ANIL A. DIKSHIT & CO.
Chartered Accountants
15-A/11, Brindaban, Thane - 400 601

Tel. : +91-98201 31902 anil_dikshit@hotmail.com

Independent Auditor's Report
To the Members of CC Square Films Limited

We have audited the accompanying financial statements of CC Square Films Limited (the company), which comprise the balance sheet as at 31 March 2013, and the statement of profit and loss and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 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 accounting policies used and the reasonableness of the accounting estimates made by management, 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.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) In the case of the balance sheet, of the state of affairs of the company as at 31 March 2013

(b) In the case of the statement of profit and loss, of the loss for the year ended on that date, and

(c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

ANIL A. DIKSHIT & CO. CHARTERED ACCOUNTANTS

2. As required by section 227(3) of the Act, we report that:

(a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 balance sheet, statement of profit and loss, and cash flow statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

(e) On the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Anil A. Dikshit & Co.
Chartered Accountants
Firm registration number: 100410W

Anil A. Dikshit
Proprietor
Membership no.: 036706

Place: Thane
Date: 23 MAY 2013

ANIL A. DIKSHIT & CO. * CHARTERED ACCOUNTANTS *

Annexure referred to in our report to the members of CC Square Films Limited for the year ended 31st March 2013.

(i) The company does not own any fixed assets and hence the provisions of Para 4 (ii) (a), (b) & (c) of the Order are not applicable to the company.

(ii) The company is not undertaking any manufacturing and trading activities, and, therefore, does not hold any inventory. Hence, the provisions of Para 4 (ii) (a), (b) & (c) of the Order are not applicable to the company.

(iii) (a) According to the information and explanations given to us, the company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Act.

(b) According to the information and the explanations given to us, the company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (iii) (e) to (g) of the Order are not applicable to the company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to the purchase of fixed assets. We have not observed any continuing failure to correct major weaknesses in internal controls.

(v) Based on our examination of the register of parties maintained under Section 301 of the Companies Act, 1956, we have found there are no transactions exceeding ₹ 5,00,000 that need to be entered into a register in pursuance of Section 301 of the Act.

(vi) The company has not accepted any deposits from the public, and, therefore, the provisions of Para 4 (vi) of the Order are not applicable to the Company.

(vii) The Company has not commenced its business operations and hence the provisions of clause 4 (vii) of the Order are not applicable to the company.

(viii) Maintenance of cost records has not been prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956.

(ix) (a) We are informed that the provisions of Provident Fund and Employees State Insurance Scheme are not applicable to the company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, wealth tax, excise duty, sales tax, customs duty and cess were in arrears as at March 31, 2013, for a period of more than six months from the date they became payable.

(c) According to the records of the company and the information and explanations given to us, there are no dues of income-tax, wealth tax, excise duty, sales tax, customs duty and cess, which have not been deposited on account of dispute.

(x) The company being not more than five years old, the clause pertaining to accumulated losses is not applicable to the company, though it has incurred cash losses during the year.

(xi) The company has not obtained loans from financial institutions or banks nor issued any debentures and therefore the question of reporting on clause 4(xi) of the Order does not arise.

ANIL A. DIKSHIT & CO. ★ CHARTERED ACCOUNTANTS ★

(xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures, and other securities, and, therefore, question of maintenance of documents and records in respect thereof does not arise.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) are not applicable to the company.

(xiv) The Company is not in the business of dealing in shares, debentures and other securities. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the company.

(xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.

(xvi) According to information and explanations given to us, no term loans are taken during the year.

(xvii) According to information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no short term funds were raised during the year.

(xviii) During the year, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.

(xix) The Company has not issued any debentures as at the date of Balance Sheet and hence the provisions of clause 4(xix) of the Order are not applicable.

(xx) The Company has not raised any money by public issue during the year.

(xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For Anil A. Dikshit & Co.
Chartered Accountants
Firm registration number: 100410W

Anil A. Dikshit
Proprietor
Membership no.: 036706

Date: 23 MAY 2013

ANIL A. DIKSHIT & CO. * CHARTERED ACCOUNTANTS *

CC SQUARE FILMS LTD

BALANCE SHEET AS AT MARCH 31, 2013

	Notes	March 31, 2013 ₹.	March 31, 2012 ₹.
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3	500,000.00	500,000.00
Reserves and surplus	4	(399,175.00)	(233,567.00)
		100,825.00	266,433.00
Current Liabilities			
Trade payables	5	7,248.00	5,000.00
TOTAL		108,073.00	271,433.00
ASSETS			
Current Assets			
Cash and cash equivalents	6	108,073.00	271,433.00
		108,073.00	271,433.00
Miscellaneous Expenditure			
(to the extent not written off or adjusted)			
Pre-operative Expenses	7	-	-
		-	-
TOTAL		108,073.00	271,433.00
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached
For Anil A. Dikshit & Co.
Chartered Accountants

Anil A. Dikshit
Proprietor
Membership No.: 036706

Thane
Date: 23 MAY 2013

ANIL A. DIKSHIT & CO. ★ CHARTERED ACCOUNTANTS ★

For and on behalf of the Board of Directors

Krishna Datla
Director

Satish Varma
Director

Thane
Date: 23 MAY 2013

CC SQUARE FILMS LTD

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

	Note No	March 31, 2013 ₹.	March 31, 2012 ₹.
Income			
Operating revenue		-	-
Total revenue (I)		-	-
Expenses:			
Other expenses	8	165,608.00	233,567.00
Total expenses (II)		165,608.00	233,567.00
Profit/(loss) before tax		(165,608.00)	(233,567.00)
Tax expense:			
Current tax		-	-
Deferred tax		-	-
Total tax expense		-	-
Profit/(loss) for the year		(165,608.00)	(233,567.00)
Earnings per equity share [nominal value of share ₹ 10] [March 31, 2012 - ₹ 10]			
Basic / Diluted	9	(3.31)	(4.67)
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached
For Anil A. Dikshit & Co.
Chartered Accountants

Anil A. Dikshit
Proprietor
Membership No.: 036706
Thane
Date: 23 MAY 2013

ANIL A. DIKSHIT & CO. ★ CHARTERED ACCOUNTANTS ★

For and on behalf of the Board of Directors

Krishna Datla
Director

Satish Varma
Director

Thane
Date: 23 MAY 2013

CC SQUARE FILMS LTD

Notes to financial statements for the year ended 31 March 2013

Cash Flow Statement

PARTICULARS		March 31, 2013 ₹.	March 31, 2012 ₹.
A. Cash Flow From Operating Activities			
Profit/(Loss) before tax		(165,608.00)	(233,567.00)
Movements in working capital :			
Increase/(decrease) in trade payables		2,248.00	(53,520.00)
Decrease/(increase) in Pre-operative expenses		-	58,520.00
Cash generation from operations		(163,360.00)	(228,567.00)
Direct taxes paid (net of refunds)		-	-
Net cash flow from/ (used in) operating activities	(A)	(163,360.00)	(228,567.00)
B. Cash Flow From Investing Activities			
Net cash flow from/ (used in) investing activities	(B)	-	-
C. Cash Flow From Financing Activities			
Proceeds from issuance of equity share capital		-	-
Net cash flow from/ (used in) in financing activities	(C)	-	-
Net increase/(decrease) in cash and cash equivalents	(A+B+C)	(163,360.00)	(228,567.00)
Cash and cash equivalents at the beginning of the year		271,433.00	500,000.00
Cash and cash equivalents at the end of the year		108,073.00	271,433.00
Components of cash and cash equivalents			
With scheduled banks on:			
Current account		108,073.00	271,433.00
Total cash and cash equivalents (note 6)		108,073.00	271,433.00

As Per our report of even date attached
For Anil A. Dikshit & Co.
Chartered Accountants

Anil A. Dikshit
Proprietor
Membership No.: 036706

Thane
Date: 23 MAY 2013

ANIL A. DIKSHIT & CO. CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

Krishna Datla
Director

Satish Varma
Director

Thane
Date: 23 MAY 2013

CC SQUARE FILMS LTD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

1. **Corporate information**

CC Square Films Limited ('the Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. It The Company is engaged in film production.

2. **Basis of preparation**

The financial statements have been prepared to comply in all material respects in respects with the notified Accounting Standards by Companies (Accounting Standard) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision of impairment is made.

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

2. 1 **Summary of significant accounting policies**

a) **Presentation and disclosure of financial statements**

The financial statements of the Company have been prepared and presented as per the revised Schedule VI notified under the Companies Act 1956.

(b) **Use of estimates**

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

(c) **Tangible fixed assets**

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

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

(d) **Depreciation**

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 the Schedule XIV to the Companies Act, 1956, whichever is higher.

Assets costing below Rs. 5,000 are fully depreciated on installation.

(e) **Impairment of tangible and intangible asset**

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

Impairment losses of continuing operations, are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

ANIL A. DIKSHIT & CO. CHARTERED ACCOUNTANTS

(f) Revenue recognition

Revenue from licensing of motion film is recognised in accordance with the licensing agreement or physical delivery of the motion film, whichever is later.

(g) Leases

As Lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating lease. Operating lease payments are recognised as an expense in the statement of profit and Loss Account on a straight line basis over the lease term.

(h) Income taxes

Tax expense comprises of current 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. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

(i) Provisions

A provision is recognised when the Company has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best

(j) Contingent liabilities and contingent assets

Contingent assets are not recognized in the financial statements of the Company. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare case where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(k) Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The Company has not issued any potential equity shares, and accordingly, the basic earnings per share and diluted earnings per share are the same.

(l) Cash and cash equivalents

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

(m) Measurement of EBITDA

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

ANIL A. DIKSHIT & CO. * CHARTERED ACCOUNTANTS *

CC SQUARE FILMS LTD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	March 31, 2013 ₹.	March 31, 2012 ₹.
Note 3 - Share capital:		
Authorised shares:		
50,000 (March 31, 2012 - 50,000) Equity shares of ₹. 10/- each	500,000.00	500,000.00
Issued, Subscribed and fully paid up shares:		
50,000 (March 31, 2012- 50,000) Equity shares of ₹. 10/- each fully paid-up	500,000.00	500,000.00
a) Shares held by holding company		
Out of equity issued by the company, shares held by its holding company are as below.		
DIL Limited		
50,000 (March 31, 2012 - 50,000) Equity shares of ₹. 100/- each	500,000.00	500,000.00

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

Name of the shareholder	Nos	% holding in the class	Nos	% holding in the class
Equity shares of ₹10 each fully paid,				
DIL Limited	50000	100.00%	50000	100.00%

Note 4 - Reserves and surplus:	March 31, 2013	March 31, 2012
Surplus in the statement of profit and loss		
Balance as per last financial statements	(233,567.00)	-
Profit / (Loss) for the year	(165,608.00)	(233,567.00)
Total of Reserves and Surplus	(399,175.00)	(233,567.00)

Note 5 - Current liabilities:

	March 31, 2013 ₹	March 31, 2012 ₹
Trade payables (Dues to micro and small enterprises. ₹. Nil)	7,248.00	5,000.00
	7,248.00	5,000.00

Note 6. Cash and bank balances :

	Current	
	March 31, 2013 ₹	March 31, 2012 ₹
Cash and cash equivalents		
Balances with banks:		
With scheduled banks on:		
Current account	108,073.00	271,433.00
	108,073.00	271,433.00

Note 7 - Pre-Operative Expenses

Opening Balance	-	58,520.00
Less: Written off to the statement of profit and loss account	-	(58,520.00)
	-	-

ANIL A. DIKSHIT & CO. * CHARTERED ACCOUNTANTS *

CC SQUARE FILMS LTD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Note 8 - Other expenses:

	March 31, 2013 ₹	March 31, 2012 ₹
Rates and taxes	1,050.00	1,200.00
Rent (Includes service tax of ₹. 14,832/- (March 31, 2012 ₹. 15,151/-)	134,832.00	162,248.00
Legal and professional charges	24,720.00	4,809.00
Payment to auditors (Audit fees)	5,000.00	5,000.00
Preliminary Expenses written off	-	58,520.00
Miscellaneous expenses	6.00	1,790.00
	165,608.00	233,567.00

Note 9 - Earnings per share (EPS):

Profit/ (loss) after tax	(165,608)	(233,567)
Weighted average number of equity shares in calculating basic EPS	50000	50000
Earnings per share (EPS):	(3.31)	(4.67)

Note 10 - Leases:

Assets taken on operating lease

The Company has entered into arrangements for taking office premises on leave and license basis. The agreement has cancellable clause and is renewable.

1 Lease payments recognised in the statement of profit and loss for the year.	134,832.00	162,248.00
2 Future minimum lease payment under the leases in the aggregate and for each of the following periods (excluding service tax):		
i) Not later than one year	120,000.00	120,000.00
ii) Later than one year and not later than five years.	92,903.00	92,903.00

ANIL A. DIKSHIT & CO. CHARTERED ACCOUNTANTS

CC SQUARE FILMS LTD
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Note 11 - Related party disclosures:

a. **Parties where control exists**
Holding company
DIL Limited

b. **Other related party relationships where transactions have taken place during the year**
NIL

c. **An individual directly controlling the holding company, namely DIL limited and can exercise significant influence**
Krishna Datla - Director

d. **Related party relationship is identified by the Company on the basis of available information.**

e. **Transactions with related parties.**
Following table provides the total amount of transaction that have been entered into with related parties for the relevant financial year.

		₹.
	Particulars	**Holding Company**
1	Rent paid	
	- DIL Limited	**134,832.00**
		(162248.00)
2	Other reimbursements paid	
	- DIL Limited	-
		(11,909.00)
3	Receipts of equity share capital	
	- DIL Limited	-
		(0.00)

(Figures in brackets are the corresponding figures in respect of the previous year.)

As per our report of even date attached
For Anil A. Dikshit & Co.
Chartered Accountants

Anil A. Dikshit
Proprietor
Membership No.: 036706

Thane
Date: 23 MAY 2013

ANIL A. DIKSHIT & CO. * CHARTERED ACCOUNTANTS *

For and on behalf of the Board of Directors

Krishna Datla
Director

Satish Varma
Director

Thane
Date: 23 MAY 2013