

UFO Moviez India Limited
Financial Statements Along With Auditors' Report
For The Year Ended March 31, 2013

INDEPENDENT AUDITOR'S REPORT

To the Members of UFO Moviez India Limited

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. 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 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 financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

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

S.R. BATLIBOI & ASSOCIATES LLP


Chartered Accountants

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Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Act; and
 - (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

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: August 2, 2013



S.R. BATLIBOI & ASSOCIATES LLP

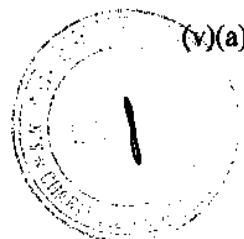
Chartered Accountants

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Annexure referred to in paragraph [1] under Report on Other Legal and Regulatory Requirements of our report of even date

Re: UFO Moviez India Limited ('the Company')

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



S.R. BATLIBOI & ASSOCIATES LLP

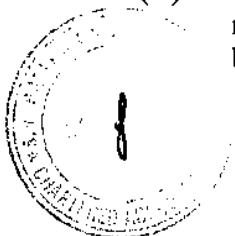
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- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at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

Nature of Statute	Nature of Dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
West Bengal VAT Act, 2003	VAT	4,195,703	2007-08	Tribunal
Andhra Pradesh VAT Act	VAT	630,162	2008-09 and 2009-10	Commissioner Appeals
Andhra Pradesh VAT Act	VAT	2,506,725	2005-06 to 2010-11	Appellate Deputy Commissioner
Income Tax Act, 1961	TDS	1,897,700	2006-07 & 2007-08	Commissioner of Income Tax (Appeals), Mumbai

- (x) The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks and a financial institution. The Company has not issued any debentures.




S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

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

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: August 2, 2013



Balance sheet as at 31 March 2013

	Notes	31 March 2013 Rupees	31 March 2012 Rupees
Equity and liabilities			
Shareholder's Funds			
Share capital	3	258,976,690	258,976,690
Reserves and surplus	4	3,100,379,371	2,848,684,310
		<u>3,359,356,061</u>	<u>3,107,661,000</u>
Non-current liabilities			
Long-term borrowings	5	655,237,649	471,324,020
Other long-term liabilities	6	472,365,290	400,241,124
		<u>1,127,602,939</u>	<u>871,565,144</u>
Current liabilities			
Short-term borrowing	7	168,065,782	-
Trade payables	6	61,573,812	61,066,151
Other current liabilities	6	1,032,037,678	675,484,798
Short-term provisions	8	19,942,915	14,414,924
		<u>1,281,620,187</u>	<u>750,965,873</u>
TOTAL		<u><u>5,768,579,187</u></u>	<u><u>4,730,192,017</u></u>
Assets			
Non-current Assets			
Fixed Assets			
Tangible assets	9	2,366,296,155	1,618,712,935
Intangible assets	9	3,486,640	10,550,982
Capital work-in-progress		294,941,869	496,092,778
Non-current investments	10	1,758,474,520	1,550,814,320
Long-term loans and advances	11	192,454,501	130,546,023
Trade receivables	14	75,795,745	-
Other non-current assets	16	56,584,747	465,132
		<u>4,748,034,177</u>	<u>3,807,182,170</u>
Current Assets			
Current investments	12	97,693,642	-
Inventories	13	59,433,692	65,246,500
Trade receivables	14	438,936,958	319,316,497
Cash and bank balances	15	262,232,107	377,653,641
Short-term loans and advances	11	146,482,518	152,600,316
Other current assets	16	15,766,093	8,192,893
		<u>1,020,545,010</u>	<u>923,009,847</u>
TOTAL		<u><u>5,768,579,187</u></u>	<u><u>4,730,192,017</u></u>
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report attached of even date

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: August 2, 2013



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

Sanjay Gaikwad
Managing Director

Anjali Kulkarni
Company Secretary

Kapil Agarwal
Joint Managing Director

Ashish Malushte
Chief Financial Officer

Statement of profit and loss for the year ended 31 March 2013

	Notes	31 March 2013 Rupees	31 March 2012 Rupees
Income			
Revenue from operations	17	2,131,740,517	1,460,024,428
Other income	18	14,675,655	8,777,509
Total Income (I)		2,146,416,172	1,468,801,937
Expenses			
Direct expenses	19	517,593,549	410,068,984
Employee benefit expenses	20	349,710,942	256,851,197
Other expenses	21	449,912,086	358,016,395
Total Expenses (II)		1,317,216,577	1,024,936,576
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) -(II)		829,199,595	443,865,361
Depreciation & amortisation expenses	9	466,514,589	341,810,994
Finance cost	22	133,717,066	79,479,322
Finance income	23	(22,727,121)	(61,684,711)
Profit/(Loss) Before Tax		251,695,061	84,259,756
Tax expenses			
Current tax (MAT payable)		25,376,261	-
MAT credit entitlement		(25,376,261)	-
Total tax expenses		-	-
Profit/(Loss) for the year		251,695,061	84,259,756
Earnings per equity share			
Basic (Face value of Rs.10 each)	24	8.52	2.64
Diluted (Face value of Rs.10 each)		8.30	2.01
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financials statements.

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



per Govind Ahuja
Partner
Membership No.: 48966


Place of signature: Mumbai
Date: August 2, 2013



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




Sanjay Gaikwad
Managing Director



Kapil Agatwal
Joint Managing Director



Anjali Kulkarni
Company Secretary



Ashish Malushte
Chief Financial Officer

Cash flow statement for the year ended 31 March 2013

	31 March 2013 Rupees	31 March 2012 Rupees
Cash flow from operating activities		
Net profit before tax	251,695,061	84,259,756
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation	466,514,589	341,810,994
Foreign exchange (gain)/loss (net)	16,911,786	9,198,863
Loss on sale of fixed assets	4,222,390	1,318,526
Provision for doubtful debts	16,637,225	1,988,761
Provision for leave encashment	5,128,309	3,698,481
Provision for gratuity	3,706,084	3,492,143
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	(3,170,437)	(2,962,282)
Interest Income	(19,556,684)	(48,617,081)
Interest expense	128,959,424	60,644,949
Operating profit before working capital changes	872,170,532	442,279,243
Movements in working capital :		
Decrease / (increase) in trade payable	267,966	(63,713,451)
Increase / (decrease) in short-term provisions	(3,306,402)	(2,853,548)
Increase / (decrease) in other current liabilities	(222,747,290)	(158,423,855)
Increase / (decrease) in other long-term current liabilities	345,158,174	318,656,069
Decrease / (increase) in trade receivables	(209,216,892)	57,347,563
(Increase) / decrease in inventories	5,812,808	(35,142,418)
Decrease / (increase) in short-term loans and advances	(22,095,002)	10,303,179
Decrease / (increase) in other current assets	(8,850,690)	(6,894,338)
Decrease / (increase) in other non-current assets	31,336,507	185,783,246
Cash generated from operations	788,529,711	747,341,690
Direct tax paid (net of refunds)	(57,448,092)	(35,290,471)
Foreign exchange fluctuation (net)	(15,788,177)	(2,197,462)
Net cash flow from operating activities	(A) 715,293,442	709,853,757
Cash flow from investing activities		
Purchase of fixed assets including intangible, CWIP & capital advances	(1,090,294,589)	(1,007,541,903)
Investment in subsidiary	(90,266,735)	(856,329,679)
Purchase of current investment including dividend reinvestment	(97,693,642)	(550,000,000)
Proceeds from sale of current investment	-	560,105,349
Proceeds from sale of fixed assets	11,972,444	13,953,732
Interest received	20,834,174	47,469,382
Dividend received	3,170,437	2,962,282
Maturity of bank deposits having original maturity more than 3 months	196,145,599	(349,592,961)
Net cash flow used in investing activities	(B) (1,046,132,312)	(2,138,973,797)
Cash flow from financing activities		
Proceeds from issuance of preference share capital	-	1,143,000,000
Proceeds from long term borrowings	769,440,971	326,674,141
Repayment of long term borrowings	(346,465,126)	(107,285,830)
Proceeds from short term borrowings (net)	168,065,782	-
Proceeds from issuance of equity shares	-	54,999
Interest paid	(123,359,077)	(59,231,808)
Net cash flow from financing activities	(C) 467,682,550	1,303,211,502
Net increase/(decrease) in cash and cash equivalent (A + B + C)	136,843,680	(125,908,538)
Cash and cash equivalents at the beginning of the year	29,622,397	155,530,935
Cash and cash equivalents at the end of the year	166,466,077	29,622,397



Cash flow statement for the year ended 31 March 2013

	31 March 2013 Rupees	31 March 2012 Rupees
Components of cash and cash equivalents		
Cash on hand	152,119	132,296
Balance with banks:		
- on current accounts	145,755,938	28,652,279
- on fixed deposits	20,558,020	837,822
Cash & cash equivalents [refer note 15]	166,466,077	29,622,397

Notes:

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

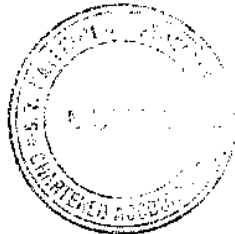
As per our report attached of even date

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



per Govind Ahuja
Partner
Membership No.: 48966

Place of signature: Mumbai
Date: August 2, 2013



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



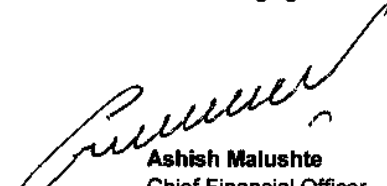
Sanjay Gaikwad
Managing Director



Anjali Kulkarni
Company Secretary



Kapil Agarwal
Joint Managing Director



Ashish Malushte
Chief Financial Officer

1. Corporation information

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

2. Basis of preparation

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

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

2.1 Summary of significant accounting policies

(a) Change in Accounting policies

Change in method of Inventory

In the current year, the company 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 increase of Rs 1,636,709/- in the consumption and decrease in closing stock by Rs 1,636,709/-.

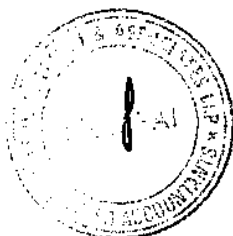
Use of estimates

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 & amortisation of intangible assets

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

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

	Rates as per management's estimate of useful lives (SLM)	Schedule XIV Rates (SLM)
Exhibition Equipment	9.50% - 25%	7.07%
Plant & Machinery	16.21%	7.07%
Computer	16.21%	16.21%
Furniture and Fixtures	16.67%	6.33%
Office Equipments	16.67%	4.75%
Vehicles	20.00%	9.50%

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

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

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

(e) Impairment of tangible and intangible assets

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

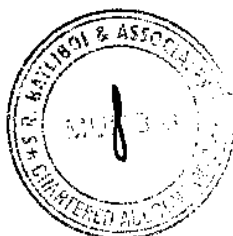
(f) Leases

Where the Company is the lessee

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

Where the Company is the lessor

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



(g) Investments

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

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

(h) Inventories

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

(i) Revenue Recognition

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

Income from Services

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

Sale of Goods

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

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

Interest

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

Dividends

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



(j) Foreign Currency Translation

Foreign currency transactions and balances

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

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

(iii) Exchange Differences

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

(k) 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 contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

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

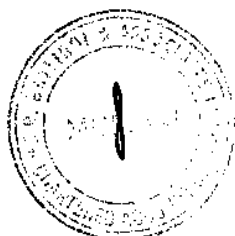
Actuarial gains/losses are immediately taken to statement of profit and loss and are not deferred.

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.

(l) Income Taxes

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is "virtual certainty" (as defined in Accounting Standard 22 issued by The Institute of Chartered Accountants of India) supported by convincing evidence that they can be realised against future taxable profits.



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

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

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 company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company 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 company 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 company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

(m) 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.

(n) Contingent liabilities

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

(o) 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.



(p) Employee Stock Compensation Cost

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

(q) 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.

(r) 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.

(s) 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 financials statements for the year ended 31 March 2013

3. Share capital

	31 March 2013 Rupees	31 March 2012 Rupees
Authorised share capital		
45,000,000 (previous year : 45,000,000) equity shares of Rs.10 each	450,000,000	450,000,000
1,385,000 (previous year : 1,385,000) preference shares of Rs.1000/- each	1,385,000,000	1,385,000,000
	1,835,000,000	1,835,000,000

Share capital

Issued, subscribed and fully paid up shares

25,897,669 (previous year: 25,897,669) equity shares of Rs.10/- each fully paid-up	258,976,690	258,976,690
Total issued, subscribed and fully paid up share capital	258,976,690	258,976,690

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

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

Preference shares

	31 March 2013		31 March 2012	
	No.	Rupees	No.	Rupees
At the beginning of the period	-	-	-	-
Issued during the period	-	-	1,583,000	1,583,000,000
Converted during the period	-	-	(1,583,000)	(1,583,000,000)
Outstanding at the end of the period	-	-	-	-

(b) Terms/ rights attached to equity shares-

Voting Rights

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

Rights as to Dividend

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

Pre-emption Rights:

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



Notes to financials statements for the year ended 31 March 2013
Right of First Offer, Right of Sale and Tag Along Rights:

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

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

Exit Rights and Drag Along Rights:

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

Rights pertaining to repayment of capital

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

Other Rights:

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

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

Restrictions

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

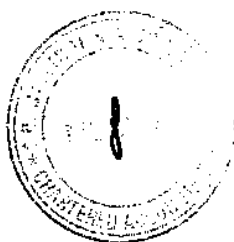
The Investor Group cannot transfer shares held by them in favour of any competitor as defined in the AOA of the Company or enter into an agreement for the transfer of shares to any competitor, subject to certain specified conditions.

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

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				
Valuable Technologies Limited	3,071,745	11.86	3,071,745	11.86
Valuable Media Limited	2,131,782	8.23	2,131,782	8.23
Apollo International Limited	2,266,417	8.75	2,266,417	8.75
3i Research (Mauritius) Limited	5,566,570	21.49	5,566,570	21.49
P5 Asia Holding Investments (Mauritius) Limited	9,253,740	35.73	9,253,740	35.73

(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 26.



Notes to financials statements for the year ended 31 March 2013

4. Reserves and Surplus

	31 March 2013 Rupees	31 March 2012 Rupees
Securities premium account		
Balance as per last financial statements	3,440,350,871	1,914,768,862
Add : received on issue of equity shares(from conversion of preference shares)	-	1,525,532,500
Add : additions on ESOPs exercised	-	49,509
Closing balance	3,440,350,871	3,440,350,871
(deficit) in the statement of profit and loss		
Balance as per last financial statements	(591,666,561)	(675,926,317)
Profit for the year	251,695,061	84,259,756
Net deficit in the statement of profit and loss	(339,971,500)	(591,666,561)
Total reserves and surplus	3,100,379,371	2,848,684,310

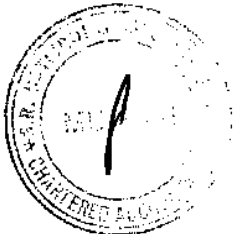
5. Long-term borrowings

	Non-Current portion		Current maturities	
	31 March 2013 Rupees	31 March 2012 Rupees	31 March 2013 Rupees	31 March 2012 Rupees
Term loans (Secured)				
Rupee loan from banks (secured by first charge on all fixed assets (except vehicles) and all current assets of the Company)				
Term loan 1 from HDFC Bank	112,500,000	225,000,000	112,500,000	112,500,000
Term loan 2 from Axis Bank	211,492,508	237,105,942	108,000,000	79,035,314
Term loan 3 from Axis Bank	308,370,163	7,692,112	204,999,996	1,313,288
Sub Total	632,362,671	469,798,054	425,499,996	192,848,602
Vehicle finance from banks and financials institutions (secured against hypothecation of vehicles)				
Vehicle Loan 1 from Axis Bank Ltd. (ROI from 10.15% to 11.40%, repayable in 48 monthly installments)	22,697,142	856,800	7,911,324	238,685
Vehicle Loan 2 from Kotak Mahindra Prime Ltd. (IRR from 8.34% to 11.17%, repayable in 36 monthly installments)	177,836	669,166	562,104	1,823,923
Sub Total	22,874,978	1,525,966	8,473,428	2,062,608
Amount disclosed under the head "other current liabilities" (note 6)	-	-	(433,973,424)	(194,911,210)
Net amount	655,237,649	471,324,020	-	-

Term loan 1 having interest of bank base rate plus 2.60% @ 12.40% p.a. is repayable in 31 monthly installments 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.



Notes to financials statements for the year ended 31 March 2013
6. Trade Payable & Other current liabilities

	Non-Current portion		Current Maturities	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	Rupees	Rupees	Rupees	Rupees
Trade payables (including acceptances) (refer note 35 for details of dues to micro and small enterprises)			61,573,812	61,066,151
Other liabilities				
Current maturities of long-term borrowings (refer note 5)	-	-	433,973,424	194,911,210
Interest accrued but not due on borrowings	-	-	12,022,506	6,422,159
Deferred lease rental income	112,219,296	127,207,116	25,032,820	24,610,625
Advance from customers	-	-	78,900,575	57,968,496
Others				
Deposit from theatres & regional dealers	181,345,994	178,734,008	45,336,498	44,683,503
Deposit from related parties	178,800,000	94,300,000	-	-
Payables for purchase of fixed assets	-	-	238,683,134	289,030,992
Payable for purchase of Investment	-	-	117,393,465	-
Salary & reimbursement payable	-	-	864,670	640,734
Other statutory dues (employee related liabilities)	-	-	2,929,323	2,436,477
Sales tax payable	-	-	5,716,427	4,049,121
TDS payable	-	-	10,383,145	7,615,482
Entry tax payable	-	-	266,549	118,892
Other creditors (other than trade)	-	-	4,134,457	1,129,603
Other payable (including provisions for expenses)	-	-	56,400,685	41,867,505
	472,365,290	400,241,124	1,032,037,678	675,484,798

7. Short-term borrowings

	31 March 2013	31 March 2012
	Rupees	Rupees
Cash credit from banks (secured)	168,065,782	-
	168,065,782	-

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.

8. Short term provisions

	31 March 2013	31 March 2012
	Rupees	Rupees
Provision for gratuity (refer note 25)	3,424,662	2,272,442
Provision for compensated absences	16,518,253	12,142,482
	19,942,915	14,414,924

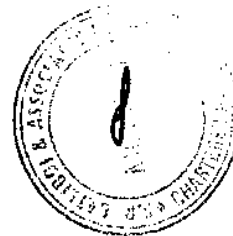


UFO Moviez India Limited

Notes to financials statements for the year ended 31 March 2013

9. Fixed Assets

	Tangible Assets					Intangible Assets			Grand Total	
	Leasehold Improvements	Plant & Machinery	Computer Systems	Office Equipments	Furniture & Fixtures	Electrical Equipments & Installations	Vehicles	Total		Computer software
Cost										
At 1 April 2011	3,518,422	1,718,871,217	23,114,885	23,505,656	1,995,404	3,425,486	17,524,827	1,791,955,897	29,731,583	1,821,687,480
Additions	5,005,755	798,805,643	7,568,642	10,535,947	1,110,436	1,200,440	4,084,019	826,310,882	1,823,116	828,133,998
Disposals	-	21,907,488	39,100	-	-	-	-	21,946,588	-	21,946,588
At 31 March 2012	8,524,177	2,493,769,372	30,644,427	34,041,603	3,105,840	4,625,926	21,608,846	2,596,320,191	31,554,699	2,627,874,890
Additions	3,635,396	1,164,973,693	4,115,121	3,431,131	804,609	235,509	48,032,842	1,223,228,301	-	1,223,228,301
Disposals	-	27,438,170	-	-	-	-	8,908,062	36,346,232	-	36,346,232
At 31 March 2013	12,159,573	3,631,304,895	34,759,548	37,472,734	3,910,449	4,861,435	58,733,626	3,783,202,260	31,554,699	3,814,756,959
Depreciation/Amortisation										
At 1 April 2011	1,806,347	612,467,340	11,842,042	12,289,308	1,226,075	2,836,465	7,104,408	649,371,985	14,102,324	663,474,309
Charge for the year	927,442	318,752,046	5,782,389	5,075,618	437,601	250,368	3,684,137	334,809,601	6,901,393	341,810,894
Disposals	-	6,658,389	15,941	-	-	-	-	6,674,330	-	6,674,330
At 31 March 2012	2,733,789	924,560,997	17,408,490	17,364,926	1,663,676	3,086,833	10,788,545	977,607,256	21,003,717	998,610,973
Charge for the year	2,158,913	439,230,603	4,433,593	4,488,259	505,693	369,626	8,283,560	459,450,247	7,064,342	466,514,589
Disposals	-	12,513,684	-	-	-	-	7,637,714	20,151,398	-	20,151,398
At 31 March 2013	4,892,702	1,351,277,916	21,842,083	21,853,185	2,169,369	3,456,459	11,414,391	1,416,906,105	28,068,059	1,444,974,164
Net Block										
At 31 March 2012	5,790,388	1,569,208,375	13,235,937	16,676,677	1,442,164	1,539,093	10,820,301	1,618,712,935	10,550,982	1,629,263,917
At 31 March 2013	7,266,871	2,280,026,979	12,917,465	15,619,549	1,741,080	1,404,976	47,319,235	2,366,286,155	3,486,640	2,369,782,795



Notes to financials statements for the year ended 31 March 2013

10. Non-current Investments

	31 March 2013 Rupees	31 March 2012 Rupees
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
Investment in subsidiaries		
1,161,972 (March 31,2012 : 1,161,972) Ordinary shares of US \$ 1 each fully paid, in Edridge Limited, Cyprus	573,879,423	573,879,423
99,600 (March 31,2012 : 99,600) Ordinary shares of NPR 100 each fully paid, in United Film Organizers Nepal (Private) Limited, Nepal	6,225,000	6,225,000
10,000 (March 31,2012 : 10,000) Ordinary shares of INR 10 each at par, fully paid, in V N Films Private Limited, India (erstwhile known as Allied Film Services Private Limited, India	100,000	100,000
587,210 (March 31,2012 : 398,428) Ordinary shares of INR 10 each fully paid in Scrabble Entertainment Limited, India	641,864,547	434,204,347
3,231,821 (March 31,2012 : 3,231,821) Ordinary shares of INR 10 each fully paid in Southern Digital Screenz India Private Limited, India	320,162,500	320,162,500
1,86,500 (March 31,2012 : 1,86,500) Ordinary shares of US \$ 1 each, fully paid, in DG2L Technologies Pte. Limited, Singapore	81,440,625	81,440,625
Less : Provision for diminution in value of investments	81,440,625	81,440,625
	-	-
Preference shares (unquoted)		
Investment in subsidiaries		
59,900 (March 31,2012 : 59,900) Ordinary Preference shares of NPR 100 each fully paid, in United Film Organizers Nepal (Private) Limited, Nepal	3,743,750	3,743,750
1,725,000 (March 31,2012 : 1,725,000) 10% Optionally convertible preference shares of INR 100 each fully paid, in Southern Digital Screenz India Private Limited, India	172,500,000	172,500,000
34,782 (March 31,2012 : 34,782) 6% Optionally convertible redeemable preference shares of INR 1,150 each, fully paid in Scrabble Entertainment Limited, India	39,999,300	39,999,300
	<u>1,758,474,520</u>	<u>1,550,814,320</u>
Aggregate amount of unquoted investments	1,839,915,145	1,632,254,945
Aggregate provision for diminution in value of investments	81,440,625	81,440,625



Notes to financials statements for the year ended 31 March 2013

11. Loan and advances

	Non-Current		Current	
	31 March 2013 Rupees	31 March 2012 Rupees	31 March 2013 Rupees	31 March 2012 Rupees
Unsecured, considered good				
Capital advances	16,183,359	5,762,726	-	-
Security deposit	3,997,224	38,925,000	39,325,253	5,023,430
Loan and advances to related parties	-	-	5,227,440	6,247,128
Advances recoverable in cash or kind	-	-	9,161,771	1,166,149
Other loans and advances (unsecured considered good)				
Advance income-tax (net of provision for taxation Rs. Nil (March 31, 2012 : Rs. Nil))	141,166,959	83,718,868	-	-
Balance with statutory / government authorities	5,670,016	2,078,747	341,584	449,954
Advance to employees	-	-	789,373	1,316,804
Insurance claim receivable	-	-	1,681,613	1,468,665
Prepaid expenses	-	-	6,865,840	4,789,604
Service tax credit receivable	-	-	81,996,569	131,093,363
Vat credit receivable	-	-	1,093,075	1,045,219
MAT credit entitlement	25,376,261	-	-	-
Others	60,682	60,682	-	-
	192,454,501	130,546,023	146,482,518	152,600,316

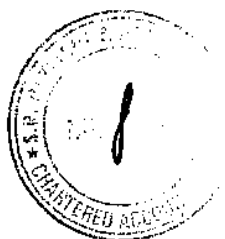
12. Current Investments

	31 March 2013 Rupees	31 March 2012 Rupees
Unquoted mutual funds		
HDFC Liquid Fund - dividend - daily reinvest	30,874,078	-
3027404.596 units at 10.1982 (March 31,2012 : Nil units)		
ICICI Prudential Liquid - direct plan - daily dividend	66,819,564	-
668044.664 units at 100.0226 (March 31,2012 : Nil units)		
	97,693,642	-

Aggregate amount of unquoted investments (Market value : Rs.97,693,642/- (31 March 2012 : Nil))

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

	31 March 2013 Rupees	31 March 2012 Rupees
Stores and spares	48,764,859	49,853,668
Others	10,668,833	15,392,832
	59,433,692	65,246,500



Notes to financials statements for the year ended 31 March 2013
14. Trade receivables

	Non-Current		Current	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	Rupees	Rupees	Rupees	Rupees
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
- considered good	1,457,521	-	19,633,573	16,525,441
- doubtful	-	-	29,995,634	13,358,409
Provision for doubtful receivables	-	-	(29,995,634)	(13,358,409)
(A)	1,457,521	-	19,633,573	16,525,441
Others receivables				
- Unsecured considered good	74,338,224	-	419,303,385	302,791,056
(B)	74,338,224	-	419,303,385	302,791,056
TOTAL (A + B)	75,795,745	-	438,936,958	319,316,497

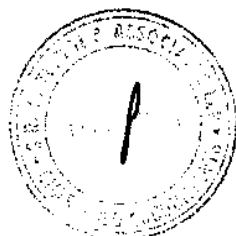
15. Cash & bank balances

	Non-Current		Current	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	Rupees	Rupees	Rupees	Rupees
Cash and cash equivalents				
Balances with banks :				
- On current accounts			145,755,938	28,652,279
- Deposits with original maturity of less than three months			772,837	-
- Margin money deposit with original maturity of less than three months			19,785,183	837,821.87
Cash on hand			152,119	132,296
			166,466,077	29,622,397
Other bank balances				
- Deposits with original maturity for more than 3 months but less than 12 months			160,978	266,729,770
- Margin money deposit with original maturity for more than 3 months but less than 12 months			2,696,849	4,210,820
			2,857,827	270,940,590
- Deposits with original maturity for more than 12 months	22,820,978	-	92,908,203	-
- Margin money deposits with original maturity for more than 12 months	33,763,769	465,132	-	77,090,654
	56,584,747	465,132	262,232,107	377,653,641
Amount disclosed under non - current assets	(56,584,747)	(465,132)	-	-
	-	-	262,232,107	377,653,641

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.



Notes to financials statements for the year ended 31 March 2013

16. Other Assets

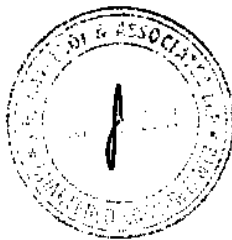
	Non-Current		Current	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	Rupees	Rupees	Rupees	Rupees
Non-current bank balances (refer note 15)	56,584,747	465,132	-	-
Unbilled revenue	-	-	15,745,028	6,894,338
Interest accrued on fixed deposit	-	-	21,065	1,298,555
	56,584,747	465,132	15,766,093	8,192,893

17. Revenue from operations

	31 March 2013	31 March 2012
	Rupees	Rupees
Sale of Services		
Software decryption & digital transmission income	541,905,938	449,733,178
Advertisement revenue	694,965,528	369,766,730
Lease rental income - Non DCI equipment	433,676,491	366,101,947
Lease rental income - DCI equipment	87,189,857	7,813,182
Digitisation income	63,750,719	52,569,573
Virtual Print Fees - DCI equipment	127,367,847	10,768,725
Registration fees income	8,685,500	18,244,235
	(A) 1,957,541,880	1,274,997,570
Sales of Products		
Lamp sale	154,296,830	139,512,704
Sale of digital cinema equipments	19,901,807	45,514,154
	(B) 174,198,637	185,026,858
	(A)+(B) 2,131,740,517	1,460,024,428

18. Other Income

	31 March 2013	31 March 2012
	Rupees	Rupees
Miscellaneous receipts	9,233,648	6,328,990
Sundry balance written back	5,442,007	2,448,519
	14,675,655	8,777,509



Notes to financials statements for the year ended 31 March 2013

19. Direct Expenses

	31 March 2013	31 March 2012
	Rupees	Rupees
Advertisement revenue share	192,805,314	105,883,925
Repair and maintenance - exhibition equipments	43,442,610	54,360,234
Royalty / Technical service fees	46,819,561	37,608,951
Purchases of equipments & goods	19,237,761	38,616,198
Bandwidth charges	47,674,775	49,657,529
Rent on equipments	11,943,717	13,315,702
Content processing charges	11,873,189	8,945,364
Other expenses	9,849,237	6,862,363
Entry tax	1,935,583	1,228,534
<u>Consumables / Stores/ Spares</u>		
Opening stock	65,246,500	30,104,083
Add : purchases	126,198,994	128,732,601
Less : closing stock	59,433,692	65,246,500
	<u>132,011,802</u>	<u>93,590,184</u>
	<u>517,593,549</u>	<u>410,068,984</u>

Details of components consumed

	31 March 2013	31 March 2012
	Rupees	Rupees
Projector Lamps	111,726,637	85,021,782
Projector Spares	12,763,067	-
UPS Battery	6,152,096	4,218,035
Paper Roll	998,753	1,192,412
3D Glasses	371,249	3,157,954
	<u>132,011,802</u>	<u>93,590,184</u>

Details of inventory

	31 March 2013	31 March 2012
	Rupees	Rupees
Projector Lamps	48,764,859	49,853,667
UPS Battery	1,882,563	1,153,239
Projector spares	1,697,005	6,206,144
Paper Roll	3,777,038	4,349,975
3D Glasses	3,312,227	3,683,475
	<u>59,433,692</u>	<u>65,246,500</u>

20. Employee benefit expense

	31 March 2013	31 March 2012
	Rupees	Rupees
Salaries & wages	306,567,169	223,486,063
Contribution to provident and other funds	17,298,547	14,490,082
Gratuity expenses & other employee benefits	8,834,393	7,190,624
Staff welfare expenses	17,010,833	11,684,428
	<u>349,710,942</u>	<u>256,851,197</u>



Notes to financial statements for the year ended 31 March 2013
21. Other expenses

	31 March 2013 Rupees	31 March 2012 Rupees
Rent	66,786,137	65,176,004
Freight & forwarding charges	33,625,876	33,630,542
Legal, professional and consultancy charges	57,354,818	38,452,932
Commission on advertisement revenue	78,777,534	41,470,162
Commission on other revenue	16,683,503	17,546,709
Rebates & discount on advertisement revenue	19,041,719	2,861,706
Sales promotion expenses	15,769,669	14,301,086
Electricity charges	11,619,837	9,933,781
Rates & taxes	6,712,144	23,496,395
Auditor's remuneration (please refer (i) below)	3,036,891	2,848,235
Repairs and maintenance		
-Plant & machinery	10,315,038	8,211,633
-Furniture & fixtures	1,305,091	341,507
-Others	862,694	4,696,426
Insurance	8,912,617	8,074,688
Travelling & conveyance expenses	36,757,463	29,743,978
Communication & courier expenses	14,139,947	15,236,423
Printing and stationery	3,934,089	4,537,976
Bad debts written-off	1,784,442	8,329,236
Provisions for doubtful debts	16,637,225	1,988,761
Loss on sale & write off of fixed assets (net)	4,222,390	1,318,526
Donations	-	125,000
Provision for diminution in value of fixed assets	6,564,792	-
Miscellaneous expenses	18,156,384	16,495,826
Foreign exchange loss (net)	16,911,786	9,198,863
	<u>449,912,086</u>	<u>358,016,395</u>

(i) Payment to auditor comprises

	31 March 2013 Rupees	31 March 2012 Rupees
As Auditor		
Audit Fee	2,921,360	2,696,640
In other capacity		
Other services (certification fees)	115,531	151,595
	<u>3,036,891</u>	<u>2,848,235</u>

22. Interest and finance expense

	31 March 2013 Rupees	31 March 2012 Rupees
Interest on		
- Term loan	123,921,062	60,240,798
- Others	5,038,362	404,151
Bank charges	3,268,128	5,854,865
Other borrowing costs	1,489,514	12,182,808
Premium on forward contract	-	796,700
	<u>133,717,066</u>	<u>79,479,322</u>

23. Finance Income

	31 March 2013 Rupees	31 March 2012 Rupees
Interest received		
Bank deposits (TDS Rs. 1,822,461 previous year. Rs. 4,714,316)	18,236,895	46,872,812
Others (TDS Rs. 30,750 previous year. Rs. 29,854)	1,319,789	1,744,269
Dividend on current investment	3,170,437	2,962,282
Gain on sale of current investment	-	10,105,348
	<u>22,727,121</u>	<u>61,684,711</u>



Notes to financials statements for the year ended 31 March 2013
24. 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	Rupees
Basic		
Net profit after tax as per statement of profit and loss	251,695,061	84,259,756
Less : dividends on convertible preference shares & tax thereon	31,002,198	31,002,198
Net profit for calculation of basic EPS	220,692,863	53,257,558
Weighted average number of equity shares in calculating basic EPS	25,897,669	20,197,817
Earning per share	8.52	2.64
Diluted		
Net profit for calculation of basic EPS	220,692,863	84,259,756
Add : dividends on convertible preference share	-	31,002,198
Net profit for calculation of diluted EPS	220,692,863	53,257,558
Weighted average number of equity shares in calculating basic EPS	25,897,669	20,197,817
Weighted average number of convertible preference share	-	5,589,735
Effect of dilutions on stock options granted under ESOP	697,053	710,695
Total no of shares outstanding (weighted average) (including dilution)	26,594,722	26,498,247
Earning per share	8.30	2.01

25. Gratuity and other post-employment benefit plans

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

The following tables summaries the components of net benefit expense recognised in the 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

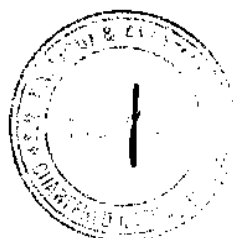
	Gratuity	
	31 March 2013	31 March 2012
	Rupees	Rupees
Current service cost	2,070,934	1,756,799
Interest cost on benefit obligation	765,502	517,254
Expected return on plan assets	(844,268)	(598,349)
Net actuarial (gain) / loss recognized in the year	1,532,494	1,071,236
Net benefit expense	3,524,662	2,746,940
Actual return on plan assets	844,268	598,349

Balance sheet

Benefit asset/ liability		
Present value of defined benefit obligation	13,171,256	9,568,769
Fair value of plan assets	9,746,594	7,296,327
Plan (asset) / liability	3,424,662	2,272,442

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

Opening defined benefit obligation	9,568,769	6,465,673
Current service cost	2,070,934	1,756,799
Interest cost	765,502	517,254
Benefits paid	(766,443)	(242,193)
Actuarial (gains) / losses on obligation	1,532,494	1,071,236
Closing defined benefit obligation	13,171,256	9,568,769



Notes to financials statements for the year ended 31 March 2013
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	844,268	598,349
Contributions by employer	2,372,442	2,056,948
Benefits paid	(766,443)	(242,193)
Actuarial gains / (losses)	-	-
Closing fair value of plan assets	9,746,594	7,296,327

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

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

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

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

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

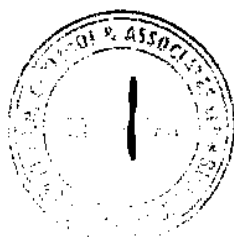
- For the employees while in employment of the Company : All options vested can be exercised within a period of two years from the date on which the shares of the Company get listed on a Recognized Stock Exchange.
- For the retired employees, termination due to permanent disability, death: All vested options may be exercised immediately after but in no event later than six months from the date of listing with a recognised stock exchange.

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

	31 March 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	211,597	100.18	212,968	100.18
Exercisable at the end of the year	211,597	-	212,968	-
Weighted average remaining contractual life (in month)	-	-	-	-

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

	31 March 2013		31-Mar-12	
	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	-	17,818	-
Outstanding at the end of the year	1,363,865	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	-



Notes to financials statements for the year ended 31 March 2013

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

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

	31 March 2013	31 March 2012
	Rs.	Rs.
Profit after tax as reported	220,692,863	53,257,558
Less: Employee stock compensation under fair value method	17,230,475	33,227,602
Proforma profit	203,462,388	20,029,956
Earnings Per Share		
Basic		
- As reported	8.52	2.64
- Proforma	7.86	0.99
Diluted		
- As reported	8.30	2.01
- Proforma	7.65	0.76

27. Investments during the year
Investments by the Company
Scrabble Entertainment Limited (SEL):

During the year, the Company further acquired additional 24.56% stake in SEL by investing an additional amount of Rs.207,660,200/- for acquisition of 188,782 equity shares from the existing shareholders of SEL. Out of above the company has paid Rs.90,266,735/- to the existing shareholder of SEL and balance of Rs.117,393,465/- is payable on June 30,2013. Post this investment the Company now holds 76.41% of equity share capital of SEL.

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

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

Southern Digital Screenz Limited (SDS):

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

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

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

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

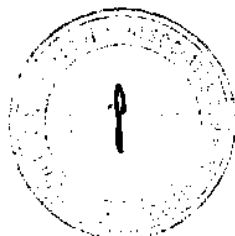
Edridge Limited:

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

Investment in the Company

In the previous year, the Company received share application money from P5 of Rs.1,143,000,000. The Company has issued 1,583,000 compulsorily convertible preference shares (CCPS) having face value of Rs 1,000 each and a coupon rate of 0.0001% against share application money.

In the previous year, the Company in terms of the Shareholders Agreement converted the CCPS and allotted 5,746,750 equity shares of Rs.10/- each at a premium of Rs. 265.46 per share to P5.



Notes to financials statements for the year ended 31 March 2013
28. Deferred Taxes

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

	31 March 2013 Rupees	31 March 2012 Rupees
Deferred tax asset		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	46,948,789	26,340,894
Carry forward of losses	77,878,097	132,834,806
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis		
Provision for doubtful debts	9,732,083	4,437,330
Provision for gratuity and leave encashment	6,470,479	4,899,633
Deferred expenses/other difference	-	206,272
Gross Deferred tax asset	(A) 141,029,448	168,718,934
Deferred tax liability		
Others	5,229	10,241
Gross deferred tax liability	(B) 5,229	10,241
Net Deferred tax asset	(A) - (B) 141,024,218	168,708,693
Net Deferred tax asset recognised	-	-

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

29. Leases
Operating lease : company as lessee

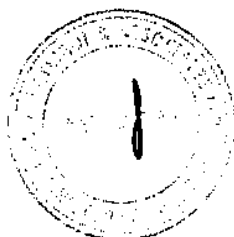
The Company's significant leasing arrangements are in respect of operating leases taken for Office Premises, Stores & Digital equipments. These leases are cancellable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. The initial tenure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

	(In Rupees)	
	Office Premises & Digital Cinema Equipment	
	31 March 2013	31 March 2012
Lease payments for the year	78,729,854	78,491,706

Operating lease commitments – company as lessor

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

	(In Rupees)	
	Digital Cinema Equipment	
	31 March 2013	31 March 2012
Gross carrying amount	2,717,766,378	1,716,549,104
Accumulated Depreciation	487,963,520	296,465,253
Depreciation recognized in the statement of Profit & Loss	304,462,704	164,492,044



Notes to financials statements for the year ended 31 March 2013

30. Segment reporting

The Company is engaged in the business of Digital Cinema Services and the financial statements reflect the result of this business segment, which is the primary segment in accordance with the requirement of Accounting Standard 17 on Segment Reporting, issued by The Institute of Chartered Accountants of India ('ICAI'). The Company's operations are based in one geographical segment i.e. India.

31. Related party disclosures

Names of related parties where control exists irrespective of whether transactions have occurred or not

Subsidiaries	Edridge Limited, Cyprus V N Films Private Limited (erstwhile known as Allied Film Services Pvt. Ltd.) United Film Organisers Nepal Private Limited, Nepal Scrabble Entertainment Limited Southern Digital Screenz India Private Limited
Step-down Subsidiaries	DCLP Limited, Cyprus* UFO Europe Limited, Cyprus* UFO International Limited, Cyprus Scrabble Entertainment JLT, Dubai UFO Lanka Private Limited, Sri Lanka Scrabble Entertainment (Lebanon) Sarl, Lebanon UFO Software Technologies Private Limited, India Scrabble Entertainment Mauritius Limited, Mauritius Scrabble Entertainment Israel Ltd, Israel (w.e.f July 29,2012) United Film Organisers (UFO) (Mauritius) Private Limited, Mauritius

*Under voluntary liquidation

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

Key management personnel	Mr. Sanjay Gaikwad - Managing Director Mr. Kapil Agarwal - Joint Managing Director
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Enterprises owned or significantly influenced by key management personnel or their relatives

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



Notes to financials statements for the year ended 31 March 2013

Sr. No.	Particulars Nature of Expenses/Name of the Parties	31 March 2013 Rupees	31 March 2012 Rupees
1	Subsidiaries Companies		
A	Services rendered i) Southern Digital Screenz India Private Limited ii) V N Films Private Limited (erstwhile known as Allied Film Services Private Limited) iii) Scrabble Entertainment Limited	302,353,452 3,369 228,059,774	218,750,610 14,000 28,649,022
B	Investment in shares i) Edridge Limited (equity shares) ii) Scrabble Entertainment Limited (equity share) iii) Southern Digital Screenz India Private Limited (equity share) iv) Scrabble Entertainment Limited (optionally convertible redeemable preferences share) v) Southern Digital Screenz India Private Limited (optionally convertible preference share)	Nil 207,660,200 Nil Nil Nil	73,626,065 414,204,314 308,500,000 39,999,300 172,500,000
C	Interest income on loans i) V N Films Private Limited (erstwhile known as Allied Film Services Private Limited)	307,500	298,538
D	Rent income i) Southern Digital Screenz India Private Limited ii) Scrabble Entertainment Limited iii) V N Films Private Limited (erstwhile known as Allied Film Services Private Limited)	116,492 156,000 396,000	Nil Nil 397,080
E	Loan given i) V N Films Private Limited (erstwhile known as Allied Film Services Private Limited)	Nil	1,000,000
F	Advertisement Revenue Share (expense) i) Southern Digital Screenz India Private Limited ii) Scrabble Entertainment Limited	86,694,063 1,756,358	50,204,712 Nil
G	Security deposit received i) Scrabble Entertainment Limited	84,500,000	94,300,000
H	Expenses reimbursed i) Southern Digital Screenz India Private Limited ii) Scrabble Entertainment Limited	1,725,131 16,519	Nil 1,367,833
I	Purchase of equipment i) Southern Digital Screenz India Private Limited ii) Scrabble Entertainment Limited	Nil Nil	93,365,282 2,971,500
J	Interest Income i) Southern Digital Screenz India Private Limited	Nil	914,965
K	Rent paid i) Southern Digital Screenz India Private Limited	594,000	247,500
2	Enterprises owned or significantly influenced by Key Management Personnel or their relatives		
A	Purchase of equipment i) Valuable Technologies Limited	2,725,000	11,067,331
B	Sale of equipment i) Valuable Media Limited ii) Valuable Technologies Inc	2,323,065 Nil	387,525 459,556
C	Expenses reimbursed i) Media Infotek Park ii) Valuable Media Limited iii) Valuable Technologies Limited	7,588,634 Nil 672,501	8,648,222 49,635 22,000
D	Software development charges i) Dusane Infotech (India) Private Limited	5,595,700	1,100,419
E	Technical services (expense) i) Valuable Technologies Limited	46,819,561	37,608,951



Notes to financials statements for the year ended 31 March 2013

Sr. No	Particulars Nature of Expenses/Name of the Parties	31 March 2013 Rupees	31 March 2012 Rupees
F	Direct Expenses (License fees on 3D movie) i) Valuable Technologies Limited	723,912	1,790,971
G	Direct Expenses (Licensee fees – Impact) i) Impact Media Exchange Limited	1,453,612	1,116,428
H	Licensee fee- Club X (income) i) Valuable Media Ltd	848,441	501,219
I	Security deposit paid i) Media Infotek Park	Nil	34,090,800
J	Claim against loss of assets i) Impact Media Exchange Limited	Nil	2,836,539
K	Rent paid (expense) i) Media Infotek Park	44,524,692	42,229,968

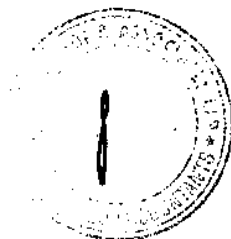
b. Remuneration to key managerial personnel

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

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

Balance outstanding at the year end

Sr.No.	Particulars	31 March 2013 Rupees	31 March 2012 Rupees
1	Subsidiaries Companies		
A	Loan and advance given i) V N Films Private Limited (erstwhile known as Allied Film Services Private Limited)	3,000,000	3,000,000
B	Debtors i) Southern Digital Screenz India Private Limited ii) Scrabble Entertainment Limited	75,795,745 63,844,371	74,992,741 22,570,138
C	Amount payable i) Scrabble Entertainment Limited ii) V N Film Private Limited (erstwhile known as Allied Film Services Private Limited)	178,800,000 18,255	94,300,000 14,500
2	Enterprises owned or significantly influenced by Key Management Personnel or their relatives		
A	Amount receivable i) Impact Media Exchange Limited ii) Valuable Media Limited iii) Media Infotek Park	1,816,851 2,731,805 34,090,800	2,836,539 710,983 34,090,800
B	Amount payable i) Impact Media Exchange Limited ii) Valuable Technologies Limited iii) Media Infotek Park iv) Dusane Infotech (India) Private Limited	Nil Nil 181,664 Nil	175,860 3,728,672 494,746 130,500



Notes to financials statements for the year ended 31 March 2013
32. Capital and other commitments

	March 31, 2013 Rupees	March 31, 2012 Rupees
Capital commitments	34,468,721	57,858,075
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		
Other Commitments	5,802,374	-

33. Contingent liabilities

	31 March 2013 Rupees	31 March 2012 Rupees
In respect of the bond(s) issued by the Company towards fulfillment of export obligation given to Custom authorities arising out of grant of EPCG License for import of Digital Projectors.	-	174,821,926
Dividend on 4,885,925 - 6% Cumulative Convertible Preference Shares of Rs. 100/- each.	31,002,198	31,002,198
In respect of demand raised against company in West Bengal VAT matter for the Financial Year 2007-08.	4,195,703	4,195,703
In respect of demand raised against the company in Andhra Pradesh for VAT matter for the Financial year 2005-06, 2006-07, 2008-2009, 2009-2010 & 2010-2011.	2,506,725	2,005,380
In respect of demand raised against the company in Mumbai TDS matter for the Financial year 2006-07 & 2007-08, company has filed an appeal to the commissioner.	1,897,700	1,897,700
In respect of demand raised against company in Andhra Pradesh VAT matter due to non-submission of "F" forms for the Financial Year 2008-09 & 2009-10.	630,162	96,529
	40,232,488	214,019,436

The company 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 company'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 Rupees	31 March 2012 Rupees
Import trade payable (US\$)	Rs.168,291,372 (US\$ 3,094,200 @ Closing rate of 1 USD = Rs.54.39	Rs.288,158,938 (US\$ 5,632,890 @ Closing rate of 1 USD = Rs.51.15

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

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

36. Value of imports calculated on CIF basis

	31 March 2013 Rupees	31 March 2012 Rupees
Consumable, stores and spares	115,767,150	128,732,601
Capital goods	805,738,540	982,315,364
Purchase of trading equipment	11,669,753	17,173,226
	933,175,443	1,128,221,191



Notes to financials statements for the year ended 31 March 2013

37. Expenditure in foreign currency (accrual basis)

	31 March 2013 Rupees	31 March 2012 Rupees
Travelling & conveyance	2,660,091	2,766,442
Others	304,528	71,026
	2,964,619	2,837,468

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

	% of total consumption 31 March 2013	Value (In Rupees) 31 March 2013	% of total consumption 31 March 2012	Value (In Rupees) 31 March 2012
Components				
Imported	93	122,436,994	94	87,555,819
Indigenously obtained	7	9,574,808	6	6,034,365
	100	132,011,802	100	93,590,184

39. Earnings in foreign currency (accrual basis)

	31 March 2013 Rupees	31 March 2012 Rupees
Exports at C.I.F. value	150,548	459,556
	150,548	459,556

40. 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: August 2, 2013



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



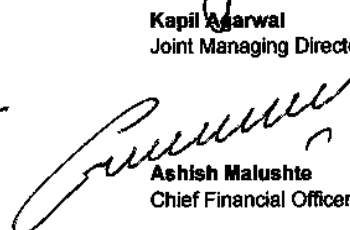
Sanjay Galkwad
Managing Director



Anjali Kulkarni
Company Secretary



Kapil Agarwal
Joint Managing Director




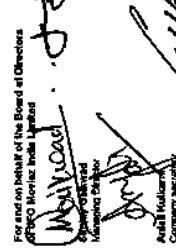
Ashish Malushte
Chief Financial Officer


Name of the Subsidiary	Ending Limited, Cyprus	UFO International Limited, Cyprus	UFO Software Technologies Private Limited	United Film Operations (Private) Limited	V N Films Private Limited (Formerly Allied Film Services)	DOLB Limited	UFO Europe Limited	UFO Lanka Private Limited	United Film Operations (PFO) Maritime Private Limited	Broadway Digital Screen India Private Limited	Stable Entertainment Limited	Stable Entertainment A.T. Dubai	Stable Entertainment (Maldives) Ltd	Stable Entertainment (Lahore) Pvt. Limited	Stable Entertainment (India) Private Ltd, India
Number of shares held in the Subsidiary Companies	1,161,972 Ordinary Shares of US\$ 1 each			39,600 Preference & 29,200 Preference Shares of NPR 100 each	10,000 equity Shares of Rs. 10/- each					3,231,221 equity Shares of Rs. 10/- each & 1,720,000 10% Preference Shares of Rs. 100/- each	300 Equity Shares of AED 1000/- each		750,000 Equity Shares of USD 1/- each	8998 Equity shares of GBP 1000/- each	100 Equity Shares of MS 0.01/- each
Percentage of holding in the Subsidiary Companies	100%	100%	100%	100%	100%					75.19%					
Financial year ended	31 st March, 2013	31 st March, 2013	31 st March, 2013	10 th July, 2013	31 st March, 2013	30 th November, 2013	30 th November, 2013	31 st March, 2013	31 st March, 2013	31 st March, 2013	31 st March, 2013	31 st December, 2012	31 st March, 2013	31 st December, 2012	31 st December, 2012
Profit / (Losses) of the Subsidiary Companies for their respective financial years so far as it concerns the members of UFO Moviez India Ltd, which have not been dealt within the accounts of UFO Moviez India Ltd, for the year ended 31 st March, 2013															
For the year*	US\$ (9,412) Rs. (511,820)	US\$ (146,852) Rs. (7,888,150)	US\$ (702,149) Rs. (3,843,141)	NPR (946,393) Rs. (3,534,141)	Rs (119,879) US\$ (1,129,263)	US\$ (9,309) Rs. (1,292,329)	US\$ (10,235) Rs. (864,578)	SLR (10,059,799) Rs. (4,225,103)	MAUR (44,943) Rs. (178,092)	Rs (11,489,812)	Rs (42,850,910)	AED 3,330,404 Rs. (49,238,572)	US\$ (16,534) Rs. (889,907)	US\$ (16,289) Rs. (993,239)	NIL
For the previous financial year*	US\$ (706,150) Rs. (39,549,350)	US\$ (7,240,219) Rs. (39,549,350)	US\$ (105,100) Rs. (3,854,394)	NPR (8,854,203) Rs. (3,854,394)	Rs (703,104) US\$ (6,894,020)	US\$ (8,694) Rs. (984,020)	US\$ (2,842,202) Rs. (1,834,388,809)	SLR (4,477,294) Rs. (1,690,425)	MAUR 220,874 Rs. 398,359	Rs (179,000,244)	Rs (9,568,176)	AED (390,819) Rs. (4,448,159)	US\$ (10,361) Rs. (554,571)	GBP (11,280) Rs. (23,007)	NIL
Total accumulated up to the year*	US\$ (717,568) Rs. (39,571,348)	US\$ (7,487,071) Rs. (39,571,348)	US\$ (96,902) Rs. (4,058,788)	NPR (9,799,606) Rs. (4,058,788)	Rs (821,870) US\$ (7,823,383)	US\$ (10,009) Rs. (1,293,349)	US\$ (2,932,497) Rs. (1,836,276,617)	SLR (14,537,093) Rs. (5,155,536)	MAUR 178,681 Rs. 298,354	Rs (1,80,487,087)	Rs (33,281,733)	AED 35,830,581 Rs. (1,298,230)	US\$ (41,659) Rs. (1,298,230)	GBP (11,280) Rs. (23,007)	NIL
Aggregate of Profits / (Losses) of the Subsidiary Companies which have been dealt within the accounts of UFO Moviez India Ltd, for the period ended on 31 st March, 2013															
For the year*	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL						
For the previous financial year*	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL						
Total accumulated up to the year*	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL						

Note

- * The Figures presented in US\$ are converted into INR at the prevailing exchange rate (US\$ for 54.50 INR) as on March 31, 2013
- * The Figures presented in AED are converted into INR at the prevailing exchange rate (1 AED for 14.79 INR) as on March 31, 2013
- * The Figures presented in GBP are converted into INR at the prevailing exchange rate (1 GBP for 82.845) as on March 31, 2013
- * The Figures presented in Sri Lankan Currency (SLR) are converted into INR at the prevailing exchange rate (1 SLR for 0.42 INR) as on March 31, 2013
- * The Figures presented in Mauritian Currency (MUR) are converted into INR at the prevailing exchange rate (1 MUR for 1.87 INR) as on March 31, 2013
- * The Figures presented in Nepali Currency (NPR) are converted into INR at the prevailing exchange rate (1 NPR for 1.87 INR) as on March 31, 2013
- * The Figures of DOLB Ltd are shown for the period from 14th April 2012 to 30th November 2012 as the company has had an Abolition of register of companies. Copies for voluntary liquidation.
- As the Financials of UFO Europe Ltd are prepared for the period from 14th April 2012 to 30th November 2012 as the company has had an Abolition of register of companies. Copies for voluntary liquidation.

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

 Manoj Kulkarni
 Chairman

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

 Pratik Alankar
 Director

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

 Anil Kulkarni
 Chief Financial Officer

STATEMENT PURSUANT TO SECTION 212 (5) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES - UFO MOVIEZ INDIA LTD FOR THE YEAR ENDED ON MARCH 31, 2013

Name of the Subsidiary	United Film Organisers Nepal (Private) Limited	Scrabble Entertainment J.L.T., Dubai	Scrabble Entertainment (Lebanon) Sari, Lebanon	Scrabble Entertainment Israel Limited, Israel#
Number of shares held in the Subsidiary Companies	98,600 Equity & 59,900 Preference Shares of NPR 100/- each	Holding through Scrabble Entertainment (Mauritius) Limited : 300 Equity Shares of AED 1000/- each	Holding through Scrabble Entertainment J.L.T. : 9998 Shares of LBP1000/- each	Holding through Scrabble Entertainment (Mauritius) Limited : 100 Shares of NIS 0.01/- each
Percentage of holding in the Subsidiary Companies	100%	100%	99.98%	100.00%
Financial year ended	15th July, 2013	31st December, 2012	31st December, 2012	31st December, 2012
Change in the holding company's interest in the subsidiary between the end of the financial years or of the last of the financial year of the subsidiary and the end of the holding company's financial year	NIL	NIL	NIL	NIL
Details of any material change which have occurred between the end of the financial year of the subsidiary or of the last of the financial years of the subsidiary and the end of the holding company's year in respect of ;				
(i) the subsidiary's fixed assets	NPR (2,703,918) AED (124,474) USD Rs. (1,676,429) Rs. (1,841,538) Rs.			NIL NIS NIL Rs. NIL
(ii) the subsidiary's investments	NPR NIL AED Rs. NIL Rs.	NIL USD NIL Rs.	NIL USD NIL Rs.	NIL NIS NIL Rs.
(iii) the moneys lent by the subsidiary	NPR NIL AED Rs. NIL Rs.	NIL USD NIL Rs.	NIL USD NIL Rs.	NIL NIS NIL Rs.
(iv) the moneys borrowed by the subsidiary for any purpose other than that of meeting current liabilities	NIL NIL	NIL NIL	NIL NIL	NIL NIL

*Scrabble Entertainment Israel Ltd, Israel, has become subsidiary w.e.f. July 29, 2012

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


Sanjay Gaikwad
Managing Director


Kapil Agarwal
Joint Managing Director


Anjali Kulkarni
Company secretary

Place: Mumbai.
Date: August 2, 2013


Ashish Malushte
Chief Financial Officer