

Auditors' Report

To the members of K SERA SERA DIGITAL CINEMA PRIVATE LIMITED

Report on the Financial Statements.

1. We have audited the accompanying financial statements of K Sera Sera Digital Cinema Office Private Limited which comprise the Balance Sheet as at March 31, 2013 and statement of Profit and Loss and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud and error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Standards on auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with the ethical requirements, plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by management, as well as evaluating the overall financial statement.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



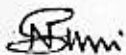
Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
 - (b) in the case of the Profit and Loss Account, of the Profit/Loss for the year ended on that date; and
 - (c) in the case of Cash Flow Statement, of the cash flow for the year ended on that date;

Report on other Legal and Regulatory Requirements

7. Required by section 227(3) of the act, we report that :
- (i) 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;
 - (ii) 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 these books.
 - (iii) The Balance Sheet and Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and cash flow statements comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) On the basis of written representation received from the Directors as on March 31, 2013 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2013 from being appointed as a Director in terms of Section 274 (1)(g) of the Companies Act 1956.

For Agrawal Jain & Gupta
Chartered Accountants
FRN - 013538C



CA Narayan Swami
Partner
M. No - 409759
Mumbai,
30th May, 2013.



Annexure referred to in paragraph (c) of our report of even date
K Sera Sera Digital Cinema Private Limited

1. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. As explained to us, All fixed assets were physically verified by the management in the year before last year in accordance with a planned programme of verifying these once in three years, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets and no material discrepancies were found on such verification. There was no substantial disposal of fixed assets during the year.
2. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

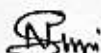
(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. No discrepancies were noticed on verification between the physical stocks and the book records
3. The Company has taken loan of Rs 9,490,273/- from K sera sera Miniplex private Limited and company given loan of Rs 30,604,479/- to parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. Accordingly, the issue of continuing failure to correct major weakness in the internal control in these areas does not apply.
5. Based on the audit procedures applied by us and according to information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered. In our opinion and According to the information and explanations given to us, the transactions with parties with whom transactions exceeding value of rupees five lakhs have been entered into during the financial year are at prices, which are reasonable having regard to the prevailing market price at the relevant time.
6. The Company has not accepted any deposits from the public with in the meaning of sections 58A and 58AA of the act and the rules framed there under.
7. In our opinion, the Company has an own internal audit system commensurate with the size and nature of its business.
8. To the best of our knowledge and as explained to us, the Central Government has not prescribed maintenance of cost records under Clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the products of the Company.
9. According to the information and explanation given to us and records of the company examined by us in our opinion prima-facie the Company is regular in depositing undisputed statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding, at the yearend for a period of more than six months from the date they became payable.
10. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.



11. Based on our audit procedures and on the basis of information and explanations given by the management, we are of opinion that the Company has not defaulted in repayment of dues to banks and financial institution. The Company did not have any outstanding debentures during the year.
12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/ mutual benefit fund/ societies. Therefore, provisions of clause 4 (xiii) of the Companies (Auditor Report) Order, 2003 are not applicable to the Company.
14. In our opinion, the Company does not deal or trade in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor Report) Order, 2003 are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. Based on the information and explanations given to us by the management, the term loan raised by the company has been used for the purpose for which term loan has been raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investments. No long-term funds have been used to finance short-term assets except permanent working capital.
18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company did not have any outstanding debentures during the year.
20. The Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed by us for expressing our opinion on these financial statements and the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during of our audit.

For Agrawal Jain & Gupta
Chartered Accountants
FRN - 013538C



CA Narayan Swami
Partner
M. No - 409759
Mumbai, 28th May, 2013



K SERA SERA DIGITAL CINEMA PRIVATE LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2013

(Amount in rupees)

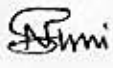
Particulars	Note No.	31st March, 2013	31st March, 2012
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3.1	300,000,000	300,000,000
(b) Reserves and Surplus	3.2	(38,641,872)	(33,181,203)
(2) Current Liabilities			
(a) Short-Term Borrowings	3.3	9,490,273	14,820,306
(b) Trade Payables	3.4	42,748,242	8,335,693
(c) Other Current Liabilities	3.5	5,897,929	2,374,492
(d) Short-Term Provisions	3.6	513,700	-
Total Equity & Liabilities		320,008,272	292,349,288
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	3.7	75,700,385	47,275,135
(ii) Intangible Assets		16,706,351	16,706,351
Gross Block		92,406,736	63,981,486
Depreciation		21,710,870	7,421,860
Net Block		70,695,866	56,559,626
(b) Non-current investments	3.8	145,100,000	145,100,000
(c) Deferred tax assets (net)	3.9	17,711,449	9,611,830
(d) Long term loans and advances	3.10	20,492,780	20,521,890
(2) Current Assets			
(a) Inventory	3.11	249,600	-
(b) Trade receivables	3.12	16,945,485	4,410,571
(c) Cash and cash equivalents	3.13	4,777,184	1,111,685
(d) Short-term loans and advances	3.14	41,925,453	52,057,629
(e) Other current assets	3.15	2,110,455	2,976,055
Total Assets		320,008,272	292,349,288

NOTES TO ACCOUNTS

Notes referred to above and notes attached there to form an integral part of Balance Sheet
This is the Balance Sheet referred to in our Report of even date.

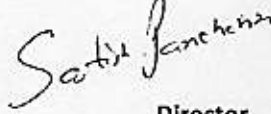
FOR AGRAWAL JAIN & GUPTA
CHARTERED ACCOUNTANTS

For K Sera Sera Digital Cinema Private Limited


(CA Narayan Swami)
Partner

Membership No. : 409759
Firm Reg. No.: 013538C




Director


Director



PLACE: MUMBAI
DATED: 28.05.2013

K SERA SERA DIGITAL CINEMA PRIVATE LIMITED
PROFIT & LOSS STATEMENT FOR THE PERIOD ENDED ON 31ST MARCH, 2013

(Amount in rupees)

Particulars	Note No.	31st March, 2013	31st March, 2012
Revenue from operations	3.16	89,504,923	16,259,287
Foreign exchange gain	3.17	80,203	23,521
III. Total Revenue (I +II)		89,585,126	16,282,808
Expenses:			
Cost of materials consumed	3.18	28,854,775	13,192,743
Employee Benefit Expense	3.19	18,538,421	8,142,134
Financial Costs	3.20	39,072	922
Depreciation and Amortization Expense	3.21	40,352,851	14,502,877
Other Administrative Expenses	3.22	15,360,294	15,976,374
Total Expenses (IV)		103,145,414	51,815,050
Profit before exceptional and extraordinary items and tax		(13,560,288)	(35,532,242)
Profit before extraordinary items and tax (V - VI)		(13,560,288)	(35,532,242)
Extraordinary Items			
Profit before tax (VII - VIII)		(13,560,288)	(35,532,242)
Tax expense:			
(1) Current tax			
(2) Deferred tax		(8,099,619)	(7,465,401)
Profit(Loss) from the perid from continuing operations		(5,460,668)	(28,066,841)
Profit/(Loss) for the period		(5,460,668)	(28,066,841)
Earning per equity share:			
(1) Basic		(0.18)	(0.94)
(2) Diluted		(0.18)	(0.94)

NOTES TO ACCOUNTS

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

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

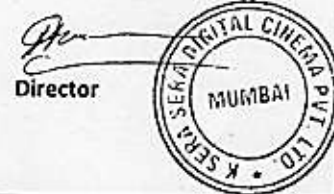
FOR AGRAWAL JAIN & GUPTA
CHARTERED ACCOUNTANTS

For K Sera Sera Digital Cinema Private Limited

(Signature)
 (CA Narayan Swami)
 Partner



Director



Director

Membership No. : 409759
 Firm Reg. No.: 013538C

PLACE: MUMBAI
 DATED: 28.05.2013

K SERA SERA DIGITAL CINEMA PRIVATE LIMITED
Schedules Forming Integral Part of the Balance Sheet as at 31st March, 2013

Note : 3.1 Share Capital

Particulars	March, 2013	March, 2012
AUTHORIZED CAPITAL		
30,00,000 Equity Shares of Rs. 10/- each.	300,000,000	300,000,000
	300,000,000	300,000,000
ISSUED, SUBSCRIBED & PAID UP CAPITAL		
To the Subscribers of the Memorandum		
To the Subscribers of the Memorandum		
9,999 Equity Shares of Rs. 10/- each, Fully Paid up Share capital allotment to K sera sera limited	99,990	99,990
1 Equity Shares of Rs. 10/- each, Fully Paid up Share capital allotment Director	10	10
<i>Issued other than cash</i>		
29,999,000 Equity Shares of Rs. 10/- each, Fully Paid up Share capital allotment to K sera sera limited	299,900,000	299,900,000
Total	300,000,000	300,000,000

(a) 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.

Note : 3.2 Reserve & Surplus

Particulars	March, 2013	March, 2012
Surplus (Profit & Loss Account)		
Balance brought forward from previous year	(33,181,203)	(5,114,362)
Less: Tax on Regular Assessment Paid	(5,460,668)	(28,066,841)
Add: Profit for the period		
Total	(38,641,872)	(33,181,203)

Note : 3.3 Short Term Borrowings

Particulars	March, 2013	March, 2012
Interest free advance from related parties repayable on demand (unsecured)	9,490,273	14,820,306
Total	9,490,273	14,820,306

Note 3.4 sundry payable

Particulars	March, 2013	31-Mar-12
Sundry Creditors	42,342,642	8,174,763
Sundry Creditors-More than 1 year	405,600	
Rent Charges Payable	-	160,930
Total	42,748,242	8,335,693

Note : 3.5 Other Current Liabilities

Particulars	March, 2013	March, 2012
TDS Payable	1,109,869	939,282
Advance from customer	2,359,494	467,314
Deposits from theaters	225,000	-
Other Payables	196,872	-
Salary Payable	2,006,694	967,897
Total	5,897,929	2,374,493



K SERA SERA DIGITAL CINEMA PRIVATE LIMITED

Notes Forming Integral Part of the Balance Sheet as at 31st March, 2013

Sr. No	Particulars	Rate	Gross Block			Depreciation			(Amount in rupees)	
			01st April, 2012	Addition during the year	Deduction during the year	31st March, 2013	01st April, 2012	Addition during the year	31st March, 2013	Net Block 31st March, 2012
I	Tangible Assets									
	Demo theatre	25.89%	5,187,495	-	-	5,187,495	338,138	1,255,014	1,593,152	4,849,357
	Digital lab	20.00%	8,269,918	53,100	-	8,323,018	940,125	1,910,505	2,850,630	7,329,793
	Digital Technology assets	20.00%	26,796,065	9,746,379	-	36,542,444	1,234,125	5,934,176	7,168,301	25,561,940
	Furnitures & Fixtures	18.10%	1,539,284	59,048	-	1,598,332	231,150	244,444	475,594	1,308,134
	Vehicles (Cars)	25.89%	-	-	-	-	-	-	-	-
	Office Equipment	20.00%	356,817	163,184	-	520,001	53,916	61,693	115,609	404,392
	Computer	40.00%	5,125,556	1,107,325	-	6,232,881	2,216,592	1,318,310	3,534,902	2,908,964
	SUB TOTAL (A)		47,275,135	11,129,036	-	58,404,171	5,014,046	10,724,142	15,738,188	42,665,983
II	Intangible Assets									
	Research & Development	25%	16,706,351	-	-	16,706,351	2,407,814	3,564,867	5,972,681	14,298,537
	Capital Work in Progress		16,706,351	-	-	16,706,351	2,407,814	3,564,867	5,972,681	14,298,537
	SUB TOTAL (B)		33,412,702	-	-	33,412,702	4,815,628	7,129,734	11,948,362	21,464,374
	Total [A + B] (Current Year)		80,687,837	11,129,036	-	91,816,873	9,829,660	17,853,876	27,687,550	64,132,507
	(Previous Year)		29,287,873	53,333,972	18,640,359	63,981,486	949,332	6,472,528	7,421,860	56,559,626
	Total [A + B] (Current Year)		63,981,486	11,129,036	-	75,110,522	7,421,860	14,289,009	21,710,869	56,559,626
	(Previous Year)		29,287,873	53,333,972	18,640,359	63,981,486	949,332	6,472,528	7,421,860	56,559,626



K SERA SERA DIGITAL CINEMA PRIVATE LIMITED
Schedules Forming Integral Part of the Balance Sheet as at 31st March, 2013

Note : 3.6 Short Term Provisions

Particulars	March, 2013	March, 2012
Provision for Expenses	1,282,347	-
Provision for Income	768,647	-
Total	513,700	-

Note : 3.8 Non Current Investment

Particulars	March, 2013	March, 2012
Investment in Equity Instrument	145,100,000	145,100,000
Total	145,100,000	145,100,000

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

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

Particulars	March, 2013	March, 2012
Fixed assets: Impact of difference between tax depreciation and depreciation/ Gross deferred tax liability	4,086,389	4,036,080
	4,086,389	4,036,080
Impact of expenditure charged to the statement of profit and loss in the current year	-	(66,769)
Deferred tax asset on carried forward losses	13,625,060	(13,581,141)
	(13,625,060)	(13,647,910)
Total	17,711,449	(9,611,830)

Note : 3.10 Long Term Loans and Advances

Particulars	March, 2013	March, 2012
<u>Security Deposit</u>		
a) Secured, Considered Good :		
Earnest Money Deposit	492,780	521,890
Other Deposit	-	-
b) Unsecured, Considered Good :	20,000,000	20,000,000
c) Doubtful	-	-
Total	20,492,780	20,521,890

Note : 3.11 Inventory

Particulars	March, 2013	March, 2012
Closing Stock of Finished Goods	249,600	-
Total	249,600	-

Note : 3.12 Trade Receivables

Particulars	March, 2013	March, 2012
<u>Others</u>		
a) Unsecured, Considered Good : More than six months	1,843,543	-
b) Unsecured, Considered Good : others	15,101,942	4,410,571
c) Doubtful	-	-
Total	16,945,485	4,410,571

Note : 3.13 Cash & Cash Equivalent

Particulars	March, 2013	March, 2012
<u>Cash-in-Hand</u>		
Cash Balance	256,530	36,530
Petty Cash Balance	7,924	271,518
Sub Total (A)	264,454	308,048
<u>Bank Balance</u>		
In current accounts with bank in India with Noted banks	4,512,730	803,637
Sub Total (B)	4,512,730	803,637
Total	4,777,184	1,111,685



K SERA SERA DIGITAL CINEMA PRIVATE LIMITED

Schedules Forming Integral Part of the Balance Sheet as at 31st March, 2013

Note : 3.14 Short Terms Loans and Advances

Particulars	March, 2013	March, 2012
Loans & Advances from related parties		
a) Secured, Considered Good :		
Advance to Associate Concerns	30,604,479	47,961,282
b) Unsecured, Considered Good :	2,987,004	
c) Doubtful		
Others		
Advance Recoverable in cash or in kind or for value to be considered good		
Balance with Govt. Authority	285,942	-
Advance to staff	904,183	-
Advance to Suppliers	1,437,150	3,196,837
Advance Income Tax/Refund Due	5,332,688	745,334
Prepaid Expenses	374,007	154,176
Total	41,925,453	52,057,629

Note : 3.15 Other Current assets

Particulars	March, 2013	March, 2012
Preliminary Expenses	2,110,455	2,976,055
Total	2,110,455	2,976,055

Note : 3.16 Revenue from Operations

Particulars	March, 2013	March, 2012
Income From Conversion & Mastering	4,709,981	285,100
Sales - SEDC	49,723,728	3,691,275
Income for Installation & Technology	12,067,792	7,400,262
Income From Advertisements	22,567,894	4,882,650
Income From Sky Cinex	275,526	-
Sales @12.5% VAT	160,002	-
Total	89,504,923	16,259,287

Note : 3.17 Other Income

Particulars	March, 2013	March, 2012
Foreign Exchange Revaluation Gain	13,244	23,521
Insurance Claim Refund	65,459	-
Misc Income	1,500	-
Total	80,203	23,521

Note : 3.18 Cost of Operation

Particulars	March, 2013	March, 2012
Opening Stock	-	-
Add:- Purchases @ 12.5% VAT	307,200	-
Less:- Closing Stock	249,600	-
Sub-total (a)	57,600	
DIRECT/PRODUCTIONS EXPENSES		
Content Delivery Exp.	1,787,759	132,801
Installation & Survey Expenses	1,672,759	36,296
Material Delivery Exp.	1,036,760	282,237
Packing Expense	581,700	397,560
Transportation & Octroi Charges	1,360,085	334,741
Technical Support	452,070	727,030
VSAT Transmission	21,145,440	11,198,697
Clearing & Forwarding Charges	121,008	-
Consumables	556,994	28,231
Mastering Charges	82,600	55,150
Sub-total (b)	28,797,175	13,192,743
Total	28,854,775	13,192,743



K SERA SERA DIGITAL CINEMA PRIVATE LIMITED
Schedules Forming Integral Part of the Balance Sheet as at 31st March, 2013

Note : 3.19 Employment Benefit Expenses

Particulars	March, 2013	March, 2012
Salaries to staff	18,115,513	8,016,317
Staff Recruitment Expenses	360,273	29,988
Office Canteen Exp.	12,664	8,090
Staff Welfare Expenses	49,971	87,739
Total	18,538,421	8,142,134

Note : 3.20 Financial Cost

Particulars	March, 2013	March, 2012
Bank Charges	39,072	922
Total	39,072	922

Note : 3.21 Depreciation & Amortised Cost

Particulars	March, 2013	March, 2012
Depreciation	14,289,010	6,472,528
Preliminary Expenses W/O	865,600	865,602
Reverse cost charge	25,198,241	7,164,747
Total	40,352,851	14,502,877

Note : 3.22 Other Administrative Expenses

Particulars	March, 2013	March, 2012
Telephone Expenses	331,298	59,685
Travelling Expenses (Including Foreign Travelling)	582,007	1,676,123
Internet & Website Expenses	245,825	786,280
Auditors Remuneration	84,270	40,000
Rent Rates & Taxes	2,291,236	2,863,606
Advertisement & Publicity	350	1,241,245
Legal & Professional Fees	5,402,732	4,506,252
Books & Periodicals	1,705	1,209
Conveyance Expenses	369,067	169,965
Courier Charges	106,037	19,270
Electricity Charges	680,560	875,580
Filing Fees	16,639	15,740
Membership & Subscription	166,125	55,660
Office Expenses	182,856	137,346
Printing & Stationery	190,585	206,508
Repair & Maintenance/ Computers	909,094	216,719
Security Charges - Lab	407,143	322,635
Warehouse Expense	74,451	6,100
Commission & Brokerage	2,043,594	1,244,525
Events Expense	-	560,906
Insurance Charges	483,009	489,106
Interest & Penalties	70,371	492
Loading Unloading Expenses	5,250	312,303
Security Charges - Vasa	236,214	169,119
Censor Charges	146,920	-
Discount & Rebate	111,179	-
Prior Period Expenses	221,777	-
Total	15,360,294	15,976,374



K SERA SERA DIGITAL CINEMA PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(Amount in Rupees)

Particular	31st March, 2013	31st March, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	(13,560,288)	(35,532,242)
Adjustments For:		
Depreciation/Amortisation	14,289,010	6,472,528
Interest Cost	39,072	922
Miscellaneous Expenditure Written Off	865,600	865,602
	15,193,682	7,339,052
Operating Cash Flow Before Changes In Working Capital	1,633,395	(28,193,190)
Adjustments For:		
(Increase)/Decrease In Stock	(249,600)	-
(Increase)/Decrease In Sundry Debtors	(12,534,914)	(4,410,571)
(Increase)/Decrease In Loans And Advances	10,161,286	52,450,336
Increase/(Decrease) In Current Liabilities And Provisions	38,449,686	16,522,982
Net Changes In Working Capital	37,459,853	36,369,557
Taxes Paid	-	(1,896,246)
Extraordinary Items	-	-
Cash Generated From/(Used In) Operations	37,459,853	34,473,311
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase Of Fixed Assets	(28,425,250)	(53,333,972)
Sale/Surrender Of Fixed Assets	-	18,640,359
Cash Generated /(Used In) From Investing Activities	(28,425,250)	(34,693,613)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(39,072)	(922)
Proceeds From Issue Of Equity Share Capital	-	1,000,000
Proceeds From Borrowings	-	-
Repayment Of Borrowings	(5,330,033)	-
Cash Generated /(Used In) From Financing Activities	(5,369,105)	999,078
Net Increase/(Decrease) In Cash And Cash Equivalents (A+B+C)	3,665,498	778,776
Cash And Cash Equivalents At The Beginning Of The Year	1,111,685	332,910
Cash And Cash Equivalents At The End Of The Year	4,777,184	1,111,686
Note:		
1 Cash and cash equivalents at the year end comprise:		
Cash On Hand	264,454	308,048
Balance With Scheduled Banks In		
- Current Accounts	4,512,730	803,637
- Deposit Accounts		
	4,777,184	1,111,686
2 The Cash Flow Statement Has Been Prepared Under Indirect Method As		

As per our report of even date attached

For Agrawal, Jain and Gupta

Chartered Accountants

Firm Registration No. 013538C

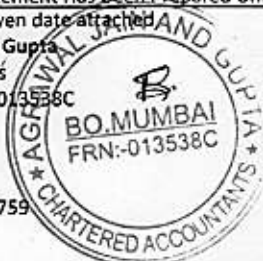
Signature
Narayan Swami

Partner

Membership No.: 409759

Mumbai

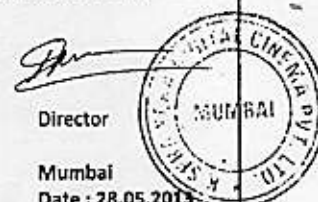
Date : 28.05.2013



For K Sera Sera Digital Cinema Private Limited

Signature
Satish Parashar

Director



Director

Mumbai

Date : 28.05.2013

K SERA SERA DIGITAL CINEMA PRIVATE LIMITED

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2013

Notes to account

1. Summary of significant accounting policies

a. Basis of preparation of financial statements

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

b. Use of estimates

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

c. Fixed assets

Tangible assets

Fixed assets are stated at historical cost less accumulated depreciation. Cost includes purchase price and all other attributable cost to bring the assets to its working condition for the intended use. Further expenses incurred include the research and development expenditure which will be held as capital work in progress since the asset is not ready for intended use.

Intangible assets

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

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

d. Depreciation/amortization

Tangible assets

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

Intangible assets

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

e. Borrowing costs

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



f. Impairment of assets

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

g. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

h. Revenue recognition

Income from Sale of Digital Technology

Revenue from Sale of Digital Technology will be recognized as the technology will be installed in theatres.

i. Accounting for taxes on income

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

j. Retirement benefits

- i. If any 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 not made by the company because none of the employee are completed five year in the company.

k. Foreign currency transactions

- i. Foreign currency transactions are recorded at exchange rates prevailing on the date of respective transactions.
- ii. Current assets and current liabilities in foreign currencies existing at balance sheet date are translated at year-end rates.
- iii. Foreign currency translation differences related to acquisition of imported fixed assets, if any are adjusted in the carrying amount of the related fixed assets. All other foreign currency gains and losses are recognized in the profit and loss account.

l. Provision and contingent liabilities

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



m. Preliminary Expenses

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

3.9 Deferred tax liability / Asset (Amount in Rupees)

Particulars	As at April 1, 2012	Current year (charge) / credit	As at March 31, 2013
Difference between book base and tax base of fixed assets	(8,33,343)	49,19,732	40,86,389
Liabilities that are deducted for tax purposes when paid	-	-	-
Carried forward losses	1,04,45,173	31,79,887	1,36,25,060
Deferred tax Assets	9,611,830		17,711,449

3.22 Earnings per share

Particulars	March 31, 2013
Net profit / (loss) after tax for the year	(5,460,668)
Equity shares outstanding as at the year end	3,00,00,000
Nominal value per share (Rs.)	10
Earnings per share	
- Basic	(0.18)
- Diluted	(0.18)

3.23 Auditor's remuneration [including service tax] (Amount in Rupees)

Particulars	March 31, 2013
Statutory audit, Tax Audit	84,270
Total	84,720

3.24 Related Party Disclosures
Related parties are classified as:

I	Company:
	1. K Sera Sera Productions Limited
	2. K Sera Sera Box Office Private Limited
	3. K Sera Sera Miniplex Private Limited

Nature of transactions	Holding	Amount
Loans / Advances(Taken)	K Sera Sera Miniplex Private Limited.	9,490,273
Loans / Advances(given)	K Sera Sera Limited	30,604,479
Director Sitting Fees	Hussain Shattaf	262,023

3.25 The Company did not have any transactions with Small Scale Industrial ('SME's') Undertakings during the year ended March 31, 2013 and hence there are no amounts due to such undertakings. The identification of SME's undertakings is based on the management's knowledge of their status. The Company has not received any information from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amount unpaid as at the year end together with interest paid / payable as required under the said Act have not been furnished.

For and on behalf of the board of directors

Director

Director

Place: Mumbai
Date: May 30th, 2013



For Agrawal Jain & Gupta
Chartered Accountants

CA Narayan Swami
Partner
M. No - 409759