

DIRECTOR'S REPORT

To
The Members
Mid Valley Entertainment Limited

Your Directors present their Twenty Sixth Report of the Company together with the Audited Statement for the year ended 31st March, 2015:

FINANCIAL RESULTS

(Figs. In Rupees)

PARTICULARS	AS ON 31.3.2015	AS ON 31.3.2014
Total Income	0	24,054
Profit/(Loss) Before Taxation	(638,83,827)	(692,55,213)
Less: Provision for Taxation	0	0
Add/(Less) :Provision For Deferred Taxation	0	79,24,560
Less: Income Tax of earlier Year	0	0
Net profit/(Loss) after Tax	(638,83,827)	(613,30653)
Add: Profit brought forward	(1495,45,051)	(88214398)
Amount available for appropriation	0	0

2. OPERATIONS AND BUSINESS PERFORMANCE

During the year there was no operations, resulting net loss before tax (PBT) for the year was Rs.-638.84 Lakhs as compared to the previous year loss of Rs.692.55 Lakhs.

3. DIVIDEND

Your Directors have not recommended any dividend for the financial year in view of the losses incurred.

4. MATERIAL CHANGE AND COMMITMENTS OF THE COMPANY:-

Since no operational activities during the year no material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report, and there are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future, except that the suspension of trading of shares of the company continued during the year in view of non compliance.

5. SHARE CAPITAL

The paid up equity share capital of the company as at 31st March 2015 was Rs.34.22 Crores. The company currently has no outstanding shares issued with differential rights, sweat equity or ESOS

6. WHISTLE BLOWER POLICY/ VIGIL MECHANISM

There is a whistle blower policy in the company and that no personnel has been denied access to the Chairman of the Audit Committee. The policy provides for adequate safeguards against victimisation of persons who use vigil mechanism.

7. POLICY ON SEXUAL HARASSMENT

The company has a policy in prevention & prohibition of sexual harassment at workplace. However the company is in the process of constituting a committee for the same. The policy provides for protection against sexual harassment of women at workplace and for prevention and redressal of such complaints. During the year, no complaints have been received under the policy.

8. SECRETARIAL AUDIT

Practising Company Secretary was appointed as Secretarial Auditors for auditing the secretarial records of the company for the year ended 31st March 2015 and the report is Annexed hereto.

Reply to the comments of the Secretarial Audit Report is as under:

- a) Company has no operations and hence could not afford to appoint Key Managerial Personnel
- b) The records/returns were destroyed in flood during 2015 and hence company is retrieving its records.
- c) The company is taking all the steps to revoke the suspension with the Stock Exchanges
- d) Other observations are explained in the para's below:

9. BOARD OF DIRECTORS

Composition

The Board had five directors, of which Mr. Muragavel Karunanithi Resigned making the Composition as four Directors of which Ganapathi Lalitha and Kamalnayan Harakchand are the non executive and independent directors, Datu K Keetheeswaran is Non executive Chairman and Promoter, and Mr. R. Chandrasegaran Director of the company. Out of the

four directors, two are foreign directors, who could attend the meetings through video conferencing.

The category of Directors and their memberships in other Board/Committees during the year 2014-2015 are as under -

S.No.	Name of the Director	Category	No. of other directorships	No. of Membership in other Board / Committees
1	Datu Keetheeswaran	Non executive Chairman & Promoter	3	0
2	R. Chandrasegaran	Executive Director	0	0
3	R Kamalnayan Harakchand	Non executive Independent Director	3	0
4	Ganapathi lalitha	Non executive Independent Director	3	

The annual operating plans, budgets, quarterly results, performance of the company and other information, including those specified under Annexure 1A to the Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges, as may be amended from time to time, could not be placed before the Board due to the lack of operations.

11. NUMBER OF BOARD MEETINGS HELD DURING THE YEAR ALONG WITH THE DATES OF THE MEETINGS

During the Financial Year 2014- 2015, five Meetings of the Board of Directors were held On 30/05/2014; 14/08/2014; 23/09/2014; 30/11/2014; 31/01/2015 between the said meetings the gap is not more than 120 days as prescribed under section 173(1) of the Act.

Attendance of Directors at the Board Meetings and last Annual General Meeting -

S.No.	Name of Director	Attendance	
		Board Meeting	Last AGM
1	Datu K Keetheeswaran	0	No
2	Kamalnayan Harakchand	4	Yes
3	R Chandrasegaran	0	No
4	Ganapathi lalitha	4	Yes

The Directors attended the meeting through mode of video conferencing.

12. CHANGE IN DIRECTORS

Mr. Muragavel Karunanithi Resigned and Mr Datu K Keetheeswaran (holding DIN 01410448) was appointed as Non executive Director in the Annual General Meeting held last year. He retires by rotation at the ensuing annual general meeting and being eligible offers himself for reappointment.

A brief note on Director retiring by rotation and eligible for re-appointment is furnished in the Notes to the Notice of the Annual General Meeting.

Except the above, there is no change in the composition of the Board of Directors.

13. KEY MANAGERIAL PERSONNEL

During the year under report the company has Company Secretary Mr. S Raghavan as the Key Managerial Persons, and the company is yet to appoint CFO and whole time director..

14. BOARD EVALUATION

The Nomination and Remuneration Committee has laid down the criteria for performance evaluation of independent directors, Board of Directors and Committees of the Board.

However Audit Committee and other Committee meetings were held only for the five quarters during the year. In view of this, the Board has not carried out evaluation of its own performance as well as that of the Committees of the Board and all the Directors.

15. POLICY ON DIRECTORS' APPOINTMENT AND OTHER DETAILS

The Nomination and Remuneration Committee has laid down the criteria for Directors' appointment and remuneration including criteria for determining qualification, positive attributes and independence of a Director.

16. REMUNERATION POLICY

The objective and broad framework of the Company's remuneration policy is to consider and determine the remuneration based on the fundamental principles of payment for performance, for potential and for growth. Information about elements of remuneration package of individual directors is provided in the extract of the Annual Return as provided under Section 92(3) of the Companies Act, 2013.

17. FAMILIARISATION PROGRAM FOR INDEPENDENT DIRECTOR

Details of the familiarization program of independent directors are kept at the Registered Office of the Company.

18. ANNUAL RETURN

The extract of Annual Return in Form MGT-9 pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is attached separately.

19. CORPORATE GOVERNANCE REPORT

corporate governance report for the year is attached separately.

20. DIRECTORS RESPONSIBILITY STATEMENT

Your Directors confirm:

that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures

that your Directors 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 at the end of the financial year March 31, 2015 and of the profit of the company or the financial year;

that your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

that your Directors have prepared the annual accounts on a going concern basis

that your directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and

that your directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

21. INDEPENDENT DIRECTORS' DECLARATION

All independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 of the Companies Act, 2013 which has been relied on by the Company and placed at the Board Meeting of the Company.

22. AUDIT COMMITTEE

The Audit Committee is having three members. The terms of reference of the Audit Committee are to overview the accounting systems, financial reporting and internal controls of the Company and are wide enough to cover the mandatory items as required under Clause 49 of the Listing Agreement as well as in Section 177 of the Companies Act, 2013.

The Audit Committee could convene five meetings on 30/05/2014; 14/08/2014; 23/09/2014; 30/11/2014; 31/01/2015

23. REMUNERATION TO DIRECTORS:

The details of the remuneration paid/ payable to the directors during the year 2014-15 are given below:

Name	All elements of remuneration package i.e. salary benefits, bonus, pension, etc. for the period (Rs. lacs)	Commission (Rs.)	Sitting Fees (Rs. Lacs)
Executive Director			
Muragavel Karunanithi	1,92,000	0	0
Non-Executive Director			

Kamalnayan Harakchand	0		
R Chandrasegaran	0		
Ganapathi lalitha	0		
Total	1,92,000	0	0

Presently, the Company has not formulated scheme for grant of Stock options either to the Executive Directors or employees.

The Company's Shares are compulsorily traded in dematerialised form. Hence the Committee meets at relevant intervals considering the volume of transfers received in the physical segment.

Company Secretary was the Compliance Officer of the Company.

Number of complaints received from the investors during the year 2014-15 and their status are as follows.

No. of Complaints received	...
No. of Complaints disposed of	...
No. of Complaints pending at the year end	...

24. General Body Meetings

The location and time of Annual General Meetings (AGM) held during the last 3 years are as follows:

AGM	Date	Time	Venue	No. of Special Resolutions Passed
31.3.2014	22.09.2014	10.00 a.m	Asha nivas No.9 Rutland gate 5 th street, Chennai 600 006	1
30.04.2013	31.10.2013	10.00 a.m	9 th floor GEE GEE Emerald, 312 Valluvar Kottam High Road, Nungambakkam, Chennai 600 034	nil

31.05.2012	28.02.213	10.00 a.m	9 th floor GEE GEE Emerald, 312 Valluvar Kottam High Road, Nungambakkam, Chennai 600 034	nil
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a) Special Resolution passed in previous 3 AGMS:

The Company has passed following Special Resolution in the Annual General Meeting held on 22.09.2014

Adoption of new set of Articles of Association

b) Extra Ordinary General Meeting

During the year 2014- 2015, no Extra Ordinary General Meeting was held

25. AUDITORS COMMENTS

According to information given to me and explanations provide, the company is not regular in deposing undisputed statutory dues including income tax deducted at source, sales tax, dusty of customs, duty of excise, cess and other statutory dues with appropriate authorities. The company has to pay the income tax and fringe benefit tax(FBT) for the years ended march 31,2006,2007,2008,2009 and 2010 amounting to Rs.36,42,653/-,Rs.5,75,40364,Rs.3,51,17,32, Rs.47,76,704 Rs.77,66000 respectively and FBT of Rs165000 (excluding interest) and TDS of Rs.9,90,125 ESL, PF and professional tax of Rs.1,33,849 Respectively.

According to the information and explanation given to me and explanations given to me, the company is liable to pay Rs.61.71 lakhs together with interest due for the delayed payment of tax in respect of income tax relating to assessment year 2002-2003 which is pending before the first level of appeal, viz., CIT(APPEALS), CHENNAI

DIRECTOR'S COMMENTS :

The Directors are taking necessary steps for making payments the statutory authorities.

26 .Disclosure

a) Related Party Transactions

No fresh transactions under section 188 of the Companies Act 2013 were entered during the year

Similarly, no fresh loans and advances were given to the Subsidiary companies during the year as per Section 185 of the Companies Act, 2013. Hence AOC-2 not required to be attached.

b) Listing Compliances

No compliance could be done during the year due to suspension of trading of the equity shares with both Bombay Stock Exchange and National Stock Exchange. No data made available by RTA, hence could not provide list of shareholding pattern of shareholders.

As per requirement, pursuant to the provision of Section 129 of the Companies Act, 2013, the abstract of the details of the subsidiaries are not received and hence not attached and also the consolidated accounts are not provided.

c) Subsidiaries

The company has two subsidiary companies and one associate company as under.

Midvalley Entertainment International Pvt Ltd	Associate company
Midvalley Contents & Distributions Pvt Ltd	Wholly owned subsidiary
Midvalley Hospitality Pvt Ltd	Wholly owned subsidiary

Since company subsidiary has not made their financials no AOC 1 is attached.

d) Code of conduct

The Company has complied with all the mandatory requirements of the Corporate Governance Code including Board Composition, Audit Committee, Share holders relationship Committee, except the filling of vacancy of one independent director on these committees.

27. Details of Director seeking reappointment in the forthcoming Annual General Meeting.

(in pursuance of Clause 49 of the Listing Agreement)

Name of Director	Mr Datu K Keetheeswaran
Date of Birth	18/01/1961
Age	53
Appointed on	01/07/2011
Qualification	Graduate
Expertise	Management of affairs of the company
Directorships held in other public companies	3
Memberships/ Chairmanships of	0

28. CEO Certification

As required under Clause 49 of the Listing Agreement a Certificate duly signed by the CEO is not available.

29. Means of Communication

The financial results of the company could not be published in English & Tamil Newspapers except for the first two quarters and also submitted to the Exchanges.

30. GENERAL SHAREHOLDERS INFORMATION

- | | |
|---|--|
| i)AGM date, time and venue | 30 th September 2015 at 10.00 a.m.
Asha Nivas No.9 Rutland Gate, 5 th street,
Chennai 600 006 |
| ii)Financial Calendar | April 1 st 2014 to 31 st March 2015 |
| iii)Dividend payment | Nil |
| iv)Listing of Equity shares | i) Bombay Stock Exchange Ltd (BSE)
Bhiroze Jheejheebhoy Towers
Dalal street, Mumbai 400 001
Tel: 91-22-2272 1234, 1233
Fax:91-22-2272 3353/3355
Website: www.bseindia.com
Website:www.nseindia.com |
| v)Listing fees | for the year 2013-14
for the year 2014-15

Will be paid in the current year |
| v)Address of Registered Office | 9 th floor, GG Emerald, 312 VKH Road
Nungambakkam, Chennai 600 034
Phone:044 28144763
Email id:venkatesh&co@gmail.com |
| vi) a) stock exchange security code for Equity shares | The Bombay Stock Exchange Limited
Mumbai |
| b)Corporate Identity Number (CIN) of the company | L85110TN1989PLC062297 |

c) demat ISIN Numbers in NSDL & CDSL of
the company

ISIN INE422B01016

vii) Monthly High and Low quotations along with the volume of shares traded in BSE during the year 2014-2015

NO DATA AVAILABLE DUE TO SUSPENSION FROM TRADING

viii) Registrar & Share Transfer Agent:

Cameo Corporate Services Ltd
No.1, Club House Road,
Subramanian Building,
Chennai 600 002
Phone (044) 28460390
Email id: investor@cameoindia.com

ix) i) Share transfer system

Share transfer requests for shares held in physical for received by the company are processed and the share certificates are returned within the stipulated time under the companies act and the listing agreement provided that the documents received are in order and complete in all respects. Delays beyond the stipulated period were mainly due to disputes over the title to the shares.

The company obtains from a Company Secretary in Practice a half yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the SEBI (LODR) Regulations 2015 and files a copy of the certificate with the Stock Exchanges.

2) Change of Address, Bank Details, Nomination etc.

All the members are requested to notify immediately any changes in their address, email id bank mandate and nomination details to the Company's Registrar and Share Transfer Agent, M/s. Cameo Corporate services Ltd. Members holding shares in electronic segment are requested to notify the change of address, email id, bank details, nomination etc. to the depository participants (DP) with whom they maintain client accounts for effecting necessary corrections Any intimation made to the Registrar without effecting the necessary correction with the DP cannot be updated. It is therefore necessary on the part of the shareholders to inform changes to their DPs with whom they have opened accounts.

3) Unclaimed Dividend

During the year under review, the company has not transferred the unclaimed dividend for the year 2006-2007 to the IEPF account (to check)

4) Distribution of Shareholding as on March 31, 2015

DATA COULD NOT BE COMPILED DUE TO NON ACCESS TO
NSDL AND CDSL

5) Categories of shareholders as on 31st March 2015

DATA COULD NOT BE COMPILED DUE TO NON ACCESS TO
NSDL AND CDSL

6) Top Ten Shareholders (other than Promoters) as on 31st March 2015

DATA COULD NOT BE COMPILED DUE TO NON ACCESS TO
NSDL AND CDSL

xi) 1) Dematerialization of shares

The data could not be compiled due to non access to demat data by NSDL and CDSL as on 31st March 2015.

Trading in equity shares of the company is permitted only in dematerialised form as per a notification issued by the Securities Exchange Board of India (SEBI).

2) Reconciliation of Share Capital Audit Report

Reconciliation of share capital audit could not be done due to no access to data of NSDL and CDSL in demat form and the total listed and paid up capital..

xiii) Investors correspondence:

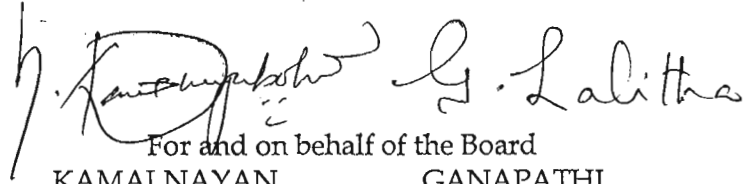
a. For queries relating to shares

Cameo Corporate Services Ltd
No.1, Club House Road,
Subramanian Building,
Chennai 600 002
Phone (044) 28460390
Email: cameoindia.in

b. For queries relating to dividend

The Company Secretary

Midvalley Entertainment s Ltd
9th floor, Gee Gee Emerald
312 Valluvarkottam High Road
Nungambakkam
Chennai 600 034
phone: 044 28211119
Email:



For and on behalf of the Board

KAMALNAYAN
HARAKCHAND

GANAPATHI
LALITHA

(DIN :01972938)

(DIN: 06801777)

Place : Chennai

Date:01.09.2015



INDEPENDENT AUDITORS REPORT

To the Members of Mid Valley Entertainment Limited on the Standalone Financial Statements

I have audited the accompanying standalone financial statements of MIDVALLEY ENTERTAINMENT LIMITED ('the Company'), which comprises the Balance Sheet as at March 31, 2015 and the Statement of Profit & Loss and the Cash flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134 (5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards referred to in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

My responsibility is to express an opinion on these standalone financial statements based on my audit.

I have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

I conducted my audit in accordance with Standards on Auditing specified under section 143 (10) of the Act. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgements, including the assessment of the risks 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, but not for the purpose of expressing an opinion

on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the standalone financial statements.

Opinion

In my opinion and to the best of my information and according to the explanations given to me, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its loss, and its cash flows for the year ended on that date.

Emphasis of Matters

I draw attention to Notes to the financial statements which indicates that the Company has accumulated losses and its net worth has been substantially eroded. However, the financial statements of the Company have been prepared as a going concern basis for the reasons stated in the Notes.

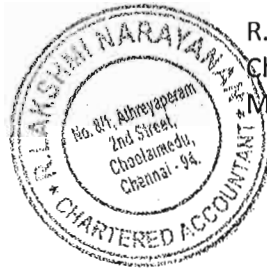
My opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order 2015 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Companies Act, 2013 I give in the **Annexure – A**, a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. As required by Section 143(3) of the Act, I report that
 - a) I have sought and obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purposes of my audit;
 - b) In my opinion, proper books of account as required by law have been kept by the Company so far as appears from my examination of those books.
 - c) The Balance Sheet, the Statement of Profit & Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In my opinion, the standalone financial statements comply with the Accounting Standards specified in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) The going concern matter described Emphasis of Matters paragraph above, in my opinion may have adverse effect on the functioning of the Company.

- f) On the basis of written representations received from the directors, as on 31st March, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to my separate Report in **Annexure – 'B'**.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, in my opinion and to the best of my information and according to the explanations given to me:
- (i) The Company has pending litigations relating to the Income tax demand for the assessment year 2002 – 03 amounting to Rs. 91.71 lakhs out of which the Company had paid Rs.30.00 lakhs under protest, not being quantified, which would impact its financial position;
- (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses
- (iii) There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

Place: Chennai
Date:



R. LAKSHMINARAYANAN
Chartered Accountant
Membership No. 204045



ANNEXURE - A

Re: MIDVALLEY ENTERTAINMENT LIMITED

The Annexure referred to my Independent Auditor's Report to the members of the company on the standalone financial statements for the year ended March 31, 2015, I report that:

1. (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets; The Fixed assets register needs to be updated.

(b) According to the information and explanations given to me, fixed assets have been physically verified by the management at reasonable intervals. According to the information and explanations given to me, no material discrepancies were noticed on such verification and the same have been properly dealt with in the books of account;

(c) The Company hold fixed assets in its own name.

2. (a) According to the information given to me and explanations provided, the Physical verification of inventory has been conducted during the year at reasonable intervals by the management.

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

(c) The company is maintaining proper records of inventory and there is no material discrepancy noticed on physical verification and the same have been properly dealt within the books of account;

3. According to the information given to me and explanations provided, the company had granted unsecured loans to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. 2013 during the year. Maximum amount due during the year was Rs. 31,45,200/-.

4. According to the information given to me and explanations provided, there is an adequate internal control system 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 and services.

5. According to the information given to me and explanations provided, the company has not accepted deposit during the year within the meaning of section 2(31) of the Act.

6. According to the information given to me and explanations provided, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act for the services rendered by the company.

7. (a) According to the information given to me and explanations provided, the company is not regular in depositing undisputed statutory dues including income tax deducted at source, sales-tax, duty of customs, duty of excise, cess and other statutory dues with the appropriate authorities. The Company has to pay the Income tax and Fringe Benefit Tax (FBT) for the years ended March 31,

2006, 2007, 2008, 2009 and 2010 amounting to Rs. 36,42,653/-, Rs.5,75,40,364/-, Rs.3,51,17,32/-, Rs.47,76,704/-, Rs.77,66,000/- respectively and FBT of Rs. 1,65,000/- (excluding interest) and TDS of Rs. 9,90,125/- ESI , PF and Professional Tax of Rs. 1,33,849/- respectively.

(b) According to the information and explanation given to me, the Company is liable to pay Rs.61.71 lakhs together with interest due for the delayed payment of tax in respect of income tax relating to the assessment year 2002-03 which is pending before the first level of appeal, viz., CIT (Appeals), Chennai.

(c) According to the information given to me and explanations provided, there are no amounts required to be transferred to investor education and protection fund during the year in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules thereunder.

8. In my opinion and according to the information given to me and explanations provided, the accumulated losses at the end of the financial year is more than fifty percent of its net worth of the company. The Company has incurred cash loss during the current financial year as well as in the immediately preceding financial year.
9. In my opinion and according to the information given to me and explanations provided, the company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
10. In my opinion and according to the information given to me and explanations provided, the company has not given any guarantee for loans taken by others from bank or financial institutions.
11. In my opinion and according to the information given to me and explanations provided, the Company had not availed any term loan during the year from any bank/ financial institution.
12. To the best of my knowledge and belief and according to the information given to me and explanations provided no material fraud on or by the company has been noticed or reported during the year.

Place: Chennai
Date:



R. LAKSHMI NARAYANAN
Chartered Accountant
Membership No. 204045



ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to Paragraph 1(f) under "Report on Other Legal and Regulatory Requirements' section of my report of even date).

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013.

1. I have audited the internal financial controls over financial reporting of Midvalley Entertainment Limited ("the Company") as of March 31, 2015 in conjunction with my audit of the standalone financial statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business including adherence to company policies; the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of accounting records, and the timely preparation of reliable financial information as required under the Companies Act, 2013.

Auditors' Responsibility

3. My responsibility is to express an opinion on the company's internal financial controls over financial reporting based on my audit. I conducted my audit in accordance with the Guidance note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by Institute of Chartered Accountants of India and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013 to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that I comply with ethical requirements and plan to perform the audit to obtain reasonable assurance about whether adequate internal controls over financial reporting was established and maintained and if such controls operated effectively in all material aspects.

4. My audit involves performing Procedures to obtain audit evidence about the adequacy of the internal financial controls systems over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected on the auditor's judgment of the financial including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal Financial Controls over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail accurately, and fairly reflect the transaction and disposition of the assets of the company; (2) provide reasonable assurance that transaction are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In my opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on

- i. Existing policies and procedures adopted by the company for ensuring orderly and efficient conduct of business.
- ii. Continuous adherence to Company's policies.
- iii. Existing procedures in relation to safeguarding of Company's fixed assets, receivables, loans and advances made & Cash and Bank Balances.
- iv. Existing system to prevent and detect fraud & errors.
- v. Accuracy and completeness of Company's accounting records; and
- vi. Existing capacity to prepare timely and reliable financial information.

Place: Chennai
Date: 28.05.2015



R. LAKSHMI NARAYANAN
Chartered Accountant
Membership No. 204045

MIDVALLEY ENTERTAINMENT LIMITED

No.9A Gee Gee Emerald, Nungambakkam High Road, Chennai 600034

BALANCE SHEET AS AT MARCH 31, 2015

Particulars	Note No.	As at 31.03.2015	As at 31.3.2014
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	3422,45,690	3422,45,690
(b) Reserves and Surplus	3	3981,72,542	4620,56,369
(2) Share application money pending allotment		NIL	NIL
(3) Non-Current Liabilities			
(a) Long Term borrowings	4	77,74,433	87,86,143
(b) Long-Term Liabilities	5	1340,17,783	1340,22,873
(b) Long-Term Provisions	6	996,50,820	996,50,820
(4) Current Liabilities			
(a) Short Term borrowings		NIL	NIL
(b) Trade payables		NIL	NIL
(c) Other Current Liabilities	7	13,74,190	13,25,740
(d) Short-Term Provisions		NIL	NIL
TOTAL		9832,35,459	10480,87,635
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	10		
(i) Tangible Assets		2296,78,675	2304,78,234
(ii) Intangible Assets		2527,01,095	3049,90,691
(iii) Capital Work-in-Progress		645,00,000	645,00,000
(b) Non-Current investments	11	8,00,000	8,00,000
(c) Deferred tax assets (net)		237,81,764	237,81,764
(d) Long term Loans and advances	12	3174,04,446	3223,51,441
(e) Other Non-Current Assets	13		
(2) Current Assets			
(a) Current Investments		NIL	NIL
(b) Inventories	14	634,36,459	638,34,995
(c) Trade Receivables	15	233,74,152	233,74,152
(d) Cash and cash equivalents	16	53,109	71,268
(e) Short-Term Loans and advances	17	NIL	NIL
(f) Other Current assets	18	75,05,758	139,05,090
TOTAL		9832,35,459	10480,87,635
Significant Accounting Policies	1		

See accompanying notes to financial statements
Vide my report of even date attached

R. LAKSHMINARAYANAN
Chartered Accountant
Membership No. 204045
Place: Chennai
Date:



Director

Director

MIDVALLEY ENTERTAINMENT LIMITED

No.9A Gee Gee Emerald, Nungambakkam High Road, Chennai 600034

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.3.2015

Particulars	Note No	Year ended 31.03.2015	Year Ended 31.3.2014
I. Revenue from Operations	19	NIL	NIL
II. Other Income	20	NIL	24,054
III. Total Revenue (I+II)		NIL	24,054
IV. Expenses :			
Cost of materials consumed		NIL	NIL
Purchases of Stock-in-Trade	21	NIL	20,00,000
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		NIL	NIL
Employee benefits expense	22	10,80,038	21,74,932
Finance Costs	23	1,124	7,554
Depreciation and amortization expense		530,89,153	488,03,686
Other expense	24	97,13,513	162,93,095
Total Expenses		638,83,827	692,79,267
V. Profit before exceptional and extraordinary items and taxes (III-IV)		(638,83,827)	(692,55,213)
VI. Exceptional Items		NIL	NIL
VII. Profit before extraordinary items and taxes (V-VI)		(638,83,827)	(692,55,213)
VIII. Extraordinary Items (Net)		NIL	NIL
IX. Profit before Tax (PBT) (VII-VIII)		(638,83,827)	(692,55,213)
X. Tax Expense			
Current Tax		NIL	NIL
Deferred Tax		NIL	79,24,560
XI. Profit/(loss) for the period from continuing operations		(638,83,827)	(613,30,653)
XII. Profit/(loss) for the period		(638,83,827)	(613,30,653)
XIII. Earnings per equity share			
(1) Basic			
-Including Extraordinary item		-1.87	-1.79
-Excluding Extraordinary item		-1.87	-1.79
(2) Diluted			-

See accompanying Notes to Financial Statements

Vide our report of even date attached

R. LAKSHMINARAYANAN

Chartered Accountant

Membership No.

Place: Chennai

Date:



Director

Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

PARTICULARS	31.03.2015		31.03.2014	
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
Cash Flow from Operating Activities				
Net Profit Before Tax and Extraordinary Items	(638,83,827)		(692,55,213)	
Adjustments For -				
Depreciation	530,89,153		488,03,686	
Amortisation of Distribution Rights	-		84,21,051	
Preliminary Expenses Written off	63,99,332		58,66,054	
Provision for diminution in the value of inventories	3,98,536		3,82,873	
Operating Profit before Changes in Working Capital		(39,96,807)		(57,81,549)
(Increase)/ Decrease in Working Capital				
Inventories				
Sundry Debtors	-		-	
Loans and Advances	49,46,995		50,03,347	
Other current assets	-		-	
Trade payables				
Current Liabilities	48,450		5,43,529	
		49,95,445		55,46,876
Adj: Taxes (Paid) / Refund			-	
Net Cash Flow from Operating Activities	(A)	9,98,638		(2,34,673)
Cash Flow from Investing Activities				
Purchase of Fixed Assets	-		-	
Sale of Fixed Assets	-		-	
Net Cash Flow from Investing Activities	(B)	9,98,638		(2,34,673)
Cash Flow from Financing Activities				
Receipt from Short-Term Borrowings	-		-	
Receipt from Long Term Borrowings	-		1,84,320.00	
Repayment of Long-Term Borrowings	(10,11,710)		-	
Repayment of Short-Term Borrowings	-		-	
Interest paid on Short-Term Borrowings	-		-	
Interest paid on Long-Term Borrowings	-		-	
Repayment of Long term Liabilities	(5,090)	(10,16,800)	-	
Net Cash Flow from Financing Activities	(C)			1,84,320
Increase/(Decrease) in Cash and Cash Equivalents (A)+(B)+(C)		(18,162)		(50,352)
Cash and Cash Equivalents at the Beginning of the year		71,268		1,21,621
Cash and Cash Equivalents at the end of the year		53,109		71,268

See accompanying notes to financial statements

Vide my report of even date attached

R. LAKSHMINARAYANAN

Chartered Accountant

Membership No. 204045

Place:

Date:



Director

Director

MIDVALLEY ENTERTAINMENT LIMITED

NOTES ACCOMPANYING FINANCIAL STATEMENTS

2.(A) Share Capital

Particulars	31.03.2015	31.3.2014
(a) Authorised Share Capital		
4,50,00,000 Equity Shares of Rs.10 each (Previous year 4,50,00,000 equity shares of Rs.10 each)	4500,00,000	4500,00,000
	4500,00,000	4500,00,000
(b) Issued & Subscribed Share Capital		
3,42,24,569 Equity Shares of Rs.10 each fully paid-up	3422,45,690	3422,45,690
Total	3422,45,690	3422,45,690

2.(B) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year

Particulars	Year ended 31.3.2015	Year ended 31.3.2014
Number of shares outstanding as at the beginning of the year	342,24,569	342,24,569
Number of shares outstanding as at the end of the year	342,24,569	342,24,569

2.(C) Shares in the company held by each shareholder holding more than 5% shares as on the balance sheet date

Shareholder	Number of shares held	Number of shares held
Unigold Pasipic Limited (14.21%)	48,62,958	48,62,958
Kiara Enigma SDN B Limited(6.46%)	22,12,000	22,12,000
Golabal Motlon Pictures Ventures Pvt Limited (16.40%)	56,12,752	56,12,752
Image Evenures Limited (6.88%)	23,55,000	23,55,000



MIDVALLEY ENTERTAINMENT LIMITED

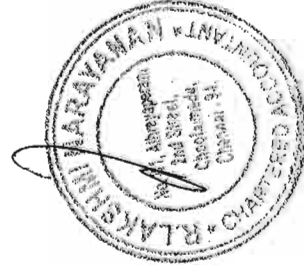
NOTES ACCOMPANYING FINANCIAL STATEMENTS

Particulars	31.03.2015	31.03.2014
3. Reserves and Surplus		
(a) Share Premium		
Opening Balance	6116,01,420	6116,01,420
Additions during the year	-	-
	6116,01,420	6116,01,420
Deductions during the year	-	-
Closing Balance	6116,01,420	6116,01,420
(b) Profit and Loss Account		
Balance of Loss brought forward	(1495,45,051)	(882,14,398)
Add: Profit/(Loss) for the year	(638,83,827)	(613,30,653)
	(2134,28,878)	(1495,45,051)
Less: Allocation/Appropriation	-	-
Balance carried to Balance Sheet	(2134,28,878)	(1495,45,051)
Total	3981,72,542	4620,56,369
4. Long Term Borrowings		
Unsecured Loans		
Loan from Directors	77,74,433	87,86,143
	77,74,433	87,86,143
5. Long Term Liabilities		
Others	1340,17,783	1340,22,873
	1340,17,783	1340,22,873
6. Long Term Provisions		
Provision for Taxation	996,50,820	996,50,820
	996,50,820	996,50,820
7. Other Current Liabilities		
Other Payables	13,74,190	13,25,740
	13,74,190	13,25,740



MIDVALLEY ENTERTAINMENT LIMITED
No.9A Gee Gee Emerald, Nungambakkam High Road, Chennai-34

Particulars	GROSS BLOCK						DEPRECIATION			NET BLOCK	
	As at 01.04.2014	Additions	Deletions	As at 31.03.2015	Upto 31.03.2014	For the Period	Amortisation	Withdrawal	Upto 31.03.2015	As at 31.03.2015	As at 31.03.2014
A. TANGIBLE ASSETS											
Buildings	116,44,252	-		116,44,252	38,53,221	3,89,552	-	-	42,42,772	74,01,480	77,91,031
Plant and Machinery	9,92,318	-		9,92,318	8,10,197	25,333	-	-	8,35,530	1,56,788	1,82,121
Digital Cinema Projector	2200,00,000	-		2200,00,000	-	-	-	-	-	2200,00,000	2200,00,000
Lighting Equipments	86,44,433	-		86,44,433	72,89,624	1,88,454	-	-	74,78,078	11,56,355	13,54,809
Office Equipments	35,91,380	-		35,91,380	30,20,002	79,478.68	-	-	30,99,481	4,91,899	5,71,378
Furniture and Fixtures	61,17,006	-		61,17,006	55,92,721	94,896	-	-	56,87,618	4,29,388	5,24,285
Computers	22,45,520	-		22,45,520	21,90,919	21,843.82	-	-	22,12,763	32,766	54,610
Sub-total	2532,34,909	-		2532,34,909	227,56,684	7,99,557	-	-	235,56,243	2296,78,675	2304,78,234
B. INTANGIBLE ASSETS											
Rights	5228,95,962	-		5228,95,962	2179,05,271	-	522,89,596	-	2701,94,867	2527,01,095	3049,90,691
Total	7761,30,871	-		7761,30,871	2406,61,955	7,99,557	522,89,596	-	2937,51,110	4823,79,770	5354,68,925
Previous year	7761,30,871	-		7761,30,871	1918,58,268	8,11,866	479,91,821	-	2406,61,955	5354,68,925	5842,56,725



NOTES ACCOMPANYING FINANCIAL STATEMENTS

Particulars	31.3.2015		31.3.2014	
	No.of shares	Rs.	No.of shares	Rs.
8. Non-current Investments				
(A) IN SUBSIDIARY COMPANIES				
(i) Investment in Equity Instruments - Unquoted				
Midvalley Contents & Distributions Pvt Ltd	10,000	1,00,000	10,000	1,00,000
Midvalley Hospitality Pvt Ltd	10,000	1,00,000	10,000	1,00,000
(B) IN OTHER COMPANIES				
Midvalley Entertainment International Pvt Ltd	60,000	6,00,000	60,000	6,00,000
Total		8,00,000		8,00,000

Aggregate Value of Unquoted Investments

8,00,000

8,00,000

Total Non-current Investments

8,00,000

8,00,000



MIDVALLEY ENTERTAINMENT LIMITED

NOTES ACCOMPANYING FINANCIAL STATEMENTS

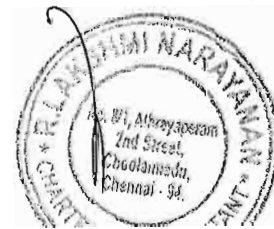
Particulars	31.03.2015	31.03.2014
9. Short-Term Provisions		
Provision for Gratuity	12,075	12,032
	12,075	12,032
12. Long-Term Loans And Advances		
(A) Loans and Advances to Related Parties	31,45,200	31,45,200
(B) Security Deposits		
Unsecured, Considered good	886,55,000	886,55,000
Total (A)	886,55,000	886,55,000
(C) Other Loans and Advances		
Unsecured, Considered good	2100,29,833	2149,76,828
Income Tax Payments	155,74,413	155,74,413
Total (B)	2256,04,246	2305,51,241
Total (A+B+C)	3174,04,446	3223,51,441
13. Inventories		
a) Stock-in-Trade		
Stock of Movies / Serials and Programmes - Rights / Stock of Audio / CD Cassettes (The Stock-in-trade are valued at lower of cost and net realisable value).	558,64,284	558,64,284
b) Work-in-Progress		
Feature Films	75,72,175	79,70,711
	634,36,459	638,34,995
13. Trade Receivables		
(A) Outstanding for a period exceeding six months from the date they are due for payment:		
(i) Secured, Considered good	NIL	NIL
(ii) Unsecured, Considered good	233,74,152	233,74,152
(iii) Doubtful	NIL	NIL
Less: Allowance for bad and doubtful debts	NIL	NIL
TOTAL (A)	233,74,152	233,74,152
(B) Others		
(i) Secured, Considered good	NIL	NIL
(ii) Unsecured, Considered good	NIL	NIL
(iii) Doubtful	NIL	NIL
Less: Allowance for bad and doubtful debts	NIL	NIL
TOTAL (B)	NIL	NIL
Total (A+B)	233,74,152	233,74,152
15. Cash And Cash Equivalents		
(A) Balance with Banks		
(i) Current Account	47,505	65,484
(B) Cash on hand	5,603	5,783
	53,109	71,268
17. Other Current Assets		
Tax Deducted at Source	5,73,144	5,73,144
Miscellaneous Expenditure to the extent not written off	69,32,614	133,31,946
	75,05,758	139,05,090



MIDVALLEY ENTERTAINMENT LIMITED

NOTES ACCOMPANYING FINANCIAL STATEMENTS

Particulars	31.03.2015	31.03.2014
19. Revenue from Operations		
Sales of Services	-	-
	-	-
20. Other Income		
Other non-operating Income (net of expenses directly attributable to such income)	-	24,054
	-	24,054
21. Purchase of stock in trade		
Programmes, Rights & Telecast Fees	NIL	20,00,000
	NIL	20,00,000
22. Employee Benefit Expenses		
Salaries & wages	8,44,237	19,16,422
Remuneration to Directors	1,92,000	1,65,000
Sitting Fees to Directors	NIL	40,000
Gratuity	29,250	29,250
Staff Welfare Expenses	14,551	24,260
	10,80,038	21,74,932
23. Finance Costs		
Bank Charges	1,124	7,554
	1,124	7,554
24. Other Expenses		
Audit Committee Fee	-	16,000
Audit Fees	2,80,900	3,93,260
Audit Fees - Secretarial	2,69,664	71,916
Annual Custody fee	56,180	56,180
AGM Expenses	26,946	-
Listing fee - BSE	1,90,192	-
Electricity Charges	83,719	91,261
Rent	60,000	55,000
Professional Charges	7,55,000	2,35,035
Repairs and Maintenance	3,36,702	4,09,147
Telephone Expenses	41,240	50,313
Travelling Expenses	10,361	47,147
Website Expenses	3,285	-
Miscellaneous expenses	8,01,456	1,97,858
Provision for diminution in the value of inventory	3,98,536	3,82,873
Amortisation of Distribution Rights	-	84,21,051
Preliminary Expenses written off	63,99,332	58,66,054
Total	97,13,513	162,93,095



MIDVALLEY ENTERTAINMENT LIMITED
No.9A, Gee Gee Emerald, Nungambakkam High Road, Chennai 600034

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

1. Corporate Information

Midvalley Entertainment Limited (the "Company") is incorporated on July 12, 1989 under the Companies Act, 1956. It is engaged in providing entertainment through television and other visual medium through distribution of rights held for various programs and cinemas.

2. Significant Accounting Policies

2.1 Basis of Preparation of financial statements

The financial statements have been prepared under historical cost convention and accrual basis of accounting, unless otherwise stated and in accordance with the generally accepted accounting principles in India (GAAP) and conform to statutory requirements. Circulars, guidelines issued by Ministry of Corporate Affairs from time to time to the extent they have an impact on the financial statements and current practices prevalent in India. Financial statements have been prepared to comply in all material respects with the Accounting Standards ('AS') notified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent applicable.

2.2 Use of Estimates

The preparation of financial statements in conformity with the Indian GAPP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results could differ from these estimates. Any revisions to accounting estimates are recognized prospectively in the current and future periods.

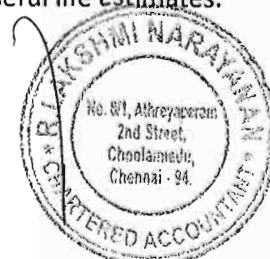
2.3 Inflation

Assets and liabilities are recorded at historical cost to the company. These costs are not adjusted to reflect the changing value in the purchasing power of the company.

2.4 Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation and impairment, if any. The cost of fixed assets comprise purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure incurred on assets put to use is capitalized only when it increases the future benefit/ functioning capability from/ of such assets.

The useful life estimates prescribed in Part C of Schedule II to the Companies Act, 2013 are adhered to and depreciation is calculated on such assets on the basis of useful life estimates.



Depreciation is charged over the estimated life of the fixed assets on written down value method at the rates and in the manner prescribed in Schedule II of the Companies Act, 2013. Items costing less than Rs.5,000/- are fully depreciated in the year of purchase. For assets purchased/ sold during the year, depreciation is provided on pro rata basis by the company.

2.5 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 or the cash generating unit ('CGU'). If such recoverable amount of the asset of the CGU to which the asset belongs 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 recognised in the statement of the profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the revised recoverable amount, subject to maximum of the depreciated historical cost.

In respect of intangible assets like rights for display of feature films through satellite, the cost of rights are written off uniformly over a period of 10 years.

2.6 Inventories

Inventories are valued at cost or net realisable value whichever is lower. The Company amortizes 60% of the cost of rights acquired for display of films through various media or through own production, in the year of first theatrical release of such films. Balance 40% is amortized over a balance license period or based on management estimate of feature revenue potential, as the case may be.

Work-in-progress in respect of own production of movies is stated at cost. Cost comprises of movie production expenses incurred including salaries to artists and others and shooting expenses.

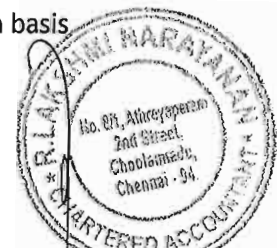
Cost of production of movies completed and not exploited are valued after considering a provision of 5% on the costs.

2.7 Investments

Investments expected to mature after twelve months are taken as non-current as long term investment and stated at cost. Provision is recognised only in case of diminution, which is otherwise only temporary in nature. Investments which is maturing within a period of three months from the date of acquisition are classified as cash equivalents if they are readily convertible into cash. All other investments are classified as current investments/ short term and are valued at lower of cost or net realizable value.

2.8 Employee Benefits

Contribution to Provident Fund and Earned Leave Encashment are accounted on actual liability basis. The liability in respect of Gratuity is not provided on actuarial valuation basis.



2.9 Revenue Recognition

a) Sale of Film Rights

Revenue arising out of sale of distribution rights of the feature films produced by the Company are recognised on accrual basis, based on specific distribution contracts. Income is recognised only upon completion of the project and obtaining a valid film censor's Certificate.

b) Distribution of Films

Income from distribution of films for which the Company holds the rights for specific areas is recognised only to the extent of the collections received from distribution areas.

c) Sale of Satellite Rights

Income from sale of satellite rights are recognised based on contract of sale and the amounts received.

d) Sale of Programs

Income from sale of programs are recognised on accrual basis based on the invoices raised.

e) Sale of Audio Rights and Royalties

Income from sale of audio rights is accounted on accrual basis based on specific contracts. Income from royalties is accounted on accrual basis based on the contract with the music producers. Audio Rights and Royalties are recognised only upon completion and release of audio albums.

f) Export of Serials and Films

Income is recognised on accrual basis based on contracts entered into with the overseas buyers and for which export invoices are raised

g) Theatre Income

Income is recognised on receipt of daily collection report for display of films in the theatres for which separate contracts are entered into with the theatre owners.

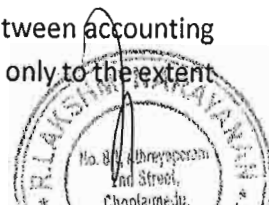
g) Miscellaneous Expenditure

Miscellaneous Expenditure represents expenses incurred in connection with the issue of shares to public and the same is written off uniformly over a period of 5 years.

2.10 Taxation

Tax expenses are the aggregate of the current tax and deferred tax charged or credited in the Statement of profit and loss for the year. The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the company.

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. Deferred tax assets are recognised only to the extent



there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date. Deferred Tax Asset and Liability are netted off and disclosed in the balance sheet under the Head "Deferred Tax Asset/ Liability".

2.11 Provisions and Contingencies

The Company recognizes provisions when there is 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 of the amount of the obligation can be made. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonable estimated, a disclosure is made in the financial statements.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current management estimates. If it is no longer probable that the outflow of resources is not required to settle the obligation, the provision is reversed.

A disclosure of contingent liability is made when there is a possible obligation or a present obligation that may but probably will not require an outflow of resources.

When there is possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognised in the financial statements.

