

STARGAZE ENTERTAINMENT PRIVATE LIMITED

Stargaze Entertainment Private Limited
FINANCIAL ACCOUNTS
2014-15

Auditors' Report

To the members of **Stargaze Entertainment Private Limited**

1. Reports on the Financial Statements

We have audited the accompanying standalone financial statements **Stargaze Entertainment Private Limited**, which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit & Loss and a Cash Flow Statement for the year then ended on that date, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act 2013 ("the Act") with respect to 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 Standards specified under section 133 of the Act, read with Companies (Accounts) Rules, 2014 ("the Act"). This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control 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.

3. Auditors' 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 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. 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 on the standalone financial statements.

4. 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 the affairs of the Company as at March 31, 2015, and its loss and its cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

As required by section 143(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

STARGAZE ENTERTAINMENT PRIVATE LIMITED

- (c) The Balance Sheet, Statement of Profit & 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 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.

For G S Ahuja & Associates
Chartered Accountants
Firm Registration No. N 8999

G S Ahuja
Partner

Membership No. 87732
New Delhi

Balance Sheet as at 31st March 2015

EQUITY AND LIABILITIES	Note	As at March 31, 2015 (Rs)	As at March 31, 2014 (Rs)
1 Shareholders' funds			
(a) Share capital	2.01	4,818,000	4,818,000
(b) Reserves and surplus	2.02	253,595,222	316,712,091
2 Share Application Money	2.03	391,800,000	-
3 Non-current liabilities			
(a) Long-term borrowings	2.04	30,000,000	28,650,000
(b) Long-term provisions	2.05	3,702,845	2,751,887
4 Current liabilities			
(a) Short-term borrowings	2.06	40,623,400	-
(b) Trade payables	2.07	91,584,336	51,964,930
(c) Other current liabilities	2.08	43,108,012	14,647,355
(d) Short-term provisions	2.09	81,783	912,615
Total		<u>859,313,598</u>	<u>420,456,878</u>
ASSETS			
1 Non-current assets			
a. Fixed assets			
i) Tangible assets	2.10	246,688,254	254,328,102
ii) Intangible assets	2.11	2,306,896	3,032,297
iii) Capital work-in-progress		56,590,175	30,468,972
(b) Non-current investments	2.12	1,794,000	1,752,121
(c) Long Term Loans and Advances	2.13	111,832,996	98,414,964
2 Current assets			
(a) Inventory	2.14	3,558,440	2,757,527
(b) Trade receivables	2.15	1,155,511	2,053,582
(c) Cash and cash equivalents	2.16	409,646,182	2,952,142
(d) Short-term loans and advances	2.17	19,884,535	19,581,154
(e) Other Current assets	2.18	5,856,609	5,116,017
		<u>859,313,598</u>	<u>420,456,878</u>

Notes forming part of financial statements

1 & 2

As per our report of even date

For and on behalf of the Board

For **G S Ahuja & Associates**

Chartered Accountants

Firm Regn no. N 8999

G S Ahuja

Partner

M No. 87732

Kshipra Jatana

Director

Sarbvir Singh

Director

Place: New Delhi

Date:

Statement of Profit and Loss for the year ended 31st March, 2015

	Note	Year ended March 31, 2015 Rs	Year ended March 31, 2014 Rs
I. Income			
Revenue from operations	2.19	441,254,037	482,398,338
Other income	2.20	4,767,077	1,031,185
		<u>446,021,114</u>	<u>483,429,523</u>
II. Expenses			
Purchase of Stock in trade		25,887,806	27,914,544
Increase in inventory of stock in trade	2.21	(800,913)	(308,616)
Employee benefits expense	2.22	50,264,595	55,749,756
Finance Cost	2.23	9,744,976	5,935,147
Depreciation and Amortisation	2.24	35,251,085	28,683,320
Other expenses	2.25	369,075,567	366,747,437
		<u>489,423,116</u>	<u>484,721,588</u>
Profit (Loss) for the year		(43,402,002)	(1,292,065)
Prior period adjustments	2.34	(179,973)	(558,999)
Excess remuneration recovered	2.38	-	13,262,681
Provision for taxation		-	-
Profit for the year carried to reserves		(43,581,975)	11,411,617
Earning per share (basic and diluted)	2.26	(484.24)	126.80
Notes forming part of financial statements	1 & 2		

As per our report of even date

For and on behalf of the Board

For **G S Ahuja & Associates**

Chartered Accountants

Firm Regn no. N 8999

G S Ahuja

Partner

M No. 87732

Kshipra Jatana

Director

Sarbvir Singh

Director

Place: New Delhi

Date:

Cash Flow Statement for the year ended 31st March 2015

	Note	Year ended March 31, 2015 Rs	Year ended March 31, 2014 Rs
Cash Flow from operating activities			
Net Profit (Loss) for the year		(43,581,975)	11,411,617
Adjustments for:			
Depreciation and amortisation		35,251,085	28,683,320
Loss (Profit) on Sale of assets		(32,580)	13,157
Finance costs		9,744,976	5,935,147
Interest received		(2,074,478)	(262,081)
Operating profit before working capital changes		(692,972)	45,781,160
Movements in working capital:			
Decrease/(Increase) in sundry debtors		898,071	510,918
Decrease/(Increase) in inventories		(800,913)	(308,616)
Decrease/(Increase) in loans and advances/other current assets		(14,739,783)	(31,863,347)
Increase/(Decrease) in Non Current and Current Liabilities		108,823,589	2,945,402
Cash generated from operations		93,487,992	17,065,517
Tax on operational income		-	-
Net Cash flow from operating activities		93,487,992	17,065,517
Cash Flow from Investing activities			
Addition to Fixed Assets (including CWIP)		(72,496,741)	(36,704,252)
Sale of assets		265,165	
Sale (Purchase) (net) of investments		(41,879)	(783,121)
Interest received		2,074,478	262,081
Net cash from investing activities		(70,198,977)	(37,225,292)
Cash Flow from financing activities			
Term Loan Received (Repaid)		1,350,000	(50,000,000)
Short term loan received		-	-
Share Application Money		391,800,000	59,500,000
Finance costs		(9,744,976)	(5,935,147)
Proceeds of issue of preference shares		-	-
Net cash from financing activities		383,405,024	3,564,853
Net increase/(decrease) in cash and cash equivalents *		406,694,039	(16,594,922)
Cash and cash equivalents at the beginning of the year *		2,952,142	19,547,064
Cash and cash equivalents at the end of the year*		409,646,181	2,952,142
* Cash and equivalents include Bank balances		409,646,181	2,952,142

Notes forming part of accounts

1 & 2

As per our report of even date

For and on behalf of the Board

For **G S Ahuja & Associates**

Chartered Accountants

Firm Regn no. N 8999

G S Ahuja

Partner

M No. 87732

Kshipra Jatana

Director

Sarbvir Singh

Director

Place: New Delhi

Date:

Notes forming part of Financial Statements

NOTE 1 - Significant Accounting Policies

(i) Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 (Accounting Standards) Rules, 2006 (as amended) ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act / 2013 Companies Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

The significant accounting policies adopted in presentation of the financial statements are:

(ii) Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

(iii) Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(iv) Cash flow statement

Cash flows are reported 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.

(v) Depreciation and amortisation

Depreciation has been provided on the useful life of its fixed assets as per the useful life prescribed in Schedule II to Companies Act, 2013.

Leasehold improvements, including Structural Improvements are amortised over the unexpired lease period.

(vi) Revenue recognition

- Sale of Tickets of Films: Revenue from Sale of ticket of Films is recognized as and when the film is exhibited.
- Sale of Food & Beverages: Revenue from sale of food and beverages is recognised upon passage of title to customer, which coincides with the delivery.
- Advertisement Revenue: Advertisement Revenue is recognised as and when advertisement is displayed at the cinema halls in accordance with contractual arrangements.
- Revenue Sharing: Income from revenue sharing is recognized in accordance with the terms of agreement with the revenue share partners.

(vii) Other income

Dividend/Interest Income: Dividend is recognised when the right to receive the same is established. Interest is accounted for on accrual basis.

Notes forming part of Financial Statements

(viii) Tangible fixed assets

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

(ix) Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes, and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

(x) Foreign currency transactions and translations

Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement of foreign currency monetary items at the Balance Sheet date

Foreign currency monetary items of the Company outstanding at the Balance sheet date are restated at the year-end rates.

Treatment of exchange differences

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

(xi) Employee benefits

Employee benefits include provident fund, gratuity fund, compensated absences, and short term employee benefits.

Defined contribution plans

The Company's contribution to provident fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.

Defined benefit plans

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets if any.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Notes forming part of Financial Statements

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets, if any out of which the obligations are expected to be settled.

(xii) Leases

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year. Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

(xiii) Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion 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).

(xiv) Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

(xv) Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of

Notes forming part of Financial Statements

revalued assets.

(xvi) Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the 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 estimates. Contingent liabilities are disclosed in the Notes.

(xvii) Segment reporting

The Company 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.

(xviii) Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

Notes forming part of Financial Statements

Note 2.01 Share Capital

	As at March 31, 2015 Rs	As at March 31, 2014 Rs
(a) Authorised		
i) 600,000 (Previous year 600,000) Equity shares of Rs. 10/- each	6,000,000	6,000,000
ii) 400,000 (Previous year 400,000) Preference shares of Rs. 10- each	4,000,000	4,000,000
(b) Issued, subscribed and paid-up capital		
i) 90,000 (Previous year 90,000) Equity shares of Rs. 10/- each	900,000	900,000
ii) 2,56,200 (Previous year 256,200) 0% Preference shares of Rs. 10/- each, Series A	2,562,000	2,562,000
iii) 1,35,600 (Previous year 1,35,600) 0% Preference shares of Rs. 10/- each, Series B	1,356,000	1,356,000
	4,818,000	4,818,000
Other Disclosures		
i) Reconciliation of the shares outstanding		
(a) Equity shares	Numbers	Numbers
At the beginning of the year	90,000	90,000
Issued during the year	-	-
Outstanding at the end of the year	90,000	90,000
(b) Preference shares (Series A)	Numbers	Numbers
At the beginning of the year	256,200	256,200
Issued during the year	-	-
Outstanding at the end of the year	256,200	256,200
(c) Preference Shares (Series B)	Numbers	Numbers
At the beginning of the year	135,600	58,600
Issued during the year	-	77,000
Outstanding at the end of the year	135,600	135,600
ii) Description of the rights, preferences and restrictions attached to each class of shares		
(a) Each Equity share has a par value of Rs 10/- and is entitled to one vote. In the event of liquidation of the company, the holders of equity shares shall be entitled to receive the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the equity shares held by the shareholders.		
(b) The Preference shares (Series A) carry a coupon rate of 0% and are Redeemable and Optionally Convertible anytime within their tenure of 19 years. The same may be redeemed, at issue price, at any time but not prior to December 2014 or the repayment of loan of Axis Bank.		
(c) The Preference shares (Series B) carry a coupon rate of 0% and are Redeemable and Optionally Convertible anytime within their tenure of 10 years. Each Preference Share is convertible into 10 equity shares.		
iii) Details of shares held within the Group	Numbers	Numbers
Equity Shares held by the holding company	80,000	80,000
Preference Shares held by the holding company	391,800	391,800
iv) Details of shareholders holding more than 5% shares in the company		
(a) Equity shares	Numbers	Numbers
Name of Shareholder		
Capital 18 Fincap Private Limited	81,000	81,000
Sumant Bhargava	9,000	9,000
(b) Preference Shares		
Capital 18 Fincap Private Limited	391,800	391,800

Notes forming part of Financial Statements

Note 2.02 Reserves and Surplus

	As at March 31, 2015 Rs	As at March 31, 2014 Rs
i) Preference Shares redemption reserve		
Balance brought forward	55,211,803	39,099,833
Add: Transfer from Securities Premium	4,027,992	16,111,970
Carried forward	<u>59,239,795</u>	<u>55,211,803</u>
ii) Securities Premium account		
Balance brought forward	371,657,161	311,539,131
Add: Received on issue of Preference shares	-	76,230,000
Less: Transfer to Preference Shares Redemption Reserve	(4,027,992)	(16,111,970)
Carried forward	<u>367,629,169</u>	<u>371,657,161</u>
iii) Surplus (Deficit) in the statement of profit and loss		
Balance as per the last financial statements	(110,156,873)	(121,568,490)
Surplus (deficit) for the year	(43,581,975)	11,411,617
Depreciation charge on reassessment of useful lives	(19,534,895)	-
Net deficit in the statement of profit and loss	<u>(173,273,743)</u>	<u>(110,156,873)</u>
Total Reserves and Surplus	<u>253,595,221</u>	<u>316,712,091</u>

Note 2.03 Share Application Money

The Company, its Shareholders and Carnival Films Private Limited (Carnival) have entered into a Share Purchase and Share Subscription Agreement (the agreement) on 7th January' 2015 for (a) transfer of equity shares held by existing shareholders to Carnival Films Pvt Ltd and (b) subscription by Carnival to additional equity shares. Carnival has, as on the date of the Balance Sheet paid a sum of Rs 39.18 crores as Share Application Money towards (b) above.

Notes forming part of Financial Statements

Note 2.04 Long Term Borrowings

	As at March 31, 2015 Rs	As at March 31, 2014 Rs
Long-term Borrowings -Secured		
Term Loan from a bank	30,000,000	28,650,000
i) Security		
The Term loan is secured by a <i>pari passu</i> charge on the entire fixed and current assets of the company, present and future		
ii) Term of repayment of Term Loans		
The term loan is repayable in financial year 2015-16.		

Note 2.05 Long Term Provisions

(a) Provision for gratuity	2,440,539	1,923,424
(b) Provision for leave benefits	1,262,306	828,463
	3,702,845	2,751,887

Note 2.06 Short Term borrowings

Overdraft from a Bank	19,999,550	-
Short term loan from a Bank (Secured against Lien of a FD)	20,623,850	-
	40,623,400	-

Note 2.07 Trade Payables

(a) Due to Micro and Small Enterprises (Note 2.30)	-	-
(b) Due to Others	91,584,336	51,964,930
	91,584,336	51,964,930

Note 2.08 Other Current Liabilities

(a) Current maturity of long term borrowings	40,000,000	8,850,000
(b) Interest accrued but not due	-	-
(c) Income received in advance	2,296	66,358
(d) Statutory dues	2,680,716	5,426,997
(e) Deposits received	425,000	304,000
	43,108,012	14,647,355

Note 2.09 Short Term Provisions

(a) Provision for employee benefits	81,783	912,615
(b) Provision for taxation	-	-
	81,783	912,615

Notes forming part of Financial Statements

Note 2.10 Tangible Assets											
Particulars	Gross Block				Depreciation				Net Block		
	As at 01.04.2014	Additions	Sale/ Adjustment	As at 31.3.2015	As at 01.04.2014	For the year	Adjustments	As at 31.3.2015	As at 31.3.2015	As at 31.03.2014	
Plant and Equipment	59,086,776	6,867,134	(310,055)	65,643,855	14,443,816	7,221,008	(176,429)	21,488,396	44,155,460	44,642,960	
Office Equipment	11,917,827	3,012,270	(101,248)	14,828,849	1,699,941	7,687,023	(41,140)	9,345,825	5,483,024	10,217,886	
Vehicles	80,356	-	-	80,356	30,806	7,673	-	38,479	41,877	49,550	
Furniture & Fixtures	55,307,424	9,932,339	-	65,239,763	11,651,478	17,895,065	-	29,546,543	35,693,221	43,655,946	
Leasehold Improvements	217,046,385	25,585,825	-	242,632,210	61,284,625	20,032,912	-	81,317,537	161,314,673	155,761,760	
Total	343,438,768	45,397,568	(411,303)	388,425,033	89,110,666	52,843,681	(217,568)	141,736,779	246,688,254	254,328,102	
Previous Year	333,369,144	10,174,683	(105,059)	343,438,768	63,134,890	26,018,734	(42,958)	89,110,666	254,328,102	270,234,254	
Note 2.11 Intangible Assets											
Website	813,141	-	-	813,141	653,095	67,011	-	720,106	93,035	160,046	
Software	7,411,943	977,970	(116,360)	8,273,553	4,539,692	1,597,510	(77,510)	6,059,692	2,213,861	2,872,251	
Total	8,225,084	977,970	(116,360)	9,086,694	5,192,787	1,664,521	(77,510)	6,779,798	2,306,896	3,032,297	
Previous Year	8,218,834	6,250	-	8,225,084	3,639,312	1,553,475	-	5,192,787	3,032,297	4,579,522	

Notes forming part of Financial Statements

Note 2.12 Non Current Investments, Unquoted, At cost

	As at March 31, 2015	As at March 31, 2014
	Rs	Rs
In Government securities (Provided as security for VAT/Entertainment Tax registrations)	1,794,000	1,694,000
Mutual Funds	-	58,121
	<u>1,794,000</u>	<u>1,752,121</u>

Note 2.13 Long Term Loans and Advances

(unsecured, considered good)

Security deposits

Entertainment tax refundable (Note 2.37)

	44,564,442	48,380,129
	67,268,554	50,034,835
	<u>111,832,996</u>	<u>98,414,964</u>

Note 2.14 Inventory

Stock in trade, at cost

(as taken and certified by the management)

	<u>3,558,440</u>	<u>2,757,527</u>
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Note 2.15 Trade Receivables

Unsecured, considered good

	<u>1,155,511</u>	<u>2,053,582</u>
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(Include amounts outstanding for a period exceeding six months from the date they became payable)

	<u>598,680</u>	<u>743,364</u>
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Note 2.16 Cash and Bank balances

Cash and cash equivalents

In banks, on current accounts

Cash on hand

	141,969,827	1,030,939
	334,325	428,415

Other Bank balances

On deposit accounts, provided as security for VAT Registrations

On deposit accounts, held as security by the lending bank

	645,467	478,725
	266,696,563	1,014,063
	<u>409,646,182</u>	<u>2,952,142</u>

Note 2.17 Short Term Loans and Advances

Staff Imprest

Advances to vendors

Loans/Advances to employees

	613,610	319,875
	19,267,925	9,168,779
	3,000	10,092,500
	<u>19,884,535</u>	<u>19,581,154</u>

Note 2.18 Other Current assets

Interest accrued but not due

Prepaid taxes

Service Tax Input Credit

Prepaid expenses

	1,084,446	424,074
	3,846,507	4,057,718
	-	9,479
	925,656	624,746
	<u>5,856,609</u>	<u>5,116,017</u>

Notes forming part of Financial Statements

Note 2.19 Revenue from Operations

	Year ended March 31, 2015 Rs	Year ended March 31, 2014 Rs
Ticket sales*	346,325,033	380,115,557
Food & Beverage Sale **	85,308,307	89,603,992
Advertisement Income	5,943,799	7,841,781
Kiosk Rental	626,976	559,839
Revenue share	562,915	521,993
Other income	2,487,007	3,755,176
	<u>441,254,037</u>	<u>482,398,338</u>
* Net of Entertainment tax, of Rs	29,764,208	25,462,605
** Net of taxes on F&B Sale, of Rs	<u>10,293,985</u>	<u>12,087,706</u>

Note 2.20 Other Income

Interest received	2,074,478	262,081
Dividend received	-	58,121
Excess provision written back	282,360	-
Miscellaneous income	2,410,239	710,983
	<u>4,767,077</u>	<u>1,031,185</u>

Note 2.21 Change in inventory *

Inventory at year end	3,558,440	2,757,527
Inventory at beginning of the year	2,757,527	2,448,911
Increase during the year	<u>800,913</u>	<u>308,616</u>

* includes Food and beverage items

Note 2.22 Employee benefit expense

Salaries	44,409,042	48,200,087
Contribution to provident and other funds	3,720,650	3,542,324
Staff welfare expenses	677,596	771,293
Gratuity	907,147	600,862
Leave encashment	550,160	194,596
	<u>50,264,595</u>	<u>53,309,162</u>

Note 2.23 Finance Costs

Interest on long term loan	8,513,014	5,862,874
Other interest to bank	1,231,962	72,273
	<u>9,744,976</u>	<u>5,935,147</u>

Note 2.24 Depreciation and amortisation

Depreciation (See 2.09 and 2.10)	34,973,307	27,572,209
Deposit amortisation	277,778	1,111,111
	<u>35,251,085</u>	<u>28,683,320</u>

(Excludes amount charged off on reassessment of useful lives - See Note 2.02 (iii))

Notes forming part of Financial Statements

Note 2.25 Other expenses

	Year ended March 31, 2015 Rs	Year ended March 31, 2014 Rs
Film Cost	149,882,817	166,252,134
Office expense	565,282	526,017
Printing and Stationary	457,779	625,052
Advertisements & publicity	7,888,079	6,372,315
Legal and Professional *	4,425,628	2,269,081
Support services	42,266,308	35,490,166
Utilities	32,912,318	33,295,685
Rent/Revenue Share	102,156,929	102,536,939
Travelling & Conveyance	2,083,232	1,336,335
Communication expenses	2,256,582	2,180,215
Entertainment	497,315	138,192
Insurance	728,333	720,355
Miscellaneous expenses	7,945,985	7,686,069
Provision for Staff Incentives	6,000,000	-
Bank and Credit card charges	1,258,017	1,242,678
Amounts written off/Bad Debts	437,483	259,936
Loss on sale of assets	-	13,157
Repair and Maintenance	7,313,480	8,243,705
	<u>369,075,567</u>	<u>369,188,031</u>
* includes payments (net of Service tax) to Auditors for		
Statutory Audit (including for previous years)	1,275,000	475,000
Tax Audit	100,000	125,000
Certification	-	12,500
	<u>1,375,000</u>	<u>612,500</u>

Notes forming part of Financial Statements

I Additional information to the financial statements

Note 2.26 Earning Per Share

		Year Ended 31.03.15	Year Ended 31.03.14
(a) Profit (Loss) for the year	Rs	(43,581,975)	(23,822,617)
(b) Weighted average number of equity shares of Rs 10/- used in computing EPS	Nos.	90,000	90,000
(c) Basic and Diluted Earning per share	Rs	(484.24)	(264.70)

The Company reports basic and diluted earnings per equity share in accordance with Accounting Standard 20, Earnings Per Share. Basic earnings/(loss) per equity share is computed by dividing net profit/(loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year except where the result would be anti-dilutive.

Note 2.27 Capital Commitments

Estimated amount of contracts to be executed on capital account (net of advances) Rs 1,21,56,472 (Previous Year - Rs 1,82,11,744)

Note 2.28 Foreign exchange disclosure

The company does not have any year-end foreign currency exposures.

Note 2.29 Other Additional Information

	Year Ended 31.03.15 (Rs)	Year Ended 31.03.14 (Rs)
(a) Value of imports calculated on CIF basis	-	87,430
(b) Expenditure in foreign currency	-	-
(c) Earning in foreign exchange	-	-

Note 2.30 Fixed assets include the following amounts capitalised

Salaries	4,599,211	2,385,960
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Note 2.31

The Company has not received any intimation from “suppliers” regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the Act have not been given. This has been relied upon by the auditors.

II Disclosures under Accounting Standards

Note 2.32 Disclosure of retirement benefits under Accounting Standard “AS15 - Employee Benefits”

(a) Defined contribution plans

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes. There is no contribution to Superannuation/Pension funds.

Particulars	2014-15	2013-14
Employer’s Contribution to Provident Fund	2,831,688	2,590,288

(b) Defined benefit plan

The Company offers gratuity (which is unfunded) as employee benefit schemes to its employees.

Notes forming part of Financial Statements

The following table sets out the status of the defined benefit schemes and the amount recognised in the financial statements:

i) Net employee benefit expense recognised in the profit and loss account

	Gratuity (Unfunded)		Compensated Absences (Unfunded)	
	31 March, 2015	31 March, 2014	31 March, 2015	31 March, 2014
Defined Benefit obligation at beginning of the year	1960195	1443304	857252	666814
Current Service Cost	711,621	593,023	475,257	318,813
Interest Cost	166,617	122,681	72,866	56,679
Actuarial (gain)/loss	28,909	(114,842)	2,037	(177,238)
Benefits paid	(378,142)	(83,971)	(111,984)	(7,816)
Defined Benefit obligation at year end	2,489,200	1,960,195	1,295,428	857,252

ii) Balance sheet items

	Gratuity (Unfunded)		Compensated Absences (Unfunded)	
	31 March, 2015	31 March, 2014	31 March, 2015	31 March, 2014
Present value of defined benefit obligation	2,489,200	1,960,195	1,295,428	857,252
Fair value of plan assets	-	-	-	-
Plan liability	2,489,200	1,960,195	1,295,428	857,252

iii) Changes in the present value of the defined benefit obligation are as follows:

	Gratuity (Unfunded)		Compensated Absences (Unfunded)	
	31 March, 2015	31 March, 2014	31 March, 2015	31 March, 2014
Opening defined benefit obligation	1,960,195	1,443,304	857,252	666,814
Current service cost	711,621	593,023	475,257	318,813
Interest cost	166,617	122,681	72,866	56,679
Past service cost	-	-	-	-
Benefits paid	(378,142)	(83,971)	(111,984)	(7,816)
Actuarial (gain)/losses on obligation	28,909	(114,842)	2,037	(177,238)
Closing defined benefit obligation	2,489,200	1,960,195	1,295,428	857,252

iv) Changes in the fair value of plan assets are as follows:

	Gratuity (Unfunded)		Compensated Absences (Unfunded)	
	31 March, 2015	31 March, 2014	31 March, 2015	31 March, 2014
Opening fair value of plan assets	-	-	-	-
Expected return	-	-	-	-
Contributions by employer	-	-	-	-
Benefits paid	-	-	-	-
Funded status	(2,489,200)	(1,960,195)	(1,295,428)	(857,252)
Closing fair value of plan assets	(2,489,200)	(1,960,195)	(1,295,428)	(857,252)

Notes forming part of Financial Statements

- v) The principal assumptions used in determining gratuity and Compensated absence benefit obligations for the company's plan are shown below:

	Gratuity (Unfunded)		Compensated Absences (Unfunded)	
	31 March, 2015	31 March, 2014	31 March, 2015	31 March, 2014
Discount rate	7.75%	8.50%	7.75%	8.50%
Expected salary Escalation rate	5.50%	5.50%	5.50%	5.50%
Mortality table	IALM (2006 - 08)	LIC (1994-96)	IALM (2006 - 08)	LIC (1994-96)
Withdrawal rate - upto 30yrs	3	3	3	3
Withdrawal rate - upto 31 to 44 yrs	2	2	2	2
Withdrawal rate - above 44 yrs	1	1	1	1

- vi) Amounts recognised in current year and previous four years

Particular	As at 31st March				
	2014-15	2013-14	2012-13	2011-12	2010-11
Gratuity					
Defined benefit obligation	2,489,200	1,960,195	1,443,304	1,211,058	631,376
Fair value of plan assets	-	-	-	-	-
(Surplus)/Deficit in the plan	2,489,200	1,960,195	1,443,304	1,211,058	631,376
Actuarial (gain)/loss on plan obligation	249,761	112,180	352,716	(63,921)	11,286
Actuarial (gain)/loss on plan assets	-	-	-	-	-

Note 2.33 Segment information

The Company is engaged in the business of operating cinemas. As the Company operates in a single business and geographical segment, the reporting requirements for primary and secondary segment disclosures prescribed by paragraphs 39 to 51 of Accounting Standard 17 Segment Reporting, have not been provided in these financial statements.

Note 2.34 Prior period adjustments

Prior period expenses relate to short provisions made in earlier years.

Note 2.35 Deferred Taxation

The Company has no assessable income for the year and accordingly, no provision for income tax has been made. The Company has carried forward tax losses pending assessment by the income tax authorities. In the absence of virtual certainty of realization of carried forward tax losses and unabsorbed depreciation, management has not carried any deferred tax assets. The same will be reassessed at subsequent balance sheet date and will be accounted for in the year of certainty/virtual certainty.

Note 2.36 Leases

The Company has taken various office premises under operating lease arrangements. These are generally non cancellable and are renewable by mutual consent on mutually agreed terms. Lease payments for the period are Rs 8,06,18,660/-

Future minimum rentals payable under non cancellable operating leases are:

	Current Year	Previous Year
Payable within one year	96,195,401	93,724,154
Payable later than one year but not later than 5 years	331,426,715	370,779,808
Payable later than 5 years	430,690,755	480,777,980

Notes forming part of Financial Statements

Note 2.37 Related Party Disclosures

(a) Details of related parties.

- i) **Holding Company**
Capital 18 Fincap Private Limited
- ii) **Ultimate Holding Company**
Network 18 Media & Investments Limited
- iii) **Fellow Subsidiaries**
Bigtree Entertainment Private Limited (1)
Viacom 18 Pvt Ltd (2)
- iii) **Key Management Personnel**
- Sumant Bhargava

b Transactions with related parties

		Bigtree Entertainment	Bigtree Entertainment	Bigtree Entertainment	Reliance Group Entities
Particulars	Key Management	Fellow Subsidiary	Fellow Subsidiary (2)	Fellow Subsidiary (3)	Fellow Subsidiary Associate (4)
Remuneration paid to	-	-	-	-	-
Sales of services		5,62,915 (5,86,510)	-	-	-
Expenses incurred for services received	-		7,67,500 (4,80,339)	-	-
Loans & Advances to related parties		-	-	1,76,040 (0)	-
Preference Shares application money received		-	-	-	-
Preference Shares allotted		-	-	-	-
Amount receivable at year end		0 (2,94,345)	-	-	-
Amount payable at year end			1,61,550 (6,59,244)	-	-

Note 2.38

Entertainment tax refundable refers to amounts paid to the State Government but refundable to the company subject to compliance with other conditions of the appropriate scheme(s).

For and on behalf of the Board

Kshipra Jatana
Director

Sarvir Singh
Director