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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF K SERA SERA DIGITAL CINEMA PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **K SERA SERA DIGITAL CINEMA PRIVATE LIMITED** ("the company"), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, the 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 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 the 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 also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of 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 there under.

We conducted our audit in accordance with the Standards on Auditing 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 true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 statement of affairs of the company as at 31st March 2015, and profit and loss account and its cash flow for the year ended on that date.



Emphasis of Matters

The reports should be read together with the Notes to the financial statements and attention to following matters be given:

- a) Notes to the financial statements which describe the uncertainty related to the outcome of the pendency's of appeals and legal matters filed by the company as well as against the company.

Our opinion is not modified in respect of these matters.

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 the paragraph 3 and 4 of the Order, to the extent applicable.

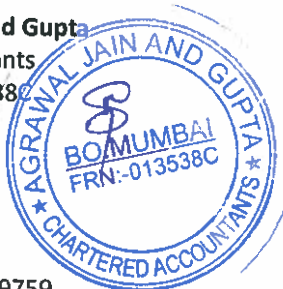
2. As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors as on 31 March, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the other matters included in the Auditor's Report and to our 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;
 - ii. The Company does not have any long-term contracts including derivatives contracts for which any provision is required;
 - iii. The Company is not required to transfer amounts to the Investor Education and Protection Fund.

For Agrawal Jain and Gupta
Chartered Accountants
Firm Reg. No. 013538C



CA Narayan Swami
PARTNER
Membership No. 409759
Place: Mumbai
Dated: 28.05.2015



Additional Information annexed to the Independent Auditors' Report

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of all fixed assets.
- (ii) (b) We are informed that these fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
- (iii) (c) The company has not disposed of any substantial part of its fixed assets so as to affect its going concern status;
- (ii) (a) As explained to us, physical verification of inventory has been conducted at reasonable intervals by the management, in our opinion the frequency of such verification is reasonable.
- (b) As per the information given to us, the procedures of physical verification of inventory followed by the management are in our opinion 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 in our opinion, discrepancies noticed on physical verification of inventory were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
- (iii) (a) The Company has granted loans to three bodies corporate covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').

S/no.	Name of Company	Opening Balance	Loan given	Repay	Max amount	Closing Balance
1.	K Sera Sera Miniplex Ltd	-	44.11	-	44.11	44.11

- (b) In the case of the loans granted to the bodies corporate listed in the register maintained under section 189 of the Act, the borrowers have been regular in the payment of the interest as stipulated. The terms of arrangements do not stipulate any repayment schedule and the loans are repayable on demand. Accordingly, paragraph 3(iii)(b) of the Order is not applicable to the Company in respect of repayment of the principal amount.
- (c) There are no overdue amounts of more than rupees one lakh in respect of the loans granted to the bodies corporate listed in the register maintained under section 189 of the Act.
- (iv) According to the information and explanation given to us, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. According to the information and explanation given to us, we have not come across continuing failure to any to correct major weaknesses in internal control;
- (v) According to the information and explanation given to us and records examined by us, The Company has not accepted any deposits from the public.

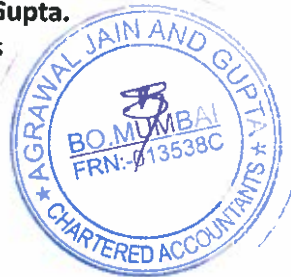


- (vi) We are informed that Maintenance of cost records has been prescribed by the Central Government under sub-section (1) of section 148 of the Act, are not applicable to the company.
- (vii) (a) According to the information and explanation given to us and records examined by us, the company is generally regular in depositing undisputed statutory dues including Income Tax, Excise Duty, cess and any other statutory dues with the appropriate authorities. According to the information and explanation given to us, there were no undisputed amounts payable in respect of Income Tax, Excise Duty, cess and any other statutory dues outstanding as on 31st March, 2015 for a period more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no any dues in respect of Income Tax and Sales Tax that have not been deposited with the appropriate authorities on account of dispute.
- (c) According to the information and explanations given to us, the company has not defaulted in transfer of amount to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 and rules made there under.
- (viii) The company has accumulated Loss of Rs 310.53 Lacs as at 31st March, 2015 and it has incurred cash profits of Rs 237.82 Lacs in the financial year ended on that date and cash profit of Rs 225.73 Lacs in the immediately preceding financial year;
- (ix) According to the records of the company examined by us, and the information and explanation given to us, the company has not defaulted in repayment of dues to any bank as at the balance sheet date;
- (x) According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions;
- (xi) According to the information and explanation given to us and records examined by us, we have not come across any such cases where the funds raised on short-term basis have been used for long-term investments and vice versa;
- (xii) According to the information and explanation given to us and records examined by us, there has not been any fraud on or by the company has been noticed or reported during the year.

For Agrawal Jain and Gupta.
Chartered Accountants
Firm Reg. No. 013538C



CA Narayan Swami
PARTNER
Membership No. 409759
Place: Mumbai
Dated: 28.05.2015



K SERA SERA DIGITAL CINEMA PRIVATE LIMITED

CIN: U72900MH2009PTC192998

BALANCE SHEET AS AT 31ST MARCH, 2015

(Amount in rupees)

Particulars	Note No.	31st March, 2015	31st March, 2014
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3.1	300,000,000	300,000,000
(b) Reserves and Surplus	3.2	(31,053,341)	(36,515,957)
(2) Current Liabilities			
(a) Short-Term Borrowings	3.3	210,000	4,250,000
(b) Trade Payables	3.4	8,008,119	20,203,360
(c) Other Current Liabilities	3.5	11,709,698	9,648,738
(d) Short-Term Provisions	3.6	908,610	4,152,558
Total Equity & Liabilities		289,783,086	301,738,699
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	3.7		
(i) Tangible Assets		99,030,833	87,201,818
(ii) Intangible Assets		16,706,351	16,706,351
(iii) Capital WIP		-	10,497,332
Gross Block		115,737,184	114,405,501
Depreciation		53,628,637	36,215,748
Net Block		62,108,547	78,189,753
(b) Non-current investments	3.8	139,600,000	145,100,000
(c) Deferred tax assets (net)	3.9	12,666,375	12,634,087
(d) Long term loans and advances	3.10	10,250,242	9,750,742
(2) Current Assets			
(a) Inventory	3.11	362,600	1,001,850
(b) Trade receivables	3.12	22,294,816	21,634,339
(c) Cash and cash equivalents	3.13	20,819,636	13,521,085
(d) Short-term loans and advances	3.14	21,301,615	18,661,988
(e) Other current assets	3.15	379,255	1,244,855
Total Assets		289,783,086	301,738,699

NOTES TO ACCOUNTS

Notes referred to above and notes attached there to form an integral part of Balance Sheet

This is the Balance Sheet referred to in our Report of even date.


For Agrawal Jain & Gupta
Chartered Accountant
Firm Reg. No.: 013538C



CA Narayan Swami
Partner
Membership No. : 409759



For K Sera Sera Digital Cinema Private Limited


Satish Panchariya
Director
DIN:000429


Hussain Shattaf
Director
DIN:02321306


Shamrao D. Ingulkar
Sr. Manager Accounts
(KSS Group)
Place: Mumbai
Dated: 28.05.2015



K SERA SERA DIGITAL CINEMA PRIVATE LIMITED
CIN: U72900MH2009PTC192998
PROFIT & LOSS STATEMENT FOR THE PERIOD ENDED ON 31ST MARCH, 2015

(Amount in rupees)


Particulars	Note No.	31-Mar-15	31-Mar-14
Revenue from operations	3.16	128,550,459	146,793,959
Foreign exchange gain	3.17	868,493	23,772
III. Total Revenue (I +II)		129,418,952	146,817,731
Expenses:			
Cost of materials consumed	3.18	18,449,933	43,861,859
Employee Benefit Expense	3.19	28,119,558	27,166,758
Financial Costs	3.20	48,160	52,073
Depreciation and Amortization Expense	3.21	46,784,375	43,486,313
Other Administrative Expenses	3.22	29,768,909	25,047,450
Total Expenses (IV)		123,170,935	139,614,454
Profit before exceptional and extraordinary items and tax		6,248,017	7,203,277
Profit before extraordinary items and tax (V - VI)		6,248,017	7,203,277
Extraordinary Items			
Profit before tax (VII - VIII)		6,248,017	7,203,277
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		(32,288)	5,077,362
Profit(Loss) from the period from continuing operations		6,280,306	2,125,914
Profit/(Loss) for the period (XI + XIV)		6,280,306	2,125,914
Earning per equity share:			
(1) Basic		0.21	0.07
(2) Diluted		0.21	0.07

NOTES TO ACCOUNTS

Notes referred to above and notes attached there to form an integral part of Balance Sheet

This is the Balance Sheet referred to in our Report of even date.

For Agrawal Jain & Gupta
Chartered Accountants
Firm Reg. No.: 0135385



CA Narayan Swami
Partner
Membership No. : 409759




For K Sera Sera Digital Cinema Private Limited



Satish Panchariya
Dir
DIN:0004


Hussain Shattaf
Director
DIN:02321306


Shamrao D. Ingulkar
Sr. Manager Accounts
(KSS Group)

Place: Mumbai
Dated: 28.05.2015



K SERA SERA DIGITAL CINEMA PRIVATE LIMITED
CIN: U72900MH2009PTC192998
CASH FLOW STATEMENT FOR THE YEAR ENDED March 31, 2015

(Amount in rupees)

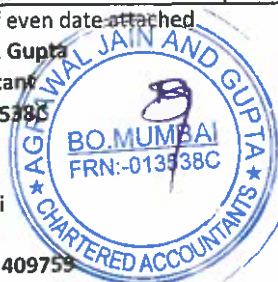
	31st March, 2015	31st March, 2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	6,248,017	7,203,277
Adjustments For:		
Depreciation/Amortisation	16,668,538	14,504,879
Loss by fire	28,354	-
Interest Cost	-	52,073
Miscellaneous Expenditure Written Off	865,600	865,600
	17,562,492	15,422,552
Operating Cash Flow Before Changes In Working Capital	23,810,509	22,625,829
Adjustments For:		
(Increase)/Decrease In Stock	639,250	(752,250)
(Increase)/Decrease In Sundry Debtors	(660,477)	(4,688,854)
(Increase)/Decrease In Loans And Advances	(3,139,128)	16,725,774
Increase/(Decrease) In Current Liabilities And Provisions	(10,907,812)	(21,832,148)
Net Changes In Working Capital	9,742,342	12,078,351
Taxes Paid	-	-
Extraordinary Items	-	-
Cash Generated From/(Used In) Operations	9,742,342	12,078,351
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase Of Fixed Assets	(4,242,355)	(21,998,765)
Sale/Surrender Of Fixed Assets	338,564	-
Cash Generated /(Used In) From Investing Activities	(3,903,791)	(21,998,765)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	-	(52,073)
Sale of Investments	5,500,000	-
Proceeds From Borrowings	(4,040,000)	-
Repayment Of Borrowings	-	18,716,390
Cash Generated /(Used In) From Financing Activities	1,460,000	18,664,317
Net Increase/(Decrease) In Cash And Cash Equivalents (A+B+C)	7,298,551	8,743,903
Cash And Cash Equivalents At The Beginning Of The Year	13,521,085	4,777,184
Cash And Cash Equivalents At The End Of The Year	20,819,636	13,521,086
Note:		
1 Cash and cash equivalents at the year end comprise:		
Cash On Hand	3,048,405	1,141,700
Balance With Scheduled Banks In		
- Current Accounts	17,771,231	12,379,385
- Deposit Accounts	-	-
	20,819,636	13,521,085
	-	0
2 The Cash Flow Statement Has Been Prepared Under Indirect Method As		

As per our report of even date attached

For Agrawal Jain & Gupta
Chartered Accountants
Firm Reg. No.: 0135383

CA Narayan Swami
CA Narayan Swami
Partner

Membership No. : 409759



For K Sera Sera Digital Cinema Private Limited

Satish Panchariya

Satish Panchariya
Director
DIN:0004293

Hussain Shattaf

Hussain Shattaf
Director
DIN:02321306

Shamrao D. Ingulkar

Shamrao D. Ingulkar
Sr. Manager Accounts
(KSS Group)
Place: Mumbai
Dated: 28.05.2015



K SERA SERA DIGITAL CINEMA PRIVATE LIMITED
Notes Forming Integral Part of the Balance Sheet as at 31st March, 2015

3.1 Share Capital

Particulars	March, 2015		March, 2014	
	Nos.	Amount	Nos.	Amount
AUTHORIZED CAPITAL				
3,00,00,000 Equity Shares of Rs. 10/- each.	30,000,000	300,000,000	30,000,000	300,000,000
	30,000,000	300,000,000	30,000,000	300,000,000
ISSUED, SUBSCRIBED & PAID UP SHARES				
1,60,40,000 Equity Shares of Rs. 10/- each, Fully Paid up Share Capital	16,040,000	160,400,000	16,040,000	160,400,000
issued other then cash				
1,39,60,000 Equity Shares of Rs. 10/- each, Fully Paid up Share Capital	13,960,000	139,600,000	13,960,000	139,600,000
Total issued, subscribed and fully paid-up share capital	30,000,000	300,000,000	30,000,000	300,000,000

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

Particulars	March, 2015		March, 2014	
	Nos.	Amount	Nos.	Amount
At the beginning of the year	30,000,000	300,000,000	30,000,000	300,000,000
Add: Issued during the year	-	-	-	-
Add: Warrants converted during the year	-	-	-	-
Outstanding at the end of the year	30,000,000	300,000,000	30,000,000	300,000,000

(b) Terms/ rights attached to equity shares

The company has only one class of equity shares having par value of `10 per share. Each holder of equity shares is entitled to

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

Name of the shareholder	March, 2015		March, 2014	
	Nos.	% holding in the	Nos.	% holding in
KSS Limited	30,000,000	100.00%	30,000,000	100.00%

As per records of the company, including its register of shareholders/ members and other declarations received from

Note : 3.2 Reserve & Surplus

Particulars	March, 2015	March, 2014
Surplus (Profit & Loss Account)		
Balance brought forward from previous year	(36,515,957)	(38,641,872)
Less: Tax on Regular Assessment Paid	-	-
Add: Profit for the period	6,280,306	2,125,914
Less: Prior year Difference in WDV as per new company Act 2013	817,689	-
	(31,053,341)	(36,515,957)

* Consequent to enactment of the Companies Act, 2013 (the Act) and its applicability for accounting periods commencing after 1st April 2014, the company has re-worked depreciation with reference to the estimated useful lives of fixed assets prescribed by Schedule II to the Act except in case of Plant and Machinery where useful life has been considered as estimated by the management. In case of any asset whose life has completed as above, the carrying value net of residual value, as at 1st April, 2014 amounting to Rs.8,17,689 has been adjusted to the General Reserve and in other cases the carrying value has been depreciated over the remaining useful life of the assets.

Note : 3.3 Short Term Borrowings

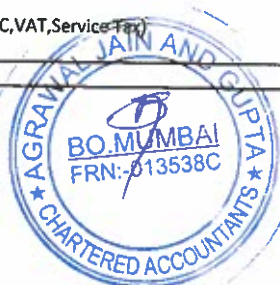
Particulars	March, 2015	March, 2014
Interest free Loan From Director (unsecured)	210,000	4,250,000
	210,000	4,250,000

Note 3.4 Sundry payable

Particulars	March, 2015	March, 2014
Sundry Creditors	6,825,031	19,232,542
Sundry Creditors-More than 1 year	1,183,088	970,818
	8,008,119	20,203,360

Note : 3.5 Other Current Liabilities

Particulars	March, 2015	March, 2014
TDS Payable	681,928	1,167,469
Advance from customer	6,702,595	5,417,927
Deposits from theatres	488,303	392,303
Other Statutory Payables(PF,ESIC,VAT,Service Tax)	1,700,128	121,881
Salary Payable	2,136,744	2,549,159
	11,709,698	9,648,738



K SERA SERA DIGITAL CINEMA PRIVATE LIMITED
Notes Forming Integral Part of the Balance Sheet as at 31st March, 2015

Note : 3.6 Short Term Provisions

Particulars	March, 2015	March, 2014
Provision for Expenses	908,610	4,152,558
	908,610	4,152,558

Note :3.8 Non Current Investment

Particulars	March, 2015	March, 2014
Investment in Equity Instrument (Unquoted)	139,600,000	145,100,000
	139,600,000	145,100,000

Current investments are carried in the financial statements at cost and Long-term investments are also carried at cost. However, provision for diminution in value is not recognize 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.

Note: 3.9 Deferred tax liability/(asset) (net)

Particulars	March, 2015	March, 2014
Fixed assets: Impact of difference between tax depreciation and depreciation/ Gross deferred tax liability	9,299,813	6,633,400
	9,299,813	6,633,400
Impact of expenditure charged to the statement of profit and loss in the current year Deferred tax asset on carried forward losses	3,366,562	6,000,687
	3,366,562	6,000,687
Net deferred tax liability/ (asset)	12,666,375	12,634,087

Note : 3.10 Long Term Loans and Advances

Particulars	March, 2015	March, 2014
Security Deposit		
a) Secured, Considered Good :		
Earnest Money Deposit	-	-
Other Deposit	2,259,290	1,776,390
b) Unsecured, Considered Good :	-	-
c) Doubtful	7,990,952	7,974,352
	10,250,242	9,750,742

Note : 3.11 Inventory

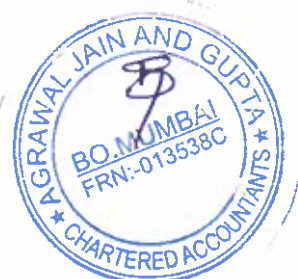
Particulars	March, 2015	March, 2014
Closing Stock of Finished Goods	362,600	1,001,850
	362,600	1,001,850

Note : 3.12 Trade Receivables

Particulars	March, 2015	March, 2014
Others		
a) Unsecured, Considered Good : More than six months	6,641,546	6,133,853
b) Unsecured, Considered Good : others	14,764,415	15,500,486
c) Doubtful	888,855	-
	22,294,816	21,634,339

Note : 3.13 Cash & Cash Equivalent

Particulars	March, 2015	March, 2014
Cash-in-Hand		
Cash Balance	3,048,405	1,141,700
Sub Total (A)	3,048,405	1,141,700
Bank Balance		
In current accounts with bank in India with Noted banks	17,771,231	12,379,385
Sub Total (B)	17,771,231	12,379,385
Total [A + B]	20,819,636	13,521,085



K SERA SERA DIGITAL CINEMA PRIVATE LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS AS AT MARCH 31, 2015

Fixed assets

Particulars	Gross block				Depreciation/amortization			Net block		Amount in Rupees
	As at April 1, 2014		As at 31-Mar-15		As at April 1, 2014		As at 31-Mar-15		As at April 1, 2014	
	As at April 1, 2014	Additions	Deductions	As at 31-Mar-15	For the period	Deletion/ Adjustments	As at 31-Mar-15			
Tangible assets										
Office equipment	3,250,685	87,200	-	3,337,885	523,228	1,235,985	1,759,213	1,578,672	2,727,457	2,727,457
Furniture and fixtures	9,649,274	200,000	2,470,417	7,378,857	1,139,272	1,570,884	2,710,156	4,668,701	8,510,002	8,510,002
Computers	7,651,644	3,180,808	-	10,832,452	6,211,928	2,029,606	8,241,534	2,590,918	1,439,716	1,439,716
Motor Vehicle	275,000	-	-	275,000	25,748	64,531	90,279	184,721	249,252	249,252
Demo theatre	5,474,274	30,000	-	5,504,274	2,089,104	701,912	2,791,016	2,713,258	3,385,170	3,385,170
Digital lab	8,323,018	-	-	8,323,018	3,683,309	954,852	4,638,161	3,684,857	4,639,709	4,639,709
Capital WIP	10,497,332	1,500,000	11,997,332	-	-	-	-	-	10,497,332	10,497,332
Digital Technology assets	52,577,923	11,139,988	338,564	63,379,347	14,712,080	8,101,875	22,740,618	40,638,729	37,865,843	37,865,843
Total -A	97,699,150	16,137,996	14,806,313	99,030,833	28,384,669	14,659,645	42,970,977	56,059,856	69,314,481	69,314,481
Intangible assets										
Research & Development	16,706,351	-	-	16,706,351	8,648,767	2,008,892	10,657,659	6,048,692	8,057,584	8,057,584
Total -B	16,706,351	-	-	16,706,351	8,648,767	2,008,892	10,657,659	6,048,692	8,057,584	8,057,584
Total (A+B)	114,405,501	16,137,996	14,806,313	115,737,184	37,033,436	16,668,538	53,628,637	62,108,547	77,372,065	77,372,065
Previous year	92,406,736	25,840,265	3,841,500	114,405,501	21,710,869	14,504,879	36,215,748	78,189,753	70,695,867	70,695,867



K SERA SERA DIGITAL CINEMA PRIVATE LIMITED
Notes Forming Integral Part of the Balance Sheet as at 31st March, 2015

Note :3.14 Short Terms Loans and Advances

Particulars	March, 2015	March, 2014
Loans & Advances		
a) Secured, Considered Good :		
b) Unsecured, Considered Good :		
Advance to Associate Concerns	4,411,241	1,045,352
Others considered good	3,687,288	1,000,000
Others		
Advance Recoverable in cash or in kind or for value to be considered good		
Advance to staff	2,473,151	1,462,939
Provision for income-(Income Accrued)	1,348,345	1,436,660
Advance to Suppliers	3,190,826	1,201,640
Advance Income Tax/Refund Due	5,079,241	12,074,800
Prepaid Expenses	1,111,523	440,597
Total	21,301,615	18,661,988

Note :3.15 Other Current assets

Particulars	March, 2015	March, 2014
Preliminary Expenses	379,255	1,244,855
	379,255	1,244,855

(Misc. expenses are written off over a period of 5 years)

Note : 3.16 Revenue from Operations

Particulars	March, 2015	March, 2014
Income From Conversion & Mastering	8,095,520	5,612,500
Sales - SEDC	65,305,651	81,357,151
Income for Installation & Technology	42,040	2,568,542
Income From Advertisements	48,671,435	50,666,452
Sales @12.5% VAT	4,315,610	5,662,290
Monthly Fixed Rental	2,120,203	927,024
	128,550,459	146,793,959

Note : 3.17 Other Income

Particulars	March, 2015	March, 2014
Misc Income	4,973	-
Interest on income tax refund	863,520	23,772
	868,493	23,772

Note : 3.18 Cost of Operation

Particulars	March, 2015	March, 2014
Opening Stock	1,001,850	249,600
Add:- Purchases @ 12.5% VAT	2,391,408	4,993,098
Less:- Closing Stock	(362,600)	(1,001,850)
Sub-total (a)	3,030,658	4,240,848
DIRECT/PRODUCTIONS EXPENSES		
Content Delivery Exp.	3,052,813	2,916,877
Installation & Survey Expenses	480,852	1,512,273
Material Delivery Exp.	1,533,726	1,250,592
Packing Expense	198,091	142,953
Transportation & Octroi Charges	1,369,208	1,760,708
Technical Support	710,304	766,127
VSAT Transmission	-	21,218,440
Clearing & Forwarding Charges	-	719,864
Consumables	3,479,752	6,195,521
Commission on add share	4,459,579	2,948,407
Mastering Charges	134,950	189,250
Sub-total (b)	15,419,275	39,621,011
	18,449,933	43,861,859



K SERA SERA DIGITAL CINEMA PRIVATE LIMITED
Notes Forming Integral Part of the Balance Sheet as at 31st March, 2015

Note : 3.19 Employment Benefit Expenses

Particulars	March, 2015	March, 2014
Salaries to staff	25,392,474	26,057,868
Leave Encashment	262,606	44,258
Staff Recruitment Expenses	-	133,480
Incentive/Bonus to staff	302,500	227,080
Office Canteen Exp.	1,150,977	704,072
Employer contribution to Provident Fund	843,437	-
Employer contribution to ESIC	167,564	-
	28,119,558	27,166,758

Note :3.20 Financial Cost

Particulars	March, 2015	March, 2014
Bank Charges	48,160	52,073
	48,160	52,073

Note : 3.21 Depreciation & Amortised Cost

Particulars	March, 2015	March, 2014
Depreciation	16,668,538	14,504,879
Preliminary Expenses W/O	865,600	865,600
Reverse cost charge	29,250,237	28,115,834
	46,784,375	43,486,313

Note : 3.22 Other Administrative Expenses

Particulars	March, 2015	March, 2014
Telephone Expenses	478,620	388,190
Travelling Expenses	501,492	695,490
Travelling Expenses - Foreign Travelling	945,658	402,373
Internet & Website Expenses	414,281	349,240
Auditors Remuneration		
Statutory Audit Fees	100,000	100,000
Tax Audit Fees	100,000	50,000
Other professional fees	50,000	-
Rent Rates & Taxes	3,849,393	3,521,719
Advertisement & Publicity	7,287,352	-
Legal & Professional Fees	9,172,626	6,633,539
Books & Periodicals	11,063	17,859
Conveyance Expenses	689,349	674,642
Courier Charges	56,917	176,023
Electricity Charges	1,035,182	905,032
Filing Fees	50,992	23,237
Membership & Subscription	109,881	41,365
Office Expenses	344,804	937,399
Printing & Stationery	412,958	473,931
Repair & Maintenance	954,341	2,013,677
Security Charges - Lab	547,805	405,429
Warehouse Expense	75,331	220,186
Commission & Brokerage	879,415	1,487,553
Insurance Charges	500,622	590,695
Interest & Penalties	254,979	182,557
Loss Due to Fire	28,354	-
Security Charges - Vasai	211,200	176,772
Censor Charges	57,100	60,800
Discount & Rebate	174,911	904,509
Director's Sitting Fees	99,970	187,640
Foreign Exchange Revaluation Loss/Gain	63,239	6,830
Hotels and Hospitality Expenses	302,074	545,159
Software Maintenance Charges	9,000	517,327
Prior Period Expenses		2,358,278
	29,768,909	25,047,450



K SERA SERA DIGITAL CINEMA PRIVATE LIMITED

Notes forming part of accounts for the year ended March 31, 2015

Notes to account

1. Summary of significant accounting policies

a. Basis of preparation of financial statements

The financial statements of the company have been prepared under historical cost convention on the accrual basis of accounting, are in accordance with the applicable requirements of the Companies Act 2013 and comply in all material aspects with the accounting principles generally accepted in, under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014.

The accounting policies have been consistently applied unless otherwise stated. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. The Company considers 12 months to be its normal operating cycle.

2. Summary of significant accounting policies

b. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods

c. Fixed assets

Tangible assets

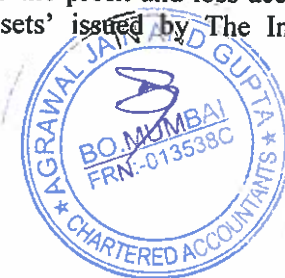
Fixed assets are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

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.

Intangible assets

The Company recognizes developments for digital technology as an intangible asset. The same is in consideration of the future economic benefits and availability of the aforesaid rights for after the expiry of initial period of development. The recognition creation of Intangible assets is made. At actual expenses incurred for the said development on the project.

The said recognition of intangible assets is, however, subject to the management assessment of future economic benefits from exploitation of these rights having regards to the success of research and development of new technology and other relevant factors. In the event, the said recognition criteria are not met, the entire cost of development is charged to the profit and loss account as is accounted as per Accounting Standard 26 on 'Intangible Assets' issued by The Institute of Chartered Accountants of India and stated at cost of acquisition.



d. Depreciation/amortization

Tangible assets

Depreciation on fixed assets is calculated on a written down value method at based on the useful lives estimated by the management, or those prescribed under the Schedule II of the Companies Act, 2013, The company has used the following rates to provide depreciation on its fixed assets.

Particulatrs	Rate of Depreations
Plant and Equipements	45.07%
Furniture and Fixtures	25.89%
Computers and laptops	63.16%
Motor Car	25.89%
Demo Thearter	20.58%
Digital Technolgy asseta	20.00%

* Consequent to enactment of the Companies Act, 2013 (the Act) and its applicability for accounting periods commencing after 1st April 2014, the company has re-worked depreciation with reference to the estimated useful lives of fixed assets prescribed by Schedule II to the Act except in case of Plant and Machinery where useful life has been considered as estimated by the management. In case of any asset whose life has completed as above, the carrying value net of residual value, as at 1st April, 2014 amounting to Rs.8,17,689 has been adjusted to the General Reserve and in other cases the carrying value has been depreciated over the remaining useful life of the assets.

Intangible assets

Depreciation on fixed assets is calculated on a written down value method at based on the useful lives estimated by the management, or those prescribed under the Schedule II of the Companies Act, 2013, The company has used the following rates to provide depreciation on its fixed assets.

Particulatrs	Rate of Depreations
Research & Development	25.00%

e. Borrowing costs

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.

f. Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.



g. Investments

Investments are classified as current investments and long-term investments as per information and explanation given by the management.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities.

Current investments are carried in the financial statements at cost or FMV whichever is lower and Long-term investments are carried at cost. However, provision for diminution in value is not recognizing 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. Investments transfer to holding company at cost gain or loss on said investment book by holding company.

h. 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. The following specific recognition criteria must also be met before revenue is recognized:

Income from SEDC, Conversion and Mastering, Advertisement and Rental Income.

Revenue from SEDC and Service charges are booked on accrual basis. As per AS -9 Revenue Recognition issued by ICAI.

Interest

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.

i. Inventories

Valuations of inventory as per AS -2 valuations of inventory issued by ICAI.
At cost or NRV whichever is lower.

j. Accounting for taxes on income

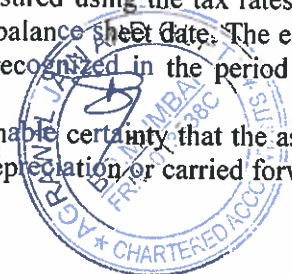
Current Tax

Tax expense comprises of current and deferred taxes. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. Deferred income taxes reflects 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

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profits offered for income taxes and the profits as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted at the balance sheet date. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period that includes the enactment date.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in the future, however, where there is unabsorbed depreciation or carried forward



loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty, supported by convincing evidence of recognition of such assets. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet date.

k. Retirement benefits

Company doesn't have any employee who has completed 5 year of continues services for provision for gratuity and other benefits. And Contributions payable by the Company to the concerned government authorities in respect of provident fund, family pension fund and employee state insurance are charged to the profit and loss account if any.

l. Foreign currency transactions

i. Foreign currency transactions are recorded at exchange rates prevailing on the date of respective transactions.

ii. Current assets and current liabilities in foreign currencies existing at balance sheet date are translated at year-end rates.

m. Provision

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 and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the 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.

Where the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

n. Cash and cash equivalents

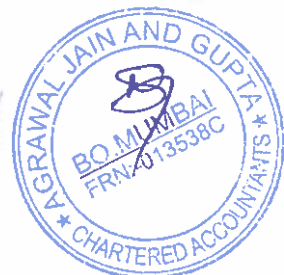
Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

o. 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 and tax expenses.

p. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the 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 doesn't have any contingent liability.



(a) The details of the suit filed against the company pending for disposal is as under:

S/no.	Name of Parties	Case No.	Particulars
1	Sahadev Sudhakar Andhale	Labour Court, Aurangabad	Rs. 1,30,518/- (inclusive of 4 months' salary and reimbursement expenses.

q. Preliminary Expenses

Preliminary expenses, if any, will be written off over a period of Five years.

3.23 Deferred tax liability / (asset)

(Amount in Rupees)

Particulars	As at April 1, 2014	Current year (charge) / credit	As at March 31, 2015
Difference between book base and tax base of fixed assets	66,33,400	26,66,414	92,99,814
Carried forward losses	60,00,687	(26,34,125)	33,66,562
Deferred tax Liabilities	1,26,34,087	32,289	1,26,66,375

3.24 Earnings per share

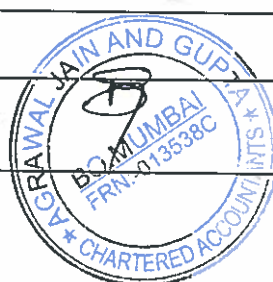
(Amount in Rupees)

Particulars	March 31, 2015	March 31, 2014
Net profit / (loss) after tax for the year	62,80,306	21,25,914
Weighted equity shares outstanding as at the year end	30,00,00,000	30,00,00,000
Nominal value per share (Rs.)	10	10
Earnings per share(Weighted Average)		
- Basic	0.21	0.07
- Diluted	0.21	0.07

3.25 Auditor's remuneration [excluding service tax]

(Amount in Rupees)

Particulars	March 31, 2015	March 31, 2014
Statutory Audit Fees	1,00,000	1,00,000
Tax Audit Fees	1,00,000	50,000
Certification Fees	50,000	-
Total	2,50,000	1,50,000



3.26 Related Party Disclosures

As per accounting standard on Related Party Disclosure (AS-18) as notified by the Companies Accounting Standard Rules, 2006 (as amended), the names of the related parties of the Company are as follows:

Names of related parties and related party relationship

Related parties where control exists irrespective of whether transactions have occurred or not:

K Sera Sera Miniplex Limited

KSS Limited

Key Managerial Personnel

Satish Panchariya,

Hussain Shattaf

(Amount in Rupees)

Nature of transactions	Name of Company/Director	March 31, 2015	March 31, 2014
Loans given	K Sera Sera Miniplex Limited	44,11,241	-
Loan Received	Satish Panchariya	2,10,000	42,50,000
Loans given	KSS Limited	-	1,045,352
Creditors	KSS Limited	12,54,330	71,53,263
Director Sitting Fee	Hussain Shattaf	99,970	187,640
Advertisement expenses	K Sera Sera Miniplex Limited	72,50,000	-
Reverse cost charge for use of assets	KSS Limited	2,92,50,237	2,81,15,834

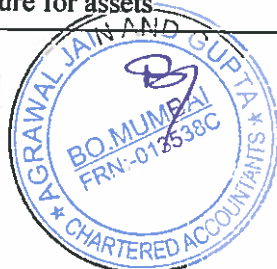
3.27. The Company did not have any transactions with Small Scale Industrial ('SME's') Undertakings during the year ended March 31, 2014 and hence there are no amounts due to such undertakings. The identification of SME's undertakings is based on the management's knowledge of their status.

The Company has not received any information from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amount unpaid as at the year end together with interest paid / payable as required under the said Act have not been furnished.

3.28

Earning and expenditure in foreign currency (on accrual basis)

Particulars	31-Mar-15	31-Mar-14
Earning:	NIL	NIL
Travelling and Hotels	9,45,658	4,02,373
Expenditure/Capital expenditure for assets	34,34,512	-



3.29 Un-hedged foreign currency exposure



The following is the details of un-hedged foreign currency exposure:

Particulars	Amount
Receivables	
US\$ @ closing of 1 USD = Rs.62.53 (Previous year US \$ @ closing rate of 1 USD = Rs. 59.76)	USD 41,263
Payables	
US\$ @ closing of 1 USD = Rs.62.53(Previous year US \$ @ closing rate of 1 USD = Rs. 59.76)	USD 11,062

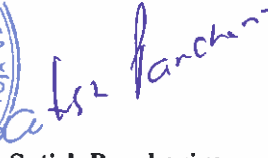
3.30. Balances in respect of sundry debtors, sundry creditors and loans and advances . If any are taken as shown by books of accounts and are subject to confirmation and Consequent adjustments and reconciliations, if any.


For Agrawal Jain & Gupta Chartered Accountants
FRN - 013538C



For and on behalf of Board of Directors

CA Narayan
Partner
M. No - 409759


Satish Panchariya
Director
DIN:00042934


Hussain Shattaf
Director
DIN: 02321306



Shamrao D. Ingulkar
Sr. Manager Accounts
(KSS Group)

Place: Mumbai
Date: 28.05.2015