, Punjab, India)and the Mumbai facility (i.e., at Building H, Mainframe IT Park, Royal Palms, Goregaon, Mumbai-400065 and Ground Floor, Master Mind 1, Royal Palms, Goregaon (E) Mumbai - 400065), of the Company, together with all the obligations beginning after the date of transfer of business in relation thereto, used for providing the services in terms of the SLA to PFW, of whatever kind and nature, real or personal, tangible or intangible, whether or not reflected on the books and records of the Company, which are more elaborately defined in the draft of the business transfer agreement.

The Board of Directors at its Meeting held on August 5, 2013, approved the sale, transfer and/or otherwise dispose of its 'Backend Business' of Chandigarh and Mumbai, as stated above, which is in the business of providing the services of conversion of 2D audio visual/moving images to stereo 3D audio visual/moving images by the Company to PFW ("Conversion Business") and the business of providing the services of computer generated film visual special effects by the Company to PFW ("VFX Business") along with all assets and liabilities including the employees, contracts, licences, permits, consents and approvals relating to such backend business to Prime Focus World Creative Services Pvt. Ltd., a subsidiary of PFW and an indirect controlled subsidiary of the Company on a going concern basis by way of slump sale for a total consideration not less than the INR equivalent of USD 38 million. An independent Valuer (one of the big 4 accounting firm) has submitted the Valuation Report of Backend Business to the Company.

The above proposal is subject to the approval of Members and other concerned Authority (ies), if any.

Pursuant to the provisions of Sections 293(1) (a) and 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, the sale, transfer or disposal of an undertaking requires the approval of the Members by an Ordinary Resolution by way of Postal Ballot. Accordingly, the approval of the Members is being sought through Postal Ballot for passing the Ordinary Resolution as set out in the above Notice.

The draft of the Business Transfer Agreement (which is still under negotiation and therefore may be subject to further amendments/modifications) and Valuation Report referred above are open for inspection by the Members at the Registered Office of the Company on all working days between 9.30 a.m. and 11.30 a.m. upto the date of declaration of the Results of voting by Postal Ballot by the Company.

The Board of Directors is of the opinion that the aforesaid Resolution is in the best interest of the Company and hence commends the Resolution for your approval.

None of the directors of the Company are interested in the resolution.

By order of the Board
FOR PRIME FOCUS LTD.

Place : Mumbai,
Date: August 5, 2013

Navin Agarwal
Company Secretary



PRIME FOCUS LIMITED

Regd. Office: Registered Office: 2nd Floor, Main Frame IT Park, Building – H, Royal Palms, Near Aarey Colony, Goregaon (East), Mumbai – 400 065

POSTAL BALLOT FORM

(Please read the instructions before completing the Form)

Sr. No.:

1. Name and Registered address :
Of the Sole/First named
Member/beneficial Owner

2. Name(s) of the Joint :
Shareholder(s) (if any)

3. DP ID & Client ID No./ :
Registered Folio No.

4. No. of Shares held :

5. I/We hereby exercise my/our vote in respect of the Ordinary Resolution to be passed under Section 293 (1) (a) of the Companies Act, 1956 through Postal Ballot for the business stated in the Notice of the Company dated 05.08.2013 by sending my/our assent or dissent to the Ordinary Resolution contained therein by placing the tick (v) mark at the appropriate box below :

(Ticks in both the boxes would render your Ballot Form invalid)

Item No.	Description	No. of Shares Held	I/We assent to the Resolution (FOR)	I/We dissent to the resolution (AGAINST)
1.	Ordinary Resolution as per the provisions of the Section 293 (1) (a) of the Companies Act, 1956 to sell, transfer and otherwise dispose of its 'Backend Business' of Chandigarh and Mumbai which provides 'Conversion Business' and "VFX Business" to Prime Focus World Creative Services Pvt. Ltd., an indirect subsidiary of the Company in terms of the notice read with the explanatory statement hereto.			

Place :
Date :

(Signature of the Shareholder)

For E-Voting

Electronic Voting Sequence Number (EVSN)	User ID	Password

Last Date of receiving Postal Ballot Forms by the Scrutinizer : 14/09/2013

INSTRUCTIONS :

1. A member desiring to exercise vote by Postal Ballot may complete this Postal Ballot Form (no other form or photo copy thereof is permitted) and send it to the Scrutinizer at the address of the Company in the attached self-addressed envelope. Postage will be borne and paid by the Company. However, envelopes containing Postal Ballots, if sent by courier at the expense of the Registered Shareholder will also be accepted.
2. The self-addressed envelope bears the address of the registered office of the Company and is to the attention of the Scrutinizer appointed by the Board of Directors of the Company.
3. This form should be completed and signed by the shareholder. In case of joint holding, this form should be completed and signed (as per the specimen signature registered with the Company) by the first named shareholder and in his absence, by the next named shareholder.
4. Shareholders holding / acquiring shares in Dematerialised / electronic form are advised, in their own interest, to get their signatures verified by their Banker/Depository Participant (DP). Signatures should be verified by the Manager of the concerned Bank/DP by affixing a rubber stamp/seal mentioning name and address of the Bank/DP and name, stamp and signature of the Manager.
5. In case of shares held by companies, trusts, societies, etc. the duly completed Postal Ballot Form should be accompanied by a certified true copy of Board Resolution / Authority together with attested specimen signature(s) of the duly authorised signatory/ies.
6. Incomplete, Unsigned or incorrect filled Postal Ballot Form will be rejected.
7. Duly completed Postal Ballot Form should reach the Company not later than the close of working hours on 14th September 2013. All Postal Ballot Forms received after this date will be strictly treated as if reply from such shareholder/s has not been received.
8. Postal Ballot shall not be exercised by a Proxy.
9. Voting rights shall be reckoned on the paid up value of the shares registered in the name of the shareholders on the date of despatch of the Notice.
10. Members are requested not to send any other paper along with the Postal Ballot Form in the enclosed self-addressed postage prepaid envelope addressed to the Scrutinizer as the Company will have no occasion to act on the same.
11. The Scrutinizer's decision on the validity of the Postal Ballot shall be final.
12. Fax copy of Postal Ballot Form will not be considered unless original Postal Ballot Form is received before the last date for receipt of the Postal Ballot Form i.e. 14th September, 2013