

K SERA SERA LIMITED
(FORMERLY KNOWN AS K SERA SERA PRODUCTIONS LIMITED)



BOARD OF DIRECTORS : **MR. SANJAY LAI**
(Managing Director)

MR. PRAKASH KUMAR SHAH
(Non – Executive Independent Director)

MR. HUSSAIN SHATTAF
(Non – Executive Independent Director)

MR. RAJEEV BENARA
(Non – Executive Independent Director)

MR. DUSHYANT KUMAR
(Non – Executive Independent Director)

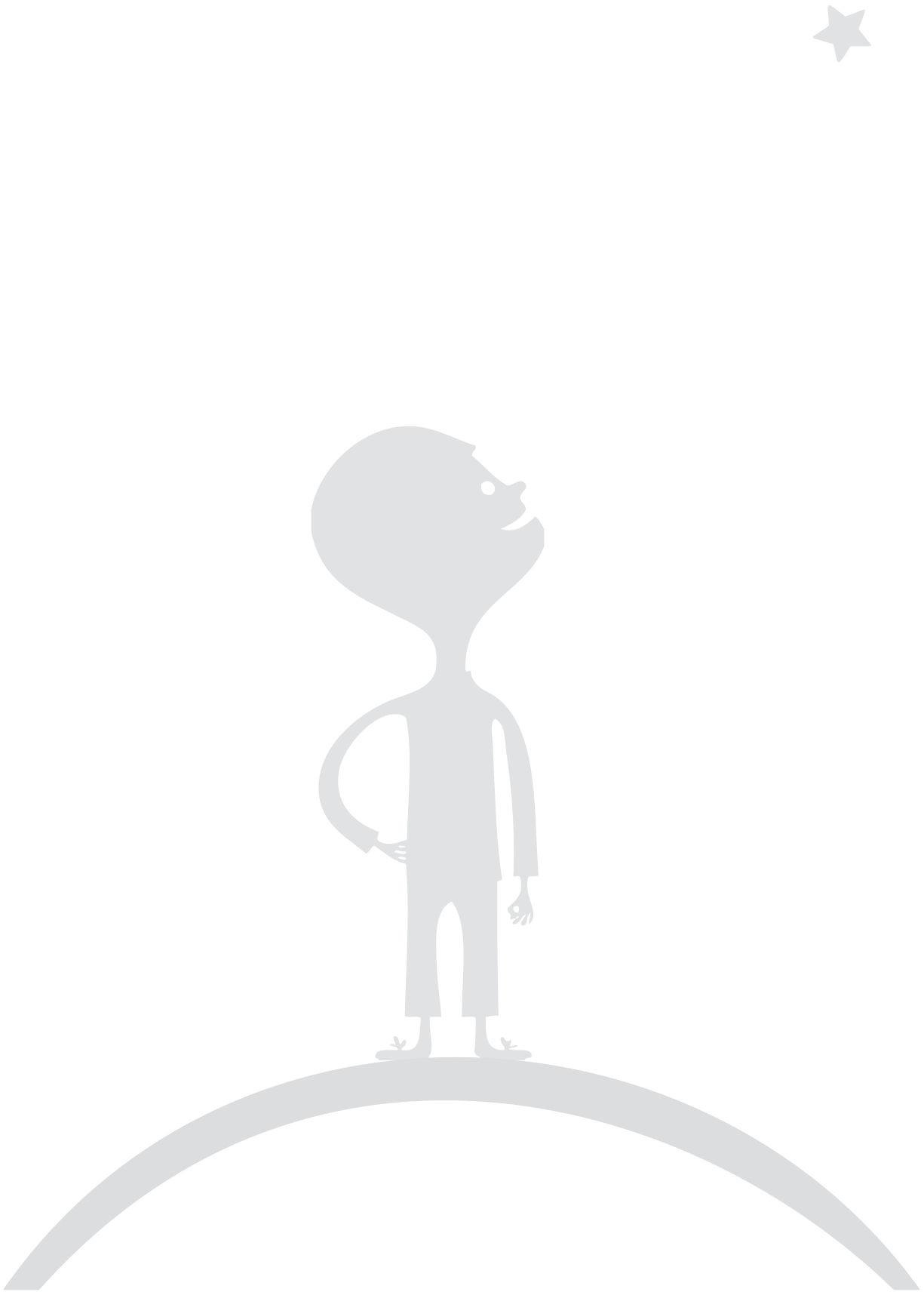
COMPANY SECRETARY : **MR. SHAILESH BAPAT**

AUDITORS : **M/s. AGRAWAL JAIN AND GUPTA,**
Chartered Accountants
Shop No. 2, Ashok Vihar,
Jaipur Road,
Chomu (Jaipur) 303702.

BANKERS
ING Vysya Bank
ICICI Bank

REGISTRAR & SHARE : **BIGSHARE SERVICES PRIVATE LIMITED**
TRANSFER AGENT
E-2 & 3, Ansa Industrial Estate,
Saki-Vihar Road, Sakinaka.
Andheri(E), Mumbai - 400 072.

REGISTERED OFFICE : Office No. 18 , 4th Floor,
Mohid Heights, Nr. Versova Telephone Exchange,
Off Lokhandwala Road,
Andheri West, Mumbai – 400053.



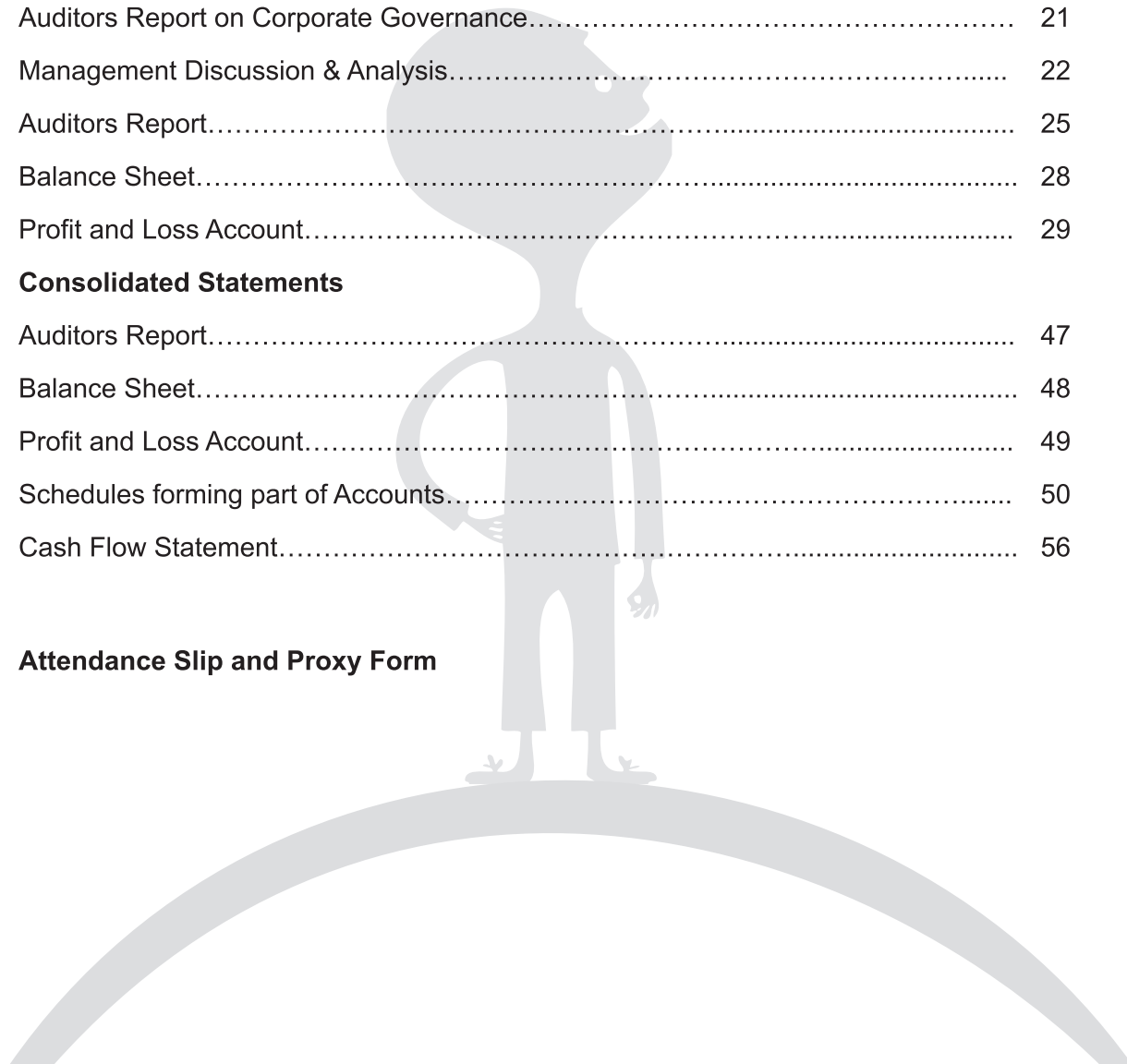
K SERA SERA LIMITED
(FORMERLY KNOWN AS K SERA SERA PRODUCTIONS LIMITED)
16th ANNUAL REPORT 2010-2011

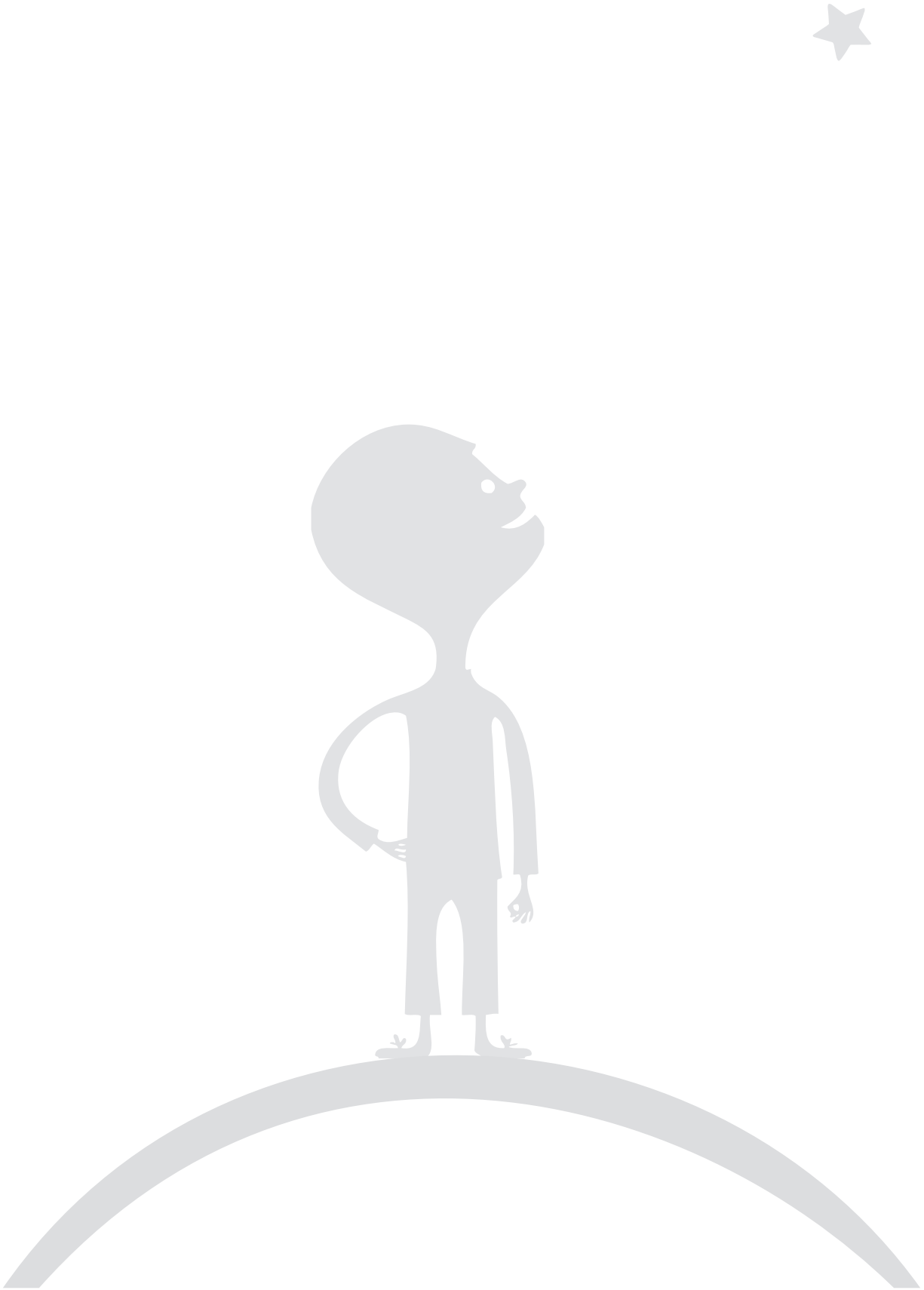


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Attendance Slip and Proxy Form





NOTICE



NOTICE IS HEREBY GIVEN THAT 16TH ANNUAL GENERAL MEETING OF THE Shareholders of K SERA SERA LIMITED (Formerly known as K Sera Sera Productions Ltd.) will be held at "Kailash Parbat, K-P Restaurants, 7A/ 8A, 'A' wing Crystal Plaza, Link Road, Andheri (West), Mumbai -400053" on Friday , the 30th September, 2011 at 9.00 a.m to transact, with or without modifications(s) as may be permissible, the following business:

Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2011 and Profit and loss Account for the year ended on that date, the Report of the Directors and the Auditors thereon.
2. To appoint a director in place of Mr. Rajeev Benara, who retires from office by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr. Prakash Kumar Shah, who retires from office by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting of the Company and to fix their remuneration, and for the purpose, to pass the following Resolution, which will be proposed as an Ordinary Resolution:

"RESOLVED THAT the pursuant to the provision of section 224 and other applicable provisions, if any, of the Companies Act 1956, M/s. Agrawal Jain and Gupta (Registration No. 013538C) Chartered Accountants , Jaipur the Retiring Auditors, be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this meeting until the conclusion the Next Annual General Meeting of the Company and that the Board of Directors of the Company be and is hereby authorized to fix their remuneration for the said period and reimbursement of actual out of pocket expenses, as may be incurred in the performance of their duties."

Place: Mumbai

Date: 24th August, 2011

By Order of the Board of Directors

Registered Office:

Office No.18, 4th Floor,
Mohid Heights, Lokhandwala Road,
Andheri (W),
Mumbai - 400 053.

**Sd /-
Sanjay Lai
Managing Director**

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 23rd September, 2011 to 30th September, 2011 (Both Days Inclusive).
3. The members are requested to:
 - (a) Intimate to the Company's Registrars and Share Transfer Agents, M/s. Big Share Services Private Limited (for shares held in physical form) and to their Depository Participants (DP) (for shares held in dematerialized form) the changes, if any, in their registered address, Bank account number / details etc. at an early date, quote ledger folio numbers / DP Identity and Client Identity Numbers in all their correspondences;
 - (b) Bring the copy of the Annual Report and the Attendance Slip duly filled in for attending the Annual General Meeting;
4. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Company at the registered office address so as to reach at least seven days before the date of the Meeting, to enable the information required to be made available at the Meeting, to the best extent possible.
5. Members / beneficial Owners are requested to quote their full name as per Company's record, Folio No. / DP and Client ID Nos. as the case may be, in all correspondence with the company.
6. In case of Joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Annual General Meeting.

Place: Mumbai.

Date: 24th August, 2011

Information pursuant to Clause 49 of the Listing Agreement:-

Brief resume and other details in respect of the Directors seeking appointment/reappointment at the Annual General Meeting fixed for 30th September, 2011.

| Names of Directors | Mr. Prakash Kumar Shah | Mr. Rajeev Benara |
|---|---|--|
| Date of Birth | 12.03.1963 | 13.11.1953 |
| Date of Appointment | 11.04.2005 | 09.01.2010 |
| Qualifications | B.Com F.C.A. | M.B.A,M.Phil,PhD |
| Expertise in functional area | Financial, Taxation and Audit | Marketing, Finance, Entrepreneurship and Media Management |
| List of outside directorship held , excluding Alternate Directorship, Private Companies, and Foreign Companies | NIL | NIL |
| Chairman/member of the Committee of the Board of Directors of the Company | Audit Committee, Shareholders/ Investor Grievance Committee | Shareholders/Investor Audit Committee, Grievance Committee |
| Chairman/member of the Committee of the Board of Directors of the Company other Companies in which he/she is a director: a. Audit Committee b. Investor Grievance Committee | NIL | NIL |
| No. of Shares held in the Company | NIL | NIL |

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the **Sixteenth Annual Report** together with the Audited Accounts for the year ended 31st March, 2011.

1. FINANCIAL HIGHLIGHTS:

| | 2010-2011 (Rupees) | 2009-2010 (Rupees) |
|--|-----------------------|-----------------------|
| Profit Before Interest, Depreciation and Tax | 3,27,76,251 | 4,21,18,972 |
| Less: Interest & other finance costs | 1,96,68,497 | 3,89,34,729 |
| Depreciation and Amortization | 30,83,615 | 18,03,007 |
| Profit / (Loss) Before Tax | 1,00,24,139 | 13,81,236 |
| Less: Provision for Taxes (Current & Deferred) | 1,99,66,748 | (6,91,63,858) |
| Profit / (Loss) After Tax | (99,42,609) | 7,05,45,094 |
| Less: Previous Period Adjustments | 0.00 | 0.00 |
| Less: Appropriations | 0.00 | 0.00 |
| Proposed final dividend -Equity Shares | 0.00 | 0.00 |
| Tax on Dividend | 0.00 | 0.00 |
| Add/ (Less): Balance Brought forward from the previous year | (40,315,474) | (11,08,60,568) |
| Balance Carried Forward | (5,02,58,083) | (40,315,474) |

2. TURNOVER AND PROFITS:

During the year under review, Turnover was Rs.23,57,59,761 and the profit before providing depreciation, interest and amortization was Rs. 3,77,14,347 but before tax arrived at Rs. 1,00,24,139. Net Loss after Tax amounted to Rs. 99,42,609/-.

3. OVERALL PERFORMANCE

During the Financial Year 2010-11 the company has incurred a loss of Rs. 99, 42, 609/- after tax.

4. DIVIDEND:

Due to loss suffered by your Company during the 2010-11, Directors show their inability to recommend any dividend during the year.

5. FUTURE OUTLOOK:

1. The Company has successfully invested in Citigold Corporation and has become the single largest shareholder in Citigold Corporation Ltd. Citigold Corporation Ltd., Australia is having gold resource of 10m ounces as per JORC guidelines and Citigold's gold deposit is currently one of the largest and highest grade and with Australia a preferred destination for Investment, K Sera Sera is looking at this investment to further enhance the wealth of its shareholders. The company is also looking for further opportunities in other mining and other natural resources projects worldwide.
2. Your Company expects to launch Full HD Digital Cinema Projection, The content will be delivered to cinemas via satellite.
3. Considering the Global recession, the markets are down, the Economy is down and the overall atmosphere has become dull. To this dull market, Cinema is the only ray of hope. With this thinking, the Management of your Company is considering various options like tie-ups, Joint ventures, agreements, only Production, only Distribution, Production and Distribution and etc. To this, the Advancements in technology, Multiplexes, Corporatization of the industry as a whole, Digital Cinemas, rise in consumer spending, changing lifestyle has brought an overall boom in Entertainment Industry.
4. The Company is working on multiple genre model of entertainment and has switched its focus from Small and Medium Budget films to Medium and Big Budget films. The Company has signed agreements with leading Production Houses, Directors and other film makers. The Company has number of projects which are at different stages of production and are scheduled for release in coming years.

5. DIVERSIFICATION

Your Company identified gold as a worthwhile mineral to pursue its presence in the mining sector. The prices of gold have witnessed steady rise in last few years and medium long term predictions are very bullish. Investment in gold continues to be a “hedge against inflation” and a “secured” investment given its easy availability and liquidity.

It is pursuing global opportunities, developing expertise and developing strategies of either Merger & Acquisitions, Joint Venture etc. details are covered in MDA.

6. SUBSIDIARIES:

The Company has following subsidiaries

- 1) K Sera Sera Digital Cinema Pvt. Ltd.
(Formerly known as K Sera Sera Technologies Pvt Ltd)
- 2) K Sera Sera Box Office Pvt. Ltd.
- 3) K Sera Sera Miniplex Pvt. Ltd.
- 4) K Sera Sera Productions FZE- UAE
- 5) K Bazaar Online Trading Pvt Ltd

The Company has following step-down subsidiaries

- | | |
|------------------------------------|-----------|
| 1) K Kampus Education Pvt Ltd | India |
| 2) K Sera Sera Consultancy Pvt Ltd | India |
| 3) K Sera Sera Holdings Pty Ltd- | Australia |
| 4) KSS Capital Limited - | Bermuda |

The statement pursuant to section 212 of the Companies Act, 1956 containing details of the Company's subsidiaries is attached.

7. CONSOLIDATED FINANCIALS:

The Audited Consolidated Financial Statements for the year ended 31st March 2011 are annexed to this report. Statement pursuant to Section 212(1) (e) of the Companies Act, 1956 also forms part of this Annual Report.

We believe that the Consolidated Financial Statements present a more comprehensive picture rather than the standalone financial statements of K Sera Sera Ltd. and each of its subsidiaries. The Ministry of Corporate Affairs, Government of India has exempted Vide its

Circular with respect to presenting detailed financial statement of its subsidiary.

However, the summary of financial information of each subsidiary regarding Share Capital, Reserves and Surplus, Total Assets, Total Liabilities, our holding in the Subsidiary, Sales and other income, profit before taxation, provision for taxation, profit after taxation and proposed dividend have been separately furnished forming part of this Annual Report.

The Company will make available the annual accounts of the subsidiary companies and the related detailed information upon request by any member of the Company. These documents/details will also be available for inspection by any member of the Company at its registered office during business hours on working days upto the date of the Annual General Meeting.

8. CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the listing agreement with the Stock Exchange, the Corporate Governance Report along with Certificate by the Auditors of the Company on its Compliance, Management Discussion and Analysis Report forms a part of this Annual Report.

9. DIRECTORS:

Resignation of Director:-

Mr. Dhiren Toprani resigned from the Board of your company with effect from 02nd June, 2011. The Board places on record its sincere appreciation for the valuable guidance and contribution made by Mr. Dhiren Toprani in the deliberations of the Board during his tenure.

Retiring Directors by Rotation:-

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Prakashkumar Shah and Mr. Rajeev Benara retire by rotation, and being eligible offers themselves for re-appointment. Appropriate resolutions for re-appointment of aforesaid directors are being moved at the ensuing Annual General Meeting. Brief resume of retiring directors are given in the notice of Annual General Meeting.

10. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibilities Statement, the Directors of the company hereby state and confirm that:

- (1) In the preparation of the annual accounts, the applicable accounting standards have been followed;
- (2) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the profits / losses of the Company for the year ended on that date.
- (3) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (4) They have prepared the annual accounts on a going concern basis.

11. PUBLIC DEPOSITS:

The Company has not accepted any deposits from public in accordance with Section 58A of the Companies Act, 1956.

12. PARTICULARS OF EMPLOYEES:

None of the Employees of the Company is following in the limits covered under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

13. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:

Considering nature of activities carried on by the Company and the list of industries included in the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988, the provisions relating to conservation of energy and technology absorption do not apply to the company. Hence,

information pertaining to the same is not provided.

14. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Amount in Rupees)

Foreign Exchange Earnings : 23,52,14,446/-
Foreign Exchange Outgo : 31,08,09,269/-

15. AUDITORS:

M/s. Agrawal Jain and Gupta, Chartered Accountants, retire as Statutory Auditors of the Company at the conclusion of the ensuing Annual General Meeting. The Statutory Auditors have confirmed their eligibility and willingness to accept the office on re-appointment. The necessary resolution seeking your approval for re-appointment of Statutory Auditors has been incorporated in the Notice convening Annual General Meeting.

16. INTERNAL CONTROL SYSTEM:

The Company has in place appropriate internal control systems, commensurate with its size and nature of operations.

17. ACKNOWLEDGEMENTS:

Your Directors wish to place on record their appreciation and sincere gratitude to the various Departments of the Central and State Government, Company's Bankers, clients, media and business constituents for their valuable assistance and support. The Directors also acknowledge the continued support received from investors and shareholders and the confidence reposed by them. The Directors place on record their appreciation for the sincere and dedicated services rendered by all the employees of the Company.

For and on behalf of the Board of Directors

Sanjay Lai
Managing Director

Husain Shattaf
Director

Place: Mumbai
Date: 24th August, 2011

Statement pursuant to Section 212(1) (e) of the Companies Act, 1956 with respect to subsidiary companies

| Sr.No. | Name of Subsidiary Company | Financial Year of the Subsidiary | Extent of the Holding Company's Interest (%) | Net aggregate amount of Profit/(losses) of the subsidiary, so far as it concerns the members of the Holding Company: | | Net aggregate amount of Profit/(losses) for the previous year of the subsidiary so far as they concern members of the Holding Company: | |
|--------|--|----------------------------------|--|--|--|--|--|
| | | | | dealt with in the accounts of the Company for the year ended 31 st March 2011 | not dealt with in the accounts of the Company for the year ended 31 st March 2011 | dealt with in the accounts of the Company for the year ended 31 st March 2010 | not dealt with in the accounts of the Company for the year ended 31 st March 2010 |
| 1. | K Sera Sera Productions FZE - UAE | 31.03.2011 | 100% | Nil | Nil | Nil | Nil |
| 2 | K Sera Sera Digital Cinema Private Limited (Foremely Known As K Sera Sera Technologies Private Limited) | 31.03.2011 | 100% | Nil | Nil | Nil | Nil |
| 3 | K Sera Sera Box Office Private Limited | 31.03.2011 | 100% | Nil | Nil | Nil | Nil |
| 4 | K Sera Sera Miniplex Private Limited | 31.03.2011 | 100% | Nil | Nil | Nil | Nil |

**FINANCIAL INFORMATION OF SUSBSIDIARIES PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT 1956
FOR THE YEAR ENDED 31.03.2011**

(Amount in Rupees)

| | Indian | | | Foreign |
|------------------------------|---|---|---|-------------------------------------|
| Particulars | K Sera Sera Digital Cinema Private Limited | K Sera Sera Miniplex Private Limited | K Sera Sera Box Office Private Limited | K Sera Sera Productions FZE -UAE |
| | | Consolidated | | Consolidated |
| Capital | 300,000,000 | 300,000,000 | 300,000,000 | 433,213 |
| Reserves | - | 243,740 | - | 2,415,574,085 |
| Total Asset | 299,801,306 | 367,467,455 | 344,949,679 | 3,170,832,141 |
| Total Liabilities | 9,007,510 | 72,703,824 | 38,008,042 | 8,375,094 |
| Details of Investment | 145,100,000 | 299,624,980 | 288,650,000 | 643,140,303 |
| Turnover | - | 17,282,405 | 76,010 | 2,304,335,422 |
| Profit Before Taxations(PBT) | -7,031,902 | 249,313 | -20,967,623 | 740,679,376 |
| Provision for Taxation | - | 650,000 | - | |
| Profit After Taxation (PAT) | -4,903,072 | -56,744 | -14,488,627 | 740,679,376 |
| Proposed Dividend | | | | |

CORPORATE GOVERNANCE REPORT

Introduction Colleague

Corporate governance is about commitment to values and ethical business conduct. It is a set of laws, regulations, processes and customs affecting the way a company is directed, administered, controlled or managed. This includes its corporate and other structures, culture, policies and the manner in which it deals with various stakeholders. Some of the important best practices of corporate governance framework are timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the Company. It has become an integral part of the business aligning the organizations to the best practices of good governance.

The detailed report on compliance by the Company of the Corporate Governance Code as incorporated in Clause 49 of the Listing Agreement with Stock Exchange is set out below:

I. Company's Philosophy on code of Corporate Governance

Corporate Governance encompasses the value systems of integrity, transparency and adoption of high ethical standards.

K Sera Sera's philosophy on Corporate Governance is to enhance the long term economic value of the Company and its Stakeholders including shareholders and society at large through attainment of highest levels of transparency, accountability, professionalism and equity in all facets of its operations.

The Company envisions being a globally preferred business associates with responsible concern for society and stakeholders value. The Company is committed to ethical values and self discipline through standards of good governance based on transparency, fairness, purposefulness, trust, responsibility, checks and balances directed at sustaining shareholders interest and overall organizational goals.

The Company makes best endeavors to uphold and nurture these core values in all facets of its operations and aims to increase and sustain its corporate value through growth and innovation.

The Company is fully committed to and continues to follow procedures and practices in conformity with the Code of Corporate Governance enshrined in the Listing Agreement.

II. Board Of Directors

(a) Composition and category

In compliance of with the requirements of clause 49 of the Listing Agreement, the Company has optimum combination of Executive & Non – Executive Directors. The number of non – executive director is more than 50% of the total number of directors. The Company is headed by 5 (Five) Directors amongst which there are 4 (Four) Independent Directors, which is more than half of total number of Directors.

Independent Directors do not have any pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries, which in judgment of the Board, may affect independence of the judgment of the Director.

None of the Directors on the Board is a member of more than ten committees and Chairman of more than five committees across all companies in which they are Directors.

The Composition of the Board of Directors is as under:

| Category | Name of the Director |
|----------------------------|---|
| Managing Director | Mr. Sanjay Lai |
| Non Executive, Independent | Mr. Prakash Kumar Shah Mr. Husain Shattaf Mr. Rajeev Benara Mr. Dushyant Kumar |

(b) Board meetings & attendance of directors at the board meetings and last annual general meetings were as under:

i) 01.04.2010 ii) 26.05.2010 iii) 08.06.2010
iv) 12.06.2010 v) 29.06.2010 vi) 30.07.2010
vii) 04.08.2010 viii) 12.08.2010 ix) 26.08.2010
x) 28.09.2010 xi) 30.09.2010 xii) 25.10.2010
xiii) 08.12.2010 xiv) 11.02.2011 xv) 12.02.2011
xvi) 21.02.2011 xvii) 01.03.2011

The Company has held at least one meeting in every three (3) months and the maximum time gap between any two meetings was not more than four (4) months.

The attendance of each director at the board meetings and the Last Annual General Meeting (AGM) as under:

| Name of Directors | No. of board meetings | Attendance at last AGM held on December 30, 2010 |
|------------------------|-----------------------|--|
| Mr. Prakash Kumar Shah | 5 | Absent |
| Mr. Sanjay Lai | 17 | Present |
| Mr. Husain Shattaf | 17 | Present |
| Mr. Rajeev Benara | 17 | Absent |
| Mr. Dushyant Kumar | 9 | Absent |
| Mr. Dhiren Toprani | 6 | Present |

(c) Board Procedure

The procedures with respect to Board Meetings and the Meetings of the Committees thereof are in compliance with the requirements of the Companies Act, 1956, the Secretarial Standards (SS-1) prescribed for Board Meetings by the Institute of Company Secretaries of India, Listing agreement with the stock exchange (s) and other applicable laws and regulations.

The Board meets at least once a quarter to review quarterly performance and financial results. Notices of Board Meeting along with agenda papers are circulated in advance to the Directors. All material information is incorporated in the agenda papers and the same are circulated in advance to the Directors.

All material information is incorporated in the agenda papers for facilitating focused discussions at the meeting. The Board is also free to recommend inclusion of any matter for discussions at the meeting. Where it is not practicable to attach any document to the agenda, the same is tabled before the meeting. The Board is also free to recommend inclusion of any matter for discussion in consultation with the Chairman.

To enable the Board to discharge its responsibilities effectively, the members of the Board are briefed at every board meeting, on the overall performance of the Company by functional heads.

The information as required under clause 49 is made available to the Board. The Board reviews compliance report of all laws applicable to the Company. Steps are taken by the Company to rectify instances of non-compliance, if any.

III) Audit Committee

(a) Broad Terms of Reference

The Company had constituted an Audit Committee in the year 2003. The scopes of activities of the Audit Committee are in accordance with paragraphs C and D of Clause 49(II) of the Listing Agreement. The broad terms of reference include:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings

- e. Compliance with listing and other legal requirements relating to financial statements
- f. Disclosure of any related party transactions
- g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
10. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
11. To Carryout any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee of the Board of Directors of the Company, inter-alia, provides an assurance to the Board on the adequacy of internal control systems and financial disclosures.

In fulfilling the above role, the Audit Committee has the powers:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

(b) Composition

The audit committee comprises of three (3) directors, out of which two (2) are independent directors. All these directors possess knowledge of corporate finance, accounts and company law. The Chief financial officer and the statutory auditors are invited for the committee meetings. Mr. Shailesh Bapat, Company Secretary acts as secretary to the committee. The minutes of the audit committee meetings are placed at the subsequent board meeting and are noted by the board.

The composition of the audit committee is as follows:

Constituted Audit Committee.

| Name of Member | Position | Category |
|------------------------|----------|---------------------------|
| Mr. Prakash Kumar Shah | Chairman | Non Executive Independent |
| Mr. Rajeev Benara | Member | Non Executive Independent |
| Mr. Sanjay Lai | Member | Executive Professional |

(c) Meetings & Attendance

During the Financial year ended 31st March 2011, 4 (Four) audit committee meetings were held on 26.05.2010, 12.08.10, 25.10.2010, 12.02.2011. The attendance of Audit Committee meeting is as under:

| Names of Members | No. of meetings attended |
|-------------------------|---------------------------------|
| Mr. Prakash Kumar Shah | 4 |
| Mr. Sanjay Lai | 4 |
| Mr. Rajeev Benara | 4 |

Remuneration of Directors and others:

Since the company has one Executive Director, your Company does not have a Remuneration Committee. The Board of Directors decides the remuneration of the Managing Director.

The Company has a system where all the directors or senior management of the Company are required to disclose all pecuniary relationship or transactions with the Company. No significant material transactions have been made with the Non-Executive Directors vis-à-vis the Company during the year.

Remuneration to Non –executive Directors

The non-executive directors are not paid any remuneration by way of commission, sitting fees for otherwise. However, the Company has passed ordinary resolution in the annual general meeting held on September 29, 2005 in order to enable it to make payments to non-executive directors in future.

Executive Director is paid remuneration within the limits prescribed under Schedule XIII of the Companies Act, 1956. The said remuneration is approved by the Board as well as the Shareholders of the Company.

During the year, no remuneration has been paid to any of the Non- Executive Directors of the Company.

Remuneration to Executive Director

The remuneration package to Executive Director Mr. Sanjay Lai comprises of salary components.

| Executive Director | Relationship with other directors | Business relationship with the company, if any | Remuneration during 2010-11 | | | |
|--------------------|-----------------------------------|--|---|---|--|------------------------------|
| | | | All elements of remuneration package i.e. salary, benefits, bonuses, pension etc. | Fixed components performance linked incentives, along with performance criteria | Service contract, notice period, severance fee | Stock options details if any |
| Mr. Sanjay Lai | | | Rs. 12,00,000/- p.a | | | |

IV. Shareholders / Investors Grievance Committee:

The Company had constituted transfer cum shareholders grievance committee in 2002. The Committee normally meets as and when required. The Committee looks into redressal of

shareholders complaints like non transfer of shares, non receipt of balance sheet etc. Further, the committee reviews the cases of transfer, issue of duplicate share certificates, dematerialized shares received by the registrar and transfer agents.

- (a) Composition : The composition of Shareholders/Investors Grievance Committee is as under:

Constituted Shareholders/ Investors Grievance Committee.

| Name of Member | Position | Category |
|------------------------|----------|---------------------------|
| Mr. Prakash Kumar Shah | Chairman | Non Executive Independent |
| Mr. Rajeev Benara | Member | Non Executive Independent |
| Mr. Sanjay Lai | Member | Executive Director |

- (b) Meetings and Attendance

During the Financial year ended 31st March 2011, Investor Grievance committee meetings were held on the following as tabled below. Details of attendance by Directors for the Committee meeting are as follows:

The attendance of members at the Investor Grievance Committee meeting is as under:

| Names of Members | No. of meetings attended |
|------------------------|--------------------------|
| Mr. Prakash Kumar Shah | 4 |
| Mr. Rajeev Benara | 4 |
| Mr. Sanjay Lai | 4 |

Details of Shareholders Complaints:

There were only 3 shareholders complaints received and replied to the satisfaction of the shareholders during the year ended 31st March 2011, thus there were no outstanding complaints as on 31st March 2011. Shareholders complaints and other correspondence are normally attended within seven working days except where constrained by disputes or legal impediments.

Compliance Officer:-

| | |
|---------------------------------------|--|
| NAME OF THE COMPLIANCE OFFICER | Mr. Shailesh Bapat |
| Contact Details | Office No.18, 4 th Floor, Mohid Heights, Nr. Versova Tel. Exchange Off Lokhandwala Road, Andheri (West) Mumbai – 400053. |
| Email Id | shailesh.bapat@kserasera.com |

Note : Ms. Neelam Samant has resigned as Company Secretary & Compliance Officer

V. General Body Meetings:

- a. Location and time when last 3 Annual General Meetings are held:

The details of the Annual General Meetings held in last three years are as under :

| Financial Year | Day | Date | Time | Venue |
|----------------|-----------|------------|---------|---|
| 2007-2008 | Monday | 29.09.2008 | 9.30A.M | Time & Again, 9, Raheja Classique, Lokhandwala, Andheri (West), Mumbai-400053 |
| 2008-2009 | Wednesday | 29.07.2009 | 9.30A.M | Kailash Parbat, K-P Restaurant, 7A/8A, 'A' Wing, Crystal Plaza, Link Road, Andheri (West), Mumbai – 400053. |
| 2009-2010 | Thursday | 30.12.2010 | 9.30A.M | Kailash Parbat, K-P Restaurant, 7A/8A, 'A' Wing, Crystal Plaza, Link Road, Andheri (West), Mumbai – 400053. |

| Annual General Meeting Held On | Special Resolution Passed For |
|--------------------------------|--|
| 29.09.2008 | 1. Issue of Fully Convertible Warrants on Preferential Basis. |
| 29.07.2009 | 1. Appointment of Mr. Sanjay Lai as the Managing Director of the Company. |
| 30.12.2010 | 1. Further Issue of Securities through Qualified Institutional Placement(QIP) 2. Further issue of Securities through GDR's/ADR's/FCCB's. 3. Preferential Issue of Optionally Convertible Redeemable Bonds to Global Trade Finance Limited. 4. Alteration of Object Clause of Memorandum of Association. 5. Change in the Name of the Company |

- b. Special Resolutions passed at last 3 AGMs

- c. Passing of resolution by postal ballot

During the Financial year 2010-11, following resolutions was passed through postal ballot:

During the year One Special Resolutions was passed through postal ballot, details of which are as follows:

For Postal Ballot Conducted on 25th October, 2010

Resolution No. 1: Special Resolution pursuant to Section 17 of the Companies Act, 1956 for Alteration of Object Clause of Memorandum of Association.

Procedure for postal ballot:

The postal ballot process was undertaken in accordance with the provision of Section 192A of the Companies Act, 1956 read with Companies (Passing of Resolution by Postal Ballot), Rules 2001.

Person who conducted the postal ballot exercise:

For Postal Ballot conducted on 25th October, 2010 : Ms. Palak Desai, a Practicing Company Secretary, Mumbai was appointed as the Scrutinizer for conducting the postal ballot process.

Details of Voting Pattern:

For Postal Ballot conducted on 25th October, 2010:

| Particulars | Item 1 |
|--|--------|
| Number of valid postal ballot forms received | 54 |
| Percentage Votes in favour of the Resolution | 100% |
| Percentage Votes against the Resolution | 0.00% |
| Number of invalid postal ballot forms received | NIL |

Date of Declaration of results of postal ballot :

The Chairman had announced the result of the postal ballot process.

For Postal Ballot conducted on 25th October, 2010: 06th January, 2011

VI. Disclosures

a. Disclosures on materially significant related party transactions that may have Potential conflict with the interest of the Company at large : There are no materially significant related party transactions made by the Company with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large. Transactions with related parties as per requirement of Accounting Standard 18 are disclosed in note no. 13 in Schedule S in the annual accounts.

b. Details of non compliance by the Company, penalties, and strictures imposed on the Company by stock exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years : The Company has complied with all requirements of Listing Agreement with the Stock Exchange & SEBI Regulations and Guidelines. Further, no penalty was imposed by SEBI, Stock Exchange or any statutory Authority on any matter related to capital markets during the last three years.

c. Whistle Blower Policy: The Company has not yet formulated Whistle Blower Policy, the same being a non – mandatory requirement.

d. Details of compliance with mandatory requirements and adoption of non – mandatory requirements: The Company has complied with all the mandatory requirements of Listing Agreement. Adoption of other non mandatory requirements of Clause 49 of the Listing Agreement is being reviewed by the Board.

e. Disclosure of accounting treatment: In the preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India. The significant accounting policies which are consistently applied are set out in the Annexure to Notes to accounts forming part of this Annual Report.

f. Disclosure for Risk Management: The Company has laid down procedures to inform the Board members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that the executive management controls risk through means of properly defined framework.

VII. Subsidiaries

The Company has following subsidiaries

1. K Sera Sera Productions FZE - UAE.
2. K Sera Sera Box Office Pvt. - India
3. K Sera Sera Digital Cinema Pvt. Ltd. - India
(Formerly known as K Sera Sera Technologies Pvt. Ltd.)
4. K Sera Sera Miniplex Pvt. Ltd. - India
5. K Kampus Education Pvt. Ltd. (a subsidiary of K Sera Sera Miniplex Pvt. Limited)
6. K Sera Sera Consultancy Pvt. Ltd. (a subsidiary of K Sera Sera Miniplex Pvt. Ltd.)
7. K Bazaar Online Trading Pvt. Ltd. (a subsidiary of K Sera Sera Ltd.)
8. K Sera Sera Holding Pty. Ltd. (a subsidiary of K Sera Sera Productions FZE)
9. KSS Capital Ltd. (a subsidiary of K Sera Sera Holding PTY. Ltd.)

As per the Listing Agreement, the minutes of board meetings of subsidiaries are placed at the board meetings of our company.

VIII. Code of Conduct

The Company has adopted Code of Conduct for Directors and Senior management of the Company for the financial year 2010-2011. The Code is posted on the Company's website www.kseresera.com.

The Company has received confirmation from all the Directors and Senior Management personnel regarding compliance of the code for the period ended 31st March, 2011. A declaration signed by the Directs (MD) in this regard is given below:

"I hereby confirm that :

All Directors, Senior Management and Employees of the Company have affirmed

compliance with the Code of Conduct for the financial year ended 31st March, 2011.

Place : Mumbai Sanjay Lai
Date : 24th August, 2011 Managing Director

IX Code of Conduct for prevention of Insider Trading.

Pursuant to SEBI (Prohibition of Insider Trading) Regulation, 1992 as amended from time to time, the Company has adopted a 'Code of Conduct for prevention of Insider Trading' with effect from April 26, 2006. The Code is applicable to all the Directors and Designated Employees who are expected to have access to price sensitive information relating to the Company. Mr. Shailesh Bapat, Company Secretary, has been appointed as the Compliance Officer for monitoring adherence to the Code and Regulations.

X CEO Certification

The Company had taken certification from Mr. Sanjay Gupta for the financial year 2010-11. The same was noted in the Board meeting held on 24th August, 2011 and noted by the Board.

XI Means of Communication

- (i) The Board of Directors of the Company approves and takes on record quarterly, yearly & financial results in the proforma prescribed by Clause 41 of the Listing Agreement within one month of close of the respective period.
- (ii) The approved Financial results are forthwith sent to the Stock exchanges and are published in the English Newspaper namely, Asian Age. In addition, the same are published in local language (Marathi) newspaper namely Mumbai Lakshadweep within forty eight hours of approval thereof.
- (iii) Pursuant to clause 51 of the listing agreement, all data related to quarterly financial results, shareholding pattern etc. are hosted on the Electronic Data Information Filing and Retrieval (EDIFAR) website www.sebiedifar.nic.in maintained by SEBI in association with the National Informatics Center, within the time frame prescribed in this regard.

(iv) The Company's financial results and official news releases are displayed on the Company's website www.kserasera.com

(v) The Company has formed grievanceredressal@kserasera.com exclusively for the purpose of redressal of investor's complaints.

(vi) Management Discussion and Analysis (MDA) forms part of the Annual Report, which is posted to the shareholders of the Company.

XII General Shareholder Information:

- a. Annual General Meeting - Date & Time : 30th September, 2011 at 9.00 A.M. Venue : Kailash Parbhat, K-P Restaurants, 7A/ 8A, 'A' wing Crystal Plaza, Link Road, Andheri (West), Mumbai -400053.

b. Financial Year

| | |
|---|--|
| Financial Reporting for the quarter ending June 30, 2011 | On 12 th August, 2011 |
| Financial Reporting for the quarter ending September 30, 2011 | On or before 12 th November, 2011 |
| Financial Reporting for the quarter ending December 31, 2011 | On or before 14 th February, 2012 |
| Financial Reporting for the quarter ending March 31, 2012 | On or before 30 th May, 2012 |

Dates of Book Closure :

From 23rd September, 2011 To 30th September, 2011.
(Both days Inclusive)

c. Dividend payment date :

No dividend is recommended by the Board on equity shares of the Company.

d. Listing on Stock Exchanges:

| Equity Share | Global Depository Receipts (GDR) |
|--|--|
| Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. | Societe de la Bourse de Luxembourg Societe Anonyme, RC B6222, B.P. 165, L-2011, Luxembourg |
| National Stock Exchange of India Ltd. "Exchange Plaza", Bandra Kurla Complex, Bandra (East), Mumbai - 400 051. | |

Note: The annual Listing fees as prescribed have been paid to the stock exchanges.

e. Stock Code :

| Stock Code | Scrip code |
|-------------------------|---------------|
| Bombay Stock Exchange | 532081 |
| National Stock Exchange | KSERA |

ISIN: Equity Shares of Rs. 10/- : INE216D01018.
GDR: US48269E2037 CUSIP No: 48269T101

f. Stock Price Data :

| Month | Bombay Stock Exchange | | National Stock Exchange | |
|----------------|-----------------------|--------------|-------------------------|--------------|
| | High (In Rs.) | Low (In Rs.) | High (In Rs.) | Low (In Rs.) |
| April 2010 | 12.20 | 11.00 | 12.50 | 11.00 |
| May 2010 | 11.64 | 10.91 | 11.65 | 10.70 |
| June 2010 | 11.90 | 11.01 | 11.85 | 11.00 |
| July 2010 | 12.66 | 11.00 | 11.80 | 11.00 |
| August 2010 | 12.29 | 10.03 | 12.30 | 11.00 |
| September 2010 | 14.00 | 11.02 | 14.00 | 11.00 |
| October 2010 | 16.80 | 12.60 | 16.95 | 12.65 |
| November 2010 | 19.95 | 12.60 | 19.90 | 12.60 |
| December 2010 | 15.19 | 12.20 | 15.20 | 12.15 |
| January 2011 | 15.60 | 10.25 | 14.05 | 11.00 |
| February 2011 | 13.20 | 10.20 | 13.20 | 10.25 |
| March 2011 | 13.26 | 10.50 | 13.30 | 10.50 |

g. Registrar and Share Transfer Agents :

The Company has appointed M/s. Bigshare Services Private limited as Registrar and Share Transfer Agents for physical and demat segment. The address for correspondence is as under:

Bigshare Services Pvt. Ltd.

E-2 & 3, Ansa Industrial Estate,
Saki-Vihar Road, Sakinaka.
Andheri(E), Mumbai - 400 072.

Tel: 91-22-2847 0652 | 40430200| 2847 0653

Fax: 91-22-2847 5207

E-mail : investor@bigshareonline.com

“Our RTA, Bigshare Services Private Limited recently launched Gen-Next Investor Interface Module “ i’Boss ” the most advanced tool to interact with investors. Please login into i’Boss (www.bigshareonline.com] and help them to serve you better.”

h. Share Transfer System:

Transfer of shares in physical form is processed and completed by Bigshare Services Private Limited within a period of 30 days from the date of receipt provided all the documents are in order. In case of shares in demat Form, the transfers are processed by NSDL/CDSL through respective depository participants. In compliance with the listing agreement, a practicing Company Secretary carries audit of the system of Transfer and a certificate to that effect is issued.

i. Distribution of Shareholding as on 31st March, 2011 :

| No of Equity Shares held | No of Share Holders | % of Share holders | No of Shares held | % of Share holding |
|--------------------------|---------------------|--------------------|-------------------|--------------------|
| 1-1000 | 29547 | 81.60 | 10484671 | 5.04 |
| 1001-2000 | 2988 | 8.28 | 4913230 | 2.36 |
| 2001-5000 | 2168 | 6.00 | 7474436 | 3.59 |
| 5001-10000 | 798 | 2.21 | 6204667 | 2.98 |
| 10001-50000 | 570 | 1.58 | 11845562 | 5.70 |
| 50001-100000 | 60 | 0.17 | 4271454 | 2.05 |
| 100001 and above | 59 | 0.16 | 162744614 | 78.27 |

j. Dematerialization of shares and liquidity:

The Company's equity shares are included in the list of companies whose scrips have been mandated by SEBI for settlement only in dematerialised form. The Company has established connectivity with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through M/s Bigshare Services Private Limited whereby the investors have the option to dematerialize their shares with either of the depositories.

k. Outstanding GDR/Warrants/Convertible Instruments:

32,39,738 GDR's are outstanding as on 31st March, 2011. Each GDR represent thirty underlying equity shares.

2367 Optionally Convertible Redeemable Bonds of Face Value Rs. 1,00,000/- each allotted to Global Trade Finance Ltd. These Bonds are due for conversion in to equity or redeemable after 12 months but before 18 months from the date of issue (ie 29th January, 2010 to 29th July, 2011) at the option of bond holder. However, the Bonds are not yet converted.

l. Plant Locations:

Since the Company is engaged in service industry, there are no plants or manufacturing units.

m. Categories of Shareholdings as on 31st March, 2011:

| A | Category Promoters holding | No. of Shares Held | % of Share Capital |
|-----------|---|--------------------|--------------------|
| 1 | Indian | 0.00 | 0.00 |
| | Foreign | 0.00 | 0.00 |
| 2. | Persons acting in concert | 0.00 | 0.00 |
| | Sub-Total | 0.00 | 0.00 |
| B | NON PROMOTERS HOLDINGS | | |
| 3 | Institutional Investors | | |
| a. | Mutual Funds and UTI | | |
| b. | Banks, Financial Institutional | 145304 | 0.07 |
| c. | FIIS 31550000 | 15.17 | |
| | Sub- Total | 31695304 | 15.24 |
| 4. | OTHERS | | |
| a. | Bodies Corporate | 31796875 | 15.29 |
| b. | Indian Public | 44455004 | 21.38 |
| c. | NRIs/OCBs | 816493 | 0.39 |
| d. | Trusts | 0 | 0 |
| e. | Clearing Members | 1982818 | 0.95 |
| | Sub Total | 79051190 | 38.01 |
| C. | Shares held by Custodians and against which Depository Receipts have been issued | | |
| | | 97192140 | 46.74 |
| | GRAND TOTAL | 207938634 | 100.00 |

n. Nomination:

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in case of death of the registered shareholders(s). nomination facility in respect of shares held in electronic form is also available with the depository participants as per bye laws and business rules applicable to NSDL and CDSL.

o. Secretarial audit:

As stipulated by SEBI, a qualified practicing Company Secretary carries out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the listed stock exchange. The audit confirms that the total listed and paid up capital is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL & CDSL) and total number of shares in physical form.

p. Go-Green Initiative

The Ministry of Corporate Affairs, New Delhi ("MCA") has undertaken a "Green Initiative" in field of Corporate Governance by permitting compliances (vide its Circular No. 17/2011 dated April 21, 2011 and Circular No. 18/2011. Further the Ministry has also clarified that the service of documents by a Company can be made through electronic mod instead of sending the physical copy of the document(s). In pursuance of the same, we request you to kindly register your email address with our R&T-Bigshare Services Private Limited for receiving soft copies of the Annual Report instead of printed copy.

q. Address for Correspondence :

K Sera Sera Limited

(Formerly known as K Sera Sera Productions Limited)

Regd Office : Office No. 18 , 4th Floor, Mohid Heights, Nr.. Versova Telephone Exchange, Off Lokhandwala Road, Andheri West, Mumbai – 400053.

Tel : (022) 40427600 Fax: (022) 40427601

E-mail : info@kserasera.com

Website : www.kserasera.com

DECLARATION

As provided under Clause 49 of the Listing Agreement entered into with the Stock Exchange(s), it is hereby confirmed that all the Board Members and Senior Management Personnel of the Company have affirmed the compliance with the Code of Conduct for the year ended March 31, 2011.

Place: Mumbai

Date: 24th August, 2011

Sanjay Lai

Managing Director

CEO/CFO Certification

To,
The Board of Directors
K Sera Sera Limited
(Formerly known as K Sera Sera Productions Limited)

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) To the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps We have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit committee

- (i) Significant changes in internal control over financial reporting during the year;
- (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place: Mumbai

Date: 24th August, 2011

Sanjay Gupta

CEO

Dharmesh Rajkotia

Chief Financial Officer

Auditors' Certificate

To,
The Board of Directors
K Sera Sera Limited
(Formerly known as K Sera Sera Productions Limited)



We have examined the compliance of conditions of Corporate Governance by **K SERA SERA LIMITED**, for the year ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to review of the procedure and implementation thereof adopted by the Company for ensuring compliance the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statement of the company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, We certify that the Company has complied in all material aspects with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

We further state that such Compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Agarwal Jain and Gupta
Chartered Accountants
Firm Registration No. 013538C

Narayan Swami
Partner
Membership No : 409759

Place: Mumbai
Date: 24th August, 2011

MANAGEMENT DISCUSSION AND ANALYSIS

I. INDUSTRY STRUCTURE & DEVELOPMENT

INDUSTRY

The Entertainment and Media Industry is a cyclically sensitive industry and grows faster with expanding economy. During the past few years, the Indian Entertainment and Media Industry has outperformed the Indian economy and is one of the fastest growing sectors in India. Such phenomenal growth in the entertainment and media sector can be attributed to economic growth, rising economic growth, rising income levels, rise in consumer spending, technological advancements and policy initiatives taken by the Indian Government. However, the industry showed negative growth for the second consecutive year. Despite the economy rebounding and the consumers starting to throng the theatres again, the industry did not perform to expected levels.

There were 215 Hindi releases in 2010, as compared to 235 in 2009 and 1059 regional releases (Tamil, Telugu, Kannada etc) in 2010 as compared to 1053 in 2009, ensuring a constant flow of films in both years.

REVIEW OF OPERATIONS

Your Company underwent a structured metamorphosis. Your directors took a conscious decision that the Company's businesses should cover other sectors. Even in the M & E sector, the company transgressed all the traditional verticals i.e. Production, Distribution and Exhibition, and also laid emphasis on the new vertical – Digital Cinema. It was felt that establishing a presence in Exhibition and Digital Cinema would provide the company a solid foothold and sustained, confirmed revenues. Having achieved leadership position in the Production & Distribution, your Company would then become a formidable player in the M & E industry. A segment wise (Vertical) review of various operations in the M & E industry.

Production: - Currently the company is producing a new movie called *“Life Ki To Lag Gayi”*, scheduled to be released in November, 2011.

Exhibition: Your Company has successfully tied up for below mentioned locations for setting up Miniplexes:

| Sr. No. | State | No of Miniplex | No of screens |
|---------|------------------|----------------|---------------|
| 1 | Maharashtra | 8 | 17 |
| 2 | Andaman | 1 | 2 |
| 3 | Andhra Pradesh | 4 | 8 |
| 4 | Madhya Pradesh | 14 | 28 |
| 5 | Chhattisgarh | 8 | 16 |
| 6 | Gujarat | 7 | 14 |
| 7 | Haryana | 1 | 2 |
| 8 | Himachal Pradesh | 1 | 2 |
| 9 | Jharkhand | 1 | 2 |
| 10 | Karnataka | 6 | 12 |
| 11 | Kerala | 4 | 8 |
| 12 | Orissa | 3 | 6 |
| 13 | Punjab | 14 | 28 |
| 14 | Rajasthan | 4 | 8 |
| 15 | Uttar Pradesh | 7 | 14 |
| 16 | Uttarakhand | 5 | 10 |
| 18 | West Bengal | 1 | 2 |
| | Total | 89 | 179 |

Digital Cinema: Your Company expects to launch Full HD digital Cinema Projection by end of 2nd Quarter. The content will be delivered to Cinemas via Satellite.

II. Business Operation

DIVERSIFICATION: K SERA SERA – A GLOBAL CONGLOMERATE

As the management has consciously decided to diversify into other unrelated industry sectors. The primary objective behind this move was to derisk your company's reliance on M & E sector and to take advantage of high growth and opportunities present in the other sectors given the changing global scenario.

GOLD - AUSTRALIA:

Gold is a value retaining asset and with rising gold prices K Sera Sera has invested in Citigold Corporation Ltd., one of the ASX top 200 Australian companies. Citigold's gold deposit is currently one of the largest and highest grade and with Australia a preferred destination for Investment, K Sera Sera is looking at this investment to further enhance the wealth of its shareholders.

Gold is a value retaining asset and with rising gold prices K Sera Sera through its Australian subsidiary K Sera Sera Holdings Pty Ltd., has made an investment of US\$ 10m in Citigold Corporation Ltd., one of the ASX top 200 Australian companies and has become the single largest shareholder in Citigold Corporation Ltd. Citigold Corporation Ltd., Australia is having gold resource of 10m ounces as per JORC guidelines and Citigold's gold deposit is currently one of the largest and highest grade and with Australia a preferred destination for Investment, K Sera Sera is looking at this investment to further enhance the wealth of its shareholders. The company is also looking for further opportunities in other mining and other natural resources projects worldwide.

About the Subsidiary

K Sera Sera Holdings Pty Ltd., an Australian based company operating as a subsidiary of K Sera Sera Ltd., is formed with the object of investing in Mining, Oil and Gas Exploration and other Natural Resources Projects worldwide. The company has a global vision and is not confined to boundaries of any particular economy.

As mentioned in KSS Fund

Investment of US\$ 10m made in Citigold Corporation, Australia having gold resource of 10m ounces as per JORC guidelines

III. OUTLOOK OPPORTUNITIES AND THREATS

OUTLOOK

The Company envisages a huge potential in motion picture production, distribution and television content production activities. The Company also

proposes to expand its activities into overseas market.

The Company has been working with other production houses for its various projects. The Company continues to de risk the business by offering projects of varying scale and size and multiple genres of films.

OPPORTUNITIES

The growing multiplexes culture is adding a great deal of opportunities. This in turns helps in shortening the average release time for movies and therefore would positively on turnover.

Digital cinema and electronic cinema are going to play a crucial role in the future of film industry. There is huge potential for conversion to digital cinema as there only 3500 digital cinemas screen out of 15000 screens in the country. It is believed that digital projection will significantly lower cost of distributing films to theatres, which in turn will boost box office revenues.

HD Satellite television, DTH, VOD and home video segment are the other distribution formats expected to help expand the Indian Film market.

THREATS

Piracy continues to dampen the growth, measures taken by the Company to go digital is helping reduce its extent. High Entertainment tax affects revenue to some extent. Film distribution is relatively risky business due to issue of under –reporting by exhibitors.

IV. SUBSIDIARY

The Company has incorporated following step-down subsidiaries during the year

- 1) K Kampus Education Pvt Ltd India
(a wholly-owned subsidiary of K Sera Sera Miniplex Pvt Ltd)
- 2) K Sera Sera Consultancy Pvt Ltd India
(a wholly-owned subsidiary of K Sera Sera Miniplex Pvt Ltd)
- 3) K Sera Sera Holdings Pty Ltd Australia
(wholly-owned subsidiary of K Sera Sera Productions FZE)
- 4) KSS Capital Ltd Bermuda
(a wholly owned subsidiary of K Sera Sera Holdings Pty Ltd)

V. CONSOLIDATED RESULTS

In line with the Accounting Standard issued by the Institute of Chartered Accountants of India the results of the Company along with the subsidiaries for the year ended 31st March 2011 have been consolidated. The Consolidated income for the year was Rs. 2557.45 millions which essentially comprises of the income of K Sera Sera Ltd.

VI. RISK MANAGEMENT

The Indian box office is fairly seasonal in nature, with bigger releases and higher box office sales occurring during festivals and holiday periods. Moreover, occupancies may be affected by major sports events, such as the World Cup Cricket & Indian Premier League cricket tournament. With the shelf life of films having reduced considerably in the last few years, the success or failure of a film now depends largely on its performance in the opening weeks with piracy having an adverse impact on legitimate revenues of the producer, distributor and exhibitor.

The Industry in which we operate is highly competitive specially since there are no entry barriers. There are many producers in the industry producing different kind of movies.

VII. INTERNAL CONTROL SYSTEM & THEIR ADEQUACY

Adequate systems of internal controls that commensurate with the size of operation and the nature of business of the Company have been implemented. The Internal control systems are

implemented to safeguard company's assets from unauthorized use or disposition, to provide constant check on cost structure, to provide adequate financial and accounting controls and implement accounting standards.

VIII. FINANCIAL PERFORMANCE V/S OPERATING PERFORMANCE

During the year under review, the Turnover was Rs.235.76 Million and the profit before tax was Rs.10.02 Million, Net Loss After Tax amounted to Rs. 9.94 Million.

IX. HUMAN RESOURCE MANAGEMENT

The Company places major emphasis on providing a safe & a healthy working environment to all its employees. We encourage our employees to balance their work and personal relation. The field being one which requires absolute creativity, the performance of its employees is reviewed so as to provide them job enrichment opportunities. Further we endeavor to create an environment where employee can use their capabilities in support of the business.

X. CAUTIONARY STATEMENT:

Statement in this Management Discussion and Analysis Report, describing the Company's Objectives, projections, estimates, expectation may be 'forward looking statements' with the meaning of applicable laws and regulations, Actual results could differ materially from those expressed or implied.

AUDITORS' REPORT

To the members of K Sera Sera Limited

1. We have audited the attached balance sheet of **K Sera Sera Limited** ('the Company') as at March 31, 2011, the profit and loss account and also the cash flow statement of the Company for the year ended on that date (all together referred to as the 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards Generally Accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 ('the said Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 ('The Act'), we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

d. in our opinion, the balance sheet, the profit and loss account and cash flow statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

e. on the basis of the written representations received from the directors, and taken on record by the board of directors, we report that none of the directors are disqualified as on March 31, 2011 from being appointed as a director under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

f. in our opinion and to the best of our information and according to the explanation given to us, the said financial statements, read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles Generally Accepted in India;

i. in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2011;

ii. in the case of the profit and loss account, of the loss of the Company for the year ended on that date; and

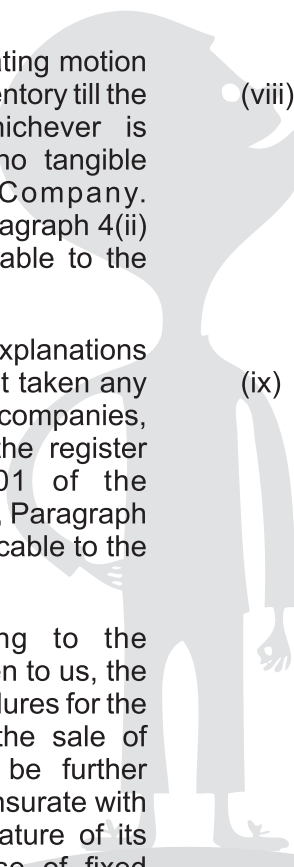
iii. in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

For **Agrawal Jain & Gupta**
Chartered Accountants
FRN : 013538C

CA Narayan Swami
Partner
M. No – 409759
Mumbai, 30th May 2011

ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph 4 of our report to the members of K Sera Sera Limited of even date)

- 
- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets have been physically verified by the management at reasonable intervals, which in our opinion, is considered reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verifications.
 - (c) The Company has not disposed off a substantial part of fixed assets during the year, and accordingly, going concern is not affected.
 - (ii) The Company has a policy of treating motion pictures under production as inventory till the date of release/agreement whichever is earlier. Consequently, there is no tangible inventory carried by the Company. Accordingly, the provisions of Paragraph 4(ii) of the said Order are not applicable to the Company.
 - (iii) According to the information and explanations given to us, the Company has not taken any loan, secured or unsecured from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act 1956. Accordingly, Paragraph 4(iii) of the said Order is not applicable to the Company.
 - (iv) In our opinion, and according to the information and explanations given to us, the Company's internal control procedures for the purchase of inventory and for the sale of goods and services needs to be further strengthened so as to be commensurate with the size of the Company and nature of its business. In respect of purchase of fixed assets, the Company has adequate internal control procedures commensurate with the size of the Company and nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.
 - (v) In our opinion and according to the information and explanations given to us, there are no transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956.
 - (vi) The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of section 58A, 58AA and any other relevant provisions of the Companies Act, 1956 and the rules framed there under are applicable. Accordingly, the provisions of Paragraph 4(vi) of the said Order are not applicable to the Company.
 - (vii) The Company has an internal audit system, commensurate with the size of the Company and the nature of its business.
 - (viii) As informed to us, the maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 in respect of the activities of the Company. Accordingly the provisions of Paragraph 4(viii) of the said Order are not applicable to the Company.
 - (ix) (a) According to the information and explanations given to us, except for delays in depositing tax deducted at source, the Company is generally regular in depositing undisputed statutory dues including provident fund, investors education and protection fund, employees' state insurance, income-tax, service tax, excise duty, custom duty, cess and any other statutory dues as applicable, with the appropriate authorities during the year. Except arrears of outstanding Income Tax Demand pertaining to period 2006-07 amounting to Rs.4,18,94,580/- as at the end of the financial year, and the company had filed appeal against the said order. There are no outstanding Statutory dues except above as at the last day of the financial year concerned for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of sales tax, income-tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) After considering the effect of quantified qualification, in our opinion and according to the information and explanations given to us, the accumulated losses of the Company at the end of the financial year does not exceed fifty percent of its net worth. The Company has not incurred cash losses during the current financial year and also in the immediately preceding financial year.
- (xi) In our opinion, and on the basis of our examination and according to the information and explanations given to us, the Company has not defaulted in repayment of its dues to financial institutions :
- (xii) In our opinion, and on the basis of our examination and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly the provisions of Paragraph 4(xii) of the said Order are not applicable to the Company.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly, the provisions of Paragraph 4(xiii) of the said Order are not applicable to the Company.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Paragraph 4(xiv) of the said Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given guarantee to the Company as reflected in Note no 3 to Schedule 'S'.
- (xvi) According to the information and explanations given to us that the company had not raised any term loan.
- (xvii) On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on short-term basis, which have been used for long-term purposes.
- (xviii) The Company has not made preferential allotment of shares to the parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of Paragraph 4(xviii) of the said Order are not applicable to the Company.
- (xix) The Company has not issued any debentures during the year. Accordingly, the provisions of Paragraph 4(xix) of the said Order are not applicable to the Company.
- (xx) Previous year the Company has partly restructured the Bank loan by issuing Fully Convertible Bonds which is still not yet converted in equity share as stated in Note no.8 of schedule 'S'.
- (xxi) To the best of our knowledge and belief, and according to the information and explanations given to us, there have been no cases of fraud on or by the Company noticed or reported during the year.

For Agrawal Jain & Gupta
Chartered Accountants
FRN: 013538C

CA Narayan Swami
Partner
M. No - 409759
Mumbai, 30th May 2011

K SERA SERA LIMITED
(Formerly Known as K Sera Sera Productions Limited)
STANDALONE BALANCE SHEET AS AT MARCH 31, 2011

Amount in Rupees

| | Schedule | March 31, 2011 | March 31, 2010 |
|--|----------|----------------------|----------------------|
| SOURCES OF FUNDS | | | |
| Shareholders' Funds | | | |
| Share Capital | A | 2,079,386,340 | 2,059,558,190 |
| Reserves And Surplus | B | 994,221,778 | 1,027,485,403 |
| | | 3,073,608,118 | 3,087,043,593 |
| Share Application Money | | 114,158,764 | 114,158,764 |
| Loan Funds | | | |
| Secured Loans | C | - | - |
| Unsecured Loans | D | 393,271,304 | 301,944,444 |
| | | 393,271,304 | 301,944,444 |
| Deferred Tax Liability (Net) (Refer Note 11 To Schedule 'S') | | - | - |
| | | 3,581,038,186 | 3,503,146,800 |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | | | |
| Gross Block | E | 322,622,918 | 209,306,460 |
| Less: Depreciation/Amortization | | 114,268,931 | 111,185,316 |
| Net Block | | 208,353,987 | 98,121,144 |
| Capital Work In Progress | | - | - |
| | | 208,353,987 | 98,121,144 |
| Investments | F | 1,115,288,486 | 926,564,960 |
| Deferred Tax Asset (Net) | | 21,457,568 | 41,331,308 |
| Current Assets, Loans And Advances | | | |
| Inventories | G | 762,094 | - |
| Sundry Debtors | H | 328,077,271 | 328,811,281 |
| Cash And Bank Balances | I | 8,669,462 | 232,156,465 |
| Loans And Advances | J | 2,095,761,954 | 1,974,948,830 |
| | | 2,433,270,781 | 2,535,916,576 |
| Less: Current Liabilities And Provisions | K | | |
| Current Liabilities | | 150,398,862 | 86,014,452 |
| Provisions | | 113,321,719 | 69,758,333 |
| | | 263,720,581 | 155,772,785 |
| Net Current Assets | | 2,169,550,201 | 2,380,143,791 |
| Miscellaneous Expenditure [To The Extent Not Written Off Or Adjusted] | L | 16,129,858 | 16,670,123 |
| Profit And Loss Account | | 50,258,083 | 40,315,474 |
| | | 3,581,038,186 | 3,503,146,800 |
| Notes To Account The Accompanying Schedules Form An Integral Part Of This Balance Sheet. | S | | |

As per our report of even date attached
For Agrawal, Jain and Gupta
Chartered Accountants
Firm Registration No. 013538C

For and on behalf of the board of directors

CA Narayan Swami
Partner
Membership No.: 409759

Sanjay Lai
Managing Director

Husain Shattaf
Director

Shailesh Bapat
Company Secretary

Place : Mumbai
Date : 30.05.2011

Place : Mumbai
Date : 30.05.2011

K SERA SERA LIMITED

(Formerly Known as K Sera Sera Productions Limited)

STANDALONE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

Amount in Rupees

| | Schedule | March 31, 2011 | March 31, 2010 |
|---|----------|---------------------|---------------------|
| INCOME | | | |
| Revenue From Operations | M | 235,759,761 | 304,414,534 |
| Other Income | N | 35,494,005 | 12,071,993 |
| | | 271,253,766 | 316,486,527 |
| EXPENDITURE | | | |
| Cost Of Operations | O | 127,685,396 | 56,670,367 |
| Employees Cost | P | 5,491,207 | 5,348,281 |
| Administration And Other Expenses | Q | 100,362,816 | 208,181,378 |
| Finance Cost | R | 19,668,497 | 38,934,729 |
| Depreciation/Amortisation (Refer Note 2 (D) Of Schedule "S") | S | 3,083,615 | 1,803,007 |
| Preliminary Expenses W/Off | | 4,938,097 | 4,167,530 |
| | | 261,229,627 | 315,105,292 |
| Profit/(Loss) Before Tax | | 10,024,139 | 1,381,235 |
| Less: Provision For Taxation | | | |
| - Current Tax | | - | - |
| - Deferred Tax Charge / (Credit) | | 19,873,740 | (69,163,858) |
| - Wealth Tax | | 93,008 | - |
| - Tax Adjustments For Earlier Year (Net) | | - | - |
| Profit/(Loss) After Tax | | (9,942,609) | 70,545,093 |
| Balance Brought Forward From Previous Year | | (40,315,474) | (110,860,568) |
| Balance Of Profit/(Loss) Carried Forward To Balance Sheet | | (50,258,083) | (40,315,475) |
| Earnings Per Share Of Rs. 10/- Each (Refer Note 12 Of Schedule S) | | | |
| -Basic | | -0.05 | 0.54 |
| -Diluted | | -0.05 | 0.54 |
| Notes To Account | S | | |
| The Accompanying Schedules Form An Integral Part Of This Profit And Loss Account. | | | |

As per our report of even date attached

For Agrawal, Jain and Gupta

Chartered Accountants

Firm Registration No. 013538C

For and on behalf of the board of directors

CA Narayan Swami

Partner

Membership No.: 409759

Sanjay Lai

Managing Director

Husain Shattaf

Director

Shailesh Bapat

Company Secretary

Place : Mumbai

Date : 30.05.2011

Place : Mumbai

Date : 30.05.2011

| K SERA SERA LIMITED (Formerly Known as K Sera Sera Productions Limited) SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS AS AT MARCH 31, 2011 | | | Amount in Rupees |
|--|----------------------|----------------------|------------------|
| | March 31, 2011 | March 31, 2010 | |
| Schedule 'A' | | | |
| Share Capital | | | |
| Authorized 820,000,000 (Previous Year 82,00,00,000) Equity Shares Of Rs.10 Each | 8,200,000,000 | 8,200,000,000 | |
| | 8,200,000,000 | 8,200,000,000 | |
| Issued, Subscribed And Paid-Up 20,79,38,634(Previous Year 20,59,55,819) Equity Shares Of Rs.10 Each Fully Paid-Up | 2,079,386,340 | 2,059,558,190 | |
| | 2,079,386,340 | 2,059,558,190 | |
| Schedule 'B' | | | |
| Reserves And Surplus | | | |
| Securities Premium Account As Per Last Balance Sheet | 1,027,485,403 | 947,614,249 | |
| Add: Received During The Year On Issue Of Fully Convertible Warrants | - | 40,829,460 | |
| Add: Received During The Year On Issue Of Equity Shares | 10,171,850 | 67,128,570 | |
| | 1,037,657,253 | 1,055,572,279 | |
| Balance In Profit And Loss Account | - | - | |
| Less : Gdr Issue Expenses | 43,435,475 | 4,212,779 | |
| Less : Foreign Exchange Revaluation Loss On Gdr Issue | - | 23,874,097 | |
| | 994,221,778 | 1,027,485,403 | |
| Schedule 'C' | | | |
| Secured Loans | | | |
| Loans From Banks | | | |
| Term Loans | - | - | |
| [Secured Against Hypothecation Of Tangible And Intangible Assets And Personal Guarantee Of A Director] | - | - | |
| Schedule 'D' | | | |
| Unsecured Loans | | | |
| Short Term | | | |
| (A) From Others [Amount Repayable Within A Year Rs. 3,47,03,918 (Previous Year Rs.3,52,44,444)] | 34,703,918 | 35,244,444 | |
| (B) Optionally Convertible Redeemable Bonds [Amount Repayable Within A Year Rs. 23,67,00,000 (Previous Year Rs.23,67,00,000)] | 236,700,000 | 236,700,000 | |
| (C) Convertible Warrants Issued To Ht Media Ltd. | - | 30,000,000 | |
| (D) From Subsidiary | 121,867,386 | | |
| | 393,271,304 | 301,944,444 | |
| | | | |

K SERA SERA LIMITED

(Formerly Known as K Sera Sera Productions Limited)

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS AS AT MARCH 31, 2011

Schedule 'E' - Fixed Assets

Amount in Rupees

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION/AMORTIZATION | | | | NET BLOCK | |
|--------------------------|------------------------|-------------|------------|-------------------------|---------------------------|------------|--------------------------|-------------------------|-------------------------|-------------------------|
| | As at April 1, 2010 | Adjustments | | As at March 31, 2011 | As at April 1, 2010 | Year Ended | Deletion/ Adjustments | As at March 31, 2011 | As at March 31, 2011 | As at March 31, 2010 |
| | | Additions | Deductions | | | | | | | |
| <u>Tangible Assets</u> | | | | | | | | | | |
| Plant and Machinery | 2,196,860 | - | - | 2,196,860 | 1,578,816 | 123,609 | - | 1,702,425 | 494,435 | 618,044 |
| Office Equipment | 461,056 | 1,134,852 | - | 1,595,908 | 154,646 | 78,339 | - | 232,985 | 1,362,923 | 306,410 |
| Furniture and Fixtures | 14,954,047 | - | - | 14,954,047 | 13,541,775 | 255,621 | - | 13,797,396 | 1,156,651 | 1,412,272 |
| Computers | 2,661,057 | 468,662 | - | 3,129,719 | 1,604,531 | 513,717 | - | 2,118,248 | 1,011,471 | 1,056,526 |
| Vehicles | 7,728,579 | 1,793,126 | - | 9,521,705 | 974,747 | 2,112,328 | - | 3,087,075 | 6,434,630 | 6,753,832 |
| Technology Asset | | 123,573,124 | - | 123,573,124 | - | - | - | - | 123,573,124 | - |
| <u>Intangible Assets</u> | | | | | | | | | | |
| Motion Picture Rights | 180,828,661 | - | 13,777,806 | 167,050,855 | 93,330,801 | - | - | 93,330,801 | 73,720,054 | 87,497,860 |
| Trade Marks | 476,200 | 124,500 | - | 600,700 | - | - | - | - | 600,700 | 476,200 |
| Total | 209,306,460 | 127,094,264 | 13,777,806 | 322,622,918 | 111,185,316 | 3,083,615 | - | 114,268,931 | 208,353,987 | 98,121,144 |
| Previous year | 204,433,919 | 8,978,714 | 4,106,173 | 209,306,460 | 109,393,655 | 1,803,007 | 11,346 | 111,185,316 | 98,121,144 | 95,040,264 |

| K SERA SERA LIMITED (Formerly Known as K Sera Sera Productions Limited) SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS AS AT MARCH 31, 2011 | | | Amount in Rupees |
|--|----------------------|----------------------|------------------|
| | March 31, 2011 | March 31, 2010 | |
| Schedule 'F' | | | |
| Investments [Quoted] | | | |
| Investment In Quoted Shares In Securities | 15,097,526 | - | |
| Investments [Unquoted] | 83,160,000 | 25,950,000 | |
| Joint Venture | | | |
| Citigate Trade Fze | 116,416,000 | - | |
| Wholly Owned Subsidiaries | | | |
| 50 (Previous Year 50) Equity Shares Of K Sera Sera Productions Fz Llc Of Aed 1000 Each Fully Paid-Up | 615,000 | 615,000 | |
| 299,99,999 Equity Shares Of K Sera Sera Box Office Pvt. Ltd. Of Rs.10 Each Fully Paid-Up | 299,999,990 | 299,999,990 | |
| 299,99,998 Equity Shares Of K Sera Sera Technologies Pvt. Ltd. Of Rs.10 Each Fully Paid-Up | 299,999,980 | 299,999,980 | |
| 299,99,999 Equity Shares Of K Sera Sera Miniplex Pvt. Ltd. Of Rs.10 Each Fully Paid-Up | 299,999,990 | 299,999,990 | |
| | 1,115,288,486 | 926,564,960 | |
| Schedule 'G' | | | |
| Inventories | | | |
| [As Taken, Valued And Certified By The Management] | | | |
| Projects-In-Progress | | | |
| - Television Serial - "Singing Star" | 762,094 | - | |
| | 762,094 | - | |
| Schedule 'H' | | | |
| Sundry Debtors | | | |
| [Unsecured, - Refer Note 7 Of Schedule 'S'] | | | |
| Considered Good | 258,978,276 | 259,912,286 | |
| Considered Doubtful | 69,172,000 | 26,672,000 | |
| | 328,150,276 | 286,584,286 | |
| Less: Provision For Doubtful Debts | | - | |
| | 328,150,276 | 286,584,286 | |
| Others Debts - Considered Good | (73,005) | 42,226,995 | |
| | 328,077,271 | 328,811,281 | |
| Schedule 'I' | | | |
| Cash And Bank Balances | | | |
| Cash On Hand | 3,587,366 | 3,543,468 | |
| Balances With Scheduled Banks | | | |
| - Current Accounts | 5,082,096 | 228,612,997 | |
| - Deposit Accounts* | - | - | |
| | 8,669,462 | 232,156,465 | |
| Schedule 'J' | | | |
| Loans And Advances | | | |
| [Unsecured] | | | |
| Loans To Wholly Owned Subsidiaries | 755,392,131 | 786,662,487 | |
| Advances Recoverable In Cash Or In Kind Or For Value To Be Received | | | |
| - Considered Good | 513,384,301 | 311,537,649 | |
| - Considered Doubtful | 339,903,982 | 380,517,941 | |
| | 853,288,283 | 692,055,590 | |
| Share Application Money For Investment In Shares Of K Sera Sera Productions Fze (A Wholly Owned Subsidiary) | 1,845,000 | 1,845,000 | |
| Share Application Money For Investment In Unquoted Shares Of Other Company | 365,350,000 | 364,000,000 | |
| Advance For Films | 141,984,217 | 142,884,217 | |
| Prepaid Expenses | 521,823 | 499,541 | |
| Deposits | 3,706,500 | 3,706,500 | |
| | 2,122,087,954 | 1,991,653,336 | |
| Less: Provision For Doubtful Advances | 26,326,000 | 16,704,506 | |
| | 2,095,761,954 | 1,974,948,830 | |

K SERA SERA LIMITED
(Formerly Known as K Sera Sera Productions Limited)
SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS AS AT MARCH 31, 2011 Amount in Rupees

| | March 31, 2011 | March 31, 2010 |
|--|--------------------|--------------------|
| Advance To Subsidiaries Include Amount Recoverable From K Sera Sera Productions Fze Rs.73,03,54,519 (Previous Year Rs. 73,95,54,539), And K Sera Sera Miniplex Pvt. Ltd. Rs.2,50,37,612 (Previous Year Rs.1,52,41,685) | | |
| The Maximum Balance Outstanding During The Year From K Sera Sera Productions Fze Is Rs. 1,07,36,62,135 (Rs.1,065,229,042) And K Sera Sera Miniplex Pvt. Ltd. Rs.2,50,37,612 (Previous Year Rs.1,52,41,685) | | |
| Schedule 'K' | | |
| Current Liabilities And Provisions | | |
| Current Liabilities | | |
| Creditors For Expenses | 139,071,573 | 55,287,381 |
| Advance From Customers | 9,189,869 | 9,689,869 |
| Unclaimed Dividend* | 254,692 | 254,692 |
| Other Liabilities | 1,882,728 | 20,782,510 |
| | 150,398,862 | 86,014,452 |
| Provisions | | |
| Income Tax | 63,042,225 | 67,364,465 |
| Dividend On Cumulative Redeemable Non-Convertible Preference Shares | 2,230,455 | 2,230,455 |
| Gratuity | 246,778 | 163,413 |
| — On Equity Shares | - | - |
| Others | 47,802,261 | - |
| | 113,321,719 | 69,758,333 |
| | 263,720,581 | 155,772,785 |
| Schedule 'L' | | |
| Miscellaneous Expenditure [To The Extent Not Written Off Or Adjusted] | | |
| Preliminary Expenses | 16,670,123 | 23,412,893 |
| Expenses Incurred During The Year | 4,397,832 | 20,837,653 |
| Less : GDR Issue Expenses Transfer | - | 125,000 |
| Less: Transfer In Advance | - | 23,287,893 |
| Less: Amortized During The Year | 4,938,097 | 4,167,530 |
| | 16,129,858 | 16,670,123 |
| Schedule 'M' | | |
| Revenue From Operations | | |
| Inhouse Production | - | 302,500,000 |
| - Outright Sale Of Rights In Motion Pictures | - | 1,914,534 |
| Export Sale | 230,831,070 | - |
| Distribution Income | 868,395 | - |
| Income From T.V Serial | 4,060,296 | - |
| | 235,759,761 | 304,414,534 |
| Schedule 'N' | | |
| Other Income | | |
| Discount & Rebates Received | 22,000,000 | - |
| Foreign Exchange Revaluation Gain (Fz Llc) | 10,650,646 | - |
| Interest Received From Bank (Gross) | 2,673,852 | 12,054,148 |
| Royalty Income | 42,507 | 1,313 |
| Miscellaneous Income | 127,000 | 16,532 |
| | 35,494,005 | 12,071,993 |

| K SERA SERA LIMITED (Formerly Known as K Sera Sera Productions Limited) SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS AS AT MARCH 31, 2011 | | | Amount in Rupees |
|--|--------------------|--------------------|------------------|
| | March 31, 2011 | March 31, 2010 | |
| Schedule 'O' | | | |
| Cost Of Operations | | | |
| Cost Of Production Of Inhouse Pictures And Television Serials (Refer Note 2 C Of Schedule 'S') | | | |
| - Opening Stock: Work-In-Progress | - | 54,247,247 | |
| - Add: Expenses Incurred During The Year* | 128,447,490 | 2,423,120 | |
| | 128,447,490 | 56,670,367 | |
| - Less: Refund Received On Termination Of Film Contract [Refer Note 21 Of Schedule 'S'] | - | - | |
| - Less: Closing Stock: Work-In-Progress | 128,447,490 | 56,670,367 | |
| | 762,094 | - | |
| | 127,685,396 | 56,670,367 | |
| * Net Of Nil (Previous Year Rs. 91,553,033 Recognized As Motion Picture Rights And Reflected Under Fixed Assets Schedule As Per Accounting Policy In Note 2 C To Schedule 'S') | | | |
| Cost Of Theatrical Distribution Of Pictures Produced By Third Parties | 127,685,396 | - | |
| | 255,370,792 | 56,670,367 | |
| Schedule 'P' | | | |
| Employee Cost | | | |
| Salaries, Wages And Other Benefits | 4,146,171 | 3,981,802 | |
| Directors Remuneration | 1,200,000 | 1,200,000 | |
| Staff Welfare Expenses | 61,671 | 83,114 | |
| Gratuity | 83,365 | 83,365 | |
| | 5,491,207 | 5,348,281 | |
| Schedule 'Q' | | | |
| Administration And Other Expenses | | | |
| Travelling And Conveyance | 3,947,723 | 1,857,012 | |
| Advertising And Sales Promotion | 26,046,475 | 74,417,809 | |
| Legal And Professional Charges | 4,938,626 | 8,861,295 | |
| Printing And Stationery | 747,513 | 856,244 | |
| Rent, Rates And Taxes | 4,506,454 | 3,956,892 | |
| Electricity Charges | 539,010 | 423,410 | |
| Brokerage And Commission | 559,350 | 230,101 | |
| Insurance | 142,262 | 13,054 | |
| <u>Repairs And Maintenance</u> | | | |
| - Buildings | - | - | |
| - Others | 451,170 | 294,238 | |
| Communication | 1,133,584 | 551,871 | |
| Postage And Telegram | 940,430 | 644,689 | |
| Auditors Remuneration | 330,900 | 325,000 | |
| Loss On Sale Of Assets | - | 2,654 | |
| Listing Fees | 1,081,949 | - | |
| Donation | 117,211 | - | |
| Others Expenses | 553,632 | 847,466 | |
| Membership & Subscription Expenses | 1,736,532 | - | |
| Old Claim Settled | 2,303,000 | - | |
| Bad Debts | 40,579,320 | - | |
| House Keeping Charges | 52,213 | 262,464 | |
| Foreign Exchange Revolution Loss | - | 114,281,523 | |
| Books & Periodical Expenses | 10,153 | 34,943 | |
| Meeting & Conference Expenses | 12,150 | 48,172 | |
| Misc. Expenses | - | 13,165 | |
| Diwali Expenses | 11,665 | 259,376 | |
| Provision For Doughtful Advances | 9,621,494 | - | |
| | 100,362,816 | 208,181,378 | |
| Schedule 'R' | | | |
| Finance Cost | | | |
| Interest On | | | |
| - Fixed Period Loans | | 38,345,500 | |
| - Others (Interest On Bond) | 18,936,000 | - | |
| Bank Charges | 732,497 | 589,229 | |
| | 19,668,497 | 38,934,729 | |

K SERA SERA LIMITED
(Formerly Known as K Sera Sera Productions Limited)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

Amount in Rupees

| | March 31, 2011 | March 31, 2010 |
|--|--|--|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit Before Tax | 10,024,139 | 1,381,236 |
| Adjustments For: | | |
| Depreciation/Amortisation | 3,083,615 | 1,803,007 |
| Loss On Sale Of Assets | - | 2,654 |
| Loss On Sale Of Investment | - | - |
| Provision For Wealth Tax | (93,008) | - |
| Interest Cost | 19,668,497 | 38,934,729 |
| Interest Received | (2,673,852) | (12,054,148) |
| Provision For Doubtful Debts / Advances | 9,621,494 | - |
| Miscellaneous Expenditure Written Off | 4,938,097 | 4,167,530 |
| | 34,544,842 | 32,853,772 |
| Operating Cash Flow Before Changes In Working Capital | 44,568,981 | 34,235,008 |
| Adjustments For: | | |
| (Increase)/Decrease In Inventories | (762,094) | 54,247,247 |
| (Increase)/Decrease In Sundry Debtors | 734,010 | (252,985,526) |
| (Increase)/Decrease In Loans And Advances | (120,813,124) | (217,746,647) |
| Increase/(Decrease) In Current Liabilities And Provisions | 98,326,302 | 26,358,674 |
| Net Changes In Working Capital | 22,054,075 | (355,891,244) |
| Taxes Paid | - | - |
| Extraordinary Items | (4,397,834) | 2,561,238 |
| Cash Generated From/(Used In) Operations | 17,656,241 | (353,330,006) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase Of Fixed Assets | (127,094,264) | (8,978,714) |
| Sale/Surrender Of Fixed Assets | 13,777,806 | 4,106,173 |
| Purchase Of Investments | (188,723,526) | (725,749,960) |
| Sale Of Investments | - | - |
| Dividend Received | - | - |
| Interest Received | 2,673,852 | 12,054,148 |
| Cash Generated /(Used In) From Investing Activities | (299,366,132) | (718,568,353) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Interest Paid | (19,668,497) | (38,934,729) |
| Proceeds From Issue Of Equity Share Capital | 19,828,150 | 1,388,241,940 |
| Proceeds From Issue Of Fully Convertible Warrants | - | - |
| Redemption Of Preference Share Capital | - | 21,458,030 |
| Securities Premium Received From Issue Of Equity Share Capital | 10,171,850 | - |
| Share Issue Expenses (Adjusted Against Securities Premium Account) | - | - |
| Gdr Issue Expenses | (43,435,475) | (28,086,876) |
| Proceeds From Borrowings | - | - |
| Repayment Of Borrowings | 91,326,860 | (54,508,008) |
| Cash Generated /(Used In) From Financing Activities | 58,222,888 | 1,288,170,356 |
| Net Increase/(Decrease) In Cash And Cash Equivalents (A+B+C) | (223,487,003) | 216,271,999 |
| Cash And Cash Equivalents At The Beginning Of The Year | 232,156,465 | 15,884,465 |
| Cash And Cash Equivalents At The End Of The Year | 8,669,461 | 232,156,465 |
| Note: | | |
| 1. Cash and cash equivalents at the year end comprise: | | |
| Cash On Hand | 3,587,366 | 3,543,468 |
| Balance With Scheduled Banks In | | |
| - Current Accounts | 5,082,096 | 228,612,997 |
| - Deposit Accounts | - | - |
| | 8,669,461 | 232,156,465 |
| 2 The Cash Flow Statement Has Been Prepared Under Indirect Method As Set Out In Accounting Standard 3 'Cash Flow Statement' Issued By The Institute Of Chartered Accountants Of India | | |
| As per our report of even date attached | | |
| For Agrawal, Jain and Gupta Chartered Accountants Firm Registration No. 013538C | For and on behalf of the board of directors | |
| CA Narayan Swami Partner Membership No.: 409759 | Sanjay Lai Managing Director | Husain Shattaf Director |
| Place : Mumbai Date : 30.05.2011 | Place : Mumbai Date : 30.05.2011 | Shailesh Bapat Company Secretary |

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

Schedule 'S'

Notes to account

1. Background

K Sera Sera Limited (Foremely know as K Sera Sera Productions Limited) ('K Sera Sera' or 'the Company') was incorporated on September 6, 1995. In the year 2002, the object clause was altered to carry on the business of entertainment through in-house production of motion pictures, television serials and distribution of films produced by third parties.

2. Summary of significant accounting policies

a. Basis of preparation of financial statements

The financial statements are prepared under historical cost convention, on the accrual basis of accounting in accordance with the Companies Act, 1956 and the Accounting Principles generally accepted in India ('Indian GAAP') and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India ('ICAI') to the extent applicable.

b. Use of estimates

The preparation of financial statements in conformity with the Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

c. Fixed assets

Tangible assets

Fixed assets are stated at historical cost less accumulated depreciation. Cost includes purchase price and all other attributable cost to bring the assets to its working condition for the intended use.

Intangible assets

The Company recognizes / creates rights in motion pictures as intangible asset in the form of Intellectual Property Rights (IPR's). The same is in consideration of the future economic benefits and availability of the aforesaid rights for re-distribution after the expiry of initial period of distribution agreement. The recognition / creation of IPR's is made at a fixed proportion of the production cost depending on the date of release of the motion picture on the following basis:

- i. At 30% of the production cost of the motion picture in case the picture is released within 90 days before the year end.
- ii. At 10% of the production cost of the motion picture in case the picture is released more than 90 days before the year end.

The said recognition of IPR rights is, however, subject to the management assessment of future economic benefits from exploitation of these rights having regards to the box office success of the movie and other relevant factors. In the event, the said recognition criterion is not met, the entire cost of motion picture is charged to the profit and loss account as 'cost of production'.

Trademarks 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 provided on written down value method at the rates and the manner prescribed under Schedule XIV of the Companies Act, 1956 or based on management estimates of useful lives of the fixed assets, whichever is higher.

Intangible assets

The amortization of motion picture rights is made taking into consideration the following factors:

- The date of release/sale of the respective motion picture as referred in paragraph (c) above;
- The tenure of the distribution agreement; and
- Matching principle of accounting.

Based on above, the amortization of Intellectual Property Rights is carried out on the following basis:

| Particulars | Picture is released within 90 days before the year end | Picture is released more than 90 days before the year end |
|--|--|---|
| In the immediately succeeding year of release/sale* | 2/3rd | - |
| Over the balance period of distribution agreement* | 1/3rd | 1/3rd |
| *The above amortization of Intellectual Property rights is subject to the management estimate of future revenue potential. | | |

Trademarks expenditure incurred is not amortized since it will be utilized by the company for indefinite period. As per managements opinion deprecation imported assets (technologies assets) are provided as an when assets is put to used.

e. Borrowing costs

Borrowing cost that is directly attributable to the acquisition or construction of a qualifying asset are considered as part of the cost of the asset. All other borrowing costs are treated as period cost and charged to the profit and loss account in the year in which it is incurred.

f. Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belong is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account.

g. Investments

- i. Long-term investments are stated at cost. Provision for diminution, if any, in the value of investments is not recognized a diminution other than temporary, if any.
- ii. Current investments are stated at cost. Provision for diminution, if any, in the value of investments is not recognized a diminution other than temporary, if any

h. Revenue recognition

- i. In house production of motion pictures
Revenue on assignment of distribution rights of motion pictures to third parties is recognized on the date of release/exhibition of the motion picture.
Overflow from the distributors is accounted for as and when due or on receipt basis in case of uncertainty in collection.
Revenue from outright sale of motion pictures is recognized on the date of agreement to sell the rights.
- ii. Distribution of motion pictures produced by third parties
Revenue is recognized based on ticket sales on exhibition of the motion pictures at the exhibition centers.

iii. Other rights

Revenue from other rights of motion pictures such as satellite rights, overseas rights, music rights, video rights, etc. is recognized on the date of execution of the agreement to assign these rights for exploitation or the release of the movie whichever is earlier.

i. Inventories

- i. Motion pictures under production- valued at cost Recognized as Projects in progress under inventory till the date of release. The copyrights for future years inherent in the motion pictures are created out of the cost of production and recognized as intangible assets. (Refer Note 2 c. above)
- ii. Cost of motion pictures comprises the cost of materials, labour and other related expenses. Borrowing cost directly attributable to movies is capitalized as part of the cost of movies.

j. Accounting for taxes on income

- i. Provision for current tax is made, based on the tax payable under the Income Tax Act, 1961.
- ii. Deferred tax on timing differences between taxable and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets on unabsorbed tax losses and unabsorbed depreciation are recognized only when there is a virtual certainty of their realization. Other items are recognized only when there is a reasonable certainty of their realization as per Accounting Standard 22 issued by ICAI.

k. Retirement benefits

- i. 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.
- ii. Provision for gratuity is made on the basis of an actuarial valuation made at the end of each financial year.

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.

- iii. Foreign currency translation differences related to acquisition of imported fixed assets, if any are adjusted in the carrying amount of the related fixed assets. All other foreign currency gains and losses are recognized in the profit and loss account.

m. Leases

(i) Finance lease

Assets, if any acquired under finance lease are recognized as assets with corresponding liabilities in the balance sheet at the inception of the lease at amounts equal to lower of the fair value of the lease assets or at the present value of the minimum lease payments. These leased assets are depreciated in line with the Company's policy on depreciation of fixed assets. The interest is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(ii) Operating lease

Lease payments/receipts for operating leases, if any are recognized as expenses/income on a straight line basis over the lease term.

n. Provision and contingent liabilities

Provisions are recognized when the Company has present legal or constructive obligation, a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. Contingent liabilities, if any, are disclosed by way of notes to the Balance Sheet.

3. Contingent liabilities not provided for in respect of:

| Particulars | March 31,2011 | March 31,2010 |
|---|-------------------|--------------------|
| Guarantees issued by bank - In respect of the Company - In respect of a wholly owned subsidiary | NIL 16,039,756 | NIL 16,039,756 |
| Arrears of cumulative redeemable preference dividend | 5,760,792 | 5,760,792 |
| Claims against Company not acknowledged as debts and contested by the company. | 5,49,24,306 | 112,285,745 |
| Total | 76,724,854 | 134,086,293 |

4. The Maharashtra Government had issued a notification on August 30, 2005, as per which entities leasing copyrights of cinematographic films are required to pay value added tax (VAT) @ 4% retrospectively wef May 1, 2000. Subsequently, upon the representation of 'The Cinematograph Exhibitor's Association of India' ('The Association'), the levy of the said tax was waived for the period May 1, 2000 to March 31, 2005. The revised notification extending similar relief up to the period commencing from April 1, 2005 is being pursued by the association. The Company, in line with the view taken by the Industry, is of the opinion that VAT is not applicable to the activities carried by the Company and has also taken a legal opinion in this regard. The Company has also not received any demand notice from the VAT authorities. As a matter of prudence, the Company has made ad hoc payments of Rs. 1,500,000 under protest, which is disclosed under 'Loans and Advances'. Having regard to the above facts, the Company does not expect any liability on this account.

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

| Sr. No. | Name of the Parties | Suit No. | Particulars |
|---------|-------------------------------------|---|---|
| 1 | Global Trade Finance Ltd. | 2371/ SS / 2008 2100/ SS / 2008 2165/ SS / 2008 2244/ SS / 2008 2166/ SS / 2008 | Against their outstanding Loan account of Rs. 18,721,165/- under section 138 of the Negotiable Instrument Act. |
| 2 | Standard Chartered Bank | ----- | Against outstanding Bank Guarantee given to Twenty Twenty Television Company Ltd. Of Rs. 16,039,756/- in DRT at Mumbai. |
| 3 | Eternal Dreams | 2307/SS/07 | Against their outstanding Loan account Of Rs. 5,840,000/- under section 138 of the Negotiable Instrument Act. |
| 4 | Venkatesh Films Private Ltd. | Not Applicable | Filed with the Association for the EIMIPA – Kolkatta claim for Rs. 680,000/- |
| 5 | Income Tax Authority | Appeal for Assessment Year 2006-07 | Filed Appeal against the Demand Raised for Rs.296,83,141/- |
| 6 | Lemon Entertainment Private Limited | 595/2009 | Suit for injunction of our plaint filled u/s 138 |

b) The details of the suit filed by the company pending for disposal is as under:

| S. No. | Name of the Parties | Suit No. | Particulars |
|--------|--|----------|--|
| 1 | Percept Picture Company | - | Arbitration proceedings initiated for recovery of Rs.8,000,000/- |
| 2 | Maharashtra Stage & Cultural Development | - | The Company has filed a suit and initiated action under section 138 of the Negotiable Instruments Act, against the said Corporation for recovery of its claim of Rs.10,876,000/- advance against the content of television serials which were not completed. |
| 3 | Lemon Entertainment Private Limited | - | The Company has filed a suit and initiated action under section 138 of the Negotiable Instruments Act, for recovery of its claim of Rs.138,813,155/- |
| 4 | Mayank Shah | - | The Company has filed a suit and initiated action under section 138 of the Negotiable Instruments Act, for recovery of its claim of Rs.900,000/- |
| 5 | Eros Multimedia limited | - | Suit for Damages for Rs.96,000,000/- |
| 6 | Innovision E-Commerce Limited | - | Winding up Petition Filed for Recovery of Rs.749,000/- |
| 7 | Zee Entertainment Enterprises Ltd | | Arbitration filled for damages of Rs.246,680,200/- |

6.

| Sr. No. | Name of the Company | Date of Incorporation | % of holding | Amount Invested | Advance to Subsidiaries | Previous Year |
|---------|-------------------------------------|-----------------------|--------------|-----------------|-------------------------|---------------|
| 1. | K Sera Sera Productions FZE | 19.11.2009 | 100% | 4,33,213 | 730,354,51 | 739,554,539 |
| 2. | K Sera Sera Digital Cinema Pvt. Ltd | 04.06.2009 | 100% | 29,99,99,980 | NIL | 21,892,013 |
| 3. | K Sera Sera Box Office Pvt. Ltd. | 12.06.2009 | 100% | 29,99,99,990 | NIL | 9,974,241 |
| 4. | K Sera Sera Miniplex Pvt. Ltd. | 02.02.2010 | 100% | 29,99,99,990 | 25,037,612 | 15,241,694 |

Based on the fundamentals of the subsidiary company business, the management is of the opinion that it is strategically desirable for K Sera Sera to continue to support the subsidiary through funding (including equity / debt infusion), through either fresh funds or conversion of existing loans into equity.

7. Previous the year the Company has allotted 2367 (Two Thousand Six Hundred Sixty Seven Only) Optionally Convertible Redeemable Bonds of the Face Value of Rs. 1,00,000 each (Rupees One Lakh Only) to 'M/s. Global Trade Finance Limited', for an aggregate sum of Rs. 23,67,00,000 (Rupees Twenty Three Crore Sixty Seven Lac Only) on 29th January, 2010 against their settlement of the amount borrowed by the Company from the said Financial Institution and still the option is not exercised.
8. Share application money, pending allotment of Rs.114,158,764 (previous year Rs. 114,158,764) represents money received against offer for allotment of redeemable cumulative non-convertible preference shares of Rs.10 each. These are redeemable at par on or before 5 years, at the option of the Company.
9. In Previous Financial Year Company has redeem 5% Redeemable Cumulative Non- Convertible Preference Shares of Rs.10/- each amounting to Rs. 3,84,05,240/- (Rupees Three Crores Eighty Four Lacs Five Thousand Two Hundred Forty Only) along with the right to accrued interest thereon. However the amount against the said redemption is due and payable till the conclusion of our audit and disclosed as creditors under the Current Liabilities in the Balance Sheet.
10. Balances in respect of certain sundry debtors, sundry creditors and loans and advances are taken as shown by the books of account and are subject to confirmation and consequent adjustments and reconciliation, if any.
11. As per Management opinion Current assets, loans and advances have a value on realization which in the ordinary course of the business would not be less than the amount at which they are stated in the balance sheet and the provisions for all known and determined liabilities are adequate and not in excess of the amount reasonably required.

12. Deferred tax liability / (Asset)

(Amount in Rupees)

| Particulars | As at April 1, 2010 | Current year (charge) / credit | As at March 31, 2011 |
|---|----------------------|--------------------------------|----------------------|
| Difference between book base and tax base of fixed assets | (27,66,890) | 2,30,38,851 | 2,02,71,961 |
| Liabilities that are deducted for tax purposes when paid | (41,869) | (9,651) | (51,520) |
| Carried forward losses | (3,85,22,549) | (31,55,460) | (4,16,78,009) |
| Total | (4,13,31,308) | 1,98,73,740 | (2,14,57,568) |

13. Earnings per share

(Amount in Rupees)

| Particulars | March 31, 2011 | March 31, 2010 |
|--|--------------------|--------------------|
| Net profit / (loss) after tax for the year | (99,42,609) | 7,05,45,094 |
| Less: Preference dividend and tax thereon | 0 | 0 |
| Numerator used for calculating basic and diluted earnings per share | (99,42,609) | 7,05,45,094 |
| Equity shares outstanding as at the year end | 207,938,634 | 20,59,55,819 |
| Weighted average number of shares used as denominator for calculating basic earnings per share | 207,938,634 | 13,06,15,877 |
| Weighted average number of shares used as denominator for calculating diluted earnings per share | 207,938,634 | 13,08,22,307 |
| Nominal value per share (Rs.) | 10 | 10 |
| Earnings per share | | |
| – Basic | -0.05 | 0.54 |
| – Diluted | -0.05 | 0.54 |

14. Auditor's remuneration [including service tax]

(Amount in Rupees)

| Particulars | March 31, 2011 | March 31, 2010 |
|---|----------------|----------------|
| Statutory audit | 330,900 | 200,000 |
| Limited review, other services and out-of-pocket expenses | 110,300 | 100,000 |
| | - | - |
| Total | 441,200 | 300,000 |

15. Remuneration to directors

(Amount in Rupees)

| Particulars | March 31, 2011 | March 31, 2010 |
|-----------------------|------------------|------------------|
| Salary and allowances | 12,00,000 | 12,00,000 |
| Total | 12,00,000 | 12,00,000 |

Computation of net profit under section 349 of the Companies Act 1956 is not given as no commission is payable to the directors.

K SERA SERA LIMITED

16. Earnings in foreign currency

(Amount in Rupees)

| Particulars | March 31,2011 | March 31,2010 |
|---------------------------|---------------------|--------------------|
| Interest on Fixed Deposit | 23,91,841 | 1,20,54,148 |
| Export Sales | 23,52,14,446 | - |
| Total | 23,76,06,287 | 1,20,54,148 |

17. Expenditure in foreign currency

(Amount in Rupees)

| Particulars | March 31,2011 | March 31,2010 |
|---------------------------------------|----------------|----------------|
| Bank Charges | - | 1,81,364 |
| Luxemberg Stock Exchange Listing Fees | 273,831 | 167,848 |
| Total | 273,831 | 349,212 |

18. Related Party Disclosures

Related parties are classified as:

| |
|---|
| I Wholly Owned Subsidiaries: |
| 1. K Sera Sera Productions FZE |
| 2. K Sera Sera Box Office Private Limited |
| 3. K Sera Sera Digital Cinema Private Limited |
| 4. K Sera Sera Miniplex Private Limited |
| 5. K Sera Sear Consultancy Pvt. Ltd. |
| 6. K Kampus Education Pvt. Ltd. |
| II Key managerial personnel |
| 1. Mr. Sanjay B. Lai |

Summary of related parties transactions are as under:

(Amount in Rupees)

| Sr. No. | Nature of transactions | Subsidiaries | Associates (Partnership firms) | Key managerial personnel | Total |
|---------|--|------------------------------|--------------------------------|--------------------------|------------------------------|
| | Transactions during the year | | | | |
| 1. | Income on assignment of distribution rights | - (-) | - (-) | - (-) | - (-) |
| 2. | Lease rent received | - (-) | - (-) | - (-) | - (-) |
| 3. | Investments made | 4,33,213 (899,999,960) | - (-) | - (-) | 4,33,213 (899,999,960) |
| 4. | Application money towards purchase of shares | - (-) | - (-) | - (-) | - (-) |
| 5. | Loans granted / Repaid | 153,137,733 (278,566,555) | - (-) | - (-) | 153,137,733 (278,566,555) |
| 6. | Share of profit/(loss) | - (-) | - (-) | - (-) | - (-) |

K SERA SERA LIMITED

| | | | | | |
|--------------------------------------|--|------------------------------|----------|--------------------------|------------------------------|
| 7. | Remuneration | - (-) | - (-) | 12,00,000 (12,00,000) | 12,00,000 (12,00,000) |
| 8. | Guarantees given | - (-) | - (-) | - (-) | - (-) |
| 9. | Capital Assets | - (-) | - (-) | - (-) | - (-) |
| 10. | House Rent Deposits | - (-) | - (-) | - (-) | - (-) |
| 11. | Professional Fees | - (-) | - (-) | - (-) | - (-) |
| Balances as at March 31, 2011 | | | | | |
| 1. | Outstanding balances receivable | 755,392,131 (786,662,487) | - (-) | - (-) | 755,392,131 (786,662,487) |
| 2. | Outstanding balances payable | 121,867,386 (-) | - (-) | - (-) | 121,867,386 (-) |
| 3. | Investments made | 900,433,173 (900,614,960) | - (-) | - (-) | 900,433,173 (900,614,960) |
| 4. | Loans granted | - (-) | - | - | - (-) |
| 5. | Application money towards purchase of shares | 18,45,000 (18,45,000) | - (-) | - (-) | 18,45,000 (18,45,000) |
| 6. | Outstanding guarantees | - (-) | - (-) | - (-) | - (-) |

Of the above items, transactions in excess of 10% of the total related party transactions are as under:

| Nature of transactions | Subsidiaries | Amount in rupees | Associates (Partnership firms) | Amount in rupees | Key management personnel | Amount in rupees |
|------------------------------------|--------------------------------|------------------------------|--------------------------------------|---------------------|--------------------------------|--------------------------|
| Loans granted | K Sera Sera Productions FZE | 143,065,850 (278,566,555) | - (-) | - (-) | - (-) | - (-) |
| Share of Profit/(Loss) | - (-) | - (-) | - (-) | - (-) | - (-) | - (-) |
| Remuneration | - (-) | - (-) | - (-) | - (-) | Sanjay Lai | 12,00,000 (12,00,000) |
| Outstanding balances receivable | K Sera Sera Productions FZE | 730,354,519 (739,554,539) | - (-) | - (-) | - (-) | - (-) |
| Outstanding guarantees | - | - (-) | - (-) | - (-) | - (-) | - (-) |
| Capital Assets | - (-) | - (-) | - (-) | - (-) | - (-) | - (-) |
| House Rent Deposits | - (-) | - (-) | - (-) | - (-) | - (-) | - (-) |
| Professional fees | - (-) | - (-) | - (-) | - (-) | - (-) | - (-) |

19. Leases**a. Finance Lease**

During the year the company has not acquired any assets on hire purchase, the fair value of which is Rs. Nil (Previous year Rs. NIL). Further the company has surrender the Assets to the Banks / Parties, accordingly the capital value and the corresponding liability has been reduced to Nil as disclosed under Schedules of Fixed assets / Secured Loans attached to the Balance Sheet. The details of installments payable in future are as follows:

b. Operating Lease

The Company's leasing arrangements are in respect of the office premises. The aggregate lease rentals payable on these leasing arrangements are charged as rent under 'Administrative and Other expenses' in Schedule 'Q'.

20. Segment Information**Business segments**

Based on similarity of activities / products, risk and reward structure, organization structure and internal reporting systems, the Company has structured its operations into the following segments

- i. In-house production and distribution of motion pictures
- ii. Distribution of motion pictures produced by third parties
- iii. Television content production

Segment revenue and expenses include amounts, which can be directly identified to the segment and are allocable on a reasonable basis. Segment assets include all operating assets used by the segment and consist primarily of inventories, debtors and loans and advances. Segment liabilities include all operating liabilities and consist primarily of creditors, advances and deposits from customers.

Geographic segment

Operations of the Company do not qualify, for reporting as geographic segments, under the criteria set out under Accounting Standard 17 on 'Segment reporting' issued by The Institute of Chartered Accountants of India.

| Particulars | In house production and distribution of motion pictures | Distribution of motion pictures produced by third parties | Television content production | Total |
|--|---|---|-------------------------------|-----------------------------|
| Revenue | 231,699,465 | - | 4,060,296 | 235,759,761 |
| | (302,500,000) | (946,534) | (968,000) | (304,414,534) |
| Segment Results | 107,883,204 | - | 191,161 | 108,074,365 |
| Profit/- Loss | (244,989,373) | (946,534) | (-) | (-245,941,160) |
| Unallocated corporate expenses net of unallocated income | | | | 78,381,730 (205,625,195) |
| Operating Profit | | | | -58,01,370 |
| Profit/-Loss | | | | (40,315,965) |
| Interest Expenses | | | | 19,668,497 |
| | | | | (38,934,729) |
| Income Tax | | | | 19,966,748 |
| | | | | (-69,163,858) |
| Net Profit / -Loss | | | | -9,942,609 |
| | | | | (7,05,45,094) |

K SERA SERA LIMITED

| Other Information | | | | |
|-----------------------------------|--------------------|-----------------|-------------------|------------------------|
| Segment Assets | 473,192,762 | -797,562 | 16,950,158 | 489,345,538 |
| | (565,474,449) | (-993,831) | (16,308,045) | (580,788,663) |
| Unallocated Corporate Assets | | | | 2,648,163,259 |
| | | | | (3,037,815,446) |
| Total Assets | 473,192,762 | -797,562 | 16,950,158 | 3,137,508,797 |
| | (565,474,449) | (-993,831) | (16,308,045) | (3,618,604,109) |
| Segment Liabilities | 356,072,185 | 6,571,899 | 1,766,761 | 364,410,845 |
| | (272,979,744) | (7,071,899) | (-871) | (280,050,772) |
| Unallocated Corporate Liabilities | | | | 292,581,040 |
| | | | | (177,666,457) |
| Total Liabilities | 356,072,185 | 6,571,899 | 1,766,761 | 656,991,885 |
| | (272,979,744) | (7,071,899) | (-871) | (457,717,229) |

| | | | | |
|--|--|--|--|--------------------|
| Capital expenditure | | | | 127,094,264 |
| | | | | (89,78,714) |
| Depreciation | | | | 3,083,615 |
| | | | | (18,03,007) |
| Non cash expenses other than depreciation | | | | 4,938,097 |
| | | | | (4,167,530) |

21. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. NIL (Previous year Rs. NIL).
22. Information with regard to other matters specified in Part II of schedule VI to the Companies Act, 1956 is either nil or not applicable to the Company for the year.
23. There are no amounts due for transfer to the Investors Education and Protection Fund as at March 31, 2011
24. The Company did not have any transactions with Small Scale Industrial ('SME's') Undertakings during the year ended March 31, 2011 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.

25. Figures in brackets represent those of the previous year.
26. Figures for the previous year have been regrouped / amended wherever necessary.

Signature to Schedules 'A' to 'S'**For and on behalf of the board of directors**

For Agrawal Jain & Gupta
Chartered Accountants
Firm Registration No. 013538C

Sd/-
Sanjay Lai
Managing Director

Sd/-
Husain Shattaf
Director

CA Narayan Swami
Partner
M. No - 409759

Mumbai
Date: 30.05.2011

Mumbai
Date: 30.05.2011

Statement Pursuant to Part IV of Schedule VI to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile

1. Registration Details

 Registration No.

| | | | | |
|---|---|---|---|---|
| 9 | 2 | 4 | 3 | 8 |
|---|---|---|---|---|

 State Code

| | |
|---|---|
| 1 | 1 |
|---|---|

 Balance Sheet Date

| | |
|---|---|
| 3 | 1 |
|---|---|

| | |
|---|---|
| 0 | 3 |
|---|---|

| | | | |
|---|---|---|---|
| 2 | 0 | 1 | 1 |
|---|---|---|---|

 Date Month Year

2. Capital Raised during the year (Amount in Rs. Thousands)

| | | | | | | | | | | | | | | | | | | | | | |
|--------------|--|--|--|--|--|--|--|---|---|-------------------|--|--|--|--|--|--|--|--|---|---|---|
| Public Issue | | | | | | | | | | Bonus Issue | | | | | | | | | | | |
| | | | | | | | | N | I | L | | | | | | | | | N | I | L |
| Rights Issue | | | | | | | | | | Private Placement | | | | | | | | | | | |
| | | | | | | | | N | I | L | | | | | | | | | N | I | L |

3. Position of Mobilisation and Deployment of Funds (Amounts in Rs. Thousands)

| | | | | | | | | | | | | | | | | | | | |
|---|--|--|---|---|---|---|---|---|---|---------------------------|--|---|---|---|---|---|---|---|---|
| Total Liabilities | | | | | | | | | | Total Assets | | | | | | | | | |
| | | | 3 | 5 | 8 | 1 | 0 | 3 | 8 | | | | 3 | 5 | 8 | 1 | 0 | 3 | 8 |
| Sources of Funds | | | | | | | | | | Reserves and surplus | | | | | | | | | |
| Paid-up capital | | | | | | | | | | | | | | | | | | | |
| | | | 2 | 0 | 7 | 9 | 3 | 8 | 6 | | | | 9 | 9 | 4 | 2 | 2 | 1 | |
| Secured loans | | | | | | | | | | Unsecured loans | | | | | | | | | |
| | | | | | | | | N | I | L | | | | 3 | 9 | 3 | 2 | 7 | 1 |
| Deferred tax liability (Net) | | | | | | | | | | Share application money | | | | | | | | | |
| | | | | | | | | N | I | L | | | | 1 | 1 | 4 | 1 | 5 | 8 |
| Application of Funds | | | | | | | | | | Investments | | | | | | | | | |
| Net fixed assets including capital work in progress | | | | | | | | | | | | | | | | | | | |
| | | | 2 | 0 | 8 | 3 | 5 | 3 | | | | 1 | 1 | 1 | 5 | 2 | 8 | 8 | |
| Net current assets | | | | | | | | | | Miscellaneous expenditure | | | | | | | | | |
| | | | 2 | 1 | 6 | 9 | 5 | 5 | 0 | | | | | 1 | 6 | 1 | 2 | 9 | |
| Accumulated losses | | | | | | | | | | | | | | | | | | | |
| | | | | | 5 | 0 | 2 | 5 | 8 | | | | | | | | | | |

4. Performance of the Company (Amount in Rs. Thousands)

| | | | | | | | | | | | | | | | | | | | |
|--|---|---|---|---|---|---|---|---|---|-------------------------|---|---|---|---|---|---|---|--|--|
| Turnover (Total income) | | | | | | | | | | Total Expenditure | | | | | | | | | |
| | | | 2 | 7 | 1 | 2 | 5 | 3 | | | | 2 | 6 | 1 | 2 | 2 | 9 | | |
| Profit/(Loss) Before Tax | | | | | | | | | | Profit/(Loss) After Tax | | | | | | | | | |
| + | - | | | 1 | 0 | 0 | 2 | 4 | + | - | | | | 9 | 9 | 4 | 2 | | |
| (Please tick Appropriate box + for profit, - for loss) | | | | | | | | | | Dividend Rate % | | | | | | | | | |
| Earnings per Share (Rs) | | | | | | | | | | (Equity) | | | | | | | | | |
| (on profit after taxes) | | | | | | | | | | | | | | | | | | | |
| | | - | 0 | . | 0 | 5 | | | N | I | L | | | | | | | | |

5. Generic Names of Three Principal Products / Services of Company
(as per monetary terms)
Item Code No. (ITC Code)

Product Description

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 8 | 5 | 2 | 4 | 9 | 0 | 0 | 1 |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

| |
|---|
| In house production of motion pictures, television serials and distribution of motion pictures produced by third parties. |
| |
| |
| |

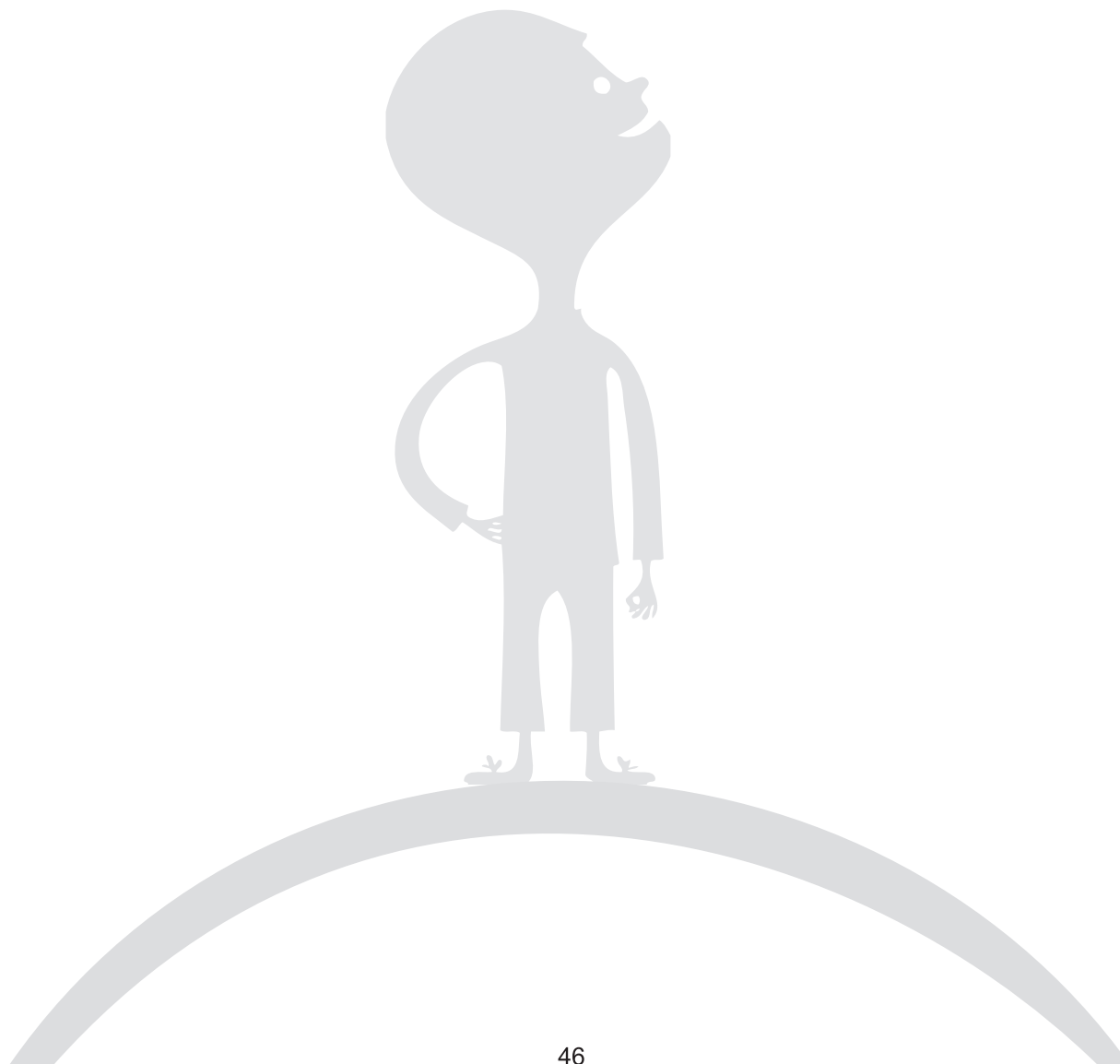
For and on behalf of the board of directors

Sanjay Lai
Managing Director

Mumbai
Date: May 30, 2011

Hussain Shattaf
Director

Mumbai
Date: May 30, 2011



AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF K SERA SERA LIMITED

1. We have audited the attached Consolidated Balance Sheet of K Sera Sera Limited ('the Company'), and its subsidiaries (the Company and its subsidiaries constitute 'the Group') as at March 31, 2011 and also the Consolidated Profit and Loss account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto (all together referred to as "the consolidated financial statements"). These financial statements are the responsibility of the Company's management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation.
3. We believe that our audit provides a reasonable basis for our opinion. We did not audit the financial statements of a subsidiary, namely K Sera Sera Productions FZE, whose financial statements reflect total assets of Rs. 3,170,832,141 as at March 31, 2011, total revenues of Rs. 2,304,335,422/- for the year ended on that date. These financial statements have been incorporated in the consolidated financial statements on the basis of audited financial statements as provided by the management of the said subsidiary. Our opinion insofar as it relates to the amount included in the consolidated financial statements in respect of this subsidiary, is based

solely on the audited separate financial statement of this subsidiary.

4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard 21 'Consolidated Financial Statements' and Accounting Standard (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of a subsidiary.
5. Based on our audit and on consideration of report of other auditor on separate financial statements of a subsidiary and on the other financial information of the components, and to the best of our information and explanations given to us and, *subject to the matters referred to in paragraphs 4 above*, we are of the opinion that the attached consolidated financial statements read with notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011;
 - b) in case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Agrawal Jain & Gupta.

Chartered Accountants
FRN : 013538C

CA Narayan Swami

Partner
M. No – 409759

Mumbai, 30th May 2011

K SERA SERA LIMITED
(Formerly Known as K Sera Sera Productions Limited)
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

Amount in Rupees

| | Schedule | March 31, 2011 | March 31, 2010 |
|---|----------|----------------------|----------------------|
| SOURCES OF FUNDS | | | |
| Shareholders' Funds | | | |
| Share Capital | A | 2,079,386,340 | 2,059,558,190 |
| Reserves And Surplus | B | 3,406,816,472 | 2,737,246,306 |
| | | 5,486,202,812 | 4,796,804,496 |
| Share Application Money | | 143,908,764 | 114,158,764 |
| Loan Funds | | | |
| Secured Loans | C | - | |
| Unsecured Loans | D | 271,403,918 | 301,944,444 |
| | | 271,403,918 | 301,944,444 |
| Deferred Tax Liability (Net) (Refer note 14 to Schedule 'S') | | | |
| | | 5,901,515,494 | 5,212,907,704 |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | | | |
| Gross Block | E | 449,573,745 | 274,995,898 |
| Less: Depreciation/Amortization | | 140,112,184 | 117,488,978 |
| Net Block | | 309,461,561 | 157,506,920 |
| Investments | F | 1,591,063,829 | 1,281,150,000 |
| Deferred Tax Asset (Net) (Refer Note 14 To Schedule 'S') | | 30,265,898 | 41,187,869 |
| Current Assets, Loans And Advances | | | |
| Inventories | G | 24,859,395 | 10,516,940 |
| Sundry Debtors | H | 2,181,088,353 | 1,922,885,784 |
| Cash And Bank Balances | I | 103,898,894 | 258,914,402 |
| Loans And Advances | J | 1,996,261,229 | 1,691,519,586 |
| | | 4,306,107,871 | 3,883,836,712 |
| Less: Current Liabilities And Provisions | K | | |
| Current Liabilities | | 238,317,144 | 101,000,889 |
| Provisions | | 122,698,392 | 70,170,276 |
| | | 361,015,536 | 171,171,165 |
| Net Current Assets | | 3,945,092,335 | 3,712,665,547 |
| Miscellaneous Expenditure [To The Extent Not Written Off Or Adjusted] | L | 25,631,871 | 20,397,368 |
| | | 5,901,515,494 | 5,212,907,704 |
| Notes To Account | S | | |
| The Accompanying schedules form an integral part of this Balance Sheet. | | | |

As per our report of even date attached
For Agrawal, Jain and Gupta
Chartered Accountants
Firm Registration No. 013538C

For and on behalf of the board of directors

CA Narayan Swami
Partner
Membership No.: 409759

Sanjay Lai
Managing Director

Husain Shattaf
Director

Shailesh Bapat
Company Secretary

Place : Mumbai
Date : 30.05.2011

Place : Mumbai
Date : 30.05.2011

K SERA SERA LIMITED
(Formerly Known as K Sera Sera Productions Limited)
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

Amount in Rupees

| | Schedule | March 31, 2011 | March 31, 2010 |
|---|----------|----------------------|----------------------|
| INCOME | | | |
| Revenue From Operations | M | 2,557,453,598 | 2,324,626,247 |
| Other Income | N | 47,757,877 | 13,619,457 |
| | | 2,605,211,475 | 2,338,245,704 |
| EXPENDITURE | | | |
| Cost Of Operations | O | 1,581,745,202 | 1,318,289,940 |
| Employees Cost | P | 72,670,760 | 12,426,272 |
| Administration And Other Expenses | Q | 177,851,716 | 281,908,354 |
| Finance Cost | R | 20,767,695 | 38,935,323 |
| Depreciation/Amortisation (Refer Note 2 Of Schedule "S") | | 22,623,158 | 5,706,107 |
| Preliminary Expenses W/Off | | 6,599,644 | 4,578,668 |
| | | 1,882,258,175 | 1,661,844,664 |
| Profit/(Loss) Before Tax | | 722,953,301 | 676,401,040 |
| Less: Provision For Taxation | | | |
| - Current Tax | | 650,000 | 223,006 |
| - Deferred Tax Charge / (Credit) | | 10,921,971 | (69,020,419) |
| - Wealth Tax | | 93,008 | - |
| - Fringe Benefit Tax | | - | - |
| Profit/(Loss) After Tax | | 711,288,323 | 745,198,453 |
| Balance Brought Forward From Previous Year | | 1,597,088,604 | 851,890,151 |
| Amount Available For Appropriation | | 2,308,376,927 | 1,597,088,604 |
| Appropriation | | | |
| | | - | - |
| | | - | - |
| Balance Of Profit/(Loss) Carried Forward To Balance Sheet | | 2,308,376,927 | 1,597,088,604 |
| Earnings Per Share Of Rs. 10/- Each (Refer Note 15 Of Schedule S) | | | |
| -Basic | | 3.42 | 5.71 |
| -Diluted | | 3.42 | 5.70 |
| Notes To Account | S | | |
| The accompanying schedules form an integral part of this Profit And Loss Account. | | | |

As per our report of even date attached

For Agrawal, Jain and Gupta

Chartered Accountants

Firm Registration No. 013538C

For and on behalf of the board of directors

CA Narayan Swami

Partner

Membership No.: 409759

Sanjay Lai

Managing Director

Husain Shattaf

Director

Shailesh Bapat

Company Secretary

Place : Mumbai

Date : 30.05.2011

Place : Mumbai

Date : 30.05.2011

| K SERA SERA LIMITED (Formerly Known as K Sera Sera Productions Limited) SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED ACCOUNTS AS AT MARCH 31, 2011 Amount in Rupees | | |
|---|----------------------|----------------------|
| | March 31, 2011 | March 31, 2010 |
| Schedule 'A' | | |
| Share Capital | | |
| Authorized 820,000,000 (Previous Year 820,000,000) Equity Shares Of Rs. 10 Each | 8,200,000,000 | 8,200,000,000 |
| | 8,200,000,000 | 8,200,000,000 |
| Issued, Subscribed And Paid-Up 20,79,38,634 (Previous Year 20,59,55,819) Equity Shares Of Rs. 10 Each Fully Paid-Up | 2,079,386,340 | 2,059,558,190 |
| | 2,079,386,340 | 2,059,558,190 |
| Schedule 'B' | | |
| Reserves And Surplus | | |
| Securities Premium Account As Per Last Balance Sheet | 1,027,485,403 | 947,614,249 |
| Add: Received During The Year On Issue Of Fully Convertible Warrants | - | 40,829,460 |
| Add: Received During The Year On Issue Of Equity Shares | 10,171,850 | 67,128,570 |
| | 1,037,657,253 | 1,055,572,279 |
| Less: GDR Issue Expenses | 43,435,475 | 4,212,779 |
| Less: Foreign Exchange Revaluation Loss On GDR Issue | - | 23,874,097 |
| | 994,221,778 | 1,027,485,403 |
| | - | - |
| | 994,221,778 | 1,027,485,403 |
| Profit And Loss Account | | |
| As Per Last Balance Sheet | 1,597,088,604 | 851,890,151 |
| Add: During The Year | 711,288,585 | 745,198,453 |
| Translation Adjustment Reserve | 104,217,505 | 112,672,299 |
| | 2,412,594,694 | 1,709,760,903 |
| | 3,406,816,472 | 2,737,246,306 |
| Schedule 'C' | | |
| Secured Loans | | |
| Loans From Banks | - | - |
| | - | - |
| Schedule 'D' | | |
| Unsecured Loans | | |
| Short Term | | |
| (A) From Others [Amount Repayable Within A Year Rs. 3,47,03,918 (Previous Year Rs. 3,52,44,444)] | 34,703,918 | 35,244,444 |
| (B) Optionally Convertible Redemable Bonds [Amount Repayable Within A Year Rs. 23,67,00,000 (Previous Year Rs. Nil)] | 236,700,000 | 236,700,000 |
| (C) Convertable Warrants Issued | - | 30,000,000 |
| | 271,403,918 | 301,944,444 |
| | | |

K SERA SERA LIMITED

(Formerly Known as K Sera Sera Productions Limited)

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS AS AT MARCH 31, 2011

Schedule 'E' - Fixed Assets

Amount in Rupees

| PARTICULARS | GROSS BLOCK | | | DEPRECIATION/AMORTIZATION | | | | NET BLOCK | |
|--------------------------|------------------------|--------------------|-------------------|---------------------------|------------------------|-------------------|--------------------------|-------------------------|-------------------------|
| | As at April 1, 2010 | During the Year | | As at March 31, 2011 | As at April 1, 2010 | For the Year | Deletion/ Adjustments | As at March 31, 2011 | As at March 31, 2010 |
| | | Additions | Deductions | | | | | | |
| <u>Tangible Assets</u> | | | | | | | | | |
| Plant And Machinery | 2,196,860 | | | 2,196,860 | 1,578,816 | 123,609 | - | 494,435 | 618,044 |
| Office Equipment | 5,496,631 | 3,578,504 | | 9,075,135 | 264,584 | 846,174 | - | 7,964,377 | 5,232,047 |
| Furniture And Fixtures | 28,344,901 | 21,911,277 | | 50,256,178 | 14,653,839 | 7,388,499 | | 28,213,840 | 13,691,062 |
| Computers | 41,591,894 | 10,874,182 | | 52,466,076 | 6,207,723 | 10,655,473 | | 35,602,880 | 35,384,171 |
| Vehicles | 15,423,938 | 1,793,126 | | 17,217,064 | 1,453,215 | 3,609,451 | | 12,154,398 | 13,970,723 |
| Technology Assets | | 123,573,124 | | 123,573,124 | | | | | |
| <u>Intangible Assets</u> | | | | | | | | | |
| Motion Picture Rights | 180,828,661 | 1,409,366 | 13,777,806 | 168,460,221 | 93,330,801 | | | 75,129,420 | 87,497,860 |
| Trade Marks | 476,200 | 124,500 | | 600,700 | - | | | 600,700 | 476,200 |
| Research & Development | 636,813 | 15,306,568 | - | 15,943,381 | - | | | 15,943,381 | 636,813 |
| Capital Work In Progress | | 9,785,006 | | 9,785,006 | | | | 9,785,006 | |
| Total | 274,995,898 | 188,355,653 | 13,777,806 | 449,573,745 | 117,488,978 | 22,623,206 | - | 185,888,437 | 157,506,920 |
| Previous year | 210,887,389 | 68,214,682 | 4,106,173 | 274,995,898 | 111,794,216 | 5,706,107 | 11,346 | 157,506,921 | 99,093,173 |

| K SERA SERA LIMITED (Formerly Known as K Sera Sera Productions Limited) SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED ACCOUNTS AS AT MARCH 31, 2011 Amount in Rupees | | |
|---|-----------------------------|-----------------------------|
| | March 31, 2011 | March 31, 2010 |
| Schedule 'F' | | |
| Investments [Unquoted] | - | |
| Long Term [At Cost] | | |
| Trade [Quoted] | 346,066,131 | - |
| Others [Unquoted] | 1,244,997,698 | 1,281,150,000 |
| | 1,591,063,829 | 1,281,150,000 |
| Schedule 'G' | | |
| Inventories [As Taken, Valued And Certified By The Management] | | |
| Projects-In-Progress | 10,516,940 | |
| - 332 Mumbai To India | 3,686,721 | 10,516,940 |
| - Crash | 24,097,301 | |
| - Motion Pictures | 762,094 | |
| - Television Serials | - | - |
| | (14,203,661) | |
| | 24,859,395 | 10,516,940 |
| Schedule 'H' | | |
| Sundry Debtors [Refer Note 12 Of Schedule 'S'] Debts Outstanding For A Period Exceeding Six Months Considered Good Considered Doubtful | 2,111,254,358 27,407,000 | 1,853,986,789 26,672,000 |
| | 2,138,661,358 | 1,880,658,789 |
| Less: Provision For Doubtful Debts | - | - |
| | 2,138,661,358 | 1,880,658,789 |
| Others Debts - Considered Good | 42,426,995 | 42,226,995 |
| | | - |
| | 2,181,088,353 | 1,922,885,784 |
| Schedule 'I' | | |
| Cash And Bank Balances | | |
| Cash On Hand | 27,489,433 | 9,932,622 |
| Balances With Scheduled Banks | | |
| - Current Accounts | 76,409,461 | 248,981,780 |
| - Deposit Accounts* | - | - |
| | - | |
| | 103,898,894 | 258,914,402 |
| | | |

| K SERA SERA LIMITED (Formerly Known as K Sera Sera Productions Limited) SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED ACCOUNTS AS AT MARCH 31, 2011 Amount in Rupees | | |
|---|----------------------|----------------------|
| | March 31, 2011 | March 31, 2010 |
| Schedule 'J' | | |
| Loans And Advances [Unsecured] | | |
| Loans To Wholly Owned Subsidiaries | - | |
| Advances Recoverable In Cash Or In Kind Or For Value To Be Received | - | |
| - Considered Good | 615,488,343 | 813,211,580 |
| - Considered Doubtful | 339,903,982 | 380,517,941 |
| | 955,392,325 | 1,193,729,521 |
| Share Application Money | 365,350,000 | 364,000,000 |
| Advance To Suppliers | 692,390,653 | 143,299,217 |
| Deposits | 7,870,755 | 6,053,578 |
| Prepaid Tax / Expenses | 1,583,505 | 1,141,787 |
| | 2,022,587,229 | 1,708,224,103 |
| Less: Provision For Doubtful Advances | 26,326,000 | 16,704,506 |
| | 1,996,261,229 | 1,691,519,597 |
| Schedule 'K' | | |
| Current Liabilities And Provisions | | |
| Current Liabilities | | |
| Sundry Creditors | 155,307,188 | 63,023,818 |
| Advance From Customers | 73,239,870 | 16,939,869 |
| Unclaimed Dividend* | 254,692 | 254,692 |
| Other Liabilities | 9,515,394 | 20,782,510 |
| * Investor Education And Protection Fund Shall Be Credited By The Amount, When Due. | | |
| | 238,317,144 | 101,000,889 |
| Provisions | | |
| Income Tax (Net Of Tax Payments) | 63,915,231 | 67,572,471 |
| Fringe Benefit Tax (Net Of Payments) | 2,230,455 | - |
| Dividend On Cumulative Redeemable Non-Convertible Preference Shares | - | 2,230,455 |
| Gratuity | 246,778 | 163,413 |
| Other | 56,305,928 | 203,937 |
| | 122,698,392 | 70,170,276 |
| | 361,015,536 | 171,171,165 |
| Schedule 'L' | | |
| Miscellaneous Expenditure [To The Extent Not Written Off Or Adjusted] | | |
| Preliminary Expenses As Per Last Year | 20,397,368 | 23,412,893 |
| Add: Expenses Incurred During The Year | 11,834,147 | 24,976,036 |
| | 32,231,515 | 48,388,929 |
| Less: GDR Issue Expenses Transfer | - | 125,000 |
| Less: Transfer In Advances | - | 23,287,893 |
| Less: Amortized During The Year | 6,599,644 | 4,578,668 |
| | 25,631,871 | 20,397,368 |

| K SERA SERA LIMITED (Formerly Known as K Sera Sera Productions Limited) SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED ACCOUNTS AS AT MARCH 31, 2011 Amount in Rupees | | |
|---|----------------------|----------------------|
| | March 31, 2011 | March 31, 2010 |
| Schedule M | | |
| Revenue From Operations | | |
| Inhouse Production | 76,010 | |
| - Outright Sale Of Rights In Motion Pictures | 2,304,335,422 | 302,500,000 |
| - Outright Sale Of Rights In Television Serials | 4,060,296 | - |
| Theatrical Distribution Of Pictures Produced By Third Parties | 231,699,465 | 2,015,325,057 |
| Ticket Sale Collection | 17,217,405 | 6,801,190 |
| Consultancy Income | 65,000 | |
| | 2,557,453,598 | 2,324,626,247 |
| Schedule 'N' | | |
| Other Income | | |
| Dividend From Current Investments [Non-Trade, Gross] | | - |
| Foreign Exchange Revaluation Gain | 10,650,646 | 12,054,148 |
| Interest Received From Bank (Gross) | 2,673,852 | - |
| Royalty Income | 42,507 | 1,313 |
| Sundry Balance Written Back | 22,000,000 | - |
| Miscellaneous Income | 12,390,872 | 1,563,996 |
| | 47,757,877 | 13,619,457 |
| Schedule 'O' | | |
| Cost Of Operations | | |
| Cost Of Production Of Inhouse Pictures And Television Serials (Refer Note 2 C Of Schedule 'S') | | |
| - Opening Stock: Work-In-Progress | 10,516,940 | 54,247,247 |
| - Add: Expenses Incurred During The Year* | 1,597,497,023 | 1,274,559,633 |
| | 1,608,013,963 | 1,328,806,880 |
| - Less: Refund Received On Termination Of Film Contract [Refer Note 21 Of Schedule 'S'] | - | - |
| | 1,608,013,963 | 1,328,806,880 |
| - Less: Stock Transfer On Dis-Investment Of Our Subsidiary Company | 1,409,366 | - |
| - Less: Closing Stock: Work-In-Progress | 24,859,395 | 10,516,940 |
| | 1,581,745,202 | 1,318,289,940 |
| * Net Of Rs. 91,553,033 (Rs.Nil) Recognized As Motion Picture Rights And Reflected Under Fixed Assets Schedule As Per Accounting Policy In Note 2 C To Schedule 'S' | | |
| Cost Of Theatrical Distribution Of Pictures Produced By Third Parties | - | |
| | 1,581,745,202 | 1,318,289,940 |

| K SERA SERA LIMITED (Formerly Known as K Sera Sera Productions Limited) SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED ACCOUNTS AS AT MARCH 31, 2011 Amount in Rupees | | |
|---|--------------------|--------------------|
| | March 31, 2011 | March 31, 2010 |
| Schedule 'P' | | |
| Employee Cost | | |
| Salaries, Wages And Other Benefits | 71,230,729 | 11,046,150 |
| Contribution To Provident And Other Funds | - | - |
| Directors Remuneration | 1,200,000 | 1,200,000 |
| Staff Welfare Expenses | 156,666 | 96,757 |
| Gratuity | 83,365 | 83,365 |
| | 72,670,760 | 12,426,272 |
| Schedule 'Q' | | |
| Administration And Other Expenses | | |
| Travelling And Conveyance | 4,318,180 | 9,924,407 |
| Advertising And Sales Promotion | 34,533,693 | 118,386,228 |
| Legal And Professional Charges | 5,244,123 | 12,018,822 |
| Printing And Stationery | 839,565 | 1,579,358 |
| Rent, Rates And Taxes | 9,123,864 | 5,614,903 |
| Meeting And Conference Expenses | 13,400 | 48,172 |
| Electricity Charges | 1,558,980 | 2,289,869 |
| Brokerage And Commission | 1,179,788 | 230,101 |
| Insurance | 154,966 | 566,917 |
| Repairs And Maintenance | - | - |
| - Buildings | - | - |
| - Others | 690,182 | 294,238 |
| Loss On Sale Of Assets | - | 2,654 |
| Communication | 1,620,012 | 3,257,085 |
| Postage And Telegram | 969,748 | 1,349,885 |
| Auditors Remuneration | 481,200 | 788,323 |
| Petrol & Fuel Expenses | 87,612 | 75,070 |
| Books And Periodicals | 17,515 | 34,943 |
| Misc. Expenses | 31,835 | 9,200,005 |
| Other Expenses | 114,743,530 | 1,439,713 |
| Membership & Subscription | 1,755,690 | 4,300 |
| House Keeping Charges | 476,168 | 262,464 |
| Diwali Expenses | 11,665 | 259,376 |
| Foreign Exchange Revaluation Loss | - | 114,281,523 |
| | 177,851,716 | 281,908,356 |
| Schedule 'R' | | |
| Finance Cost | | |
| Interest On | | |
| - Fixed Period Loans | 18,936,000 | 38,345,500 |
| Bank Charges | 1,831,695 | - |
| | 20,767,695 | 38,935,323 |

K SERA SERA LIMITED
(Formerly Known as K Sera Sera Productions Limited)
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

Amount in Rupees

| | March 31, 2011 | March 31, 2010 |
|---|----------------------|----------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit before tax | 722,953,301 | 676,401,040 |
| Adjustments for: | | |
| Depreciation/amortisation | 22,623,158 | 5,706,107 |
| Loss on sale of assets | - | 2,654 |
| Provision for Tax | - | - |
| Dividend income | 18,936,000 | 38,345,500 |
| Interest cost | (2,673,852) | (12,054,148) |
| Interest received | - | - |
| Provision for doubtful debts / advances | 6,599,644 | 4,578,668 |
| Miscellaneous expenditure written off | | |
| | 45,484,950 | 36,578,781 |
| Operating cash flow before changes in working capital | 768,438,251 | 712,979,821 |
| Adjustments for: | | |
| (Increase)/decrease in inventories | (14,342,455) | 43,730,307 |
| (Increase)/decrease in sundry debtors | (258,202,569) | (480,480,608) |
| (Increase)/decrease in loans and advances | (304,741,643) | (390,046,630) |
| Increase/(decrease) in current liabilities and provisions | 189,844,371 | (29,198,291) |
| Net changes in working capital | (387,442,296) | (855,995,222) |
| Extra Ordinary Items | (1,365,141) | (1,565,797) |
| Taxes paid | (125,709) | (223,005) |
| Cash generated from/(used in) operations | 379,505,105 | (144,804,203) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets | (188,355,653) | (68,214,682) |
| Sale / Surrender of Fixed Assets | 13,777,806 | 4,094,827 |
| Transfer of Fixed Assets on Dis-investment of Subsidiary Company | - | - |
| Purchase of investments | (309,913,829) | (725,750,000) |
| Dividend received | - | - |
| Interest received | 2,673,852 | 12,054,148 |
| Cash generated /(used in) from investing activities | (481,817,824) | (777,815,707) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Interest paid | (18,936,000) | (38,345,500) |
| Proceeds from issue of equity share capital | 19,828,150 | 1,342,571,400 |
| Securities premium received from issue of equity share capital | 10,171,850 | 67,128,570 |
| Proceeds from issue of Fully Convertible Warrants | - | 86,500,000 |
| Redemption of Preference Share Capital | - | - |
| GDR issue expenses | (43,435,475) | (28,086,876) |
| Proceeds from share application money | 29,750,000 | - |
| Proceeds from borrowings | - | 30,000,000 |
| Repayment of borrowings | (30,540,526) | (84,508,008) |
| Cash generated /(used in) from financing activities | (33,162,001) | 1,375,259,586 |
| D Effect of Exchange difference on translation of foreign currency | (19,540,788) | (123,758,293) |
| Net increase/(decrease) in cash and cash equivalents (A+B+C+D) | (155,015,508) | 328,881,382 |
| Cash and cash equivalents at the beginning of the year | 258,914,402 | 16,533,018 |
| Cash and cash equivalents at the end of the year | 103,898,894 | 258,914,402 |
| Note: | | |
| 1 Cash and cash equivalents at the year end comprise: | | |
| Cash on hand | 27,489,433 | 9,932,622 |
| Balance with scheduled banks in | | |
| - Current accounts | 76,409,461 | 248,981,780 |
| - Deposit accounts | - | - |
| | 103,898,894 | 258,914,402 |
| 2 The Cash Flow Statement has been prepared under indirect method as set out in Accounting Standard 3, 'Cash Flow Statement' issued by the Institute of Chartered Accountants of India | | |

As per our report of even date attached
For Agrawal, Jain and Gupta
Chartered Accountants

CA Narayan Swami
Partner
Membership No.:409759
Place : Mumbai
Date: 30.05.2011

For and on behalf of the board of directors

Sanjay Lai
Managing Director
Place : Mumbai
Date: 30.05.2011

Hussain Shattaf
Director

Shailesh Bapat
Company Secretary

**SCHEDULES ANNEXED TO AND FORMING PART OF
CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED
MARCH 31, 2011****Schedule 'S'****Notes to account****1. Background**

- a) K Sera Sera Limited (Formerly Known as K Sera Sera Productions Limited) was incorporated on September 6, 1995. In the year 2002, the object clause was altered to carry on the business of entertainment through in-house production of motion pictures, television serials and distribution of films produced by third parties.
- b) K SERA SERA PRODUCTIONS FZE is a Free Zone Company with limited liability registered vide commercial license number 5697 on 19 November 2009 in Sharjah, UAE in accordance with the provision of the Harmriyah Free Zone, Sharjah under Sharjah Emiri Decree No. (6) of 1995 and the implementing regulations of the Hamriyah Free Zone Authority. The registered office is E=LOB, Office No. E2-105G-63, P.O. Box 51822, Hamriyah Free Zone, Sharjah, UAE. The company is a wholly owned subsidiary of K Sera Sera Ltd, India which is considered by the directors to be the ultimate parent company. The company has obtained trade license for Film/TV pre-production, distribution, Production, content right management and post production activities.

2. Summary of significant accounting policies**a. Basis of preparation of financial statements**

The consolidated financial statements are prepared under historical cost convention, on the accrual basis of accounting in accordance with the Companies Act, 1956 and the Accounting Principles generally accepted in India ('Indian GAAP') and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India ('ICAI') to the extent applicable.

b. Use of estimates

The preparation of consolidated financial statements in conformity with the Generally Accepted Accounting Principles requires management to make estimates and

assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

c. Principles of Consolidation

The consolidated financial statements relate to K Sera Sera Productions FZE ('the Parent' or 'the company') and its subsidiary K Sera Sera Productions FZE, K Sera Sera Box Office Private Limited, K Sera Sera Digital Cinema Private Limited, K Sera Sera Miniplex Private Limited together referred to as 'the Group'. The consolidated financial statements have been prepared in accordance with the principles and procedures required for the preparation and presentation of financial statements as laid down under the accounting standards issued by the Institute of financial statements of the company and its subsidiary have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and transactions and resulting unrealized gain/losses. The Group accounts for investments by the equity method of accounting where it is able to exercise significant influence over the operating and financial policies of the investee. The Group's share of profit/loss of associate firms is included in the profit and loss account. Inter company profits and losses have been proportionately eliminated until realized by the investor or investee.

d. Fixed assets**Tangible assets**

Fixed assets are stated at historical cost less accumulated depreciation. Cost includes purchase price and all other attributable cost to bring the assets to its working condition for the intended use.

Intangible assets

The Company recognizes / creates rights in motion pictures as intangible asset in the form of Intellectual Property Rights (IPR's). The same is in consideration of the future economic benefits and availability of the aforesaid rights for re-

distribution after the expiry of initial period of distribution agreement. The recognition / creation of IPR's is made at a fixed proportion of the production cost depending on the date of release of the motion picture on the following basis:

- i. At 30% of the production cost of the motion picture in case the picture is released within 90 days before the year end.
- ii. At 10% of the production cost of the motion picture in case the picture is released more than 90 days before the year end.

The said recognition of IPR rights is, however, subject to the management assessment of future economic benefits from exploitation of these rights having regards to the box office success of the movie and other relevant factors. In the event, the said recognition criteria is not met, the entire cost of motion picture is charged to the profit and loss account as 'cost of production'.

Trademarks 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.

e. Depreciation/amortization

Tangible assets

Depreciation on fixed assets is provided on written down value method at the rates and the manner prescribed under Schedule XIV of the Companies Act, 1956 or based on management estimates of useful lives of the fixed assets, whichever is higher.

Intangible assets

The amortization of motion picture rights is made taking into consideration the following factors:

- The date of release/sale of the respective motion picture as referred in paragraph (c) above;
- The tenure of the distribution agreement; and
- Matching principle of accounting.

Based on above, the amortization of Intellectual Property Rights is carried out on the following basis:

| Particulars | Picture is released within 90 days before the year end | Picture is released more than 90 days before the year end |
|--|--|---|
| In the immediately succeeding year of release/sale* | 2/3rd | - |
| Over the balance period of distribution agreement* | 1/3rd | 1/3rd |
| *The above amortization of Intellectual Property rights is subject to the management estimate of future revenue potential. | | |

Trademarks expenditure incurred is not amortized since it will be utilized by the company for indefinite period.

f. Borrowing costs

Borrowing cost that is directly attributable to the acquisition or construction of a qualifying asset are considered as part of the cost of the asset. All other borrowing costs are treated as period cost and charged to the profit and loss account in the year in which it is incurred.

g. Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belong is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account.

h. Investments

- i. Long-term investments are stated at cost. Provision for diminution, if any, in the value of investments is made not recognize a diminution other than temporary, if any.
- ii. Current investments are stated at cost. Provision for diminution, if any, in the value of investments is not recognized a diminution other than temporary, if any

i. Revenue recognition

- i. In house production of motion pictures
Revenue on assignment of distribution rights of motion pictures to third parties is recognized on the date of release/exhibition of the motion picture.

Overflow from the distributors is accounted for as and when due or on receipt basis in case of uncertainty in collection.

Revenue from outright sale of motion pictures is recognized on the date of agreement to sell the rights.

ii. Distribution of motion pictures produced by third parties

Revenue is recognized based on ticket sales on exhibition of the motion pictures at the exhibition centers.

iii. Other rights

Revenue from other rights of motion pictures such as satellite rights, overseas rights, music rights, video rights, etc. is recognized on the date of execution of the agreement to assign these rights for exploitation or the release of the movie whichever is earlier.

j. Inventories

i. Motion pictures under production- valued at cost

Recognized as Projects in progress under inventory till the date of release. The copyrights for future years inherent in the motion pictures are created out of the cost of production and recognized as intangible assets. (Refer Note 2 d. above)

ii. Cost of motion pictures comprises the cost of materials, labour and other related expenses. Borrowing cost directly attributable to movies is capitalized as part of the cost of movies.

k. Accounting for taxes on income

i. Provision for current tax is made, based on the tax payable under the Income Tax Act, 1961.

ii. Deferred tax on timing differences between taxable and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets on unabsorbed tax losses and unabsorbed depreciation are recognized only when there is a virtual certainty of their realization. Other

items are recognized only when there is a reasonable certainty of their realization.

l. Retirement benefits

i. 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.

ii. Provision for gratuity is made on the basis of an actuarial valuation made at the end of each financial year.

m. 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.

iii. Foreign currency translation differences related to acquisition of imported fixed assets, if any are adjusted in the carrying amount of the related fixed assets. All other foreign currency gains and losses are recognized in the profit and loss account

iv. Exchange Rates (1 AED = Rs):

| | |
|-----------------|----------|
| Average Rate | : 12.327 |
| Closing Rate | : 12.328 |
| Historical Rate | : 12.540 |

n. Leases

(i) Finance lease

Assets, if any acquired under finance lease are recognized as assets with corresponding liabilities in the balance sheet at the inception of the lease at amounts equal to lower of the fair value of the lease assets or at the present value of the minimum lease payments. These leased assets are depreciated in line with the Company's policy on depreciation of fixed assets. The interest is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(ii) Operating lease

Lease payments/receipts for operating leases, if any are recognized as expenses/income on a straight line basis over the lease term.

o. Provision and contingent liabilities

Provisions are recognized when the Company has present legal or constructive obligation, a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. Contingent liabilities, if any, are disclosed by way of notes to the Balance Sheet.

p. Preliminary Expenses

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

3. Contingent liabilities not provided for in respect of:

(Amount in Rupees)

| Particulars | March 31,2011 | March 31,2010 |
|---|-------------------|--------------------|
| Guarantees issued by bank - In respect of the Company - In respect of a wholly owned subsidiary | NIL 16,039,756 | NIL 16,039,756 |
| Arrears of cumulative redeemable preference dividend | 5,760,792 | 5,760,792 |
| Claims against Company not acknowledged as debts and contested by the company. | 5,49,24,306 | 112,285,745 |
| Total | 76,724,854 | 134,086,293 |

4. The Maharashtra Government had issued a notification on August 30, 2005, as per which entities leasing copyrights of cinematographic films are required to pay value added tax (VAT) @ 4% retrospectively wef May 1, 2000. Subsequently, upon the representation of 'The Cinematograph Exhibitor's Association of India' ('The Association'), the levy of the said tax was waived for

the period May 1, 2000 to March 31, 2005. The revised notification extending similar relief up to the period commencing from April 1, 2005 is being pursued by the association. The Company, in line with the view taken by the Industry, is of the opinion that VAT is not applicable to the activities carried by the Company and has also taken a legal opinion in this regard. The Company has also not received any demand notice from the VAT authorities. As a matter of prudence, the Company has made ad hoc payments of Rs 1,500,000 under protest, which is disclosed under 'Loans and Advances'. Having regard to the above facts, the Company does not expect any liability on this account.

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

| Sr. No. | Name of the Parties | Suit No. | Particulars |
|---------|-------------------------------------|---|---|
| 1 | Global Trade Finance Ltd. | 2371/ SS / 2008 2100/ SS / 2008 2165/ SS / 2008 2244/ SS / 2008 2166/ SS / 2008 | Against their outstanding Loan account of Rs. 18,721,165/- under section 138 of the Negotiable Instrument Act. |
| 2 | Standard Chartered Bank | ----- | Against outstanding Bank Guarantee given to Twenty Twenty Television Company Ltd. Of Rs. 16,039,756/- in DRT at Mumbai. |
| 3 | Eternal Dreams | 2307/SS/07 | Against their outstanding Loan account Of Rs. 5,840,000/- under section 138 of the Negotiable Instrument Act. |
| 4 | Venkatesh Films Private Ltd. | Not Applicable | Filed with the Association for the EIMIPA – Kolkatta claim for Rs. 680,000/- |
| 5 | Income Tax Authority | Appeal for Assessment Year 2006-07 | Filed Appeal against the Demand Raised for Rs.296,83,141/- |
| 6 | Lemon Entertainment Private Limited | 595/2009 | Suit for injunction of our plaint filled u/s 138 |

b) The details of the suit filed by the company pending for disposal is as under:

| S. No. | Name of the Parties | Suit No. | Particulars |
|--------|--|----------|--|
| 1 | Percept Picture Company | - | Arbitration proceedings initiated for recovery of Rs.8,000,000/- |
| 2 | Maharashtra Stage & Cultural Development | - | The Company has filed a suit and initiated action under section 138 of the Negotiable Instruments Act, against the said Corporation for recovery of its claim of Rs.10,876,000/- advance against the content of television serials which were not completed. |
| 3 | Lemon Entertainment Private Limited | - | The Company has filed a suit and initiated action under section 138 of the Negotiable Instruments Act, for recovery of its claim of Rs.138,813,155/- |
| 4 | Mayank Shah | - | The Company has filed a suit and initiated action under section 138 of the Negotiable Instruments Act, for recovery of its claim of Rs.900,000/- |
| 5 | Eros Multimedia limited | - | Suit for Damages for Rs.96,000,000/- |
| 6 | Innovision E-Commerce Limited | - | Winding up Petition Filed for Recovery of Rs.749,000/- |
| 7 | Zee Entertainment Enterprises Ltd | | Arbitration filled for damages of Rs.246,680,200/- |

6.

| Sr. No. | Name of the Company | Date of Incorporation | % of holding | Amount Invested | Advance to Subsidiaries | Previous Year |
|---------|-------------------------------------|-----------------------|--------------|-----------------|-------------------------|---------------|
| 1. | K Sera Sera Productions FZE | 19.11.2009 | 100% | 4,33,213 | 730,354,51 | 739,554,539 |
| 2. | K Sera Sera Digital Cinema Pvt. Ltd | 04.06.2009 | 100% | 29,99,99,980 | NIL | 21,892,013 |
| 3. | K Sera Sera Box Office Pvt. Ltd. | 12.06.2009 | 100% | 29,99,99,990 | NIL | 9,974,241 |
| 4. | K Sera Sera Miniplex Pvt. Ltd. | 02.02.2010 | 100% | 29,99,99,990 | 25,037,612 | 15,241,694 |

Based on the fundamentals of the subsidiary company business, the management is of the opinion that it is strategically desirable for K Sera Sera to continue to support the subsidiary through funding (including equity / debt infusion), through either fresh funds or conversion of existing loans into equity.

7. Previous year the Company has allotted 2367 (Two Thousand Six Hundred Sixty Seven Only) Optionally Convertible Redeemable Bonds of the Face Value of Rs. 1,00,000 each (Rupees One Lakh Only) to '**M/s. Global Trade Finance Limited**', for an aggregate sum of Rs. 23,67,00,000 (Rupees Twenty Three Crore Sixty Seven Lac Only) on 29th January, 2010 against their settlement of the amount borrowed by the Company from the said Financial Institution and still the option is not exercised.
8. Share application money, pending allotment of Rs.143,908,764/- (previous year Rs. 114,158,764) represents money received against offer for allotment of redeemable cumulative non-convertible preference shares of Rs.10 each. These are redeemable at par on or before 5 years, at the option of the Company.
9. In Previous Financial Year Company has redeem 5% Redeemable Cumulative Non- Convertible Preference Shares of Rs.10/- each amounting to Rs. 3,84,05,240/- (Rupees Three Crores Eighty Four Lacs Five Thousand Two Hundred Forty Only) along with the right to accrued interest thereon. However the amount against the said redemption is due and payable till the conclusion of our audit and disclosed as creditors under the Current Liabilities in the Balance Sheet.
10. Balances in respect of certain sundry debtors, sundry creditors and loans and advances are taken as shown by the books of account and are subject to confirmation and consequent adjustments and reconciliation, if any.
11. As per Management opinion Current assets, loans and advances have a value on realization which in the ordinary course of the business would not be less than the amount at which they are stated in the balance sheet and the provisions for all known and determined liabilities are adequate and not in excess of the amount reasonably required.

12. Deferred tax liability / (asset)

(Amount in Rupees)

| Particulars | As at April 1, 2010 | Current year (charge) / credit | As at March 31, 2011 |
|---|---------------------|--------------------------------|----------------------|
| Difference between book base and tax base of fixed assets | (2,552,724) | 22,763,145 | 20,210,421 |
| Liabilities that are deducted for tax purposes when paid | (41,869) | (9,651) | (51,520) |
| Carried forward losses | (38,593,276) | (11,831,523) | (50,424,799) |
| Total | (41,187,869) | (13,498,758) | (30,265,898) |

13. Earnings per share

(Amount in Rupees)

| Particulars | March 31, 2011 | March 31, 2010 |
|--|--------------------|--------------------|
| Net profit / (loss) after tax for the year | 711,288,323 | 745,198,453 |
| Less: Preference dividend and tax thereon | - | - |
| Numerator used for calculating basic and diluted earnings per share | 711,288,323 | 745,198,453 |
| Equity shares outstanding as at the year end | 207,938,634 | 205,955,819 |
| Weighted average number of shares used as denominator for calculating basic earnings per share | 207,938,634 | 130,615,877 |
| Weighted average number of shares used as denominator for calculating diluted earnings per share | 207,938,634 | 130,822,307 |
| Nominal value per share (Rs.) | 10 | 10 |
| Earnings per share | | |
| – Basic | 3.42 | 5.71 |
| – Diluted | 3.42 | 5.70 |

14. Auditor's remuneration [including service tax]

(Amount in Rupees)

| Particulars | March 31, 2011 | March 31, 2010 |
|---|----------------|----------------|
| Statutory audit | 485,320 | 260,000 |
| Limited review, other services and out-of-pocket expenses | 110,300 | 100,000 |
| | - | - |
| Total | 595,620 | 360,000 |

15. Remuneration to directors

(Amount in Rupees)

| Particulars | March 31, 2011 | March 31, 2010 |
|-----------------------|------------------|------------------|
| Salary and allowances | 2,144,500 | 12,00,000 |
| Total | 2,144,500 | 12,00,000 |

Computation of net profit under section 349 of the Companies Act 1956 is not given as no commission is payable to the directors.

K SERA SERA LIMITED**16. Earnings in foreign currency**

(Amount in Rupees)

| Particulars | March 31,2011 | March 31,2010 |
|---------------------------|---------------------|--------------------|
| Interest on Fixed Deposit | 23,91,841 | 1,20,54,148 |
| Export Sales | 23,52,14,446 | - |
| Total | 23,76,06,287 | 1,20,54,148 |

17. Expenditure in foreign currency

(Amount in Rupees)

| Particulars | March 31,2011 | March 31,2010 |
|---------------------------------------|----------------|----------------|
| Bank Charges | - | 1,81,364 |
| Luxemberg Stock Exchange Listing Fees | 273,831 | 167,848 |
| Total | 273,831 | 349,212 |

18. Related Party Disclosures

Related parties are classified as:

| |
|---|
| I Wholly Owned Subsidiaries: |
| 1. K Sera Sera Productions FZE |
| 2. K Sera Sera Box Office Private Limited |
| 3. K Sera Sera Digital Cinema Private Limited |
| 4. K Sera Sera Miniplex Private Limited |
| 5. K Sera Sear Consultancy Pvt. Ltd. |
| 6. K Kampus Education Pvt. Ltd. |
| II Key managerial personnel |
| 1. Mr. Sanjay B. Lai |
| 2. Mr. Sanjay Gupta |

Summary of related parties transactions are as under:

(Amount in Rupees)

| Sr. No. | Nature of transactions | Associates (Partnership firms) | Key managerial personnel | Total |
|---------|--|--------------------------------|--------------------------|----------------|
| 1. | Income on assignment of distribution rights | - (-) | - (-) | - (-) |
| 2. | Lease rent received | - (-) | - (-) | - (-) |
| 3. | Investments made | - (-) | - (-) | - (-) |
| 4. | Application money towards purchase of shares | - (-) | - (-) | - (-) |
| 5. | Loans granted | - (-) | 250,000 (-) | 250,000 (-) |
| 6. | Share of profit/(loss) | - (-) | - (-) | - (-) |

K SERA SERA LIMITED

| | | | | |
|--------------------------------------|--|----------|--------------------------|--------------------------|
| 7. | Remuneration | - (-) | 1,582,500 (12,00,000) | 1,582,500 (12,00,000) |
| 8. | Guarantees given | - (-) | - (-) | - (-) |
| 9. | Capital Assets | - (-) | - (-) | - (-) |
| 10. | House Rent Deposits | - (-) | 500,000 (-) | 500,000 (-) |
| 11. | Professional Fees | - (-) | - (-) | - (-) |
| Balances as at March 31, 2011 | | | | |
| 1. | Outstanding balances receivable | - (-) | 250,000 (-) | 250,000 (-) |
| 2. | Outstanding balances payable | - (-) | - (-) | - (-) |
| 3. | Investments made | - (-) | - (-) | - (-) |
| 4. | Loans granted | - (-) | 250,000 (-) | 250,000 (-) |
| 5. | Application money towards purchase of shares | - (-) | - (-) | - (-) |
| 6. | Outstanding guarantees | - (-) | - (-) | - (-) |

Of the above items, transactions in excess of 10% of the total related party transactions are as under:

| Nature of transactions | Amount in rupees | Associates (Partnership firms) | Amount in rupees | Key management personnel | Amount in rupees |
|---------------------------------|---------------------|--------------------------------------|---------------------|--------------------------------|--|
| Loans granted | - (-) | - (-) | - (-) | 250,000 (-) | 250,000 (-) |
| Share of Profit/(Loss) | - (-) | - (-) | - (-) | - (-) | - (-) |
| Remuneration | - (-) | - (-) | - (-) | Sanjay Lai Sanjay Gupta | 12,00,000 (12,00,000) 382,500 (-) |
| Outstanding balances receivable | - (-) | - (-) | - (-) | 250,000 (-) | 250,000 (-) |
| Outstanding guarantees | - (-) | - (-) | - (-) | - (-) | - (-) |
| Capital Assets | - (-) | - (-) | - (-) | - (-) | - (-) |
| House Rent Deposits | - (-) | - (-) | - (-) | 500,000 (-) | 500,000 (-) |
| Professional fees | - (-) | - (-) | - (-) | - (-) | - (-) |

18. Leases**a. Finance Lease**

During the year the company has not acquired any assets on hire purchase, the fair value of which is Rs. Nil (Previous year Rs. NIL). Further the company has surrendered the Assets to the Banks / Parties, accordingly the capital value and the corresponding liability has been reduced to Nil as disclosed under Schedules of Fixed assets / Secured Loans attached to the Balance Sheet. The details of installments payable in future are as follows:

b. Operating Lease

The Company's leasing arrangements are in respect of the office premises. The aggregate lease rentals payable on these leasing arrangements are charged as rent under Administrative and Other expenses' in Schedule 'Q'.

19. Segment Information**(a) Primary Segment (by Business segments):**

Based on similarity of activities / products, risk and reward structure, organization structure and internal reporting systems, the Company has structured its operations into the following segments

- i. In-house production and distribution of motion pictures
- ii. Distribution of motion pictures produced by third parties
- iii. Television content production
- iv. Film Exhibitions

Segment revenue and expenses include amounts, which can be directly identified to the segment and are allocable on a reasonable basis. Segment assets include all operating assets used by the segment and consist primarily of inventories, debtors and loans and advances. Segment liabilities include all operating liabilities and consist primarily of creditors, advances and deposits from customers.

(b) Secondary Segment (by Geographic demarcation):

- i. The secondary segment is based on geographical demarcation i.e. India and Outside India.

20. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. NIL (Previous year Rs. NIL).

23. Information with regard to other matters specified in Part II of schedule VI to the Companies Act, 1956 is either nil or not applicable to the Company for the year.

24. There are no amounts due for transfer to the Investors Education and Protection Fund as at March 31, 2011

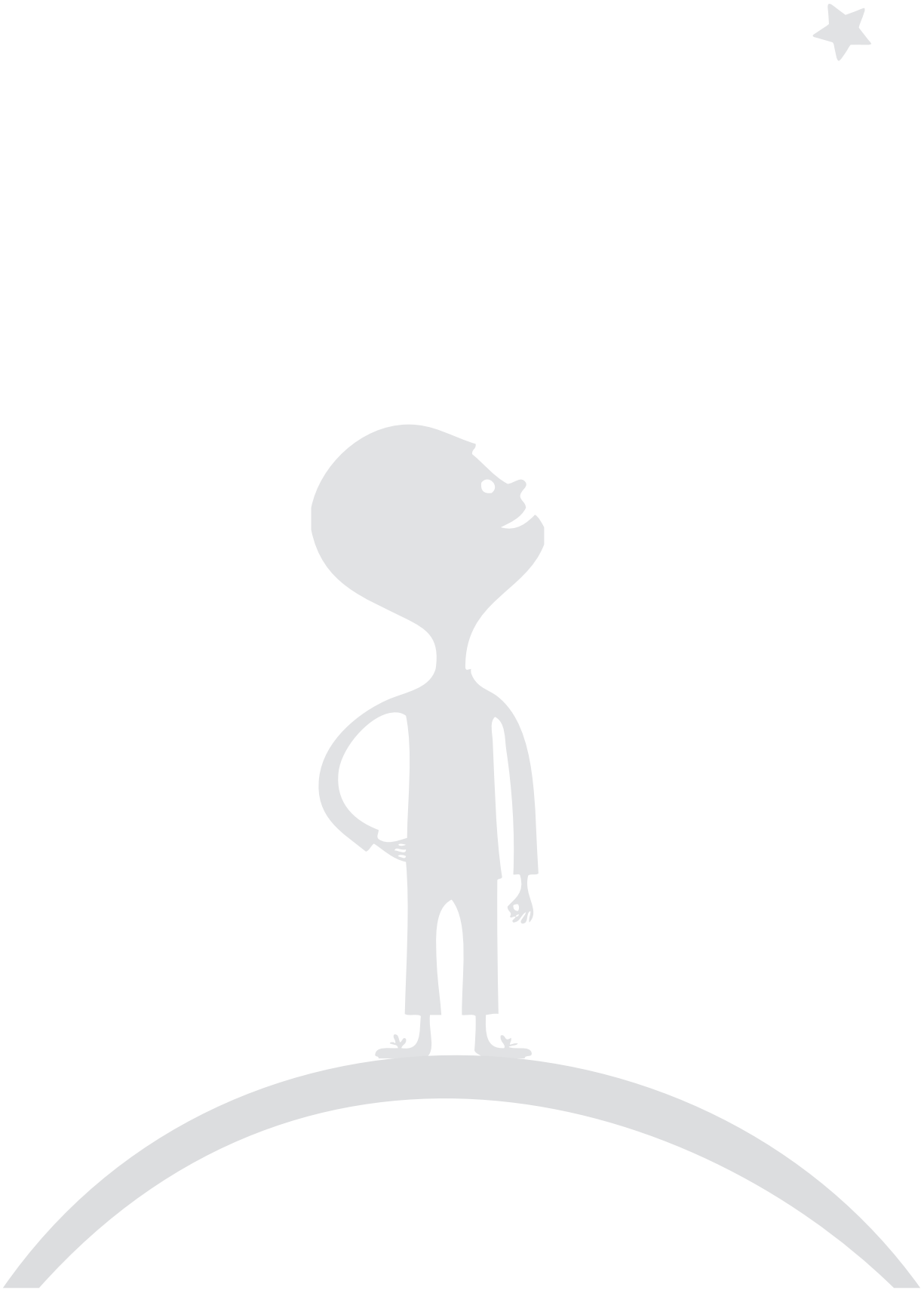
25. The Company did not have any transactions with Small Scale Industrial ('SME's') Undertakings during the year ended March 31, 2011 and hence there are no amounts due to such undertakings. The identification of SME's undertakings is based on the management's knowledge of their status.

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.

26. Figures in brackets represent those of the previous year.

27. Figures for the previous year have been regrouped / amended wherever necessary.

Signature to Schedules 'A' to 'S'**For and on behalf of the board of directors****For Agrawal Jain & Gupta**
Chartered Accountants
FRN: 013538CSd/-
Sanjay Lai
Managing DirectorSd/-
Husain Shattaf
Director**CA Narayan Swami**
Partner
M. No - 409759



K SERA SERA LIMITED

(FORMERLY KNOWN AS K SERA SERA PRODUCTIONS LIMITED)

Registered Office: Office No. 18 to 22, 4th Floor, Mohid Heights, Lokhandwala Road,
off Four Bungalow, Andheri (West) Mumbai- 400053.

ATTENDANCE SLIP

| | | | |
|---------------------|--|------------------|--|
| DP ID CLINT ID No.* | | Master Folio No. | |
|---------------------|--|------------------|--|

Name & Address of the Shareholder _____

Number of Shares Held: _____

I/We hereby record my/our presence at the 16th Annual General Meeting of the Company held at "Kailash Parbat, K-P Restaurants, 7A/ 8A, 'A' wing crystal Plaza, Link Road, Andheri (West), Mumbai -400053" on 30th September, 2011 at 9:00 a.m.

Signature of the Shareholder or Proxy

*Applicable for Investors holding shares in Electronic Form.

***** TEAR HERE *****

K SERA SERA LIMITED

(FORMERLY KNOWN AS K SERA SERA PRODUCTIONS LIMITED)

Registered Office: Office No. 18 to 22, 4th Floor, Mohid Heights, Lokhandwala Road,
off Four Bungalow, Andheri (West) Mumbai- 400053.

PROXY FORM

| | | | |
|---------------------|--|------------------|--|
| DP ID CLINT ID No.* | | Master Folio No. | |
|---------------------|--|------------------|--|

I/We of
..... being a member/members of K Sera
Sera Limited hereby appoint of
..... in the district of as my/our
proxy to vote for me/us and on my/our behalf at the 16th Annual General Meeting of the Company held
at "Kailash Parbat, K-P Restaurants, 7A/ 8A, 'A' wing crystal Plaza, Link Road, Andheri (West),
Mumbai -400053" on 30th September, 2011 at 9:00 a.m. or at any adjournment thereof.

Signed this day of 2010.

Affix
15 paise
Revenue
Stamp

Note:

1. The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the corporation not less than 48 hours before the schedule time of the aforesaid meeting. A Proxy need not be a Member.
2. Members holding shares under more than one folio may use photocopy of this proxy for other folios. The Company shall provide additional forms on request.

