

Southern Digital Screenz India Limited
Financial Statements Along With The Auditors' Report
For The Year Ended March 31, 2015

INDEPENDENT AUDITOR'S REPORT

To the Members of Southern Digital Screenz India Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Southern Digital Screenz Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, 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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing as specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 opinion on the financial statements.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

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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, of the state of affairs of the Company as at March 31, 2015, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and 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 it 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 aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 27 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W

per Govind Anuja
Partner

Membership Number: 48966

Place of Signature: Mumbai

Date: July 23, 2015



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

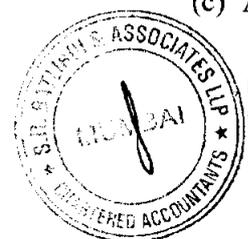
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Annexure to the Independent Auditors' Report

Re: Southern Digital Screenz India Private Limited ('the Company')

Referred to in Paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

- (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.
- (ii) The Company is engaged in providing services and does not have inventory. Consequently, the provisions of clause 3 (ii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ("the Act"). Accordingly, the provisions of clause 3 (iii)(a) to (b) 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 fixed assets and for rendering of services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas. The activities of the Company do not involve purchase of inventory and the sale of goods.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148 (1) of the Act, for the services of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, income-tax, sales-tax, wealth-tax, service tax, value added tax, cess and other material statutory dues applicable to it. The provisions relating to customs duty and 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, employees' state insurance, income-tax, service tax, sales-tax, value added tax, 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 relating to wealth tax, customs duty and excise duty are not applicable to the Company.
- (c) According to the information and explanation given to us, there are no dues of income tax, wealth tax, service tax, sales tax and cess which have not been deposited on account of any dispute. The provisions relating to customs duty and excise duty are not applicable to the Company. According to the records of the Company, the dues outstanding of value added tax (VAT) on account of any dispute are as follows:



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

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Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Kerala VAT Act, 2003	Value Added Tax	984,323	2011-12	Deputy Commissioner (Appeals)

- (d) According to the information and explanations given to us, the provisions of investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under are not applicable to the Company.
- (viii) *The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth.* The Company has not incurred cash losses in the current and immediately preceding financial year.
- (ix) 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. The Company does not have any dues to debenture holders and banks.
- (x) 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.
- (xi) 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.
- (xii) 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's Registration Number: 101049W


per Govind Ahuja

Partner

Membership Number: 48966

Place: Mumbai

Date: July 23, 2015



Southern Digital Screenz India Private Limited

Balance sheet as at 31st March 2015

	Notes	March 31, 2015 Rs.	March 31, 2014 Rs.
Equity and liabilities			
Shareholder's fund			
Share capital	3	215,488,330	215,488,330
Reserves and surplus	4	(46,710,578)	(104,012,953)
		168,777,752	111,475,377
Non-current liabilities			
Long-term borrowings	5	-	338,719
Trade payables	6	-	22,151,850
Long-term provisions	7	1,095,111	1,032,983
		1,095,111	23,523,552
Current liabilities			
Trade payables	6	40,321,479	20,485,830
Other liabilities	6	25,717,141	30,628,972
Short-term provisions	7	2,145,926	3,329,485
		68,184,546	54,444,287
TOTAL		238,057,409	189,443,216
Assets			
Non-current assets			
Fixed assets			
Tangible assets	8	7,154,682	10,998,236
Intangible assets	8	25,349,029	29,345,743
Deferred tax asset (net)	9	10,371,083	-
Long-term loans and advances	10	95,052,141	107,206,886
Other non-current assets	13	54,720,119	663,360
		192,647,054	148,214,225
Current assets			
Trade receivables	11	4,601,198	9,273,091
Cash and bank balances	12	3,551,395	3,278,314
Short-term loans and advances	10	21,580,511	21,311,218
Other current assets	13	15,677,251	7,366,368
		45,410,355	41,228,991
TOTAL		238,057,409	189,443,216

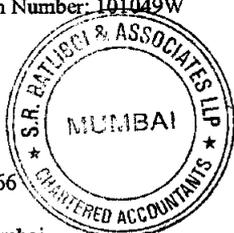
Summary of significant accounting policies 2.1

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

As per our report of even date

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

per Govind Anuja
Partner
Membership No.: 48966



Place of signature: Mumbai
Date: July 23, 2015

For and on behalf of the board of directors of
Southern Digital Screenz India Private Limited

Usman Fayaz
Whole time Director
DIN: 00890257

Lavanya Nandakumar
CFO & Company Secretary

Place of signature: Mumbai
Date: July 23, 2015

Ashish Malushte
Director
DIN: 00024923

Southern Digital Screenz India Private Limited

Statement of profit and loss for the year ended March 31, 2015

	Notes	March 31, 2015 Rs.	March 31, 2014 Rs.
Income			
Revenue from operations	14	512,317,816	472,713,914
Other income	15	7,545,240	757,893
Total revenue (I)		519,863,056	473,471,807
Expenses			
Employee benefits expenses	16	24,454,750	31,947,925
Operating and other expenses	17	437,308,136	426,169,352
Total expenses (II)		461,762,886	458,117,277
Earnings before interest, tax, depreciation and amortization (EBITDA) (I)- (II)		58,100,170	15,354,530
Depreciation and amortisation expenses	8	8,721,324	8,695,235
Finance cost	18	436,061	797,662
Finance income	19	(976,341)	(1,225,912)
Profit before tax		49,919,126	7,087,545
Tax expense			
Current year income tax		2,650,000	-
Deferred tax income	9	(10,371,083)	-
Tax expense		(7,721,083)	-
Profit for the year		57,640,209	7,087,545
Earnings per equity share [nominal value of share Rs.10 (March 31, 2014 : Rs.10)]			
	20		
Basic		13.41	1.65
Diluted		11.75	1.44

Summary of significant accounting policies 2.1

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

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W

per Govind Ahuja

Partner

Membership No.: 48966

Place of signature: Mumbai

Date: July 23, 2015



For and on behalf of the board of directors of
Southern Digital Screenz India Private Limited

Usman Fayaz

Whole time Director

DIN: 00890257

Lavanya Nandakumar

CFO & Company Secretary

Place of signature: Mumbai

Date: July 23, 2015

Ashish Malushte

Director

DIN: 00024923

Southern Digital Screenz India Private Limited

Cash flow statement for the year ended March 31, 2015

	March 31, 2015	March 31, 2014
	Rs.	Rs.
Cash flow from operating activities		
Profit before tax	49,919,126	7,087,545
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation	8,721,324	8,695,235
Loss/(profit) on sale of fixed assets	1,545	(32,628)
Provision for bad debts	221,341	131,060
Provision for input tax credit	5,963,715	12,096,318
Provision for disputed VAT	-	1,500,000
Provision for gratuity	814,577	297,111
Liabilities written back	(6,626,040)	
Bad debt write off	723,998	1,573,017
Interest expense	170,252	563,056
Interest income	(976,341)	(1,225,912)
Operating profit before working capital changes	58,933,497	30,684,801
Movements in working capital:		
Increase/ (decrease) in trade payables	(2,316,201)	(53,823,210)
Increase/ (decrease) in long-term provisions	(752,449)	-
Increase/ (decrease) in short-term provisions	5,442,481	(258,616)
Increase/ (decrease) in other current liabilities	(3,556,351)	1,758,677
Decrease/ (increase) in trade receivables	3,726,554	(1,049,597)
Decrease/ (increase) in long-term loans and advances	21,857,633	18,056,781
Decrease/ (increase) in short-term loans and advances	(6,233,008)	(13,050,754)
Decrease/ (increase) in other current assets	(7,488,947)	(1,354,674)
Cash generated from operations	69,613,209	(19,036,592)
Direct taxes paid (net of refunds)	(12,352,888)	(14,968,116)
Net cash flow from operating activities (A)	57,260,321	(34,004,708)
Cash flow from investing activities		
Purchase of fixed assets, including capital work-in- progress and capital advances	(2,695,291)	(2,139,968)
Proceeds from sale of fixed assets	1,474,859	548,023
Investment in bank deposits (having original maturity of more than 3 months)	(54,056,759)	(17,898,435)
Redemption/ maturity of bank deposits (having original maturity of more than 3 months)	-	34,845,290
Interest received	154,405	1,703,809
Net cash flow used in investing activities (B)	(55,122,786)	17,058,719
Cash flow from financing activities		
Repayment of borrowings	(1,694,202)	(2,247,524)
Interest paid	(170,252)	(563,056)
Net cash flow used in financing activities (C)	(1,864,454)	(2,810,580)
Net increase in cash and cash equivalents (A+B+C)	273,081	(19,756,569)
Cash and cash equivalents at the beginning of the period	3,278,314	23,034,884
Cash and cash equivalents at the end of the period (Refer note 12)	3,551,395	3,278,314

Summary of significant accounting policies

2.1

Notes:

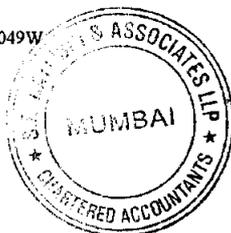
- Figures in bracket denote outflow
- The above Cash flow statement has been prepared under the "Indirect Method" set out in Accounting Standard (AS-3) "Cash Flow Statements"

As per our report of even date

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

per Govind Anuja
Partner
Membership No.: 48966

Place of signature: Mumbai
Date: July 23, 2015



For and on behalf of the board of directors of
Southern Digital Screenz India Private Limited

Usman Fayaz
Whole time Director
DIN: 00890257

Lavanya Mandakumar
CFO & Company Secretary

Place of signature: Mumbai
Date: July 23, 2015

Ashish Malushte
Director
DIN: 00024923

Southern Digital Screens India Private Limited

Notes to financial statements for the year ended 31 March, 2015

1. Corporate information

Southern Digital Screenz India Private Limited ('the Company') is a private company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is engaged in the business of providing digital cinema services. The Company is subsidiary of UFO Moviez India Limited.

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 Standard 25 notified under Section 133 of the Companies Act 2013 ("the Act"), read together with paragraph 7 of the Companies (Accounts) Rules 2014. 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 Statement of Significant Accounting Policies

(a) Use of estimates

The preparation of financial statements in conformity with the Indian GAAP requires management to make judgment, estimates and assumptions that affect the reported amounts of revenues, expenses, 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, uncertainty about these assumptions and estimates could result in the outcomes requiring a material change in the adjustment to the accounting amounts of assets or liabilities in the future periods.

(b) Change in accounting estimate

Pursuant to the Act being effective from 1 April 2014, the Company has revised the depreciation rates on certain tangible fixed assets as per the useful life specified in Part 'C' of Schedule II to the Act. As a result of this change, the depreciation charge for the year ended 31 March 2015 is higher by Rs. 429,522/-. In respect of assets whose useful life is already exhausted as on 1 April 2014, depreciation of Rs. 337,834/- has been adjusted against the opening reserves in accordance with the requirement of Schedule II of the Act.

(c) Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and impairment losses if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended 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 a during which such expenses are incurred.



Southern Digital Screens India Private Limited
Notes to financial statements for the year ended 31 March, 2015

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized

(d) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule II of the Companies Act, 2013, whichever is lower. The management's estimate of useful lives for various fixed assets which is lower than the useful lives prescribed under schedule II of the Companies Act, 2013 is as under:

	Years of useful life
Plant & Machinery	6
Computer	3
Furniture and Fixtures	6
Office Equipments	5
Vehicles	5

Lease hold improvements are written off over the period of lease or over a period of 4 years, whichever is less.

Rate of depreciation are different from rates prescribed under schedule II in some cases. These rates are based on evaluation of useful life by internal technical expert.

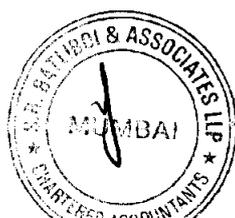
(e) Intangible assets

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. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the Company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets which are not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from de recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.



(f) Impairment of tangible and intangible fixed assets

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

(g) Leases

Where the Company is the lessee

Leases in which the company does not transfer intentionally all the risks and benefits of the ownership of the asset are classified as operating leases. 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 on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss

(h) Borrowing cost

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings extent they are regarded as an adjustment to the interest cost.

(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

- Digital transmission income received from distributors of the films are recognized in the period in which the services are rendered.
- Advertisement income is recognized in the period during which advertisement is displayed.
- Registration fee is recognized in the period in which it is received.
- Lease income towards leasing of cinematographic and projecting equipments is recognized as per the terms of the agreement on straight line basis over the lease term.



Southern Digital Screens India Private Limited
Notes to financial statements for the year ended 31 March, 2015

Interest income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "Other income" in the statement of profit and loss.

(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 retranslated using the exchange rate prevailing at the reporting date. Non-monetary items which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; Non-monetary items which are measured at fair value or other similar valuation denominated in a foreign currency are translated using the exchange rates at the dates 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.

Actuarial gains/ losses are immediately taken to the 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. The Company presents the compensated absences as a current liability in the balance sheet to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.



Southern Digital Screens India Private Limited
Notes to financial statements for the year ended 31 March, 2015

(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 recognized 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 realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized 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 realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized 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 realized.

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 realized. 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.

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) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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.



Southern Digital Screens India Private Limited
Notes to financial statements for the year ended 31 March, 2015

(n) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(o) Provisions

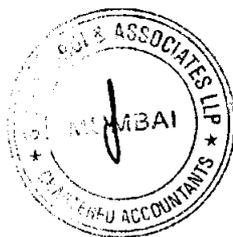
A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

(p) Contingent liability

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 possible 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.

(q) 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.



Southern Digital Screenz India Private Limited

Notes to financial statements for the year ended March 31, 2015

3. Share Capital

	March 31, 2015 Rs.	March 31, 2014 Rs.
Authorised shares		
8,000,000 (March 31, 2014 : 8,000,000) equity shares of Rs 10/- each	80,000,000	80,000,000
1,800,000 (March 31, 2014: 1,800,000) 10% optionally convertible preference shares of Rs 100/- each	180,000,000	180,000,000
	260,000,000	260,000,000
Issued, subscribed and fully paid up shares		
4,298,833 (March 31, 2014 : 4,298,833) equity shares of Rs. 10/- each	42,988,330	42,988,330
1,725,000 (March 31, 2014: 1,725,000) 10% optionally convertible preference shares of Rs 100/- each	172,500,000	172,500,000
Total issued, subscribed and fully paid up share capital	215,488,330	215,488,330

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

Equity shares	March 31, 2015		March 31, 2014	
	Number	Rs.	Number	Rs.
At the beginning of the year	4,298,833	42,988,330	4,298,833	42,988,330
Shares issued during the year	-	-	-	-
Outstanding at the end of the year	4,298,833	42,988,330	4,298,833	42,988,330

10% Optionally convertible preference shares

	March 31, 2015		March 31, 2014	
	Number	Rs.	Number	Rs.
At the beginning of the year	1,725,000	172,500,000	1,725,000	172,500,000
Outstanding at the end of the year	1,725,000	172,500,000	1,725,000	172,500,000

(b) Shares held by holding Company

Out of equity and preference shares issued by the Company, shares held by its holding Company are as below:

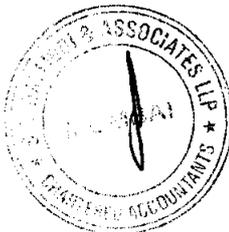
	March 31, 2015 Rs.	March 31, 2014 Rs.
UFO Moviez India Limited - the holding Company		
3,618,716 (March 31, 2014: 3,231,821) equity shares of Rs.10/- each fully paid	36,187,160	32,318,210
1,725,000 (March 31, 2014: 1,725,000) 10% Optionally convertible preference shares of Rs.100/- each fully paid	172,500,000	172,500,000

During the year ended March 31, 2015, UFO Moviez India Limited (UFO) a company owned / controlled by Non resident entities as per FEMA regulations, purchased 136,895 Equity Shares of the Company from resident Indian shareholders at the rate of Rs. 284.31/- per Equity Share. While as per valuation report (as per discounted free cash flow method issued by M/s. Dhananjay J. Ghokhle & Co., Chartered Accountants) the fair value of one equity share is Rs. 248/-.

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

Name of the shareholder	As at March 31, 2015		As at March 31, 2014	
	No. of shares held	% holding in the class	No. of shares held	% holding in the class
Equity shares of Rs.10 each fully paid				
Usman Faheed	405,000	9.42	405,000	9.42
Usman Fayaz	120,117	2.79	257,012	5.98
Zubetha Begam	-	-	250,000	5.82
UFO Moviez India Limited	3,618,716	84.18	3,231,821	75.18
10% Optionally convertible preference shares of Rs.100 each fully paid				
UFO Moviez India Limited	1,725,000	100.00	1,725,000	100.00

As per records of the Company the above shareholding represents both legal and beneficial ownerships of shares.



Southern Digital Screenz India Private Limited

Notes to financial statements for the year ended March 31, 2015

(d) Terms/ rights attached to equity shares

Voting Rights:

The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares 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 ensuing Annual General Meeting

Repayment of Capital:

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders

Pre-emptive Right:

In the event the Company proposes to issue securities of any type or class to any Person (the "Proposed Recipient"), then UFO Moviez India Limited (Investor) have a right to subscribe to the issue on a pro-rata basis on the same terms in proportion to their shareholding in the Company such that their shareholding is maintained at the same level prior to such issue

Further Issue and Right to Reaounce

In the event the Company issues any further securities, each shareholder has the right to subscribe to such issue in their pro-rata shareholding on terms as determined by the Board and terms as specified in the Articles of Association. In the event a shareholder does not subscribe to its relevant proportion of shares, then the other shareholders have a right to subscribe to all or a portion of the unsubscribed shares. Each shareholder has the right to renounce the securities offered above in favour of their affiliates as defined in the AOA

Promoter's Option

Upon the occurrence option trigger as described in the AOA, Usman Fayaz , Usman Faheed and Zubetha Begam collectively known as Promoters have an option to stock options as specified in the AOA.

Right of First Offer, Tag Along Rights and Transfer to Third Party

In the event the Promoters propose to transfer any securities to a third person shall first offer, by written notice, to the Investors. The Investors shall have the right to exercise certain tag along rights in case the Promoters propose to transfer securities to any third party subject to certain specified conditions as described in the AOA.

Termination of Rights:

The right of the Investors shall terminate as to a Shareholder (together with its Affiliates) in the event of certain conditions specified in the AOA of the Company.

Other Rights:

The Investor and the Promoters have a right to appoint their representatives on the Board of Directors of the Company. The Investor directors are entitled to be appointed to all committees and sub-committees subject to certain specified terms and conditions as mentioned in the AOA. The Investors are entitled to certain specified information and access rights as mentioned in the AOA.

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.

The Investor and the Promoters have a right to appoint their representatives on the Board of Directors of the Company. The Investor directors are entitled to be appointed to all committees and sub-committees subject to certain specified terms and conditions as mentioned in the AOA. The Investors are entitled to certain specified information and access rights as mentioned in the AOA.

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.

(e) Terms of conversion/ redemption of 10% optionally convertible preference shares

Each holder of preference shares is entitled to one vote per share only on resolutions placed before the Company which directly affect the rights attached to the preference shares.

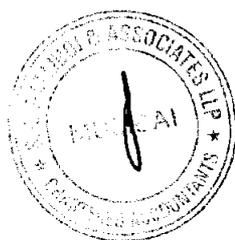
The Company has made changes in the terms of conversion subsequent to the balance sheet date, on July 23, 2015. Investor can convert Optionally Convertible Preference Share into such number of Equity shares of Rs.10 each based on the then prevailing fair market price and/or redemption of Optionally Convertible Preference Share from commencement of 5th year till the end of the 7th year at the terms and conditions as may be decided by the Investor

Subsequent to the date of balance sheet the terms of conversion has been changed on July 2, 2015 as follows:

Investor can convert Optionally Convertible Preference Share into such number of Equity shares of Rs.10 each based on the then prevailing fair market price and/or redemption of Optionally Convertible Preference Share from commencement of 5th year till the end of the 7th year at the terms and conditions as may be decided by the Investor.

4. Reserves and surplus

	March 31, 2015	March 31, 2014
	Rs.	Rs.
Securities premium account		
Balance as per the last financial statements	142,274,145	142,274,145
Closing Balance	142,274,145	142,274,145
Deficit in the statement of profit and loss		
Balance as per last financial statements	(246,287,098)	(253,374,643)
Adjustment of depreciation (Refer note 2.1(b))	(337,834)	-
Profit for the year	57,640,209	7,087,545
Net deficit in the statement of profit and loss	(188,984,723)	(246,287,098)
Total reserves and surplus	(46,710,578)	(104,012,953)



Southern Digital Screenz India Private Limited

Notes to financial statements for the year ended March 31, 2015

5. Long-term borrowings

	Non-current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	Rs.	Rs.	Rs.	Rs.
Term loans (secured)				
Vehicle finance from financial institutions	-	338,719	338,719	1,694,202
Amount disclosed under the head "other current liabilities" (note 6)	-	-	(338,719)	(1,694,202)
Net amount	-	338,719	-	-

Term loan from financial institutions relates to vehicle finance having interest rate at 16.489% payable over 60 monthly instalments. This loan is secured against the hypothecation of the respective vehicles.

6. Other liabilities

	Non-current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	Rs.	Rs.	Rs.	Rs.
Trade payables (Refer note 28 for details of micro and small enterprises)	-	22,151,850	40,321,479	20,485,830
Other liabilities				
Current maturities of long-term borrowings (refer note 5)	-	-	338,719	1,694,202
Advance from customers	-	-	18,478,069	20,701,446
Other payables				
Employee related statutory dues	-	-	147,985	75,192
Tax deducted at source payable	-	-	1,811,342	1,874,863
VAT payable	-	-	100,646	99,024
Other creditors (other than trade)	-	-	4,418,188	5,800,602
Salary and reimbursements payable	-	-	422,192	383,643
Total other current liabilities	-	-	25,717,141	30,628,972
	-	22,151,850	66,038,620	51,114,802



Southern Digital Screenz India Private Limited

Notes to financial statements for the year ended March 31, 2015

7. Provisions

	Long-term		Short-term	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	Rs.	Rs.	Rs.	Rs.
Provision for employee benefits				
Provision for gratuity (Refer note 21)	1,095,111	1,032,983	-	-
Provision for compensated absences	-	-	1,128,901	329,485
Provision for indirect taxes	-	-	1,017,025	3,000,000
Total provisions	1,095,111	1,032,983	2,145,926	3,329,485

(i) The table below gives information about movement in provision for indirect taxes (Refer point 27(b))

	March 31, 2015	March 31, 2014
	Rs.	Rs.
At the beginning of the year	3,000,000	1,850,000
Arising during the year	-	1,500,000
Utilized during the year (net)	(1,982,925)	(350,000)
At the end of the year	1,017,075	3,000,000

9. Deferred tax assets (net)

	(In Rs.)	
	March 31, 2015	March 31, 2014
Deferred tax liabilities		
Deferred revenue expenses/other difference	(51,944)	(91,904)
Gross deferred tax liabilities (A)	(51,944)	(91,904)
Deferred tax assets		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortisation for the financial reporting	2,906,582	2,106,377
Carry forward of losses	-	13,200,882
Effect of expenditure debited to statement of profit and loss in the current year but allowed for tax purposes in following years	722,082	431,466
Provision for doubtful debts and advances	5,988,826	8,248,969
Provision for litigation cases	805,537	973,350
Gross deferred tax assets (B)	10,423,027	24,961,044
Net deferred tax assets (A+B)	10,371,083	24,869,140
Net deferred tax assets recognised	10,371,083	-

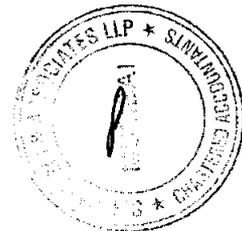
In the previous year, the Company had accounted deferred tax assets to the extent of deferred tax liability in absence of virtual certainty as defined in Accounting standard 22.



Southern Digital Screenz India Private Limited
Notes to financial statements for the year ended March 31, 2015

8. Fixed Assets

Particulars	Tangible Assets							Intangible Asset		Total Fixed Assets
	Computers	Plant and equipment	Furniture and fixtures	Vehicles	Office Equipment	Leasehold	Total Tangible Assets	Non Compete Fee		
Cost or valuation										
At 1st April 2013	2,038,655	592,296	2,023,178	12,420,133	1,647,070	6,099,052	24,820,384	40,000,000		64,820,384
Additions	354,231	-	265,321	865,745	654,671	-	2,139,968	-		2,139,968
Disposals	(180,500)	-	-	(1,170,926)	(120,965)	-	(1,472,391)	-		(1,472,391)
At 31 March 2014	2,212,386	592,296	2,288,499	12,114,952	2,180,776	6,099,052	25,487,961	40,000,000		65,487,961
Additions	299,772	-	285,026	672,836	498,111	939,546	2,695,291	-		2,695,291
Disposals	-	-	-	(9,300,000)	(8,990)	-	(9,308,990)	-		(9,308,990)
At 31 March 2015	2,512,158	592,296	2,573,525	3,487,788	2,669,897	7,038,598	18,874,262	40,000,000		58,874,262
Depreciation										
At 1st April 2013	870,412	236,640	972,590	6,288,794	321,995	2,057,771	10,748,202	6,657,543		17,405,745
Charge for the year	355,480	96,011	368,345	2,395,613	326,053	1,164,230	4,705,732	3,996,714		8,702,446
Disposals	(111,766)	-	-	(780,105)	(72,338)	-	(964,209)	-		(964,209)
At 31 March 2014	1,114,126	332,651	1,340,935	7,904,302	575,710	3,222,001	14,489,725	10,654,257		25,143,982
Adjustment (refer note 2.1(b))	337,831	-	-	-	-	-	337,831	-		337,831
Charge for the year	538,815	259,645	397,144	1,813,335	544,083	1,171,588	4,724,610	3,996,714		8,721,324
Disposals	-	-	-	(7,832,000)	(586)	-	(7,832,586)	-		(7,832,586)
At 31 March 2015	1,990,772	592,296	1,738,079	1,885,637	1,119,207	4,393,589	11,719,580	14,650,971		34,203,137
Net Block										
At 31 March 2014	1,098,260	259,645	947,564	4,210,650	1,605,066	2,877,051	10,998,236	29,345,743		40,343,979
At 31 March 2015	521,386	-	835,446	1,602,151	1,550,690	2,645,009	7,154,682	25,349,029		24,671,125



Southern Digital Screenz India Private Limited

Notes to financial statements for the year ended March 31, 2015

10. Loans and advances

(Unsecured, considered good unless stated otherwise)

	Non-current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	Rs.	Rs.	Rs.	Rs.
Security deposit	-	-	1,988,692	886,423
Advances recoverable in cash or kind for value to be received				
Considered good	-	-	91,884	920,054
Considered doubtful	16,193,902	22,777,303	-	-
	16,193,902	22,777,303	91,884	920,054
Provision for doubtful advance	(16,193,902)	(22,777,303)	-	-
	-	-	91,884	920,054
Security deposit to related party	-	-	484,896	484,896
Unamortised upfront and lease rental charges	50,898,227	69,721,971	18,823,682	18,823,682
Other loans and advances				
Advance income-tax [net of provision for taxation Rs. 2,650,000 (March 31, 2014: Rs Nil)]	41,948,471	32,245,583	-	-
MAT credit entitlement	-	852,219	-	-
Prepaid expenses	-	-	166,137	188,627
Loans to employees	-	-	25,220	7,536
Balances with statutory / government authorities				
Considered good	2,205,443	4,387,113	-	-
Considered doubtful	1,465,752	-	-	-
Less: Provision (on doubtful receivables)	(1,465,752)	-	-	-
Net of provisions	2,205,443	4,387,113	-	-
Total loans and advances	95,052,141	107,206,886	21,580,511	21,311,218

11. Trade receivables (Unsecured)

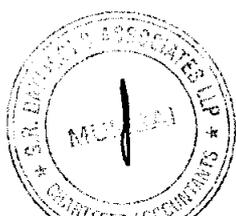
	March 31, 2015	March 31, 2014
	Rs.	Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	763,558	1,723,621
Considered doubtful	2,264,494	2,647,167
	3,028,052	4,370,788
Provision for doubtful receivables	(2,264,494)	(2,647,167)
	(A) 763,558	1,723,621
Other receivables		
Considered good	3,837,640	7,549,470
	(B) 3,837,640	7,549,470
Total trade receivables	(A+B) 4,601,198	9,273,091

12. Cash and bank balances

	Non-current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	Rs.	Rs.	Rs.	Rs.
Cash and cash equivalents				
Balances with banks:				
- on current accounts	-	-	3,449,849	3,228,563
Cash on hand	-	-	101,546	49,751
	-	-	3,551,395	3,278,314
Other bank balances				
- Deposits with original maturity of more than 12 months	54,720,119	663,360	-	-
Amount disclosed under the head "Other assets" (Refer note 13)	(54,720,119)	(663,360)	-	-
	-	-	-	-
Total cash and bank balances	-	-	3,551,395	3,278,314

13. Other assets

	Non-current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	Rs.	Rs.	Rs.	Rs.
Non-current bank balances (Refer note 12)	54,720,119	663,360	-	-
Interest accrued but not due on fixed deposits	-	-	873,210	51,274
Unbilled revenue	-	-	14,804,041	7,315,094
Total other assets	54,720,119	663,360	15,677,251	7,366,368



Southern Digital Screenz India Private Limited

Notes to financial statements for the year ended March 31, 2015

14. Revenue from operations

	March 31, 2015	March 31, 2014
	Rs.	Rs.
Virtual print fee		
Virtual Print Fee - Non-DCI (E-Cinema)	367,148,053	345,194,855
Virtual Print Fee - 3D charges	-	155,172
Advertisement revenue	143,479,596	125,393,340
Sub-lease rental income	699,906	740,167
Registration fee income	990,261	1,230,380
	512,317,816	472,713,914

15. Other income

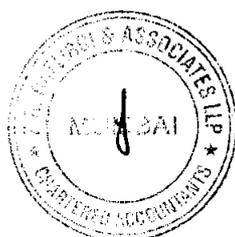
	March 31, 2015	March 31, 2014
	Rs.	Rs.
Sublease of premises	919,200	600,000
Liability written back	6,626,040	157,893
	7,545,240	757,893

16. Employee benefit expenses

	March 31, 2015	March 31, 2014
	Rs.	Rs.
Salaries and bonus	21,472,347	29,940,336
Contribution to provident and other funds	739,421	517,917
Gratuity expense (refer note 21)	814,577	297,111
Staff welfare expenses	1,428,405	1,192,561
	24,454,750	31,947,925

17. Other expenses

	March 31, 2015	March 31, 2014
	Rs.	Rs.
Content download charges	122,406,509	115,140,279
Lease rental - digital cinema equipment	224,970,219	212,525,759
Repair and maintenance - exhibition equipments	23,080,310	21,862,106
Advertisement revenue share	34,112,140	29,049,317
Power and Fuel	800,924	902,701
Rent	5,042,381	3,940,228
Rates & taxes	433,791	361,062
Insurance	120,493	147,639
Repairs and maintenance		
Building	166,022	99,322
Others	165,202	874,431
Advertisement and sales promotion	787,672	6,812,498
Travelling & conveyance	2,462,637	3,041,854
Communication cost	1,457,641	1,444,311
Legal & professional fees	1,627,023	1,831,687
Transportation charges	8,016,250	7,971,987
Manpower service charges	3,078,657	3,224,091
Miscellaneous expenses	1,058,838	998,153
Loss on discarding / sale of fixed assets	1,545	(32,628)
VAT receivable written off	12,547,116	1,395,142
Less: Adjusted against provision for doubtful advances	(12,547,116)	(1,395,142)
Provision for doubtful advances	5,963,715	12,096,318
Provision for doubtful debts	221,341	131,060
Provision for disputed VAT	-	1,500,000
Advances written off	10,828	
Bad debts	1,328,012	5,288,908
Less: Adjusted against provision for bad debts	(604,014)	(3,715,891)
Payment to auditor (please refer (i) below)	600,000	674,160
	437,308,136	426,169,352



Southern Digital Screenz India Private Limited

Notes to financial statements for the year ended March 31, 2015

(i) Payment to auditor comprises

	March 31, 2015	March 31, 2014
	Rs.	Rs.
As Auditor		
Audit fee	1,150,000	600,000
Reimbursement of expenses	44,967	74,160
Less: Fees in connection with audits for IPO, reimbursed by the parent company	(594,967)	-
	<u>600,000</u>	<u>674,160</u>

18. Finance cost

	March 31, 2015	March 31, 2014
	Rs.	Rs.
Interest on		
- Vehicle loan	170,252	563,056
Bank charges	265,809	234,606
	<u>436,061</u>	<u>797,662</u>

19. Finance income

	March 31, 2015	March 31, 2014
	Rs.	Rs.
Interest income on bank deposit	976,341	1,225,912
	<u>976,341</u>	<u>1,225,912</u>



Southern Digital Screenz India Private Limited

Notes to financial statements for the year ended March 31, 2015

20. Earnings per share (EPS)

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

	March 31, 2015	March 31, 2014
	Rs.	Rs.
Basic		
Profit after tax as per statement of profit and loss	57,640,209	7,087,545
	<u>57,640,209</u>	<u>7,087,545</u>
Weighted average number of equity shares in calculating basic EPS	4,298,833	4,298,833
Earning per share	13.41	1.65
Diluted		
Net profit for calculation of diluted EPS	57,640,209	7,087,545
Weighted average number of equity shares in calculating basic EPS	4,298,833	4,298,833
Weighted average number of convertible preference share	606,732	606,732
Weighted average no of shares outstanding (including dilution)	4,905,565	4,905,565
Earning per share	11.75	1.44

21. Gratuity-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 summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	March 31, 2015	March 31, 2014
		Rs
Current service cost	358,863	238,241
Interest cost on benefit obligation	82,639	58,870
Expected return on plan assets	(13,890)	-
Net actuarial(gain) / loss recognized in the year	386,965	-
Net benefit expense	814,577	297,111

Balance sheet

Benefit asset/ liability

	Gratuity	
	March 31, 2015	March 31, 2014
	Rs.	Rs.
Present value of defined benefit obligation	1,861,450	1,032,983
Fair value of plan assets	766,339	-
Plan liability	1,095,111	1,032,983

Changes in the present value of the defined benefit

	Gratuity	
	March 31, 2015	March 31, 2014
	Rs.	Rs.
Opening defined benefit obligation	1,032,983	735,872
Current service cost	358,863	238,241
Interest cost	82,639	58,870
Actuarial (gains) / losses on obligation	386,965	-
Closing defined benefit obligation	1,861,450	1,032,983



Southern Digital Screenz India Private Limited

Notes to financial statements for the year ended March 31, 2015

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

	Gratuity	
	March 31, 2015	March 31, 2014
	Rs.	Rs.
Opening fair value of plan assets		-
Contributions by employer	752,449	-
Actuarial gains / (losses)	13,890	-
Closing fair value of plan assets	766,339	-

The principal assumptions used in determining gratuity as shown below;

	Gratuity	
	March 31, 2015	March 31, 2014
	Discount rate	7.89%
Employee turnover	15%	15%

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.

22. Stock option in parent company - UFO Moviez India Limited

As at March 31, 2015, certain employees of the Company have been granted stock options in the holding company, UFO Moviez India Limited. Since the grant of such shares is at the fair value of the shares on the date of the grant, no cost has been recorded in the books.

23. Leases

Operating lease: Company as lessee

The Company has entered into commercial sub-leases of Digital Cinema Equipments. These leases have been entered for a term of ten years and are mutually renewable. There are no restrictions placed upon the Company by entering into these leases. The Company has sub-leased the equipments to exhibitors.

There are also leasing arrangement in respect of operating leases taken for office premises. 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 lease are generally for 11 months.

	Office Premises		Digital Cinema Equipment	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Lease payments for the period	5,042,381	3,940,228	224,970,219	212,525,759

Operating lease commitments – Company as lessor

Company has leased out Digital Cinema Equipment to theatres on operating lease arrangement. The lease term is generally for ten years. The Company as well as the theatres have an option of terminating this lease arrangement any time during the tenure of the lease as per the provisions of the lease agreement.

24. Segment information

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.



Southern Digital Screenz India Private Limited

Notes to financial statements for the year ended March 31, 2015

25. Related party disclosures

Names of related parties and related party relationship

Related parties where control exists

Holding company UFO Moviez India Limited

Related parties with whom transactions have taken place during the year

Fellow subsidiary company

Scrabble Entertainment Limited

Key management personnel

Mr Usman Fayaz

Mr. Usman Faheed (Upto April 23, 2014)

Relatives of key management personnel

Ms. Amrin Rizwan, daughter of Mr. Usman Fayaz

Mr. Usman Faheed, son of Mr. Usman Fayaz (from April 24, 2014)

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

Gayathri Auto Services

Clemet Ventures Private Ltd (Ufx Ventures Private Limited)

UF Media Private Limited

GI Technology Private Limited

Associate of fellow subsidiary company

Scrabble Digital Limited

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

a. Sale/ purchase of services

UFO Moviez India Limited - Holding company

Transactions	March 31, 2015 Rs.	March 31, 2014 Rs.
Sale of services - Advertisement Share	143,479,596	125,393,340
Lease Rental- paid	212,150,319	207,112,557
Lease Rental- Received	871,000	594,000
Content Download Charges	122,370,768	115,027,284
Recovery of expenses	2,886,347	2,574,284

Scrabble Entertainment Limited - Fellow subsidiary company

Transactions	March 31, 2015 Rs.	31-Mar-14 Rs.
Lease Rental - Received	48,200	6,000

Scrabble Digital Limited - Associate of Fellow subsidiary company

Transactions	March 31, 2015 Rs.	March 31, 2014 Rs.
Recovery of expenses	578,380	611,306

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

Transactions	March 31, 2015 Rs.	March 31, 2014 Rs.
-Clemet Ventures Private Ltd (Ufx Ventures Pvt Ltd)	-	6,000,000
Repairs and Maintenance		
Gayathri Auto Services	46,766	400,463
Lease rental expense		
Mrs. Amrin Rizwana	1,895,437	1,913,816
Recovery of expenses		
-Mrs. Amrin Rizwana	156,217	-
Mr. Usman Fayaz	56,795	-
Sale of Vehicle		
Mr. Usman Faheed	1,541,401	-



Southern Digital Screenz India Private Limited

Notes to financial statements for the year ended March 31, 2015

b. Balance Outstanding at the year end

	March 31, 2015 Rs.	March 31, 2014 Rs.
Balances Payable		
- Mrs. Amrin Rizwana	155,636	164,542
- Gayathri Auto Services	21,591	60,864
- GI Technology Private Limited	-	533,568
- Tamil Sudar - Clemet Ventures Private Ltd (Ufx Ventures Private Limited)	-	490,000
- UFO Moviez India Limited	8,954,678	23,573,593
Balance receivable		
Security Deposit		
- Gayathri Auto Services	20,000	20,000
- Mrs. Amrin Rizwana	464,896	504,214

c. Remuneration to key managerial personnel

	March 31, 2015 Rs.	March 31, 2014 Rs.
Mr. Usman Fayaz, Chairman	-	-
Salary, bonus and contribution to provident fund	-	9,600,000
Mr. Usman Faheed, Managing Director	-	2,400,000
Salary, bonus and contribution to provident fund	-	2,400,000
		<u>12,000,000</u>

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.

26. Capital and other commitments

The Company does not have any commitments as at March 31, 2015 (March 31, 2014: Rs. Nil).

27. Pending litigations

	March 31, 2015 Rs.	March 31, 2014 Rs.
a. Contingent liabilities		
In respect of demand raised against the company in Andhra Pradesh, disallowing claim of input tax credit relating to Financial Year 2011-12	-	4,885,802
Penalty on the above claim of input tax credit	-	1,221,260
In respect of demand raised against the company in Kerala, disallowing claim of input tax credit relating to Financial Year 2011-12	-	984,323
Total	-	<u>7,091,385</u>

The Company is contesting the above 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.

b. Provision for indirect taxes

During the year ended March 31, 2015, the Company has made provision of Rs. 1,465,752/- in respect of liability against the company under Andhra Pradesh VAT in respect of disallowance of claim of input tax credit relating to Financial Year 2011-12 based on management analysis of ultimate outcome of proceedings.



Southern Digital Screenz India Private Limited

Notes to financial statements for the year ended March 31, 2015

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

The Company does not have suppliers who are registered as micro, small or medium enterprise under the micro, small and medium enterprises Development Act, 2006 as at March 31, 2015. The information regarding micro, small and medium enterprises has been determined on the basis of information available with the management.

29. Previous year figures

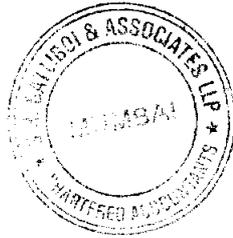
Previous year figures are regrouped and reclassified where ever necessary, to confirm to this year's classification.

As per our report of even date

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

per Govind Anuja
Partner
Membership No.: 48966

Place of signature: Mumbai
Date: July 23, 2015



For and on behalf of the board of directors of
Southern Digital Screenz India Private Limited

Usman Fayaz
Whole time Director
DIN: 00890257

Lavanya Nandakumar
CFO & Company Secretary

Place of signature: Mumbai
Date: July 23, 2015

Ashish Malushte
Director
DIN: 00024923