

UFO Moviez India Limited

Corporate Information

Board of Directors

Ameya Hete	Director
Biswajit Subramanian	Director
John Hahn	Director
Kapil Agarwal	Joint Managing Director
Manu Chandra	Director
Raaja Kanwar	Director
Samir Palod	Director
Sanjay Gaikwad	Managing Director
Tushar Agarwal	Director
Varun Lau	Director

Company Secretary

Sameer Chavan

Auditors

S.R. Batliboi and Associates LLP, Chartered Accountants, Mumbai

Subsidiaries

1. Edridge Limited, Cyprus
2. UFO International Limited, Cyprus,
3. UFO Europe Limited, Cyprus,
4. United Film Organisers (UFO) (Mauritius) Private Limited, Mauritius
5. UFO Lanka Private Limited, Sri Lanka (UFO Lanka)
6. United Film Organisers Nepal Private Limited, Nepal (UFO Nepal)
7. UFO Software Technologies Private Limited, India
8. VN Films Private Limited, India
9. Southern Digital Screenz India Private Limited, India
10. Scrabble Entertainment Limited, India
11. Scrabble Entertainment (Mauritius) Limited, Mauritius
12. Scrabble Entertainment JLT, Dubai
13. Scrabble Entertainment (Lebanon) Sari, Lebanon
14. Scrabble Entertainment (Israel) Ltd
15. Scrabble Digital INC, USA

Registered Office

1-B, First Floor, Sagar Apartments,
6, Tilak Marg, New Delhi 110001

Corporate Office

Valuable Techno Park,
Plot No.53/1, Road No.07,
Marol MIDC, Andheri East, Mumbai 400093

UFO MOVIEZ INDIA LIMITED

Corporate Office : Valuable Techno Park, Plot # 53/1, Road # 07, Marol MIDC, Andheri (E), Mumbai - 400 093.

Tel: +91 022 4030 5060, Fax: +91 022 4030 5110/140, Email: info@ufomoviez.com, Website: www.ufomoviez.com

Registered Office : 1-B, First Floor, Sagar Apartments, 6, Tilak Marg, New Delhi-110 001 Phone : +91 011 4575 0001 Fax : +91 011 4575 0000

Corporate Identity Number: U22120DL2004PLC164728

DIRECTORS' REPORT

To the Members,

Your Directors take pleasure in presenting their tenth Annual Report, along with Audited Accounts for the financial year ended 31st March, 2014.

FINANCIAL PERFORMANCE

The financial performance of the Company on consolidated and standalone basis for the year ended 31st March, 2014 is summarized below:

Figures in Rs. Lac

Particulars	Consolidated		Standalone	
	Year Ended	Year Ended	Year Ended	Year Ended
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Operating Revenues	42,503.66	33,421.69	26,991.46	21,464.16
EBIDTA from Operating activities	13,574.66	10,789.37	10,207.40	8,620.01
Add : Other Income	341.55	308.62	233.14	227.27
Total EBIDTA	13,916.22	11,097.99	10,440.54	8,847.28
Interest & Finance Expenses	1,985.36	1,516.60	1,542.40	1,337.17
Cash Profit	11,930.86	9,581.38	8,898.14	7,510.11
Foreign Exchange (Loss) / Gains	(254.68)	(169.10)	(328.01)	(328.01)
Depreciation	6,551.57	5,354.23	5,464.29	4,665.15
Profit/(Loss) before Tax (PBT)	5,124.61	4,058.05	3,105.83	2,516.95
Share of profit \ (Loss) from associates)	(78.13)	51.79	-	-
Provision for Tax and Deferred Tax (prior period item)	(107.63)	265.15	(388.48)	-
Minority Interest	(387.96)	(546.49)	-	-
Profit /(Loss) after Tax (PAT)	4,766.15	3,298.20	3,494.31	2,516.95

During the year under review, on a standalone basis, the Company's Operating Revenues have increased from Rs.21,464.16 lac in the previous year to Rs. 26,991.46 lac showing a growth of over 25% on year-on-year basis. The EBIDTA from operating activities for the current year improved to Rs. 10,207.40 lacs against Rs. 8,620.01 lac in the last financial year, thereby, showing an increase of over 18%. The Net Profit after Tax increased to Rs. 3,494.31 lacs showing a handsome growth of over 38% from Rs. 2,516.95 lacs reported last year.

On a consolidated basis, the Company's Operating Revenues have increased from Rs. 33,421.69 lac in the previous year to Rs. 42,503.66 lac showing a growth of over 27% on year-on-year basis. The EBIDTA from operating activities for the current year improved to Rs. 13,574.66 lacs against Rs. 10,789.37 lac in the last financial year, thereby, showing an increase of 26%. The Net Profit after Tax increased to Rs. 4,766.15 lacs showing a growth of over 44% from Rs. 3,298.20 lacs reported last year.

DIVIDEND

In view of the accumulated losses and looking at the funding requirements for continued expansion of the business, your Directors do not recommend any dividend for the year ended 31st March, 2014.

UFO MOVIEZ INDIA LIMITED

Corporate Office : Valuable Techno Park, Plot # 53/1, Road # 07, Marol MIDC, Andheri (E), Mumbai - 400 093.

Tel: +91 022 4030 5060, Fax: +91 022 4030 5110/140, Email: info@ufomoviez.com, Website: www.ufomoviez.com

Registered Office : 1-B, First Floor, Sagar Apartments, 6, Tilak Marg, New Delhi-110 001 Phone : +91 011 4575 0001 Fax : +91 011 4575 0000

Corporate Identity Number: U22120DL2004PLC164728

REVIEW OF BUSINESS OPERATIONS

Your Company continued with its expansion plans in the Year 2013-2014 as well. During the year under review, another 260 Screens were added to the ever growing network of UFO theatres, thereby taking the total number of Screens in India to 3426 in March 2014.

Your Company through its subsidiaries has rolled out DCI compliant digital cinema screens in various geographies globally. We have now presence in entire Middle East (Bahrain, Qatar, Oman, Lebanon, Jordan, Kuwait and UAE), Israel, USA and Mexico. There are more than 1500 international screens that are on the network of your Company in these geographies.

Your Directors have pleasure to report that despite very stiff competition from other digital cinema operators in India, your Company has been able to maintain its *numero uno* position in digital cinema space.

FUTURE PROSPECTS

Your Directors believe that the current year will be as exciting and challenging as the year gone by. To capitalize on the opportunities and synergies, your Company will continue with expansion of existing network of digital screens.

Revenue generation from play back of in-cinema advertisements is a very important stream for your Company. This revenue stream will be the most important revenue contributor to overall growth of your Company in years to come. More and more advertisers are joining UFO Digital Cinema for their advertising.

Your Company along with its subsidiary Scrabble Entertainment Limited is a significant contributor to the Indian box office. Your Directors are confident that despite increase in competition in the domestic arena, your Company will not only retain its leadership position in the digital cinema space but strengthen it even further.

SHARE CAPITAL

As on March 31, 2014, the Equity Share Capital of the Company was Rs.258,976,690/- comprising of 25,897,669 Equity Shares of Rs 10/- each. The Equity Share Capital is subject to dilution on account of 1,716,813 Stock Options outstanding under two Employees Stock Options Schemes viz. ESOP 2006 and ESOP 2010.

If all the outstanding Stock Options are converted in to Equity Shares, the total Equity Share Capital would go up by 1,716,813 new Equity Shares.

SUBSIDIARY COMPANIES

The Company has 4 domestic and 11 international subsidiaries. The statement pursuant to Section 212 of the Companies Act, 1956 in respect of subsidiaries as of 31st March 2014 is annexed to this Report.

During the year under review, the Company had acquired an additional 9% stake in Southern Digital Screenz India Private Limited from its existing shareholders by purchasing 386,895 Equity Shares. Post this acquisition, the Company now holds 84.18% of Equity Share Capital of Southern Digital Screenz India Private Limited.

During the previous financial year, two of the step-down subsidiaries of the Company namely DCLP Limited and UFO Europe Limited, both incorporated in Cyprus had voluntarily applied for striking-off and voluntary liquidation respectively to the concerned authorities in Cyprus. On October 3, 2013, the name of DCLP Limited, Cyprus has been struck off by the Registrar of Companies, Nicosia, Cyprus, and whereas UFO Europe Limited is in the process of liquidation with the concerned authorities in Cyprus.

BOARD OF DIRECTORS

As per the provisions of the Companies Act, 2013 and the Companies Act, 1956 to the extent applicable, Mr. Ameya Hete, Mr. Tushar Agarwal and Mr. Varun Laul retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for re-election. Proposals for their re-appointment have been included in the Notice of the Annual General Meeting for your approval.

AUDIT COMMITTEE

The Company has an Audit Committee constituted in accordance with Section 292A of the Companies Act, 1956 comprising of Mr. Raaja Kanwar, Mr. Kapil Agarwal, Mr. Manu Chandra, Mr. Varun Laul and Mr. Ameya Hete as members. All current members of the Committee have relevant experience in financial matters.

The Audit Committee of the Company is entrusted with the responsibility to supervise the internal control and financial reporting process and inter alia performs the following functions:

- a) Periodical discussions with the Auditors about the internal control systems;
- b) Discuss scope of audit including the observations of the Auditors;
- c) Review of half-yearly and annual financial statements before submission to the Board; and
- d) Ensuring compliance of internal control systems.

Further in accordance with the Section 177 of the Companies Act, 2013 the terms of reference of the Audit Committee has been revised by the Board *inter alia* to include, -

- a) the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- b) review and monitor the auditor's independence and performance, and effectiveness of audit process;
- c) examination of the financial statement and the auditors' report thereon;
- d) approval or any subsequent modification of transactions of the company with related parties;
- e) scrutiny of inter-corporate loans and investments;
- f) valuation of undertakings or assets of the company, wherever it is necessary;
- g) evaluation of internal financial controls and risk management systems;
- h) monitoring the end use of funds raised through public offers and related matters.

AUDITORS & AUDITORS' REPORT

S.R. Batliboi and Associates LLP, Chartered Accountants, Mumbai were appointed as Auditors of the Company at the ninth Annual General Meeting of the Company to hold office from the conclusion of the said meeting till the conclusion of the next Annual General Meeting. The Company has received the certificate pursuant to Section 141 of the Companies Act, 2013 regarding their eligibility for re-appointment. Accordingly, approval of the members to the appointment of S.R. Batliboi and Associates LLP, Chartered Accountants as Auditors of the Company is being sought at the ensuing Annual General Meeting of the Company. The Members are requested to consider their re-appointment as Auditors of the Company from the conclusion of ensuing AGM to the conclusion of the fourth consecutive AGM, subject to ratification of the appointment by the members of the Company at every AGM held after ensuing AGM and authorize the Board of Directors to fix their remuneration.

The Auditor's Report to the shareholders on the Accounts of the Company for the financial year ended March 31, 2014 does not contain any qualification or adverse remarks.

RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards had been followed and no material departures have been made from the same;
2. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the profit of the Company for that period;
3. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the Directors have prepared the annual accounts on a going concern basis

FIXED DEPOSITS

During the year, your Company has neither invited nor accepted any deposits under Section 58A and Section 58AA of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars with respect to conservation of energy, technology absorption, foreign exchange earnings & outgo, pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 for the year ended March 31, 2014 are annexed and form an integral part of this Report.

The Company has earned foreign exchange equivalent to Rs. Nil lacs (Previous Year: Rs. 1.51 lacs) and has spent foreign exchange equivalent to Rs. 7,014.32 lacs during the year under review (Previous Year: Rs. 9,244.71 lacs).

HUMAN RESOURCES

Your Directors believe that the key to success of any company are its employees. Your Company has a team of able and experienced professionals, whose dedicated efforts and enthusiasm has been an integral part of your Company's growth. Your Directors would like to place on record their deep appreciation of their continuous effort and contribution to the Company.

The information on employee's remuneration as per Section 217 (2A), read with the Companies (Particulars of Employees) Rules, 1975, as amended, forming part of this Directors' Report is attached.

During the year under review, in terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has not received any complaint of sexual harassment.

AWARDS & RECOGNITION

During the year under review, Mr. Sanjay Gaikwad, Managing Director of your Company has received prestigious Maharashtra Corporate Excellence Awards (Maxell), 2014 for excellence in innovation.

ACKNOWLEDGMENT

Your Directors take this opportunity to place on record their appreciation for continued co-operation and unstinted support received from its marketing associates, film producers, distributors, exhibitors, suppliers and other business associates which have contributed to the success of your Company.

Your Directors would also like to express their gratitude towards shareholders, investors, bankers and various departments of state and central government for the incessant support provided to the Company and their confidence in the management.

Your Directors expect that the Company will continue to endeavor to build and nurture strong relationship with all concerned based on trust, mutual respect and co-operation.

For and on behalf of the Board of Directors

Place: Mumbai
Date: August 5, 2014


Chairman

Information pursuant to Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 forming part of the report of the Board of Directors for the year ended March 31, 2014.

Conservation of Energy:

The Company is in the business of providing digital cinema services and provides digital cinema equipment's to the cinema theatres comprising of a sophisticated digital projector and industrial grade digital cinema server supported by a 3KVA UPS system. Typically, digital cinema equipment requires cooling sourced from a 0.75 or 1 tonne air conditioner having a power consumption rating of 3KVA. The combined power consumption for a cinema theatre works out to approximately 6KVA which translates into 4.8 Kilo Watts of power consumption per hour. The Company's digital cinema equipment's replaces the conventional analog projectors which typically operate at 8 to 10 KVA capacity consuming approximately 6.4 to 8 Kilo Watts of power consumption per hour. Replacement of analog projectors with digital projectors brings substantial savings in power consumption for the cinema theatres. Further, replacement of conventional analog projectors with digital projectors also makes the environment clean by replacing the conventional polyester films used by analog projectors for projection, with digital files used for projection by digital projectors.

Research and development, Technology absorption, adaptation and innovation

The Company provides digital cinema equipment's to the cinema theatres, sourced from the equipment manufacturers/dealers and delivers the film content at the cinema theaters through a two-way VSAT setup across India. To reduce power consumption and time required for delivery of the film content, the Company has developed a low power Download Box which runs for longer period on available battery back-up. This development has augmented the backup duration. As a process of continuous improvement in the digital cinema services, the Company evaluates and selects right combination of hardware/software for effective digital cinema services. Adoption of right combination of hardware/software allows the Company to deliver film content with greater speed while maintaining quality and also reduces the file size, which consequently increases the no. of times the film content can be delivered.

The Company is also working on improvement of various other areas of digital cinema services like audio, network operating centre for cinema theater management and theater-end servers.

For and on behalf of the Board of Directors

Place: Mumbai
Date: August 5, 2014



Chairman

Statement of Particulars of Employees pursuant to the provisions of the Section 217(2A) of the Companies Act, 1956 read together with the Companies (Particulars of Employees) Rules, 1975 for the year ended March 31, 2014 and forming part of the Directors Report.

Name & Designation	Qualification	Age (in years)	Experience (in years)	Gross Remuneration Rs.	Date of Commencement of Employment	Previous employment & designation
Mr. Sanjay Gaikwad - Managing Director	B.E.(Chemical), MBA (Operations)	49	20	25,000,000	01-Jan-2007	Apollo International Ltd - COO
Mr. Kapil Agarwal - Joint Managing Director	FCA	53	29	25,000,000	01-Mar-2009	Apollo International Ltd - Executive Director
Mr. Ashish Malushte - CFO	B.Com, CA	39	18	6,240,053	14-May-2005	You Telecom India Pvt Ltd Regional Head- Sales & Operations
Mr. Deepak Ranjan - Chief - Ad Sales	B.Sc (Hon), Diploma in Advertising	47	22	9,887,549	01-Jan-2007	B4U Television India Pvt. Ltd, National - Sales Head
Mr. Kamalaksha Bhoja Suvarna - Sr. VP - Commercial	B.A.	51	25	6,597,638	1-April-2006	Playwin Infravest Private Limited Vice President - Commercial & Facilities
Mr. Pankaj Jaysinh - COO	B.Com., MBA	53	27	7,069,423	1-Feb-2007	Shree Ashtavinayak Cine Vision Limited Distribution & Exhibition Head
Mr. Praveen Sugandh - VP, Ad Sales	BA, MBA	46	18	7,711,170	1-Aug-2008	Sahara One Media & Entertainment Ltd Regional Sales Head
Mr. Rajesh Mishra - CEO	B.Com, A.C.A.	47	24	9,813,479	1-April-2006	Bennett, Coleman & Co. Limited General Manager - Corporate Affairs
Mr. Sanjay Chavan - CTO	B.E.(Electronics)	49	24	9,413,479	1-April-2006	PlayWin Infravest Private Limited VP - Special Projects
Mr. Siddharth Bhardwaj CMO & National Sales Head (Corporate Advertising Revenue)	B.E. MBA	42	17	8,328,918	01-Aug-2012	Reliance Broadcast Network Limited - National Sales Head Radio Business

Statement of Particulars of Employees pursuant to the provisions of the Section 217(2A) of the Companies Act, 1956 read together with the Companies (Particulars of Employees) Rules, 1975 for the year ended March 31, 2014 and forming part of the Directors Report.

Name & Designation	Qualification	Age	Experience	Gross Remuneration Rs.	Date of Commencement of Employment	Previous employment & designation
Mr. Sushil Agrawal – Chief Corporate Affairs	BSC, CA	49	26	7,031,085	8-Jan-2010	Apollo International Limited Vice President Corporate Affairs
Mr. Vishnu Patel – CEO	Masters in Broadcasting & Films from Boston University	57	30	8,963,479	1-April-2006	Zee Telefilms Limited President - Network Programming

Notes:

- Gross Remuneration includes salary, performance bonus, if any, allowances and other benefits / applicable perquisites except contribution to Gratuity Funds and provisions for leave encashment which is/are actuarially determined on an overall Company basis.
- The nature of employment in case of the Managing Director and Joint Managing Director is contractual and in accordance with the service rules of the Company. They perform their duties as assigned to them from time to time. There is no provision for payment of severance fees to them. The nature of employment in case of others is as per the Appointment Letter issued by the Company and in accordance with the service rules of the Company
- None of the above employee is a relative of any Director of the Company.

For and on behalf of the Board of Directors

Place: Mumbai
Date: 5th August, 2014



Chairman

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, 2014, 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 notified under the Companies Act, 1956, ("the Act") read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. 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

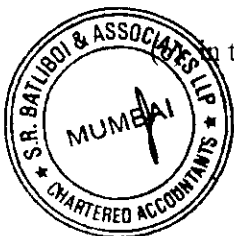
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform 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 but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the 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, 2014;
- (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

*UFO Movies India Limited
Auditors Report – March 31, 2014
Page 2 of 5*

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, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs;
 - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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 5, 2014



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

*UFO Moviez India Limited
Auditors Report – March 31, 2014
Page 3 of 5*

Annexure referred to in paragraph [1] under the heading “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) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
 - (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
 - (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) The Company has granted loan to one Company covered under in the register maintained under section 301 of the Act. The maximum amount involved during the year was Rs. 4,500,000 and the year-end balance of this loan granted to such parties was Rs. 4,500,000.
 - (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 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 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 weakness in the internal control system of the Company in respect of these areas.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

UFO Moviez India Limited

Auditors Report March 31, 2014

Page 4 of 5

- (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.
- (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 the 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) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, cess and other material statutory dues applicable to it. The provisions of excise duty are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions of excise duty are not applicable to the Company.
- (c) According to the information and explanations given to us, there are no dues of 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 dues of sales tax, Value Added Tax (VAT) and Income Tax outstanding 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
Bihar VAT	VAT	5,302,273	2007-08 and 2008-09	Commercial tax Officer
Income Tax Act, 1961	TDS	1,897,700	2006-07 & 2007-08	Commissioner of Income tax (Appeals), Mumbai
Income Tax Act, 1961	Penalty	717,353	2006-07	Income Tax Appellate Tribunal (ITAT)




S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

*UFO Moviez India Limited
Auditors Report March 31, 2014
Page 5 of 5*

- (x) The Company has no accumulated losses at the end of the financial year 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 a financial institution and banks. The Company has not issued any debenture.
- (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 5, 2014



Balance sheet as at 31 March 2014

	Notes	31 March 2014 Rupees	31 March 2013 Rupees
Equity and liabilities			
Shareholder's Funds			
Share capital	3	258,976,690	258,976,690
Reserves and surplus	4	3,449,810,403	3,100,379,371
		<u>3,708,787,093</u>	<u>3,359,356,061</u>
Non-current liabilities			
Long-term borrowings	5	715,478,463	655,225,340
Other long-term liabilities	6	459,908,414	472,365,290
		<u>1,175,386,877</u>	<u>1,127,590,630</u>
Current liabilities			
Short-term borrowing	7	8,592,323	168,065,782
Trade payables	6	83,125,876	61,573,812
Other current liabilities	6	984,296,763	1,032,037,678
Short-term provisions	8	23,368,848	19,942,915
		<u>1,099,383,810</u>	<u>1,281,620,187</u>
TOTAL		<u><u>5,983,557,780</u></u>	<u><u>5,768,566,878</u></u>
Assets			
Non-current Assets			
Fixed Assets			
Tangible assets	9	2,659,169,760	2,366,296,155
Intangible assets	9	2,591,702	3,486,640
Capital work-in-progress		106,610,423	294,941,869
Non-current investments	10	1,713,475,220	1,758,474,520
Deferred tax assets (net)	11	104,617,713	-
Long-term loans and advances	12	260,837,467	192,454,501
Trade receivables	13	22,151,836	75,795,745
Other non-current assets	14	5,000	56,584,747
		<u>4,869,459,121</u>	<u>4,748,034,177</u>
Current Assets			
Current investments	15	35,431,470	97,693,642
Inventories	16	62,454,155	59,433,692
Trade receivables	13	557,689,597	438,936,958
Cash and bank balances	17	344,172,019	262,232,107
Short-term loans and advances	12	69,627,091	146,470,209
Other current assets	14	44,724,327	15,766,093
		<u>1,114,098,659</u>	<u>1,020,532,701</u>
TOTAL		<u><u>5,983,557,780</u></u>	<u><u>5,768,566,878</u></u>
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financials 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 5, 2014

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



Sanjay Gaikwad
Managing Director



Kapil Agarwal
Joint Managing Director



Sameer Chavan
Company Secretary



Ashish Malushte
Chief Financial Officer

Place of signature: Mumbai
Date: August 5, 2014

Statement of profit and loss for the year ended 31 March 2014

	Notes	31 March 2014 Rupees	31 March 2013 Rupees
Income			
Revenue from operations	18	2,690,580,461	2,131,740,517
Other income	19	8,565,672	14,675,655
Total Income (I)		2,699,146,133	2,146,416,172
Expenses			
Direct expenses	20	805,028,767	517,593,549
Employee benefit expenses	21	416,264,253	349,710,942
Other expenses	22	489,914,592	449,912,086
Total Expenses (II)		1,711,207,612	1,317,216,577
Earnings before interest,tax,depreciation and amortization (EBITDA) (I) -(II)		987,938,521	829,199,595
Depreciation & amortisation expenses	9	546,429,035	466,514,589
Finance cost	23	154,240,432	133,717,066
Finance income	24	(23,314,398)	(22,727,121)
Profit Before Tax		310,583,452	251,695,061
Tax expenses			
Current tax (MAT payable)		66,645,701	25,376,261
MAT credit entitlement		(875,568)	(25,376,261)
Total current tax expenses		65,770,133	-
Deferred Tax		(104,617,713)	-
Total tax expenses		(38,847,580)	-
Profit for the year		349,431,032	251,695,061
Earnings per equity share			
Basic (Face value of Rs.10 each)	25	12.30	8.52
Diluted (Face value of Rs.10 each)		12.21	8.30
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financials 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 5, 2014

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

Sanjay Gaikwad
Managing Director

Kapil Agarwal
Joint Managing Director

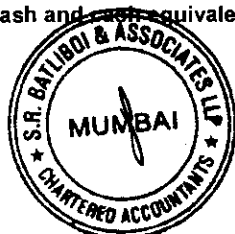
Sameer Chavan
Company Secretary

Place of signature: Mumbai
Date: August 5, 2014

Ashish Malushte
Chief Financial Officer

Cash flow statement for the year ended 31 March 2014

	31 March 2014 Rupees	31 March 2013 Rupees
Cash flow from operating activities		
Profit before tax	310,583,452	251,695,061
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation	546,429,035	466,514,589
Foreign exchange (gain)/loss (net)	32,801,493	16,911,786
Loss on sale & write off of fixed assets	9,835,721	4,222,390
Bad debts written-off	1,391,195	1,784,442
Provision for doubtful debts	3,643,077	16,637,225
Provision for compensated absences	5,575,252	5,128,309
Provision for gratuity	3,823,794	3,706,084
Provision for diminution in value of fixed assets	1,932,000	6,564,792
Provision for diminution in value of investment in subsidiary company	5,000,000	-
Sundry credit balances written back	(1,016,485)	(5,442,007)
Dividend income	(2,761,157)	(3,170,437)
Interest Income	(20,553,241)	(19,556,684)
Interest expense	143,245,139	128,959,424
Operating profit before working capital changes	1,039,929,275	873,954,974
Movements in working capital :		
Decrease / (increase) in trade payables	21,574,260	267,966
Increase / (decrease) in short-term provisions	(5,973,113)	(3,306,402)
Increase / (decrease) in other current liabilities	102,178,545	(222,747,290)
Increase / (decrease) in other long-term current liabilities	(12,456,876)	345,158,174
Decrease / (increase) in trade receivables	(70,143,002)	(211,001,334)
(Increase) / decrease in inventories	(3,020,463)	5,812,808
Decrease / (increase) in short-term loans and advances	75,967,550	(22,082,693)
Decrease / (increase) in other current assets	(27,808,953)	(8,850,690)
Decrease / (increase) in long term loans and advances	(46,338,964)	31,336,507
Cash generated from operations	1,073,908,259	788,542,020
Direct tax paid (net of refunds)	(75,776,997)	(57,448,092)
Foreign exchange fluctuation (net)	(32,793,725)	(15,788,177)
Net cash flow from operating activities (A)	965,337,537	715,305,750
Cash flow from investing activities		
Purchase of fixed assets including intangible, CWIP & capital advances	(825,478,286)	(1,090,294,589)
Investment in subsidiary	(117,393,465)	(90,266,735)
Redemption of preference share in subsidiary	39,999,300	-
Purchase of current investment including dividend reinvestment	(352,733,789)	(198,264,691)
Redemption of current investment	414,995,961	100,571,049
Advance for purchase of Investment	(20,000,000)	-
Proceeds from sale of fixed assets	8,638,209	11,972,444
Interest received	19,403,960	20,834,174
Dividend received	2,761,157	3,170,437
Maturity of bank deposits having original maturity more than 3 months (net)	88,615,425	196,145,599
Net cash flow used in investing activities (B)	(741,191,528)	(1,046,132,312)
Cash flow from financing activities		
Proceeds from long term borrowings	919,758,947	769,440,971
Repayment of long term borrowings	(728,392,084)	(346,477,434)
Proceeds from short term borrowings (net)	(159,473,459)	168,065,782
Interest paid	(142,063,823)	(123,359,077)
Net cash flow from financing activities (C)	(110,170,419)	467,670,242
Net increase/(decrease) in cash and cash equivalent (A + B + C)	113,975,590	136,843,680
Cash and cash equivalents at the beginning of the year	166,466,077	29,622,397
Cash and cash equivalents at the end of the year	280,441,667	166,466,077



Cash flow statement for the year ended 31 March 2014

	31 March 2014 Rupees	31 March 2013 Rupees
Components of cash and cash equivalents		
Cash on hand	241,560	152,119
Balance with banks:		
- on current accounts	157,920,428	145,755,938
- on fixed deposits	122,279,679	20,558,020
Cash & cash equivalents [refer note 17]	280,441,667	166,466,077

Notes:

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

As per our report attached of even date

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

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




per Govind Ahuja
Partner
Membership No.: 48966

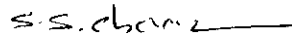
Place of signature: Mumbai
Date: August 5, 2014



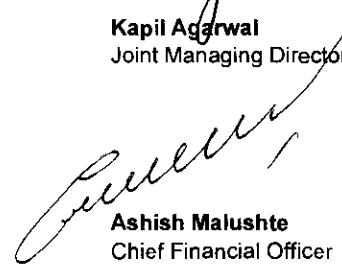
Sanjay Gaikwad
Managing Director



Kapil Agarwal
Joint Managing Director



Sameer Chavan
Company Secretary



Ashish Malushte
Chief Financial Officer

Place of signature: Mumbai
Date: August 5, 2014

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 Act, 1956 read with General Circular 15/2013 dated 13th September 2013, issued by the ministry of Corporate Affairs, in respect of section 133 of the Companies Act, 2013. 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

2.1 Summary of significant accounting policies

(a) 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 depreciation on its fixed assets

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

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

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

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

(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 lower of cost and fair value. 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

- Virtual Print Fees 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

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

Dividends

Dividend income is recognised when the 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 2014

3. Share capital

	31 March 2014 Rupees	31 March 2013 Rupees
Authorised share capital		
45,000,000 (March 31, 2013 : 45,000,000) equity shares of Rs.10 each	450,000,000	450,000,000
1,385,000 (March 31, 2013 : 1,385,000) preference shares of Rs.1000/- each	1,385,000,000	1,385,000,000
	<u>1,835,000,000</u>	<u>1,835,000,000</u>

Share capital

Issued, subscribed and fully paid up shares

25,897,669 (March 31, 2013 : 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	<u>258,976,690</u>	<u>258,976,690</u>

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

Equity shares	31 March 2014		31 March 2013	
	No.	Rupees	No.	Rupees
At the beginning of the year	25,897,669	258,976,690	25,897,669	258,976,690
Issued during the year	-	-	-	-
Outstanding at the end of the year	<u>25,897,669</u>	<u>258,976,690</u>	<u>25,897,669</u>	<u>258,976,690</u>

(b) Terms/ rights attached to equity shares-

Voting Rights

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

Rights as to Dividend

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

Pre-emption Rights:

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

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

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

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



Notes to financial statements for the year ended 31 March 2014

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 2014		31 March 2013	
	No.	% holding in the class	No.	% holding in the class
Equity shares of Rs10 each fully paid				
P5 Asia Holding Investments (Mauritius) Limited	9,253,740	35.73	9,253,740	35.73
3i Research (Mauritius) Limited	5,566,570	21.49	5,566,570	21.49
Valuable Technologies Limited	3,071,745	11.86	3,071,745	11.86
Apollo International Limited	2,266,417	8.75	2,266,417	8.75
Valuable Media Limited	2,131,782	8.23	2,131,782	8.23

As per records of the Company, including its register of shareholders/members, the above shareholding represents both legal and beneficial ownership of shares .

(d) Shares reserved for issue under options

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

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

	31 March 2014	31 March 2013
Equity shares allotted as fully paid bonus shares by capitalisation of securities premium	13,068,626	13,068,626

4. Reserves and Surplus

	31 March 2014	31 March 2013
	Rupees	Rupees
Securities premium account		
Balance as per last financial statements	3,440,350,871	3,440,350,871
Closing balance	3,440,350,871	3,440,350,871
surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	(339,971,500)	(591,666,561)
Profit for the year	349,431,032	251,695,061
Net surplus/(deficit) in the statement of profit and loss	9,459,532	(339,971,500)
Total reserves and surplus	3,449,810,403	3,100,379,371



Notes to financial statements for the year ended 31 March 2014

5. Long-term borrowings (Secured)

	Non-Current portion		Current maturities	
	31 March 2014 Rupees	31 March 2013 Rupees	31 March 2014 Rupees	31 March 2013 Rupees
Term loans				
Rupee loan from banks (secured by first charge on all fixed assets (except vehicles) and all current assets of the Company)				
Term loan 1 from HDFC Bank	-	112,500,000	112,500,000	112,500,000
Term loan 2 from HDFC Bank	112,492,509	-	108,000,000	-
Term loan 3 from Axis Bank	-	211,492,508	-	108,000,000
Term loan 4 from Axis Bank	290,416,194	308,370,163	204,999,996	204,999,996
Term loan 5 from Axis Bank	293,285,146	-	124,992,000	-
Sub Total	696,193,849	632,362,671	550,491,996	425,499,996
Other Loans				
Vehicle finance from banks and financial institutions (secured against hypothecation of vehicles)				
Vehicle Loan 1 from Axis Bank Ltd. (ROI from 10.15% to 11.70%, repayable in 48 monthly installments)	19,188,974	22,684,833	14,461,224	7,911,324
Vehicle Loan 2 from Kotak Mahindra Prime Ltd. (IRR from 8.34% to 11.17%, repayable in 36 monthly installments)	95,640	177,836	133,944	562,104
Sub Total	19,284,614	22,862,669	14,595,168	8,473,428
Amount disclosed under the head "other current liabilities" (note 6)	-	-	(565,087,164)	(433,973,424)
Net amount	715,478,463	655,225,340	-	-

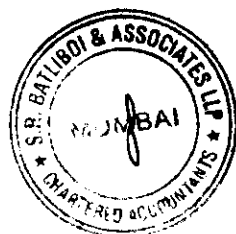
Term loan 1 having interest of bank base rate plus 2.60% @ 12.60% p.a. (March 31, 2013 :12.40% p.a.) is repayable in 31 monthly installments of Rs 93,75,000/- each along with interest from September 30, 2012.

Term loan 2 having interest of bank base rate plus 2.40% @ 12.40% p.a. (March 31, 2013 : Nil) is repayable in 31 monthly installments of Rs 90,00,000/- each along with interest from July 31, 2013.

Term loan 3 having interest of bank base rate plus 3.25% @ 13.25% p.a. was repayable in 48 monthly installments of Rs 90,00,000/- each along with interest from April 30, 2012.

Term loan 4 having interest of bank base rate plus 2.00% @ 12.25% p.a. is repayable in 48 monthly installments of Rs 17,083,333/- each along with interest from September 30, 2012.

Term loan 5 having interest of bank base rate plus 2.00% @ 12.25% p.a. is repayable in 48 monthly installments of Rs 10,416,000/- each along with interest from April 30, 2014.



Notes to financials statements for the year ended 31 March 2014

6. Trade Payable & Other current liabilities

	Non-Current portion		Current Maturities	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	Rupees	Rupees	Rupees	Rupees
Trade payables (including acceptances) (refer note 36 for details of dues to micro and small enterprises)			83,125,876	61,573,812
Other liabilities				
Current maturities of long-term borrowings (refer note 5)	-	-	565,087,164	433,973,424
Interest accrued but not due on borrowings	-	-	13,203,822	12,022,506
Deferred lease rental income	94,783,812	112,219,296	25,009,043	25,032,820
Deferred advertisement income	-	-	1,931,202	-
Advance from customers	-	-	117,130,037	78,900,575
Others				
Deposit from theatres & regional dealers	186,324,602	181,345,994	65,130,641	45,336,498
Deposit from related parties	178,800,000	178,800,000	-	-
Payables for purchase of fixed assets	-	-	74,878,568	238,683,134
Payable for purchase of Investment	-	-	-	117,393,465
Salary & reimbursement payable	-	-	7,697,499	864,670
Other statutory dues (employee related liabilities)	-	-	3,367,208	2,929,323
Sales tax payable	-	-	8,238,175	5,716,427
TDS payable	-	-	14,691,153	10,383,145
Entry tax payable	-	-	208,462	266,549
Other creditors (other than trade)	-	-	6,649,569	4,134,457
Other payable (including provisions for expenses)	-	-	81,074,220	56,400,685
	459,908,414	472,365,290	984,296,763	1,032,037,678

7. Short-term borrowings

	31 March 2014	31 March 2013
	Rupees	Rupees
Cash credit from banks (secured)	8,592,323	168,065,782
	8,592,323	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 @ 12.25 % p.a.

8. Short term provisions

	31 March 2014	31 March 2013
	Rupees	Rupees
Provision for gratuity (refer note 26)	1,275,343	3,424,662
Provision for compensated absences	22,093,505	16,518,253
	23,368,848	19,942,915



Notes to financials statements for the year ended 31 March 2014

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 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	46,032,842	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
Additions	4,100,310	825,597,240	4,304,893	3,346,179	1,650,026	231,341	16,887,595	856,117,584	764,048	856,881,632
Disposals	2,736,746	33,854,365	12,983,152	10,242,705	415,619	2,732,870	3,646,853	66,612,310	16,343,583	82,955,893
At 31 March 2014	13,523,137	4,423,047,770	26,081,289	30,576,208	5,144,856	2,359,906	71,974,368	4,572,707,534	15,975,164	4,588,682,698
Depreciation/Amortisation										
At 1 April 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	8,263,560	459,450,247	7,064,342	466,514,589
Disposals	-	12,513,694	-	-	-	-	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
Charge for the year	3,131,225	518,648,863	4,683,371	4,624,984	915,051	365,500	12,688,022	545,057,016	1,372,019	546,429,035
Disposals	2,732,973	17,950,756	12,567,747	9,755,830	404,108	2,729,078	2,284,855	48,425,347	16,056,616	64,481,963
At 31 March 2014	5,290,954	1,851,976,023	13,957,707	16,722,339	2,680,312	1,092,881	21,817,558	1,913,537,774	13,383,462	1,926,921,236
Net Block										
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	2,366,296,155	3,486,640	2,369,782,795
At 31 March 2014	8,232,183	2,571,071,747	12,123,582	13,853,869	2,464,544	1,267,025	50,156,810	2,659,169,760	2,591,702	2,661,761,462



Notes to financial statements for the year ended 31 March 2014

10. Non-current Investments

	31 March 2014 Rupees	31 March 2013 Rupees
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
Investment in subsidiaries		
1,161,972 (March 31,2013 : 1,161,972) Ordinary shares of US \$ 1 each fully paid, in Edridge Limited, Cyprus	573,879,423	573,879,423
10,000 (March 31,2013 : 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
587,140 (March 31,2013 : 587,140) Ordinary shares of INR 10 each fully paid in Scrabble Entertainment Limited, India	641,864,547	641,864,547
3,231,821 (March 31,2013 : 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
99,600 (March 31,2013 : 99,600) Ordinary shares of NPR 100 each fully paid, in United Film Organizers Nepal (Private) Limited, Nepal	6,225,000	6,225,000
Less : Provision for diminution in value of investments	(5,000,000)	-
	<u>1,225,000</u>	<u>6,225,000</u>
Preference shares (unquoted)		
Investment in subsidiaries		
59,900 (March 31,2013 : 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 31,2013 : 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
Nil (March 31,2013 : 34,782) 6% Optionally convertible redeemable preference shares of INR 1,150 each, fully paid in Scrabble Entertainment Limited, India	-	39,999,300
Others		
1,86,500 (March 31,2013 : 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)
	<u>-</u>	<u>-</u>
	<u>1,713,475,220</u>	<u>1,758,474,520</u>
Aggregate amount of unquoted investments	1,794,915,845	1,839,915,145
Aggregate provision for diminution in value of investments	86,440,625	81,440,625

11. Deferred tax assets (net)

	31 March 2014 Rupees	31 March 2013 Rupees
Deferred tax asset		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	87,473,973	46,948,789
Carry forward of losses	-	77,878,097
Provision for doubtful debts	9,200,669	9,732,083
Provision for gratuity and leave encashment	7,943,071	6,470,479
Gross deferred tax asset	(A) <u>104,617,713</u>	<u>141,029,448</u>
Deferred tax liability		
Others	-	5,229
Gross deferred tax liability	(B) <u>-</u>	<u>5,229</u>
Net deferred tax asset	(A) - (B) <u>104,617,713</u>	<u>141,024,218</u>
Net deferred tax asset recognised	<u>104,617,713</u>	<u>-</u>



In the previous year, the company had accounted deferred tax assets to the extent of deferred tax liability in absence of virtual certainty as defined in Accounting Standard 22

Notes to financials statements for the year ended 31 March 2014

12. Loan and advances

	Non-Current		Current	
	31 March 2014 Rupees	31 March 2013 Rupees	31 March 2014 Rupees	31 March 2013 Rupees
(Unsecured, considered good, unless otherwise stated)				
Capital advances	7,344,929	16,183,359	-	-
Security deposit	39,936,115	3,997,224	4,733,999	39,325,253
Loan and advances to related parties	-	-	4,910,589	5,227,440
Advances recoverable in cash or kind	-	-	8,664,484	9,149,462
Other loans and advances				
Advance income-tax (net of provision for taxation Rs.66,645,701 (March 31, 2013 : Rs. 25,376,261))	151,173,823	141,166,959	-	-
Balance with statutory / government authorities	16,094,089	5,670,016	541,686	341,584
Advance for Purchase of Investments	20,000,000	-	-	-
Advance to employees	-	-	1,059,815	789,373
Insurance claim receivable	-	-	3,686,291	1,681,613
Prepaid expenses	-	-	8,292,359	6,865,840
Service tax credit receivable	-	-	37,684,573	81,996,569
Vat credit receivable	-	-	53,295	1,093,075
MAT credit entitlement	26,251,829	25,376,261	-	-
Others	36,682	60,682	-	-
	260,837,467	192,454,501	69,627,091	146,470,209

13. Trade receivables

	Non-Current		Current	
	31 March 2014 Rupees	31 March 2013 Rupees	31 March 2014 Rupees	31 March 2013 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	64,321,912	19,633,573
- considered doubtful	-	-	27,068,754	29,995,634
Provision for doubtful receivables	-	-	(27,068,754)	(29,995,634)
(A)	-	1,457,521	64,321,912	19,633,573
Others receivables				
- considered good	22,151,836	74,338,224	493,367,685	419,303,385
(B)	22,151,836	74,338,224	493,367,685	419,303,385
TOTAL (A + B)	22,151,836	75,795,745	557,689,597	438,936,958

14. Other Assets

	Non-Current		Current	
	31 March 2014 Rupees	31 March 2013 Rupees	31 March 2014 Rupees	31 March 2013 Rupees
Non-current bank balances (refer note 17)	5,000	56,584,747	-	-
Unbilled revenue	-	-	43,553,981	15,745,028
Interest accrued on fixed deposit	-	-	1,170,346	21,065
	5,000	56,584,747	44,724,327	15,766,093



Notes to financial statements for the year ended 31 March 2014

15. Current Investments

	31 March 2014 Rupees	31 March 2013 Rupees
Unquoted mutual funds		
HDFC Liquid Fund - dividend - daily reinvest Nil units at 10.1982 (March 31,2013 : 3,027,404.596 units)	-	30,874,078
ICICI Prudential Liquid - direct plan - daily dividend Nil units at 100.0226 (March 31,2013 : 668,044.664 units)	-	66,819,564
Axis Liquid Fund-Institutional Daily Div Reinvest 35,420.581 units at 1000.3074 (March 31,2013 : Nil units)	35,431,470	-
	35,431,470	97,693,642

Aggregate amount of unquoted investments (Market value : Rs.35,431,470/- (March 31, 2013 : 97,693,642/-))

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

	31 March 2014 Rupees	31 March 2013 Rupees
Stores and spares	50,796,745	48,764,859
Others	11,657,410	10,668,833
	62,454,155	59,433,692

17. Cash & bank balances

	Non-Current		Current	
	31 March 2014 Rupees	31 March 2013 Rupees	31 March 2014 Rupees	31 March 2013 Rupees
Cash and cash equivalents				
Balances with banks :				
– On current accounts			157,920,428	145,755,938
– Deposits with original maturity of less than three months			113,086,166	772,837
– Margin money deposit with original maturity of less than three months			9,193,513	19,785,183
Cash on hand			241,560	152,119
			280,441,667	166,466,077
Other bank balances				
– Deposits with original maturity for more than 3 months but less than 12 months			2,437,742	160,978
– Margin money deposit with original maturity for more than 3 months but less than 12 months			-	2,696,849
			2,437,742	2,857,827
– Deposits with original maturity for more than 12 months	5,000	22,820,978	51,093,325	92,908,203
– Margin money deposits with original maturity for more than 12 months	-	33,763,769	10,199,285	-
	5,000	56,584,747	344,172,019	262,232,107
Amount disclosed under non - current assets	(5,000)	(56,584,747)	344,172,019	262,232,107

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 financial statements for the year ended 31 March 2014
18. Revenue from operations

	31 March 2014	31 March 2013
	Rupees	Rupees
Sale of Services		
Virtual Print Fees - Non DCI equipment	594,145,139	541,905,938
Advertisement revenue	995,576,281	694,965,528
Lease rental income - Non DCI equipment	497,026,772	433,676,491
Lease rental income - DCI equipment	125,211,487	87,189,857
Digitisation income	64,524,700	63,750,719
Virtual Print Fees - DCI equipment	203,238,609	127,367,847
Registration fees income	7,522,650	8,685,500
	(A)	1,957,541,880
Sales of Products		
Lamp sale	171,085,136	154,296,830
Sale of digital cinema equipments	32,249,687	19,901,807
	(B)	174,198,637
	(A)+(B)	2,131,740,517

19. Other Income

	31 March 2014	31 March 2013
	Rupees	Rupees
Miscellaneous receipts	6,300,395	9,233,648
Sundry balance written back	2,265,277	5,442,007
	<u>8,565,672</u>	<u>14,675,655</u>



Notes to financial statements for the year ended 31 March 2014

20. Direct Expenses

	31 March 2014	31 March 2013
	Rupees	Rupees
Advertisement revenue share	385,069,290	192,805,314
Repair and maintenance - exhibition equipments	63,931,093	43,442,610
Technical service fees	53,511,112	46,819,561
Purchases of equipments & goods	33,946,154	19,237,761
Bandwidth charges	52,759,859	47,674,775
Rent on equipments	11,949,756	11,943,717
Content processing charges	14,509,107	11,873,189
Virtual Print Fees Sharing	19,615,350	7,671,713
Other expenses	1,791,055	2,177,524
Entry tax	3,359,426	1,935,583
<u>Consumables / Stores/ Spares</u>		
Opening stock	59,433,692	65,246,500
Add : purchases	167,607,028	126,198,994
Less : closing stock	62,454,155	59,433,692
	164,586,565	132,011,802
	805,028,767	517,593,549

Details of components consumed

	31 March 2014	31 March 2013
	Rupees	Rupees
Projector Lamps	150,620,737	111,726,637
Projector Spares	3,367,995	12,763,067
UPS Battery	9,001,996	6,152,096
Paper Roll	1,254,223	998,753
3D Glasses	341,614	371,249
	164,586,565	132,011,802

Details of inventory

	31 March 2014	31 March 2013
	Rupees	Rupees
Projector Lamps	50,796,745	48,764,859
UPS Battery	540,767	1,882,563
Projector spares	4,657,823	1,697,005
Paper Roll	3,488,207	3,777,038
3D Glasses	2,970,613	3,312,227
	62,454,155	59,433,692

21. Employee benefit expense

	31 March 2014	31 March 2013
	Rupees	Rupees
Salaries & wages	360,004,975	306,567,169
Contribution to provident and other funds	20,374,496	17,298,547
Gratuity expenses & other employee benefits	10,215,581	8,834,393
Staff welfare expenses	25,669,201	17,010,833
	416,264,253	349,710,942



Notes to financial statements for the year ended 31 March 2014

22. Other expenses

	31 March 2014 Rupees	31 March 2013 Rupees
Rent	69,061,640	66,786,137
Freight & forwarding charges	45,235,998	33,625,876
Legal, professional and consultancy charges	53,527,284	57,688,887
Commission on advertisement revenue	90,942,970	78,777,534
Commission on other revenue	19,161,565	16,683,503
Rebates & discount on advertisement revenue	-	19,041,719
Sales promotion expenses	20,661,577	15,769,669
Electricity charges	12,480,931	11,619,837
Rates & taxes	9,776,023	6,712,144
Auditor's remuneration (please refer (i) below)	4,112,954	2,702,822
Repairs and maintenance		
-Plant & machinery	7,695,929	10,315,038
-Furniture & fixtures	58,043	1,305,091
-Others	5,899,495	862,694
Insurance	9,167,394	8,912,617
Travelling & conveyance expenses	44,337,436	36,757,463
Communication & courier expenses	15,565,720	14,139,947
Printing and stationery	4,404,326	3,934,089
Bad debts written-off	7,961,152	
Less: Provision utilised	<u>(6,569,957)</u>	1,391,195
Loss on sale & write off of fixed assets (net)	9,835,721	4,222,390
Provision for doubtful debts	3,643,077	16,637,225
Provision for diminution in value of fixed assets	-	6,564,792
Provision for diminution in value of investment in subsidiary company	5,000,000	-
Miscellaneous expenses	25,153,821	18,156,384
Foreign exchange loss (net)	32,801,493	16,911,786
	<u>489,914,592</u>	<u>449,912,086</u>

(i) Payment to auditor comprises

	31 March 2014 Rupees	31 March 2013 Rupees
As Auditor		
Audit Fee	3,500,000	2,600,000
In other capacity		
Other services (certification fees)	612,954	102,822
	<u>4,112,954</u>	<u>2,702,822</u>

23. Interest and finance expense

	31 March 2014 Rupees	31 March 2013 Rupees
Interest on		
- Term loan	138,482,914	123,921,062
- Others	4,762,225	5,038,362
Bank charges	2,682,329	3,268,128
Other borrowing costs	8,312,964	1,489,514
	<u>154,240,432</u>	<u>133,717,066</u>

24. Finance Income

	31 March 2014 Rupees	31 March 2013 Rupees
Interest received		
Bank deposits (TDS Rs. 1,635,429 March 31, 2013 : Rs.1,822,461)	15,929,346	18,236,895
Others (TDS Rs. 41,098 March 31, 2013 : Rs. 30,750)	4,623,895	1,319,789
Dividend on current investment	2,761,157	3,170,437
	<u>23,314,398</u>	<u>22,727,121</u>



Notes to financials statements for the year ended 31 March 2014

25. Earnings per share (EPS)

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

	31 March 2014	31 March 2013
	Rupees	Rupees
Basic		
Net profit after tax as per statement of profit and loss	349,431,032	251,695,061
Less : dividends on convertible preference shares & tax thereon	31,002,198	31,002,198
Net profit for calculation of basic EPS	318,428,834	220,692,863
Weighted average number of equity shares in calculating basic EPS	25,897,669	25,897,669
Earning per share	12.30	8.52
Diluted		
Net profit for calculation of basic EPS	318,428,834	220,692,863
Add : dividends on convertible preference share	-	-
Net profit for calculation of diluted EPS	318,428,834	220,692,863
Weighted average number of equity shares in calculating basic EPS	25,897,669	25,897,669
Weighted average number of convertible preference share	-	-
Effect of dilutions on stock options granted under ESOP	184,420	697,053
Total no of shares outstanding (weighted average) (including dilution)	26,082,089	26,594,722
Earning per share	12.21	8.30

26. 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 2014	31 March 2013
	Rupees	Rupees
Current service cost	2,482,749	2,070,934
Interest cost on benefit obligation	1,053,700	765,502
Expected return on plan assets	(1,092,604)	(844,268)
Net actuarial (gain) / loss recognized in the year	1,379,949	1,532,494
Net benefit expense	3,823,794	3,524,662
Actual return on plan assets	1,092,604	844,268

Balance sheet

Benefit asset/ liability

Present value of defined benefit obligation	17,583,653	13,171,256
Fair value of plan assets	16,308,310	9,746,594
Plan (asset) / liability	1,275,343	3,424,662

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

Opening defined benefit obligation	13,171,256	9,568,769
Current service cost	2,482,749	2,070,934
Interest cost	1,053,700	765,502
Benefits paid	(504,001)	(766,443)
Actuarial (gains) / losses on obligation	1,379,949	1,532,494
Closing defined benefit obligation	17,583,653	13,171,256



Notes to financial statements for the year ended 31 March 2014

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

Opening fair value of plan assets	9,746,594	7,296,327
Expected return	1,092,604	844,268
Contributions by employer	5,973,113	2,372,442
Benefits paid	(504,001)	(766,443)
Actuarial gains / (losses)	-	-
Closing fair value of plan assets	16,308,310	9,746,594

The principal assumptions used in determining gratuity as shown below:

	Gratuity	
	31 March 2014	31 March 2013
Discount rate	8.00%	8.00%
Expected rate of return on assets	8.75%	9.15%
Employee turnover	1% to 3% depending on age	1% to 3% depending on age

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. 2,356,652/- to gratuity in the next year (31 March 2013 : Rs. 3,425,000/-)

27. 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.

During the year company granted a total number of 174,157 options at an exercise price of Rs.178.18 per share to certain employees and key managerial personnels of the company and certain employees of subsidiaries. Out of the options granted, in respect of 82,157 options 25% vest equally over a period of 4 years from the date of grant and in respect of 92,000 options entire options vest at the end of one year from the date of grant.

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

	31 March 2014		31 March 2013	
	Number of Options	Weighted Average Exercise Price(Rs.)	Number of Options	Weighted Average Exercise Price(Rs.)
Outstanding at the beginning of the year	211,597	100.18	212,968	100.18
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	100.18
Forfeited during the year	273	100.18	1,371	100.18
Outstanding at the end of the year	211,324	100.18	211,597	100.18
Exercisable at the end of the year	211,324	100.18	211,597	-
Weighted average remaining contractual life (in month)	-	-	-	-



Notes to financial statements for the year ended 31 March 2014

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

	31 March 2014		31 March 2013	
	Number of Options	Weighted Average Exercise Price(Rs.)	Number of Options	Weighted Average Exercise Price(Rs.)
Outstanding at the beginning of the year	1,363,865	161.87	1,395,679	161.87
Granted during the year	174,157	178.17	-	-
Exercised during the year	-	-	-	-
Forfeited during the year	32,533	161.87	31,814	-
Outstanding at the end of the year	1,505,489	163.76	1,363,865	161.87
Exercisable at the end of the year	1,004,722	161.87	681,933	161.87
Weighted average remaining contractual life (in month)	9		19	

The range of exercise price for options outstanding at the end of the year was Rs 100.18 to Rs 178.17 (March 31, 2013: Rs.100.18 to 161.87)

Stock Options granted during the year

The fair value of stock options granted during the year with vesting period of 4 years is Rs.63.11 (March 31, 2013: Nil). The Black Scholes valuation model has been used for computing the fair value considering the following inputs

	31 March 2014	31 March 2013*
Expected volatility	25%	-
Risk-free interest rate	8.75%	-
Weighted average share price	178.17	-
Exercise price	178.17	-
Expected life of options granted in years	4	-

*Not applicable since no ESOP's were granted during the year.

The fair value of stock options granted during the year with vesting period of 1 year is Rs.25.46 (March 31, 2013: Nil). The Black Scholes valuation model has been used for computing the fair value considering the following inputs:

	31 March 2014	31 March 2013*
Expected volatility	25%	-
Risk-free interest rate	8.75%	-
Weighted average share price	178.17	-
Exercise price	178.17	-
Expected life of options granted in years	1	-

* Not applicable since no ESOP's were granted during the year.

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 2014	31 March 2013
	Rs.	Rs.
Net profit for calculation of basic EPS	318,428,834	220,692,863
Less: Employee stock compensation under fair value method	(9,140,251)	(17,230,475)
Proforma profit	309,288,583	203,462,388
Earnings Per Share		
Basic		
- As reported	12.30	8.52
- Proforma	11.94	7.86
Diluted		
- As reported	12.21	8.30
- Proforma	11.86	7.65



Notes to financials statements for the year ended 31 March 2014

28. Investments during the year

Investments by the Company

Scrabble Entertainment Limited (SEL):

(a) In the previous year, the Company 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.

During the year, the company exercised the option to redeem all 34,782 6% Optionally Convertible Redeemable Preference Shares (OCRPS) of Rs.1,150 each of Rs.39,999,300 invested in SEL.

(b) During the year the company has given advance of Rs 20,000,000 for acquiring a controlling stake in a company which is in the business of providing Digital Cinemas services.

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 equipment's. 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 2014	31 March 2013
Lease payments for the year	81,011,396	78,729,854

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.

	(In Rupees)	
	Digital Cinema Equipment	
	31 March 2014	31 March 2013
Gross carrying amount	3,200,621,372	2,717,766,378
Accumulated Depreciation	724,767,002	487,963,520
Depreciation recognized in the statement of Profit & Loss	368,133,287	304,462,704



Notes to financials statements for the year ended 31 March 2014

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 United Film Organisers Nepal Private Limited, Nepal Scrabble Entertainment Limited Southern Digital Screenz India Private Limited
Step-down Subsidiaries	DCLP Limited, Cyprus (upto October 3, 2013) 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 Digital Inc (w.e.f August 6, 2013) Scrabble Entertainment Mauritius Limited, Mauritius Scrabble Entertainment Israel Ltd, Israel United Film Organisers (UFO) (Mauritius) Private Limited, Mauritius
Joint Venture of Subsidiary	Mukta VN Films Limited (w.e.f June 10, 2013)
Associate of Subsidiary	Scrabble Digital Limited

*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
Relatives of Key management personnel	Ms. Apeksha Agarwal
Enterprises owned or significantly influenced by key management personnel or their relatives	Media Infotek Park Valuable Media Limited Valuable Technologies Limited Impact Media Exchange Limited Dusane Infotech (India) Private Limited



Notes to financial statements for the year ended 31 March 2014

Sr. No.	Particulars Nature of Expenses/Name of the Parties	31 March 2014 Rupees	31 March 2013 Rupees
1	Subsidiaries Companies		
A	Virtual Print Fees (Income) i) Southern Digital Screenz India Private Limited ii) V N Films Private Limited iii) Scrabble Entertainment Limited	115,027,284 Nil 228,941,344	106,631,260 3,369 142,325,126
B	Lease Rental Income i) Southern Digital Screenz India Private Limited ii) Scrabble Entertainment Limited	207,011,237 114,511,923	195,722,192 81,604,426
C	Other income (Miscellaneous Receipts) i) Scrabble Entertainment Limited	Nil	4,130,222
D	Investment in shares i) Scrabble Entertainment Limited (equity share)	Nil	207,660,200
E	Interest income on loans i) V N Films Private Limited	410,983	307,500
F	Rent income (Miscellaneous Receipts) i) Southern Digital Screenz India Private Limited ii) Scrabble Entertainment Limited iii) V N Films Private Limited	101,250 3,684,000 415,800	116,492 156,000 396,000
G	Loan given i) V N Films Private Limited	1,500,000	Nil
H	Advertisement Revenue Share (expense) i) Southern Digital Screenz India Private Limited	125,393,334	86,694,063
I	Advertisement Revenue Share for onward payment to theatres i) Scrabble Entertainment Limited	7,234,317	1,756,358
J	Security deposit received i) Scrabble Entertainment Limited	Nil	84,500,000
K	Recovery of expenses i) Southern Digital Screenz India Private Limited ii) Scrabble Entertainment Limited	2,394,112 1,958,145	1,725,131 16,519
L	Rent paid i) Southern Digital Screenz India Private Limited	594,000	594,000
M	VPF Sharing (expenses) i) Scrabble Entertainment Limited	2,656,029	Nil
N	Redemption of Preference shares i) Scrabble Entertainment Limited	39,999,300	Nil
O	Sale of Assets i) Scrabble Entertainment Limited	957,918	Nil
2	Enterprises owned or significantly influenced by Key Management Personnel or their relatives		
A	Purchase of equipment i) Dusane Infotech (India) Private Limited ii) Valuable Technologies Limited	379,790 Nil	Nil 2,725,000
B	Sale of equipment i) Valuable Media Limited	Nil	2,323,065
C	Expenses reimbursed i) Media Infotek Park ii) Valuable Media Limited iii) Valuable Technologies Limited	8,332,740 42,000 3,472,166	7,588,634 Nil 672,501
D	Software development charges (expense) i) Dusane Infotech (India) Private Limited	3,523,200	5,595,700
E	Technical services fees (expense) i) Valuable Technologies Limited	53,511,112	46,819,561



Notes to financials statements for the year ended 31 March 2014

Sr. No	Particulars Nature of Expenses/Name of the Parties	31 March 2014 Rupees	31 March 2013 Rupees
F	Direct Expenses (License fees on 3D movie) i) Valuable Technologies Limited	54,545	723,912
G	Direct Expenses (Licensee fees – Impact) i) Impact Media Exchange Limited	1,736,510	1,453,612
H	Licensee fee- Club X (Other income) i) Valuable Media Ltd	1,064,180	848,441
I	Security deposit paid i) Media Infotek Park	1,680,740	Nil
J	Editing Charges (Income) i) Valuable Media Ltd	70,000	Nil
K	Rent paid (expense) i) Media Infotek Park	45,091,112	44,524,692
3	Associates of Subsidiary		
A	Content Processing charges (expense) i) Scrabble Digital Limited	374,000	Nil
B	Sales of Assets i) Scrabble Digital Limited	1,431,250	Nil

b. Remuneration to key managerial personnel

	31 March 2014 Rupees	31 March 2013 Rupees
Mr. Sanjay Gaikwad, Managing Director	25,000,000	25,000,000
Salary, bonus and contribution to provident fund		
Mr. Kapil Agarwal, Joint Managing Director	25,000,000	25,000,000
Salary, bonus and contribution to provident fund		
Total	50,000,000	50,000,000

c. Remuneration to relatives of key managerial personnel

	31 March 2014 Rupees	31 March 2013 Rupees
Ms. Apeksha Agarwal		
Salary, bonus and contribution to provident fund	285,568	-
Total	285,568	-

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 2014 Rupees	31 March 2013 Rupees
1	Subsidiaries Companies		
A	Loan and advance given i) V N Films Private Limited	4,500,000	3,000,000
B	Debtors i) Southern Digital Screenz India Private Limited ii) V N Films Private Limited iii) Scrabble Entertainment Limited	22,151,836 1,123 58,114,258	75,795,745 Nil 63,844,371
C	Deposit payable i) Scrabble Entertainment Limited	178,800,000	178,800,000
D	Amount payable i) V N Film Private Limited	Nil	18,255
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	Nil 133,273	1,816,851 2,731,805
B	Deposit receivable i) Media Infotek Park	35,771,540	34,090,800
C	Amount payable i) Media Infotek Park	Nil	181,664



Notes to financial statements for the year ended 31 March 2014
32. Capital and other commitments

	31 March 2014 Rupees	31 March 2013 Rupees
Capital commitments	51,266,592	34,468,721
(estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances))		
Repair & Maintenance	14,461,612	Nil
Other Commitments	10,157,899	5,802,374

The Company has issued a letter of comfort to a bank for loan taken by subsidiary company, assuring that it will take all necessary steps so that the repayment of the loan by the subsidiary is honored as and when due and payable.

33. Contingent liabilities

	31 March 2014 Rupees	31 March 2013 Rupees
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.	Nil	2,506,725
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	630,162
In respect of demand raised against company in Bihar VAT matter due to non-submission of "F" forms for the Financial Year 2007-08 & 2008-09.	5,302,273	Nil
In respect of demand raised against the company of penalty u/s 271 (1) (C) for the FY 2006-07, the company has filed an appeal to the Commissioner of Income Tax.	717,353	Nil
	43,745,389	40,232,488

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 2014 Rupees	31 March 2013 Rupees
Import trade payable (US\$)	Rs 10,263,037 (US\$ 170,766 @ Closing rate of 1 USD = Rs.60.10	Rs.168,291,372 (US\$ 3,094,200 @ Closing rate of 1 USD = Rs.54.39

35. Subsequent event after Balance sheet date

The company further acquired additional 9% stake 386,895 equity shares in Southern Digital Screenz India Private Limited (SDS) from the minority shareholders for Rs.109,998,117. Out of above the company has paid Rs.74,500,000 to the existing shareholder of SDS and balance of Rs.35,498,117 is payable till June 30,2015. Post this investment the Company now holds 84.18% of equity share capital of SDS.

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

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



Notes to financials statements for the year ended 31 March 2014

37. Value of imports calculated on CIF basis

	31 March 2014 Rupees	31 March 2013 Rupees
Consumable, stores and spares	162,946,762	115,767,150
Capital goods	521,619,069	805,738,540
Purchase of trading equipment	32,252,749	11,669,753
	716,818,580	933,175,443

38. Expenditure in foreign currency (accrual basis)

	31 March 2014 Rupees	31 March 2013 Rupees
Travelling & conveyance	5,993,008	2,660,091
Others	10,873,251	304,528
	16,866,259	2,964,619

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

Components	% of total consumption	Value (In Rupees)	% of total consumption	Value (In Rupees)
	31 March 2014	31 March 2014	31 March 2013	31 March 2013
Imported	93	153,175,267	93	122,436,994
Indigenously obtained	7	11,411,298	7	9,574,808
	100	164,586,565	100	132,011,802

40. Earnings in foreign currency (accrual basis)

	31 March 2014 Rupees	31 March 2013 Rupees
Exports at C.I.F. value	-	150,548
	-	150,548

41. 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

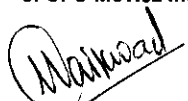


per **Govind Ahuja**
Partner
Membership No.: 48966

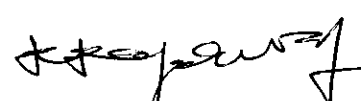
Place of signature: Mumbai
Date: August 5, 2014



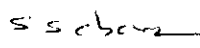
For and on behalf of the Board of Directors
of **UFO Moviez India Limited**



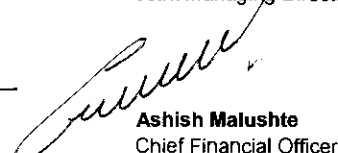
Sanjay Gaikwad
Managing Director



Kapil Agarwal
Joint Managing Director



Sameer Chavan
Company Secretary



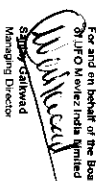

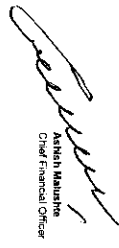
Ashish Malushte
Chief Financial Officer

Place of signature: Mumbai
Date: August 5, 2014

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES - UFO MOVIEZ INDIA LTD FOR THE YEAR ENDED ON MARCH 31, 2014

Name of the Subsidiary	Equity Limited, Cyprus	UFO International Limited, Cyprus	UFO Software Technologies Pvt. Ltd. India	United Firm Organizers Nepal (Private) Limited	V N Film Private Limited (India)	UFO Lanka Private Limited	United Firm (C) Mauritius Private Limited	Southern Digital Service India Private Limited	Scrabble Entertainment Limited	Scrabble Entertainment LT, Dubai	Scrabble Entertainment (Mauritius) Ltd	Scrabble Entertainment (Lebanon) Ltd	Scrabble Entertainment (Lebanon) Ltd	Scrabble Entertainment (Lebanon) Ltd	Scrabble Digital Inc
Number of shares held in the Subsidiary Companies	1,161,672 Ordinary Shares of US\$ 1 each			99,600 Equity & 59,900 Preference Shares of INR 100	10,000 equity Shares of Rs. 10/- each			3,291,621 equity Shares of INR each & 1,725,000 (1% Preference convertible preference shares of INR 100/- each)	897,40 equity Shares of Rs 10/- each	300 Equity Shares of AED 1000/- each	750,000 Equity Shares of USD 1/- each	4995 Equity Shares of LBP 10000/- each	100 Equity Shares of NIS 0.01/each	5,000 Equity shares	
Percentage of holding in the Subsidiary Companies	100%	Subsidiary through Edgeline Ltd. (% of holding of UFO : 100%)	Subsidiary through UFO International Ltd. (% of holding of UFO : 95.97%)	100%	100%	Subsidiary through UFO International Ltd. (% of holding of UFO : 100%)	Subsidiary through UFO International Ltd. (% of holding of UFO : 100%)	75.18%	75.41%	Subsidiary through (Mauritius) Ltd. (% of holding of Scrabble Entertainment Ltd : 100%)	Subsidiary through Scrabble Entertainment Limited. (% of holding of Scrabble Entertainment Ltd : 100%)	Subsidiary through JLT Limited. (% of holding of Scrabble Entertainment JLT : 99.96%)	Subsidiary through (Mauritius) Ltd. (% of holding of Scrabble Entertainment (Mauritius) Ltd : 100%)	100%	
Financial year ended	31 st March, 2014	31 st March, 2014	31 st March, 2014	18th July, 2014	31 st March, 2014	31 st March, 2014	31 st March, 2014	31 st March, 2014	31 st March, 2014	31 st December, 2014	31 st March, 2014	31 st December, 2014	31 st December, 2014	31 st December, 2013	31 st December, 2014
Profits / (Losses) of the Subsidiary Companies for their respective financial years so far as it concerns the members of UFO Moviez India Ltd. which have not been dealt within the accounts of UFO Moviez India Ltd for the year ended 31 st March, 2014															
For the year*	US\$ (3,251) Rs. (1,96,396)	US\$ (147,078) Rs. (8,839,448)	Rs. 447,214 Rs. (7,487,072)	NPR (712,324) Rs. (441,541)	Rs. (1,282,838) Rs. (821,979)	SLR (174,686) Rs. (78,609)	MUR (69,300) Rs. (1,20,270)	Rs. 5,328,416 Rs. (1,90,487,057)	Rs. 15,207,771 Rs. 28,729,062	AED 7,770,392 Rs. 1,28,386,202	US\$ 425,593 Rs. 25,578,054	LBP (13,986,998) Rs. (545,833)	NIS (13,986,998) Rs. (545,833)	US\$ (158,051) Rs. (9,316,524)	US\$ (158,051) Rs. (9,316,524)
For the previous financial year*	US\$ (717,689) Rs. (431,25,997)	US\$ (7,487,072) Rs. (448,976,322)	Rs. 35,302 Rs. (4,48,976,322)	NPR (7,099,988) Rs. (4,407,989)	Rs. (821,979) Rs. (2,104,316)	SLR (14,537,083) Rs. (6,541,678)	MUR 175,661 Rs. 332,785	Rs. (1,90,487,057) Rs. (1,96,158,640)	Rs. 28,729,062 Rs. 43,936,632	AED 2,987,095 Rs. 48,995,894	US\$ (31,932) Rs. (393,761)	LBP (27,532,197) Rs. (41,629,190)	NIS (31,932) Rs. (41,629,190)	US\$ (158,051) Rs. (9,316,524)	US\$ (158,051) Rs. (9,316,524)
Total accumulated up to the year*	US\$ (720,929) Rs. (43,321,292)	US\$ (7,634,151) Rs. (459,812,476)	Rs. 482,516 Rs. (4,843,446)	NPR (7,812,010) Rs. (4,843,446)	Rs. (2,104,316) Rs. (2,104,316)	SLR (14,571,749) Rs. (6,620,287)	MUR 112,361 Rs. 213,265	Rs. (1,96,158,640) Rs. (1,96,158,640)	Rs. 43,936,632 Rs. 43,936,632	AED 2,987,095 Rs. 173,345,095	US\$ (31,932) Rs. (393,761)	LBP (27,532,197) Rs. (41,629,190)	NIS (31,932) Rs. (41,629,190)	US\$ (158,051) Rs. (9,316,524)	US\$ (158,051) Rs. (9,316,524)
Aggregates 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, 2014															
For the year	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
For the previous financial years	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total accumulated up to the year	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Note:
 * The Figures presented in US\$ are converted into INR at the prevailing exchange rates (US\$ for 69.10 INR) as on March 31, 2014.
 * The Figures presented in US\$ are converted into INR at the prevailing exchange rates (US\$ for 69.28 INR) as on March 31, 2014.
 * The Figures presented in INR are converted into US\$ at the prevailing exchange rates (INR for 0.45 INR) as on March 31, 2014.
 * The Figures presented in Mauritian Currency (MUR) are converted into INR at the prevailing exchange rates (INR for 0.45 INR) as on March 31, 2014.
 * The Figures presented in Lebanese Currency (LBP) are converted into INR at the prevailing exchange rates (INR for 1.90 INR) as on March 31, 2014.
 * The Figures presented in Lebanon Currency (LBP) are converted into INR at the prevailing exchange rates (INR for 0.03 INR) as on March 31, 2014.
 * The Figures presented in Lebanon Currency (LBP) are converted into INR at the prevailing exchange rates (INR for 0.03 INR) as on March 31, 2014.

For and on behalf of the Board of Directors

 S. S. Chavhan
 Managing Director

 K. Anil
 Joint Managing Director

 Ashish Mahapatra
 Chief Financial Officer

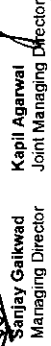
Place: Mumbai
 Date: August 5, 2014

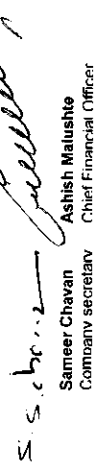
STATEMENT PURSUANT TO SECTION 212 (5) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES - UFO MOVIEZ INDIA LTD FOR THE YEAR ENDED ON MARCH 31, 2014

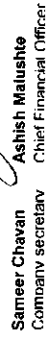
Name of the Subsidiary	United Film Organisers Nepal (Private) Limited	Scrabble Entertainment (Lebanon) Sarl, Lebanon	Scrabble Entertainment Israel Limited, Israel#
Number of shares held in the Subsidiary Companies	99,600 Equity & 59,900 Preference Shares of NPR 100/- each	Holding through Scrabble Entertainment -JLT : 4998 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%	99.96%	100.00%
Financial year ended	16th July, 2014	31st December, 2013	31st December, 2013
Change in the holding company's interest in the subsidiary between the end of the financial years or of the last of the financial year of the subsidiary and the end of the holding company's financial year	NIL	NIL	NIL
Details of any material change which have occurred between the end of the financial year of the subsidiary or of the last of the financial years of the subsidiary and the end of the holding company's year in respect of			
(i) the subsidiary's fixed assets	NPR (2,508,931) Rs. (1,555,537)	US\$ NIL Rs. NIL	NIS 6,845,403.80 Rs. 116,787,380.58
(ii) the subsidiary's investments	NPR NIL Rs. NIL	US\$ NIL Rs. NIL	NIS NIL Rs. NIL
(iii) the moneys lent by the subsidiary	NPR NIL Rs. NIL	US\$ NIL Rs. NIL	NIS NIL Rs. NIL
(iv) the moneys borrowed by the subsidiary for any purpose other than that of meeting current liabilities	NIL NIL	NIL NIL	8,161,608.84 139,242,759.90

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


Sanjay Gaikwad
Managing Director


Kapil Agarwal
Joint Managing Director


Sameer Chavan
Company secretary


Ashish Matlushte
Chief Financial Officer