



K SERA SERA LIMITED

**17TH ANNUAL REPORT
2011-2012**

BOARD OF DIRECTORS

MR. SATISH PANCHARIYA
(Executive Chairman and Director)

BRIGADIER VINOD AHUJA
(Managing Director)

MR. HUSSAIN SHATTAF
(Non – Executive Independent Director)

DR. RAJEEV BENARA
(Non – Executive Independent Director)

MR. DUSHYANT KUMAR
(Non – Executive Independent Director)

MR. RAKESH SHARMA
(Non – Executive Independent Director)

COMPANY SECRETARY

MR. SHAILESH BAPAT

AUDITORS

M/s. AGRAWAL JAIN AND GUPTA,
Chartered Accountants
Near Mamta Ice Factory,
Opp. Om Dharm Kanta,
Ringus Road,
Chomu - 303 702.

BANKERS

ING Vysya Bank
ICICI Bank

**REGISTRAR & SHARE
TRANSFER AGENT**

BIGSHARE SERVICES PRIVATE LIMITED
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 - 400 053.

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NOTICE

NOTICE IS HEREBY GIVEN THAT 17TH ANNUAL GENERAL MEETING OF THE Shareholders of K SERA SERA LIMITED will be held at "Kailash Parbat, K-P Restaurants, 7A/ 8A, 'A' wing Crystal Plaza, Link Road, Andheri (West), Mumbai -400053" on Saturday, the 29th December, 2012 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 2012 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. Dushyant Kumar, who retires from office by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Hussain Shattaf, 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."

SPECIAL BUSINESS:

5. **To pass and if thought fit to adopt with or without modification following resolution as the Ordinary Resolution:**

"RESOLVED THAT Mr. Satish Panchariya, who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 20th

September, 2012 and who holds office up to the date of this Annual General Meeting and in respect of whom a notice in writing under Section 257 of the Companies Act, 1956 has been received from a member signifying his / her intention to propose him as a candidate for the office of Director of the Company, be and is hereby appointed as a Director liable to retire by rotation.

RESOLVED FURTHER THAT Mr. Satish Panchariya, Director be and is hereby appointed as Executive Chairman of the Company till further resolved."

6. **To pass and if thought fit to adopt with or without modification following resolution as the Ordinary Resolution:**

"RESOLVED THAT Mr. Rakesh Sharma, who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 20th September, 2012 and who holds office up to the date of this Annual General Meeting and in respect of whom a notice in writing under Section 257 of the Companies Act, 1956 has been received from a member signifying his / her intention to propose him as a candidate for the office of Director of the Company, be and is hereby appointed as a Director liable to retire by rotation."

7. **To pass and if thought fit to adopt with or without modification following resolution as the Ordinary Resolution:**

"RESOLVED THAT Brigadier Vinod Ahuja, who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 28th February, 2012 and who holds office up to the date of this Annual General Meeting and in respect of whom a notice in writing under Section 257 of the Companies Act, 1956 has been received from a member signifying his / her intention to propose him as a candidate for the office of Director of the Company, be and is hereby appointed as a Director liable to retire by rotation."

8. **To consider and, if thought fit to pass with or without modification following resolution as the Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 269, 198, 309, 310, 311, 314 and other applicable sections, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act, as amended from time to time, the Board of Directors of the Company hereby appoints Brigadier Vinod Ahuja as Managing Director of the Company for a period of 1 Years w.e.f 18th October, 2012 on the terms and

conditions with respect to the powers, duties as specified in the agreement to be entered between him and the Company and signed by Mr. Satish Panchariya, Chairman of the Company, with the authority to the Board of Directors to alter or vary the same from time to time if Board/Chairman feels any unsatisfactory performance with effect from such date or dates as may be decided by it.

RESOLVED FURTHER THAT the Agreements etc entered with Brigadier Vinod Ahuja appointing him as a Chairman and/or Whole time Director of the company stands cancelled/nullified with immediate effect.

RESOLVED FURTHER THAT pursuant to provisions of Section 198 read with Section 309 and all other applicable provisions of the Companies Act, 1956, read with Schedule XIII to the Act as amended from time to time, the remuneration of Brigadier Vinod Ahuja will be Rs. 48,00,000/- per annum, in consonance with the ceiling specified under the Schedule XIII of the Companies Act, 1956 and /or such other higher monetary ceiling as may be applicable from time to time, notwithstanding that in relevant financial year(s) of the Company during his tenure as Managing Director, the Company has made inadequate profit under Section 349 of the Act.

RESOLVED FURTHER THAT remuneration, perquisites and commission etc. approved above would be effective for a period of 1 year w.e.f. 1st October, 2012 only. In case of his appointment is extended for further period the remuneration will be decided with mutual consent.

The nomenclature of allowance/ reimbursement and corresponding amount thereof can be revised as per the rules of the Company subject however, to the ceiling specified under the Schedule XIII of the Companies Act, 1956.

Place : Mumbai
Date: 5th December, 2012

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

RESOLVED FURTHER THAT the substantial managerial powers being entrusted to the Brigadier Vinod Ahuja as a Managing Director shall be exercisable subject to the approval of the Chairman of the Company who is hereby authorized to oversee, and routine day to day affairs of the Company will be handled independently by Brigadier Vinod Ahuja .

RESOLVED FURTHER THAT Mr. Satish Panchariya Chairman of the Company has been authorized herewith to enter into an agreement on behalf of the Company with Managing Director.

RESOLVED FURTHER THAT any one of the Directors of the Company be and are hereby authorized to file necessary forms in this behalf with the Registrar of the Companies, Maharashtra and to do all such other acts, deeds, and things to give effect to the this resolution.”

9. **To consider and, if thought fit to pass with or without modification following resolution as the Special Resolution:**

“**RESOLVED THAT** pursuant to provisions of Section 21 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956 if any, and subject to the approval of the Registrar of Companies, consent of the Company be and is hereby granted for changing the name of the Company from **K SERA SERA LIMITED to KSS LIMITED** or such other name as may be approved by the Registrar of Companies, Mumbai.

RESOLVED THAT the name “K SERA SERA LIMITED” wherever it appears in the Memorandum and Articles of Association of the Company or elsewhere, shall be amended to read as “**KSS LIMITED**” or such other name as may be approved by the Registrar of Companies, Mumbai.”

By Order of the Board of Directors

Sd /-
Shailesh Bapat
Company Secretary

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 26th December, 2012 to 29th December, 2012 (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.
8. The Ministry of Corporate Affairs (vide circulars nos 17/2011 and 18/2011 dated April, 2011 and April 29,2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. A recent amendment to the Listing Agreement with the Stock Exchanges permits Companies to send soft copies of the Annual Report to all those shareholders who have registered their email address for the said purpose. Members are requested to support this Green Initiative by registering/updating their e-mail addresses for receiving electronic communications.

Place: Mumbai

Date: 5th December, 2012

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEM NOS. 5 TO 8 OF THE NOTICE

ITEM NO. 5:

Mr. Satish Panchariya was appointed as an Additional Director of the Company on 20th September, 2012. Pursuant to Section 260 of the Companies Act, 1956, he holds office up to the date of this Annual General Meeting.

Pursuant to Section 257 of The Companies Act 1956, notice in writing has been received from a Member of the Company along with the deposit of Rs.500/- signifying his intention to propose the said Director as candidate for the Office of Directors. A brief profile of Mr. Satish Panchariya, is an Industrialist with extensive experience in financial markets and digital cinemas. His expertise and details of other directorship have been furnished in Section on Corporate Governance elsewhere in the Annual Report.

The Board also recommended him to be a Chairman as his presence on the board and his Chairmanship would immensely benefit the Company with great expectations for Company's growth & business development. Your Directors recommend this resolution for your approval.

None of the Directors are interested in this resolution except Mr. Satish Panchariya, since it relates to his appointment.

ITEM NO. 6:

Mr. Rakesh Sharma was appointed as an Additional Director of the Company on 20th September, 2012. Pursuant to Section 260 of the Companies Act, 1956, he holds office up to the date of this Annual General Meeting.

Pursuant to Section 257 of The Companies Act 1956, notice in writing has been received from a Member of the Company along with the deposit of Rs.500/- signifying his intention to propose the said Director as candidate for the Office of Directors.

A brief profile of Mr. Rakesh Sharma, his expertise and details of other directorship have been furnished in Section on Corporate Governance elsewhere in the Annual Report.

His presence on the board would immensely benefit the Company.

Your Directors recommend this resolution for your approval.

None of the Directors are interested in this resolution except Mr. Rakesh Sharma, since it relates to his appointment.

ITEM NO. 7 & 8:

Brigadier Vinod Ahuja was appointed as an Additional Director of the Company on 28th February, 2012. Pursuant to Section 260 of the Companies Act, 1956, he holds office up to the date of this Annual General Meeting.

Pursuant to Section 257 of The Companies Act 1956, notice in writing has been received from a Member of the Company along with the deposit of Rs.500/- signifying his intention to propose the said Director as candidate for the Office of Directors.

Brigadier Vinod Ahuja, was also appointed as Chairman and Whole-Time Director of the Company on 28th February, 2012 and his appointment was duly ratified in the Extra-Ordinary General Meeting held on 31st March, 2012

During the year Brigadier Vinod Ahuja has taken various initiatives to strengthen the existing business of the Company under his leadership & vision, there has been all round growth & development. He has performed the twin roles of Chairman & Whole Time Director as also the role of Group CEO with intense commitment, focus & elan. Board has taken note of his performance and appreciated his hard work. As a consequence, the board proposed to appoint him as Managing Director of the company on revised remuneration.

The Board of Directors of the Company in its meeting held on 18th October, 2012 has appointed him as the Managing Director of the Company for a period of 1 (One Year) w.e.f 18th October, 2012 with revised remuneration. Hence for the same approval of members is required by passing Special Resolution.

Keeping in view of the same, the said resolution is proposed for the Member's approval.

The main terms of salary, perquisites and other allowance payable to Brigadier Vinod Ahuja are as under

Salary not exceeding Rs.48,00,000/-per annum .

Your Directors recommend this resolution for your approval.

None of the Directors are interested in this resolution except Brigadier Vinod Ahuja, since it relates to his remuneration.

K SERA SERA LIMITED

ITEM NO. 9:

The Board of Directors of the Company in its meeting held on 5th December, 2012 has decided to change the name of the Company from K SERA SERA LIMITED to KSS Limited of the Company.

The Directors believe that the new name would help the Company to bring positive energy thereby helping business to grow faster & also the Directors using short form of the old name. Hence it is decided to shelve the word K SERA SERA from the name of the Company and propose to change the name from K SERA SERA LIMITED to KSS LIMITED. The resolution as proposed is recommended for approval.

Keeping in view of the same, the said resolution is proposed for the Member's approval.

Your Directors recommend this resolution for your approval.

None of the Directors are concerned or interested in the proposed resolution except to the extent that they hold any shares in the Company.

The requisite information required to be provided to the Shareholders of the Company in the Notice convening the Annual General Meeting of the Company in terms of Part –II , Section II-1(B) of Schedule XIII to the Companies Act,1956 is set out below:-

I. General Information:-

- (1) Nature of Industry- Entertainment
- (2) Date of expected date of commencement of commercial production: 2002
- (3) Financial Performance on given indicators:-

(Rs. In Lacs)

Year ending 31 st March	Sales	Operating Profit/Loss	Profit/(Loss) before Tax	Net Profit/(Loss) after Tax
2008	6369.18	727.17	90.30	(28.70)
2009	3685.15	406.16	25.44	(427.54)
2010	3044.15	421.19	13.81	705.45
2011	2357.60	327.76	100.24	(99.43)
2012	356.25	(484.48)	(777.46)	(1791.90)

(4) Export Performance and net foreign exchange earnings:

Export revenue for the year 2011-12 was NIL as compared to the export of Rs. 2308.00 Lacs achieved in the previous year. Foreign exchange earned and used during the financial year 2011-12 and 2010-11:-

(Rs. In Lacs)

	2011-12	2010-11
Foreign Exchange earned	NIL	2376.07
Foreign Exchange used	445.83	2.74

(5) Foreign Investments or Collaborations, if any:

Holdings of FIIs/NRIs and other non-residents is 17.19 % (out of which 7.47 % is held by India Max Investment Fund Limited.) in the Company as at 31st March, 2012. The Company has no foreign Collaborator.

II. Information about the appointee :-

(1) Background details	Brigadier Vinod Ahuja, aged 60 years is a Soldier turned Business Development Expert, who is presently the Managing Director of the Company. He looks after the Business Development and Operations of the Company. He holds the post graduate degree of PGDBM and is a Science graduate (M.Sc). He brings with him strategic value with his added experience in Commercial and Infrastructure Management as also Information & Material Security. The Brigadier has taken several initiatives to focus on growth, value addition and cost effectiveness. He has in a sustained way, contributed significantly towards improvement and growth of the Company.
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K SERA SERA LIMITED

(2) Past Remuneration	Feb 2011- Oct 2012: Rs. 25,00,000/-
(3) Recognition or awards	- Prime Minister Cave of Honour at the Republic Day Parade 1968. - Topper in PGDBM
(4) Job Profile and his suitability	Brigadier Vinod Ahuja acting as the Managing Director of the Company, shall devote his whole-time and attention to the business and affairs of the Company and carry out such duties, which are entrusted to him from time to time by the Board of Directors of the Company ("the Board") and exercise such powers as assigned to him by the Board subject to the superintendence, control and directions of the Board and Chairman in connection with and in the best interest of the Company and the business of its associated and/or subsidiary Company(ies) , as the case may be. The Board is of the opinion that Brigadier Vinod Ahuja has the requisite qualifications, expertise and experience for the job, he is appointed.
(5) Remuneration proposed	Salary @ Rs. 4,00,000/- Lacs per month w.e.f 01 st October,2012 for a period of 1 (One) year, computed in the manner laid down in Section 198 and Section 309 of the Companies Act,1956, as spelt out in the explanatory statement annexed to the Notice convening the 17th Annual General Meeting of the Company.
(6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	Compared to the remuneration with respect to the Industry, Companies of similar size as that of the Company and persons holding similar position, the remuneration proposed to paid to Brigadier Vinod Ahuja as the Managing Director is low.
(7) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any	The Managing Director has no other pecuniary relationship directly or indirectly with the Company or with any of the managerial personnel of the Company, except to the extent of remuneration and other employment benefits being paid to him as the Managing Director of the Company and the holdings in the Company held by him and his relatives and associates or held by the Company(ies), Firm(s) and Trust(s), in which he is interested as a Director, member, partner and trustee and further to the extent of dividend and paid by the Company on their respective holdings and such other benefits arising out of such Shareholdings.

III. Other Information :-

(1) Reasons for loss or inadequate profits	Since the Company is engaged in Entertainment and Media sector there are uncertainties about the revenue from Movie releasing due to high operation cost. Also Company has diversified its business in its subsidiaries hence there are losses in lieu of burden of fixed and operational cost.
(2) Steps taken or proposed to be taken for improvement	The Management is taking necessary and adequate steps to improve workings and profitability of the company and will continue in its endeavor to improve Company's performance. Also appropriate expenses for the Business of respective subsidiaries are transferred to them and company is in process to entering into new Projects in its holding company.
(3) Expected increase in productivity and profits in measurable terms	The Company has already taken several initiatives to improve upon the profitability. However due to unpredictable industry it is quite difficult to measure the expected increase in productivity and profitability.

K SERA SERA LIMITED

IV. Disclosures:-

(1) The Shareholders shall be informed of the remuneration package of the managerial person	Yes, the Remuneration package has been fully disclosed under the explanatory statement, in regard special resolution approving at item no. 7 & 8 of the Notice relating to the appointment of the Managing Director duly annexed to the Notice convening the 17 th Annual General Meeting of the Company in which proposal for appointment of Brigadier Vinod Ahuja as the Managing Director is given to seek members approval.
(2) All elements of remuneration package such as salary benefits ,bonuses, stock option, perquisites of all the Directors	The Remuneration package and other terms applicable to the Directors have been disclosed in the Corporate Governance Report forming part of the Annual Report for the year.
(3) Details of fixed components and performance linked incentives along with performance criteria	The Remuneration package and other terms applicable to the Directors have been disclosed in the Corporate Governance Report forming part of the Annual Report for the year.
(4) Service contracts,notice period , severance period,severance fees etc:	Service contract is for a period of 1(One) year from 18 th October,2012 to 17 th October,2013. Notice period is months.No severance fee is payable on termination
(5) Stock option details , if any and whether the same has been insured at a discount as well as the period	The Company has not issued any stock options to any of its Directors or Managerial Personnel.

Information pursuant to Clause 49 (IV) (G) (i) of the Listing Agreement:-

Brief resume and other details in respect of the Directors seeking appointment /reappointment at the Annual General Meeting fixed for 29th December, 2012.

Names of Directors	Mr. Dushyant Kumar	Mr. Hussain Shattaf	Mr. Satish Panchariya	Mr.Rakesh Roopram Sharma
Date of Birth	17.11.1983	04.04.1979	27.07.1970	16.03.1968
Date of Appointment	29.06.2010	13.10.2008	20.09.2012	20.09.2012
Expertise in functional area	Legal Matters	Gold, Steel Industry, Construction & Exchange House	Digital Cinema & Financial Market	Legal Matters
List of outside directorship held, excluding Alternate Directorship,Private Companies, and Foreign Companies	NIL	NIL	1 Alka India Limited	NIL
Chairman/member of the Committee of the Board of Directors of the Company	Audit Committee	Shareholder's/Investor's Grievance Committee	NIL	NIL
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	Audit Committee Alka India Limited	NIL
No. of Shares held in the Company	NIL	NIL	NIL	NIL

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Seventeenth Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2012.

1. Overview

K Sera Sera Limited is a hugely successful visionary group in media and entertainment which has produced 20 films and distributed over 120 films. Our Company has catapulted into an all encompassing global conglomerate, which has effectively diversified into other productive industry sectors. The company has now forayed into Film exhibition- "K Sera Sera Miniplex", eEducation- "K Kampus" and Projection Technology- "SkyCinex".

FINANCIAL HIGHLIGHTS:

(Rs. In Lacs)

Particulars	Standalone		Consolidated	
	2011-2012	2010-11	2011-12	2010-11
Revenue from operations & other operating income	356.25	2357.60	11,122.35	25,574.54
Profit/(Loss) Before Taxation & Exceptional Items	(777.46)	100.24	92.73	7,229.53
Add: Exceptional items	(729.74)	-	(729.74)	-
Profit/(Loss) before tax	(1507.20)	100.24	(637.01)	7,229.23
Less: Tax expenses	(284.70)	199.67	(278.68)	116.65
Profit/(Loss) after Taxation	(1791.90)	(99.43)	(915.68)	7,112.58
Balance Brought forward from the previous year	(502.58)	(403.15)	23,083.77	15,970.89
Balance carried forward to next year	(2294.48)	(502.58)	22,168.08	23,083.77

2. Company performance

During the financial year ended 31st March 2012, the total revenue on a consolidated basis was Rs.11,122.35 Lacs. The Company has incurred post tax loss of Rs. 915.68 Lacs for financial year 2011-12 as against profit of Rs. 7,112.58 Lacs in the previous year.

On standalone basis total revenue stood at Rs. 356.25 Lacs. The post tax loss for the financial year 2011-12 was Rs.1,791.90 Lacs viz-a-viz loss of Rs. 99.43 Lacs in the previous year.

3. Dividend

The Board of Directors do not recommended dividend for the year ended 31st March, 2012.

4. Subsidiaries

The Company has following subsidiaries

K Sera Sera Digital Cinema Private Limited - India
K Sera Sera Box Office Private Limited-India
K Sera Sera Miniplex Private Limited- India
K Sera Sera Productions FZE- UAE
K Bazaar Online Trading Private Limited-India

The Company has following step-down subsidiaries

K Kampus Education Private Limited - India
K Sera Sera Consultancy Private Limited - India
K Sera Sera Holdings Pty Limited - Australia
KSS Capital Limited - Bermuda

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

5. Investments in direct subsidiaries

During the year under review, your Company had invested an aggregate amount of AED 4,03,55,000 as equity in its UAE subsidiary i.e. K Sera Sera Productions FZE. Apart from this, your Company had funded its subsidiaries, from time to time, as per the fund requirements, through loans, guarantees and other means.

6. Presentation of Financial Statements

The Ministry of Corporate Affairs (MCA) vide notification dated 28 February 2011 amended the existing Schedule VI to the Companies Act, 1956. The revised Schedule VI is applicable from financial year commencing from 1st April 2011. The financial statements of your Company for the year ended 31st March 2012 have been prepared in accordance with the revised Schedule VI and accordingly, the previous year's figures have been reclassified/ regrouped to conform to this year's classification.

7. Consolidated Accounts

The Ministry of Corporate Affairs (MCA) by General Circular No.2/2011 dated 8th February 2011 had granted an exemption to Companies from complying with Section 212 of the Companies Act, 1956, provided such Companies fulfil conditions mentioned in the said circular. Accordingly, the Board of Directors of your Company at its meeting held on 28th May 2012 approved the audited consolidated financial statements for the financial year 2011-12 in accordance with the Accounting Standard (AS-21) and

other Accounting Standards issued by the Institute of Chartered Accountants of India as well as Clause 32 of the Listing Agreement, which include financial information of all its subsidiaries, and forms part of this report. The Consolidated Financial Statements of your Company for the financial year 2011-12, have been prepared in compliance with applicable Accounting Standards.

The annual accounts and financial statements of the subsidiary Companies of your Company and related detailed information shall be made available to members on request and are open for inspection at the Corporate Office of your Company during business hours on working days up to the date of Annual General Meeting. Your Company has complied with all the conditions as stated in the circular and accordingly has not attached the financial statements of its subsidiary companies for the financial year 2011-12. A statement of summarized financials of all subsidiaries of your Company pursuant to the circular issued by the Ministry of Corporate Affairs, forms part of this report.

8. Corporate Governance & Management Discussion and Analysis Report :

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, 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 :

Mr. Sanjay Lai was removed as the Managing Director and Director under Section 284 of the Companies Act, 1956 at the shareholders meeting held on 31st March 2012.

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Dushyant Kumar and Mr. Hussain Shattaf 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, 2012 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. Insurance:

The Company's property, equipments and stocks are adequately insured against major risks after taking into account all the relevant factors.

13. 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.

14. Conservation of Energy and Technology Absorption:

Considering nature of activities carried on by the Company, information required to be provided under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, in relation to Conservation of Energy and Technology Absorption are currently not applicable to the Company.

K SERA SERA LIMITED

15. Foreign Exchange Earnings and Outgo :

	(Rs. In Lacs)
Foreign Exchange Earnings :	NIL
Foreign Exchange Outgo :	Rs.445.83

16. 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.

17. Internal Control System:

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

18. Appreciation and 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

Director

Director

Place: Mumbai

Date: 28/05/2012

K SERA SERA LIMITED**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 2012	not dealt with in the accounts of the Company for the year ended 31 st March 2012	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
1.	K Sera Sera Productions FZE - UAE	31.03.2012	100%	Nil	Nil	Nil	Nil
2	K Sera Sera Digital Cinema Private Limited(Formerly Known As K Sera Sera Technologies Private Limited)	31.03.2012	100%	Nil	Nil	Nil	Nil
3	K Sera Sera Box Office Private Limited	31.03.2012	100%	Nil	Nil	Nil	Nil
4	K Sera Sera Miniplex Private Limited	31.03.2012	100%	Nil	Nil	Nil	Nil
5	K Bazaar Online Trading Private Limited	31.03.2012	100%	Nil	Nil	Nil	Nil

K SERA SERA LIMITED**FINANCIAL INFORMATION OF SUBSIDIARIES PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT 1956
FOR THE YEAR ENDED 31.03.2012****(Amount in Lacs)**

Particulars	Indian				Foreign
	K Sera Sera Digital Cinema Private Limited	K Sera Sera Miniplex Private Limited	K Sera Sera Box Office Private Limited	K Baazar Online Trading Private Limited	K Sera Sera Productions FZE -UAE
		Consolidated		Consolidated	
Capital	3000.00	3000.00	3000.00	1.00	4994.63
Reserves	(331.81)	(16.90)	(220.39)	(6.50)	28686.05
Total Asset	1472.49	1257.29	715.48	0.15	34690.11
Total Liabilities	255.30	1270.09	647.37	5.65	2522.89
Details of Investment	1451.00	2997.89	2711.50	-	8063.99
Turnover	162.83	348.70	0.05	0.21	10355.04
Profit Before Taxations(PBT)	(355.32)	(15.49)	(12.89)	(6.50)	1260.41
Provision for Taxation	(74.65)	(3.84)	(64.79)	-	-
Profit After Taxation (PAT)	(280.67)	(19.33)	(77.69)	(6.50)	1260.41

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. Effective corporate governance practices constitute the strong foundations on which commercial enterprises are built to last. These practices are categorized through a framework enforced by regulation. It develops through adoption of ethical practices in all of its dealings with a wide group of stakeholders encompassing regulators, employees, shareholders, customers and vendors. 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 members of our Board are from diverse background with skills and experience in critical areas like governance, finance, entrepreneurship and general management.

K SERA SERA LIMITED

The Composition of Board of Directors, Attendance at Board Meetings and Other Directorships, if any :

Name of the Director	Category	No. of board meeting attended	Attendance at the last AGM	No. of Directorship in other Companies	No. of outside Committee positions held		No. of Equity Shares held As on 31.03.12
					Chairman	Board	
Brigadier Vinod Ahuja	Chairman & Whole Time Director	6	Not applicable	6	Nil	Nil	Nil
Mr. Hussain Shattaf	Non Executive Independent Director	22	Attended	6	Nil	Nil	Nil
Dr. Rajeev Benara	Non Executive Independent Director	22	Attended	Nil	Nil	Nil	Nil
Mr. Dushyant Kumar	Non Executive Independent Director	21	Attended	Nil	Nil	Nil	Nil
Mr. Prakashkumar Shah	Non Executive Independent Director*	9	Absent	Nil	Nil	Nil	Nil
Wing Commander Ajai Sharma	Executive Director**	6	Not Applicable		Nil	Nil	Nil
Sanjay Lai	Managing Director***	17	Attended		Nil	Nil	Nil

**Resigned from the board of directors w.e.f. 18th May 2012

***Removed from the post of Managing Director and Director w.e.f. 28th February 2012.

(b) No. of Board meetings & date of holding the meeting:

(i)16.05.2011, (ii)18.05.2011, (iii)30.05.2011, (iv)02.06.2011, (v)07.06.2011, (vi)12.08.2011, (vii)24.08.2011, (viii) 05.09.2011, (ix)26.09.2011, (x)21.10.2011, (xi)14.11.2011, (xii) 16.11.2011, (xiii)28.11.2011, (xiv) 05.01.2012, (xv)25.01.2012, (xvi) 14.02.2012, (xvii) 23.02.2012, (xviii) 28.02.2012 (morning), (xix) 28.02.2012 (afternoon), (xx)09.03.2012, (xxi)12.03.2012, (xxii)19.03.2012, (xxiii)27.03.2012

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.

(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 carry out 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 (Prior to Reconstitution)*

Constituted Audit Committee.

Name of Member	Position	Category
Mr. Prakashkumar Shah	Chairman	Non Executive Independent
Dr. Rajeev Benara	Member	Non Executive Independent
Mr. Sanjay Lai	Member	Executive

Reconstituted Audit Committee (After Reconstitution):*

Name of Member	Position	Category
Dr. Rajeev Benara	Chairman	Non Executive Independent
Mr. Dushyant Kumar	Member	Non Executive Independent
Brigadier Vinod Ahuja	Member	Executive

* Due to removal of Mr. Sanjay Lai, the Audit Committee was reconstituted on 28.02.2012

K SERA SERA LIMITED

(c) Meetings & Attendance

During the Financial year ended 31st March 2012, 4 (Four) Audit Committee meetings were held on 30.05.2011, 14.08.2011, 14.11.2011, 14.02.2012.

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.

Details of Remuneration to all the Directors (for FY 2011-12)

The remuneration package to Executive Director Brigadier Vinod Ahuja comprises of salary components.

Name of Director	Remuneration during financially 2011-12			
	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
Brigadier Vinod Ahuja	Rs. 208,333	_____	_____	_____
*Mr. Sanjay Lai	Rs.1,000,000	_____	_____	_____

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 is as follows (Prior to Reconstitution)*

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

Reconstituted Shareholder's/Investor's Grievance Committee (after Reconstitution)*

Name of Member	Position	Category
Dr. Rajeev Benara	Chairman	Non Executive Independent
Mr. Hussain Shattaf	Member	Non Executive Independent
Brigadier Vinod Ahuja	Member	Executive Director

*Due to removal of Mr. Sanjay Lai, the Shareholder's/ Investor's Grievance Committee was reconstituted on 28.02.2012

(b) Meetings and Attendance

During the Financial year ended 31st March 2012, Investor Grievance committee meetings were held on the following i) 30.04.2011, ii) 25.07.2011, iii) 29.10.2011, iv) 31.01.2011. 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:

K SERA SERA LIMITED

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 10 (Ten) shareholders complaints received and replied to the satisfaction of the shareholders during the year ended 31st March 2012, thus there were no outstanding complaints as on 31st March 2012. 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

V. General Body Meetings:

a. Location and Time when last Three (3) Annual General Meetings were held:

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

Financial Year	Day	Date	Time	Venue
2010-11	Friday	30.09.2011	9.00 A.M	Kailash Parbat, K-P Restaurant, 7A/8A, 'A' Wing, Crystal Plaza, Link Road, Andheri (West), Mumbai – 400053.
2009-10	Thursday	30.12.2010	9.30 A.M	Kailash Parbat, K-P Restaurant, 7A/8A, 'A' Wing, Crystal Plaza, Link Road, Andheri (West), Mumbai – 400053.
2008-09	Wednesday	29.07.2009	9.30 A.M	Kailash Parbat, K-P Restaurant, 7A/8A, 'A' Wing, Crystal Plaza, Link Road, Andheri (West), Mumbai – 400053.

b. Extra Ordinary General Meetings held during the year:

The details of Extra Ordinary General Meetings held during the year are as under:

Date	Day	Time	Venue
21.02.2012	Tuesday	9.00 A.M	Kailash Parbat, K-P Restaurant, 7A/8A, 'A' Wing, Crystal Plaza, Link Road, Andheri (West), Mumbai – 400053.
31.03.2012	Saturday	9.00 A.M	Kailash Parbat, K-P Restaurant, 7A/8A, 'A' Wing, Crystal Plaza, Link Road, Andheri (West), Mumbai – 400053.

c. Special Resolutions passed at last Three (3) Annual General Meetings:

Annual General Meeting Held On	Special Resolution Passed For
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 Bonds to Global Trade Finance Limited. 4. Alteration of Object Clause of Memorandum of Association. 5. Change in the Name of the Company
30.09.2011	No Special Resolution was passed in the Annual General Meeting.

d. Passing of resolution by postal ballot:

No Postal Ballot was conducted during the year.

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.XX in Schedule ZZZ in the annual accounts.

b. Details of non compliance by the Company, penalties, and restrictions 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. However SEBI vide its an ad interim ex-parte order dated 21st September, 2011 pending investigation directed under sections 11(1), 11(4) and 11b of the SEBI Act, 1992 in the matter of market manipulation using GDR issues directed to the company not to issue equity shares or any other instrument convertible into shares or alter their capital structure in any manner till further direction in this regard and SEBI has confirmed this ad interim ex-party order on 30th December, 2011.

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 Code of Conduct:

The company has adopted a code of conduct for all Board Members, Senior Management and Employees of the company. The code of conduct has already been posted on the website of the company for general viewing. All Board Members and Senior Management Personnel have affirmed compliance with the code on annual basis. The Annual Report contains a declaration to this effect signed by the CEO/Managing Director.

VIII 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.

IX CEO/CFO Certification:

The Company has received certification from CEO/CFO for the financial year 2011-12.

X Means of Communication:

- (i) The Board of Directors of the Company approves and takes on record quarterly, yearly & financial results in the prescribed format by Clause 41 of the Listing Agreement. The Company has always promptly reported to Bombay Stock Exchange Limited and National Stock Exchange Limited declaration of quarterly and yearly financial results within the stipulated time prescribed as per Clause 41 of Listing Agreement.
- (ii) The approved Financial results are forthwith sent to the Stock exchanges and are published in one English daily newspaper (Free Press Journal and Asian Age) and one Regional language daily newspaper (Navshakti and Mumbai Lakshadeep).
- (iii) The Company's Financial Results, Annual Reports, and official news releases are displayed on the Company's website www.kserasera.com
- (iv) The Company has formed grievanceredressal@kserasera.com exclusively for the purpose of redressal of investor's complaints.
- (v) Management Discussion and Analysis (MDA) forms part of the Annual Report, which is posted to the shareholders of the Company.

K SERA SERA LIMITED

XI General Shareholder Information:

- a. Annual General Meeting - Date & Time : 29th December, 2012 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, 2012	On 14 th August, 2012
Financial Reporting for the quarter ending September 30, 2012	On or before 14 th November, 2012
Financial Reporting for the quarter ending December 31, 2012.	On or before 14 th February, 2013
Financial Reporting for the quarter ending March 31, 2013	On or before 30 th May, 2013

c. **Date of Book Closure:**

From 26th December, 2012 to 29th December, 2012.
(Both days Inclusive)

d. **Dividend payment :**

No dividend is recommended by the Board on Equity Shares of the Company.

e. **Listing on Stock Exchanges:**

Equity Shares	Global Depository Receipts (GDRs)
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 Limited "Exchange Plaza", Bandra Kurla Complex, Bandra (East), Mumbai – 400 051.	

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

f. **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

g. Market Price Data :

Month	Bombay Stock Exchange		National Stock Exchange	
	High (In Rs.)	Low (In Rs.)	High (In Rs.)	Low (In Rs.)
April 2011	15.58	11.40	14.80	11.90
May 2011	13.22	10.90	12.35	11.00
June 2011	12.79	10.84	12.90	11.00
July 2011	11.69	10.50	11.70	10.30
August 2011	15.09	11.03	15.10	11.00
September 2011	12.23	7.92	12.20	8.05
October 2011	7.53	3.55	7.65	3.65
November 2011	4.12	2.72	4.20	2.70
December 2011	3.00	2.15	3.05	2.15
January 2012	4.09	2.05	4.00	2.00
February 2012	4.45	3.30	4.60	3.35
March 2012	4.32	2.71	4.25	2.70

h. 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 Private Limited

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

Tel: 91-22-2847 0652 |91-22-4043 0200
91-22-2847 0653

Fax: 91-22-2847 5207

E-mail : investor@bigshareonline.com

Website: www.bigshareonline.com

i. 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.

K SERA SERA LIMITED

j. Distribution of Shareholding as on 31st March, 2012 :

No of Equity Shares held	No of Share Holders	% of Share holders	No of Shares held	% of Share holding
1-500	22,014	64.62	49,26,036	2.37
501-1000	5,408	15.87	47,85,921	2.30
1001-2000	2,926	8.59	48,28,803	2.32
2001-3000	1,116	3.28	29,63,565	1.42
3001-4000	526	1.54	19,28,957	0.93
4001-5000	537	1.58	26,03,362	1.25
5001-10000	809	2.37	62,51,626	3.01
10001-above	732	2.15	1,79,65,0364	86.40
GRAND TOTAL	34,068	100.00	20,79,38,634	100.00

k. 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.

l. Outstanding GDRs/Warrants/Convertible Instruments:

32,39,738 GDR's are outstanding as on 31st March, 2012. Each GDR represents Thirty underlying Equity Shares.

2,367 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 (i.e. 29th January, 2010 to 29th July, 2011) at the option of bond holder. However, the Bonds are not yet converted.

m. Plant Locations:

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

n. Categories of Shareholders as on 31st March, 2012 :

Sr. No.	Category	No. of Shares Held	% of Share Capital
A	Shareholding of Promoter and Promoter Group		
1.	Indian	0.00	0.00
2	Foreign	0.00	0.00
3	Persons acting in concert	0.00	0.00
	Sub-Total	0.00	0.00
B	Non Promoters Holdings		
4	Institutional Investors		
a.	Mutual Funds and UTI	0.00	0.00
b.	Banks, Financial Institutions	10,054	0.004
c.	FII's	3,50,82,671	16.87
	Sub- Total	3,50,92,725	16.87
5.	Others		
a.	Bodies Corporate	1,86,07,805	8.94
b.	Indian Public	5,58,95,973	26.88
c.	NRIs/OCBs	6,64,924	0.23
d.	Trusts	0.00	0.00
e.	Clearing Members	4,85,067	0.50
	Sub Total	7,56,53,769	36.55
C.	Shares held by Custodians and against which Depository Receipts have been issued		
		9,71,92,140	46.74
	GRAND TOTAL	20,79,38,634	100.00

o. 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.

p. 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.

q. 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 mode 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 Registrar & Transfer Agents -Bigshare Services Private Limited which can be updated with the Depository Participant (DP) specifying Client Id and DP Id of the shareholder, for receiving soft copies of the Annual Report instead of printed copy.

r. Address for Correspondence :

K Sera Sera Limited

Regd Office : Office No. 18 , 4th Floor,
Mohid Heights, Nr. Versova
Telephone Exchange,
Off Lokhandwala Road,
Andheri (West),
Mumbai – 400 053.
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, 2012.

Place: Mumbai

Date: 28th May, 2012

Director

CEO/CFO CERTIFICATION

To the Board of Directors

K Sera Sera 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: 28th May, 2012

CEO

Shrikant Maheshwari

Chief Financial Officer

PRACTISING COMPANY SECRETARIE'S REPORT ON CORPORATE GOVERNANCE

To the Board of Directors
K Sera Sera Limited

We have examined the compliance of conditions of Corporate Governance by K Sera Sera Limited, for the year ended March 31, 2012, 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.

Place: Mumbai
Date: 28th May, 2012

Ms. Palak Desai
Practising Company Secretary
C.P No. 7426

MANAGEMENT DISCUSSION AND ANALYSIS

1. Outlook of Indian Media & Entertainment Industry

Year that was:

2011-12 has been a challenging year not just for the Indian Media & Entertainment industry, or even the Indian economy, but for the larger world economy. While India is still expected to grow at a healthy pace, growth is projected to be lower than earlier expectations. The film industry had a reason to cheer, with multiple movies crossing the INR 100 crore mark in domestic theatrical collections, and INR 30 crore mark in C&S rights.

Way Forward:

According to FICCI KMPG Media and Entertainment Industry Review 2011, Indian Media & Entertainment Industry was estimated to achieve a growth of 13 percent in 2012 to touch INR 823 billion on the back of strong consumption in Tier 2 and Tier 3 cities, continued growth of regional media and new media businesses. The industry has benefitted immensely from India’s recent economic expansion and demographic trends. Going forward, the sector is projected to grow at a healthy

Compounded Annual Growth Rate (CAGR) of 14.9 percent to reach INR 1,457 billion by 2016.

Quality content combined with the revival of Hindi films with mass connect improved the occupancy rates which in-turn increased domestic box-office collections. Competitive bidding by broadcasters for large budget films resulted in 26 percent growth of Cable and satellite rights. Albeit on a small base, ancillary revenues such as licensing and merchandising, in-cinema advertising and pay per view also displayed strong growth in 2011. The Home video segment was the only exception to the growth trend with most filmmakers ceasing to consider this as a major line-item in their revenue estimations. With several high budget Hindi releases lined up across the year, 2012 is expected to sustain the growth momentum witnessed in 2011. The Indian film industry is projected to grow at a CAGR of 10.1 percent to touch INR 150 Billion in 2016. The industry expects domestic theatrical revenues to continue dominating the overall pie. However, C&S rights and overseas theatricals revenues are expected to increase their share. Strong marketing of films in the International market could further accelerate the growth of overseas theatricals revenue.

Size of the Indian Film Industry:

Film Industry(INR Billion)	2011	2012P	2013P	2014P	2015P	2016P	CAGR (2011-2016)
Domestic Theatrical	68.8	73.5	80.2	88.0	97.2	108.0	9.4%
Overseas Theatrical	6.9	7.5	8.3	9.2	10.2	11.5	10.5%
Home Video	2.0	1.7	1.4	1.2	1.0	0.9	-15.0%
Cable & Satellite Rights	10.5	12.0	13.7	15.6	17.8	20.3	14.2%
Ancillary Revenue Streams	4.7	5.4	6.2	7.2	8.3	9.6	15.4%
Total	92.9	100.0	109.7	121.1	134.5	150.3	10.1%

Source: FICCI-KPMG REPORT, 2012 on India Media and Entertainment

2. Company Overview

Your Company is a hugely successful visionary group in media and entertainment which has produced 20 films and distributed over 120 films. Your Company has catapulted into an all encompassing global conglomerate, which has effectively diversified into other productive industry sectors.

Your company has diversified in the following activity via its subsidiaries:

- State of Art Theatres – “KSERA SERA’S MINIPLEX”
- e-Education – “K KAMPUS” & “K KAMPUS EDUTRAINMENT”
- Digital Projection Technology – “K SERA SERA’S SKYCINEX”

K SERA SERA LIMITED

- Digital Content – “K SERA SERA DIGITAL CINEMA”
- Film Production and Distribution - “K SERA SERA BOX OFFICE”
- Gold Mining – “Investment in Citigold Australia via our Australian Step Down Subsidiary”

2. Financial Overview

Revenue of the group stood at Rs.11,122.35 Lacs and loss after tax and exceptional item stood at Rs. 915.68 Lacs. Reduction in revenue is mainly on account of paradigm shift in Company’s focus and diversification. The diversification of the business are yet to bear fruit.

3. 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 :

EXHIBITION- Miniplex:

K Sera Sera via Miniplex business focuses mainly on Tier II and Tier III cities which are reasonably well

populated; absence of multiplex is pronounced; Market Dynamics in Favour of “SMALL IS BEAUTIFUL”.

With the dual objective of Entertainment and Education the Miniplexes should have a positive impact on the profitability of the group.

EXHIBITION-DIGITAL CINEMA:

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.

With its state of art technology our “Skycinex” should provide greater returns in the future.

Threats:

Market competition, regulatory approvals and fast technological advancement remain a major threat.

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.

4. Risk Management:

Some of the key strategic risks the Company faces, their impact and corresponding risk mitigation actions undertaken by the Company are discussed in the table:

KEY RISKS	IMPACT ON THE COMPANY	MITIGATION
Technology	Inability to cope with swift technological developments can impact business	The company has expertise technical support staff who update the management regarding new technological developments
Liquidity	Non-availability of timely funds may effect our ability to operate and also delay our implementation plans for growth and expansion.	The Company has good Financial support of Banks and Financial Institutions helps the company to reduce its risks.
Regulatory	Unprecedented changes in government policies may impact business operations	The company is suitably positioned to counter risks, posed by change in government policies.
Delay, cost overruns, cancellation and abandonment or completion of films.	Such risks can significantly impact completion and release of films.	Enhanced industry corporatization enables the company to mitigate this risk. This is carried out by entering into specific agreements, fixing the responsibilities of the co-producers, better planning and execution.

5. Internal Control System and 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.

6. 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. The Directors recognize that continued and sustained improvement in the performance of the Company depends on its ability to attract, motivate and retain employees of the highest calibre. We are committed to the principle of equal employment opportunities..Further we endeavor to create an environment where employee can use their capabilities in support of the business.

7. 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, 2012, 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, 2012 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, 2012;
 - 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
28th May 2012

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 is not certain able pertaining to previous years. Appeal filed in ITAT for the assessment year 2004-05, 2005-06, 2007-08 & and 2008-09. 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

K SERA SERA LIMITED

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) During the year the Company has partly restructured the Bank loan by issuing Fully Convertible Warrants as stated in Notes.
- (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
28th May 2012

K SERA SERA LIMITED
STANDALONE BALANCE SHEET AS AT 31ST MARCH 2012

(Amount in Lacs)

Particulars	Note No.	31 March 2012	31 March 2011
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3.1	20,793.86	20,793.86
(b) Reserves and Surplus	3.2	7,647.74	9,439.64
(2) Share Application money pending allotment		1,141.59	1,141.59
(3) Non-Current Liabilities			
(a) Deferred Tax Liabilities (Net)	3.3	70.12	-
(4) Current Liabilities			
(a) Short-Term Borrowings	3.4	3,173.74	3,953.31
(b) Trade Payables	3.5	111.73	1,031.84
(c) Other Current Liabilities	3.6	581.96	560.06
(d) Short-Term Provisions	3.7	834.48	1,133.22
Total Equity & Liabilities		34,355.22	38,053.53
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	3.8(a)	2,316.22	1,340.33
(ii) Intangible Assets	3.8(b)	743.41	743.21
(b) Non-current investments	3.9	16,166.87	11,175.67
(c) Deferred tax assets (net)	3.3	-	214.58
(d) Long term loans and advances	3.10	5,263.23	8,999.89
(2) Current Assets			
(a) Current investments	3.11	2,640.00	-
(b) Inventories	3.12	-	7.62
(c) Trade receivables	3.13	2,864.82	3,289.82
(d) Cash and cash equivalents	3.14	144.88	86.69
(e) Short-term loans and advances	3.15	4,187.52	12,034.42
(f) Other current assets	3.16	28.27	161.30
Total Assets		34,355.22	38,053.53
Summary of significant accounting policies		2.1	

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

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

FOR AGRAWAL JAIN & GUPTA
 CHARTERED ACCOUNTANTS

(CA Narayan Swami)
 Partner
 Membership No. : 409759
 Firm Reg. No.: 013538C
 Mumbai
 Date : 28.05.2012

FOR K SERA SERA LIMITED

(DIRECTOR) (DIRECTOR)

(COMPANY SECRETARY)

K SERA SERA LIMITED
STANDALONE PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012
(Amount in Lacs)

Particulars	Note No.	31 March 2012	31 March 2011
<i>Income</i>			
Revenue from Operations	3.17	356.25	2,357.60
Other Income	3.18	167.88	354.94
Total revenue (I)		524.12	2,712.54
<i>Expenses</i>			
Cost of materials consumed	3.19	316.46	1,284.47
Changes in inventories	3.20	7.62	(7.62)
Employee Benefit Expense	3.21	45.19	54.91
Financial Costs	3.22	191.82	196.68
Depreciation and Amortization Expense	3.23	138.20	80.22
Other Administrative Expenses	3.24	602.30	1,003.63
Total Expenses (II)		1,301.58	2,612.30
Profit before exceptional and extraordinary items and tax (I - II)		(777.46)	100.24
<i>Add/(less)</i>			
Exceptional Items (prior period expense) (net of tax Rs.37,026,000 (March 2011: Rs. Nil) (Refer to Note no 3.25)		(729.74)	-
Profit before tax		(1,507.20)	100.24
<i>(Add)/less</i>			
<i>Tax expense:</i>			
(1) Deferred tax expense		284.70	198.74
(2) Wealth Tax		-	0.93
Profit after tax		(1,791.90)	(99.43)
Earning per equity share: (refer to Note no 3.26)			
(1) Basic		(0.86)	(0.05)
(2) Diluted		(0.86)	(0.05)

Summary of significant accounting policies

2.1

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

FOR AGRAWAL JAIN & GUPTA
CHARTERED ACCOUNTANTS

FOR K SERA SERA LIMITED

(CA Narayan Swami)
Partner
Membership No. : 409759
Firm Reg. No.: 013538C
Mumbai
Date : 28.05.2012

(DIRECTOR) (DIRECTOR)

(COMPANY SECRETARY)

K SERA SERA LIMITED

(Formerly Known as K Sera Sera Productions Limited)
Notes to financial statements for the year ended 31 March 2012

3.1 Share Capital

(Rupees in Lacs)

Particulars	31 March 2012	31 March 2011
AUTHORIZED CAPITAL		
22,00,00,000 (31 March 2011: 82,00,00,000) Equity Shares of Rs. 10/- each (Special Resolution passed in Extra Ordinary General Meeting dated 31 st March 2012 under section 94 of the companies Act 1956. For Decersing Authorised share capital from Rs 2,20,00,00,000 (divided Twenty Two Crores of equity shares of Rs 10/- each) to Rs 8,20,00,00,000 (divided Eighty Two Crores of equity shares of Rs 10/- each) to be and hearby rescinded and cancelled abnito with retrospective effect from 18 th March 2010.	22,000.00	82,000.00
	22,000.00	82,000.00
ISSUED , SUBSCRIBED & PAID UP SHARES		
207,938,634 (31 st March 2011: 207,938,634) Equity Share of Rs.10 each Fully Paid Up	20,793.86	20,793.86
Total issued, subscribed and fully paid-up share capital	20,793.86	20,793.86

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

(Rupees in Lacs)

Particulars	31 March 2012		31 March 2011	
	Nos.	‘	Nos.	‘
At the beginning of the year	2,079.39	20,793.86	2,059.56	20,595.58
Add: Issued during the year	-	-	19.83	198.28
Add: Warrants converted during the year	-	-	-	-
Outstanding at the end of the year	2,079.39	20,793.86	2,079.39	20,793.86

Company issued 19,28,815 Equity shares on preferentials basis to HT Media Limited issued at the rate Rs 15.13/- per share as per SEBI (Issue of capital and Discloser Requirement) Regulations, 2009.

Company issued 2,400 (Two Thousand Four Hundered) Optionally Convertible Redeemable Bond of Rs 1,00,000/- each to SBI GLOBAL FACTOR LIMITED (Formerly known as GLOBAL TRADE FINANCE LIMITED) as per SEBI (ICDR) Guidelines.

(b) Terms/ rights attached to equity shares

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

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

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

Name of the shareholders	31 March 2012		31 March 2011	
	Nos.	% holding in the class	Nos.	% holding in the class
The Bank of New York (Depository of GDR's)	97,192,140	46.74%	97,192,140	46.74%
India Max Investment Fund Limited	12,000,000	5.77%	12,000,000	5.77%

K SERA SERA LIMITED

As per records of the company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(d) Share application money

Consequent upon SEBI order no. WTM/PS/ISD/02/2011 dated 21st September 2011, company have not issued further capital without taking prior approval of SEBI. 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

3.2 Reserve & Surplus (Rupees in Lacs)

Particulars	31 March 2012	31 March 2011
Securities Premium reserve		
Balance as per the last year's financial statements	9,942.22	10,274.85
Add: premium on Issue of equity shares	-	101.72
Less: Global depository receipt (GDR) issue expense	-	(434.35)
Closing Balance	9,942.22	9,942.22
Surplus/ (deficit) in the statement of profit and loss		
Balance as per the last year's financial statements	(502.58)	(403.15)
Add: Profit for the period	(1,791.90)	(99.43)
Net deficit in the statement of profit and loss	(2,294.48)	(502.58)
	7,647.74	9,439.64

3.3 Deferred tax liability/(asset) (net) (Rupees in Lacs)

Particulars	31 March 2012	31 March 2011
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	187.99	202.72
Gross deferred tax liability	187.99	202.72
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	(117.87)	(0.52)
Deferred tax asset on carried forward losses	-	(416.78)
	(117.87)	(417.30)
Net deferred tax liability/ (asset)	70.12	(214.58)

3.4 Short Term Borrowings

(Rupees in Lacs)

Particulars	31 March 2012	31 March 2011
8% Optionally convertible redeemable Bonds (Unsecured)	2,367.00	2,367.00
Interest free advance from related parties repayable on demand (unsecured)	735.68	1,218.67
- From Bank	50.46	50.46
Others	20.60	317.18
	3,173.74	3,953.31

Company issued 2,367 (Two Thousand Three Hundred Sixty Seven) Optionally Convertible Redeemable Bond of Rs 1,00,000/- each to SBI GLOBAL FACTOR LIMITED (Formerly known as GLOBAL TRADE FINANCE LIMITED) as per SEBI (ICDR) Guidelines. Issued on 29th January 2010. against the settlement of the amount borrowed by the company from the said financial institutions and still the option is not exercised.

3.5 Trade Payable

(Rupees in Lacs)

Particulars	31 March 2012	31 March 2011
8% Optionally convertible Trade payables (including acceptances)	111.73	1,031.84
	111.73	1,031.84

3.6 Other Current Liabilities

(Rupees in Lacs)

Particulars	31 March 2012	31 March 2011
Unpaid dividend	2.55	2.55
Salary payable	5.55	-
Other liabilities	573.86	557.52
	581.96	560.06

- (a) company has not transferred Unclaimed Dividend for the year 2003-04 to Investor Education and Protection Fund account.
- (b) Company has redeemed 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 other liabilities under the Other Current Liabilities in the Balance sheet.

3.7 Short Term Provisions

(Rupees in Lacs)

Particulars	31 March 2012	31 March 2011
Provision For Employees Benefit		
Provision for gratuity	3.37	2.47
	-	-
Others		
Interest on Bonds	378.72	189.36
Provision for Expenses	149.00	288.66
Provision for Taxation	303.38	652.73
	834.47	1,133.21

K SERA SERA LIMITED SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS AS AT MARCH 31, 2012

Note 3.8 (a) : Tangible Fixed Assets

(Amount in Lacs)

PARTICULARS	Gross Block				Depreciation / Amortization				Net Block	
	As at April 1, 2011	Adjustments Additions	Deductions	As at March 31, 2012	As at April 1, 2011	Year Ended	Deletion/ Adjustments	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
Plant And Machinery	21.97	4.00	-	25.97	17.02	-	-	17.02	8.94	4.94
Office Equipment	15.96	1.44	1.47	15.93	2.33	-	0.92	1.41	14.51	13.63
Furniture And Fixtures	149.54	17.77	-	167.31	137.97	-	-	137.97	29.34	11.57
Computers (Including software)	31.30	1.67	15.26	17.71	21.18	-	14.42	6.76	10.95	10.11
Vehicles	95.22	2.90	-	98.12	30.87	-	-	30.87	67.25	64.35
Digital Technology Asset	1,235.73	1,050.65	-	2,286.39	-	71.65	-	71.65	2,214.74	1,235.73
Total	1,549.71	1,078.43	16.73	2,611.42	209.38	71.65	15.34	265.69	2,345.73	1,340.33
Previous year	280.01	1,269.69	-	1,549.71	178.55	30.84	-	209.38	1340.33	101.47

Note 3.8 (b) : Intangible Fixed Assets

(Amount in Lacs)

PARTICULARS	Gross Block				Depreciation / Amortization				Net Block	
	As at April 1, 2011	Adjustments Additions	Deductions	As at March 31, 2012	As at April 1, 2011	Year Ended	Deletion/ Adjustments	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
Motion Picture Rights	1,670.51	-	-	1,670.51	933.31	-	-	933.31	737.20	737.20
Trade Marks	6.01	0.20	-	6.21	-	-	-	-	6.21	6.01
Total	1,676.52	0.20	-	1,676.72	933.31	-	-	933.31	743.41	743.21
Previous year	1,813.05	1.25	137.78	1,676.52	933.31	-	-	933.31	743.21	879.74

K SERA SERA LIMITED

3.9 Non Current Investment

(Rupees in Lacs)

Particulars	31 March 2012	31 March 2011
<i>Investment in Subsidiaries</i>		
30,000,000 (31 March 2011: 30,000,000) Equity shares of Rs.10 each fully paid in K Sera Sera Box Office Private Limited 30,000,000 (31 March 2011: 30,000,000) Equity shares of Rs.10 each fully paid in	2,999.00	2,999.00
K Sera Sera Miniplex Private Limited 30,000,000 (31 March 2011: 30,000,000) Equity shares of Rs.10 each fully paid in	2,999.00	2,999.00
K Sera Sera Digital Cinema Private Limited 8,999 (31 March 2011: Nil) Equity shares of Rs.10 each fully paid-up in K Bazaar	2,999.00	2,999.00
Online Private Limited 1,134 (31 March 2011: Nil) Equity Shares of AED 1,000 each fully paid up of	0.90	-
K Sera Sera Productions FZE Nil (31 March 2011:50) Equity Shares of AED 1,000 each fully paid up of K Sera Sera Productions FZ LLC	4,994.63	4.33
Investment in joint venture	1,164.16	1,164.16
Share Application Money - KSS FZ LLC <i>Investment in equity instruments (quoted)</i> 2,02,800 (31 March 2011: 2,02,800) Equity shares of Rs.10 each fully paid up in	18.45	18.45
Kadamb Constructions Limited (closing market price of KCL is 17.85 per on BSE. Valuation as per Market price is RS 36,19,980)	150.98	150.98
Investment in equity instruments (unquoted)	831.60	831.60
	16,166.87	11,175.67

Current investments are carried in the financial statements at cost and Long-term investments are also carried at cost.

However, provision for diminution in value is not recognize other than temporary in the value of the investments.

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

3.10 Long Term Loans and Advances

(Rupees in Lacs)

Particulars	31 March 2012	31 March 2011
Security deposit (Unsecured and considered good)		
Security deposit for leased premises	15.50	21.91
Other security deposit	15.16	15.16
	30.66	37.07
Advances recoverable in cash or kind		
Share application money	1,080.00	-
Unsecured, Considered Good	2,429.75	6,100.71
Unsecured, Considered doubtful	1,986.09	3,125.38
Less Provision for loans and advances	(263.26)	(263.26)
	5,232.58	8,962.83
	5,263.24	8,999.89

3.11 Current Investment

(Rupees in Lacs)

Particulars	31 March 2012	31 March 2011
Security deposit (Unsecured and considered good)		
Value at lower of cost and fair value, unless stated otherwise Investment in shares (unquoted) 2,64,00,000 (31 March 2011: Nil)		
Equity shares of Rs.10 each fully paid up in Kamla Landmark Infrastructure Pvt. Limited	2,640.00	-
	2,640.00	-

3.12 Inventories

(Rupees in Lacs)

Particulars	31 March 2012	31 March 2011
Work-in-Progress (Television serial "Singing Star")	-	7.62
	-	7.62

3.13 Trade Receivables

(Rupees in Lacs)

Particulars	31 March 2012	31 March 2011
Outstanding for more than six months		
a) Unsecured, Considered Good	2,588.56	2,598.10
b) Doubtful	276.26	691.72
	2,864.82	3,289.82

K SERA SERA LIMITED

3.14 Cash and Bank Balances

(Rupees in Lacs)

Particulars	31 March 2012	31 March 2011
Bank balance		
- In current accounts with bank		
i) In India with scheduled banks	83.34	47.82
ii) In India with scheduled banks (EEFC account)	0.26	3.00
iii) Outside India	0.004	0.004
	83.60	50.82
Cash on hand	61.27	35.87
	144.88	86.69

3.15 Short Terms Loans and Advances

(Rupees in Lacs)

Particulars	31 March 2012	31 March 2011
Loans & Advances		
Unsecured, Considered Good	1,497.59	2,661.67
Unsecured, Considered Doubtful	158.77	7.90
	1,656.36	2,669.57
Interest free advances to related parties		
Unsecured, Considered Good	1,214.15	7,553.92
	2,870.51	10,223.49
Advance Recoverable in cash or in kind		
Unsecured, Considered Good	154.21	702.92
Unsecured, Considered Doubtful	366.24	365.45
	520.46	1,068.36
Others		
Advance Income Tax	745.80	708.08
Prepaid Expenses	5.32	5.22
Advance to Staff	45.43	29.26
	796.55	742.56
	4,187.52	12,034.42

3.16 Other Current Assets

(Rupees in Lacs)

Particulars	31 March 2012	31 March 2011
Unsecured and considered good		
Unamortised share issue expenses	28.27	161.30
	28.27	161.30

3.17 Revenue from operations

(Rupees in Lacs)

Particulars	31 March 2012	31 March 2011
Export of movies	-	2,308.31
Income From TV-Serial	340.25	40.60
Income From Operations	16.00	-
Income From Distributions	-	8.68
	356.25	2,357.60

3.18 Other Income

(Rupees in Lacs)

Particulars	31 March 2012	31 March 2011
Foreign Exchange Revaluation Gain	95.74	106.51
Interest income		
- Bank Deposit	-	26.74
- Income tax	0.05	-
Miscellaneous Incomes	0.003	1.27
Royalty Income	0.44	0.43
Discount & Rebates Received	-	220.00
Reverse Cost Charge-KSSDCPL (Refer to note no 2.1(d))	71.65	-
	167.88	354.94

3.19 Operating expenses

(Rupees in Lacs)

Particulars	31 March 2012	31 March 2011
Production expenses	302.07	1,284.47
Business promotion, transportation and commission	14.03	-
Other operating expenses	0.36	-
	316.46	1,284.47

3.20 Change in Inventories

(Rupees in Lacs)

Particulars	31-Mar-12	31-Mar-11
Opening Stock	7.62	-
Closing Stock	-	(7.62)
	7.62	(7.62)

3.21 Employment Benefit Expenses

(Rupees in Lacs)

Particulars	31-Mar-12	31-Mar-11
Salaries and wages	43.61	53.16
Gratuity expenses	0.90	0.83
Leave encashment	0.40	0.30
Staff welfare	0.27	0.62
	45.19	54.91

3.22 Financial Cost

(Rupees in Lacs)

Particulars	31-Mar-12	31-Mar-11
Interest on Bonds	189.36	189.36
Bank Charges	2.46	7.32
	191.82	196.68

K SERA SERA LIMITED

3.23 Depreciation & Amortised Cost

(Rupees in Lacs)

Particulars	31-Mar-12	31-Mar-11
Depreciation	101.16	30.84
Share issue expenses amortised	37.04	49.38
	138.20	80.22

3.24 Other Administrative Expenses

(Rupees in Lacs)

Particulars	31-Mar-12	31-Mar-11
Rent	46.54	45.06
Rates and taxes	2.18	10.82
Power and fuel	5.05	5.39
Communication costs	12.45	60.22
Donations	0.03	1.17
Brokerage & Commission	0.95	5.59
Insurance Expenses	0.15	1.42
Printing & Stationery Expenses	7.28	7.48
Membership & Subscriptions Fees	3.21	17.37
Advertisement & Publicity	18.71	260.46
Loss on Sale of Fixed Assets (Net)	1.39	-
Travelling & Conveyance	14.85	-
Legal & Profession Fees	52.95	49.39
Repairs & Maintenance (Others)	4.29	5.03
Auditors Remuneration (Refer Details Below)	3.00	3.31
Bad Debts W/off	425.00	405.79
Miscellaneous Expenses	4.28	28.91
Provision for Doubtful Expenses	-	96.21
	602.30	1003.63

K SERA SERA LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012
(Amount in Lacs)

Particulars	31 March 2012	31 March 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	(777.46)	100.24
Adjustments For:		
Depreciation/Amortisation	101.16	30.84
Loss On Sale Of Assets	1.39	-
Loss On Sale Of Investment	-	-
Provision For Wealth Tax	-	(0.93)
Interest Cost	191.82	196.68
Interest Received	(0.05)	(26.74)
Provision For Doubtful Debts / Advances	-	96.21
Miscellaneous Expenditure Written Off	37.04	49.38
	331.36	345.45
Operating Cash Flow Before Changes In Working Capital	(446.11)	445.69
Adjustments For:		
(Increase)/Decrease In Inventories	7.62	(7.62)
(Increase)/Decrease In Sundry Debtors	425.00	7.34
(Increase)/Decrease In Loans And Advances	11,583.56	(1,208.13)
Increase/(Decrease) In Current Liabilities And Provisions	(1,196.96)	983.26
Net Changes In Working Capital	10,373.11	220.54
Taxes Paid	-	-
Prior period Adjustement	(729.74)	-
Extraordinary Items	95.99	(43.98)
Cash Generated From/(Used In) Operations	9,739.36	176.56
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase Of Fixed Assets	(1,078.64)	(1,270.94)
Sale/Surrender Of Fixed Assets	-	137.78
Purchase Of Investments	(7,631.20)	(1,887.24)
Sale Of Investments	-	-
Dividend Received	-	-
Interest Received	0.05	26.74
Cash Generated /(Used In) From Investing Activities	(8,709.79)	(2,993.66)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(191.82)	(196.68)
Proceeds From Issue Of Equity Share Capital	-	198.28
Proceeds From Issue Of Fully Convertible Warrants	-	-
Redemption Of Preference Share Capital	-	-
Securities Premium Received From Issue Of Equity Share Capital	-	101.72
Share Issue Expenses (Adjusted Against Securities Premium Account)	-	-
Gdr Issue Expenses	-	(434.35)
Proceeds From Borrowings	-	-
Repayment Of Borrowings	(779.57)	913.27
Cash Generated /(Used In) From Financing Activities	(971.39)	582.23
Net Increase/(Decrease) In Cash And Cash Equivalents (A+B+C)	58.18	(2,234.87)
Cash And Cash Equivalents At The Beginning Of The Year	86.69	2,321.56
Cash And Cash Equivalents At The End Of The Year	144.88	86.69
Note:		
1 Cash and cash equivalents at the year end comprise:		
Cash On Hand	61.27	35.87
Balance With Scheduled Banks In	-	-
- Current Accounts	83.60	50.82
- Deposit Accounts	-	-
	144.88	86.69
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 & GUPTA
CHARTERED ACCOUNTANTS(CA Narayan Swami)
Partner
Membership No. : 409759
Firm Reg. No.: 013538C
Mumbai
Date : 28.05.2012

FOR K SERA SERA LIMITED

(DIRECTOR) (DIRECTOR)

(COMPANY SECRETARY)

SIGNIFICANT ACCOUNTING POLICY AND NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

1. Background

K Sera Sera Limited ('K Sera Sera Limited' or 'the Company') along with its wholly owned subsidiaries K Sera Sera Miniplex Private Limited ("KSS Miniplex"), K Sera Sera Digital Cinema Private Limited ("KSS Digital"), K Sera Sera Box Office Private Limited ("KSS Box Office") and K Sera Sera Productions FZE ("KSS FZE"), K Bazaar Online Trading Private Limited ("K Bazaar"), and step down subsidiaries K Kampus Education Private Limited ("K Kampus"), K Sera Sera Consultancy Private Limited ("K Consultancy"), K Sera Sera PTY Holding Limited ("KSS Australia") and KSS Capital Limited ("KSS Bermuda") is the most diversified media company. The Company is in to the business of production/distribution of movies and television serials. The Company through its subsidiaries and step down subsidiaries is into the business of Miniplexes, Digital Cinema, Education, Edutainment, Online Trading, Project Consultancy, International Film Distribution, General Trading (UAE) and investment in gold mines.

2. Basis of Preparation

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

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

2.1 Summary of significant accounting policies

(a) Change in accounting policy:

Presentation and disclosure of financial statements

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable

to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

(b) Use of estimates:

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

(c) Tangible fixed assets:

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

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are changed to the statement of profit and loss for the period during which such expenses are incurred.

(d) Depreciation Tangible fixed assets.

Depreciation on fixed assets is calculated on a written down value method at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The company has used the following rates to provide depreciation on its fixed assets.

	Rates (WDV)
Plant and Equipments	20%
Furniture and Fixtures	18.1%
Computers	40%
Vehicles	25.89%
Digital Technology Asset	20%
Office Equipment	13.91%

Company is provided depreciation on Digital Technology assets @ 20% on WDV basis. Deprecation provides only on installed Projectors and Servers or put to use assets. Income due to use of such assets is booked in K Sera Sera Digital Cinema Pvt. Limited. A digital technology asset is used by K Sera Sera Digital Cinema Private Limited ("KSS Digital") a WOS company of K Sera Sera limited. Deprecation on the above assets is cross charge to K Sera Sera Digital Cinema Private Limited ("KSS Digital") without transferring the assets.

K Sera Sera limited is sole owner of the said equipments shall cross charge the amount of depreciation /normal charge of wear and tear to KSS Digital at cost and same shall be recouped by KSS in agreed manner.

(e) Intangible Assets:

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

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 are 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.

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

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

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

(f) Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the company can demonstrate all the following:

1. The technical feasibility of completing the intangible asset so that it will be available for use or sale.
2. Its intention to complete the asset.
3. Its ability to use or sell the asset.
4. How the asset will generate future economic benefits.
5. The availability of adequate resources to complete the development and to use or sell the asset.
6. The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight line basis over the period of expected future benefit from the related project, i.e., the estimated useful life of ten years. Amortization is recognized in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

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 above and the tenure of the distribution agreement. 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.		

(g) Borrowing Costs:

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(h) Impairment of tangible and assets:

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

(i) Investments:

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

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

Current investments are carried in the financial statements at cost or FMV whichever is lower and Long-term investments are carried at cost. However, provision for diminution in value is not recognizing other than temporary in the value of the investments. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(j) Inventories:

- i. Motion pictures under production- valued at cost or net realizable value (whichever is lower) 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.
- 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.
- iii. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(k) Revenue recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

- 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.

iv. Interest:

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

(l) Accounting for taxes on income:

Tax expense comprises of current and deferred taxes. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

(m) Foreign currency translation:

Foreign currency transactions and balances

i. Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the

reporting currency and the foreign currency at the date of the transaction.

ii. Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

iii. Exchange differences

The company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

1. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset. For this purpose, the company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.
2. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
3. All other exchange differences are recognized as income or as expenses in the period in which they arise.

(n) Retirement and other employee 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.

(o) Provisions:

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of

the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

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

(p) Cash and cash equivalent:

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

(q) Measurement of EBITDA:

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, finance costs and tax expenses.

3.25 Exceptional Items:

During the year company has shown Rs. 7,29,74,000 as Prior period expenses. Consequent upon order of commissioner (Appeal) & Information and Explanation provided by the management in the year 2005-06 company have wrongly booked an income of Rs. 11,00,00,000, such income is now reversed in the year 2011-12. And Rs. 3,70,26,000 adjusted against the income tax provision for the F.Y. 2006-07.

3.26 Earnings per share:

(Rupees In Lacs)

Particulars	31-Mar-12	31-Mar-11
Net profit/(loss) after tax for the year	(1791.90)	(99.42)
Equity shares outstanding as the year end	2079.38	2079.38
Nominal value per share (Rs.)	10	10
Earnings per share		
- Basic	(0.86)	(0.05)
- Diluted	(0.86)	(0.05)

3.27 Leases:

The Company has entered into leases for its office premises. These leases have an average life of between three and five years with no renewal option included in the contracts. There are no restrictions placed upon the company by entering into these leases.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

Particulars	31-Mar-12	31-Mar-11
Within one year	Nil	Nil
After one year but not more than five years	Nil	Nil
More than five years	Nil	Nil

3.28 Segment reporting:**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
- (iii) Television content production

During the year company only operated in a single segment that is Television content productions and distributions. The criteria set out under Accounting Standard 17 on 'Segment reporting' issued by ICAI segment wise reporting is not necessary.

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.

3.29 Related party transaction:

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

Names of related parties and related party relationship

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

Subsidiaries

K Sera Sera Box Office Private Limited
K Sera Sera Miniplex Private Limited
K Sera Sera Digital Cinema Private Limited
K Bazaar Online Trading Private Limited
K Sera Sera Productions FZE

Step down subsidiaries/Limited Liability Partnerships

K Sera Sera Consultancy Private Limited
K Kampus Education Private Limited
K Sera Sera Holding PTY Limited
K Kampus Edutainment Limited Liability Partnership
KSS Capital Limited ("KSS Bermuda")

Key Managerial Personnel

Brigadier Vinod Ahuja, Chairman and Whole Time Director (From 28 February 2012)
Sanjay Lai, Managing Director (Upto 28 February 2012)

K SERA SERA LIMITED

Related parties with whom transactions have taken place during the year

(Rupees in Lacs)

Nature of transaction	31 March 2012	31 March 2011
a. <u>Transactions during the year</u>		
Income from subsidiaries		
<u>Depreciation cross charged to subsidiaries</u>		
K Sera Sera Digital Cinema Private Limited	71.64	–
<u>Advances given</u>		
K Sera Sera Digital Cinema Private Limited	516.91	–
K Sera Sera Miniplex Private Limited	193.11	–
K Bazaar Online Trading Private Limited	5.11	–
K Kampus Education Private Limited	8.40	–
K Sera Sera Productions FZE	–	3711.84
<u>Advances taken</u>		
K Sera Sera Box Office Private Limited	33.92	323.68
K Sera Sera Productions FZE	1556.10	3803.84
K Sera Sera Digital Cinema Private Limited	–	1214.06
<u>Share capital issued</u>		
K Sera Sera Productions FZE	4990.30	–
b. <u>Closing balance</u>		
<u>Short term borrowings</u>		
K Sera Sera Box Office Private Limited	257.44	223.52
K Sera Sera Digital Cinema Private Limited	478.23	995.14
<u>Investment in subsidiaries</u>		
K Sera Sera Box Office Private Limited	2999.00	2999.00
K Sera Sera Miniplex Private Limited	2999.00	2999.00
K Sera Sera Digital Cinema Private Limited	2999.00	2999.00
K Bazaar Online Trading Private Limited	0.89	-
K Sera Sera Productions FZE	4994.63	4.33
K Sera Sera Productions FZ LLC	6.15	6.15
K Sera Sera Productions FZ LLC (Share Application Money)	18.45	18.45
<u>Loans and advances</u>		
K Sera Sera Miniplex Private Limited	443.49	253.37
K Sera Sera Productions FZE	757.14	7303.54
Others	13.52	-

K SERA SERA LIMITED

C. Remuneration to key managerial personal

Personnel cost (refer note a)

	Current year (In Lacs)	Previous year (In Lacs)
Brigadier Vinod Ahuja, Chairman and Whole Time Director	2.08	
Sanjay Lai, Managing Director	10.00	12.00

Note

a. As future liability for gratuity is provided on an actuarial basis for the Company as a whole, the pertaining to the directors is not ascertainable and therefore not included above.

3.30 Contingent liabilities

The Company has cases pending at the Central Investigation Unit (Customs) and Securities Exchange Board of India. The departments are yet to pass final order hence the liability for the same is currently unascertainable.

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.

3.30 (a) Contingent liabilities not provided for in respect of:

(Rupees in Lacs)

Particulars	March 31, 2012	March 31, 2011
Guarantees issued by bank		
- In respect of the Company	NIL	NIL
- In respect of a wholly owned subsidiary	160.39	160.39
Arrears of cumulative redeemable preference dividend	57.60	57.60
Claims against Company not acknowledged as debts and contested by the company.	194.01	549.24
Total	412.01	767.24

K SERA SERA LIMITED

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

S. 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 2238/ SS / 2009	Against their outstanding Loan account of Rs. 18,721,165/- under Section 138 of the Negotiable Instrument Act. Rs. 3097.98 Lacs along with interest thereon @ 18% p.a. Monetary claims.
2	Standard Chartered Bank	OA. 62 of 2008	Against outstanding Bank Guarantee given to Twenty Twenty Television Company Ltd. of Rs.160.39 Lacs in DRT at Mumbai.
3	Alif TV Networks Pvt. Ltd.	CP 465,466,467, 469,470	Company Winding up petitions
4	Venkatesh Films Private Ltd.	Not Applicable	Filed with the Association for the EIMIPA – Kolkatta claim for Rs. 6.80 Lacs
5	Income Tax Authority	Appeal filed in ITAT for the Assessment year 2004-05, 2005-06,2007-08 & 2008-09	Filed Appeal against the Loss. Amount is not ascertainable and adjust against loss or refund of income.
6	Lemon Entertainment Private Limited	595/2009 CP 471 to 475 of 2011	Suit for injunction of our plaint filled u/s 138 Company Winding up petitions

(c) 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	Before Arbitrator	Arbitration proceedings initiated for recovery of Rs. 80.00 Lacs plus 12% interest thereon.
2	Maharashtra Stage & Cultural Development	290/SS/03	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.108.76 Lacs advance against the content of television serials which were not completed.
3	Lemon Entertainment Private Limited	14224/SS/2009	The Company has filed a suit and initiated action under Section 138 of the Negotiable Instruments Act, for recovery of its claim of Rs. 1388.13 Lacs
4	Mayank Shah	544/SS/2006	The Company has filed a suit and initiated action under Section 138 of the Negotiable Instruments Act, for recovery of its claim of Rs. 9.00 Lacs

K SERA SERA LIMITED

S. No.	Name of the Parties	Suit No.	Particulars
5	Eros Multimedia Limited	2356/2009	Suit for Damages for Rs. 960 Lacs
6	SBI Global Factors Ltd.	SS/2530/2011	Specific performance suit to perform their part.
7	Zee Entertainment Enterprises Ltd	Before Arbitrator	Arbitration filled for damages of Rs. 2466.80 Lacs
8	GO Bananas Entertainment Pvt. Ltd. & Others	SS/2517/2011	The Company has filed a suit and initiated action under Section 138 of the Negotiable Instruments Act, for recovery of its claim of Rs.14.12 Lacs
9	Amit Mehrotra & Others	SS/2184/2011	The Company has filed a suit and initiated action under Section 138 of the Negotiable Instruments Act, for recovery of its claim of Rs. 2.50 Lacs

3.31 Auditors' remuneration (exclusive of service tax)

(Rupees in Lacs)

Particulars	31-Mar-12	31-Mar-11
Statutory audit	3.00	2.00
Tax audit	1.00	1.00
Limited review and other certifications	0.75	0.75
Other Services	0.40	0.25
Total	5.15	4.00

3.32 Earning and expenditure in foreign currency (on payment basis)

(Rupees In Lacs)

Particulars	31-Mar-12	31-Mar-11
Earning:		
Export of movies	–	2352.14
Interest on Fixed deposit	–	23.91
Expenditure:		
Travelling and conveyance	8.86	–
Listing fees	–	2.73

K SERA SERA LIMITED**3.33 Deferred tax liability / (asset)**

(Rupees in Lacs)

Particulars	As at April 1, 2011	Current year (charge) / credit	As at March 31, 2012
Difference between book base and tax base of fixed assets	202.71	(14.73)	187.98
Liabilities that are deducted for tax purposes when paid	(0.51)	(1173.02)	(117.81)
Carried forward losses	(416.78)	416.78	-
Disallowed u/ sec. 40(a) ii		(0.04)	(0.04)
Total	(214.58)	284.69	70.12

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

Particulars	Amount (In Lacs)
Receivables US\$ 14,60,250 @ closing of 1 USD = Rs.51.85 (Previous year US \$ @ closing rate of 1 USD = Rs.45.28)	757.14
Payables US\$ 132,446 @ closing of 1 USD = Rs.51.85 (Previous year US \$ @ closing rate of 1 USD = Rs.45.28)	68.67

3.34 Subsidiary company business

(Rupees in Lacs)

Name of the Company	Date of Incorporation	% of holding	Amount Invested	Advance to Subsidiaries	Previous Year
K Sera Sera Productions FZE	19.11.2009	100%	3024.60	757.14	730.35
K Sera Sera Digital Cinema Pvt. Ltd.	04.06.2009	100%	2999.99	-	-
K Sera Sera Box Office Pvt. Ltd.	12.06.2009	100%	2999.99	-	-
K Sera Sera Miniplex Pvt. Ltd.	02.02.2010	100%	2999.99	443.49	250.37
K Bazaar Online Trading Pvt. Ltd.	23.05.2011	90%	0.89	5.11	-

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.

3.35 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.

K SERA SERA LIMITED

- 3.36 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.
- 3.37 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006 There are no micro, small and medium enterprises, to which the Company owes dues, which are outstanding for more than 45 days as at March 31, 2012. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
- 3.38 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, 2011 against their settlement of the amount borrowed by the Company from the said Financial Institution and still the option is not exercised.
- 3.39 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.
- 3.40 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.
- 3.41 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. NIL (Previous year Rs. NIL).
- 3.42 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.
- 3.43 There are Rs 2,4,692 is due for transfer to the Investors Education and Protection Fund but not transfer till date of audit as at March 31, 2012
- 3.44 Figures in brackets represent those of the previous year.
- 3.45 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

Director

Director

Mumbai

Date: 28.05.2012

For Agrawal Jain & Gupta

Chartered Accountants

Firm Registration No. 013538C

CA Narayan Swami

Partner

M. No - 409759

Mumbai

Date: 28.05.2012

K SERA SERA LIMITED

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	2
---	---	---	---

Date Month Year

2. Capital Raised during the year (Amount in Lacs)

Public Issue

							N	I	L
--	--	--	--	--	--	--	---	---	---

 Bonus Issue

							N	I	L
--	--	--	--	--	--	--	---	---	---

Rights Issue

							N	I	L
--	--	--	--	--	--	--	---	---	---

 Private Issue

							N	I	L
--	--	--	--	--	--	--	---	---	---

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

Total Liabilities

					3	4	3	5	5
--	--	--	--	--	---	---	---	---	---

 Total Assets

					3	4	3	5	5
--	--	--	--	--	---	---	---	---	---

Sources of Funds

Paid-up Capital

					2	0	7	9	4
--	--	--	--	--	---	---	---	---	---

 Reserves and Surplus

					9	9	4	2
--	--	--	--	--	---	---	---	---

Secured loans

							N	I	L
--	--	--	--	--	--	--	---	---	---

 Unsecured Loans

						3	1	7	4
--	--	--	--	--	--	---	---	---	---

Deferred tax liability (Net)

							7	0
--	--	--	--	--	--	--	---	---

 Share application money

						1	1	4	1
--	--	--	--	--	--	---	---	---	---

Application of Funds

Net fixed assets including capital work in progress

					3	0	6	0
--	--	--	--	--	---	---	---	---

 Investments

					1	8	8	0	7
--	--	--	--	--	---	---	---	---	---

Net current assets

					1	0	9	3	2
--	--	--	--	--	---	---	---	---	---

 Miscellaneous Expenditure

								2	8
--	--	--	--	--	--	--	--	---	---

Accumulated Losses

					2	2	9	4
--	--	--	--	--	---	---	---	---

K SERA SERA LIMITED

4. Performance of the Company (Amount Lacs)

Turnover (Total Income)								
						5	2	4

+	-	Profit/(Loss) Before Tax						
	<input checked="" type="checkbox"/>					7	7	7

(Please tick Appropriate box + for profit, - for loss)

Earnings per Share (Rs) (on profit after taxes)							
		-	0	-	8	6	

Total Expenditure									
						1	3	0	2

+	-	Profit/(Loss) Before Tax							
	<input checked="" type="checkbox"/>					1	7	9	2

Dividend Rate % (Equity)		
N	I	L

5. Generic Names of Three Principal Products / Services of Company
(as per monetary terms)

Item Code No. (ITC Code)							
8	5	2	4	9	0	0	1

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

For and behalf of the board of directors

Director

Director

Mumbai
Date : 28th May 2012

Mumbai
Date : 28th May 2012

**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, 2012 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. 3,46,90,11,291 as at March 31, 2012, total revenues of Rs.1,03,55,03,788/- 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, 2012;
 - b) in case of the Consolidated Profit and Loss Account, of the Loss 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
28th May 2012

K SERA SERA LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2012

(Amount in Lacs)

Particulars	Note No.	31 March 2012	31 March 2011
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3.1	20,793.86	20,793.86
(b) Reserves and Surplus	3.2	35,734.54	34,067.86
(2) Share Application money pending allotment		1,628.59	1,439.09
(3) Non-Current Liabilities			
(a) Deferred Tax Liabilities (Net)	3.3	-	-
(4) Current Liabilities			
(a) Short-Term Borrowings	3.4	2,438.06	2,714.04
(b) Trade Payables	3.5	451.11	1,553.07
(c) Other Current Liabilities	3.6	1,444.48	830.10
(d) Short-Term Provisions	3.7	903.62	1,226.98
Total Equity & Liabilities		63,394.25	62,625.31
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	3.8(a)	3,259.22	2,080.03
(ii) Intangible Assets	3.8(b)	900.50	916.74
(iii) Capital Work in progress		105.62	97.85
(b) Non-current investments	3.9	17,368.23	15,910.64
(c) Deferred tax assets (net)	3.3	32.34	302.66
(d) Long term loans and advances	3.10	12,370.20	13,022.87
(2) Current Assets			
(a) Current investments	3.11	2,640.00	-
(b) Inventories	3.12	410.84	248.59
(c) Trade receivables	3.13	20,958.65	21,810.88
(d) Cash and cash equivalents	3.14	526.93	1,038.99
(e) Short-term loans and advances	3.15	4,694.38	6,939.74
(f) Other current assets	3.16	127.33	256.32
Total Assets		63,394.25	62,625.31

Summary of significant accounting policies

2.1

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

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

FOR AGRAWAL JAIN & GUPTA
 CHARTERED ACCOUNTANTS

(CA Narayan Swami)
 Partner

Membership No. : 409759
 Firm Reg. No.: 013538C
 Mumbai
 Date : 28.05.2012

FOR K SERA SERA LIMITED

(DIRECTOR) (DIRECTOR)

(COMPANY SECRETARY)

K SERA SERA LIMITED
CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012
(Amount in Lacs)

Particulars	Note No.	31 March 2012	31 March 2011
<i>Income</i>			
Revenue from Operations	3.17	11,122.35	25,574.54
Other Income	3.18	268.61	477.58
Total Revenue (I)		11,390.96	26,052.11
<i>Expenses:</i>			
Cost of materials consumed	3.19	8,279.64	15,817.45
Changes in inventories	3.20	7.62	-
Employee Benefit Expense	3.21	810.76	727.01
Financial Costs	3.22	214.97	207.68
Depreciation and Amortization Expense	3.23	434.50	292.23
Other Administrative Expenses	3.24	1,550.75	1,778.52
Total Expenses (II)		11,298.23	18,822.89
Profit before exceptional and extraordinary items and tax (I - II)		92.73	7,229.23
<i>Add/(less)</i>			
Exceptional Items (prior period expense (net of tax Rs.37,026,000 (March 2011: Rs. Nil) (Refer to Note no 3.25)		(729.74)	-
Profit before tax		(637.01)	7,229.23
<i>(Add)/less</i>			
<i>Tax expense:</i>			
(1) Deferred tax expense		270.32	109.22
(2) Wealth Tax		-	0.93
(3) Current Tax		8.36	6.50
Profit after tax		(915.68)	7,112.58
Earning per equity share: (refer to Note no 3.26)			
(1) Basic		(0.44)	3.42
(2) Diluted		(0.44)	3.42

Summary of significant accounting policies**2.1**

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

FOR AGRAWAL JAIN & GUPTA
CHARTERED ACCOUNTANTS

FOR K SERA SERA LIMITED

(CA Narayan Swami)
Partner

(DIRECTOR) (DIRECTOR)

Membership No. : 409759

Firm Reg. No.: 013538C

(COMPANY SECRETARY)

Mumbai

Date : 28.05.2012

K SERA SERA LIMITED
(Formerly Known as K Sera Sera Productions Limited)
Consolidated Notes to financial statements for the year ended 31 March 2012

3.1 Share Capital

(Rupees in Lacs)

Particulars	31 March 2012	31 March 2011
AUTHORIZED CAPITAL		
22,00,00,000 (31 March 2011: 82,00,00,000) Equity Shares of Rs. 10/- each (Special Resolution passed in Extra Ordinary General Meeting dated 31st March 2012 under section 94 of the companies Act 1956. For Decreasing Authorised share capital from Rs. 2,20,00,00,000 (divided twenty two crore of equity shares of Rs 10/- each) to Rs. 8,20,00,00,000 (divided Eighty two crore of equity shares of Rs 10/- each) to be and hearby rescinded and cancelled abnitio with retrospective effect from 18th March 2010.	22,000.00	82,000.00
	22,000.00	82,000.00
ISSUED , SUBSCRIBED & PAID UP SHARES		
207,938,634 (31 March 2011: 207,938,634) Equity Share of Rs.10 each Fully Paid Up	20,793.86	20,793.86
Total issued, subscribed and fully paid-up share capital	20,793.86	20,793.86

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

(Rupees in Lacs)

Particulars	31 March 2012		31 March 2011	
	Nos.	'	Nos.	'
At the beginning of the year	2,079.39	20,793.86	2,059.56	20,595.58
Add: Issued during the year	-	-	19.83	198.28
Add: Warrants converted during the year	-	-	-	-
Outstanding at the end of the year	2,079.39	20,793.86	2,079.39	20,793.86

Company issued 19,28,815 Equity shares on preferentials basis to HT Media Limited issued at the rate Rs 15.13/- per share as per SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009. Company issued 2,400 (Two Thousand Four Hundered) Optionally Convertible Redeemable Bond of Rs 1,00,000/- each to SBI GLOBAL FACTOR LIMITED (Formerly known as GLOBAL TRADE FINANCE LIMITED) as per SEBI (ICDR) Guidelines.

(b) Terms/ rights attached to equity shares

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

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

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

Name of the shareholders	31 March 2012		31 March 2011	
	Nos.	% holding in the class	Nos.	% holding in the class
The Bank of New York (Depository of GDR's)	97,192,140	46.74%	97,192,140	46.74%
India Max Investment Fund Limited	12,000,000	5.77%	12,000,000	5.77%

As per records of the company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(d) Share application money

Consequent upon SEBI order no. WTM/PS/ISD/02/2011 dated 21st September 2011, company have not issued further capital without taking prior approval of SEBI. 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.

3.2 Reserve & Surplus (Rupees in Lacs)

Particulars	31 March 2012	31 March 2011
Securities Premium reserve		
Balance as per the last year's financial statements	9,942.22	10,274.85
Add: premium on Issue of equity shares	-	101.72
Less: Global depository receipt (GDR) issue expense	-	(434.35)
Closing Balance	9,942.22	9,942.22
Surplus/ (deficit) in the statement of profit and loss		
Balance as per the last year's financial statements	23,083.47	15,970.89
Add: Profit for the period	(915.68)	7,112.58
Net Profit in the statement of profit and loss	22,167.78	23,083.47
Translation adjustment Reserve	3,624.24	1,042.18
	35,734.24	34,067.86

3.3 Deferred tax liability/(asset) (net) (Rupees in Lacs)

Particulars	31 March 2012	31 March 2011
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	224.58	202.10
Gross deferred tax liability	224.58	202.10
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	(118.76)	(0.52)
Deferred tax asset on carried forward losses	(138.15) (256.91)	(504.25) (504.76)
Net deferred tax liability/ (asset)	(32.33)	(302.66)

3.4 Short Term Borrowings
(Rupees in Lacs)

Particulars	31 March 2012	31 March 2011
8% Optionally convertible redeemable Bonds (Unsecured)	2,367.00	2,367.00
Interest free advance from related parties repayable on demand (unsecured)	-	-
- From Bank	50.46	50.46
Others	20.60	296.58
	2,438.06	2,714.04

Company issued 2,367 (Two Thousand three Hundred sixty seven) Optionally Convertible Redeemable Bond of Rs.1,00,000/- each to SBI GLOBAL FACTOR LIMITED (Formerly known as GLOBAL TRADE FINANCE LIMITED) as per SEBI (ICDR) Guidelines. Issued on 29th January 2010. against the settlement of the amount borrowed by the company from the said financial institutions and still the option is not exercised.

3.5 Trade Payable
(Rupees in Lacs)

Particulars	31 March 2012	31 March 2011
Trade payables (including acceptances)	451.11	1,553.07
	451.11	1,553.07

3.6 Other Current Liabilities
(Rupees in Lacs)

Particulars	31 March 2012	31 March 2011
Unpaid dividend	2.55	2.55
Salary payable	23.07	-
Other liabilities	1,418.86	827.55
	1,444.48	830.10

(a) company has not transferred Unclaimed Dividend for the year 2003-04 to Investor Education and Protection Fund account.

(b) Company has redeemed 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 other liabilities under the Other Current Liabilities in the Balance sheet.

3.7 Short Term Provisions (Rupees in Lacs)

Particulars	31 March 2012	31 March 2011
Provision For Employees Benefit		
Provision for gratuity	3.37	2.47
	-	-
Others		
Interest on Bonds	378.72	189.36
Provision for Expenses	208.81	373.70
Provision for Taxation	312.72	661.46
	903.62	1,226.98

K SERA SERA LIMITED SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS AS AT MARCH 31, 2012

Note 3.8 (a) : Tangible Fixed Assets

(Amount in Lacs)

PARTICULARS	Gross Block			Depreciation / Amortization				Net Block	
	As at April 1, 2011	Adjustments		As at March 31, 2012	Year Ended	Deletion/ Adjustments	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
		Additions	Deductions						
Plant And Machinery	21.97	11.29	1.71	31.54	11.21	0.02	28.21	3.33	4.94
Office Equipment	90.75	4.91	1.47	94.20	2.48	0.92	12.67	81.52	79.64
Furniture And Fixtures	502.56	30.89	-	533.45	90.93	-	311.36	222.09	282.14
Computers (Including software)	524.66	33.22	16.42	541.46	118.80	14.42	273.01	268.46	356.03
Vehicles	172.17	2.90	-	175.07	32.78	-	83.41	91.66	121.54
Digital Technology Asset	1,235.73	1,318.62	-	2,554.35	83.99	-	83.99	2,470.36	1,235.73
Digital Lab	-	82.70	-	82.70	9.40	-	9.40	73.30	-
Demo Theatre	-	51.87	-	51.87	3.38	-	3.38	48.49	-
Total	2,547.84	1,536.40	19.60	4,064.64	352.97	15.36	805.42	3,259.22	2,080.03
Previous year	930.54	1,617.30	-	2,547.84	226.23	-	467.81	2,080.03	688.96

Note 3.8 (b) : Intangible Fixed Assets

(Amount in Lacs)

PARTICULARS	Gross Block			Depreciation / Amortization				Net Block	
	As at April 1, 2011	Adjustments		As at March 31, 2012	Year Ended	Deletion/ Adjustments	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
		Additions	Deductions						
Motion Picture Rights	1,684.60	-	-	1,684.60	-	-	933.31	751.29	751.29
Trade Marks	6.01	0.25	0.03	6.22	-	-	-	6.22	6.01
Research & Development	159.43	7.63	-	167.06	24.08	-	24.08	142.99	159.43
Capital Work in progress	97.85	194.18	186.40	105.62	-	-	-	105.62	97.85
Total	1,947.89	202.05	186.43	1,963.51	24.08	-	957.39	1,006.13	1,014.59
Previous year	1,819.15	266.25	137.78	1,947.89	-	-	933.31	1,014.59	885.84

K SERA SERA LIMITED

3.9 Non Current Investment (Rupees in Lacs)

Particulars	31 March 2012	31 March 2011
Investment in joint venture	1,164.16	1,164.16
<i>Investment in equity instruments (quoted)</i>		
2,02,800 (31 March 2011: 2,02,800)	150.98	150.98
Equity shares of Rs.10 each fully paid up in Kadamb Constructions Limited		
9,69,51,372 Equity shares of Citigold Corporation Limited (Australia)	4,942.28	3,309.69
Investment in equity instruments (unquoted)	11,110.82	11,285.82
Total	17,368.23	15,910.64

Current investments are carried in the financial statements at cost and Long-term investments are also carried at cost. However, provision for diminution in value is not recognize other than temporary in the value of the investments. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

3.10 Long Term Loans and Advances

(Rupees in Lacs)

Particulars	31 March 2012	31 March 2011
Security deposit (Unsecured and considered good)		
Security deposit for leased premises	52.82	63.55
Other security deposit	15.16	15.16
	67.98	78.71
Advances recoverable in cash or kind		
Share application money	1,080.00	3,653.50
Unsecured, Considered Good	9,499.39	6,154.88
Unsecured, Considered doubtful	1,986.09	3,399.04
Less Provision for loans and advances	(263.26)	(263.26)
	12,302.23	12,944.16
Total	12,370.20	13,022.87

3.11 Current Investment

(Rupees in Lacs)

Particulars	31 March 2012	31 March 2011
Value at lower of cost and fair value, unless stated otherwise		
Investment in shares (unquoted)		
2,64,00,000 (31 March 2011: Nil)	2,640.00	-
Equity shares of Rs.10 each fully paid up in Kamla Landmark Infrastructure Pvt. Limited		
Total	2,640.00	-

3.12 Inventories

(Rupees in Lacs)

Particulars	31 March 2012	31 March 2011
Work-in-Progress	410.84	248.59
Total	410.84	248.59

3.13 Trade Receivables

(Rupees in Lacs)

Particulars	31 March 2012	31 March 2011
Outstanding for more than six months		
a) Unsecured, Considered Good :	20,137.61	21,112.54
b) Doubtful	276.26	274.07
other debts considered Good	544.77	424.27
Total	20,958.65	21,810.88

3.14 Cash and Bank Balances

(Rupees in Lacs)

Particulars	31 March 2012	31 March 2011
Bank balance		
- In current accounts with bank		
i) In India with scheduled banks	97.68	122.63
ii) In India with scheduled banks (EEFC account)	0.26	3.00
iii) Outside India	20.69	638.47
	118.64	764.09
Cash on hand	408.29	274.89
TOTAL	526.93	1,038.99

K SERA SERA LIMITED

3.15 Short Terms Loans and Advances

(Rupees in Lacs)

Particulars	31 March 2012	31 March 2011
Loans & Advances		
Unsecured, Considered Good	3,199.70	5,110.30
Unsecured, Considered Doubtful	158.77	7.90
	3,358.47	5,118.20
Interest free advances to related parties		
Unsecured, Considered Good		
	3,358.47	5,118.20
Advance Recoverable in cash or in kind		
Unsecured, Considered Good	154.21	702.92
Unsecured, Considered Doubtful	366.24	365.45
	520.46	1,068.36
Others		
Advance Income Tax	756.38	708.08
Prepaid Expenses	13.63	15.84
Advance to Staff	45.43	29.26
	815.45	753.18
Total	4,694.38	6,939.74

3.16 Other Current Assets

(Rupees in Lacs)

Particulars	31 March 2012	31 March 2011
Unsecured and considered good		
Unamortised share issue expenses	127.33	256.32
Total	127.33	256.32

3.17 Revenue from operations

(Rupees in Lacs)

Particulars	31 March 2012	31 March 2011
Inhouse Production	-	0.76
- Outright Sale Of Rights	10,371.04	23,043.35
In Motion Pictures		
- Outright Sale Of Rights	340.25	40.60
In Television Serials		
Theatrical Distribution Of Pictures	-	2,316.99
Produced By Third Parties		
Ticket Sale Collection	242.58	172.17
Consultancy Income	5.68	0.65
K Baazar	0.22	-
Income From Conversion & Mastering	1.60	-
Sales - Trailer Processing	1.25	-
Sales - SEDC	36.91	-
Services Charges	48.83	-
Income for Installation & Technology	74.00	-
	11,122.35	25,574.54

3.18 Other Income

(Rupees in Lacs)

Particulars	31 March 2012	31 March 2011
Foreign Exchange Revaluation Gain	95.97	106.51
Interest income	-	-
- Bank Deposit	-	26.74
- Income tax	0.06	-
Miscellaneous Incomes	100.07	123.91
Royalty Income	0.44	0.43
Discount & Rebates Received	-	220.00
Reverse Cost Charge-KSSDCPL	71.65	-
(Refer to note no 2.1(d))		
Interest on Capital - LLP	0.43	-
	268.61	477.58

3.19 Operating expenses

(Rupees in Lacs)

Particulars	31 March 2012	31 March 2011
Production expenses	8,265.24	15,817.45
Business promotion, transportation and commission	14.03	-
Other operating expenses	0.36	-
	8,279.64	15,817.45

3.20 Change in Inventories

(Rupees in Lacs)

Particulars	31-Mar-12	31-Mar-11
Opening Stock	7.62	-
Closing Stock	-	(7.62)
	7.62	(7.62)

3.21 Employment Benefit Expenses

(Rupees in Lacs)

Particulars	31-Mar-12	31-Mar-11
Salaries and wages	806.93	712.31
Director Remunerations	-	12.00
Gratuity expenses	0.90	0.83
Leave encashment	0.40	0.30
Staff welfare	2.53	1.57
	810.76	727.01

3.22 Financial Cost

(Rupees in Lacs)

Particulars	31-Mar-12	31-Mar-11
Interest on Bonds	189.36	189.36
Bank Charges	25.61	18.32
	214.97	207.68

K SERA SERA LIMITED**3.23 Depreciation & Amortised Cost****(Rupees in Lacs)**

Particulars	31 March 2012	31 March 2011
Depreciation	377.05	226.23
Share issue expenses amortised	57.46	66.00
	434.50	292.23

3.24 Other Administrative Expenses**(Rupees in Lacs)**

Particulars	31 March 2012	31 March 2011
Rent	131.02	91.24
Rates and taxes	2.38	-
Power and fuel	51.13	15.59
Communication costs	53.61	25.90
Donations	0.24	1.17
Brokerage & Commission	13.39	11.80
Insurance Expenses	13.55	1.55
Printing & Stationery Expenses	24.11	8.40
Membership & Subscriptions Fees	4.09	17.56
Advertisement & Publicity	274.37	345.34
Loss on sale of fixed assets (net)	1.39	-
Travelling and conveyance	184.71	43.18
Legal and professional fees	124.73	52.44
Repairs and maintenance (others)	9.65	6.90
Auditors Remuneration (refer details below)	12.54	4.81
Bad Debts w/off	425.01	405.79
Miscellaneous expenses	224.83	650.64
Provision for doubtful advances	-	96.21
	1,550.75	1,778.52

K SERA SERA LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012
(Amount in Lacs)

Particulars	31 March 2012	31 March 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	92.73	7,229.53
Adjustments For:		
Depreciation/Amortisation	377.05	226.23
Loss On Sale Of Assets	1.39	-
Loss On Sale Of Investment	-	-
Provision For Wealth Tax	-	-
Interest Cost	214.97	189.36
Interest Received	-	(26.74)
Provision For Doubtful Debts / Advances	-	-
Miscellaneous Expenditure Written Off	57.46	66.00
	650.86	454.85
Operating Cash Flow Before Changes In Working Capital	743.59	7,684.38
Adjustments For:		
(Increase)/Decrease In Inventories	(162.25)	(143.42)
(Increase)/Decrease In Sundry Debtors	852.24	(2,582.03)
(Increase)/Decrease In Loans And Advances	2,245.36	(3,047.42)
Increase/(Decrease) In Current Liabilities And Provisions	(1,086.94)	1,898.44
Net Changes In Working Capital	2,592.00	3,809.96
Taxes Paid	-	(1.26)
Prior period Adjustment	(729.74)	-
Extraordinary Items	71.53	(13.65)
Cash Generated From/(Used In) Operations	1,933.79	3,795.05
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase Of Fixed Assets	(1,738.45)	(1,883.56)
Sale/Surrender Of Fixed Assets	206.03	137.78
Purchase Of Investments	(2,640.00)	(3,099.14)
Sale Of Investments	(1,457.59)	-
Dividend Received	-	-
Interest Received	-	26.74
Cash Generated /(Used In) From Investing Activities	(5,630.01)	(4,818.18)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(214.97)	(189.36)
Proceeds From Issue Of Equity Share Capital	189.50	198.28
Proceeds From Issue Of Fully Convertible Warrants	-	101.72
Redemption Of Preference Share Capital	-	-
Securities Premium Received From Issue Of Equity Share Capital	-	-
Share Issue Expenses (Adjusted Against Securities Premium Account)	-	(434.35)
Gdr Issue Expenses	-	297.50
Proceeds From Borrowings	652.67	-
Repayment Of Borrowings	-	(305.41)
Cash Generated /(Used In) From Financing Activities	627.20	(331.62)
translation adjustment	2,556.95	(195.41)
Net Increase/(Decrease) In Cash And Cash Equivalents (A+B+C)	(512.07)	(1,550.16)
Cash And Cash Equivalents At The Beginning Of The Year	1,038.99	2,589.14
Cash And Cash Equivalents At The End Of The Year	526.92	1,038.99
Note:		
1 Cash and cash equivalents at the year end comprise:		
Cash On Hand	408.29	274.89
Balance With Scheduled Banks In		
- Current Accounts	118.64	764.09
- Deposit Accounts		
	526.93	1,038.99
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 & GUPTA
CHARTERED ACCOUNTANTS(CA Narayan Swami)
PartnerMembership No. : 409759
Firm Reg. No.: 013538C
Mumbai
Date : 28.05.2012

FOR K SERA SERA LIMITED

(DIRECTOR) (DIRECTOR)

(COMPANY SECRETARY)

K SERA SERA LIMITED

SIGNIFICANT ACCOUNTING POLICY AND NOTES TO ACCOUNTS FOR CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

1. Background

a) K Sera Sera Limited ('K Sera Sera Limited' or 'the Company') along with its wholly owned subsidiaries K Sera Sera Miniplex Private Limited ("KSS Miniplex"), K Sera Sera Digital Cinema Private Limited ("KSS Digital"), K Sera Sera Box Office Private Limited ("KSS Box Office") and K Sera Sera Productions FZE ("KSS FZE"), K Bazaar Online Trading Private Limited ("K Bazaar"), and step down subsidiaries K Kampus Education Private Limited ("K Kampus"), K Sera Sera Consultancy Private Limited ("K Consultancy"), K Sera Sera PTY Holding Limited ("KSS Australia") and KSS Capital Limited ("KSS Bermuda") is the most diversified media company. The Company is in to the business of production/distribution of movies and television serials. The Company through its subsidiaries and step down subsidiaries is into the business of Miniplexes, Digital Cinema, Education, Edutainment, Online Trading, Project Consultancy, International Film Distribution, General Trading (UAE) and investment in gold mines.

b) K SERA SERA PRODUCTIONS FZE is a Free Zone Company with limited liability registered vide commercial license number 5697 on 19th 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. Basis of Preparation

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

financial statements have been prepared on an accrual basis and under the historical cost convention.

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

2.1 Summary of significant accounting policies

(a) Change in accounting policy:

Presentation and disclosure of financial statements

During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

(b) Use of estimates:

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

(C) Principles of Consolidation

The consolidated financial statements relate to K Sera Sera Ltd. ('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, K Bazaar Online Trading 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.

(c) Tangible fixed assets:

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

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

(d) Depreciation Tangible fixed assets.

Depreciation on fixed assets is calculated on a written down value method at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The company has used the following rates to provide depreciation on its fixed assets.

	Rates (WDV)
Plant and Equipments	20%
Furniture and Fixtures	18.1%
Computers	40%
Vehicles	25.89%
Digital Technology Asset	20%
Office Equipment	13.91%

Company is provided depreciation on Digital Technology assets @ 20% on WDV basis. Deprecation provides only on installed Projectors and Servers or put to use assets. Income due to use of such assets is booked in K Sera Sera Digital Cinema Pvt. Limited. A digital technology asset is used by K Sera Sera Digital Cinema Private Limited ("KSS Digital") a WOS company of K Sera Sera Limited. Deprecation on the above assets is cross charge to K Sera Sera Digital Cinema Private Limited ("KSS Digital") without transferring the assets.

K Sera Sera Limited is sole owner of the said equipments shall cross charge the amount of depreciation /normal charge of wear and tear to KSS Digital at cost and same shall be recouped by KSS in agreed manner.

(e) Intangible Assets:

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

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 are 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.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten

years, the company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

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

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

(f) Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the company can demonstrate all the following:

1. The technical feasibility of completing the intangible asset so that it will be available for use or sale.
2. Its intention to complete the asset.
3. Its ability to use or sell the asset.
4. How the asset will generate future economic benefits.
5. The availability of adequate resources to complete the development and to use or sell the asset.
6. The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight line basis over the period of expected future benefit from the related project, i.e., the estimated useful life of ten years. Amortization

is recognized in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

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 above and the tenure of the distribution agreement. 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.		

(g) Borrowing Costs:

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(h) Impairment of tangible and assets:

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount

of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

(i) Investments:

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

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

Current investments are carried in the financial statements at cost or FMV whichever is lower and Long-term investments are carried at cost. However, provision for diminution in value is not recognizing other than temporary in the value of the investments. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(j) Inventories:

- i. Motion pictures under production- valued at cost or net realizable value (whichever is lower) 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.
- 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.
- iii. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(k) Revenue recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

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.

iv. Interest:

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

v. Digital Cinema:

i. Income From Installations of Digital Technology

Revenue from installation of Digital Technology is recognized as and when the Digital Technology is installed in the theatres.

ii. Income From trailer

Revenue is recognized based on no of trailer shown in theater, as and when accrued the income.

iii. Sale of SEDC and service charges

Revenue from SEDC and Service charges is booked on accrual basis. When movies are shown in theater income is booked.

vi. Miniplex:**i. Income from ticket collection**

Revenue from ticket collection is recognized as per DCR (daily collection Report) of all screens available. Revenue from ticket sale is recognized on receipts basis

ii. Other Incomes

Revenue from Advertisement is recognized as and when such advertisement shown on screen. And revenue from food court collection is recognized as and when food and beverages are sold.

(l) Accounting for taxes on income:

Tax expense comprises of current and deferred taxes. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

(m) Foreign currency translation:

Foreign currency transactions and balances

i. Initial recognition

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

ii. Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

iii. Exchange Rates (1 AED = Rs):

Average Rate	: 13.009
Closing Rate	: 14.141
Historical Rate	: 12.540

Foreign currency monetary items are retranslated using the exchange rate prevailing at the rate of closing day.

iv. Exchange differences

The company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

1. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset. For this purpose, the company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.
2. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
3. All other exchange differences are recognized as income or as expenses in the period in which they arise.

(n) Retirement and other employee 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.

(o) Provisions:

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

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

(p) Measurement of EBITDA:

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, finance costs and tax expenses.

3.25 Exceptional Items:

During the year company has shown 7,29,74,000 as Prior period expenses. Consequent upon order of Commissioner (Appeal) & Information and Explanation provided by the management in the year 2005-06 company have wrongly booked an income of Rs. 11,00,00,000, such income is now reversed in the year 2011-12. And 3,70,26,000 adjusted against the income tax provision for the F.Y. 2006-07.

3.26 Earnings per share:

(Rupees In Lacs)

Particulars	31-Mar-12	31-Mar-11
Net profit/(loss) after tax for the year	(915.68)	7112.88
Equity shares outstanding as the year end	2079.38	2079.38
Nominal value per share (Rs.)	10	10
Earnings per share		
- Basic	(0.44)	3.42
- Diluted	(0.44)	3.42

3.27 Leases:

The Company has entered into leases for its office premises. These leases have an average life of between three and five years with no renewal option included in the contracts. There are no restrictions placed upon the company by entering into these leases.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

Particulars	31-Mar-12	31-Mar-11
Within one year	Nil	Nil
After one year but not more than five years	Nil	Nil
More than five years	Nil	Nil

3.29 Related party transaction:

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

Names of related parties and related party relationship

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

Subsidiaries

K Sera Sera Box Office Private Limited
 K Sera Sera Miniplex Private Limited
 K Sera Sera Digital Cinema Private Limited
 K Bazaar Online Trading Private Limited
 K Sera Sera Productions FZE

Step down subsidiaries/Limited Liability Partnerships

K Sera Sera Consultancy Private Limited
 K Kampus Education Private Limited
 K Sera Sera Holding PTY Limited
 KSS Capital Limited ("KSS Bermuda")
 K Kampus Edutrainment LLP

Key Managerial Personnel

Brigadier Vinod Ahuja, Chairman and Whole Time Director (From 28 February 2012)

Sanjay Lai, Managing Director (Upto 28 February 2012)

K SERA SERA LIMITED

Related parties with whom transactions have taken place during the year

(Rupees in Lacs)

Nature of transaction	2012	2011
a. <u>Transactions during the year</u>		
Income from subsidiaries		
<u>Depreciation cross charged to subsidiaries</u>		
K Sera Sera Digital Cinema Private Limited	71.64	-
<u>Advances given</u>		
K Sera Sera Digital Cinema Private Limited	516.91	-
K Sera Sera Miniplex Private Limited	193.11	-
K Bazaar Online Trading Private Limited	5.11	-
K Kampus Education Private Limited	8.40	-
K Sera Sera Productions FZE	-	3711.84
<u>Advances taken</u>		
K Sera Sera Box Office Private Limited	33.92	323.68
K Sera Sera Productions FZE	1556.10	3803.84
K Sera Sera Digital Cinema Private Limited	-	1214.06
<u>Share capital issued</u>		
K Sera Sera Productions FZE	4990.30	-
b. <u>Closing balance</u>		
<u>Short term borrowings</u>		
K Sera Sera Box Office Private Limited	257.44	223.52
K Sera Sera Digital Cinema Private Limited	478.23	995.14
<u>Investment in subsidiaries</u>		
K Sera Sera Box Office Private Limited	2999.00	2999.00
K Sera Sera Miniplex Private Limited	2999.00	2999.00
K Sera Sera Digital Cinema Private Limited	2999.00	2999.00
K Bazaar Online Trading Private Limited	0.89	-
K Sera Sera Productions FZE	4994.63	4.33
K Sera Sera Productions FZ LLC	6.15	6.15
K Sera Sera Productions FZ LLC (Share Application Money)	18.45	18.45
<u>Loans and advances</u>		
K Sera Sera Miniplex Private Limited	443.49	253.37
K Sera Sera Productions FZE	757.14	7303.54
Others	13.52	-

K SERA SERA LIMITED

C. Remuneration to key managerial personal

Personnel cost (refer note a)

	Current Year (In Lacs)	Previous Year (In Lacs)
Brigadier Vinod Ahuja, Chairman and Whole Time Director	2.08	-
Sanjay Lai, Managing Director	10.00	12.00

Note

- a. As future liability for gratuity is provided on an actuarial basis for the Company as a whole, the pertaining to the directors is not ascertainable and therefore not included above.

3.30 Contingent liabilities

The Company has cases pending at the Central Investigation Unit (Customs) and Securities Exchange Board of India. The departments are yet to pass final order hence the liability for the same is currently unascertainable.

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.

3.30 (a) Contingent liabilities not provided for in respect of:

(Rupees in Lacs)

Particulars	March 31, 2012	March 31, 2011
Guarantees issued by bank	NIL	NIL
- In respect of the Company	160.39	160.39
- In respect of a wholly owned subsidiary		
Arrears of cumulative redeemable preference dividend	57.60	57.60
Claims against Company not acknowledged as debts and contested by the company.	194.01	549.24
Total	412.01	767.24

K SERA SERA LIMITED

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

S. 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 2238 / SS / 2009	Against their outstanding Loan account of Rs. 18,721,165/- under Section 138 of the Negotiable Instrument Act. Rs. 3,097.98 Lacs along with interest thereon @ 18% p.a. Monetary claims.
2	Standard Chartered Bank	OA. 62 of 2008	Against outstanding Bank Guarantee given to Twenty Twenty Television Company Ltd. of Rs.160.39 Lacs in DRT at Mumbai.
3	Alif TV Networks Pvt. Ltd.	CP 465,466,467, 469,470	Company Winding up petition against K Sera Sera Limited, K Sera Sera Miniplex Pvt. Ltd., K Sera Sera Box Office Pvt. Ltd., K Sera Sera Digital Cinema Pvt. Ltd., K Sera Consultancy Pvt. Ltd.
4	Venkatesh Films Private Ltd.	Not Applicable	Filed with the Association for the EIMIPA – Kolkatta claim for Rs. 6.80 Lacs
5	Income Tax Authority	Appeal filed in ITAT for the Assessment year 2004-05,2005-06, 2007-08 & 2008-09	Filed Appeal against the Loss. Amount is not ascertainable and adjust against loss or refund of income.
6	Lemon Entertainment Private Limited	595/2009 CP 471 to 475 of 2011	Suit for injunction of our plaint filled u/s 138 Company Winding up petition against K Sera Sera Limited, K Sera Sera Miniplex Pvt. Ltd., K Sera Sera Box Office Pvt. Ltd., K Sera Sera Digital Cinema Pvt. Ltd., K Sera Consultancy Pvt. Ltd.
7	Swapna Siju & Others	Complaint No. 12/533 of 2012	Rs.8.00 Lacs with 12% interest thereon

(c) 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	Before Arbitrator	Arbitration proceedings initiated for recovery of Rs. 80.00 Lacs plus 12% interest thereon.
2	Maharashtra Stage & Cultural Development	290/SS/03	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.108.76 Lacs advance against the content of television serials which were not completed.
3	Lemon Entertainment Private Limited	14224/SS/2009	The Company has filed a suit and initiated action under Section 138 of the Negotiable Instruments Act, for recovery of its claim of Rs. 1,388.13 Lacs
4	Mayank Shah	544/SS/2006	The Company has filed a suit and initiated action under Section 138 of the Negotiable Instruments Act, for recovery of its claim of Rs. 9.00 Lacs
5	Eros Multimedia limited	2356/2009	Suit for Damages for Rs. 960 Lacs
6	SBI Global Factors Ltd.	SS/2530/2011	Specific performance suit to perform their part.
7	Zee Entertainment Enterprises Ltd	Before Arbitrator	Arbitration filled for damages of Rs. 2,466.80 Lacs

K SERA SERA LIMITED

S. No.	Name of the Parties	Suit No.	Particulars
8	GO Bananas Entertainment Pvt. Ltd. & Others	SS/2517/2011	The Company has filed a suit and initiated action under Section 138 of the Negotiable Instruments Act, for recovery of its claim of Rs.14.12 Lacs
9	Amit Mehrotra & Others	SS/2184/2011	The Company has filed a suit and initiated action under Section 138 of the Negotiable Instruments Act, for recovery of its claim of Rs. 2.50 Lacs
10	Hydrocarbon Development Pvt. Ltd.	SS/1720/2011	The Company has filed a suit and initiated action under Section 138 of the Negotiable Instruments Act, for recovery of its claim of Rs. 500.00 Lacs

3.31 Auditors' remuneration (exclusive of service tax)

(Rupees in Lacs)

Particulars	31-Mar-12	31-Mar-11
Statutory audit	12.54	4.81
Total	12.54	4.81

3.32 Earning and expenditure in foreign currency (on payment basis)

(Rupees in Lacs)

Particulars	31-Mar-12	31-Mar-11
Earning:		
Export of movies	-	2352.14
Interest on Fixed deposit	-	23.91
Expenditure:		
Travelling and conveyance	8.86	-
Listing fees	-	2.73

3.33 Deferred tax liability / (asset)

(Rupees in Lacs)

Particulars	As at April 1, 2011	Current year (charge) / credit	As at March 31, 2012
Difference between book base and tax base of fixed assets	202.10	22.48	224.58
Liabilities that are deducted for tax purposes when paid	(0.51)	(118.24)	(118.24)
Carried forward losses	(504.25)	416.78	(138.16)
Total	(302.66)	270.33	(32.33)

K SERA SERA LIMITED

3.34 Subsidiary company business

(Rupees in Lacs)

Name of the Company	Date of Incorporation	% of holding	Amount Invested	Advance to Subsidiaries	Previous Year
K Sera Sera Productions FZE	19.11.2009	100%	3024.60	757.14	730.35
K Sera Sera Digital Cinema Pvt. Ltd.	04.06.2009	100%	2999.99	-	-
K Sera Sera Box Office Pvt. Ltd.	12.06.2009	100%	2999.99	-	-
K Sera Sera Miniplex Pvt. Ltd.	02.02.2010	100%	2999.99	443.49	250.37
K Bazaar Online Trading Pvt. Ltd.	23.05.2011	90%	0.89	5.11	-

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.

3.35 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.

3.36 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.

3.37 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006 There are no micro, small and medium enterprises, to which the Company owes dues, which are outstanding for more than 45 days as at March 31, 2012. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

3.38 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, 2011 against their settlement of the amount borrowed by the Company from the said Financial Institution and still the option is not exercised.

3.39 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.

3.40 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.

K SERA SERA LIMITED

- 3.41 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. NIL (Previous year Rs. NIL).
- 3.42 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.
- 3.43 There are Rs 2,4,692 is due for transfer to the Investors Education and Protection Fund but not transfer till date of audit as at March 31, 2012
- 3.44 Figures in brackets represent those of the previous year.
- 3.45 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

Director

Director

Mumbai

Date: 28.05.2012

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

CA Narayan Swami
Partner
M. No - 409759
Mumbai
Date: 28.05.2012

K SERA SERA LIMITED

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

ATTENDANCE SLIP

DP ID CLIENT ID No.*		Master Folio No.	
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Name & Address of the Shareholder

Number of Shares Held:

I/We hereby record my/our presence at the 17TH 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 Saturday, 29th December, 2012 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

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

PROXY FORM

DP ID CLIENT ID No.*		Master Folio No.	
----------------------	--	------------------	--

I/We of
..... being a member/members of K Sera Sera Limited
hereby appointof in the district of
.....as my/our proxy to vote for me/us and on my/our behalf at the
17th 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 Saturday,29th December, 2012 at 9:00 a.m. or at any adjournment
thereof.

Number of Shares Held :

Signed this day of.....2012.

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.

Book Post

To,

If undelivered, please return to:

K SERA SERA LIMITED

Regd. Office: 18, 4th Floor, Mohid Heights,
Near Versova Telephone Exchange,
Off Lokhandwala Road, Andheri (West),
Mumbai – 400 053.

Tel: 4042 7600 • Fax: 4042 7601

E-mail: info@kserasera.com

Web: www.kserasera.com