

**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

*UFO Moviez India Limited*

*Auditors Report on consolidated financial statements- March 31, 2013*

*Page 2 of 2*

## **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

**per Govind Ahuja**

Partner

Membership Number: 48966

Place of Signature: Mumbai

Date: November 20, 2014



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

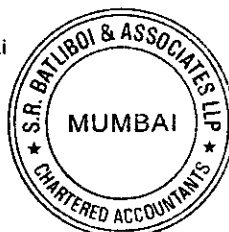
| Liability   | Notes | 31 March 2013<br>Rupees     | 31 March 2012<br>Rupees     |
|---|-------|-----------------------------|-----------------------------|
| <b>Equity and liabilities</b>                     |       |                             |                             |
| <b>Shareholders' funds</b>                        |       |                             |                             |
| Share capital                                     | 3     | 258,976,690                 | 258,976,690                 |
| Reserves and surplus                              | 4     | 3,206,392,803               | 2,840,723,748               |
|   |       | <u>3,465,369,493</u>        | <u>3,099,700,438</u>        |
| Minority interest                                 |       | 109,458,082                 | 144,213,670                 |
| <b>Non-current liabilities</b>                    |       |                             |                             |
| 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                   |
|   |       | <u>1,082,127,093</u>        | <u>859,707,426</u>          |
| <b>Current liabilities</b>                        |       |                             |                             |
| 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                  |
|   |       | <u>1,629,218,138</u>        | <u>963,106,157</u>          |
| <b>TOTAL</b>                                      |       | <u><b>6,286,172,806</b></u> | <u><b>5,066,729,691</b></u> |
| <b>Assets</b>                                     |       |                             |                             |
| <b>Non-current Assets</b>                         |       |                             |                             |
| <b>Fixed Assets</b>                               |       |                             |                             |
| 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                     |
|   |       | <u>4,644,528,296</u>        | <u>3,859,747,886</u>        |
| <b>Current Assets</b>                             |       |                             |                             |
| 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                   |
|   |       | <u>1,641,644,510</u>        | <u>1,206,981,805</u>        |
| <b>TOTAL</b>                                      |       | <u><b>6,286,172,806</b></u> | <u><b>5,066,729,691</b></u> |
| <b>Summary of significant accounting policies</b> | 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



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

Sanjay Gaikwad  
 Managing Director  
 DIN No. : 01001173

Sameer Chavan  
 Company secretary

Place of signature: Mumbai  
 Date: November 20, 2014

Kapil Agarwal  
 Joint Managing Director  
 DIN No. : 00024378

Ashish Malushte  
 Chief Financial Officer

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

| Particulars  | Notes | 31 March 2013        | 31 March 2012        |
|--|-------|----------------------|----------------------|
|  |       | Rupees               | Rupees               |
| <b>Income</b>  |       |                      |                      |
| Revenue from operations  | 18    | 3,362,304,753        | 2,067,063,294        |
| Other income   | 19    | 12,666,180           | 9,444,201            |
| <b>Total Income (I)</b>  |       | <b>3,374,970,933</b> | <b>2,076,507,495</b> |
| <b>Expenses</b>  |       |                      |                      |
| 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          |
| <b>Total Expenses (II)</b>   |       | <b>2,305,584,165</b> | <b>1,553,486,929</b> |
| <b>Earnings before interest, tax, depreciation and amortization (EBITDA) (I) -(II)</b> |       | <b>1,069,386,768</b> | <b>523,020,566</b>   |
| 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)         |
| <b>Profit/(Loss) Before Tax</b>  |       | <b>412,186,677</b>   | <b>86,669,524</b>    |
| <b>Tax expenses</b>  |       |                      |                      |
| 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)          |
|  |       | <b>35,404,102</b>    | <b>16,955,303</b>    |
| Deferred Tax   |       | (8,889,181)          | 4,569,951            |
| <b>Total tax expenses</b>  |       | <b>26,514,921</b>    | <b>21,525,254</b>    |
| <b>Profit for the year before share of profit from associates</b>                      |       | <b>385,671,756</b>   | <b>65,144,270</b>    |
| Share of profit / (loss) from associates   |       | 2,489,416            | (1,241,340)          |
| <b>Profit/(loss) for the year before minority interest</b>                             |       | <b>388,161,172</b>   | <b>63,902,930</b>    |
| Less: minority interest  |       | (56,507,434)         | (17,930,472)         |
| <b>Profit for the year</b>   |       | <b>331,653,739</b>   | <b>45,972,458</b>    |
| <b>Earnings per equity share</b>   |       |                      |                      |
| Basic (Face value of Rs.10 each)   | 25    | 11.61                | 0.74                 |
| Diluted (Face value of Rs.10 each)   |       | 11.30                | 0.56                 |
| <b>Summary of significant accounting policy</b>  | 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

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

Sanjay Gaikwad  
Managing Director  
DIN No. : 01001173

Kapil Agarwal  
Joint Managing Director  
DIN No. : 00024378

Sameer Chavan  
Company secretary

Ashish Malushte  
Chief Financial Officer

Place of signature: Mumbai  
Date: November 20, 2014



Place of signature: Mumbai  
Date: November 20, 2014

Consolidated Cash flow statement for the year ended 31 March 2013

|   | 31 March 2013<br>Rupees | 31 March 2012<br>Rupees |
|---|-------------------------|-------------------------|
| <b>Cash flow from operating activities</b>  |                         |                         |
| Net profit before tax   | 412,186,677             | 86,669,524              |
| <b>Non-cash adjustment to reconcile profit before tax to net cash flows</b>       |                         |                         |
| 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              |
| <b>Operating profit before working capital changes</b>                            | <b>1,134,223,947</b>    | <b>534,222,252</b>      |
| <b>Movements in working capital :</b>   |                         |                         |
| 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             |
| <b>Cash generated from operations</b>   | <b>924,267,611</b>      | <b>758,638,619</b>      |
| Direct tax paid (net of refunds)  | (81,308,358)            | (64,852,270)            |
| <b>Net cash flow from operating activities</b>                                    | <b>842,959,253</b>      | <b>693,786,349</b>      |
| <b>Cash flow from investing activities</b>  |                         |                         |
| 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              |
| <b>Net cash flow used in investing activities</b>                                 | <b>(1,095,287,002)</b>  | <b>(1,841,279,535)</b>  |



**Consolidated Cash flow statement for the year ended 31 March 2013**

|   | 31 March 2013      | 31 March 2012        |
|---|--------------------|----------------------|
|   | Rupees             | Rupees               |
| <b>Cash flow from financing activities</b>                                |                    |                      |
| 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)         |
| <b>Net cash flow from financing activities</b>                            | <b>418,705,802</b> | <b>1,116,615,277</b> |
| <b>Net increase/(decrease) in cash and cash equivalent (A + B + C)</b>    | <b>166,378,053</b> | <b>(30,877,909)</b>  |
| Cash and cash equivalents at the beginning of the year                    | 146,467,159        | 170,891,275          |
| Cash and cash equivalents from aquisition of subsidiary                   | -                  | 9,101,217            |
| Unrealised loss on foreign currency cash and cash equivalents             | (9,714,048)        | (2,647,424)          |
| <b>Cash and cash equivalents at the end of the year</b>                   | <b>303,131,164</b> | <b>146,467,159</b>   |
| <b>Components of cash and cash equivalents</b>                            |                    |                      |
| 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           |
| <b>Cash and cash equivalents</b>  | <b>303,131,164</b> | <b>146,467,159</b>   |

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

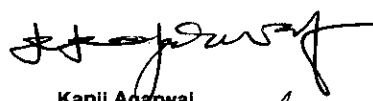


For and on behalf of the board of directors  
 of UFO Moviez India Limited

  
 Sanjay Gaikwad  
 Managing Director  
 DIN No. : 01001173

  
 Sameer Chavan  
 Company Secretary

Place of signature: Mumbai  
 Date: November 20, 2014

  
 Kapil Agarwal  
 Joint Managing Director  
 DIN No. : 00024378

  
 Ashish Maishte  
 Chief Financial Officer

## 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.



(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 |
|--|--------------------------|---|---|
| <b>Subsidiaries of UFO</b>   |                          |   |   |
| 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%  |
| <b>Subsidiary of Edridge Limited and step-down subsidiary of UFO</b>               |                          |   |   |
| UFO International Limited.   | Cyprus                   | 100%  | 100%  |
| <b>Subsidiaries of UFO International Limited and step-down subsidiaries of UFO</b> |                          |   |   |
| 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%  |
| <b>Subsidiaries of SEL and step-down subsidiaries of UFO</b>                       |                          |   |   |
| 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%  | -   |





- (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.



**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 depreciation on its fixed assets

|                        | <b>Rates as per management's estimate of useful lives (SLM)</b> | <b>Schedule XIV Rates (SLM)</b> |
|------------------------|---|---------------------------------|
| 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.

|                   | <b>Rates as per management's estimate of useful lives (SLM)</b> |
|-------------------|---|
| Computer Software | 10.00% - 16.21%   |



**(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.



**(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



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.



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.



**(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.



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

## 3. Share capital

|  | 31 March 2013<br>Rupees | 31 March 2012<br>Rupees |
|--|-------------------------|-------------------------|
| <b>Authorised share capital</b>  |                         |                         |
| 45,000,000 (previous year : 45,000,000) equity shares of Rs.10 each                | 458,000,000             | 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           |
|  | <b>1,835,000,800</b>    | <b>1,835,000,000</b>    |
| <b>Share capital</b>   |                         |                         |
| <b>Issued, subscribed and fully paid up shares</b>                                 |                         |                         |
| 25,897,669 (previous year: 25,897,669) equity shares of Rs.10/- each fully paid-up | 258,976,690             | 258,976,690             |
| <b>Total issued, subscribed and fully paid up share capital</b>                    | <b>258,976,690</b>      | <b>258,976,690</b>      |

## (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                       | <b>25,897,669</b> | <b>258,976,690</b> | <b>25,897,669</b> | <b>258,976,690</b> |
| <b>Preference shares</b>                                 |                   |                    |                   |                    |
|  |                   |                    |                   |                    |
| At the beginning of the year                             | -                 | -                  | -                 | -                  |
| Issued during the year                                   | -                 | -                  | 1,583,000         | 1,563,000,000      |
| Converted during the year                                | -                 | -                  | (1,583,000)       | (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 (Mauntius) 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.





**UFO Moviez India Limited**

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

**UFO**  
 digital cinema

| Name of the shareholder                         | 31 March 2013 |                        | 31 March 2012 |                        |
|---|---------------|------------------------|---------------|------------------------|
|   | No.           | % holding in the class | No.           | % 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**

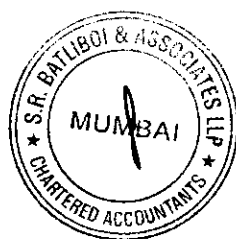
For details of shares reserved for issue under the employee stock option (ESOP) plan of the company, please refer note 27.

(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 | 13,088,626    | 13,066,626    |

**4. Reserves and Surplus**

|  | 31 March 2013        | 31 March 2012        |
|--|----------------------|----------------------|
|  | Rupees               | Rupees               |
| <b>Securities premium account</b>  |                      |                      |
| 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               |
| <b>Closing balance</b>   | <b>3,481,215,707</b> | <b>3,481,215,707</b> |
| <b>Legal Reserve</b>   |                      |                      |
| Balance as per the last financial statements                                     |                      |                      |
| Add: Transferred from Profit & Loss Account                                      | 4,930,482            | -                    |
| <b>Closing Balance</b>   | <b>4,930,482</b>     | <b>-</b>             |
| <b>Employee stock options outstanding</b>  |                      |                      |
| Gross employee stock compensation for options granted in earlier years           | 129,874              | 65,444               |
| Less : Deferred Employee Stock Compensation                                      | (80,991)             | (65,444)             |
| <b>Closing Balance</b>   | <b>48,883</b>        | <b>-</b>             |
| <b>Foreign Currency Translation Reserve</b>                                      |                      |                      |
| Balance as per last financial statement  | 61,601,872           | (258,701)            |
| Addition during the year   | 33,916,708           | 61,660,573           |
| <b>Closing balance</b>   | <b>95,518,580</b>    | <b>61,601,872</b>    |
| <b>(deficit) in the statement of profit and loss</b>                             |                      |                      |
| Balance as per last financial statements   | (702,093,831)        | 765,617,152          |
| Less: Pre - acquisition loss acquired from minority interest                     | 49,725               | 17,550,863           |
| Non Refundable advance   | -                    | -                    |
| Profit for the year  | 331,653,739          | 45,972,456           |
| Less: Transferred to Legal reserve   | (4,930,482)          | -                    |
| <b>Net deficit in the statement of profit and loss</b>                           | <b>(375,320,849)</b> | <b>(702,093,831)</b> |
| <b>Total reserves and surplus</b>  | <b>3,206,382,803</b> | <b>2,840,723,746</b> |



**5. Long-term borrowings**

|  | Non-Current portion     |                         | Current portion         |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | 31 March 2013<br>Rupees | 31 March 2012<br>Rupees | 31 March 2013<br>Rupees | 31 March 2012<br>Rupees |
| <b>Non Current</b>   |                         |                         |                         |                         |
| <b>Term loans (Secured)</b>  |                         |                         |                         |                         |
| Rupees 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             | 108,000,800             | 79,035,314              |
| Term loan 4 from Axis Bank   | 388,370,163             | 7,692,112               | 204,999,996             | 1,313,288               |
| <b>Sub Total</b>   | <b>632,362,671</b>      | <b>469,798,054</b>      | <b>425,499,996</b>      | <b>192,848,602</b>      |
| <b>From financial Institutions</b>   | <b>1,258,249</b>        | <b>2,933,449</b>        | <b>1,675,200</b>        | <b>1,675,200</b>        |
| <b>Long-Term Borrowings (unsecured)</b>  | <b>23,924,242</b>       | <b>58,228,421</b>       | -                       | -                       |
| 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               |
| <b>Sub Total</b>   | <b>26,372,309</b>       | <b>5,807,711</b>        | <b>11,255,182</b>       | <b>4,310,747</b>        |
| Less :Amount disclosed under the head "other current liabilities" (note 7)   |                         |                         | (438,438,378)           | (196,634,549)           |
| <b>Net amount</b>  | <b>683,917,471</b>      | <b>536,767,635</b>      | -                       | -                       |

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<br>Rupees | 31 March 2012<br>Rupees | 31 March 2013<br>Rupees | 31 March 2012<br>Rupees |
| Provision for gratuity (refer note 26) | 2,806,576               | 1,641,843               | 3,424,662               | 2,272,442               |
| Provision for compensated absences     | 14,596                  | -                       | 17,822,185              | 12,826,557              |
| Provision for Warranties               | 8,973,716               | 3,937,000               | 3,891,259               | 6,813,000               |
| Provision for Indirect taxes           | -                       | -                       | 1,850,880               | -                       |
| Provision for others                   | -                       | -                       | -                       | 130,000                 |
|  | <b>11,796,890</b>       | <b>5,578,843</b>        | <b>26,188,106</b>       | <b>22,041,999</b>       |

**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<br>Rs. | 31 March 2012<br>Rs. |
|-------------------------------|----------------------|----------------------|
| At the beginning of the year  | 6,758,000            | -                    |
| Prior period cost             | 4,008,000            | -                    |
| Arising during the year       | 4,927,977            | 10,750,000           |
| Utilized during the year      | 2,813,000            | -                    |
| Unused amounts reversed       | -                    | -                    |
| <b>At the end of the year</b> | <b>12,864,977</b>    | <b>10,750,000</b>    |
| Current portion               | 3,891,259            | 6,813,000            |
| Non-current portion           | 8,973,716            | 3,937,000            |



**UFO Moviez India Limited**  
**7. Trade Payable & Other Liabilities**

|   | Non-Current portion     |                         | Current portion         |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | 31 March 2013<br>Rupees | 31 March 2012<br>Rupees | 31 March 2013<br>Rupees | 31 March 2012<br>Rupees |
| Trade payables (refer note 36 for details of dues to micro and small enterprises) |                         |                         | 350,706,859             | 201,183,532             |
| <b>Other liabilities</b>  |                         |                         |                         |                         |
| 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              |
| <b>Others</b>   |                         |                         |                         |                         |
| 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              |
|   | <b>388,408,477</b>      | <b>317,348,819</b>      | <b>1,084,257,391</b>    | <b>701,889,246</b>      |

**8. Short-term borrowings**

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

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<br>Rupees | 31 March 2012<br>Rupees |
|---|-------------------------|-------------------------|
| <b>Trade investments (valued at cost unless stated otherwise)</b>   |                         |                         |
| <b>Unquoted equity instruments</b>  |                         |                         |
| <b>Investment in others</b>   |                         |                         |
| 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              | 61,440,625              |
| Less : Provision for diminution in value of investments   | (81,440,625)            | (81,440,625)            |
| <b>Investment in step down subsidiary</b>   |                         |                         |
| <b>Investment in associates</b>   |                         |                         |
| 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)               |
|   | <b>478,729</b>          | <b>15,054,931</b>       |
| 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)               |
|   | <b>476,729</b>          | <b>476,729</b>          |
|   | <b>18,021,076</b>       | <b>15,531,680</b>       |



Notes to financials statements for the year ended 31 March 2013

|                                  | Tangible Assets        |                      |                   |                   |                      |                                       |                   | Intangible Assets    |                  |                    | Grand Total          |  |
|----------------------------------|------------------------|----------------------|-------------------|-------------------|----------------------|---------------------------------------|-------------------|----------------------|------------------|--------------------|----------------------|--|
|                                  | Leasehold Improvements | Plant & Machinery    | Computer Systems  | Office Equipments | Furniture & Fixtures | Electrical Equipments & Installations | Vehicles          | Total                | Goodwill         | Computer software  |                      |  |
| <b>Cost</b>                      |                        |                      |                   |                   |                      |                                       |                   |                      |                  |                    |                      |  |
| 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        | 56,982,467         | 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            | 1,049,257,960        |  |
| 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         | 27,630,940           |  |
| Disposals                        | -                      | 26,755,506           | 197,250           | 678,184           | -                    | -                                     | -                 | 27,630,940           | -                | -                  | 4,306,656            |  |
| Adjustment*                      | -                      | (8,020,254)          | 5,380,753         | 558,851           | (572,403)            | -                                     | -                 | (2,653,053)          | 656,670          | 6,303,041          | 3,051,096,199        |  |
| <b>At 31 March 2012</b>          | <b>17,896,816</b>      | <b>2,779,546,190</b> | <b>40,592,342</b> | <b>49,697,218</b> | <b>13,244,035</b>    | <b>4,625,928</b>                      | <b>34,748,189</b> | <b>2,939,544,708</b> | <b>5,185,218</b> | <b>186,366,281</b> | <b>1,253,856,432</b> |  |
| 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            | 45,919,559           |  |
| Disposals                        | 2,543,334              | 14,239,542           | 42,827            | 677,812           | 4,170,582            | -                                     | 8,906,062         | 45,919,559           | -                | (1,077,151)        | (5,277,158)          |  |
| Adjustment*                      | (2,149,986)            | (4,012,635)          | (4,411)           | (17,991)          | 1,970,324            | -                                     | 14,692            | (4,200,007)          | -                | -                  | 4,264,318,279        |  |
| <b>At 31 March 2013</b>          | <b>24,416,933</b>      | <b>3,966,535,856</b> | <b>46,842,710</b> | <b>53,902,294</b> | <b>8,659,774</b>     | <b>4,861,435</b>                      | <b>77,344,328</b> | <b>4,150,987,770</b> | <b>5,185,218</b> | <b>108,137,249</b> | <b>682,791,500</b>   |  |
| <b>Depreciation/Amortisation</b> |                        |                      |                   |                   |                      |                                       |                   |                      |                  |                    |                      |  |
| At 1 April 2011                  | 1,806,346              | 608,327,712          | 18,182,863        | 18,373,520        | 6,513,048            | 2,836,466                             | 7,104,408         | 663,144,163          | 452,854          | 19,194,483         | 30,180,955           |  |
| Acquisition of subsidiary        | 1,171,260              | 16,193,699           | 635,014           | 397,735           | 1,474,076            | -                                     | 1,898,425         | 8,410,745            | -                | 8,410,745          | 399,610,357          |  |
| Charge for the year              | 1,902,947              | 350,528,944          | 7,463,201         | 8,576,945         | 2,081,735            | 250,368                               | 5,750,750         | 376,584,891          | -                | 13,055,466         | 22,460,050           |  |
| Disposals                        | (8,330)                | 22,227,785           | 54,432            | 177,833           | -                    | -                                     | -                 | 22,460,050           | -                | -                  | (1,961,426)          |  |
| Adjustment*                      | (8,330)                | 4,900,547            | (2,875,305)       | 176,788           | (4,270,866)          | -                                     | 918               | (2,076,251)          | 65,667           | 49,158             | 1,078,046,856        |  |
| <b>At 31 March 2012</b>          | <b>4,872,224</b>       | <b>957,607,837</b>   | <b>23,351,142</b> | <b>27,347,155</b> | <b>5,797,991</b>     | <b>3,086,833</b>                      | <b>14,754,682</b> | <b>1,836,817,684</b> | <b>518,521</b>   | <b>40,611,746</b>  | <b>536,147,843</b>   |  |
| Charge for the year              | 6,594,915              | 488,705,506          | 6,266,167         | 6,650,036         | 852,549              | 369,626                               | 11,277,789        | 520,916,588          | -                | 15,231,254         | 26,219,967           |  |
| Disposals                        | 1,827,812              | 14,479,062           | 15,274            | 298,377           | 1,961,728            | -                                     | 7,637,714         | 26,219,967           | -                | -                  | (574,411)            |  |
| Adjustment                       | 10,549                 | (568,960)            | 82                | 631               | 2,014                | -                                     | 1,777             | (573,906)            | -                | (507)              | 1,588,548,343        |  |
| <b>At 31 March 2013</b>          | <b>9,628,778</b>       | <b>1,432,423,241</b> | <b>29,601,953</b> | <b>33,898,183</b> | <b>4,686,798</b>     | <b>3,456,459</b>                      | <b>18,392,800</b> | <b>1,532,888,211</b> | <b>518,521</b>   | <b>55,843,507</b>  | <b>1,973,066,145</b> |  |
| <b>Net Block</b>                 |                        |                      |                   |                   |                      |                                       |                   |                      |                  |                    |                      |  |
| At 31 March 2012                 | 12,224,592             | 1,821,940,352        | 17,241,208        | 22,350,055        | 7,448,844            | 1,539,093                             | 19,985,688        | 1,902,727,023        | 4,666,689        | 65,754,535         | 2,675,761,692        |  |
| At 31 March 2013                 | 14,786,155             | 2,634,111,855        | 16,440,757        | 28,804,111        | 3,872,976            | 1,404,976                             | 58,951,528        | 2,618,898,659        | 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



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

|   | 31 March 2013<br>Rupees | 31 March 2012<br>Rupees |
|---|-------------------------|-------------------------|
| <b>Deferred tax liabilities</b>   |                         |                         |
| Differences in depreciation and other differences in block of fixed assets as   | 8,346                   | 28,181                  |
| <b>Gross Deferred Tax Liabilities</b>   | <b>8,346</b>            | <b>28,181</b>           |
| <b>Deferred tax assets</b>  |                         |                         |
| 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               | 9,803,720               |
| Provision for gratuity and leave encashment   | 570,621                 | 343,648                 |
| Provision for warranty  | 4,372,808               | 2,190,038               |
| <b>Deferred Tax Assets</b>  | <b>21,932,097</b>       | <b>13,061,310</b>       |
| Net Deferred Tax Assets   | 21,928,007              | 13,045,257              |
| <b>Net Deferred tax (Liability) recognised</b>  | <b>(4,255)</b>          | <b>(12,129)</b>         |

**12. Loans and advances**

|   | Non-Current portion     |                         | Current Maturities      |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | 31 March 2013<br>Rupees | 31 March 2012<br>Rupees | 31 March 2013<br>Rupees | 31 March 2012<br>Rupees |
| <b>Unsecured, considered good</b>                           |                         |                         |                         |                         |
| 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               |
| <b>Other loans and advances (unsecured considered good)</b> |                         |                         |                         |                         |
| 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                 |
|   | <b>241,979,417</b>      | <b>176,519,592</b>      | <b>219,932,246</b>      | <b>175,619,460</b>      |

**13. Current investments**

|   | 31 March 2013<br>Rupees | 31 March 2012<br>Rupees |
|---|-------------------------|-------------------------|
| <b>Unquoted mutual funds</b>  |                         |                         |
| HDFC Liquid Fund - dividend - daily reinvest<br>3027404.596 units at 10.1982 (March 31, 2012 : Nil units)           | 30,874,078              | -                       |
| ICICI Prudential Liquid - direct plan - daily dividend<br>668044.664 units at 100.0226 (March 31, 2012 : Nil units) | 68,819,584              | -                       |
| HDFC Cash Management Fund<br>537737 units of Rs. 10.03 (March 31, 2012: 505,746)                                    | 5,394,412               | 5,073,489               |
| AxIs Liquid Fund<br>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               |
|   | <b>116,634,774</b>      | <b>12,924,449</b>       |

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<br>Rupees | 31 March 2012<br>Rupees |
|------------------------|-------------------------|-------------------------|
| Consumables and spares | 106,047,005             | 102,976,327             |
|                        | <b>106,047,005</b>      | <b>102,976,327</b>      |



**UFO Moviez India Limited**
**15. Trade receivables**
**UFO**  
digital cinema

|   | Non-Current portion |                  | Current Portion    |                    |
|---|---------------------|------------------|--------------------|--------------------|
|   | 31 March 2013       | 31 March 2012    | 31 March 2013      | 31 March 2012      |
|   | Rupees              | Rupees           | Rupees             | Rupees             |
| <b>Unsecured, considered good unless stated otherwise</b>                                   |                     |                  |                    |                    |
| <b>Outstanding for a period exceeding six months from the date they are due for payment</b> |                     |                  |                    |                    |
| - considered good   | -                   | -                | 28,260,984         | 36,289,914         |
| - considered doubtful   | -                   | -                | 61,625,815         | 39,257,029         |
| Provision for doubtful receivables  | -                   | -                | 89,886,799         | 75,546,943         |
| (A)   | -                   | -                | (61,625,815)       | (39,257,029)       |
| 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  | -                   | -                | (806,706)          | (2,328,709)        |
| (B)   | -                   | -                | 725,625,438        | 351,090,502        |
| <b>TOTAL (A + B)</b>  | <b>4,546,874</b>    | <b>4,307,164</b> | <b>753,886,422</b> | <b>387,380,416</b> |

**16. Cash and bank balances**

|  | Non-Current portion |               | Current Maturities |               |
|--|---------------------|---------------|--------------------|---------------|
|  | 31 March 2013       | 31 March 2012 | 31 March 2013      | 31 March 2012 |
|  | Rupees              | Rupees        | Rupees             | Rupees        |
| <b>Cash and cash equivalents</b>   |                     |               |                    |               |
| 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   |
| <b>Other bank balances</b>   |                     |               |                    |               |
| - 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       | 31 March 2012 | 31 March 2013   | 31 March 2012 |
|   | Rupees              | Rupees        | Rupees          | 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     |



**18. Revenue from operations**

|  | 31 March 2013<br>Rupees     | 31 March 2012<br>Rupees     |
|--|-----------------------------|-----------------------------|
| <b>Sale of Services</b>                      |                             |                             |
| 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)  | <u>2,629,719,315</u>        | <u>1,578,497,591</u>        |
| <b>Sales of Products</b>                     |                             |                             |
| Lamp sale                                    | 154,296,838                 | 139,512,704                 |
| Sale of digital cinema equipments            | 578,288,608                 | 349,052,999                 |
| (B)  | <u>732,585,438</u>          | <u>488,565,703</u>          |
| (A)+(B)                                      | <u><u>3,362,304,753</u></u> | <u><u>2,067,063,294</u></u> |

**19. Other income**

|                                     | 31 March 2013<br>Rupees | 31 March 2012<br>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               |
|                                     | <u>12,666,188</u>       | <u>9,444,201</u>        |

**20 Operating direct costs**

|  | 31 March 2013<br>Rupees     | 31 March 2012<br>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               |
|  | <u>602,233,274</u>          | <u>388,587,287</u>        |
|  | <u><u>1,281,270,425</u></u> | <u><u>730,516,954</u></u> |

**21. Employee benefit expense**

|   | 31 March 2013<br>Rupees | 31 March 2012<br>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              |
|   | <u>446,188,192</u>      | <u>333,002,840</u>      |



|   | 31 March 2013      | 31 March 2012      |
|---|--------------------|--------------------|
|   | Rupees             | 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         |
|   | <b>576,133,548</b> | <b>489,967,135</b> |

**23. Interest and finance expense**

|                             | 31 March 2013      | 31 March 2012      |
|-----------------------------|--------------------|--------------------|
|                             | Rupees             | 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            |
|                             | <b>151,913,993</b> | <b>113,029,413</b> |

**24. Finance income**

|  | 31 March 2013     | 31 March 2013     |
|--|-------------------|-------------------|
|  | Rupees            | 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        |
|  | <b>30,861,745</b> | <b>66,288,727</b> |





## Notes to consolidated financial 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      | 31 March 2012     |
|---|--------------------|-------------------|
|   | Rupees             | Rupee             |
| <b>Basic</b>  |                    |                   |
| 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)      |
| <b>Net profit for calculation of basic EPS</b>                    | <b>300,651,541</b> | <b>14,970,260</b> |
| Weighted average number of equity shares in calculating basic EPS | 25,897,659         | 20,197,817        |
| <b>Earning per share</b>  | <b>11.61</b>       | <b>0.74</b>       |
| <b>Diluted</b>  |                    |                   |
| Net profit for calculation of basic EPS                           | 300,651,541        | 14,970,260        |
| Add : dividends on convertible preference share                   | -                  | -                 |
| <b>Net profit for calculation of diluted EPS</b>                  | <b>300,651,541</b> | <b>14,970,260</b> |
| Weighted average number of equity shares in calculating basic EPS | 25,897,659         | 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        |
| <b>Earning per share</b>  | <b>11.30</b>       | <b>0.56</b>       |

## 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    | 31 March 2012    |
|  | Rupees           | 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        |
| <b>Net benefit expense</b>                         | <b>4,761,140</b> | <b>4,268,827</b> |
| Actual return 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        |
| <b>Plan (asset) / liability</b>             | <b>6,233,238</b> | <b>3,914,290</b> |

**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         |
| <b>Closing defined benefit obligation</b> | <b>16,979,832</b> | <b>11,210,614</b> |

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

|  |                  |                  |
|--|------------------|------------------|
| Opening fair value of plan assets        | 7,296,327        | 4,883,223        |
| Expected return                          | 644,268          | 598,349          |
| Contributions by employer                | 2,372,442        | 2,056,945        |
| Benefits paid                            | (766,443)        | (242,193)        |
| Actuarial gains / (losses)               | -                | -                |
| <b>Closing fair value of plan assets</b> | <b>9,746,594</b> | <b>7,296,324</b> |



## 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%<br>depending on age | 1% to 3%<br>depending on age |

**Amounts for the current and three years are 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 gratuity 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 Exercise 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



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

|   | 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   | <b>317,882,015</b> | <b>(18,267,341)</b> |
| <b>Earnings Per Share</b>                                 |                    |                     |
| <b>Basic</b>  |                    |                     |
| - As reported   | 11.61              | 0.74                |
| - Proforma  | 12.27              | (0.90)              |
| <b>Diluted</b>  |                    |                     |
| - As reported   | 11.30              | 0.56                |
| - Proforma  | 11.95              | (0.69)              |

**29. Leases****Operating lease : Group as lessaa**

The Group's significant leasing arrangements are in respect 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 lessee. 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 years. The Group as well as the theaters and franchisees have an option of terminating this lease arrangement any time during the tenure of the laase 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 Rupeeaa)             |               |
|---|--------------------------|---------------|
|   | 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 accordance with the requirement of Accounting Standard 17 on Segment Reporting, issued by The Institute of Chartered Accountants of India ('ICAI'). The 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 Rupees)        |               |
|---|--------------------|---------------|
|   | For tha year ended |               |
|   | 31 March 2013      | 31 March 2012 |
| <b>Revenue by gaographical market</b>                 |                    |               |
| -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     |
| <b>Carrying amount of aegment assets</b>              |                    |               |
| -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   |
| <b>Cost incurred to acquired segment fixed assets</b> |                    |               |
| -Within India   | 1,251,361,306      | 985,660,943   |
| - Middle east   | 2,506,127          | 62,759,352    |
| -Outside India  | -                  | 837,664       |



## Notes to consolidated financial 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<br>Nature of Expenses/Name of the Parties  | 31 March 2013<br>Rupees     | 31 March 2012<br>Rupees       |
|----------|--|-----------------------------|-------------------------------|
| <b>1</b> | <b>Enterprises owned or significantly influenced by Key Management Personnel or their relatives</b>              |                             |                               |
| A        | Purchase of equipment<br>i) Valuable Technologies Limited  | 2,725,000                   | 11,067,331                    |
| B        | Sale of equipment<br>i) Valuable Media Limited<br>ii) Valuable Technologies Inc                                  | 2,323,065<br>Nil            | 387,525<br>459,556            |
| C        | Expenses reimbursed<br>i) Media Infotek Park<br>ii) Valuable Media Limited<br>iii) Valuable Technologies Limited | 7,588,634<br>Nil<br>672,601 | 8,648,222<br>49,635<br>22,000 |
| D        | Software development charges<br>i) Dusane Infotech (India) Private Limited                                       | 5,595,700                   | 1,100,419                     |
| E        | Technical services (expense)<br>i) Valuable Technologies Limited   | 46,819,561                  | 37,608,951                    |
| F        | Direct Expenses (License fees on 3D movie)<br>i) Valuable Technologies Limited                                   | 723,912                     | 1,790,971                     |
| G        | Direct Expenses (Licensee fees - Impact)<br>i) Impact Media Exchange Limited                                     | 1,453,612                   | 1,116,428                     |
| H        | Licensee fee- Club X (income)<br>i) Valuable Media Ltd   | 848,441                     | 501,219                       |
| I        | Security deposit paid<br>i) Media Infotek Park   | Nil                         | 34,090,800                    |
| J        | Claim against loss of assets<br>i) Impact Media Exchange Limited   | Nil                         | 2,836,539                     |
| K        | Rent paid (expense)<br>i) Media Infotek Park<br>ii) Apollo International Ltd                                     | 44,524,592<br>60,000        | 42,229,968<br>Nil             |
| L        | Consultancy and reimbursement expense<br>Shree Enterprises   | 507,269                     | 454,743                       |
| <b>2</b> | <b>Associate Enterprises</b>   |                             |                               |
| A        | Sale of goods<br>i) Scrabble Digital Ltd   | 8,256,524                   | 1,915,000                     |
| B        | Digital Conversion Expenses & Content Processing Charges<br>i) Scrabble Digital Ltd                              | 2,126,100                   | 1,160,885                     |
| C        | Investment in Shares<br>i) Scrabble Digital Ltd<br>ii) Scrabble Digital JLT                                      | Nil<br>Nil                  | 3,500,000<br>1,273,000        |



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

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

**3. Remuneration to key managerial personnel**

|  | 31 March 2013<br>Rupees | 31 March 2012<br>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 |                         |                         |
| <b>Total</b>                                     | <b>50,000,000</b>       | <b>50,000,000</b>       |

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

**4. Balance outstanding at the year end**

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

**32. Capital and other commitments**

|  | 31 March 2013<br>Rupees | 31 March 2012<br>Rupees |
|--|-------------------------|-------------------------|
| <b>Capital commitments</b><br>(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   |                         |                         |
| Other Commitments  | 6,802,374               | 1,422,260               |



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

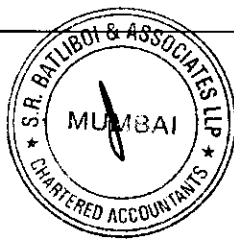
**33. Contingent liabilities**

|  | 31 March 2013<br>Rupees | 31 March 2012<br>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 Andhra 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 matter 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 the 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 Subsidiaries 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                     |
|  | <b>1,476,928,721</b>    | <b>221,597,892</b>      |

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

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

| Particulars of un-hedged exposure           | 31 March 2013   | 31 March 2012   |
|---|---|---|
|   | Rupees  | 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\$ 6,176,814 @ Closing rate of 1 USD = Rs.51.8521)    |
| Advance Recoverable in cash or Kind         | Rs.2,043,855/- (US\$ 37,578.26 @ Closing rate of 1 USD = Rs. 54.3893)   | Rs. 982,453/- (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\$26,88,880 @ 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)             |



**Notes to consolidated financial statements for the year ended 31 March 2013**
**35. Details of Loss on liquidation 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 financial statements

| Particulars                                | 31 March 2013    |
|--|------------------|
| Cost of Investment                         | 131,125,988      |
| Accumulated Profit and loss from inception | (129,420,153)    |
| <b>Loss on disposal of subsidiary</b>      | <b>1,705,835</b> |

**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 independent agency. The group has an option to acquire remaining 20% stake on August 31, 2018 at a valuation to be determined based on agreed formula.

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

**38. Previous year figures**

Previous year figures have been regrouped / reclassified, where necessary, 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



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

Sanjay Galkwad  
 Managing Director  
 DIN No. : 01001173

S. S. Chavhan  
 Sameer Chavan  
 Company Secretary

Place of signature: Mumbai  
 Date: November 20, 2014

Kapil Agarwal  
 Joint Managing Director  
 DIN No. : 00024378

Ashish Maishte  
 Chief Financial Officer