S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

14th Floor, The Ruby
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of UFO Moviez India Limited

We have audited the accompanying consolidated financial statements of UFO Moviez India Limited ("the Company") and its subsidiaries and associates, (collectively "the Group") which comprise the consolidated Balance Sheet as at March 31, 2012, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements 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 accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, 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 control relevant to the Company's preparation and presentation 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 the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
(b) in the case of the consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
(c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

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Other Matters – scope exclusion

We did not audit total assets of Rs. 178,583,645 as at March 31, 2012, total revenues of Rs. 162,102,521, net cash inflows amounting to Rs. 5,981,039 and the Group's share of losses amounting to Rs. 1,241,340 for the year then ended, included in the accompanying consolidated financial statements in respect of certain subsidiaries and associates, whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiaries and associates is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

Other Matters- restrictions of use

The accompanying consolidated financial statements are prepared to solely for the purpose of preparation of the consolidated restated financial information as at and for the six months period ended September 30, 2014, as at and for the year ended March 31, 2014, 2013, 2012, 2011 and 2010 in connection with the proposed IPO of the Company. Accordingly, the accompanying consolidated financial statements and this auditor's report should not be distributed, used, referred to for any other purpose or to any other person without our prior written consent.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W

S.R. BATLIBOI & ASSOCIATES LLP * MUMBAI * CHARTERED ACCOUNTANTS

per Govind Ahuja
Partner
Membership Number: 48966
Place of Signature: Mumbai
Date: November 20, 2014

UFO Moviez India Limited

UFO digital cinema

Consolidated Balance sheet as at 31 March 2012

Liability	Notes	31 March 2012 Rupees	31 March 2011 Rupees
Equity and liabilities			
Shareholder's Funds			
Share capital	3	258,976,690	201,503,700
Reserves and surplus	4	2,840,723,748	1,164,909,622
		3,099,700,438	1,366,413,322
Share Application money Pending for Allotment		-	440,000,000
Minority Interest		144,213,670	622,217
Long-term borrowings	5	536,767,635	330,161,960
Deferred Tax Liabilities(net)	11	12,129	199,447
Other long-term liabilities	6	317,348,819	254,658,778
Long -term provisions	7	5,578,843	-
		859,707,426	585,020,185
Current liabilities			
Short-term borrowing	8	37,993,380	-
Trade payables	6	201,183,532	209,107,885
Other current liabilities	6	701,889,246	285,883,658
Short-term provisions	7	22,041,999	10,077,848
		963,108,157	505,069,391
TOTAL		5,066,729,691	2,897,125,115
Assets			
Non-current Assets			
Fixed Assets			
Tangible assets	9	1,902,727,026	1,144,132,540
Intangible assets	9	70,323,119	41,843,670
Capital work-in-progress		508,347,283	76,187,407
Goodwill on Consolidation		1,168,006,653	417,807,442
Non-current investments	10	15,531,660	184,162,533
Deferred tax assets (net)	11	13,045,257	-
Long-term loans and advances	12	176,519,592	48,464,669
Trade receivables	15	4,307,164	-
Other non-current assets	17	940,132	-
		3,859,747,886	1,912,598,261
Current Assets			
Current investments	13	12,924,449	-
Inventories	14	102,976,327	40,675,235
Trade receivables	15	387,380,416	387,920,135
Cash and bank balances	16	518,107,420	199,104,532
Short-term loans and advances	12	175,619,460	356,811,497
Other current assets	17	9,973,733	15,455
		1,206,981,805	984,526,854
TOTAL		5,066,729,691	2,897,125,115

Summary of significant accounting policies 2.3

The accompanying notes are an integral part of the consolidated financial statements.
As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No:101049W
Chartered Accountants

per Govind Ahuja
Partner
Membership No.: 48966

Place of signature: Mumbai
Date: November 20, 2014

S.R. BATLIBOI & ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors of UFO Moviez India Limited

Sanjay Gaikwad
Managing Director
DIN No. : 01001173

Kapil Agarwal
Joint Managing Director
DIN No. : 00024378

S.S.Chavan

Sameer Chavan
Company secretary

Ashish Malushte
Chief Financial Officer

Place of signature: Mumbai
Date: November 20, 2014

UFO Moviez India Limited

UFO digital cinema

Consolidated Statement of profit and loss for the year ended 31 March 2012

	Notes	31 March 2012 Rupees	31 March 2011 Rupees
Income			
Revenue from operations	18	2,067,063,294	1,088,021,053
Other income	19	9,444,201	11,692,744
Total Income (I)		2,076,507,495	1,099,713,797
Expenses			
Operating direct costs	20	730,516,954	354,021,641
Employee benefit expenses	21	333,002,840	198,320,867
Other expenses	22	489,967,135	418,944,905
Total Expenses (II)		1,553,486,929	971,287,413
Earnings before interest,tax,depreciation and amortization (EBITDA) (I) -(II)		523,020,566	128,426,384
Depreciation & amortisation expenses	9	389,610,356	254,167,464
Finance cost	23	113,029,413	43,855,160
Finance income	24	(66,288,727)	(11,263,319)
Profit/(loss) before tax		86,669,524	(158,332,921)
Tax expenses			
Current tax		18,930,000	25,001
MAT credit entitlement		-	4,000
Provision for taxation in earlier years		(1,974,697)	-
Total current tax		16,955,303	29,001
Deferred tax		4,569,951	(93,505)
Total tax expense		21,525,254	(64,504)
Profit/(loss) for the year before share of profit / (loss) from associates		65,144,270	(158,268,417)
Share of loss from associates		(1,241,340)	-
Profit/(Loss) for the year before minority interest		63,902,930	(158,268,417)
Less: Minority interest		(17,930,472)	61,643,024
Profit/(loss) for the year		45,972,458	(96,625,393)
Earnings per equity share	25		
Basic (Face value of Rs.10 each)		0.74	(6.56)
Diluted (Face value of Rs.10 each)		0.56	(6.56)
Summary of significant accounting policies	2.3		

The accompanying notes are an integral part of the consolidated financial statements.
As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No:101049W
Chartered Accountants

per Govind Ahuja
Partner
Membership No.: 48966

Place of signature: Mumbai
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S.R. BATLIBOI & ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors of UFO Moviez India Limited

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Managing Director
DIN No. : 01001173

Kapil Agarwal
Joint Managing Director
DIN No. : 00024378

S.S. Chavan

Sameer Chavan
Company secretary

Ashish Malushte
Chief Financial Officer

Place of signature: Mumbai
Date: November 20, 2014

UFO Moviez India Limited

UFO digital cinema

Consolidated Cash flow statement for the year ended 31 March 2012

		31 March 2012 Rupees	31 March 2011 Rupees
Cash flow from operating activities			
Net profit/(loss) before tax		86,669,524	(158,332,921)
Non-cash adjustment to reconcile profit before tax to net cash flows			
Depreciation		389,610,356	254,167,464
Provision for warranty		1,009,930	-
Provision for obsolete inventories		-	8,574,013
Unrealised Foreign exchange (gain)/loss (net)		6,984,169	804,315
Employee stock compensation expense		64,430	-
Loss / (Profit) on sale of fixed assets		3,267,108	10,222,710
Provision for doubtful debts & bad debts written off		18,840,972	84,578,085
Provision for compensated expenses		4,059,895	3,136,452
Provision for gratuity		5,195,872	2,426,313
Provision for diminution in value of investment		-	8,595,137
Profit on sale of current investment		(10,105,348)	-
Sundry credit balances written back		(2,448,519)	(7,763,282)
Dividend income		(3,386,731)	-
Interest income		(52,796,647)	(11,263,319)
Interest and finance expense		87,257,241	38,942,567
Operating profit before working capital changes		534,222,252	234,087,534
Movements in working capital :			
Decrease / (increase) in trade payables		(123,730,302)	(12,634,956)
Increase / (decrease) in short-term provisions		(2,656,770)	(2,282,124)
Increase / (decrease) in other current liabilities		25,685,930	124,814,273
Increase / (decrease) in other non current liabilities		332,404,703	45,621,623
Decrease / (increase) in trade receivables (Current)		(55,054,256)	(268,278,155)
Decrease / (increase) in trade receivables (Non - Current)		11,728,894	-
(Increase) / decrease in inventories		27,516,162	12,238,609
Decrease / (increase) in long-term loans and advances		(184,003,039)	-
Decrease / (increase) in short-term loans and advances		18,789,784	35,506,605
Decrease / (increase) in other current assets		(12,082,985)	(8,715,565)
Decrease / (increase) in other non-current assets		185,818,246	-
Cash generated from operations		758,638,619	160,357,844
Direct tax paid (net of refunds)		(64,852,270)	(30,410,068)
Net cash flow from operating activities	(A)	693,786,349	129,947,776
Cash flow from investing activities			
Purchase of fixed assets including intangible, capital work-in progress and capita		(1,326,425,873)	(385,377,060)
Purchase of investment in subsidiary (from minority)		(352,582,623)	-
Investment in associates		(4,773,000)	-
Purchase of current investment (including divided reinvestment)		(562,924,449)	(195,455,033)
Advance for purchase of Investment		-	(200,999,514)
Proceeds from sale of current investment		560,455,349	-
Loan given to associates		(8,286,681)	-
Proceeds from sale of fixed assets		95,716,507	14,750,004
Interest received		51,616,047	11,608,576
Dividend received		3,386,731	-
Investments in bank deposits (having original maturity of more than three months)		(370,901,127)	32,580,165
Redemption from bank deposits (having original maturity more than three months)		73,439,584	(187,238)
Net cash flow used in investing activities	(B)	(1,841,279,535)	(723,080,100)

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UFO Moviez India Limited

Consolidated Cash flow statement for the year ended 31 March 2012

		31 March 2012 Rupees	31 March 2011 Rupees
Cash flow from financing activities			
Proceeds from issuance of preference share capital		1,143,000,000	-
Proceeds from long term borrowings		384,902,562	143,395,816
Repayment of long term borrowings		(299,146,748)	(99,854,882)
Repayment of Short term borrowings		(29,069,270)	-
Share Allotment money incl. Securities premium		-	250,000,053
Proceeds of share application money pending allotment		-	440,000,000
Share issue Expenses		-	(31,660,000)
Proceeds from short term borrowings		4,000,000	-
Proceeds from issuance of equity shares		54,999	-
Interest and finance cost		(87,126,266)	(37,948,796)
Net cash flow from financing activities	(C)	1,116,615,277	663,932,191
Net increase/(decrease) in cash and cash equivalent (A + B + C)		(30,877,909)	70,799,867
Cash and cash equivalents at the beginning of the year		170,891,275	100,403,009
Cash and cash equivalents from acquisition of subsidiary		9,101,217	-
Unrealised Gain/(Loss) on Foreign Currency Cash and Cash equivalents		(2,647,424)	(311,601)
Cash and cash equivalents at the end of the year		146,467,159	170,891,275
Components of cash and cash equivalents			
Cash on hand		714,117	242,770
Balance with banks:			
- on current accounts		119,769,718	135,926,860
- on fixed deposits account with original maturity of less than 3 months		25,983,324	34,721,645
Cash & cash equivalents [refer note 16]		146,467,159	170,891,275

Notes:

1. Figures in bracket denote outflow
2. The above Cash flow statement has been prepared under the " Indirect Method" set out in Accounting Standard (AS-3) " Cash Flow Statements"
3. Previous year figures have been regrouped wherever necessary to correspond with the figures of current year

As per our report attached of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No:101049W
Chartered Accountants

per Govind Ahuja
Partner
Membership No.: 48966

Place of signature: Mumbai
Date: November 20, 2014

S.R. BATLIBOI & ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors of UFO Moviez India Limited

Sanjay Gaikwad
Managing Director
DIN No. : 01001173

Kapil Agarwal
Joint Managing Director
DIN No. : 00024378

Sameer Chavan
Company Secretary

Ashish Malushte
Chief Financial Officer

Place of signature: Mumbai
Date: November 20, 2014

UFO
digital cinema

1. Corporate information

UFO Moviez India Limited ('UFO' or 'the parent company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 ('the Act'). The consolidated financial statements (CFS) of UFO and its subsidiaries collectively referred to as "the Group" are prepared under the historical cost convention and in accordance with the Company's Act 1956. The Group is mainly into the business of providing digital cinema services.

As these financial statements are not statutory financial statements, full compliance with the Act is not required and hence these financial statements do not reflect all disclosures requirement of the Act.

2. Principles of Consolidation

(i) 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 expense after eliminating intra-group balances and transactions as per Accounting Standard (AS) 21 "Consolidated Financial Statements".

(ii) The Financial statement include the share of profit / loss of associate companies in which the investor has significant influence and which is neither a subsidiary nor a joint venture, which are accounted under "Equity Method" in accordance with Accounting standard (AS) 23 on Accounting for Investment in Associates in Consolidated Financial Statement, as per which the share of profit/(loss) of associate company has been added and restricted to the cost of investment.

(iii) The excess of cost to the Parent Company of its investments in the subsidiaries over its portion of equity in the subsidiaries, as at the date on which investment was made, is recognized as goodwill in the consolidated financial statements. The Parent Company's portion of equity in the subsidiaries is determined on the basis of the book value of assets and liabilities as per the financial statement of the subsidiary companies as on the date of investment. Capital reserve on consolidation represents negative goodwill arising on consolidation.

(iv) Minority Interest:
Minority interest share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of group in order to arrive at the net income attributable to shareholders of the company. In case where losses applicable to minority interest exceed the minority interest in the equity of the subsidiary, the excess of, any further losses applicable to minority interest are adjusted against the parent company's portion of equity in the subsidiary, until all previous losses absorbed by parent are recovered.

(v) The CFS has been prepared using uniform accounting policies for like transactions and other events in similar circumstances to the extent possible across the group and are presented, to the extent possible, in the same manner as per the parent's separate financial statement, except in case of the accounting policies mentioned below, where there exists variance between Parent and the subsidiary and the impact on account of alignment of such policy with the parent company is not material.

(a) Employee benefits (Refer note 2.1 (l))

No adjustments are made for differences in accounting policy for Inventory and depreciation on written down value method.

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(vi) The list of subsidiaries included in consolidation are mentioned below:

Subsidiary Name	Country of Incorporation	Proportion of ownership interest of the Company/Subsidiary as on March 31, 2012	Proportion of ownership interest as on March 31, 2011
Subsidiaries of UFO			
Scrabble Entertainment Limited (SEL)	India	51.85%	Nil
V N Films Private Limited (erstwhile known as Allied Film Services Pvt. Ltd.)	India	100%	100%
Southern Digital Screenz India Private Limited	India	75.18%	Nil
Edridge Limited	Cyprus	100%	100%
United Film Organisers Nepal Private Limited	Nepal	100%	100%
Subsidiary of Edridge Limited & step-down subsidiary of UFO			
UFO International Limited.	Cyprus	100%	100%
Subsidiaries of UFO International Limited & step-down subsidiaries of UFO			
United Film Organisers (UFO) (Mauritius) Private Limited.	Mauritius	100%	100%
UFO Lanka Private Limited.	Sri Lanka	100%	100%
DCLP Limited	Cyprus	100%	100%
UFO Europe Limited	Cyprus	100%	100%
UFO Software Technologies Private Limited.	India	95.97%	95.97%
Subsidiaries of SEL & stepdown subsidiaries of UFO			
Scrabble Entertainment JLT	Dubai	100%	100%
Scrabble Entertainment Mauritius Limited	Mauritius	100%	100%
Scrabble Lebanon	Lebanon	100%	100%

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(vii) The list of associates of SEL included in consolidation are mentioned below:

Associate Name	Country of Incorporation	Proportion of ownership interest of SEL as on March 31, 2012	Proportion of ownership interest as on March 31, 2011
Scrabble Digital Ltd	India	33.33%	Nil
Scrabble Digital JLT	Dubai	33.33%	Nil

(viii) The list of Subsidiaries which are under liquidation are not included in Consolidation are mentioned below:

Subsidiary Name	Country of Incorporation	Proportion of ownership interest of SEL as on March 31, 2012	Proportion of ownership interest as on March 31, 2011
Digital film Brokers SPRL	Belgium	100%	100%

(ix) The financial statement of the subsidiary/associates are drawn upto the same reporting date of parent other than following:

Subsidiary/Associate Name	*Six months period ended 30-Sept-14*	*For the year ended*				
		31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11	31-Mar-10
Scrabble Digital JLT	Year ended Aug-14	Year ended Dec-13	Year ended Dec-12	Year ended Dec-11	NA	NA
Scrabble Entertainment Lebanon SARL	Year ended Sept-14	Year ended Dec-13	Year ended Dec-12	Year ended Mar-12	NA	NA

2.1 Summary of significant accounting policies

Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

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(a) Tangible Fixed Assets

Tangible fixed assets are stated at cost, net accumulated depreciation and accumulated impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

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 standard 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.

(b) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

(c) Depreciation on tangible assets & amortisation of intangible assets

Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management, or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher.

The Group has used the following rates to provide deprecation on its fixed assets

	Rates as per management's estimate of useful lives (SLM)	Schedule XIV Rates (SLM)
Exhibition Equipment	9.50% - 25.00%	7.07%
Plant & Machinery	16.21%	7.07%
Computer	16.21%	16.21%
Furniture and Fixtures	16.67%	6.33%
Office Equipments	16.67%	4.75%
Vehicles	20.00% - 33.00%	9.50%

Leasehold improvements are written off over the period of lease or over a period of 4 years whichever is lower.

Intangible assets are amortised over their estimated useful life as follows.

	Rates as per management's estimate of useful lives (SLM)
Computer Software	10.00%- 16.21%

(d) Goodwill on consolidation

Goodwill on consolidation is not amortised and is tested for impairment on an annual basis. Such evaluation determines impairment in value if any, taking into account the ability to recover the carrying amount of goodwill from discounted cash flows. The group also considers projected future operating results, trends and other circumstances in making such evaluations.

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In addition to the annual impairment test, the Group will perform an impairment test if an event occurs or circumstances change that would more likely than not reduce the fair value or the reporting unit below its carrying amount.

(e) Impairment of tangible and intangible assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

(f) Leases

Where the Group is the lessee
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 lease term.

Where the Group is the lessor
Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of Profit and Loss.

(g) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Non-current investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(h) Inventories

Inventories comprise of stores and Spares and are valued at cost or at net realisable value whichever is lower. Cost is determined on first in first out basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(i) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

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Income from Services

- Virtual Print Fee income received from Distributors of the films is recognised in the period in which the services are rendered.
- Advertisement Income is recognised in the period during which advertisement is displayed.
- Digitization income is recognised on rendering of services.
- Theatre programming revenue is recognized for the period of exhibition of movies.
- Registration fee is recognised in the period in which the services are rendered.
- Revenue from annual maintenance is recognised on time proportion basis for the period falling in the reporting period

Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer. Sales are recorded net of returns, trade discounts, and value added tax.

The Group recognizes revenue from sales of equipment and stores as and when these are dispatched/issued to customers.

Interest

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

Dividends

Dividend income is recognised when the Group's right to receive dividend is established by the reporting date.

(j) Foreign Currency Translation

Foreign currency transactions and balances

(i) 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.

(ii) Conversion

Foreign currency monetary items are reported using the closing 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; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

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(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting such monetary items of Group at rates different from those at which they were initially recorded during the year or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

(k) Translation of foreign subsidiaries

Translation of foreign subsidiaries are done in accordance with AS – 11 (Revised) "The Effects of Changes in Foreign Exchange Rates". In the case of subsidiaries, the operations of which are considered as integral, the Balance Sheet items have been translated at the closing rate except share capital and fixed assets, which have been translated at the transaction date. The income and expenditure items have been translated at the average rate for the year. Exchange gain / loss are recognized in the statement of profit and loss.

In case of foreign subsidiaries, the operation of which are considered as non-integral, all assets and liabilities are converted at the closing rate at the end of the year and items of income and expenditure items have been translated at the average rate

Any goodwill / Capital reserve arising on acquisition of a non – integral foreign operation is translated at the closing rate.

Exchange gain / loss arising on conversion are recognized under Foreign Currency Translation Reserve.

(l) Retirement and other benefits

Retirement benefits in the form of provident fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when the employee render related services. 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. However in case of one subsidiary gratuity liability is accrued over the period of employment and in accordance with U.A.E. Labour Law. The impact on alignment of such change will not be material. The group has an employee gratuity fund managed by Life Insurance Corporation of India.

Actuarial gains/losses are immediately taken to statement of profit and loss and are not deferred.

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method.

(m) 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. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

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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 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 Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is "virtual certainty" (as defined in Accounting Standard 22) supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Group 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 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 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.

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 taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

(n) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares)

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 that have changed the number of equity shares outstanding, without a corresponding change in resources.

(o) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

(p) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(q) Employee Stock Compensation Cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Group measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

(r) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(s) Borrowing Cost

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

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(t) Segment Reporting

The Group's operations predominantly relate to providing digital cinema services to exhibitors and distributors of films in DCI and Non DCI format. The Group's operating businesses are organized and managed according to the services and are identified as reportable segment based on the dominant source and nature of risks and returns as primary and secondary segments. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

(u) Measurement of EBITDA

As permitted by the *Guidance Note on the Revised Schedule VI to the Companies Act, 1956*, the company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, finance costs, finance income and tax expense.

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Notes to consolidated financials statements for the year ended 31 March 2012

	31 March 2012 Rupees	31 March 2011 Rupees
3. Share capital		
Authorised share capital		
45,000,000 (previous year : 23,500,000) equity shares of Rs.10 each	**450,000,000**	235,000,000
1,385,000 (previous year : 1,600,000) preference shares of Rs.1000/- each	**1,385,000,000**	1,600,000,000
	1,835,000,000	1,835,000,000
Share capital		
Issued, subscribed and fully paid up shares		
25,897,669 (Previous Year: 20,150,370) Equity shares of Rs.10/- each Fully Paid up	**258,976,690**	201,503,700
Total issued, subscribed and fully paid up share capital	**258,976,690**	**201,503,700**

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares

	31 March 2012		31 March 2011	
	No.	Rupees	No.	Rupees
At the beginning of the year	**20,150,370**	**201,503,700**	18,659,316	186,593,160
Issued during the year - Bonus issue	-	-	943,623	9,436,230
Issued during the year - preferential issue	-	-	547,431	5,474,310
Issued during the year - Conversion of Preference shares	**5,746,750**	**57,467,500**	-	-
Issued during the year - ESOP	**549**	**5,490**	-	-
Outstanding at the end of the year	**25,897,669**	**258,976,690**	**20,150,370**	201,503,700

Preference shares

	31 March 2012		31 March 2011	
	No.	Rupees	No.	Rupees
At the beginning of the year	-	-	-	-
Issued during the year	**1,583,000**	**1,583,000,000**	-	-
Converted during the year	**(1,583,000)**	**(1,583,000,000)**	-	-
Outstanding at the end of the year	-	-	-	-

(b) Terms/ rights attached to equity shares-

Voting Rights

Each holder of equity shares having a par value of Rs.10 per equity share is entitled to one vote per equity share.

Rights as to Dividend

The equity shareholders have right to receive dividend when declared by the Board of Directors, subject to approval in the General Meeting.

Pre-emption Rights:

In the event the Company proposes to issue any securities to any person, then P5 Asia Holding Investments (Mauritius) Ltd. (P5) and 3i Digital Media (Mauritius) Limited (3i) (collectively called Investor Group and individually Investor) have a right to subscribe to the issue on a pro-rata basis, in proportion to their respective shareholding in the Company on the same terms, as the issue is proposed, such that their respective shareholding is maintained at least at the level prior to such issuance.

Right of First Offer, Right of Sale and Tag Along Rights:

In the event Apollo Group (comprising of Apollo International Limited and an individual shareholder) and VTL Group (comprising of Valuable Technologies Limited, Valuable Media Limited and two individual shareholders) (collectively called Group A Shareholders) propose to transfer all or part of their securities to any person, shall first offer to the Investor Group, a pro rata right to purchase all their Shares. Investors Group shall have the right to exercise certain specified tag along rights in case the Group A shareholders proposes to transfer any securities to any person in certain cases as defined in Articles of Association (AOA).

Exit Rights and Drag Along Rights:

The Investor Group has the right to sell their entire shareholding in the Company at any time after expiry of certain specified period subject to certain specified conditions as defined in the AOA of the Company. Such shareholders also have the right to exercise drag along rights as stipulated in the ADA of the Company.

Rights pertaining to repayment of capital

In the event of certain specified liquidation events as defined in the AOA, the proceeds of such events will be distributed between shareholders in the manner specified in the AOA of the Company.

Other Rights:

P5, 3i, Apollo Group and VTL Group have right to have their representatives on the Board of Directors of the Company.

Certain specified reserved matters such as change in the share capital of the Company, material related party transactions, raising of debt, declaration of dividends, change in senior management including key business matters requires the consent of the Investor Group Shareholders.

Restrictions

The Securities held by Group A Shareholders are locked-in and they cannot transfer any securities held by them without Investors' consent, until the shareholding of each of the Investors in the Company falls below the Minimum Requisite Shareholding as defined in the AOA.

The Investor Group cannot transfer shares held by them in favour of any competitor as defined in the AOA of the Company or enter into an agreement for the transfer of shares to any competitor, subject to certain specified conditions.

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Notes to consolidated financials statements for the year ended 31 March 2012

c) Terms/ Rights attached to preference shares

The Company during the year had 0.0001% Compulsorily Convertible Preference Shares having par value of Rs. 1000 each convertible at any time. These shares were converted into equity shares during the year.

(d) Details of shareholders holding more than 5% shares in the company

Name of the shareholder	31 March 2012		31 March 2011	
	No.	% holding in the class	No.	% holding in the class
Equity shares of Rs10 each fully paid				
P5 Asia Holding Investments (Mauritius) Ltd.	**9,253,740**	**35.73**	-	-
3i Research (Mauritius) Limited	**5,566,570**	**21.49**	7,116,621	35.32
(erstwhile known as 3i Digital Media (Mauritius) Limited)				
Apollo International Ltd	**2,266,417**	**8.75**	3,816,468	18.94
Valuable Technologies Ltd.	**3,071,745**	**11.86**	3,071,745	15.24
Valuable Media Ltd.	**2,131,782**	**8.23**	2,131,782	10.58

(e) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the company, please refer note 27.

(f) Aggregate number of bonus shares, shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	31 March 2012	31 March 2011
Equity shares allotted as fully paid bonus shares by capitalisation of securities premium	**13,068,626**	13,068,626

4. Reserves and Surplus

	31 March 2012 Rupees	31 March 2011 Rupees
Securities premium account		
Balance as per last financial statements	**1,930,785,475**	1,711,339,349
Add : Received on issue of equity shares(from conversion of preference shares)	**1,550,380,723**	-
Add : Additions on ESOPs exercised	**49,509**	-
Add: Received on issue of equity shares		257,396,946
Less: Utilised for bonus share	-	(6,290,820)
Less: Share issue expenses	-	(31,660,000)
Closing balance	**3,481,215,707**	**1,930,785,475**
Employee stock options outstanding		
Gross employee stock compensation for options granted in earlier years	**65,444**	-
Less : Deferred Employee Stock Compensation	**(65,444)**	-
Closing Balance	-	-
Foreign Currency Translation Reserve		
Balance as per last financial statement	**(258,701)**	(5,744,649)
	61,860,573	5,485,948
Closing balance	**61,601,872**	**(258,701)**
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	**(765,617,152)**	(860,811,802)
Less: Pre - acquisition loss acquired from minority interest	**17,550,863**	191,820,043
Profit /(loss) for the year	**45,972,458**	(96,625,393)
Net deficit in the statement of profit and loss	**(702,093,831)**	**(765,617,152)**
Total reserves and surplus	**2,840,723,748**	**1,164,909,622**

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Notes to consolidated financials statements for the year ended 31 March 2012

5. Long-term borrowings

	Non-Current portion		Current maturities	
	31 March 2012 Rupees	31 March 2011 Rupees	31 March 2012 Rupees	31 March 2011 Rupees
Term loans (Secured)				
Rupee loan from banks (secured by first charge on all fixed assets (except vehicles) and all current assets of the Company)				
Term loan 1 from Axis Bank	225,000,000	328,125,000	112,500,000	112,500,000
Term loan 2 from Axis Bank	237,105,942	-	79,035,314	-
Term loan 3 from Axis Bank	7,692,112	-	1,313,288	-
Sub Total	469,798,054	328,125,000	192,848,602	112,500,000
From Financial institutions	2,933,449	-	1,675,200	
Unsecured Loans	58,228,421	-	-	-
Vehicle finance				
Vehicle loan 1 from Bank and Financial institution (ROI from 10.15% to 17.439%, repayable in 36 - 60 monthly instalments)	5,138,545	2,036,960	2,486,824	4,184,958
Vehicle loan 2 from Kotak Mahindra Prime Ltd (IRR from 8.34% to 11.17%, repayable in 36 monthly instalments)	669,166	-	1,823,923	-
Sub Total	5,807,711	2,036,960	4,310,747	4,184,958
Less :Amount disclosed under the head "Other Current Liabilities" (note 6)	-	-	(198,834,549)	(116,684,956)
Net amount	536,767,635	330,161,960	-	-

Term loan 1 having interest of bank base rate plus 3.75% @ 13.75% p.a. is repayable in 48 monthly installments of Rs 93,75,000/- each along with interest from 31st March 2011.

Term loan 2 having interest of bank base rate plus 3.25% @ 13.25% p.a. is repayable in 48 monthly installments of Rs 90,00,000/- each along with interest from 30th April 2012.

Term loan 3 having interest of bank base rate plus 3.25% @ 13.25% p.a. is repayable in 48 monthly installments of Rs 17,063,000/- each along with interest from 30th September 2012.

The company is required to maintain debt service reserve account in respect of the above term loans equivalent to three months principal and interest repayment under lien with banks (Refer Note 16)

6. Trade Payable and Other current liabilities

	Non-Current portion		Current portion	
	31 March 2012 Rupees	31 March 2011 Rupees	31 March 2012 Rupees	31 March 2011 Rupees
Trade payables (refer note 35 for details of dues to micro and small enterprises)	-	-	201,183,532	209,107,885
Other liabilities				
Current maturities of long-term borrowings (refer note 5)	-	-	198,834,549	116,684,958
Interest accrued but not due on borrowings	-	-	7,515,653	5,009,018
Deferred lease rental income	17,951,711	102,034,489	7,672,951	25,168,033
Advance from customers	-	-	83,601,564	42,120,092
Deferred revenue on AMC services	-	-	3,670,890	-
Others				
Deposit from theatre and regional dealer	299,397,108	152,624,289	75,949,618	39,183,032
Payables for purchase of fixed assets	-	-	289,030,992	33,127,812
Bank book overdraft	-	-	-	24,021,804
Salary and reimbursement payable	-	-	700,580	34,375
Other statutory dues (employee related liabilities)	-	-	2,840,808	-
Sales tax payable	-	-	6,389,282	227,469
TDS payable	-	-	11,870,239	26,675
Other Taxes Payable	-	-	120,896	-
Other creditors (other than trade)	-	-	13,691,225	280,390
	317,348,819	254,658,778	701,889,246	285,883,658

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Notes to consolidated financials statements for the year ended 31 March 2012

7. Provisions

	Non-Current		Current	
	31 March 2012 Rupees	31 March 2011 Rupees	31 March 2012 Rupees	31 March 2011 Rupees
Provision for gratuity (refer note 26)	1,641,843	-	2,272,442	1,582,450
Provision for compensated absences	-	-	12,826,557	8,495,398
Provision for Warranties	3,937,000	-	6,813,000	-
Others	-	-	130,000	-
	5,578,843	-	22,041,999	10,077,848

Provision for Warranty

A provision is recognized for expected warranty claims on products sold during the year, based on past experience of the level of repairs and returns. The table below gives information about movement in warranty provisions.

	31 March 2012 Rupees	31 March 2011 Rupees
Acquired on acquisition of subsidiary	10,750,000	-
At the end of the year	10,750,000	-
Current portion	6,813,000	-
Non-current portion	3,937,000	-

8. Short-term borrowings

	31 March 2012 Rupees	31 March 2011 Rupees
Loans from Related parties		
Interest bearing	37,548,380	-
Interest free	445,000	-
	37,993,380	-

10. Non-current Investments	31 March 2012 Rupees	31 March 2011 Rupees
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
Investment in Others		
Nil (March 31,2011 : 19,173) Ordinary shares of INR 10 each fully paid in Scrabble Entertainment Limited, India	-	20,000,033
Nil (March 31,2011 : 155,500) Ordinary shares of INR 10 each fully paid in Southern Digital Screenz Private Limited, India	-	11,662,500
1,86,500 (March 31,2011 : 1,86,500) Ordinary shares of US $ 1 each, fully paid, in DG2L Technologies Pte. Limited, Singapore	81,440,625	81,440,625
Less : Provision for diminution in value of investments	(81,440,625)	(81,440,625)
	-	-
Preference shares (unquoted)		
Nil (March 31,2011 : 15,250,000) 8% Cumulative redeemable preference shares of INR 10 each fully paid in Southern Digital Screenz Private Limited, India	-	152,500,000
Investment in Associates		
128,000 (March 31, 2011 : Nil) Equity Shares of Rs. 10 each fully paid up in Scrabble Digital Limited (Includes goodwill on acquisition of stake in associate Rs. 233,994)	15,500,000	-
Add/(Less) : Post - acquisition share of profit /(loss)	(445,069)	-
	15,054,931	
100 (March 31, 2011 : 100) Ordinary shares of AED 1000 each at par fully paid up in Scrabble Digital JLT	1,273,000	-
Add/(Less) : Post - acquisition share of profit / (loss)	(796,271)	-
	476,729	
	15,531,660	184,162,533

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9. Fixed Assets

	Leasehold Improvements	Plant & Machinery	Computer Systems	Office Equipments	Furniture & Fixtures	Electrical Equipments & Installations	Vehicles	Tangible Total Assets	Goodwill	Computer software	Intangible Total Assets	Grand Total
Cost												
At 31 March 2810	11,525,888	1,439,563,800	20,413,725	27,694,744	15,499,964	3,518,406	13,950,014	1,532,158,541	4,500,480	56,761,527	61,281,927	1,593,440,468
Additions	1,075,519	300,947,360	2,743,107	6,224,629	216,066	277,969	3,574,813	315,059,483	-	-	-	315,059,483
Disposals	9,082,985	23,652,388	139,450	333,448	5,429,391	362,909	-	39,000,571	-	-	-	39,000,571
Adjustment*	-	-	-	172,044	(970,398)	-	-	(798,354)	28,140	160,940	209,880	(569,274)
At 31 March 2011	3,516,422	1,716,858,772	23,017,382	33,757,969	9,316,241	3,425,466	17,524,827	1,607,419,099	4,528,540	56,962,467	61,491,887	1,868,918,106
Acquisition of subsidiary	2,918,854	131,003,308	1,497,368	2,140,522	6,906,466	-	11,650,900	156,117,418	-	135,000	135,000	156,252,418
Additions	10,659,540	962,368,772	10,597,561	12,661,700	3,039,692	1,200,440	5,564,462	1,006,292,188	-	42,965,773	42,965,773	1,049,257,960
Disposals	-	26,755,506	197,250	678,184	-	-	-	27,630,940	-	-	-	27,630,940
Adjustment*	-	(3,927,156)	5,677,260	1,615,203	(6,018,364)	-	-	(2,653,057)	656,670	6,303,041	6,959,711	4,306,654
At 31 March 2012	17,096,816	2,779,548,198	40,592,342	49,697,210	13,244,035	4,625,926	34,748,169	2,939,544,706	5,185,210	106,366,281	111,551,491	3,051,096,199
Depreciation/Amortisation												
At 31 March 2010	6,440,494	384,486,596	6,202,313	13,946,378	7,152,664	2,762,084	4,105,314	427,818,045	450,040	16,197,858	16,647,098	443,665,143
Charge for the year	3,309,761	228,718,950	10,035,965	4,612,132	1,264,398	262,741	2,999,094	251,203,041	-	2,964,424	2,964,424	254,167,465
Disposals	7,943,909	4,797,836	55,615	142,155	1,894,101	188,359	-	15,021,975	-	-	-	15,021,975
Adjustment*	-	-	-	64,915	2,533	-	-	87,448	2,814	33,001	35,815	123,263
At 31 March 2811	1,806,346	688,327,712	18,182,663	18,503,270	6,525,694	2,836,466	7,104,486	663,286,559	452,854	19,194,483	19,647,337	682,933,896
Acquisition of subsidiary	1,171,260	16,193,699	635,014	397,735	1,474,076	-	1,898,425	21,770,209	-	8,410,745	8,410,745	30,180,955
Charga for tha year	1,902,947	350,528,944	7,463,201	8,578,945	2,081,735	250,368	5,750,750	376,554,891	-	13,055,466	13,055,466	369,610,357
Disposals	-	22,227,765	54,432	177,833	-	-	-	22,460,050	-	-	-	22,460,050
Adjustment*	(8,330)	4,900,547	(2,875,305)	47,038	(4,283,514)	-	818	(2,218,645)	65,667	49,156	114,625	(2,103,820)
At 31 March 2012	4,872,224	957,687,837	23,351,142	27,347,155	5,797,991	3,086,833	14,754,502	1,036,617,684	518,521	40,611,746	41,228,372	1,078,046,855
Net Block												
At 31 March 2811	1,712,076	1,106,531,060	4,634,716	15,254,699	2,790,548	569,019	10,420,419	1,144,132,541	4,075,666	37,767,964	41,843,670	1,185,976,218
At 31 March 2812	12,224,592	1,821,940,352	17,241,200	22,350,055	7,446,045	1,539,094	19,985,687	1,902,727,024	4,666,689	65,754,535	78,323,119	1,973,050,145

***Also includes foreign exchange adjustment representing exchange difference resulting from translation of fixed assets relating to non - integral foreign operations**

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Notes to consolidated financials statements for the year ended 31 March 2012

11. Deferred tax assets (net)

	31 March 2012 Rupees	31 March 2011 Rupees
Deferred Tax Liabilities		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	28,181	199,447
Gross Deferred Tax Liabilities	28,181	199,447
Deferred Tax Assets		
Effect on account of carry forward of losses	-	-
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	923,904	-
Provision for doubtful debts	9,603,720	-
Provision for gratuity and leave encashment	343,648	-
Provision for Warranty	2,190,038	-
Deferred Tax Assets	13,061,310	-
Deferred Tax Assets	13,045,257	-
Deferred tax assets Liability	(12,129)	(199,447)

12. Loans and advances

	Non-Current		Current	
	31 March 2012 Rupees	31 March 2011 Rupees	31 March 2012 Rupees	31 March 2011 Rupees
Unsecured, considered good				
Capital advances	5,762,726	-	-	
Security deposit to others	41,722,670	-	11,448,057	35,042,889
Loan and advances to related parties	9,502,127	-	3,247,128	362,500
Unsecured, considered good	15,542	-	8,804,055	7,806,764
Other loans and advances (unsecured considered good)				
Advance income-tax (net of provision for taxation)	112,747,460	48,464,669	-	
Balance with statutory / government authorities	5,365,599	-	5,585,294	5,523,233
Advance to Supplier	-	-	62,356	5,089,110
Advance for purchase of investments	-	-	-	200,999,514
Advance to employees	-	-	1,901,285	
Insurance claim receivable	-	-	1,468,665	
Prepaid expenses	-	-	10,335,224	588,846
Service tax credit receivable	-	-	131,093,432	100,778,807
Vat credit receivable	490,567	-	1,045,219	619,834
MAT credit entitlement	852,219	-	-	-
Others	60,682	-	628,745	-
	176,519,592	48,464,669	175,619,460	356,811,497

13. Current Investments

	31 March 2012 Rupees	31 March 2011 Rupees
Unquoted mutual funds		
HDFC Cash Management Fund	5,073,489	-
537737 units of Rs. 10.03 (March 31, 2011: Nil)		
Axis Liquid Fund	5,350,960	-
11046 units of Rs. 1,000.07 each fully paid up (March 31, 2011:Nil)		
BSL Ultra - Retail Growth	2,500,000	-
13529.164 units of Rs. 184.78 each fully paid up (March 31, 2011:Nil)	12,924,449	-

14.. Inventories (valued at lower of cost and net realisable value)

	31 March 2012 Rupees	31 March 2011 Rupees
Consumables and spares	102,976,327	40,675,235
	102,976,327	40,675,235

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15. Trade receivables

Non-Current	Non-Current portion		Current Portion	
	31 March 2012 Rupees	31 March 2011 Rupees	31 March 2012 Rupees	31 March 2011 Rupees
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
- considered good	-	-	36,289,914	57,376,528
- considered doubtful	-	-	39,257,029	11,369,646
			75,546,943	68,746,176
Provision for doubtful receivables	-	-	(39,257,029)	(11,369,649)
(A)	-	-	36,289,914	57,376,527
Other trade receivables (less than six month)				
- secured considered good	4,307,164	-	110,300	-
- unsecured considered good	-	-	350,980,202	330,543,608
- considered doubtful		-	2,328,709	-
	4,307,164	-	353,419,211	330,543,608
Provision for doubtful receivables	-	-	(2,328,709)	-
(B)	4,307,164	-	351,090,502	330,543,608
TOTAL (A + B)	4,307,164	-	387,380,416	387,920,135

16. Cash and bank balances

	Non-Current		Current	
	31 March 2012 Rupees	31 March 2011 Rupees	31 March 2012 Rupees	31 March 2011 Rupees
Cash and cash equivalents				
Balances with banks :				
– On current accounts	-	-	119,769,718	135,926,860
– Deposits with original maturity of less than three months	-	-	25,145,502	-
– Margin money deposit with original maturity of less than three months	-	-	837,822	34,721,645
Cash on hand	-	-	714,117	242,770
	-	-	146,467,159	170,891,275
Other bank balances				
– Deposits with original maturity for more than 3 months but less than 12 months	-	-	270,336,440	28,213,257
– Margin money deposit with original maturity for more than 3 months but less than 12 months	-	-	24,213,167	-
	-	-	294,549,607	28,213,257
– Deposits with original maturity for more than 12 months	450,000	-	-	-
– Margin money deposits with original maturity for more than 12 months	490,132	-	77,090,654	-
	940,132	-	77,090,654	-
Amount disclosed under non - current assets	(940,132)			
	-	-	518,107,420	199,104,532

Margin money deposits:

Margin money deposits with original maturity of less than 12 months are against guarantees given to statutory authorities and are kept under lien with bank for opening of Letter of Credit

Margin money deposits with original maturity of more than 12 months are kept under lien with bank for opening of Letter of Credit and kept as debt service reserve account equivalent to three months principal and interest repayment under lien with banks

17. Other Assets

	Non Current		Current	
	31 March 2012 Rupees	31 March 2011 Rupees	31 March 2012 Rupees	31 March 2011 Rupees
Non-current bank balances (refer note 16)	940,132	-	-	-
Unbilled revenue	-	-	6,894,338	-
Interest accrued on fixed deposit	-	-	3,079,395	15,455
	940,132	-	9,973,733	15,455

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18. Revenue from operations

		31 March 2012 Rupees	31 March 2011 Rupees
Sale of Services			
Advertisement revenue		370,358,560	324,288,899
Virtual Print Fees - Non - DCI (E-Cinema)		617,383,003	304,391,640
Virtual Print Fees - DCI (D-Cinema)		247,120,665	-
Lease rental income - Non - DCI (E-Cinema)		238,117,595	248,262,541
Lease rental income - DCI (D-Cinema)		24,737,209	-
Digitisation income		55,299,397	40,856,243
Registration fees income		18,526,235	12,606,828
Others		6,954,927	3,475,424
	(A)	1,578,497,591	933,881,575
Sales of Products			
Lamp sale		139,512,704	116,975,921
Sale of digital cinema equipments		349,052,999	37,163,557
	(B)	488,565,703	154,139,478
	(A)+(B)	2,067,063,294	1,088,021,053

19. Other Income

	31 March 2012 Rupees	31 March 2011 Rupees
Income from Cinema India Expo event	1,349,000	-
Miscellaneous receipts	5,646,682	2,198,063
Gain on foreign exchange	-	1,731,399
Sundry balance written back	2,448,519	7,763,262
	9,444,201	11,692,744

20. Operating direct cost

	31 March 2012 Rupees	31 March 2011 Rupees
Advertisement revenue share	67,225,927	100,542,660
Repair and maintenance - exhibition equipments	77,306,304	41,722,733
Royalty / Technical service fees	37,608,951	33,759,325
Purchases of equipments & goods	38,616,198	30,341,066
Bandwidth charges	49,657,529	43,065,109
Rent on equipments	15,673,964	14,327,737
Commission & Brokerage	100,966	-
Delivery and Distribution Charges	7,636,436	-
Content download charges	294,870	-
Content processing charges	10,406,249	3,479,250
Virtual Print Fee Sharing	27,668,453	-
Warranty Cost	1,009,930	-
Other expenses	8,743,910	1,125,689
Consumables / Stores/ Spares		
Opening stock	119,256,493	31,294,113
Add : purchases	372,287,101	80,754,631
Less : closing stock	102,976,327	26,410,872
	388,567,267	85,638,072
	730,516,954	354,021,641

21. Employee benefit expense

	31 March 2012 Rupees	31 March 2011 Rupees
Salaries and wages	291,374,906	172,757,684
Contribution to provident and other funds	17,082,945	11,071,861
Employee stock option scheme cost	64,430	-
Gratuity expenses & other employee benefits	9,269,702	5,562,765
Staff welfare expenses	15,210,857	8,926,537
	333,002,840	198,320,867

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22. Other expenses

	31 March 2012 Rupees	31 March 2011 Rupees
Rent	**77,449,431**	43,304,843
Freight & forwarding charges	**43,206,607**	24,049,826
Legal, professional and consultancy charges	**57,574,002**	55,181,985
Commission on advertisement revenue	**41,470,162**	47,511,036
Commission on other revenue	**17,648,469**	19,492,897
Rebates & discount on advertisement revenue	**2,861,706**	-
Sales promotion expenses	**23,733,656**	16,009,615
Electricity charges	**11,872,153**	8,866,489
Rates & taxes	**26,373,155**	11,575,778
Business Development charges	**300,000**	-
Auditor's remuneration	**5,061,560**	2,269,187
Repairs and maintenance		
-Plant & machinery	**10,015,135**	8,527,944
-Building	**247,144**	-
-Furniture & fixtures	**341,507**	65,936
-Others	**6,850,735**	3,464,574
Insurance	**8,847,397**	6,413,779
Travelling & conveyance expenses	**47,883,233**	20,596,301
Communication & courier expenses	**19,752,341**	12,941,312
Printing and stationery	**5,115,157**	3,528,233
Bad debts written-off	**9,882,008**	73,786,816
Provisions for doubtful debts	**8,958,964**	10,791,270
Loss on sale & write off of fixed assets (net)	**3,267,108**	10,222,710
Business support Services	**154,530**	-
Donations	**125,000**	-
Provision for obsolete Inventories	**-**	8,574,013
Miscellaneous expenses	**41,587,701**	23,173,224
Foreign exchange loss (net)	**19,388,274**	-
Impairment in value of investment	**-**	8,595,137
	489,967,135	**418,944,905**

23. Interest and finance expense

	31 March 2012 Rupees	31 March 2011 Rupees
Interest on		
- Term loan	**66,390,088**	38,598,975
- Dthers	**20,867,153**	343,592
Bank charges	**12,792,664**	4,912,593
Other borrowing costs	**12,182,808**	-
Premium on forward contract	**796,700**	-
	113,029,413	**43,855,160**

24. Finance Income

	31 March 2012 Rupees	31 March 2011 Rupees
Interest received		
Bank deposits (TDS Rs. 1,822,461 previous year. Rs. 4,714,316)	**50,831,763**	5,517,923
Others (TDS Rs. 30,750 previous year. Rs. 29,854)	**1,964,885**	5,745,396
Dividend on current investment	**3,386,731**	-
Gain on sale of current investment	**10,105,348**	-
	66,288,727	**11,263,319**

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25. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	31 March 2012 Rupees	31 March 2011 Rupees
Basic		
Net profit after tax as per statement of profit and loss	**45,972,458**	(96,625,393)
Less : dividends on convertible preference shares & tax thereon	**(31,002,198)**	(31,002,198)
Net profit for calculation of basic EPS	**14,970,260**	(127,627,591)
Weighted average number of equity shares in calculating basic EPS	**20,197,817**	19,452,623
Earning per share	**0.74**	(6.56)
Diluted		
Net profit for calculation of basic EPS	**14,970,260**	(127,627,591)
Add : dividends on convertible preference share	-	-
Net profit for calculation of diluted EPS	**14,970,260**	(127,627,591)
Weighted average number of equity shares in calculating basic EPS	**20,197,817**	19,452,623
Weighted average number of convertible preference share	**5,589,735**	-
Effect of dilutions on stock options granted under ESOP	**710,695**	-
Total no of shares outstanding (weighted average) (including dilution)	**26,498,247**	19,452,623
Earning per share	**0.56**	(6.56)

26. Gratuity and other post-employment benefit plans

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance Group in the form of a qualifying insurance policy.

The following tables summaries the components of net benefit expense recognised in the statement of profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

Net employee benefit expense recognized in the employee cost

	Gratuity	
	31 March 2012 Rupees	31 March 2011 Rupees
Current service cost	**3,278,686**	1,175,259
Interest cost on benefit obligation	**517,254**	302,868
Expected return on plan assets	**(598,349)**	(264,137)
Net actuarial (gain) / loss recognized in the year	**1,071,236**	1,201,701
Net benefit expense	**4,268,827**	2,415,691
Actual return on plan assets	**598,349**	264,137

Balance sheet

Benefit asset/ liability

Present value of defined benefit obligation	**11,210,614**	6,465,673
Fair value of plan assets	**7,296,324**	4,883,223
Plan (asset) / liability	**3,914,290**	1,582,450

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

Opening defined benefit obligation	**6,465,673**	3,788,602
Current service cost	**3,398,644**	1,172,502
Interest cost	**517,254**	302,868
Benefits paid	**(242,193)**	-
Actuarial (gains) / losses on obligation	**1,071,236**	1,201,701
Closing defined benefit obligation	**11,210,614**	6,465,673

Changes in the fair value of plan assets are as follows:

Opening fair value of plan assets	**4,883,223**	2,703,595
Expected return	**598,349**	264,137
Contributions by employer	**2,056,945**	1,915,491
Benefits paid	**(242,193)**	-
Actuarial gains / (losses)	-	-
Closing fair value of plan assets	**7,296,324**	4,883,223

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The principal assumptions used in determining gratuity as shown below:

	Gratuity	
	31 March 2012	31 March 2011
Discount rate	8.00%	8.00%
Expected rate of return on assets	8.75%	9.15%
Employee turnover	1% to 3% depending on age	1% to 3% depending on age

Amounts for the current and two years are as follows:

Gratuity	31 March 2012	31 March 2011	31 March 2010
Defined benefit obligation	11,210,614	6,465,673	3,788,602
Plan assets	7,296,324	4,883,223	2,703,595
Surplus / Surplus / (deficit)	3,914,290	1,582,450	1,085,007

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The Group expects to contribute Rs. 2,272,442/- to gratuity in the next year.(March 31, 2011 : Rs. 19,15,500)

27. Employee stock option plans

Employee Stock Option Scheme 2006 & 2010 :
The parent group has two ESOP Schemes viz., ESOP Scheme 2006 and ESOP Scheme 2010. All Options granted under ESOP Scheme 2006 are vested. The Shareholders of the group in their Annual General Meeting held on August 17, 2011 had revised the terms and conditions of the Exercise Period of the Options granted under ESOP Scheme 2006 to make it in consonance with ESOP Scheme 2010. The salient features with respect to the revised terms and conditions of the Exercise Period are as follows:

Under ESOP Scheme 2010 a total number of 1,413,497 options were granted at an exercise price of Rs. 161.87 per share. As per the ESOP Scheme 2010, 25% of the options shall vest at the end of each year from the date of grant

i) For the employees while in employment of the group : All options vested can be exercised within a period of two years from the date on which the shares of the group get listed on a Recognized Stock Exchange.

ii) For the retired employees, termination due to permanent disability, death: All vested options may be exercised immediately after but in no event later than six months from the date of listing with a recognised stock exchange.

The details of activity under the Scheme 2006 are summarised below:

	31 March 2012		31 March 2011	
	Number of Options	Weighted Average Exercise Price(Rs.)	Number of Options	Weighted Average Exercise Price(Rs.)
Outstanding at the beginning of the year	216,808	100.18	209,412	100.18
Granted during the year	-	-	10,960	100.18
Exercised during the year	549	100.18	-	-
Forfeited during the year	3,291	100.18	3,564	100.18
Outstanding at the end of the year	212,968	100.18	216,808	100.18
Exercisable at the end of the year	212,968	-	216,808	-
Weighted average remaining contractual life (in month)	-		12	

Weighted average fair value of options granted on date of grant was Rs 25.

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The details of activity under the Scheme 2010 are summarised below:

	31 March 2012		31 March 2011	
	Number of Options	Weighted Average Exercise Price (Rs.)	Number of Options	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	**1,413,497**	**161.87**	-	-
Granted during the year	-	-	1,413,497	161.87
Exercised during the year	-	-	-	-
Forfeited during the year	**17,818**	-	-	-
Outstanding at the end of the year	**1,395,679**	**161.87**	1,413,497	161.87
Exercisable at the end of the year	**348,920**	**161.87**	-	-
Weighted average remaining contractual life (in month)	**31**		43	

Stock Options granted during the year

The group has not granted any options during the year

The weighted average fair value of stock options granted during the year was Rs. 53.80 (previous year Rs.53.80). The Binomial valuation model has been used for computing the weighted average fair value considering the following inputs

	31 March 2012	31 March 2011
Weighted average share price	-	164
Exercise Price	-	161.87
Expected Volatility	-	-
Historical Volatility	-	-
Life of the options granted (Vesting and exercise period) in years	-	4
Expected dividends	-	-
Average risk-free interest rate	-	7.69%
Expected dividend (rate)	-	-
Weighted average share price	-	164

Since the group shares are not listed with any stock exchange the expected volatility has been taken as zero. To allow for the effects of early exercise, it was assumed that the employees will exercise the options one year after the vesting date when the share price was twice the exercise price.

There is no effect of the employee share-based payment plans on the profit and loss account and on its financial position.

Had the compensation cost been determined in a manner consistent with fair value approach, the group's Net Income and Earning Per Share as reported would have changed to amount indicated below.

	31 March 2012	31 March 2011
	Rs.	Rs.
Net profit for calculation of basic EPS	**14,970,260**	(127,627,591)
Less: Employee stock compensation under fair value method	**33,227,602**	14,196,596
Proforma profit	**(18,257,341)**	**(141,824,187)**
Earnings Per Share		
Basic		
- As reported	**0.74**	(6.56)
- Proforma	**(0.90)**	(7.29)
Diluted		
- As reported	**0.56**	(6.56)
- Proforma	**(0.69)**	(7.29)

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28. Investments during the year

Investment In the Group

During March 2011, the group received Rs 440,000,000 as share application money from P5 Asia Holding Investments (Mauritius) Limited (P5), pursuant to the Share Subscription Agreement ('the Agreement')

Subsequently on April 08, 2011, the group received additional share application money from P5 of Rs. 1,143,000,000. The group has issued 1,583,000 compulsorily convertible preference shares('CCPS') having face value of Rs 1,000 each and a coupon rate of 0.0001% against share application money.

On 29th March, 2012, the group in terms of the Shareholders Agreement converted the CCPS and allotted 5,746,750 equity shares of Rs.10/- each at a premium of Rs. 265.46 per share to P5.

29. Leases

Operating lease : Group as lessee

The Group's significant leasing arrangements are in respect of operating leases taken for Office Premises, Stores & Digital equipments. These leases are cancellable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. The initial tenure of the office lease generally is for 11 to 36 months. The initial tenure of the Digital equipments on lease generally is for 36 to 72 months.

(In Rupees)

	Office Premises & Digital Cinema Equipment	
	31 March 2012	31 March 2011
Lease payments for the year	93,123,395	57,632,580

Operating lease commitments – Group as lessor

The Group has leased out Digital Cinema Equipment to theaters and franchisees on operating lease arrangement. The lease term is generally for 5 to 10 years. The Group as well as the theaters and franchisees have an option of terminating this lease arrangement any time during the tenure of the lease as per the provisions of the lease agreement. Based on the management assumptions there is a reasonable certainty that the lease will continue for the lease term of 5 to 10 years.

(In Rupees)

	Digital Cinema Equipment	
	31 March 2012	31 March 2011
Gross carrying amount	1,866,967,131	1,598,389,145
Accumulated Depreciation	296,465,253	553,947,583
Depreciation recognized in the statement of Profit & Loss	180,973,965	205,988,672

30. Segment reporting

The Group is engaged in the business of Digital Cinema Services and the financial statements reflect the result of this business segment, which is the primary segment in accordance with the requirement of Accounting Standard 17 on Segment Reporting. The Group's operations are based on the distribution of the group by geographical markets, based on the location of the assets.

Revenue by Geographical Market

(In Rupees)

	For the year ended	
	31 March 2012	31 March 2011
Revenue by Geographical Market		
-Within India	1,907,520,633	1,085,903,792
-Middle East	157,647,383	-
-Rest of the world	1,895,278	2,117,260
Carrying Amount of Segment Assets		
-Within India	4,208,865,030	2,360,570,607
-Middle East	115,478,886	-
-Rest of the world	616,593,058	488,089,844
Cost incurred to acquired Segment Fixed Assets		
-Within India	985,660,943	315,059,483
-Middle East	62,759,352	-
-Rest of the world	837,665	-

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31. Related party disclosures

1. Names of related parties where transactions have taken place during the year occurred or not

Enterprises owned or significantly influenced by key management personnel or their relatives	Media Infotek Park Shree Enterprises Valuable Media Limited Valuable Technologies Inc Crown Infotainment Limited Valuable Technologies Limited Impact Media Exchange Limited Dusane Infotech (India) Private Limited
Associate Enterprises	Scrabble Digital JLT Scrabble Digital Ltd
Key management personnel	Mr. Sanjay Gaikwad - Managing Director Mr. Kapil Agarwal - Joint Managing Director

2. Details of transaction with related parties during the year

Sr. No.	Particulars Nature of Expenses/Name of the Parties	31 March 2012 Rupees	31 March 2011 Rupees
1	**Enterprises owned or significantly influenced by Key Management Personnel or their relatives**		
A	Purchase of equipment		
	i) Valuable Media Limited	**Nil**	5,300,685
	ii) Impact Media Exchange Limited	**Nil**	35,930,028
	iii) Valuable Technologies Limited	**11,067,331**	Nil
B	Sale of equipment		
	i) Valuable Media Limited	**387,525**	140,947
	ii) Valuable Technologies Inc	**459,556**	1,428,142
C	Expenses reimbursed		
	i) Media Infoteck Park	**8,648,222**	Nil
	ii) Valuable Media Limited	**49,635**	105,000
	iii) Valuable Technologies Limited	**22,000**	774,902
	iv) Impact Media Exchange Limited	**Nil**	151,342
D	Purchase of consumables/stores/spares		
	i) Valuable Media Limited	**Nil**	706,650
	ii) Impact Media Exchange Limited	**Nil**	745,817
E	Software development charges		
	i) Dusane Infotech (India) Private Limited	**1,100,419**	321,304
F	Technical services (expense)		
	i) Valuable Technologies Limited	**37,608,951**	35,208,578
G	Direct Expenses (License fees on 3D movie)		
	i) Valuable Technologies Limited	**1,790,971**	117,846
H	Technology service fee (income)		
	i) Crown Infotainment Limited	**Nil**	2,213,975
I	Direct Expenses (Licensee fees – Impact)		
	i) Impact Media Exchange Limited	**1,116,428**	659,632
J	Licensee fee- Club X (income)		
	i) Valuable Media Ltd	**501,219**	Nil
K	Security deposit paid		
	i) Media Infotek Park	**34,090,800**	Nil
L	Claim against loss of assets		
	i) Impact Media Exchange Limited	**2,836,539**	Nil
M	Rent paid (expense)		
	i) Media Infotek Park	**42,229,968**	3,490,080
N	Consultancy Fees & Reimbursement of expenses		
	i) Shree Enterprises	**454,743**	298,611

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Sr. No.	Particulars Nature of Expenses/Name of the Parties	31 March 2012 Rupees	31 March 2011 Rupees
2	**Associate Enterprises**		
A	Sale of goods		
	i) Scrabble Digital Pvt Ltd	**1,915,000**	Nil
B	Digital Conversion Expenses & Content Processing Charges		
	i) Scrabble Digital Pvt Ltd	**1,160,885**	Nil
C	Investment in Shares		
	i) Scrabble Digital Pvt Ltd	**3,500,000**	Nil
	ii) Scrabble Digital JLT	**1,273,000**	Nil
D	Loan Given		
	i) Scrabble Digital Pvt Ltd	**4,447,605**	Nil
	ii) Scrabble Digital JLT	**7,577,032**	Nil
E	Advance Repaid		
	Scrabble Digital Ltd	**7,688,855**	Nil
F	Interest income		
	i) Scrabble Digital JLT	**509,181**	Nil

3. Remuneration to key managerial personnel

	31 March 2012 Rupees	31 March 2011 Rupees
Mr. Sanjay Gaikwad, Managing Director	**25,000,000**	14,602,608
Salary, bonus and contribution to provident fund		
Mr. Kapil Agarwal, Joint Managing Director	**25,000,000**	14,602,608
Salary, bonus and contribution to provident fund		
Total	**50,000,000**	**29,205,216**

4. Balance outstanding at the year end

Sr.No.	Particulars	31 March 2012 Rupees	31 March 2011 Rupees
1	**Enterprises owned or significantly influenced by Key Management Personnel or their relatives**		
A	Amount receivable		
	i) Impact Media Exchange Limited	**2,836,539**	389,632
	ii) Valuable Media Limited	**710,983**	245,947
	iii) Valuable Technologies Limited	**Nil**	5,756,815
	iv) Valuable Technologies Inc.	**Nil**	1,428,142
B	Deposit receivable		
	i) Media Infotek Park	**34,090,800**	Nil
C	Amount payable		
	i) Impact Media Exchange Limited	**175,860**	Nil
	ii) Valuable Technologies Limited	**3,728,672**	Nil
	iii) Media Infoteck Park	**494,746**	3,464,602
	iv) Dusane Infotech (India) Private Limited	**130,500**	Nil
2	**Associate Enterprise**		
	Loan and advance given		
A	i) Scrabble Digital Pvt Ltd	**1,215,446**	Nil
	ii) Scrabble Digital JLT (Including interest receivable)	**8,286,681**	Nil

32. Capital and other commitments

	31 March 2012 Rupees	31 March 2011 Rupees
Capital commitments (estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances))	**57,858,075**	107,072,112
Repair & Maintenance		
Other Commitments	**1,422,260**	Nil

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Notes to consolidated financials statements for the year ended 31 March 2012

33. Contingent liabilities

	31 March 2012 Rupees	31 March 2011 Rupees
In respect of the bond(s) issued by the group towards fulfillment of export obligation given to Custom authorities arising out of grant of EPCG License for import of Digital	**174,821,926**	174,821,926
Dividend on 4,885,925 - 6% Cumulative Convertible Preference Shares of Rs. 100/- each.	**31,002,198**	31,002,198
In respect of demand raised against group in West Bengal VAT matter for the Financial Year 2005-06, group has filed an appeal to the Tribunal which is positively settled in group's favour.	**Nil**	181,875
In respect of demand raised against group in West Bengal VAT matter for the Financial Year 2007-08.	**4,195,703**	2,320,703
In respect of demand raised against the group in Andra Pradesh for VAT matter for the Financial year 2005-06,2006-07,2008-2009,2009-2010 & 2010-2011.	**6,891,182**	Nil
Penalty on the above claim of input tax credit by Andra pradesh Commercial Tax officer	**1,221,260**	Nil
In respect of demand raised against the group in Mumbai TDS matter for the Financial year 2006-07 & 2007-08, group has filed an appeal to the commissioner.	**1,897,700**	1,897,700
In respect of demand raised against group in Andhra Pradesh VAT matter due to non-submission of "F" forms for the Financial Year 2008-09 & 2009-10.	**96,529**	Nil
In respect of demand raised against the group in West Bengal VAT Matter for the Financial Year 2008-09, group has filed an appeal to the commissioner	**36,271**	Nil
Bank guarantees issued by the group in favour of various State Government for Sales tax registration	**450,000**	Nil
In respect of demand raised against group in Kerala, Commercial tax matter for disallowing claim of input tax credit relating to Financial Year 2011-12	**984,323**	Nil
	221,597,092	210,224,402

The Group is contesting the demands and the management, including its tax advisors, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Group's financial position and results of operations.

34. Particulars of unhedged foreign currency exposure at the reporting date

Particulars of un-hedged exposure	31 March 2012 Rupees	31 March 2011 Rupees
Export Debtors	**Rs. 13,451,311 (US$ 2,59,417 @ Closing rate of 1 USD = Rs. 51.8521)**	Nil
Import Creditors	**Rs.316,352,173 (US$ 6,176,614 @ Closing rate of 1 USD = Rs.51.8521)**	Rs. 37,695,763 (US $ 844,250 @ Closing rate of 1 USD = Rs. 44.65)
Advance Recoverable in cash or Kind	**Rs. 992,453/- (US$ 19,140.07 @ Closing rate of 1 USD = Rs. 51.8521)**	Nil
Import creditors - Advance remittance	**Rs. 781,558 (US$ 15,072 @ Closing rate of 1 USD = Rs. 51.8521)**	Nil
Cash Balances	**Rs. 57,166 (Currency note 5,761 @ Closing rate for particular Currency)**	Nil
Bank Balances	**Rs.487,558 (US$9402 @ Closing rate of 1 USD = Rs.51.8521)**	Nil
Foreign Currency Employee Loan	**Rs.197,540 (AED 14,000 @ Closing rate of 1 AED = Rs. 14.11)**	Nil

S.R. BATLIBOI & ASSOCIATES LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Notes to consolidated financials statements for the year ended 31 March 2012

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

Based on information available with the management, there is no amount due to Micro, small scale and Medium Enterprises as per the Micro, Small and Medium Enterprises Development Act, 2006.

36. Events subsequent to the Balance Sheet date:

The board of directors of the group, in its meeting held on November 20, 2014, considered acquiring 80% of the existing equity capital of Valuable Digital Screens Private Limited (VDSPL) engaged in providing digital cinema solutions to residential colonies in remote places, luxury residential projects and clubs etc. and Cinema screening in rural markets using Caravan Cinema vans. The consideration for acquiring this stake is Rs. 50 million and this acquisition is subject to satisfactory operational, financial and legal due diligence by an independent agency. The group has an option to acquire remaining 20% stake on August 31, 2018 at a valuation to be determined based on agreed formula.

The board of directors of the group, in its meeting held on October 22, 2014, approved the acquisition of 1,14,588 (representing 14.91% of the equity share capital) equity shares of Rs.10/- each of its subsidiary, Scrabble Entertainment Limited, held by one shareholder, at the rate of Rs.2,182/- per equity share for a total consideration of Rs. 250 million payable in one or more tranches as may be mutually agreed.

37. Previous year figures

Till the year ended 31 March 2011, the group was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the group. The group has reclassified previous year figures to conform to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet.

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No:101049W
Chartered Accountants

per Govind Ahuja
Partner
Membership No.: 48966

Place of signature: Mumbai
Date: November 20, 2014

S.R. BATLIBOI & ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors of UFO Moviez India Limited

Sanjay Gaikwad
Managing Director
DIN No. : 01001173

Kapil Agarwal
Joint Managing Director
DIN No. : 00024378

S.S.Chavan

Sameer Chavan
Company Secretary

Ashish Malushte
Chief Financial Officer

Place of signature: Mumbai
Date: November 20, 2014