S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

14th Floor, The Ruby
29 Senapati Bapat Marg
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of UFO Moviez India Limited

We have audited the accompanying consolidated financial statements of UFO Moviez India Limited ("the Company") and its subsidiaries and associates, (collectively "the Group") which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

(a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
(b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
(c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

S.R. Batliboi & Associates LLP Chartered Accountants Mumbai

S.R. Batliboi & Associates (a partnership firm) converted into S.R. Batliboi & Associates LLP (a Limited Liability Partnership with LLP Identity No. AAB-4295) effective 1st April, 2013
Regd. Office : 22, Camac Street, Block 'C', 3rd Floor, Kolkata-700 016

Other Matters – scope exclusion

We did not audit total assets of Rs. 365,064,001 as at March 31, 2013, total revenues of Rs. 758,064,858, net cash inflows amounting to Rs. 47,693,830 and the Group's share of losses amounting to Rs. 2,489,416 for the year then ended, included in the accompanying consolidated financial statements in respect of certain subsidiaries including step down subsidiaries and associates, whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiaries and associates is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

Other Matters- restrictions of use

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

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

S.R. BATLIBOI & ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

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

UFO digital cinema

UFO Moviez India Limited
Consolidated Balance sheet as at 31 March 2013

Liability	Notes	31 March 2013 Rupees	31 March 2012 Rupees
Equity and liabilities			
Shareholders' funds			
Share capital	3	258,976,690	258,976,690
Reserves and surplus	4	3,206,392,803	2,840,723,748
		3,465,369,493	3,099,700,438
Minority interest		109,458,082	144,213,670
Non-current liabilities			
Long-term borrowings	5	683,917,471	536,767,635
Deferred tax liability	11	4,255	12,129
Other long-term liabilities	7	386,408,477	317,348,819
Long -term provisions	6	11,796,890	5,578,843
		1,082,127,093	859,707,426
Current liabilities			
Short-term borrowing	8	168,065,782	37,993,380
Trade payables	7	350,706,859	201,183,532
Other current liabilities	7	1,084,257,391	701,889,246
Short-term provisions	6	26,188,106	22,041,999
		1,629,218,138	963,106,157
TOTAL		6,286,172,806	5,066,729,691
Assets			
Non-current Assets			
Fixed Assets			
Tangible assets	9	2,618,899,357	1,902,727,026
Intangible assets	9	56,862,534	70,323,119
Capital work-in-progress		311,657,979	508,347,283
Goodwill on consolidation		1,308,573,305	1,168,006,653
Non-current investments	10	18,021,076	15,531,660
Deferred tax assets (net)	11	21,928,007	13,045,257
Long-term loans and advances	12	241,979,417	176,519,592
Trade receivables	15	4,546,874	4,307,164
Other non-current assets	17	62,059,747	940,132
		4,644,528,296	3,859,747,886
Current Assets			
Current investments	13	116,634,774	12,924,449
Inventories	14	106,047,005	102,976,327
Trade receivables	15	753,886,423	387,360,416
Cash and bank balances	16	420,557,559	518,107,420
Short-term loans and advances	12	219,932,246	175,619,460
Other current assets	17	24,586,503	9,973,733
		1,641,644,510	1,206,981,805
TOTAL		6,286,172,806	5,066,729,691
Summary of significant accounting policies	2.1		

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

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

per Govind Ahuja
Partner
Membership No.: 46966

Place of signature: Mumbai
Date: November 20, 2014

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

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

Sanjay Gaikwad
Managing Director
DIN No. : 01001173

Kapil Agarwal
Joint Managing Director
DIN No. : 00024378

S.S. Chavan

Sameer Chavan
Company secretary

Ashish Malushte
Chief Financial Dfficer

Place of signature: Mumbai
Date: November 20, 2014

UFO Moviez India Limited

UFO digital cinema

Consolidated statement of profit and loss for the year ended 31 March 2013

Particulars	Notes	31 March 2013 Rupees	31 March 2012 Rupees
Income			
Revenue from operations	18	3,362,304,753	2,067,063,294
Other income	19	12,666,180	9,444,201
Total Income (I)		3,374,970,933	2,076,507,495
Expenses			
Operating direct costs	20	1,281,270,425	730,516,954
Employee benefit expenses	21	448,180,192	333,002,840
Other expenses	22	576,133,548	489,967,135
Total Expenses (II)		2,305,584,165	1,553,486,929
Earnings before interest,tax,depreciation and amortization (EBITDA) (I) -(II)		1,069,386,768	523,020,566
Depreciation & amortisation expenses	9	536,147,843	389,610,356
Finance cost	23	151,913,993	113,029,413
Finance income	24	(30,861,745)	(66,288,727)
Profit/(Loss) Before Tax		412,186,677	86,669,524
Tax expenses			
Current tax		58,376,261	18,930,000
MAT credit entitlement		(25,376,261)	-
Short / (excess) Provision for taxation in earlier years		2,404,102	(1,974,697)
		35,404,102	16,955,303
Deferred Tax		(8,889,181)	4,569,951
Total tax expenses		26,514,921	21,525,254
Profit for the year before share of profit from associates		385,671,756	65,144,270
Share of profit / (loss) from associates		2,489,416	(1,241,340)
Profit/(loss) for the year before minority interest		388,161,172	63,902,930
Less: minority interest		(56,507,434)	(17,930,472)
Profit for the year		331,653,739	45,972,458
Earnings per equity share	25		
Basic (Face value of Rs.10 each)		11.61	0.74
Diluted (Face value of Rs.10 each)		11.30	0.56
Summary of significant accounting policy	2.1		

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

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

per Govind Ahuja
Partner
Membership No.: 48966

Place of signature: Mumbai
Date: November 20, 2014

S.R. BATLIBOI & ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

For and on behalf of the board of directors of UFO Moviez India Limited

Sanjay Gaikwad
Managing Director
DIN No. : 01001173

Kapil Agarwal
Joint Managing Director
DIN No. : 00024378

S. S. Chavan

Sameer Chavan
Company secretary

Ashish Malushte
Chief Financial Officer

Place of signature: Mumbai
Date: November 20, 2014

Consolidated Cash flow statement for the year ended 31 March 2013

		31 March 2013 Rupees	31 March 2012 Rupees
Cash flow from operating activities			
Net profit before tax		**412,186,677**	86,669,524
Non-cash adjustment to reconcile profit before tax to net cash flows			
Depreciation		**536,147,842**	389,610,356
Advance tax not recoverable		**1,850,004**	-
Unrealised Foreign exchange (gain)/loss (net)		**6,570,289**	6,984,169
Loss / (Profit) on sale of fixed assets		**3,706,754**	3,267,108
Provision for doubtful debts & bad debts written off		**36,193,788**	18,840,972
Loss on dispose of subsidiary		**1,705,837**	
Employee stock compensation expense		**(80,991)**	64,430
Provision for doubtful advances		**12,076,127**	-
Provision for warranty		**2,114,978**	1,009,930
Provision for leave encashment		**5,394,139**	4,059,895
Provision for gratuity		**4,942,561**	5,195,872
Provision for diminution in value of fixed assets		**6,564,792**	
Profit on sale of current investment		**-**	(10,105,348)
Sundry credit balances written back		**(5,442,007)**	(2,448,519)
Dividend income		**(4,187,120)**	(3,386,731)
Interest income		**(26,674,625)**	(52,796,647)
Interest and finance expense		**141,154,902**	87,257,241
Operating profit before working capital changes		**1,134,223,947**	**534,222,252**
Movements in working capital :			
Decrease / (increase) in trade payable (current)		**168,269,627**	(123,730,302)
Increase / (decrease) in Long-term provisions		**(96,923)**	-
Increase / (decrease) in short-term provisions		**(3,662,123)**	(2,656,770)
Increase / (decrease) in other current liabilities		**(171,370,480)**	25,685,930
Increase / (decrease) in other long-term current liabilities		**405,865,797**	332,404,703
Decrease / (increase) in trade receivables (Non - Current)		**(223,284)**	11,728,894
Decrease / (increase) in trade receivables (Current)		**(432,094,646)**	(55,054,256)
(Increase) / decrease in inventories		**(3,030,319)**	27,516,162
Decrease/ (increase) in long-term loans and advances		**(104,729,762)**	(184,003,039)
Decrease / (increase) in short-term loans and advances		**(74,896,443)**	18,789,784
Decrease / (increase) in other current assets		**(25,324,286)**	(12,082,985)
Decrease / (increase) in other non-current assets		**31,336,507**	185,818,246
Cash generated from operations		**924,267,611**	**758,638,619**
Direct tax paid (net of refunds)		**(81,308,358)**	(64,852,270)
Net cash flow from operating activities	**(A)**	**842,959,253**	**693,786,349**
Cash flow from investing activities			
Purchase of fixed assets including intangible, CWIP & capital advances		**(1,126,561,824)**	(1,326,425,873)
Investment in subsidiary		**(90,266,735)**	(352,582,623)
Investment in associates		**-**	(4,773,000)
Share application money for investment in Associates		**(15,500,000)**	-
Purchase of current investment including dividend reinvestment		**(103,710,325)**	(562,924,449)
Proceeds from sale of current investment		**-**	560,455,349
Proceeds from sale of fixed assets		**15,992,837**	95,716,507
Loan given to Subsidiary / Associates		**-**	(8,286,681)
Interest received		**27,455,844**	51,616,047
Dividend received		**4,187,120**	3,386,731
Investments in bank deposits (having original maturity of more than three months)		**(23,585,365)**	(370,901,127)
Redemption from bank deposits (having original maturity of more than 3 months)		**216,701,446**	73,439,584
Net cash flow used in investing activities	**(B)**	**(1,095,287,002)**	**(1,841,279,535)**

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Consolidated Cash flow statement for the year ended 31 March 2013

		31 March 2013 Rupees	31 March 2012 Rupees
Cash flow from financing activities			
Proceeds from issuance of preference share capital		-	1,143,000,000
Proceeds from long term borrowings		**771,690,974**	384,902,562
Repayment of long term borrowings		**(376,379,112)**	(299,146,748)
Repayment of short-term borrowings		**(9,117,286)**	(29,069,270)
Proceeds from short term borrowings (net)		**168,065,782**	4,000,000
Proceeds from issuance of equity shares		-	54,999
Interest and finance cost paid		**(135,554,556)**	(87,126,266)
Net cash flow from financing activities	**(C)**	**418,705,802**	**1,116,615,277**
Net increase/(decrease) in cash and cash equivalent (A + B + C)		**166,378,053**	**(30,877,909)**
Cash and cash equivalents at the beginning of the year		**146,467,159**	170,891,275
Cash and cash equivalents from aquistion of subsidiary		-	9,101,217
Unrealised loss on foreign currency cash and cash equivalents		**(9,714,048)**	(2,647,424)
Cash and cash equivalents at the end of the year		**303,131,164**	**146,467,159**
Components of cash and cash equivalents			
Cash on hand		**1,057,997**	714,117
Balance with banks:			
- on current accounts		**270,732,829**	119,769,718
- on fixed deposits accounts with original maturity of less than 3 months		**31,340,338**	25,983,324
Cash and cash equivalents		**303,131,164**	**146,467,159**

As per our report of even date

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

per Govind Ahuja
Partner
Membership No.: 48966

Place of signature: Mumbai
Date: November 20, 2014

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

For and on behalf of the board of directors of UFO Moviez India Limited

Sanjay Gaikwad
Managing Director
DIN No. : 01001173

Kapil Agarwal
Joint Managing Director
DIN No. : 00024378

S. S. Chavan

Sameer Chavan
Company Secretary

Ashish Malushte
Chief Financial Officer

Place of signature: Mumbai
Date: November 20, 2014

UFO
digital cinema

1. Corporate information

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

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

2. Principles of Consolidation

(i) The financial statements of the Company and its subsidiaries have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expense after eliminating intra-group balances and transactions as per Accounting Standard (AS) 21 "Consolidated Financial Statements".

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

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

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

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

(a) Fixed Asset and Depreciation (Refer note 2.1 (b), (c) and (d))
(b) Employee benefits (Refer note (m))

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

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

Subsidiary Name	Country of Incorporation	Proportion of ownership interest of the Company/Subsidiary as on March 31, 2013	Proportion of ownership interest as on March 31, 2012
Subsidiaries of UFO			
Scrabble Entertainment Limited (SEL)	India	76.41%	51.85%
V N Films Private Limited (erstwhile known as Allied Film Services Pvt. Ltd.)	India	100%	100%
Southern Digital Screenz India Private Limited	India	75.18%	75.18%
Edridge Limited	Cyprus	100%	100%
United Film Organisers Nepal Private Limited	Nepal	100%	100%
Subsidiary of Edridge Limited and step-down subsidiary of UFO			
UFO International Limited.	Cyprus	100%	100%
Subsidiaries of UFO International Limited and step-down subsidiaries of UFO			
United Film Organisers (UFO) (Mauritius) Private Limited.	Mauritius	100%	100%
UFO Lanka Private Limited.	Sri Lanka	100%	100%
DCLP Limited	Cyprus	100%	100%
UFO Europe Limited	Cyprus	100%	100%
UFO Software Technologies Private Limited.	India	95.97%	95.97%
Subsidiaries of SEL and step-down subsidiaries of UFO			
Scrabble Entertainment JLT	Dubai	100%	100%
Scrabble Entertainment Mauritius Limited	Mauritius	100%	100%
Scrabble Lebanon	Lebanon	100%	100%
Scrabble Digital Inc	United States of America	100%	-

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(vii) The Group has adopted and accounted for Investment in Associates, using the "Equity Method" as per AS – 23 – Accounting for Investments in Associates in Consolidated Financial Statements issued by ICAI.

Associate Name	Country of Incorporation	Proportion of ownership interest of SEL as on March 31, 2013	Proportion of ownership interest as on March 31, 2012
Scrabble Digital Ltd	India	33.33%	33.33%
Scrabble Digital JLT	Dubai	33.33%	33.33%

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

(viii) The list of subsidiaries are liquidated during the year are mentioned below:

Subsidiary Name	Country of Incorporation
DCLP Limited	Cyprus
UFO Europe Limited	Cyprus

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

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

2.1 Summary of significant accounting policies

(a) Change in accounting policies

Change in method of Inventory

Effective April 1, 2012 the Group has changed (with prospective effect) its accounting policy for valuation of inventories from the first in first out (FIFO) basis to weighted average cost basis.

The management believes that such change will result in a more appropriate presentation of inventories.

The change in the method of Inventory valuation has resulted in net decrease of Rs 836,961 in the consumption and net increase in closing stock by Rs 836,961.

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UFO digital cinema

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.

(b) 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.

(c) 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.

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

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

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

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

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

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

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

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(e) Goodwill on consolidation

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

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

(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 Group is the lessee
Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

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

(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 non-current investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Non-current investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

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

(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.

S.R. BATLIBOI & ASSOCIATES LLP
MUMBAI
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(j) Revenue recognition

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

Income from Services

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

Sale of Goods

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

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

Interest

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

Dividends

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

(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

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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 Group at rates different from those at which they were initially recorded during the year or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

(l) Translation of foreign subsidiaries

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

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

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

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

(m) Retirement and other benefits

Retirement benefits in the form of provident fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when the employee render related services. There are no other obligations other than the contribution payable to the respective funds.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation. The group has employees gratuity fund managed by the Life Insurance Corporation of India (LIC). However in case of one subsidiary gratuity liability is accrued over the period of employment and in accordance with U.A.E. Labour Law. The impact on alignment of such change will not be material.

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

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

(n) Income Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

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Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is "virtual certainty" (as defined in Accounting Standard 22 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 Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or "virtually certain", as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

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

(o) Earnings Per Share

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

(p) Contingent liabilities

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

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(q) 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.

(r) Employee Stock Compensation Cost

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

(s) 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.

(t) 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.

(u) Segment Reporting

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

(v) Measurement of EBITDA

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

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Notes to consolidated financial statements for the year ended 31 March 2013

3. Share capital

	31 March 2013 Rupees	31 March 2012 Rupees
Authorised share capital		
45,000,000 (previous year : 45,000,000) equity shares of Rs.10 each	**450,000,000**	450,000,000
1,385,000 (previous year : 1,385,000) preference shares of Rs.1000/- each	**1,385,000,000**	1,385,000,000
	1,835,000,000	1,835,000,000
Share capital		
Issued, subscribed and fully paid up shares		
25,897,669 (previous year: 25,897,669) equity shares of Rs.10/- each fully paid-up	**258,976,690**	258,976,690
Total issued, subscribed and fully paid up share capital	**258,976,690**	258,976,690

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

Equity shares	**31 March 2013**		**31 March 2012**	
	No.	**Rupees**	**No.**	**Rupees**
At the beginning of the year	**25,897,669**	**258,976,690**	20,150,370	201,503,700
Issued during the year - Bonus issue	-	-	-	-
Issued during the year - preferential issue	-	-	-	-
Issued during the year - Conversion of Preference shares	-	-	5,746,750	57,467,500
Issued during the year - ESOP	-	-	549	5,490
Outstanding at the end of the year	**25,897,669**	**258,976,690**	25,897,669	258,976,690

Preference shares	**31 March 2013**		**31 March 2012**	
	No.	**Rupees**	**No.**	**Rupees**
At the beginning of the year	-	-	-	-
Issued during the year	-	-	**1,563,000**	1,563,000,000
Converted during the year	-	-	**(1,563,000)**	(1,563,000,000)
Outstanding at the end of the year	-	-	-	-

(b) Terms/ rights attached to equity shares-

Voting Rights

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

Rights as to Dividend

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

Pre-emption Rights:

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

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

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

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

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.

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UFO digital cinema

UFO Moviez India Limited

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

Name of the shareholder	31 March 2013 No.	31 March 2013 % holding in the class	31 March 2012 No.	31 March 2012 % holding in the class
Equity shares of Rs10 each fully paid				
P5 Asia Holding Investments (Mauritius) Limited	**9,253,740**	**35.73**	9,253,740	35.73
3i Research (Mauritius) Limited	**5,566,570**	**21.49**	5,566,570	21.49
Valuable Technologies Limited	**3,071,745**	**11.86**	3,071,745	11.86
Apollo International Limited	**2,266,417**	**8.75**	2,266,417	8.75
Valuable Media Limited	**2,131,782**	**8.23**	2,131,762	8.23

(d) Shares reserved for issue under options

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

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

	31 March 2013	31 March 2012
Equity shares allotted as fully paid bonus shares by capitalisation of securities premium	**13,066,626**	13,066,626

4. Reserves and Surplus

	31 March 2013 Rupees	31 March 2012 Rupees
Securities premium account		
Balance as per last financial statements	**3,481,215,707**	1,930,785,475
Add : received on issue of equity shares (from conversion of preference shares)	-	1,550,380,723
Add : additions on ESOPs exercised	-	49,509
Closing balance	**3,481,215,707**	3,481,215,707
Legal Reserve		
Balance as per the last financial statements		
Add: Transferred from Profit & Loss Account	**4,930,482**	-
Closing Balance	**4,930,482**	-
Employee stock options outstanding		
Gross employee stock compensation for options granted in earlier years	**129,874**	65,444
Less : Deferred Employee Stock Compensation	**(80,991)**	(65,444)
Closing Balance	**48,883**	-
Foreign Currency Transalation Reserve		
Balance as per last financial statement	**61,601,872**	(258,701)
Addition during the year	**33,916,708**	61,860,573
Closing balance	**95,518,580**	**61,601,872**
(deficit) in the statement of profit and loss		
Balance as per last financial statements	**(702,093,831)**	- 765,617,152
Less: Pre - acuisition loss acuired from minority interest	**49,725**	17,550,863
Non Refundabla advance	-	-
Profit for the year	331,653,739	45,972,456
Less: Transferred to Legal reserve	**(4,930,482)**	-
Net deficit in the statement of profit and loss	**(375,320,849)**	(702,093,831)
Total reserves and surplus	**3,206,382,803**	2,840,723,746

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5. Long-term borrowings

	Non-Current portion		Current portion	
	31 March 2013 Rupees	31 March 2012 Rupees	**31 March 2013 Rupees**	31 March 2012 Rupees
Non Current				
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 HDFC Bank	**112,500,000**	-	**112,500,000**	-
Term loan 2 from Axis Bank	-	225,000,000	-	112,500,000
Term loan 3 from Axis Bank	**211,492,508**	237,105,942	**108,000,000**	79,035,314
Term loan 4 from Axis Bank	**308,370,163**	7,692,112	**204,999,996**	1,313,288
Sub Total	**632,362,671**	469,798,054	**425,499,996**	192,848,602
From financial institutions	**1,258,249**	2,933,449	**1,675,200**	1,675,200
Long-Term Borrowings (unsecured)	**23,924,242**	58,228,421	-	-
Vehicle finance				
Loan 1	**26,194,473**	5,138,545	**10,693,078**	2,486,824
Loan 2	**177,836**	669,166	**562,104**	1,823,923
Sub Total	**26,372,309**	5,807,711	**11,255,182**	4,310,747
Less :Amount disclosed under the head "other current liabilities" (note 7)			**(438,430,378)**	(198,834,549)
Net amount	**683,917,471**	536,767,635	-	-

Term loan 1 having interest of bank base rate plus 2.60% @ 12.40% p.a. is repayable in 31 monthly instalments of Rs 93,75,000/- each along with interest from 30th September 2012.

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 17,083,333/- each along with interest from 30th September 2012.

The term loan from financial institution is secured against the hypothecation of specific equipments and assignment of future rent receivable arising from Cinemax.

The loan carries a floating interest of long term lending rate minus 2.25% p.a. subject to a minimum of 12% p.a. and is repayable in 60 monthly installments of Rs. 139,600 each along with interest.

Vehicle loan from bank is secured against hypothecation of specific motor vehicle and it carries an interest from 8.34% to 11.40 % p.a. and is repayable from 36 to 48 Installments

6. Provisions

	Non-Current portion		Current portion	
	31 March 2013 Rupees	31 March 2012 Rupees	**31 March 2013 Rupees**	31 March 2012 Rupees
Provision for gratuity (refer note 26)	**2,808,578**	1,641,843	**3,424,662**	2,272,442
Provision for compensated absences	**14,596**	-	**17,022,185**	12,826,557
Provision for Warranties	**8,973,716**	3,937,000	**3,891,259**	6,813,000
Provision for Indirect taxes	-	-	**1,850,000**	-
Provision for others	-	-	-	130,000
	11,796,890	5,578,843	**26,188,106**	22,041,999

Provision for warranty

A provision is recognized for expected warranty claims on products sold during the last three years, based on past experience of the level of repairs and returns. It is expected that significant portion of these costs will be incurred within three financial years after the reporting date. The table below gives information about movement in warranty provisions.

	31 March 2013 Rs.	**31 March 2012 Rs.**
At the beginning of the year	**6,750,000**	-
Prior period cost	**4,000,000**	-
Arising during the year	**4,927,977**	10,750,000
Utilized during the year	**2,813,000**	-
Unused amounts reversed	-	-
At the end of the year	**12,864,977**	10,750,000
Current portion	**3,891,259**	6,813,000
Non-current portion	**8,973,716**	3,937,000

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7. Trade Payable & Other Liabilities

	Non-Current portion		Current portion	
	31 March 2013 Rupees	31 March 2012 Rupees	31 March 2013 Rupees	31 March 2012 Rupees
Trade payables (refer note 36 for details of dues to micro and small enterprises)			350,706,859	201,183,532
Other liabilities				
Current maturities of long-term borrowings (refer note 5)			438,430,378	198,834,549
Interest accrued but not due on borrowings			14,545,730	7,515,653
Deferred lease rental income	23,673,581	17,951,711	8,209,138	7,672,951
Deferred revenue on AMC services			3,465,058	3,670,890
Advance from customers			122,937,090	83,601,564
Others				-
Deposit from theatre and regional dealers	362,734,896	299,397,108	91,483,224	75,949,618
Deposit from related parties			-	-
Payables for purchase of fixed assets			238,883,134	289,030,992
Payable for purchase of Investment			117,393,465	-
Salary and reimbursement payable			1,336,523	700,580
Other statutory dues (employee related liabilities)			3,436,374	2,840,808
Sales tax payable			5,859,750	6,389,282
TDS payable			22,082,932	11,870,239
Other taxes payable			386,314	120,896
Other creditors (other than trade)			18,008,281	13,691,225
	386,408,477	317,348,819	1,084,257,391	701,889,246

8. Short-term borrowings

	31 March 2013 Rupees	31 March 2012 Rupees
Loans from Related parties		
Interest bearing	-	37,548,380
Interest free	-	445,000
Cash credit from banks (secured)	168,065,782	-
	168,065,782	37,993,380

Cash credit from banks is secured by first charge on all the fixed assets of the company except vehicles and first charge on all the current assets. The cash credit is repayable on demand and carries interest @ 12.75 % p.a.

Interest bearing loan from director carries an interest of 13.5% p.a. and is repayable on demand.
Interest free loan from director is repayable on demand.

10. Non-current investments

	31 March 2013 Rupees	31 March 2012 Rupees
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
Investment in others		
1,86,500 (March 31,2012 : 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)
	-	-
Investment in step down subsidiary		
Investment in associates		
126,000 (March 31, 2012: 128,000) Equity Shares of Rs. 10 each fully paid up in Scrabble Digital Limited (Includes goodwill on acquisition of stake in associate Rs. 233,994)	15,054,931	15,500,000
Add\(less) : Post - acquisition share of Profit / Loss	2,358,181	(445,069)
	476,729	15,054,931
100 (March 31, 2012 : 100) Ordinary shares of AED 1000 each at par fully paid up in Scrabble Digital JLT		1,273,000
Add/(less) : Post - acquisition share of Profit / Loss	131,235	(796,271)
		476,729
	18,021,076	15,531,660

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UFO Moviez India Limited

UFO
digital cinema

Notes to financials statements for the year ended 31 March 2013

	Tangible Assets								Intangible Assets		
	Leasehold improvements	Plant & Machinery	Computer Systems	Office Equipments	Furniture & Fixtures	Electrical Equipments & Installations	Vehicles	Total	Goodwill	Computer software	Grand Total
Cost											
At 1 April 2011	3,518,422	1,720,951,870	23,313,889	34,814,321	3,870,280	3,425,486	17,524,827	1,807,419,095	4,528,540	56,962,467	1,868,910,103
Acquisition of subsidiary	2,918,854	131,003,308	1,497,368	2,140,522	6,906,466	-	11,650,900	156,117,418	-	135,000	156,252,418
Additions	10,659,540	962,368,772	10,597,581	12,861,700	3,039,692	1,200,440	5,564,462	1,006,292,188	-	42,965,773	1,049,257,960
Disposals	-	26,755,506	197,250	678,184	-	-	-	27,630,940	-	-	27,630,940
Adjustment*	-	(8,020,254)	5,380,753	558,851	(572,403)	-	-	(2,653,053)	656,670	6,303,041	4,306,658
At 31 March 2012	**17,896,816**	**2,779,548,190**	**40,592,342**	**49,697,218**	**13,244,035**	**4,625,926**	**34,748,189**	**2,939,544,708**	**5,185,218**	**186,366,281**	**3,051,096,199**
Additions	7,713,464	1,197,213,814	5,488,784	4,864,905	1,456,646	235,509	51,526,893	1,253,162,615	-	693,817	1,253,856,432
Disposals	2,543,334	14,239,542	42,827	677,812	4,170,582	-	8,908,062	45,919,559	-	-	45,919,559
Adjustment*	(2,149,986)	(4,012,635)	(4,411)	(17,991)	1,970,324	-	14,692	(4,200,007)	-	(1,077,151)	(5,277,158)
At 31 March 2013	**24,416,933**	**3,966,535,896**	**46,842,710**	**53,902,294**	**8,559,774**	**4,861,435**	**77,344,328**	**4,150,987,770**	**5,185,218**	**108,137,249**	**4,264,318,229**
Depreciation/Amortisatien											
At 1 April 2011	1,806,346	608,327,712	18,182,663	18,373,520	6,513,048	2,836,466	7,104,408	663,144,163	452,854	19,194,483	682,791,500
Acquisition of subsidiary	1,171,260	16,193,699	635,014	397,735	1,474,076	-	1,898,425	21,770,209	-	8,410,745	30,180,955
Charge for the year	1,902,947	350,528,944	7,463,201	8,576,945	2,081,735	250,368	5,750,750	376,554,891	-	13,055,466	389,610,357
Disposals	-	22,227,785	54,432	177,833	-	-	-	22,460,050	-	-	22,460,050
Adjustment*	(8,330)	4,900,547	(2,675,305)	176,788	(4,270,868)	-	918	(2,076,251)	65,667	49,158	(1,961,426)
At 31 March 2812	**4,872,224**	**957,607,837**	**23,351,142**	**27,347,155**	**5,797,991**	**3,086,833**	**14,754,582**	**1,836,817,684**	**518,521**	**40,611,746**	**1,078,046,856**
Charge for the year	6,594,915	488,705,506	6,266,167	6,850,036	852,549	369,626	11,277,789	520,916,588	-	15,231,254	536,147,843
Disposals	1,827,812	14,479,062	15,274	298,377	1,961,728	-	7,637,714	26,219,967	-	-	26,219,967
Adjustment	10,549	(588,960)	82	631	2,014	-	1,777	(573,906)	-	(507)	(574,411)
At 31 March 2013	**9,628,778**	**1,432,423,241**	**29,601,953**	**33,898,183**	**4,686,798**	**3,456,459**	**18,392,800**	**1,532,888,211**	**518,521**	**55,843,507**	**1,588,548,343**
Net Bleck											
At 31 March 2812	**12,224,592**	**1,821,940,352**	**17,241,208**	**22,350,055**	**7,446,844**	**1,539,093**	**19,985,688**	**1,902,727,023**	**4,666,689**	**65,754,535**	**1,973,058,145**
At 31 March 2813	**14,788,155**	**2,634,111,855**	**16,440,757**	**28,804,111**	**3,872,976**	**1,404,976**	**58,951,528**	**2,618,899,659**	**4,666,689**	**52,293,741**	**2,675,761,692**

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

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11. Deferred tax assets / (liability) (net)

	31 March 2013 Rupees	31 March 2012 Rupees
Deferred tax liabilities		
Differences in depreciation and other differences in block of fixed assets as	**8,346**	28,181
Gross Deferred Tax Liabilities	**8,346**	28,181
Deferred tax assets		
Effect on account of carry forward of losses	**281,411**	-
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	**4,021,858**	923,904
Effect of expenditure debited to profit and loss in the current year but allowed for tax purposes in following years:	**3,848,001**	-
Provision for doubtful debts	**8,837,400**	9,603,720
Provision for gratuity and leave encashment	**570,621**	343,648
Provision for warrenty	**4,372,808**	2,190,038
Deferred Tax Assets	**21,932,097**	13,061,310
Net Deferred Tax Assets	**21,928,007**	13,045,257
Net Deferred tax (Liability) recognised	**(4,255)**	(12,129)

12. Loans and advances

	Non-Current portion		Current Maturities	
	31 March 2013 Rupees	31 March 2012 Rupees	31 March 2013 Rupees	31 March 2012 Rupees
Unsecured, considered good				
Capital advances	**18,183,359**	5,762,726	-	-
Security deposit to others	**5,835,724**	41,722,670	**45,301,893**	11,448,057
Loan and advances to related parties	**9,875,490**	9,502,127	**34,488,473**	3,247,128
Unsecured, considered good	-	15,542	**16,988,493**	8,804,055
Doubtful	-	-	**12,078,127**	-
		15,542	**29,056,620**	8,804,055
Provision for doubtful advances	-	-	**(12,076,127)**	-
	-	15,542	**16,980,493**	8,804,055
Other loans and advances (unsecured considered good)	-			
Advance income-tax (net of provision for taxation)	**158,605,917**	112,747,460	**60,379**	-
Balance with statutory / government authorities	**9,689,765**	5,365,599	**14,863,486**	5,585,294
Advances to supplier			**7,889,113**	62,356
Advance to employees	-	-	**214,591**	1,901,285
Insurance claim receivable	-	-	**1,881,813**	1,468,665
Prepaid expenses	-	-	**13,332,667**	10,335,224
Service tax credit receivable	-	-	**81,996,737**	131,093,432
Vat credit receivable	-	490,567	**1,785,237**	1,045,219
MAT credit entitlement	**26,228,480**	852,219	-	-
Share Application Money for investment in associate	**15,500,000**	-	-	-
Others	**60,882**	60,682	**1,337,565**	628,745
	241,979,417	176,519,592	**219,932,246**	175,619,460

13. Current investments

	31 March 2013 Rupees	31 March 2012 Rupees
Unquoted mutual funds		
HDFC Liquid Fund - dividend - daily reinvest 3027404.596 units at 10.1982 (March 31,2012 : Nil units)	**30,874,078**	-
ICICI Prudential Liquid - direct plan - daily dividend 668044.664 units at 100.0226 (March 31,2012 : Nil units)	**68,819,584**	-
HDFC Cash Management Fund 537737 units of Rs. 10.03 (March 31, 2012: 505,746)	**5,394,412**	5,073,489
Axis Liquid Fund 11046 units of Rs. 1,000.07 each fully paid up (March 31, 2012: 5,350)	**11,046,720**	5,350,960
BSL Ultra - Retail Growth	**2,500,000**	2,500,000
	116,634,774	12,924,449

Aggregate amount of unquoted investments (Market value : Rs.116,634,774/- (March 31, 2012 : 12,924,449/-))

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

	31 March 2013 Rupees	31 March 2012 Rupees
Consumables and spares	106,047,005	**102,976,327**
	-	
	106,047,005	**102,976,327**

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UFO digital cinema

UFO Moviez India Limited

15. Trade receivables

	Non-Current portion		Current Portion	
	31 March 2813 Rupees	31 March 2012 Rupees	**31 March 2813 Rupees**	31 March 2012 Rupees
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
- considered good	-		**28,260,984**	36,289,914
- considered doubtful	-	-	**61,625,815**	39,257,029
			89,886,799	75,546,943
Provision for doubtful receivables	-	-	**(61,625,815)**	(39,257,029)
(A)	-	-	**28,260,964**	36,289,914
Other trade receivables (less than six months)				
-Secured, considered good			-	110,300
- Unsecured considered good	**4,546,874**	4,307,164	**725,625,436**	350,980,202
- considered doubtful			**806,788**	2,328,709
	4,546,874	4,307,164	**726,432,146**	353,419,211
Provision for doubtful receivables	-		**(606,706)**	(2,328,709)
(B)			**725,625,438**	351,090,502
TOTAL (A + B)	**4,546,874**	4,307,164	**753,886,422**	387,380,416

16. Cash and bank balances

	Non-Current portion		Current Maturities	
	31 March 2013 Rupees	31 March 2012 Rupees	**31 March 2013 Rupees**	31 March 2012 Rupees
Cash and cash equivalents				
Balances with banks :				
– On current accounts	-	-	**270,732,829**	119,769,718
– Deposits with original maturity of less than three months	-	-	**11,555,155**	25,145,502
– Margin money deposit with original maturity of less than three months	-	-	**19,785,183**	837,822
Cash on hand	-	-	**1,057,997**	714,117
	-	-	**303,131,164**	**146,467,159**
Other bank balances				
– Deposits with original maturity for more than 3 months but less than 12 months	-	-	**3,235,978**	270,336,440
– Margin money deposit with original maturity for more than 3 months but less than 12 months	-	-	**3,671,999**	24,213,187
			6,907,977	**294,549,607**
– Deposits with original maturity for more than 12 months	**27,845,978**	450,000	**92,908,203**	-
– Margin money deposits with original maturity for more than 12 months	**34,213,769**	490,132	**17,610,215**	77,090,654
	62,059,747	940,132	**110,518,418**	**77,090,654**
Amount disclosed under non - current assets	**(62,059,747)**	(940,132)		
	-	-	**428,557,559**	**518,187,420**

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.

17. Other assets

	Non-Current portion		Current portion	
	31 March 2013 Rupees	31 March 2012 Rupees	**31 March 2013 Rupees**	31 March 2012 Rupees
Non-current bank balances (refer note 16)	62,059,747	940,132	-	-
Unbilled revenue	-	-	23,812,921	6,894,338
Interest accrued on fixed deposit	-	-	773,582	3,079,395
	62,059,747	940,132	24,586,503	9,973,733

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18. Revenue from operations

	31 March 2013 Rupees	31 March 2012 Rupees
Sale of Services		
Advertisement revenue	694,965,528	370,358,560
Virtual Print Fees - Non - DCI (E-Cinema)	768,827,823	617,383,003
Virtual Print Fees - DCI (D-Cinema)	749,434,642	247,120,685
Lease rental income - Non - DCI (E-Cinema)	252,206,297	238,117,595
Lease rental income - DCI (D-Cinema)	82,058,966	24,737,209
Digitisation income	66,669,121	55,299,397
Registration fees income	14,963,890	18,526,235
Others	8,573,048	6,954,927
(A)	2,629,719,315	1,578,497,591
Sales of Products		
Lamp sale	154,296,838	139,512,704
Sale of digital cinema equipments	578,288,608	349,052,999
(B)	732,585,438	488,565,703
(A)+(B)	3,362,304,753	2,067,063,294

19. Other Income

	31 March 2013 Rupees	31 March 2012 Rupees
Income from Cinema India Expo event		1,349,000
Miscellaneous receipts	7,224,173	5,646,882
Sundry balance written back	5,442,007	2,448,519
	12,666,188	9,444,201

20 Operating direct costs

	31 March 2813 Rupees	31 March 2012 Rupees
Advertisement revenue share	125,887,154	67,225,927
Repair and maintenance - exhibition equipments	102,725,590	77,306,304
Royalty / Technical service fees	46,819,561	37,608,951
Purchases of equipments and goods	19,237,761	38,616,198
Bandwidth charges	47,674,775	49,657,529
Rent on equipments	13,660,376	15,873,964
Commission and Brokerage	2,558,895	100,966
AMC Charges		
Delivery and Distribution Charges	16,777,814	7,636,436
Content download charges	39,336	294,870
Content processing charges	14,002,289	10,406,249
Virtual print fee Sharing	273,584,659	27,668,453
Warranty cost	2,114,978	1,009,930
Amortisation of upfront lease charges	-	-
Dther expenses	11,955,563	8,743,910
Consumables / Stores/ Spares		
Dpening stock	131,267,963	119,256,493
Add : purchases	601,944,866	372,287,101
Less : closing stock	130,979,555	102,978,327
	602,233,274	388,587,287
	1,281,270,425	730,516,954

21. Employee benefit expense

	31 March 2013 Rupees	31 March 2012 Rupees
Salaries and wages	391,697,281	291,374,906
Contribution to provident and other funds	28,040,698	17,082,945
Employee stock option scheme cost	(88,991)	64,430
Gratuity expenses and other employee benefits	10,446,279	9,269,702
Staff welfare expenses	26,076,925	15,210,857
	446,188,192	333,002,840

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22. Other expenses

	31 March 2013 Rupees	31 March 2012 Rupees
Rent	79,813,294	77,449,431
Freight and forwarding charges	45,522,092	43,206,607
Legal, professional and consultancy charges	68,334,562	57,574,002
Commission on advertisement revenue	78,777,534	41,470,162
Commission on other revenue	16,835,522	17,648,469
Rebates and discount on advertisement revenue	19,841,719	2,861,706
Sales promotion expenses	23,846,183	23,733,656
Electricity charges	14,754,314	11,872,153
Rates and taxes	9,795,397	26,373,155
Business development charges	1,500,880	300,000
Auditor's remuneration	6,899,690	5,061,560
Repairs and maintenance		
-Plant & machinery	18,315,835	10,015,135
-Building	142,838	247,144
-Furniture and fixtures	1,305,891	341,507
-Others	3,241,432	6,850,735
Insurance	18,659,840	8,847,397
Travelling and conveyance expenses	51,639,244	47,883,233
Communication and courier expenses	19,462,243	19,752,341
Printing and stationery	4,751,853	5,115,157
Bad debts written-off	15,703,641	9,882,008
Provisions for doubtful debts	20,498,148	8,958,964
Provision for doubtful advances	12,076,127	-
Provision for dispute on taxes with revenue authorities	1,850,008	-
Reversal of liability written back	137,728	-
Loss on sale & write off of fixed assets (net)	3,786,754	3,267,108
Loss on dispose of subsidiary	1,785,837	-
Business support services	168,874	154,530
Donations	-	125,000
Provision for diminution in value of fixed assets	6,564,792	-
Miscellaneous expenses	26,851,581	41,587,701
Foreign exchange loss on disposal of subsidiary	5,746,121	
Foreign exchange loss (net)	16,894,950	19,388,274
	576,133,548	489,967,135

23. Interest and finance expense

	31 March 2013 Rupees	31 March 2012 Rupees
Interest on		
- Term loan	135,058,642	66,390,088
- Others	6,096,861	20,867,153
Bank charges	9,269,578	12,792,664
Other borrowing costs	1,469,514	12,182,808
Premium on forward contract	-	796,700
	151,913,993	113,029,413

24. Finance income

	31 March 2013 Rupees	31 March 2013 Rupees
Interest received		
Bank deposits (TDS Rs. 1,822,461 previous year. Rs. 4,714,316)	21,329,413	50,831,763
Others (TDS Rs. 30,750 previous year. Rs. 29,854)	5,345,212	1,964,885
Dividend on current investment	4,187,128	3,386,731
Gain on sale of current investment	-	10,105,348
	30,861,745	66,288,727

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Notes to consolidated financials statements for the year ended 31 March 2013

25. Earnings per share (EPS)

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

	31 March 2013 Rupees	31 March 2012 Rupeee
Basic		
Net profit after tax as per statement of profit and loss	331,653,739	45,972,458
Less : dividends on convertible preference shares & tax thereon	(31,002,198)	(31,002,198)
Net profit for calculation of basic EPS	300,651,541	14,970,260
Weighted averaga number of equity shares in calculating basic EPS	25,897,659	20,197,817
Earning per share	11.61	0.74
Diluted		
Net profit for calculation of basic EPS	300,561,541	14,970,260
Add : dividends on convertible preference share	-	-
Net profit for calculation of diluted EPS	300,661,541	14,970,260
Weighted average number of equity shares in calculating basic EPS	26,897,669	20,197,817
Weighted average number of convertible preference share	-	5,589,735
Effect of dilutions on stock options granted under ESOP	697,053	710,695
Total no of shares outstanding (weighted average)	26,694,722	26,498,247
Earning per share	11.30	0.56

26. Gratuity and other post-employment benefit plans

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

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

Net employee benefit expense recognized in the employee cost

	Gratuity	
	31 March 2013 Rupees	31 March 2012 Rupees
Current service cost	3,196,320	3,278,686
Interest cost on benefit obligation	876,594	517,254
Expected return on plan assets	(844,268)	(598,349)
Net actuarial (gain) / loss recognized in the year	1,532,494	1,071,236
Net benefit expense	4,761,140	4,268,827
Actual retum on plan assets	844,268	598,349
Balance sheet		
Benefit asset/ liability		
Present value of defined benefit obligation	16,979,832	11,210,614
Fair value of plan assets	9,746,594	7,296,324
Plan (asset) / liability	6,233,238	3,914,290
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	11,210,614	6,465,673
Current service cost	2,705,629	3,398,644
Interest cost	1,394,461	517,254
Benefits paid	(863,366)	(242,193)
Actuarial (gains) / losses on obligation	1,532,494	1,071,236
Closing defined benafit obligation	16,979,832	11,210,614
Changes in the fair value of plan assets are as follows:		
Opening fair value of plan assets	7,296,327	4,883,223
Expected ratum	644,268	598,349
Contributions by employer	2,372,442	2,056,945
Benefits paid	(766,443)	(242,193)
Actuarial gains / (losses)	-	-
Closing fair value of plan assets	9,746,594	7,296,324

Notes to consolidated financials statements for the year ended 31 March 2013

The principal assumptions used in determining gratuity as shown below:

	Gratuity	
	31 March 2013	31 March 2012
Discount rate	**8.00%**	8.00%
Expected rate of return on assets	**9.15%**	8.75%
Employee turnover	**1% to 3% depending on age**	1% to 3% depending on age

Amounts for the current and three years sre as follows:

Gratuity	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Defined benefit obligation	15,979,832	11,210,614	6,465,673	3,788,602
Plan assets	9,746,594	7,296,324	4,883,223	2,703,595
Surplus / (deficit)	6,233,238	3,914,290	1,582,450	1,085,007

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

The group expects to contribute Rs. 3,425,000/- to gratuily in the next year (31 March 2012 : Rs. 2,272,442/-)

27. Employee stock option plans

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

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

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

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

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

	31 March 2013		31 March 2012	
	Number of Options	Weighted Average Exercise Price(Rs.)	Number of Options	Weighted Average Exerciae Price(Rs.)
Outstanding at the beginning of the year	**212,968**	**100.18**	216,808	100.18
Granted during the year	-	-	-	-
Exercised during the year	-	**100.18**	549	100.18
Forfeited during the year	**1,371**	**100.18**	3,291	100.18
Outstanding at the end of the year	**211,697**	**100.18**	212,968	100.18
Exercisable at the end of the year	**211,697**	-	212,968	-
Weighted average remaining contractual life (in month)	-		-	

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

	31 March 2013		31 March 2012	
	Number of Options	Weighted Average Exercise Price (Rs.)	Number of Options	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	**1,395,679**	**161.87**	1,413,497	161.87
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Forfeited during the year	**31,814**	**0**	17,818	-
Outstanding at the end of the year	**1,363,866**	**161.87**	1,395,679	161.87
Exercisable at the end of the year	**681,933**	**161.87**	348,920	161.87
Weighted average remaining contractual life (in month)	**19**		31	

The range of exercise price for options outstanding at the end of the year was Rs.100.18 to 161.87

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	31 March 2013	31 March 2012
	Rs.	Rs.
Net profit for calculation of basic EPS	**300,651,541**	14,970,260
Less: Employee stock compensation under fair valua method	**17,230,476**	33,227,602
Proforma profit	**317,882,015**	(18,267,341)
Earnings Per Share		
Baaic		
- As reported	**11.61**	0.74
- Proforma	**12.27**	(0.90)
Diluted		
- As reported	**11.30**	0.56
- Proforma	**11.95**	(0.69)

29. Leases

Operating lease : Group as iassaa

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

		(In Rupees)
	31 March 2013	31 March 2012
Laase payments for the year	**93,473,670**	93,123,395

Operating lease commitments – Group as lessor

The Group has laased out Digital Cinema Equipment to theaters and,franchisees on operating lease arrangement. The lease term is generally for 5 to 10 yaars. The Group as well as the theaters and franchisees have an option of terminating this lease arrangement any time during the tenure of the laase as per the provisions of the lease agreemant. 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 Rupeea)
	Digital Cinema Equipment	
	31 March 2013	31 March 2012
Gross carrying amount	**2,875,376,679**	1,866,967,131
Accumulated Depreciation	**504,445,441**	296,465,253
Depreciation recognized in the statement of profit and loss	**328,280,909**	180,973,965

30. Segment reporting

The Group is engaged in the business of Digital Cinema Services and the financial statements reflect the result of this business segment, which is the primary segment in accordanca with the requirement of Accounting Standard 17 on Segment Reporting, issued by The Institute of Chartered Accountants of India ('ICAI'). Tha Group's operations are based on the distribution of the group by geographical markets, based on tha location of the assets.

Revenue by Geographical Market

		(In Rupeas)
	For tha year ended	
	31 March 2013	31 March 2012
Revenue by gaographical market		
-Within India	**2,606,812,427**	1,907,520,633
- Middle east	**753,902,010**	157,647,383
- Rest of world	**1,590,316**	1,895,278
Carrying amount of aegment assets		
-Within India	**5,161,571,897**	4,208,865,030
- Middle east	**286,307,828**	115,478,886
-Outside India	**658,759,156**	616,593,058
Cost incurred to acquired segment fixed assets		
-Within India	**1,251,361,306**	985,660,943
- Middle east	**2,506,127**	62,759,352
-Outside India	-	837,664

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Notes to consolidated financials statements for the year ended 31 March 2013

31. Related party disclosures

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

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

2. Details of transaction with related parties during the year

Sr. No.	Particulars Nature of Expenses/Name of the Parties	31 March 2013 Rupees	31 March 2012 Rupees
1	**Enterprises owned or significantly influencad by Key Management Personnel or their relatives**		
A	Purchase of equipment		
	i) Valuable Technologies Limited	**2,725,000**	11,067,331
B	Sale of equipment		
	i) Veluable Media Limited	**2,323,065**	387,525
	ii) Valuable Technologies Inc	**Nil**	459,556
C	Expenses reimbursed		
	i) Media Infotek Park	**7,588,634**	8,648,222
	ii) Valuable Media Limited	**Nil**	49,635
	iii) Valuable Technologies Limited	**672,601**	22,000
D	Software development charges		
	i) Dusane Infotech (India) Private Limited	**5,595,700**	1,100,419
E	Technical services (expense)		
	i) Valuable Technologies Limited	**46,819,561**	37,608,951
F	Direct Expenses (License fees on 3D movie)		
	i) Valuable Technologies Limited	**723,912**	1,790,971
G	Direct Expenses (Licensee fees – Impact)		
	i) Impact Media Exchange Limited	**1,453,612**	1,116,428
H	Licensee fee- Club X (income)		
	i) Valuable Media Ltd	**848,441**	501,219
I	Security deposit paid		
	i) Media Infotek Park	**Nil**	34,090,800
J	Claim against loss of assets		
	i) Impact Media Exchange Limited	**Nil**	2,836,539
K	Rent paid (expense)		
	i) Media Infotek Park	**44,524,692**	42,229,968
	ii) Apollo International Ltd	**60,000**	Nil
L	Consultancy and reimbursment expense		
	Shree Enterprises	**507,269**	454,743
2	**Associate Enterprises**		
A	Sale of goods		
	i) Scrabble Digital Ltd	**8,256,524**	1,915,000
B	Digital Conversion Expenses & Content Processing Charges		
	i) Scrabble Digital Ltd	**2,126,100**	1,160,885
C	Investment in Shares		
	i) Scrabble Digital Ltd	**Nil**	3,500,000
	ii) Scrabble Digital JLT	**Nil**	1,273,000

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Notes to consolidated financials statements for the year ended 31 March 2013

Sr. No.	Particulars Nature of Expenses/Name of tha Parties	31 March 2013 Rupeas	31 March 2012 Rupees
D	Share Application Money Given		
	i) Scrabble Digital Ltd	15,500,000	Nil
E	Loan Given		
	i) Scrabble Digital Ltd	972,704	4,447,605
	ii) Scrabble Digital JLT	-	7,577,032
G	Advance Rapaid		
	Scrabble Digital Ltd	2,188,150	7,688,855
H	Interest income		
	i) Scrabble Digital JLT	1,101,383	509,181
I	Delivery Distribution Income		
	i) Scrabble Digital Ltd	11,580,000	Nil

3. Remuneration to key managerial personnel

	31 March 2013 Rupees	31 March 2012 Rupees
Mr. Sanjay Gaikwad, Managing Director	25,000,000	25,000,000
Salary, bonus and contribution to provident fund		
Mr. Kapil Agarwal, Joint Managing Director	25,000,000	25,000,000
Salary, bonus and contribution to provident fund		
Total	50,000,000	50,000,000

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are datermined on an actuarial basis for the group as a whole.

4. Balance outstanding at the year end

Sr.No.	Particulars	31 March 2013 Rupees	31 March 2012 Rupees
1	**Enterprises owned or significantly influenced by Key Management Personnel or their relatives**		
A	Amount receivable		
	i) Impact Media Exchange Limited	1,816,851	2,836,539
	ii) Valuable Media Limited	2,731,805	710,983
B	Deposit receivable		
	i) Media Infotek Park	34,090,800	34,090,800
C	Amount payable		
	i) Impact Media Exchange Limited	Nil	175,860
	ii) Valuable Technologies Limited	Nil	3,728,672
	iii) Media Infoteck Park	181,664	494,746
	iv) Dusane Infotech (India) Private Limited	Nil	130,500
2	**Associate Enterprise**		
A	Amount receivable		
	i) Scrabble Digital Ltd	5,480,000	-
B	Loan and advance given		
	i) Scrabble Digital Ltd	Nil	1,215,446
	ii) Scrabble Digital JLT (Including interest receivable)	9,768,981	8,286,681
C	Share Applicetion Money Given		
	i) Scrabble Digital Ltd	15,500,000	Nil

32. Capital and other commitments

	31 March 2013 Rupees	31 March 2012 Rupees
Capital commitments (estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances))	34,468,721	57,858,075
Repair & Maintenance Dther Commitments	6,802,374	1,422,260

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Notes to consolidated financials statements for the year ended 31 March 2013

33. Contingent liabilities

	31 March 2013 Rupees	31 March 2012 Rupees
In respect of the bond(s) issued by the group towards fulfillment of export obligation given to Custom authorities arising out of grant of EPCG License for import of Digital Projectors.	Nil	174,821,926
Dividend on 4,885,925 - 6% Cumulative Convertible Preference Shares of Rs. 100/- each.	31,002,198	31,002,198
In respect of demand raised against group in West Bengal VAT matter for the Financial Year 2007-08.	4,195,783	4,195,703
In respect of demand raised against the group in Andra Pradesh for VAT matter for the Financial year 2005-06,2006-07,2008-2009,2009-2010 & 2010-2011.	7,392,527	6,891,182
Penalty on the above claim of input tax credit	1,221,268	1,221,260
In respect of demand raised against the group in Mumbai TDS mattar for the Financial year 2006-07 & 2007-08, group has filed an appeal to the commissioner.	1,897,708	1,897,700
In respect of demand raised against group in Andhra Pradesh VAT matter due to non-submission of "F" forms for the Financial Year 2008-09 & 2009-10.	630,162	96,529
Bank guarantees issued by the group in favour of various State Government for Sales tax registration	458,000	450,000
Financial guarantees issued by the group on behalf of Subsidiary (USD 1,250,000 (P.Y. USD 1,250,000)	67,986,625	Nil
Labour Guarantee	399,452	Nil
In respect of demand raised against the group in West Bengal VAT Matter for the Financial Year 2008-09, group has filed an appeal to tha commissioner	36,271	36,271
In respect of demand raised against the grouping Kerala, disallowing claim of input tax credit relating to Financial Year 2011-12	984,323	984,323
Performance guarantees issued by the group on behalf of Subsidiarias to two studios for the performance of obligation relating to distribution of their digital content in certain by its subsidiaries, step down subsidiaries and associates of subsidiary in certain overseas market US$ US$ 25,000,000 (March 31, 2012 : US$ Nil)	1,359,732,508	Nil
	1,475,928,721	221,597,892

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

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

Particulars of un-hedged exposure	31 March 2813 Rupees	31 March 2012 Rupees
Export Debtors	Rs.71,26,887/- (US$ 131,034.72@ Closing rate of 1 USD = Rs.54.3893)	Rs. 13,451,311 (US$ 2,59,417 @ Closing rate of 1 USD = Rs. 51.8521)
Import Creditors	Rs 211,838,931 (US$ 38,94,717@ Closing rate of 1 USD = Rs.64.3893)	Rs.316,352,173 (US$ 6,176,614 @ Closing rate of 1 USD = Rs.51.8521)
Advance Recoverable in cash or Kind	Rs.2,043,855/- (US$ 37,578.25 @ Closing rate of 1 USD = Rs. 54.3893)	Rs. 992,453/- (US$ 19,140.07 @ Closing rate of 1 USD = Rs. 51.8521)
Import creditors - Advance remittance	Rs. 27,194 (US$ 508 @ Closing rate of 1 USD = Rs. 54.3893)	Rs. 781,558 (US$ 15,072 @ Closing rate of 1 USD = Rs. 51.8521)
Cash Balances	Rs. 473,382 (Currency note 38,398.9 @ Closing rate for particular Currency)	Rs. 57,166 (Currency note 5,761 @ Closing rate for particular Currency)
Bank Balances	Rs.81,215 (US$ 1493.22 @ Closing rate for particular Currency)(AED 22,649.77 @ Closing rate of 1 AED = Rs.14.7945.)	Rs.487,558 (US$9402 @ Closing rate of 1 usd = Rs.51.8521)
Financial guarantees given for subsidiary	Rs 67,985,626 (US$1,268,880 @ Closing rate of 1 USD =Rs.54.3893)	Nil
Performance guarantees given for subsidiary	Rs 1,359,732,500 (US$25,88,880 @ Closing rate of 1 US$ =Rs.54.3893)	Nil
Foreign Currency Employee Loan	Nil	Rs.197,540 (AED 14,000 @ Closing rate of 1 AED = Rs. 14.11)

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

Notes to consolidated financials statements for the year ended 31 March 2013

35. Details of Loss on liqudation of Subsidiary

During the year ended March 31, 2013, UFO Europe Ltd and DCLP Ltd has completed its process of liquidation, on account of voluntary liquidation of subsidiaries the group has recorded losses in the consolidated financials statements

Particulars	31 March 2013
Cost of Investment	131,125,988
Accumulated Profit and loss from inception	(129,420,153)
Loss on disposal of subisidiary	**1,705,835**

36. 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.

37. Events subsequent to the Balance Sheet date:

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

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

38. Previous year figures

Previous year figures have been regrouped / reclassified, where nacessary, to conform to this year's classification.

As per our report attached of even date

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

per Govind Ahuja
Partner
Membership No.: 48966

Place of signature: Mumbai
Date: November 20, 2014

S.R. BATLIBOI & ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

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

Sanjay Gaikwad
Managing Director
DIN No. : 01001173

Kapil Agarwal
Joint Managing Director
DIN No. : 00024378

S.S. Chavan

Sameer Chavan
Company Secretary

Ashish Malushte
Chief Financial Officer

Place of signature: Mumbai
Date: November 20, 2014