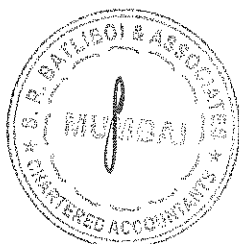


Auditors' Report

To
The Members of UFO Moviez India Limited

1. We have audited the attached Balance Sheet of UFO Moviez India Limited ('the Company') as at March 31, 2012 and also the Statement of Profit and Loss and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
 - v. On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act; and



S.R. BATLIBOI & ASSOCIATES

Chartered Accountants

UFO Moviez India Limited

Auditors Report – March 31, 2012

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- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
- a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2012;
 - b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

S.R. Batliboi & Associates
For S.R. BATLIBOI & ASSOCIATES

Firm registration number: 101049W

Chartered Accountants

G. Ahuja
per Govind Ahuja
Partner

Membership No.: 48966

Place: Mumbai

Date: September 5, 2012



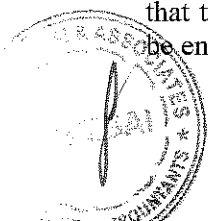
S.R. BATLIBOI & ASSOCIATES

Chartered Accountants

UFO Moviez India Limited
Auditors Report – March 31, 2012
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Annexure referred to in paragraph [3] of our report of even date
Re: UFO Moviez India Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) The Company has granted loan to one company covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was Rs. 3,000,000 and the year-end balance of this loan granted was Rs. 3,000,000.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (c) The loan granted is re-payable on demand. We are informed that the Company has not demanded repayment of this loan during the year, and thus, there has been no default on the part of the party to whom the money has been lent. The payment of interest has been regular.
- (d) There is no overdue amount more than rupees one lakh of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Act.
- (e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(iii)(e) to (g) of 'the Order' are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.



S.R. BATLIBOI & ASSOCIATES

Chartered Accountants

UFO Moviez India Limited

Auditors Report – March 31, 2012

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- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act for the products of the Company.
- (ix)(a) Undisputed statutory dues including provident fund, employees' state insurance ('ESIC') investor education and protection fund, income-tax, sales-tax, wealth-tax, service tax, customs duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities. The provisions of excise duty are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, and investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions of excise duty are not applicable to the Company.
- (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty and cess which have not been deposited on account of any dispute. The provisions of excise duty are not applicable to the Company. According to the records of the Company, the following dues outstanding of Value Added Tax (VAT) and income tax on account of any dispute are as follows:

Name of the statute	Nature of dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
West Bengal VAT Act, 2003	VAT	4,195,703	2007-08	Tribunal
West Bengal VAT Act, 2003	VAT	36,271	2008-09	Commissioner Appeal
Andhra Pradesh VAT Act,	VAT	96,529	2008-09	Commissioner Appeal
Andhra Pradesh VAT Act,	VAT	2,005,380	2005-06, 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11	Appellate Deputy Commissioner
Income Tax Act, 1961	TDS	1,897,700	2006-07 & 2007-08	Commissioner of Income Tax (Appeals), Mumbai

- (x) The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth and it has not incurred cash losses in the current year and in the immediately preceding financial year.



S.R. BATLIBOI & ASSOCIATES

Chartered Accountants

UFO Moviez India Limited

Auditors Report – March 31, 2012

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- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks and a financial institution. The Company has not issued any debentures.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues during the year
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

S.R. Batliboi & Associates
For S.R. BATLIBOI & ASSOCIATES
Firm registration number: 101049W
Chartered Accountants

per Govind Ahuja
per Govind Ahuja
Partner
Membership No.: 48966

Place: Mumbai
Date: September 5, 2012



Balance sheet as at 31 March 2012

	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	2,848,684,310	1,238,842,545
Share application money pending allotment		-	440,000,000
		<u>3,107,661,000</u>	<u>1,880,346,245</u>
Non-current liabilities			
Long-term borrowings	5	471,324,020	330,161,960
Other long-term liabilities	6	241,956,550	102,034,489
		<u>713,280,570</u>	<u>432,196,449</u>
Current liabilities			
Trade payables	6	61,066,151	124,671,321
Other current liabilities	6	833,769,372	504,386,969
Short-term provisions	7	14,414,924	10,077,848
		<u>909,250,447</u>	<u>639,136,138</u>
TOTAL		<u>4,730,192,017</u>	<u>2,951,678,832</u>
Assets			
Non-current Assets			
Fixed Assets			
Tangible assets	8	1,618,712,935	1,142,583,912
Intangible assets	9	10,550,982	15,629,259
Capital Work in Progress		496,092,778	63,692,836
Non-current investments	10	1,550,814,320	694,484,641
Long-term loans and advances	11	130,546,023	286,065,994
Other non-current assets	15	465,132	8,440,577
		<u>3,807,182,170</u>	<u>2,210,897,219</u>
Current Assets			
Inventories	12	65,246,500	30,104,083
Trade receivables	13	322,153,036	381,489,360
Cash and Bank balances	14	377,653,641	170,015,577
Short-term loans and advances	11	149,763,777	159,021,737
Other Current Assets	15	8,192,893	150,856
		<u>923,009,847</u>	<u>740,781,613</u>
TOTAL		<u>4,730,192,017</u>	<u>2,951,678,832</u>
Summary of significant accounting policies	2.1		

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

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

Govind Ahuja
per Govind Ahuja
 Partner
 Membership No.: 48966

Place: Mumbai
 Date: September 05, 2012



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

Sanjay Gaikwad
Sanjay Gaikwad
 Managing Director

Kapil Agarwal
Kapil Agarwal
 Joint Managing Director

Anjali Kulkarni
Anjali Kulkarni
 Company secretary

Ashish Malushte
Ashish Malushte
 Chief Financial Officer

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	16	1,459,555,123	1,084,685,092
Other Income	17	9,246,814	11,692,376
Total Income (I)		1,468,801,937	1,096,377,468
Expenses			
Direct Expenses	18	446,846,433	405,284,517
Employee Benefit Expense	19	256,851,197	197,427,381
Other expense	20	321,238,946	261,836,761
Total Expenses (II)		1,024,936,576	864,548,659
Earnings before interest,tax,depreciation and amortization (EBITDA) (I) -(II)		443,865,361	231,828,809
Depreciation & amortisation	8 & 9	341,810,994	248,987,703
Interest and Finance Expenses	21	79,479,322	51,025,147
Finance Income	22	(61,684,711)	(23,008,617)
Provision for diminution in value of Investments		-	8,595,000
Profit/(Loss) Before Tax		84,259,756	(53,770,424)
Less: Provision for Tax		-	-
Profit/(Loss) for the year		84,259,756	(53,770,424)
Earnings per equity share	23		
Basic (Face value of Rs. 10 each)		2.64	(4.36)
Diluted (Face value of Rs.10 each)		2.01	(4.36)
Summary of significant accounting policies	2.1		

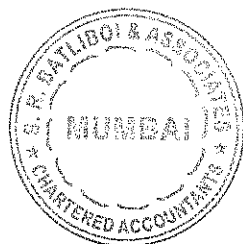
The accompanying notes are an integral part of the financials statements.
 Summary of significant accounting policies

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

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

Govind Ahuja
 per Govind Ahuja
 Partner
 Membership No.: 48966

Place: Mumbai.
 Date: September 05, 2012



Sanjay Gaikwad
 Sanjay Gaikwad
 Managing Director

Kapil Agarwal
 Kapil Agarwal
 Joint Managing Director

Anjali Kulkarni
 Anjali Kulkarni
 Company secretary

Ashish Malushte
 Ashish Malushte
 Chief Financial Officer

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 Before Tax and Extraordinary Items	84,259,756	(53,770,424)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation	341,810,994	248,987,703
Foreign exchange (gain)/loss (net)	9,198,863	(1,742,355)
Loss on sale of fixed assets	1,318,526	9,171,563
Interest received	(48,617,081)	(23,008,617)
Interest paid	60,644,949	39,198,124
Provision for doubtful debts & bad debts written off	10,317,997	10,791,270
Provision for leave encashment	3,698,481	3,136,452
Provision for gratuity	3,492,143	2,426,313
Sundry credit balances written back	(2,448,519)	(7,763,282)
Dividend income	(2,962,282)	-
Profit on sale of current investment	(10,105,348)	-
Provision for diminution in value of investments	-	8,595,000
Operating Profit before Working Capital Changes	450,608,479	236,021,747
Decrease / (increase) in trade payable	(63,713,451)	(16,600,572)
Increase / (decrease) in short-term provisions	(2,853,548)	(2,282,124)
Increase / (decrease) in other current liabilities	20,310,153	124,315,531
Increase / (decrease) in other long-term current liabilities	139,922,061	45,621,623
Decrease / (increase) in trade receivables	49,018,327	(255,212,501)
(Increase) / decrease in inventories	(35,142,418)	1,582,071
Decrease / (increase) in short-term loans and advances	10,303,179	23,140,911
Decrease / (increase) in other current assets	(6,894,338)	(8,461,633)
Decrease / (increase) in other non-current assets	185,783,246	-
Cash generated from operations	747,341,690	148,125,053
Direct tax paid (net of refunds)	(35,290,471)	(30,410,068)
Foreign exchange fluctuation (net)	(2,197,462)	2,559,716
Net cash flow from operating activities (A)	709,853,757	120,274,701
Cash flow from investing activities		
Purchase of fixed assets including intangible, CWIP & capital advances	(1,007,541,903)	(385,377,060)
Investment in subsidiary	(856,329,679)	(1,500,000)
Purchase of current investment	(550,000,000)	(195,455,033)
Proceeds from sale of current investment	560,105,349	-
Advance for investment in subsidiaries	-	(200,999,514)
Sale of fixed assets	13,953,732	14,750,004
Interest received	47,469,382	11,338,272
Dividend received	2,962,282	-
Proceeds from maturity of bank deposit(having original maturity more than 3 months)	(349,592,961)	35,380,965
Net cash flow used in investing activities (B)	(2,138,973,797)	(721,862,366)
Cash flow from financing activities		
Proceeds from issuance of preference share capital	1,143,000,000	-
Proceeds from long term borrowings	326,674,141	143,395,816
Repayment of long term borrowings	(107,285,830)	(99,854,882)
Proceeds from issuance of equity shares	54,999	250,000,053
Share issue expenses	-	(31,660,000)
Share application money	-	440,000,000
Interest paid	(59,231,808)	(37,733,413)
Net cash flow from financing activities (C)	1,303,211,502	664,147,574
Net increase/(decrease) in cash and cash equivalent (A + B + C)	(125,908,538)	62,559,910
Cash and cash equivalents at the beginning of the year	155,530,935	92,971,025
Cash and cash equivalents at the end of the year	29,622,397	155,530,935



Cash flow statement for the year ended 31 March 2012

	31 March 2012 Rupees	31 March 2011 Rupees
Components of cash and cash equivalents, as at March 31, 2012		
Cash	132,296	227,440
With Banks:		
- In current accounts	28,652,279	120,581,849
- In fixed deposits	837,822	34,721,646
Cash & cash equivalents [refer note 14]	29,622,397	155,530,935

Notes:

- Figures in bracket denote outflow
- The above Cash flow statement has been prepared under the " Indirect Method" set out in Accounting Standard (AS-3) " Cash Flow Statements"
- During the year company converted the interest receivable on loan given to Edridge Limited of Rs 36.86 million (\$ 0.73 million) into equity.
- Previous year figures have been regrouped wherever necessary to correspond with the figures of current year

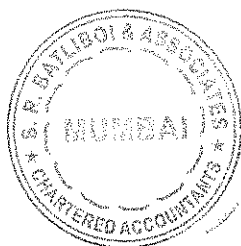
As per our Report attached of even date

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

Govind Ahuja

per Govind Ahuja
 Partner
 Membership No.: 48966

Place: Mumbai
 Date: September 05, 2012



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

Sanjay Gaikwad
Sanjay Gaikwad
 Managing Director

Anjali Kulkarni
Anjali Kulkarni
 Company secretary

Kapil Agrawal
Kapil Agrawal
 Joint Managing Director

Ashish Malushte
Ashish Malushte
 Chief Financial Officer

1. Corporation information

UFO Moviez India Limited (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The company is into the business of providing digital cinema services.

2. Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the *Companies (Accounting Standards) Rules, 2006, (as amended)* and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2.1 Summary of significant accounting policies

(a) Change in Accounting policies

Presentation and disclosure of financial statements:

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

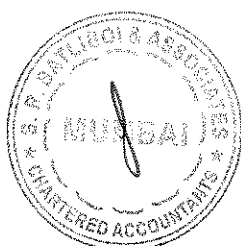
(b) Use of estimates

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.

(c) 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.



(d) 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.

(e) Depreciation on tangible & 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 company has used the following rates to provide depreciation on its fixed assets

	Rates as per management's estimate of useful lives (SLM)	Schedule XIV Rates (SLM)
Exhibition Equipment	9.50% - 25%	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%	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	16.21%

(f) 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.

(g) Leases

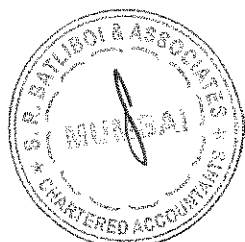
Where the Company is the lessee

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 account on a straight-line basis over the lease term.

Where the Company is the lessor

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

(h) 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 long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term 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.

(i) 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.

(j) Revenue Recognition

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

Income from Services

- Software Decryption & Digital Transmission 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.
- Income from digitization charges is recognised on rendering of services.
- Technology service fee is recognised in the period in which services are rendered.
- Registration fee is recognised in the period in which it is received.

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

Interest

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

Dividends

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

(k) 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.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting such monetary items of company 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.

(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 Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation by Life Insurance Corporation of India (LIC). The Company has an Employees' Gratuity Fund managed by the Life Insurance Corporation of India (LIC).

Actuarial gains/losses are immediately taken to statement of profit and loss account 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.

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 company 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 issued by The Institute of Chartered Accountants of India) supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or "virtually certain", as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.



The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or "virtually certain", as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

(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.

(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 company 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 company 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

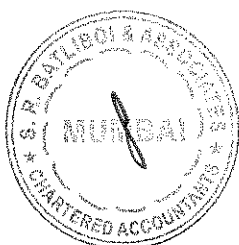
Measurement and disclosure of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis

(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

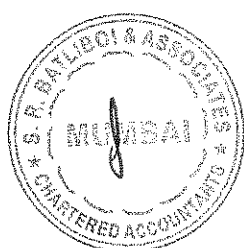
Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.



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) 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



Notes to financial statements for the year ended 31 March 2012

3. Share capital

	31 March 2012 Rupees	31 March 2011 Rupees
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
Nil (previous year: Nil) 0.0001% compulsorily convertible preference shares of Rs.1000 each fully paid up	-	-
(During the year, the company issued 1,583,000 0.0001% compulsorily convertible preference shares of Rs.1,000 each which were converted into equity shares before year end)		
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 period	20,150,370	201,503,700	18,659,316	186,593,160
Issued during the period - Bonus issue	-	-	943,623	9,436,230
Issued during the period - preferential issue	-	-	547,431	5,474,310
Issued during the period - Conversion of Preference shares	5,746,750	57,467,500	-	-
Issued during the period - ESOP	549	5,490	-	-
Outstanding at the end of the period	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 period	-	-	-	-
Issued during the period	1,583,000	1,583,000,000	-	-
Converted during the period	(1,583,000)	(1,583,000,000)	-	-
Outstanding at the end of the period	-	-	-	-

(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.



Notes to financial statements for the year ended 31 March 2012
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).

In the event either of 3i or P5 propose to sell any or all of their securities held by them in the Company, it shall first offer the other Investor and the Group A Shareholders a right to purchase all their shares.

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 AOA 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.

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				
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
Apollo International Ltd	2,266,417	8.75	3,816,468	18.94
3i Digital Media (Mauritius) Ltd.	5,566,570	21.49	7,116,621	35.32
P5 Asia Holding Investments (Mauritius) Ltd.	9,253,740	35.73	-	-

(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 25.



Notes to financial statements for the year ended 31 March 2012

4. Reserves and Surplus

	31 March 2012 Rupees	31 March 2011 Rupees
Securities premium account		
Balance as per last financial statements	1,914,768,862	1,711,339,349
Add: received on issue of equity shares(from conversion of preference shares)	1,525,532,500	
Add: received on issue of equity shares	-	241,380,333
Add: additions on ESOPs exercised	49,509	-
Less: Utilised for bonus shares issued	-	6,290,820
	3,440,350,871	1,946,428,862
Less : Shares issue expenses	-	31,660,000
Closing Balance	3,440,350,871	1,914,768,862
(deficit) in the statement of profit and loss		
Balance as per last financial statements	(675,926,317)	(622,155,893)
Profit/(Loss) for the year	84,259,756	(53,770,424)
Net deficit in the statement of profit and loss	(591,666,561)	(675,926,317)
Total reserves and surplus	2,848,684,310	1,238,842,545

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
Vehicle finance from banks and financial institutions (secured against hypothecation of vehicles)				
Vehicle Loan 1 from Axis Bank Ltd. (10.47%, repayable in 48 monthly installments)	856,800	-	238,685	-
Vehicle Loan 2 from Kotak Mahindra Prime Ltd. (IRR from 8.34% to 11.17%, repayable in 36 monthly installments)	669,166	2,036,960	1,823,923	4,184,958
Sub Total	1,525,966	2,036,960	2,062,608	4,184,958
Amount disclosed under the head "other current liabilities" (note 6)			(194,911,210)	(116,684,958)
Net amount	471,324,020	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 17,083,000/- 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 14)



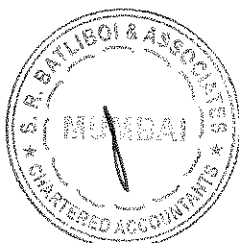
Notes to financials statements for the year ended 31 March 2012

6. Trade Payable & Other current liabilities

	Non-Current portion		Current Maturities	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
	Rupees	Rupees	Rupees	Rupees
Trade payables (including acceptances) (refer note 34 for details of dues to micro and small enterprises)			61,066,151	124,671,321
Other liabilities				
Current maturities of long-term borrowings (refer note 5)			194,911,210	116,684,958
Interest accrued but not due on borrowings			6,422,159	5,009,018
Deferred lease rental income	147,656,550	102,034,489	31,235,259	25,168,033
Bank book overdraft			-	24,021,804
Advance from customers			30,894,428	42,113,140
Others				
Deposit from theatres & regional dealers			223,417,511	190,780,361
Deposit from related parties	94,300,000	-	-	-
Payables for purchase of fixed assets			289,030,992	33,127,812
Sales tax payable			4,049,121	5,805,583
TDS payable			8,770,469	41,203,473
Entry tax payable			118,892	71,040
Salary & reimbursement payable			640,734	357,234
Other creditors other than trade			2,411,093	1,758,423
Other payable (including provisions for expenses)			41,867,505	18,286,090
	241,956,550	102,034,489	833,769,372	504,386,969

7. Short term provisions

	31 March 2012	31 March 2011
	Rupees	Rupees
Provision for gratuity (refer note 24)	2,272,442	1,582,450
Provision for compensated absences	12,142,482	8,495,398
	14,414,924	10,077,848



UFO Moviez India Limited

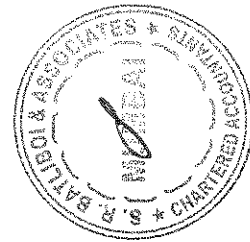
Notes to financials statements for the year ended 31 March 2012

8. Tangible Assets

	Leasehold Improvements	Plant & Machinery	Computer Systems	Office Equipments	Furniture & Fixtures	Electrical Equipments & Installations	Vehicles	Total
Cost or valuation								
At 1 April 2010	11,525,888	1,450,363,805	20,408,278	17,614,475	7,208,729	3,510,406	13,950,014	1,524,581,595
Additions	1,075,519	292,159,803	2,743,107	6,224,629	216,066	277,989	3,574,813	306,271,926
Disposals	9,082,985	23,652,391	36,500	333,448	5,429,391	362,909	-	38,897,624
At 31 March 2011	3,518,422	1,718,871,217	23,114,885	23,505,656	1,995,404	3,425,486	17,524,827	1,791,955,897
Additions	5,005,755	796,805,643	7,568,642	10,535,947	1,110,436	1,200,440	4,084,019	826,310,882
Disposals	-	21,907,488	39,100	-	-	-	-	21,946,588
At 31 March 2012	8,524,177	2,493,769,372	30,644,427	34,041,603	3,105,840	4,625,926	21,608,846	2,596,320,191
Depreciation								
At 1 April 2010	6,440,495	388,880,241	8,091,220	9,773,228	2,084,955	2,762,083	4,105,314	422,137,536
Charge for the year	3,309,761	228,486,951	3,560,516	2,658,230	1,035,221	262,741	2,999,094	242,312,514
Disposals	7,943,909	4,899,852	9,694	142,150	1,894,101	188,359	-	15,078,065
At 31 March 2011	1,806,347	612,467,340	11,642,042	12,289,308	1,226,075	2,836,465	7,104,408	649,371,985
Charge for the year	927,442	318,752,046	5,782,389	5,075,618	437,601	250,368	3,684,137	334,909,601
Disposals	-	6,658,389	15,941	-	-	-	-	6,674,330
At 31 March 2012	2,733,789	924,550,997	17,408,490	17,364,926	1,663,676	3,086,833	10,788,545	977,607,256
Net Block								
At 31 March 2011	1,712,075	1,106,403,877	11,472,843	11,216,348	769,329	589,021	10,420,419	1,142,583,912
At 31 March 2012	5,790,388	1,569,208,375	13,235,937	16,676,677	1,442,164	1,539,093	10,820,301	1,618,712,935

9. Intangible Assets

	Computer software	Total
Gross block		
At 1 April 2010	27,650,930	27,650,930
Purchase	2,080,653	2,080,653
At 31 March 2011	29,731,583	29,731,583
Purchase	1,823,116	1,823,116
At 31 March 2012	31,554,699	31,554,699
Amortization		
At 1 April 2010	7,427,135	7,427,134
Charge for the year	6,675,190	6,675,190
At 31 March 2011	14,102,325	14,102,324
Charge for the year	6,901,393	6,901,393
At 31 March 2012	21,003,718	21,003,717
Net block		
At 31 March 2011	15,629,258	15,629,259
At 31 March 2012	10,550,981	10,550,982



Notes to financial statements for the year ended 31 March 2012

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 subsidiaries		
1,161,972 (March 31, 2011 : 1,025,258) Ordinary shares of US \$ 1 each fully paid, in Edridge Limited, Cyprus	573,879,423	500,253,358
99,600 (March 31, 2011 : 99,600) Ordinary shares of NPR 100 each fully paid, in United Film Organizers Nepal (Private) Limited, Nepal	6,225,000	6,225,000
10,000 (March 31, 2011 : 10,000) Ordinary shares of INR 10 each at par, fully paid, in Allied Film Services (Private) Limited, India	100,000	100,000
398,428 (March 31, 2011 : Nil) Ordinary shares of INR 10 each fully paid in Scrabble Entertainment Limited, India	434,204,347	-
3,231,821 (March 31, 2011 : Nil) Ordinary shares of INR 10 each fully paid in Southern Digital Screenz Private Limited, India	320,162,500	-
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)		
Investment in subsidiaries		
59,900 (March 31, 2011 : 59,900) Ordinary Preference shares of NPR 100 each fully paid, in United Film Organizers Nepal (Private) Limited, Nepal	3,743,750	3,743,750
1,725,000 (March 31, 2011 : Nil) 10% Optionally convertible preference shares of INR 100 each fully paid, in Southern Digital Screenz Private Limited, India	172,500,000	-
34,782 (March 31, 2011 : Nil) 6% Optionally convertible redeemable preference shares of INR 1,150 each, fully paid in Scrabble Entertainment Limited, India	39,999,300	-
Investment in Others		
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
	1,550,814,320	694,484,641
Aggregate amount of unquoted investments	1,632,254,945	775,925,266
Aggregate provision for diminution in value of investments	81,440,625	81,440,625



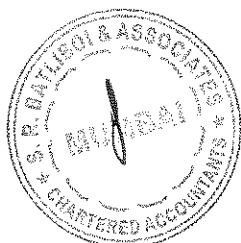
Notes to financial statements for the year ended 31 March 2012

11. Loan 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	9,744,703	-	-
Security deposit	38,925,000	24,335,540	5,023,430	10,638,013
Loan and advances to related parties	-	-	3,410,589	35,271,987
Advances recoverable in cash or kind	-	-	1,166,149	5,089,110
Other loans and advances (considered good)				
Advance income-tax (net of provision for taxation Rs. Nil (March 31, 2011: Rs Nil)	83,718,868	48,428,397	-	-
Balance with statutory/government authorities	2,078,747	2,386,721	449,954	383,807
Advance to employees	-	-	1,316,804	561,510
Insurance claim receivable	-	-	1,468,665	2,270,599
Prepaid expenses	-	-	4,789,604	4,027,904
Service tax credit receivable	-	-	131,093,363	100,778,807
Vat credit receivable	-	-	1,045,219	-
Advance for purchase of investments	-	200,999,513	-	-
Others	60,682	171,120	-	-
	130,546,023	286,065,994	149,763,777	159,021,737

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

	31 March 2012 Rupees	31 March 2011 Rupees
Stores and spares	49,853,668	26,410,872
Others	15,392,832	3,693,211
	65,246,500	30,104,083



Notes to financials statements for the year ended 31 March 2012

13. Trade receivables

	Current	
	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	16,525,441	57,313,878
- doubtful	13,358,409	11,369,648
Less: Provision for doubtful receivables	(13,358,409)	(11,369,649)
(A)	16,525,441	57,313,877
Others receivables		
- Unsecured considered good	305,627,595	324,175,483
(B)	305,627,595	324,175,483
TOTAL (A + B)	322,153,036	381,489,360

14. Cash & 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			28,652,279	120,581,849
- Deposits with original maturity of less than three months				34,721,646
- Margin money deposit with original maturity of less than three months			837,822	-
Cash on hand			132,296	227,440
			29,622,397	155,530,935
Other bank balances				
- Deposits with original maturity for more than 3 months but less than 12 months			266,729,770	-
- Margin money deposit with original maturity for more than 3 months but less than 12 months			4,210,820	12,026,091
			270,940,590	12,026,091
- Margin money deposits with original maturity for more than 12 months	465,132	8,440,577	77,090,654	2,458,551
	465,132	8,440,577	377,653,641	170,015,577
Amount disclosed under non-current assets	(465,132)	(8,440,577)		
	-	-	377,653,641	170,015,577

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



Notes to financial statements for the year ended 31 March 2012

15. Other Assets

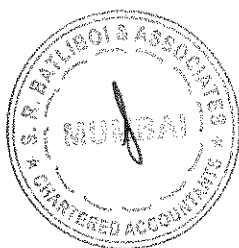
	Non-Current		Current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
	Rupees	Rupees	Rupees	Rupees
Non-current bank balances (refer note 14)	465,132	8,440,577	-	-
Unbilled Revenue	-	-	6,894,338	-
Interest accrued on Fixed Deposit	-	-	1,298,555	150,856
	465,132	8,440,577	8,192,893	150,856

16. Revenue from operations

	31 March 2012	31 March 2011
	Rupees	Rupees
Sale of Services		
Software decryption & digital transmission income	449,733,178	302,317,129
Advertisement revenue	369,766,730	324,288,899
Lease rental income - Non DCI equipment	365,632,642	248,262,541
Lease rental income - DCI equipment	7,813,182	-
Digitization income	52,569,573	40,856,243
Technology & Business support service fees	10,768,725	2,213,975
Registration fees income	18,244,235	12,606,827
	(A) 1,274,528,265	930,545,614
Sales of Products		
Lamp sale	139,512,704	116,975,921
Sale of digital cinema equipments	45,514,154	37,163,557
	(B) 185,026,858	154,139,478
	(A)+(B) 1,459,555,123	1,084,685,092

17. Other Income

	31 March 2012	31 March 2011
	Rupees	Rupees
Miscellaneous receipts	6,798,295	2,186,739
Foreign exchange gain (net)	-	1,742,355
Sundry balance written back	2,448,519	7,763,282
	9,246,814	11,692,376



Notes to financials statements for the year ended 31 March 2012

18. Direct Expenses

	31 March 2012	31 March 2011
	Rupees	Rupees
Advertisement revenue share	105,883,925	100,542,660
Repair and maintenance - exhibition equipments	50,738,847	41,722,733
Royalty / Technical service fees	37,608,951	33,759,325
Purchases of equipments & goods	38,616,198	30,341,066
Commission on advertisement revenue	39,291,868	47,511,036
Bandwidth charges	50,764,497	43,085,109
Rent on equipments	13,315,702	14,327,737
Content processing charges	8,945,364	3,522,000
Other expenses	6,862,363	734,554
Entry tax	1,228,534	814,770
<u>Consumables / Stores/ Spares</u>		
Opening stock	30,104,083	31,294,113
Add: purchases	128,732,601	87,733,497
Less: closing stock	65,246,500	30,104,083
	<u>93,590,184</u>	<u>88,923,527</u>
	<u>446,846,433</u>	<u>405,284,517</u>

Details of components consumed

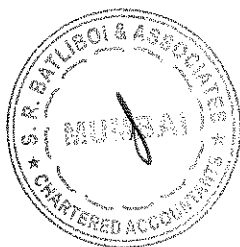
	31 March 2012	31 March 2011
	Rupees	Rupees
Projector Lamps	85,021,782	85,638,072
UPS Battery	4,218,035	2,897,469
Paper Roll	1,192,412	387,986
3D Glasses	3,157,954	-
	<u>93,590,184</u>	<u>88,923,527</u>

Details of inventory

	31 March 2012	31 March 2011
	Rupees	Rupees
Projector Lamps	49,853,667	26,410,871
UPS Battery	1,153,239	542,823
Projector spares	6,206,144	-
Paper Roll	4,349,975	1,060,997
3D Glasses	3,683,475	2,089,392
	<u>65,246,500</u>	<u>30,104,083</u>

19. Employee benefit expense

	31 March 2012	31 March 2011
	Rupees	Rupees
Salaries & wages	223,486,063	171,864,198
Staff welfare expenses	11,684,428	8,928,537
Contribution to provident and other funds	14,490,082	11,071,881
Gratuity expenses & other employee benefits	7,190,624	5,562,765
	<u>256,851,197</u>	<u>197,427,381</u>



Notes to financial statements for the year ended 31 March 2012

20. Other expenses

	31 March 2012 Rupees	31 March 2011 Rupees
Rent	65,176,004	43,305,361
Freight & forwarding Charges	33,630,542	24,036,360
Legal, professional and consultancy charges	43,492,932	54,433,840
Commission on sales	17,546,709	19,492,897
Sales promotion expenses	14,301,086	15,971,871
Electricity charges	9,933,781	8,868,489
Rates & taxes	23,496,395	10,760,657
Auditor's remuneration (please refer (i) below)	2,848,235	2,356,000
Repairs and maintenance		
-Plant & Machinery	11,833,020	5,630,475
-Furniture & fixtures	341,507	65,936
-Others	4,696,426	3,387,270
Insurance	8,074,688	6,407,093
Traveling & conveyance expenses	29,743,978	20,571,519
Communication & courier Expenses	14,129,455	12,822,740
Printing and stationery	4,537,976	3,524,530
Provisions for doubtful debts & bad debts written-off	10,317,997	10,791,270
Loss on Sale & write off of fixed assets (net)	1,318,526	9,171,563
Donations	125,000	-
Miscellaneous expenses	16,495,826	10,238,890
Foreign Exchange Loss (net)	9,198,863	-
	321,238,946	261,836,761

(i) Payment to auditor comprises

	31 March 2012 Rupees	31 March 2011 Rupees
As Auditor		
Audit Fee	2,696,640	2,206,000
In other capacity		
Other services (certification fees)	151,595	150,000
	2,848,235	2,356,000

21. Interest and finance expense

	31 March 2012 Rupees	31 March 2011 Rupees
Interest on		
- Term Loan	60,240,798	38,598,975
- Others	404,151	599,149
Bank charges	5,854,865	3,403,998
Other borrowing costs	12,182,808	1,400,000
Premium on forward contract	796,700	7,023,025
	79,479,322	51,025,147

22. Finance Income

	31 March 2012 Rupees	31 March 2011 Rupees
Interest received		
Bank deposits (TDS Rs 4,714,316 previous year. Rs.548,568)	46,872,812	5,416,121
Others (TDS Rs 29,854 previous year. Rs 20,500)	1,744,269	17,592,496
Dividend on current investment	2,962,282	-
Gain on sale of current investment	10,105,348	-
	61,684,711	23,008,617



Notes to financials statements for the year ended 31 March 2012
23. Earnings per share (EPS)

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

	31 March 2012	31 March 2011
	Rupees	Rupees
Basic		
Net Profit/ (loss) after tax as per statement of profit and loss	84,259,756	(53,770,424)
Less : dividends on convertible preference shares & tax thereon	31,002,198	31,002,198
Net profit/ (loss) for calculation of basic EPS	53,257,558	(84,772,622)
Weighted average number of equity shares in calculating basic EPS	20,197,817	19,452,623
Earning per share	2.64	(4.36)
Diluted		
Net profit/ (loss) for calculation of basic EPS	53,257,558	(53,770,424)
Add : dividends on convertible preference share	-	31,002,198
Net profit/ (loss) for calculation of diluted EPS	53,257,558	(84,772,622)
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	-
Equity shares arising on grant of stock options under ESOP	710,695	-
Total no of shares outstanding (weighted average) (including dilution)	26,498,247	19,452,623
Earning per share	2.01	(4.36)

24. Gratuity and other post-employment benefit plans

The Company 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 company in the form of a qualifying insurance policy.

The following tables summaries the components of net benefit expense recognised in the 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	31 March 2011
	Rupees	Rupees
Current service cost	1,756,799	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	2,746,940	2,415,691
Actual return on plan assets	598,349	264,137

Balance sheet
Benefit asset/ liability

Present value of defined benefit obligation	9,568,769	6,465,673
Fair value of plan assets	7,296,327	4,883,223
Plan (asset) / liability	2,272,442	1,582,450

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

Pv of Past Service Cost		
Opening defined benefit obligation	6,465,673	3,785,845
Current service cost	1,756,799	1,175,259
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	9,568,769	6,465,673



Notes to financials statements for the year ended 31 March 2012
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	2,056,948	1,915,491
Benefits paid	(242,193)	-
Actuarial gains / (losses)	-	-
Closing fair value of plan assets	7,296,327	4,883,223

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	9.15%	9.15%
Employee turnover	1% to 3% depending on age	1% to 3% depending on age

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.

25. Employee stock option plans
Employee Stock Option Scheme 2006 & 2010 :

The Company 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 Company 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:

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

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	-	-	-	-
Expired 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	-



Notes to financials statements for the year ended 31 March 2012
Stock Options granted during the year

The company 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 company 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 Company's Net Income and Earning Per Share as reported would have changed to amount indicated below.

	31 March 2012	31 March 2011
	Rs.	Rs.
Profit attributable to equity shareholders as reported	53,257,558	(84,772,622)
Less: Employee stock compensation under fair value method	33,227,602	14,196,596
Proforma profit / (loss)	20,029,956	(98,969,218)
Earnings Per Share		
Basic		
- As reported	2.64	(4.36)
- Proforma	0.99	(5.09)
Diluted		
- As reported	2.01	(4.36)
- Proforma	0.76	(5.09)

26. Investments during the year
Investments by the Company
Edridge Limited:

During the year, the Company has converted interest amount of US\$ 732,405 outstanding on a loan taken by Edridge Limited. Edridge Limited converted this outstanding interest amount into 67,546 equity shares of nominal value of US\$ 1/- each at a premium of US\$ 9.84 per share. The Company also invested US\$ 7,50,000 in the equity share capital of Edridge Limited by subscribing to 69,168 equity shares of nominal value of USD 1/- each at a premium of US\$ 9.84 per share.

Scrabble Entertainment Limited (SEL):

During March 2011, the Company acquired strategic stake in SEL. The Company further acquired additional 29.39% stake in SEL in the month of September 2011 by investing an additional amount of Rs.254,204,800/-, out of which Rs. 132,250,000/- was subscribed towards equity share capital and the balance money was used for acquisition of 110,868 equity shares from the existing shareholders of SEL. Post this investment the Company now holds 51.85% of equity share capital of SEL.

Further in December 2011, the Company had also invested Rs.3,99,99,300/- in SEL by subscribing to 34,782, 6% Optionally Convertible Redeemable Preference Shares (OCRPS) of Rs.1,150 each. Each preference share is entitled to one vote per share only on resolutions placed before the company which directly affect the rights attached to the preference shares.

On maturity every OCRPS shall be redeemed, at the option of UFO Moviez India Limited (UFO) at par in three equal installments at the end of the 3rd, 4th and 5th year. In the event of occurrence of specified events, UFO has the right to require redemption of all OCRPS prior to maturity. UFO also has option to require conversion of wholly or partly of the OCRPS into equity shares in the ratio of one equity share for one OCRPS, anytime within one year from date of issue of OCRPS by servicing a notice on SEL in this regard.



Notes to financial statements for the year ended 31 March 2012
Southern Digital Screenz Limited (SDS):

During the year, the Company had consented to the variation of the rights of 15,250,000 8% Cumulative Redeemable Preference Shares of Rs.10/- each (CRPS) held in SDS into 15,250,000 8% Cumulative Optionally Convertible Preference Shares of Rs.10/- each (CCPS). In terms of the Share Subscription Agreement with SDS, every 15 CCPS held in SDS shall at any time be entitled to convert into 2 equity shares of Rs.10/- each at the option of the Company. Pursuant to such right to convert, the Company exercised the option to convert and 2,033,333 equity shares of Rs.10/- each of SDS were allotted to the Company.

In July 2011 the Company had also acquired 42,988 equity shares from Mr. Usman Fayaz at an consideration of Rs.10,000,000/-. With this acquisition, the Company's stake increased to 75.18% of the equity share capital of SDS.

During the year the Company also invested Rs.172,500,000 in SDS by subscribing 1,725,000, 10% Optionally Convertible Preference Shares (OCPs) of Rs. 100/- each.

On maturity every Optionally Convertible Preference Share will be convertible into such number of Equity shares of Rs.10 each based on the then prevailing fair market price and/or redemption of Optionally Convertible Preference Share equally in three tranches at the commencement of 3rd, 4th and 5th year on the terms and conditions as may be declared by the Investor.

Investment in the Company

During March 2011, the Company 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 Company received additional share application money from P5 of Rs. 1,143,000,000. The Company 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 Company 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.

27. Deferred Taxes

The breakup of year end tax assets and liabilities into major components of the respective balance is as under

	(In Rupees)	
	31 March 2012	31 March 2011
Deferred Tax Liabilities		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	-	47,464
Deferred revenue expenses/Other difference	10,241	59,225
Gross Deferred Tax Liabilities (A)	10,241	106,689
Deferred Tax Assets		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	26,340,894	-
Carry forward of losses	132,834,806	138,217,652
Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years:	206,272	-
Provision for doubtful debts	4,437,330	3,864,544
Share Issue Expenses	-	8,608,987
Provision for Gratuity and Leave Encashment	4,899,633	3,425,461
Deferred expenses/other difference	-	22,023
Gross Deferred Tax Assets	168,718,934	154,138,667
Net Deferred Tax Assets	168,708,693	154,031,978
Net Deferred tax assets recognised	-	-

The Company has accounted deferred tax assets to the extent of deferred tax liabilities since there is no "virtual certainty" of sufficient future taxable income available in the future (as defined in Accounting Standard 22 issued by The Institute of Chartered Accountants of India)



Notes to financial statements for the year ended 31 March 2012
28. Leases
Operating lease: company as lessee

The Company's significant leasing arrangements are in respect of operating leases taken for Office Premises, Stores & Digital equipments. These leases are cancelable 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	78,491,706	57,251,358
Within one year	72,068,892	70,262,398
After one year but not more than five years	45,932,230	141,536,424
More than five years	Nil	Nil

Operating lease commitments – company as lessor

The Company has leased out Digital Cinema Equipment to theaters, franchisees and subsidiary companies on operating lease arrangement. The lease term is generally for 5 to 10 years. The Company 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	1,716,549,104	1,598,389,145
Accumulated Depreciation	296,465,253	553,947,583
Depreciation recognized in the statement of P & L Account	164,492,044	205,988,672
Lease payments for the year		
Within one year	416,289,635	307,880,990
After one year but not more than five years	1,636,300,327	1,047,419,205
More than five years	1,427,782,612	623,959,510

29. Segment reporting

The Company 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, issued by The Institute of Chartered Accountants of India ('ICAI'). The Company's operations are based in one geographical segment i.e. India.



Notes to financial statements for the year ended 31 March 2012
30. Related party disclosures
Names of related parties where control exists irrespective of whether transactions have occurred or not
Subsidiaries

Edridge Limited, Cyprus
 Allied Film Services Private Limited, India
 United Film Organisers Nepal Private Limited, Nepal
 Scrabble Entertainment Limited (w.e.f September 22, 2011)
 Southern Digital Screenz Private Limited (w.e.f April 5, 2011)

Step-down Subsidiaries

DCLP Limited, Cyprus
 UFO Europe Limited, Cyprus
 UFO International Limited, Cyprus
 Scrabble Entertainment JLT, Dubai
 UFO Lanka Private Limited, Sri Lanka
 Scrabble Entertainment (Lebanon) Sarl, Lebanon
 UFO Software Technologies Private Limited, India
 Scrabble Entertainment Mauritius Limited, Mauritius
 United Film Organisers (UFO) (Mauritius) Private Limited, Mauritius

Names of other related parties with whom transactions have taken place during the year
Key management personnel

Mr. Sanjay Gaikwad - Managing Director
 Mr. Kapil Agarwal - Joint Managing Director

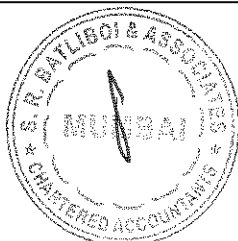
Enterprises owned or significantly influenced by key management personnel or their relatives

Media Infotek Park
 Valuable Media Limited
 Valuable Technologies Inc
 Crown Infotainment Limited
 Valuable Technologies Limited
 Impact Media Exchange Limited
 Dusane Infotech (India) Private Limited



Notes to financials statements for the year ended 31 March 2012

Sr. No	Particulars Nature of Expenses/Name of the Parties	31 March 2012 Rupees	31 March 2011 Rupees
1	Subsidiaries Companies		
A	Services rendered i) Southern Digital Screenz Private Limited ii) Allied Film Services Private Limited iii) Scrabble Entertainment Limited	218,750,610 14,000 28,649,022	Nil 42,750 Nil
B	Investment in shares i) Edridge Limited (equity shares) ii) Scrabble Entertainment Limited (equity share) iii) Southern Digital Screenz Private Limited (equity share) iv) United Film Organizers Nepal Private Limited (preferences shares) v) Scrabble Entertainment Limited (optionally convertible redeemable preferences share) vi) Southern Digital Screenz Private Limited (optionally convertible preference share)	73,626,065 414,204,314 308,500,000 Nil 39,999,300 172,500,000	11,292,500 Nil Nil 1,500,000 Nil Nil
C	Interest income on loans i) Edridge Limited ii) Allied Film Services Private Limited	Nil 298,538	11,810,602 205,000
D	Rent income i) Allied Film Services Private Limited	397,080	160,824
E	Loan given i) Allied Film Services Private Limited	1,000,000	Nil
F	Theatre share & franchisee (expense) i) Southern Digital Screenz Private Limited	50,204,712	Nil
G	Security deposit received i) Scrabble Entertainment Limited	94,300,000	Nil
H	Expenses reimbursed i) Scrabble Entertainment Limited	1,367,833	58,660
I	Purchase of equipment i) Southern Digital Screenz Private Limited ii) Scrabble Entertainment Limited	93,365,282 2,971,500	Nil Nil
J	Interest Income i) Southern Digital Screenz Private Limited	914,965	Nil
K	Rent paid i) Southern Digital Screenz Private Limited	247,500	Nil
2	Enterprises owned or significantly influenced by Key Management Personnel or their relatives		
A	Purchase of equipment i) Valuable Media Limited ii) Impact Media Exchange Limited iii) Valuable Technologies Limited	Nil Nil 11,067,331	5,300,685 35,930,028 Nil
B	Sale of equipment i) Valuable Media Limited ii) Valuable Technologies Inc	387,525 459,556	140,947 1,428,142
C	Expenses reimbursed i) Media Infotek Park ii) Valuable Media Limited iii) Valuable Technologies Limited iv) Impact Media Exchange Limited	8,648,222 49,635 22,000 Nil	Nil 105,000 774,902 151,342
D	Purchase of consumables/stores/spares i) Valuable Media Limited ii) Impact Media Exchange Limited	Nil Nil	706,650 745,817
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



Notes to financial statements for the year ended 31 March 2012

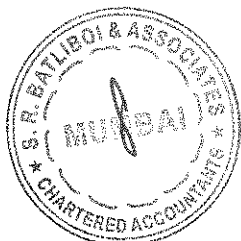
Sr. No	Particulars Nature of Expenses/Name of the Parties	31 March 2012 Rupees	31 March 2011 Rupees
G	License fees on 3D movie i) Valuable Technologies Limited	1,790,971	117,846
H	Technology service fee (income) i) Crown Infotainment Limited	Nil	2213975
I	Licensee fees – Impact (expense) i) Impact Media 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

b. 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

Balance outstanding at the year end

Sr.No	Particulars	31 March 2012 Rupees	31 March 2011 Rupees
1	Subsidiaries Companies		
A	Loan and advance given i) Allied Film Services Private Limited	3,000,000	2,000,000
B	Interest receivable (gross) i) Edridge Limited ii) Allied Film Services Private Limited	Nil Nil	32,701,898 184,500
C	Debtors ii) Allied Films Services Private Limited iii) Southern Digital Screenz Private Limited iv) Scrabble Entertainment Limited	Nil 74,992,741 22,570,138	190,074 Nil Nil
D	Amount payable i) Scrabble Entertainment Limited ii) Allied Film Services Private Limited	94,300,000 14,500	Nil Nil
3	Management Personnel or their relatives		
A	Amount receivable i) Impact Media Exchange Limited ii) Valuable Media Limited iii) Valuable Technologies Limited iv) Media Infotek Park v) Valuable Technologies Inc.	2,836,539 710,983 Nil 34,090,800 Nil	389,632 245,947 5,756,815 Nil 1,428,142
B	Amount payable i) Impact Media Exchange Limited ii) Valuable Technologies Limited iii) Media Infotek Park iv) Dusane Infotech (I) Private Limited	175,860 3,728,672 494,746 130,500	Nil Nil 3,464,602 Nil



Notes to financials statements for the year ended 31 March 2012
31. Capital and other commitments

	March 31, 2012 Rupees	March 31, 2011 Rupees
Capital commitments	57,858,075	107,072,112
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		

32. Contingent liabilities

	31 March 2012 Rupees	31 March 2011 Rupees
In respect of the bond(s) issued by the company towards fulfillment of export obligation given to Custom authorities arising out of grant of EPCG License for import of Digital Projectors.	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 company in West Bengal VAT matter for the Financial Year 2005-06, company has filed an appeal to the Tribunal which is postively settled in Company's favour.	Nil	181,875
In respect of demand raised against company in West Bengal VAT matter for the Financial Year 2007-08, company has initially filed an appeal to the Commissioner. This appeal has resulted in an additional tax liability of Rs.1,875,000/- against which the Company has filed an appeal to the Tribunal & the case is pending for hearing.	4,195,703	2,320,703
In respect of demand raised against company in West Bengal VAT matter for the Financial Year 2008-09, company has filed an appeal to the commissioner.	36,271	Nil
In respect of demand raised against company in Andhra Pradesh VAT matter due to non-submission of "F" forms for the Financial Year 2008-09, company has filed an appeal to the commissioner.	96,529	Nil
In respect of demand raised against company in Andhra Pradesh for VAT matter for the Financial Year 2005-06,2006-07,2008-09,2009-2010 & 2010-11, company has filed an appeal to the commissioner.	2,005,380	Nil
In respect of demand raised against the company in Mumbai TDS matter for the Financial year 2006-07 & 2007-08, company has filed an appeal to the commissioner.	1,897,700	1,897,700
	214,055,707	210,224,402

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

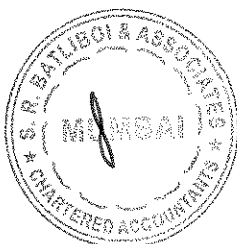
Particulars of un-hedged exposure	31 March 2012 Rupees	31 March 2011 Rupees
Import creditors	Rs. 288,158,938 (US\$ 5,632,890 @ Closing rate of 1 USD = Rs. 51.15)	Rs. 37,695,763 (US \$ 844,250 @ Closing rate of 1 USD = Rs. 44.65)
Interest receivable from subsidiaries	Nil	Rs. 32,701,898 (US \$ 732,405 @ Closing rate of 1 USD = Rs. 44.65)

34. 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.

35. Value of imports calculated on CIF basis

	31 March 2012 Rupees	31 March 2011 Rupees
Consumable, stores and spares	128,732,601	87,733,497
Capital goods	982,315,364	149,763,410
Purchase of trading equipment	17,173,226	12,171,726
	1,128,221,191	249,668,633



Notes to financial statements for the year ended 31 March 2012

36. Expenditure in foreign currency (accrual basis)

	31 March 2012	31 March 2011
	Rupees	Rupees
Travelling & conveyance	2,766,442	1,684,643
Others	71,026	207,452
	2,837,468	1,892,095

37. Imported and indigenous raw materials, components and spare parts consumed

	% of total consumption 31 March 2012	Value (In Rupees) 31 March 2012	% of total consumption 31 March 2011	Value (In Rupees) 31 March 2011
Components				
Imported	94	87,555,819	96	85,085,052
Indigenously obtained	6	6,034,365	4	3,838,474
	100	93,590,184	100	88,923,526

38. Earnings in foreign currency (accrual basis)

	31 March 2012	31 March 2011
	Rupees	Rupees
Exports at C.I.F. value	459,556	1,428,142
Interest Income	-	11,810,602
	459,556	13,238,744

39. Previous year figures

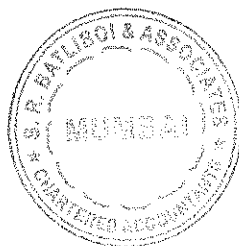
Till the year ended 31 March 2011, the company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company. The company 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 attached of even date

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

Govind Ahuja
per Govind Ahuja
 Partner
 Membership No.: 48966

Place: Mumbai.
 Date: September 05, 2012



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

Sanjay Gaikwad
Sanjay Gaikwad
 Managing Director

Anjali Kulkarni
Anjali Kulkarni
 Company secretary

Kapil Agarwal
Kapil Agarwal
 Joint Managing Director

Ashish Malushte
Ashish Malushte
 Chief Financial Officer

Name of the Subsidiary	Etridge Ltd., Cyprus	UFO International Ltd., Cyprus	UFO Software Technologies Pvt. Ltd.	United Film Organisers Nepal (Private) Limited	Allied Film Services Private Limited	DCLP Limited	UFO Europe Limited	UFO Lanka Private Limited	United Film Organisers (UFO) Mauritius Private Limited	Southern Digital Screenz Private Limited**	Scrabble Entertainment Limited***	Scrabble Entertainment JLT, Dubai#	Scrabble Entertainment (Mauritius) Ltd	Scrabble Entertainment (Lebanon) Sarl, Lebanon#
Number of shares held in the Subsidiary Companies	1,161,972 Ordinary Shares of US\$ 1 each		99,500 Equity & 89,800 Preference Shares of NPR 100/- each		10,000 equity Shares of Rs. 10/- each					323,821 equity Shares of Rs 10/- each & 1,725,000 10% Optionally convertible preference shares of INR 100/- each	398,428 equity Shares of Rs 10/- each & 34,782 6% Optionally convertible redeemable preference shares of INR 1,150/- each	300 Equity Shares of AED 1000/- each	750,000 Equity Shares of USD 1/- each	4998 Equity shares of LBP 1000/- each
Percentage of holding in the Subsidiary Companies	100%	Subsidiary through Etridge Ltd. (% of holding of Etridge Ltd. : 100%)	Subsidiary through UFO International Ltd. (% of holding of UFO International Ltd. : 95.97%)	100%	100%	Subsidiary through UFO International Ltd. (% of holding of UFO International Ltd. : 100%)	Subsidiary through UFO International Ltd. (% of holding of UFO International Ltd. : 100%)	Subsidiary through UFO International Ltd. (% of holding of UFO International Ltd. : 100%)	Subsidiary through UFO International Ltd. (% of holding of UFO International Ltd. : 100%)	75.19%	51.95%	(% of holding of Scrabble Entertainment Ltd. : 100%)	Subsidiary through Scrabble Entertainment Limited (% of holding of Scrabble Entertainment Ltd. : 100%)	Subsidiary through Scrabble Entertainment JLT, Limited (% of holding of Scrabble Entertainment JLT : 99.96%)
Financial year ended	31 st March, 2012	31 st March, 2012	31 st March, 2012	15 th July, 2012	31 st March, 2012	31 st March, 2012	31 st March, 2012	31 st March, 2012	31 st March, 2012	31 st March, 2012	31 st March, 2012	31 st December, 2011	31 st March, 2012	31 st December, 2011
Profits / (Losses) of the Subsidiary Companies for their respective financial years so far as it concerns the members of UFO Moviez India Ltd. which have not been dealt within the accounts of UFO Moviez India Ltd. for the year ended 31 st March, 2012														
For the year*	US\$ (15,743) Rs. (895,253)	US\$ (402,016) Rs. (20,563,118)	Rs. 28,038	NPR (1,831,895) Rs. (1,135,951)	Rs. 739,120	US\$ 3,823 Rs. 185,316	US\$ (134,062) Rs. (6,857,271)	SLR (271,136) Rs. (76,857)	MUR (44,665) Rs. (76,857)	Rs. (25,680,949)	Rs. 16,210,201	AED (580,171) Rs. (6,188,213)	US\$ (20,021) Rs. (1,024,074)	LBP (20,021) Rs. (1,024,074)
For the previous financial year*	US\$ (692,415) Rs. (35,417,027)	US\$ (6,938,200) Rs. (354,688,520)	Rs. 77,484	NPR (4,722,588) Rs. (2,828,011)	Rs. (1,442,224)	US\$ (10,317) Rs. (627,716)	US\$ (2,778,207) Rs. (1,42,104,581)	SLR (4,205,158) Rs. (1,682,463)	MUR 265,258 Rs. 466,244	MUR (202,234,615) Rs. (20,665,703)	Rs. (20,665,703)	NIL AED (580,171) Rs. (6,188,213)	US\$ (20,021) Rs. (1,024,074)	LBP (20,021) Rs. (1,024,074)
Total accumulated up to the year*	US\$ (708,158) Rs. (36,222,282)	US\$ (7,340,216) Rs. (375,492,048)	Rs. 105,520	NPR (6,554,283) Rs. (4,052,662)	Rs. (703,104)	US\$ (6,804) Rs. (342,368)	US\$ (2,912,263) Rs. (148,987,252)	SLR (4,772,284) Rs. (1,790,916)	MUR 220,574 Rs. 379,387	MUR (238,095,683) Rs. (23,455,602)	Rs. (10,455,602)	AED (580,171) Rs. (6,188,213)	US\$ (20,021) Rs. (1,024,074)	LBP (20,021) Rs. (1,024,074)
Aggregate of Profits / (Losses) of the Subsidiary Companies which have been dealt within the accounts of UFO Moviez India Ltd. for the period ended on 31 st March, 2012														
For the year	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
For the previous financial years	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total accumulated up to the year	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Note:

- * The Figures presented in US\$ are converted into INR at the prevailing exchange rates (US\$ for 51.15 INR) as on March 31, 2012.
 * The Figures presented in UAE Currency (AED) are converted into INR at the prevailing exchange rates (1 AED for 14.11 INR) as on March 31, 2012.
 * The Figures presented in Nepal Currency (NPR) are converted into INR at the prevailing exchange rates (1 NPR for 0.62 INR) as on March 31, 2012.
 * The Figures presented in Sri Lankan Currency (SLR) are converted into INR at the prevailing exchange rates (1 SLR for 0.40 INR) as on March 31, 2012.
 * The Figures presented in Mauritian Currency (MUR) are converted into INR at the prevailing exchange rates (1 MUR for 1.72 INR) as on March 31, 2012.
 **Southern Digital Screenz Private Limited has become subsidiary w.e.f. April 5, 2011
 ***Scrabble Entertainment Limited has become subsidiary w.e.f. September 22, 2011
 #Scrabble Entertainment JLT has become subsidiary w.e.f. July 11, 2011
 * Scrabble Entertainment (Mauritius) Ltd has become subsidiary w.e.f. September 09, 2012
 # Scrabble Entertainment (Lebanon) Sarl has become subsidiary w.e.f. March 13, 2012

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


Sanjay Gulkarni
Managing Director



Kapil Agarwal
Joint Managing Director



Ashish Malhotra
Chief Financial Officer

Place: Mumbai.
Date: September 05, 2012


STATEMENT PURSUANT TO SECTION 212 (6) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES - UFO MOVIEZ INDIA LTD FOR THE YEAR ENDED ON MARCH 31, 2012


Name of the Subsidiary	United Film Organisers Nepal (Private) Limited	Scrabble Entertainment JLT, Dubai*	Scrabble Entertainment (Lebanon) Sarl, Lebanon**
Number of shares held in the Subsidiary Companies	99,800 Equity & 59,900 Preference Shares of NPR 100/- each	Holding through Scrabble Entertainment Limited : 300 Equity Shares of AED 1000/- each	Holding through Scrabble Entertainment JLT : 9988 Shares of LBP 1000/- each
Percentage of holding in the Subsidiary Companies	100%	100%	99.96%
Financial year ended	15th July, 2012	31st December, 2011	31st December, 2011
Change in the holding company's interest in the subsidiary between the end of the financial years or of the last of the financial year of the subsidiary and the end of the holding company's financial year	NIL	NIL	NIL
Details of any material change which have occurred between the end of the financial year of the subsidiary or of the last of the financial years of the subsidiary and the end of the holding company's year in respect of			
(i) the subsidiary's fixed assets	NPR (3,302,646) AED 1,061,089 LBP Rs. (2,038,671) INR 14,971,969 LBP		NIL NIL
(ii) the subsidiary's investments	NPR - AED 12,258 LBP Rs. - INR 172,958 LBP		NIL NIL
(iii) the moneys lent by the subsidiary	NPR - NIL AED Rs. - NIL INR		NIL NIL
(iv) the moneys borrowed by the subsidiary for any purpose other than that of meeting current liabilities	NPR - NIL Rs. - NIL		NIL NIL

* Scrabble Entertainment JLT, Dubai has become subsidiary w.e.f. July 11, 2011

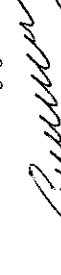
** Scrabble Entertainment (Lebanon) Sarl, Lebanon has become subsidiary w.e.f. March 13, 2012

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


Sanjay Gaikwad
Managing Director


Kapil Agarwal
Joint Managing Director


Anjali Kulkarni
Company Secretary


Ashish Matushite
Chief Financial Officer