

# **INDEPENDENT AUDITOR'S REPORT**

TO THE MEMBERS OF  
CORUSCANT TEC PRIVATE LIMITED

## **Report on the Financial Statements**

We have audited the accompanying financial statements of **Coruscant Tec Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's Responsibility for the Financial Statements**

The management and Board of Directors of the Company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of 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 judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

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

### **Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters Specified in paragraphs 3 and 4 of the Order, to the extend applicable.

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

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. The Balance Sheet, Statement of Profit and Loss and cash flow statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014.

- e. On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- f. In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
  - i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise
  - iii. There has not been an occasion in case of the Company during the year under report to transfer any Sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.

**For MVK Associates**

*Chartered Accountants*

Firm Registration No. 120222W

**CA. Vishnu Garg**

Partner

Membership No. 045560

Place: Mumbai

Date: 26<sup>th</sup> May 2015

**Annexure referred to in our Report of even date to the members of Coruscant Tec Private Limited on the accounts of the company for the year ended 31st March, 2015.**

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

1. In respect of fixed assets of company:
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. As explained to us, fixed assets have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification.
2. The Company does not have any inventory and hence this clause is not applicable. Therefore the provisions of this clause 3(ii) of the companies (Auditor's Report) order are not applicable to the company.
3. The company has not granted any loans, secured and unsecured loans to companies, firm & other parties covered in the register maintained under section 189 of the Companies Act.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, no major weakness has not been noticed or reported.
5. The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013. Therefore the provisions of this clause 3(v) of the companies (Auditor's Report) order are not applicable to the company.
6. As informed to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act.
7. In respect of statutory dues of the company:
  - a. According to the information and explanations given to us and based on the records of the company examined by us, the company is regular in depositing the undisputed statutory dues, including Provident Fund, 'Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities in India;

According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were in arrears, as at March 31, 2015 for a period of more than six months from the date they became payable.

- b. According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty and Excise Duty which have not been deposited on account of any disputes.
  - c. There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of reporting delay in transferring such sums does not arise.
8. The accumulated losses of the company exceeded fifty per cent of its net worth as at 31<sup>st</sup> March, 2015. The company has incurred cash losses of Rs. 6.15 lakhs in the current financial year and Rs. 1.92 lakhs in the immediately preceding financial year.
  9. According to the records of the company examined by us and as per the information and explanations given to us, the company does not have any outstanding dues to any financial institution or banks and has not issued debentures.
  10. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from a bank or financial institution during the year.
  11. In our opinion, and according to the information and explanations given to us, the company has not raised any term loans during the year.
  12. During the course of our examination of the books and records of the company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of any material fraud on or by the Company noticed or reported during the course of our audit nor have we been informed of any such instance by the Management.

**For MVK Associates**

**Chartered Accountants**

Firm Registration No. 120222W

**CA. Vishnu Garg**

Partner

Membership No. 045560

Place: Mumbai

Date: 26<sup>th</sup> May 2015

<b>CORUSCANT TEC PVT. LIMITED</b>					
<b>Balance Sheet as at 31st March 2015</b>					
(Currency: Indian Rupees)					
	<b>Particulars</b>	<b>Note No.</b>	<b>Current Year at the end of 31st March 2015</b>		<b>Previous Year at the end of 31st March 2014</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' funds</b>					
	Share capital	2.1	<b>7,500,000</b>		7,500,000
	Reserves and surplus	2.2	<b>(6,272,566)</b>		(5,472,647)
	Money received against share warrants		-	<b>1,227,434</b>	-
	<b>Share application money pending allotment</b>		-		-
<b>Non-current liabilities</b>					
	Long-term borrowings		-		-
	Deferred tax liabilities (Net)		-		-
	Other Long term liabilities		-		-
	Long-term provisions		-	-	-
<b>Current liabilities</b>					
	Short-term borrowings		-		-
	Trade payables	2.3	<b>1,069,326</b>		1,700,025
	Other current liabilities	2.4	<b>80,065</b>		78,318
	Short-term provisions	2.5	-	<b>1,149,391</b>	252,424
	<b>TOTAL</b>			<b>2,376,825</b>	<b>4,058,120</b>
<b>ASSETS</b>					
<b>Non-current assets</b>					
<b>Fixed assets</b>					
	Tangible assets	2.6	<b>82,154</b>		267,463
	Intangible assets		-		-
	Capital work-in-progress		-		-
	Intangible assets under development		-		-
	Non-current investments		-		-
	Deferred tax assets (net)		-		-
	Long-term loans and advances		-		-
	Other non-current assets		-	<b>82,154</b>	-
	<b>Current assets</b>				
	Current investments		-		-
	Inventories		-		-
	Trade receivables	2.7	<b>105,000</b>		226,384
	Cash and cash equivalents	2.8	<b>88,193</b>		59,257
	Short-term loans and advances	2.9	<b>2,101,478</b>		3,505,016
	Other current assets		-	<b>2,294,671</b>	-
	<b>TOTAL</b>			<b>2,376,825</b>	<b>4,058,120</b>
	<b>Summary of significant accounting policies</b>	1			
	<b>See accompanying notes to the financial statement</b>				
	The accompanying notes are an integral part of the financial statements.2.1 to 2.17				
	As per our report of even date attached.			<b>For and on behalf of the Board of Directors</b>	
	<b>For MVK ASSOCIATES</b>			<b>Subhash Ghai</b>	
	<i>Chartered Accountants</i>			<i>Chairman</i>	
	Firm Registration No. 120222 W				
	<b>Vishnu Garg</b>			<b>Parvez A. Farooqui</b>	
	<i>Partner</i>			<i>Director</i>	
	Membership No. 045560				
	Mumbai			<b>Rahul Puri</b>	
	26 May 2015			<i>Director</i>	

<b>CORUSCANT TEC PVT. LIMITED</b>			
<b>Profit and loss statement for the year ended on 31st March 2015</b>			
(Currency: Indian Rupees)			
Particulars	Note No.	for the year ended on 31st March 2015	for the year ended on 31st March 2014
<b>Income</b>			
Revenue from operations	2.10	3,315,507	7,299,750
Other income	2.11	83,617	4,454
<b>Total Revenue</b>		<b>3,399,124</b>	<b>7,304,204</b>
<b>Expenses:</b>			
Cost of materials consumed	2.12	2,657,970	6,127,626
Purchases of Stock-in-Trade		-	-
Changes in inventories of finished goods work-in-progress and Stock-in-Trade		-	-
Employee benefits expense Finance costs	2.13	827,208	963,854
Depreciation and amortization expense	2.6	153,567	122,641
Other expenses	2.14	528,555	404,289
<b>Total expenses</b>		<b>4,167,300</b>	<b>7,618,410</b>
Profit before exceptional and extraordinary items and tax (IV-VI)		<b>(768,176)</b>	<b>(314,206)</b>
Exceptional items		-	-
Profit before extraordinary items and tax (VII-VIII)		<b>(768,176)</b>	<b>(314,206)</b>
Extraordinary items		-	-
Profit before tax (IX-X)		<b>(768,176)</b>	<b>(314,206)</b>
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
Profit (Loss) for the period from continuing operations (X-XI)		<b>(768,176)</b>	<b>(314,206)</b>
Profit/(loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit/(loss) from Discontinuing operations (after tax) (XIII-XIV)		-	-
Profit (Loss) for the period (XII + XV)		<b>(768,176)</b>	<b>(314,206)</b>
Earnings per equity share:			
(1) Basic	2.15	<b>(1.02)</b>	<b>(0.42)</b>
(2) Diluted		<b>(1.02)</b>	<b>(0.42)</b>
<b>Summary of significant accounting policies</b>			
1			
The accompanying notes are an integral part of the financial statements.2.1 to 2.17			
As per our report of even date attached.		For and on behalf of the Board of Directors	
<b>For MVK ASSOCIATES</b>		<b>Subhash Ghai</b>	
<i>Chartered Accountants</i>		<i>Chairman</i>	
Firm Registration No. 120222 W			
<b>Vishnu Garg</b>		<b>Parvez A. Farooqui</b>	
<i>Partner</i>		<i>Director</i>	
Membership No. 045560			
Mumbai		<b>Rahul Puri</b>	
26 May 2015		<i>Director</i>	

## CORUSCANT TEC PVT. LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

	Current Year 31.03.2015 Amount in Rs.	Previous Year 31.03.2014 Amount in Rs.
<b>A. CASH FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss) before tax and extraordinary items :	(768,176)	(314,206)
<b>Adjustments for :</b>		
Depreciation	153,567	122,641
Miscellaneous expenditure written off	-	-
<b>Operating profit before working capital changes</b>	<b>(614,609)</b>	<b>(191,565)</b>
<b>Adjustments for :</b>		
(Increase)/ Decrease in Trade Receivables	121,384	33,374
(Increase)/ Decrease in Short Term Loans & Advances	1,403,537	(791,333)
Increase/(Decrease) in Trade Payable	(630,699)	(7,005)
Inc./ (Dec.) in Provision and Other Current Liabilities	(250,677)	889,992
<b>Cash generated from/(used in) operations</b>	<b>28,936</b>	<b>(66,538)</b>
Income Taxes Paid	-	-
<b>Cash flow before extraordinary items</b>	<b>28,936</b>	<b>(66,538)</b>
<b>Net Cash Generated from/(used in) Operating Activities</b>	<b>28,936</b>	<b>(66,538)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
(Increase)/ Decrease in Fixed Assets	-	-
<b>Net cash generated from/(used in) investing activities</b>	<b>-</b>	<b>-</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/(Decrease) in Capital	-	-
<b>Net cash recovered from/(used in) financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>28,936</b>	<b>(66,538)</b>
<b>Cash and cash equivalents (opening)</b>	<b>59,257</b>	<b>125,795</b>
<b>Cash and cash equivalents (closing)</b>	<b>88,193</b>	<b>59,257</b>
As per our report of even date attached.	<b>For and on behalf of the Board of Directors</b>	
<b>For MVK ASSOCIATES</b>	<b>Subhash Ghai</b>	
Chartered Accountants	Chairman	
Firm Registration No. 120222 W		
<b>Vishnu Garg</b>	<b>Parvez A. Farooqui</b>	
Partner	Director	
Membership No. 045560		
Mumbai	<b>Rahul Puri</b>	
26 May 2015	Director	



<b>CORUSCANT TEC PVT. LIMITED</b>			
<b>Schedules to the financial statements (Continued)</b>			
<i>as at 31 March 2015</i>			
(Currency: Indian Rupees)			
<b>2.6 Fixed Assets</b>	<b>Tangible assets</b>		
<b>Particular</b>	<b>Office Equipments</b>	<b>Computer &amp; Accessories</b>	<b>TOTAL</b>
<b>Gross Block</b>			
<i>At 31 March 2013</i>	<b>384,835</b>	<b>356,140</b>	<b>740,975</b>
Additions	-	-	-
Disposals	-	-	-
Other adjustment	-	-	-
<i>At 31 March 2014</i>	<b>384,835</b>	<b>356,140</b>	<b>740,975</b>
Additions	-	-	-
Disposals	-	-	-
Other adjustment	-	-	-
<i>At 31 March 2015</i>	<b>384,835</b>	<b>356,140</b>	<b>740,975</b>
<b>Depreciation/Amortisation</b>			
<i>At 31 March 2013</i>	<b>118,912</b>	<b>231,959</b>	<b>350,871</b>
Charges for the year	48,132	74,509	<b>122,641</b>
Disposals	-	-	-
Other adjustment	-	-	-
<i>At 31 March 2014</i>	<b>167,044</b>	<b>306,467</b>	<b>473,512</b>
Charges for the year	122,589	30,978	<b>153,567</b>
Disposals	-	-	-
Other adjustment	30,390	1,353	<b>31,743</b>
<i>At 31 March 2015</i>	<b>320,023</b>	<b>338,798</b>	<b>658,821</b>
<b>Net block</b>			
<i>At 31 March 2015</i>	<b>64,812</b>	<b>17,342</b>	<b>82,154</b>
<i>At 31 March 2014</i>	<b>217,791</b>	<b>49,673</b>	<b>267,463</b>

CORUSCANT TEC PVT. LIMITED						
<b>Notes to accounts</b>						
(Currency: Indian Rupees)						
(Currency: Indian Rupees)						
<b>2.7</b>	<b>Trade receivable</b>			As at <b>March 31, 2015</b>	As at March 31, 2014	
	<b>Outstanding for a period exceeding six months from the date they are due for payment</b>					
	Considered good			105,000	226,384	
	Considered doubtful			-	-	
	Provision for doubtful receivables			-	-	
			(A)	<b>105,000</b>	226,384	
	<b>Other receivables</b>					
	Considered good			-	-	
	Considered doubtful			-	-	
	Provision for doubtful receivables			-	-	
			(B)	-	-	
			(A+B)	<b>105,000</b>	226,384	
<b>2.8</b>	<b>Cash &amp; bank balances</b>					
	<b>Cash and cash equivalents</b>					
	<b>Balance with banks</b>					
	-On current accounts			87,342	54,620	
	Cash on hand			851	4,637	
				<b>88,193</b>	59,257	
<b>2.9</b>	<b>Short term loans &amp; advances</b>					
	<b>Other loans &amp; advances</b>					
	(a) Secured, considered good;				-	
	(b) Unsecured, considered good;			2,101,478	3,505,016	
	(c) Doubtful.			-	-	
				<b>2,101,478</b>	3,505,016	

<b>CORUSCANT TEC PVT. LIMITED</b>				
<b>Notes to accounts</b>				
				(Currency: Indian Rupees)
				(Currency: Indian Rupees)
			<b>As at</b>	<b>As at</b>
			<b>March 31, 2015</b>	<b>March 31, 2014</b>
<b>2.10</b>	<b>Revenue from operation</b>			
	Content Download / Sales Income		<b>3,294,762</b>	7,256,213
	Sales of IPR		<b>20,745</b>	43,537
			<b>3,315,507</b>	7,299,750
<b>2.11</b>	<b>Other income</b>			
	Interest Received		-	13
	Sundry Balance Written Back		-	4,441
	Interest on IT Refund		<b>83,617</b>	
			<b>83,617</b>	4,454
<b>2.12</b>	<b>Cost of materials consumed</b>			
	Download Charges		2,657,970	6,127,626
			<b>2,657,970</b>	6,127,626
<b>2.13</b>	<b>Employee benefits expense Finance costs</b>			
	Salaries, wages and bonus		<b>797,390</b>	903,612
	Bonus		<b>29,000</b>	37,917
	Leave encashment (note 4)		-	21,679
	Bank Charges		<b>818</b>	646
			<b>827,208</b>	963,854
<b>2.14</b>	<b>Other expenses</b>			
	Office Maintenance		<b>2,133</b>	4,468
	Postage, Telegram & Filing Fees		<b>2,503</b>	660
	Computer Expenses		-	22,554
	Payment to auditor		<b>10,000</b>	6,742
	Professional fees		<b>285,591</b>	369,100
	Interest Paid on ST		<b>1,945</b>	-
	Sundry Balances Written Off		<b>226,383</b>	765
			<b>528,555</b>	404,289
<b>2.15</b>	<b>Earning per equity share:</b>			
	a) Net profit/(loss) after tax		<b>(768,176)</b>	<b>(314,206)</b>
	b) Weighted average number of equity shares outstanding during the year for basic EPS		<b>750,000</b>	750,000
	c) Weighted average number of equity shares outstanding during the year for dilutive EPS		<b>750,000</b>	750,000
	d) Basic EPS		<b>(1.02)</b>	(0.42)
	e) Dilutive EPS		<b>(1.02)</b>	(0.42)
	f) Nominal value per share		<b>10</b>	10

CORUSCANT TEC PVT. LIMITED						
<b>Notes to accounts</b>						
(Currency: Indian Rupees)						
<b>2.16 Related Party Disclosure</b>						
As per Accounting Standard 18, the disclosures of transactions with the related parties are given below:						
a) List of related parties where control exists and related parties with whom transactions have taken place and relationships:						
<b>S.no.</b>	<b>Name of Related Party</b>	<b>Relationship</b>				
1	Mukta Arts Limited	Holding Company				
2	Whistling Woods International Limited	Fellow Subsidiary				
b) Transactions during the year with related parties :			Relation	As at March 31, 2015	As at March 31, 2014	
<b>1 Mukta Arts Limited</b>		<b>Holding Company</b>				
	Direct Cost : Download charges			1,588,645	6,127,626	
	Advances received during the year			800,000	-	
	Advances repaid during the year			800,000	-	
<b>2 Whistling Woods International Limited</b>		<b>Fellow Subsidiary</b>				
	Direct Cost : Download charges			1,069,326	-	
<b>2 Balances as at 31st March, 2015</b>						
<b>Current Liabilities : Trade Payables</b>						
	Mukta Arts Limited	Holding Company		-	1,679,800	
	Whistling Woods International Limited	Fellow Subsidiary		1,069,326	-	
<b>2.17 Contingent Liabilities</b>						
				Current Year	Previous Year	
				Nil	Nil	
As per our report of even date attached.				<b>For and on behalf of the Board of Directors</b>		
<b>For MVK ASSOCIATES</b>				<b>Subhash Ghai</b>		
<i>Chartered Accountants</i>				<i>Chairman</i>		
Firm Registration No. 120222 W						
				<b>Parvez A. Farooqui</b>		
<b>Vishnu Garg</b>				<i>Director</i>		
<i>Partner</i>						
Membership No. 045560						
				<b>Rahul Puri</b>		
Mumbai				<i>Director</i>		
26 May 2015						

# Coruscant Tech Private Limited

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2015

### 1 Summary of significant accounting policies

#### 1.1 Basis of Preparation of Accounts

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting, in accordance with the provisions of the Companies Act, 2013, 2013 and accounting principles generally accepted in India ('Indian GAAP') and comply with the accounting standards notified under the relevant provisions of the Act. The financial statements are presented in Indian Rupees, except where mentioned otherwise.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act 2013. The Company has identified its operating cycle as twelve months.

#### 1.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management believes that the estimates and assumptions made in the preparation of financial statements are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

#### 1.3 Fixed assets

##### Tangible assets

Tangible fixed assets are stated at cost of acquisition less accumulated depreciation and any provision for impairment. Cost includes freight, duties, taxes (other than those recoverable from tax authorities) and other expenses directly attributable to the acquisition/ construction and installation of the fixed assets for bringing the asset to its working condition for its intended use. Cost incurred on fixed assets not ready for their intended use is disclosed under capital work-in-progress. Capital work-in-progress includes estimates of work completed, as certified by the management.

#### 1.4 Depreciation/ amortisation

##### Tangible assets

Depreciation on Fixed Assets is provided to the extent of depreciable amount on the Written Down Value (WDV) Method. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

## **1 Summary of significant accounting policies (Continued)**

### **1.5 IMPAIRMENT**

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Statement in the year in which an asset is identified as impaired.

### **1.6 Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company, revenue can be reliably measured and recoverability is reasonably certain. The amount recognized as income is exclusive of value added tax, service tax and net of trade discounts. Unbilled revenue represents costs incurred and revenues recognized on contracts to be billed in subsequent periods as per the terms of the contract.

#### **Film/content Sales Assignment and related income**

Revenue is recognized to the extent that it is probable that economic benefit will flow to the company, revenue can be reliably measured and recoverability is reasonably certain. The amount recognized as income is exclusive of Value Added Tax, service tax etc. and net of trade discount.

Revenue From sale of contents/ motion picture is recognized on assignment/sale of the right in the concerned content/ motion picture from the date of their availability for the exploitation

### **1.7 Investments**

Long-term investments and current maturities of long term investments are stated at cost less any provision for diminution, which is other than temporary, in value.

### **1.8 Employee benefits**

There are no confirmed employees in the employment of the Company, hence there are no benefit plans defined or cost to be accounted in account during the year.

Short Term employee benefits are recognised as an expense at the undiscounted amount in the Profit and Loss account of the year in which the related service is rendered.

### **1.9 Taxation**

Income-tax expense comprises current tax expense and deferred tax charge or credit.

#### ***Current tax***

Provision for current tax is recognised in accordance with the provisions of the Income-tax Act, 1961 and is made based on the tax liability after taking credit for tax allowances and exemptions.

#### ***Minimum Alternative Tax Credit entitlement***

Minimum Alternative Tax ('MAT') credit is recognised only to the extent there is convincing evidence that the Company will pay normal income tax in excess of MAT during the specified period.

## **1 Summary of significant accounting policies (Continued)**

MAT credit entitlement is reviewed as at each Balance sheet date and written down to the extent there is no longer convincing evidence that the Company will pay normal income tax during the specified period.

### ***Deferred tax***

Deferred tax liability or asset is recognised for timing differences between the profits or losses offered for income taxes and profits/losses as per the financial statements. Deferred tax assets and liabilities and the corresponding deferred tax credit or charge are measured using the tax rates and tax laws that have been enacted or substantively enacted as at the Balance sheet date.

## **1.10 Provisions and contingencies**

A provision is made when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a 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 a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each Balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

**As per our report of even date attached.**

**For and on behalf of the Board of  
Directors**

**For MVK ASSOCIATES**  
*Chartered Accountants*  
Firm Registration No. 120222 W

**Subhash Ghai**  
Chairman

**Vishnu Garg**  
*Partner*  
Membership No. 045560

**Parvez A. Farooqui**  
Director

Mumbai  
26 May 2015

**Rahul Puri**  
Director