

**SHEMAROO FILMS PRIVATE LIMITED**

**FINANCIAL YEAR 2016-2017**

**M.K. DANDEKER & CO.,**  
*Chartered Accountants*

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**INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF SHEMAROO FILMS PRIVATE LIMITED**

**Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of **Shemaroo Films Private Limited**("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, 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 Standalone 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also 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; and design, implementation and maintenance of adequate internal financial controls, that were 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 standalone 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 the 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. 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.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, 2017, and its **Loss** and its cash flows for the year ended on that date.

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

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we enclose in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the said order.
2. As required by Section 143 (3) of the Act, we 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 purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) 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 our separate report in "Annexure B".
- (g) 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 our opinion and to the best of our information and according to the explanations given to us:
- 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 for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The Company did not have any holdings or dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8<sup>th</sup> November, 2016 of the Ministry of Finance, during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016.

**For M.K.Dandeker & Co.,  
(ICAI Reg. No. 000679S)**

**Sd/-  
S.Poosaidurai  
Partner  
Chartered Accountants  
Membership No. 223754**

**Date:** May 5, 2017

**Place:** Mumbai

**ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT**  
**(Referred to in our Report of even date)**

(i) (a) The Company does not have any fixed assets. Hence, the provision of clause (i) of the Order is not applicable to the company.

(ii) The Company does not have any inventory as on 31st March 2017. Hence the provision of under clause (ii) of the Order relating to inventory is not applicable to the company.

(iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act. Hence, reporting under clause (iii) Order does not arise.

(iv) According to the information and explanations given to us, the Company has not given any loans or made investments or given any guarantee or security to any party. Hence, the provisions of clause (iv) does not apply to the Company.

(v) The Company has not accepted deposits and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the Company.

(vi) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 in respect of any of the activities of the company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.

(b) According to the information and explanation given to us, the Company has no statutory dues which have not been deposited on account of disputes.

(viii) The Company has not taken any loans from any financial institution or bank and no amount is payable in respect of Government or dues to debenture holders and hence provision of Clause (viii) of the Order does not apply to the company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). As per the information and explanations given to us, The Company has not taken any term loans and hence provision of Clause (viii) of the Order does not apply to the company.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) The Company is a private company and hence the provisions of Section 197 of the Companies Act, 2013 do not apply to the Company.

(xii) The Company is not a Nidhi Company and hence clause (xii) of the Companies (Auditor's Report) Order 2016 is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all the transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the Financial Statements as required by the applicable accounting standards;

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For M.K.Dandeker & Co.,  
(ICAI Reg. No. 000679S)**

**Sd/-**

**S.Poosaidurai**

**Partner**

**Chartered Accountants**

**Membership No. 223754**

**Date:** May 5, 2017

**Place:** Mumbai

**ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT**  
**(Referred to in our Report of even date)**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **Shemaroo Films Private Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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 (the "Guidance Note"). 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's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding 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 depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

### **Meaning of Internal Financial Controls over Financial Reporting**

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 over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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**

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**

In our 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 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.

**For M.K.Dandeker & Co.,  
(ICAI Reg. No. 000679S)**

**Date:** May 5, 2017

**Place:** Mumbai

**S.Poosaidurai  
Partner  
Chartered Accountants  
Membership No. 223754**



## SHEMAROO FILMS PRIVATE LIMITED

### Statement of Profit and Loss for the year ended 31st March, 2017

Particulars	Note	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>INCOME</b>			
Other Income	2.8	28,090	-
<b>I. Total Revenue</b>		<b>28,090</b>	<b>-</b>
<b>EXPENDITURE</b>			
Other expenses	2.9	117,799	192,335
<b>II. Total Expenses</b>		<b>117,799</b>	<b>192,335</b>
Profit/(Loss) before tax		<b>(89,709)</b>	<b>(192,335)</b>
<b>III. Tax expense:</b>		-	-
<b>IV. Profit / (Loss) after Tax</b>		<b>(89,709)</b>	<b>(192,335)</b>
<b>V. Earning per equity share of face value of Rs.10 each :</b>			
(1) Basic & Diluted	2.13	(0.09)	(0.19)
<b>Significant Accounting Policies and Notes to the Financial Statements</b>	1 & 2		

As per our report of even date  
For M K Dandekar & Co.  
Chartered Accountants  
(ICAI FRN.: 000679S)

For and on behalf of the Board

Sd/-  
S. Poosaidurai  
Partner  
Membership No. 223754  
Place :- Mumbai  
Date :- 05th May, 2017

Sd/-  
Raman Maroo  
Director  
DIN 00169152  
Place :- Mumbai  
Date :- 05th May, 2017

Sd/-  
Atul Maru  
Director  
DIN 00169264

**SHEMAROO FILMS PRIVATE LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017**

( Figures in Rs.)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit Before Tax	(89,709)	(192,335)
<b>Adjustments to reconcile profit before tax to cash provided by operating activities:</b>		
Liabilities no longer required written back	28,090	-
<b>Operating Profit Before Working Capital Changes</b>	<b>(61,619)</b>	<b>(192,335)</b>
<b>Adjustments for changes in Working Capital</b>		
(Increase)/Decrease in Short Term Loans & Advances	(22,900)	50,504
(Increase)/Decrease in Trade Receivables	141,000	159,000
Increase/(Decrease) in Trade Payables	1,372	
Other Current Liabilities	(30,348)	(9,913)
Liabilities no longer required written back	(28,090)	-
<b>Cash Generated from Operations</b>	<b>(585)</b>	<b>7,256</b>
Taxes Paid	-	-
<b>Cash Flow from Operating Activities (A)</b>	<b>(585)</b>	<b>7,256</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Cash flow from Investing Activities (B)	-	-
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Cash flow from Financing activities (C)	-	-
<b>D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(585)</b>	<b>7,256</b>
Cash & Cash Equivalents at the beginning of the period	<b>25,665</b>	<b>18,409</b>
Cash & Cash Equivalents at the end of the period	<b>25,080</b>	<b>25,665</b>

**Notes:**

- Cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 "Cash flow Statement".
- Previous year's figures have been regrouped/reclassified wherever applicable
- Cash and cash equivalents consists of cash and bank balances. The components of Cash and cash equivalents are:

S. No.	Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
1	Balance with Bank		
	- Current Account	25,080	25,665
	<b>Total</b>	<b>25,080</b>	<b>25,665</b>

As per our report of even date attached.

For M K Dandekar & Co

Chartered Accountants

(ICAI FRN.: 000679S)

For and on behalf of the board

Sd/-

S. Poosaidurai

Partner

Membership No. 223754

Place :- Mumbai

Date :- 05th May, 2017

Sd/-

Raman Maroo

Director

DIN 00169152

Place :- Mumbai

Date :- 05th May, 2017

Sd/-

Atul Maru

Director

DIN 00169264

**SHEMAROO FILMS PRIVATE LIMITED**

**2. Notes to the Financial Statements**

**Note 2.1**

**Share Capital**

<u>Particulars</u>	<u>As at 31 March 2017</u>	<u>As at 31 March 2016</u>
<b>Authorised</b> Equity shares, Rs. 10/- each 10,00,000 (Previous Year 10,00,000) Equity Shares	10,000,000	10,000,000
<b>Issued, Subscribed and Paid - up</b> Equity shares, Rs. 10/- each 10,00,000 (Previous Year 10,00,000 ) Equity Shares fully	10,000,000	10,000,000
<b>Total</b>	<b>10,000,000</b>	<b>10,000,000</b>

**i) Terms / Rights attached to Equity Shares**

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

The Company has not issued any securities during the year with the right/option to convert the same into equity shares at a later date.

The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.

**ii) The reconciliation of the number of shares outstanding is set out below:**

<u>Particulars</u>	<u>As at 31 March 2017</u>		<u>As at 31 March 2016</u>	
	<u>Number</u>	<u>Rs.</u>	<u>Number</u>	<u>Rs.</u>
	Shares outstanding at the beginning of the Year	1,000,000	10,000,000	1,000,000
Uncalled Money Called - Up		-		-
:- For Cash	-	-	-	-
<b>Shares outstanding at the end of the Year</b>	<b>1,000,000</b>	<b>10,000,000</b>	<b>1,000,000</b>	<b>10,000,000</b>

**iii) Details of shareholders holding more than 5% shares:**

<u>Name of Shareholder</u>	<u>As at 31 March 2017</u>		<u>As at 31 March 2016</u>	
	<u>No. of Shares</u>	<u>% held</u>	<u>No. of Shares</u>	<u>% held</u>
	Shemaroo Entertainment Ltd.	1,000,000	100.00%	1,000,000
<b>Total Shareholding</b>	<b>1,000,000</b>	<b>100.00%</b>	<b>1,000,000</b>	<b>100.00%</b>

**iv) For the period of five years immediately preceding the date as at which the Balance Sheet is prepared :**

- a) Aggregate number of shares allotted as fully paid-up pursuant to the contracts without payment being received in cash is NIL
- b) Aggregate number of shares allotted as fully paid-up by way of bonus is NIL
- c) Aggregate number of shares bought back is NIL

v) Calls Unpaid : Nil ; Forfeited Shares : Nil

**Note 2.2**

**Reserves & Surplus**

<u>Particular</u>	<u>As at 31 March 2017</u>	<u>As at 31 March 2016</u>
<b>b. Surplus</b>		
As per last Balance Sheet	(612,569)	(420,234)
(+) Net (Loss) / Profit For the current year	(89,709)	(192,335)
<b>Total</b>	<b>(702,278)</b>	<b>(612,569)</b>

## SHEMAROO FILMS PRIVATE LIMITED

### Note 2.3

#### Trade payables

Particular	As at 31 March 2017	As at 31 March 2016
<b>Trade Payables</b>		
(i) Due to Micro and Small enterprises	-	-
There are no amounts payable/or claims from suppliers in accordance with the provisions of Micro, Small and Medium Enterprises Development Act, 2006 and therefore, no disclosures have been made in the financial statements.		
(ii) Other Trade Payables	1,372	-
<b>Total</b>	<b>1,372</b>	<b>-</b>

In accordance with the Notification dated 4th September, 2015 issued by the Ministry of Corporate Affairs, following disclosures are required to be made relating to Micro, Small and Medium Enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006.

Particulars	As at 31 March 2017	As at 31 March 2016
(i) Principal amount and interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iii) The amount of interest due and payable for the period of delay in making the payment	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(v) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

### Note 2.4

#### Other current liabilities

Particular	As at 31 March 2017	As at 31 March 2016
(a) Withholding and other taxes payable	-	886
(b) Creditors for Expenses	24,000	53,462
<b>Total</b>	<b>24,000</b>	<b>54,348</b>

### Note 2.5

#### Trade receivables

Particular	As at 31 March 2017	As at 31 March 2016
Unsecured, Considered good unless stated otherwise		
a) Outstanding for a period exceeding six months from the date they are due		
Unsecured, considered good	9,275,014	9,416,014
<b>Total</b>	<b>9,275,014</b>	<b>9,416,014</b>

### Note 2.6

#### Cash and cash equivalents

Particular	As at 31 March 2017	As at 31 March 2016
Cash and cash equivalents		
(a) Balances with Bank		
On Current Accounts	25,080	25,665
<b>Total</b>	<b>25,080</b>	<b>25,665</b>

The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Consequently, the disclosure requirement as envisaged in Notification GSR 308(E) dated 30th March, 2017 is not applicable.

## SHEMAROO FILMS PRIVATE LIMITED

### Note 2.7

#### Short-term loans and advances

Particular	As at 31 March 2017	As at 31 March 2016
<b>(a) Other loans and advances</b>		
Loans to employees	-	-
Prepaid Expenses	-	-
Prepaid Taxes	-	100
<b>Total</b>	<b>23,000</b>	<b>100</b>

### Note 2.8

#### Other Income

Particular	Year Ended 31 March 2017	Year Ended 31 March 2016
<b>(b) Other Income</b>		
Credit Balance Written Back	28,090	-
<b>Total</b>	<b>28,090</b>	<b>-</b>

### Note 2.9

#### Other expenses

Particular	Year Ended 31 March 2017	Year Ended 31 March 2016
Audit Fees	30,000	30,000
General Expenses	37,799	49,335
Legal, Professional and Consultancy Fees	50,000	113,000
<b>Total</b>	<b>117,799</b>	<b>192,335</b>

### Note 2.10

Particular	As at March 2017	As at March 2016
Value of Imports calculated on CIF basis	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

### Note 2.11

#### (i) Business Segments:

The Company operates in only one business segment. All assets, liabilities, revenue and expenditure are related to their one - segment activities.

#### (ii) Geographical Segments:

The Company does not have any reportable geographical segments as per Accounting Standard 17.

### Note 2.12

#### a) Related Party Transactions (as identified by the Management and relied upon by Auditors)

##### i) List of related Parties

<u>Name of Related Party</u>	<u>Relationship</u>
Shemaroo Entertainment Limited	Holding Company
Shemaroo Holdings Private Limited	Directors Exercising Significant influence
Canonical Trading LLP	Directors Exercising Significant influence
Sheamroo Corporation	Directors Exercising Significant influence
Think Walnut Digital Private Limited	Directors are beneficial Owner
Shemaroo Entertainment (UK) Private Limited	wholly Owed Subsidiary of holding Company
Shemaroo entertainment Inc.	wholly Owed Subsidiary of holding Company
Taurean Estate Development LLP	Directors Exercising Significant influence
Atul hirji Maru	Key Management Personnel
Raman Hirji Maroo	Key Management Personnel
Jai Buddhichand Maroo	Key Management Personnel
Hiren Gada	Key Management Personnel

## SHEMAROO FILMS PRIVATE LIMITED

The Nature of Significant related party transactions and the amounts involved are as follows :-

Particular	As at March 2017	As at March 2016
<b>Dues from Related Party</b> Shemaroo Entertainment Limited	9,275,014	9,416,014

**Note 2.13**  
**Earnings Per Share**

The computation of the Earnings per share has been arrived at as follows

	As at March 2017	As at March 2016
Loss after Tax attributable to equity Shareholders	(89,709)	(192,335)
Weighted average Shares allotted and outstanding during the year	1,000,000	1,000,000
Basic Earning per share (face value Rs. 10/-)	(0.09)	(0.19)
Diluted Earning Per Share (Face Value Rs. 10/-)	(0.09)	(0.19)

**Note 2.14**  
**Auditor's Remuneration (including Service Tax)**

	As at March 2017	As at March 2016
Audit fees	33,708	33,708
<b>Total</b>	<b>33,708</b>	<b>33,708</b>

**Note 2.15**

**Others**

i) the Company does not owe any amount to the industries covered under Micro, Small and Medium Enterprises Development Act, 2006. Hence reporting details of principal and interest does not arise.

ii) Previous year figures are rearranged or regrouped wherever necessary to conform to current year's presentation

As per our report of even date  
For M K Dandekar & Co.  
Chartered Accountants  
(ICAI FRN.: 000679S)

For and on behalf of

Sd/-  
S. Poosaidurai  
Partner  
Membership No. 223754  
Place :- Mumbai  
Date :- 05th May, 2017

Sd/-		Sd/-
Raman Maroo		Atul Maru
Director		Director
DIN 00169152		DIN 00169264
Place :- Mumbai		
Date :- 05th May, 2017		

## SHEMAROO FILMS PRIVATE LIMITED

### 1 Significant Accounting Policies

#### a. Basis of preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (GAAP) under the historical cost convention on the accrual basis to comply with in all material respects the Accounting Standard notified under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified).

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

#### b. Presentation and disclosure of financial statements

The Balance Sheet and the Statement of Profit & Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013 ('The Act'). The Cash Flow Statement has been prepared and presented as per the requirements of Accounting Standard (AS) 3 'Cash Flow Statements'. The disclosure with respect to items in the Balance Sheet and Statement of Profit & Loss, as prescribed in the schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards.

#### c. Use of estimates

The preparation and presentation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised prospectively in the period in which results are known or materialised.

#### d. Inventories

Projects in Progress and movies under production are stated at cost. Cost comprises the cost of materials, the cost of services, labour, and other expenses.

Raw Stock, Digital Video Discs/Compact Discs Stock are stated at lower of cost or net realisable value.

The borrowing costs directly attributed to a movie/game is capitalised as part of the cost.

#### e. The components of Cash and cash equivalents are;

- a. 1. Cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 "Cash flow Statement".
- b. Previous year's figures have been regrouped/reclassified wherever applicable
- c. Cash and cash equivalents consists of cash and bank balances.

#### f. Cash Flow Statement

Cash flows are stated using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### g. Tangible Fixed Assets

Fixed assets are carried at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost including related internal costs of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Adjustments arising from exchange rate variations attributable to the fixed assets are capitalised.

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

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

**h. Depreciation on Tangible Fixed Assets**

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under Part C of Schedule II of the Companies Act, 2013, whichever is lower. Depreciation for assets purchased/sold during a period is proportionately charged. Fixed assets individually costing Rs. 5,000 or less are fully depreciated in the year of acquisition.

**i. Intangible Assets**

Intangible Assets are recorded at acquisition cost and in case of assets acquired on merger at their carrying values. Websites/Brands are recognised as Intangible Asset if it is expected that such assets will generate future economic benefits and amortised over their useful life not exceeding four/ten years or estimated useful life whichever is lower.

**j. Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

**k. Foreign currency translation**

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency as at balance sheet date are converted at the exchange rate prevailing on such date. Exchange differences arising from such translation are recognized in the statement of profit and loss.

**l. Investments**

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

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are stated at lower of cost and fair value. Long-term investments are stated at cost. Provision for diminution is made if such diminution is considered other than temporary in nature.

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

**m. Retirement and other employee benefits**

The Company's contribution to provident fund and Family Pension Fund are considered as defined contribution plan and are charged as an expenses based on the amount of contribution required to be made and when services are rendered by the employees.

The company accounts for its liability for future gratuity benefits based on the actuarial valuation as at the balance sheet date, determined by an Independent Actuary using the Projected Unit Credit Method.

Leave encashment benefits is accounted on the basis of actuarial valuation done. The projected Unit Credit Method as stipulated by AS-15 has been used to determine liability.

**n. Borrowing Costs**

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

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are expensed in the period they occur except Bill Discounting charges which are being carried forward on time proportion basis.

**o. Segment Reporting**

The entity identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

Segment Revenue, segment expenses, segment asset and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter - Segment revenue is accounted on the basis of transactions which are primarily determined based on market/fair value factors.

Revenue, expenses, assets and liabilities which relate to the entity as a whole and are not allocable to segments on reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

**p. Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

**q. Income taxes**

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

