

# **SATYAM CINEPLEXES LIMITED**

**AUDITED ANNUAL ACCOUNTS**

2014-2015

## INDEPENDENT AUDITORS' REPORT

To,

The Members

**Satyam Cineplexes Limited**

New Delhi.

1. We have audited the accompanying financial statements of **Satyam Cineplexes Limited** ('the Company') which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the statement of Profit and Loss, the Cash Flow Statement for the period then ended, and the Notes to Financial Statements comprising of 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 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 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.

### **3. Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

#### **4. Opinion**

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

#### **5. Emphasis of Matter**

We draw attention to Note No.46 to the accompany financial statements for the year ended on 31st March 2015, regarding the fact that the Board of Directors of the Company has approved to merge the Company with its holding Company i.e. Inox Leisure Limited and petition for sanctioning the amalgamation scheme has been filed in honorable High Court of Delhi. The Scheme will be effective from the appointed date i.e. 8 August 2014 once sanctioned; and effect to the same will be given after obtaining the necessary approvals.

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

- (a) As required by the Companies (Auditors' Report) Order, 2015 ('the Order') issued by the Central Government of India in terms of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
- (b) As required under provisions of section 143(3) of the Act, we report that:
- i. We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - ii. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. 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;
  - iv. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in section 133 of the Companies Act, 2013 read with Rule 7 Company (Accounts) Rules 2014.
  - v. On the basis of written representations received from the directors, as on 31 March, 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Clause (g) of sub-section (2) of Section 164 of the Companies Act, 2013.
  - vi. 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 has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 34 to the financial statements.
    - (ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts

(iii) There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.

For: S.S.Kothari Mehta & Co.  
Chartered Accountants  
Firm Regn. No :00756N

Harish Gupta  
Partner:  
Membership No: 098336

Place: New Delhi

Date: 25<sup>th</sup> May 2015

## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(As referred to in paragraph 6(a) of our report to the members of **Satyam Cineplexes Limited** on the accounts as at and for the period ended 31<sup>st</sup> March 2015)

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- (ii) (a) The inventory of the Company has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of accounts.
- (iii) As per the information given to us, the company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act 2013. ("The Act") Accordingly, clauses 3 (iii) (a) and (b) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. Further, on the basis of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (v) As per the information and explanations provided to us, the company has not accepted any deposits and therefore provisions of Sections 73 to 76 or any

other relevant provisions of the Act and rules there under are not applicable to the Company.

(vi) According to information and explanation given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, in respect of business carried out by the Company. Therefore, provisions of Clause 3(vi) of the Order are not applicable to the Company.

(vii) (a) According to the records of the Company examined by us and the information and explanations given to us, the Company is *generally* regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, cess and other material statutory dues with the appropriate authorities. *However, in case of provident fund, employees' state insurance, value added taxes, entertainment tax, show tax, advertisement tax, labour cess, professional tax, service tax and TDS, there have been delays in initial months of the financial year.*

According to the records of the Company examined by us and the information and explanations given to us, no undisputed amounts payable in respect of sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess were outstanding, as at 31<sup>st</sup> March, 2015 for a period of more than six months from the date they became payable .

(b) According to the information and explanations given to us, there are no dues of sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess, which have not been deposited on account of any dispute.

(c) According to the information and explanations given to us, no amount is required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under.

(viii) The Company does not have any accumulated losses as at 31<sup>st</sup> March, 2015. *It has incurred cash losses during the financial year ended on 31<sup>st</sup> March, 2015 but cash losses have not been incurred in the immediately preceding financial year.*

(ix) The Company did not have any outstanding debentures and loans from any financial institution at the end of year.

(x) As per the information given to us the company has not given any guarantee for loans taken by others from bank or financial institutions.

(xi) Company has not taken any term loan during the year, hence clause 3 (xi) of the order is not applicable.

- (xii) Based upon the audit procedures performed and information and explanation given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended 31st March, 2015.

For: S.S.Kothari Mehta & Co.  
Chartered Accountants  
Firm Regn. No :00756N

Harish Gupta  
Partner:  
Membership No: 098336

Place: New Delhi  
Date: 25<sup>th</sup> May 2015



**SATYAM CINEPLEXES LIMITED**  
**BALANCE SHEET AS AT 31st MARCH, 2015**

(Rupees)

Particulars	Note No.	As at 31st March 2015	As at 31st March 2014
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	3	4,59,55,330	4,00,00,000
(b) Reserves and Surplus	4	14,08,84,189	10,47,17,069
		<b>18,68,39,519</b>	<b>14,47,17,069</b>
<b>2 Compulsory Convertible Debentures (CCDs)</b>		-	24,00,00,000
		-	<b>24,00,00,000</b>
<b>3 Non-Current Liabilities</b>			
(a) Long-term borrowings	5	-	15,52,27,524
(b) Deferred tax liabilities (Net)	6	1,23,60,000	3,59,27,274
(c) Other long term liabilities	7	17,66,666	30,36,334
(d) Long-term provisions	8	72,22,624	72,01,971
		<b>2,13,49,290</b>	<b>20,13,93,103</b>
<b>4 Current liabilities</b>			
(a) Short term borrowings	9	45,80,11,035	6,31,41,062
(b) Trade payables	10	3,62,30,404	12,91,92,590
(c) Other current liabilities	11	10,61,15,490	23,94,30,460
(d) Short-term provisions	8	8,17,083	73,88,830
		<b>60,11,74,012</b>	<b>43,91,52,942</b>
<b>TOTAL</b>		<b>80,93,62,821</b>	<b>1,02,52,63,114</b>
<b>II ASSETS</b>			
<b>1 Non-Current Assets</b>			
(a) Fixed assets	12		
(i) Tangible assets		53,35,60,040	70,58,11,045
(ii) Intangible assets		76,35,365	36,62,047
(iii) Capital work-in-progress	13	80,22,439	2,82,85,821
		<b>54,92,17,844</b>	<b>73,77,58,913</b>
(b) Long term loans and advances	14	16,94,78,125	10,50,78,187
(c) Other non-current assets	15	47,60,237	21,58,805
		<b>72,34,56,206</b>	<b>84,49,95,905</b>
<b>2 Current Assets</b>			
(a) Inventories	16	69,68,774	1,46,70,660
(b) Trade receivables	17	6,32,19,241	6,65,48,841
(c) Cash and bank balances	18	43,35,436	8,32,28,554
(d) Short-term loans and advances	19	1,12,09,670	1,55,42,859
(e) Other current assets	20	1,73,494	2,76,295
		<b>8,59,06,615</b>	<b>18,02,67,209</b>
<b>TOTAL</b>		<b>80,93,62,821</b>	<b>1,02,52,63,114</b>

Significant Accounting Policies  
Notes to financial statements

1&2  
3 to 50

As per our report of even date attached  
**For S S KOTHARI MEHTA & Co.**  
Chartered Accountants  
Firm Regn. No. 00756N

**For Satyam Cineplexes Limited**

**Harish Gupta**  
Partner  
**M No. 098336**

**Alok Tandon**  
Director

**Upen Shah**  
Director

Place : New Delhi  
Dated : 25th May 2015

Place : Mumbai  
Dated : 25th May 2015

**SATYAM CINEPLEXES LIMITED**
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2015**

(Rupees)

	Particulars	Note No.	Year ended 31st March 2015	Year ended 31st March 2014
	<b>INCOME</b>			
I	Revenue from operations	21	1,01,43,54,517	99,29,29,784
II	Other Income	22	51,27,377	12,16,290
III	<b>Total Revenue (I+II)</b>		<b>1,01,94,81,894</b>	<b>99,41,46,074</b>
	<b>EXPENSES</b>			
IV	Entertainment tax		11,61,96,489	11,28,52,862
	Exhibition Cost	23	29,14,44,933	28,28,27,724
	Cost of Food and Beverages	24	5,01,78,729	4,40,69,174
	Employee benefits expense	25	9,34,64,280	8,72,03,053
	Finance costs	26	6,36,60,355	5,32,13,548
	Depreciation & amortization	12 & 45	7,37,61,052	4,96,02,018
	Other Expenses	27	51,43,14,231	33,79,71,463
	<b>Total Expenses</b>		<b>1,20,30,20,069</b>	<b>96,77,39,842</b>
V	<b>Profit/(Loss) Before Tax &amp; Prior Period Items (III-IV)</b>		<b>-18,35,38,175</b>	<b>2,64,06,232</b>
VI	Less: Prior Period Items	42	3,98,70,551	73,53,618
VII	<b>Profit/(Loss) Before Tax (V-VI)</b>		<b>-22,34,08,726</b>	<b>1,90,52,614</b>
VIII	<b>Tax expenses</b>			
	Current tax		-	46,94,276
	MAT Credit Entitlement		-	-12,02,080
	Deferred tax		-2,23,15,687	-4,53,325
	Taxation pertaining to earlier years		-58,21,467	25,40,117
			<b>-2,81,37,154</b>	<b>55,78,988</b>
IX	<b>Profit/(Loss) for the year (VII-VIII)</b>		<b>-19,52,71,572</b>	<b>1,34,73,626</b>
X	Earnings Per Equity Share of Rs. 10 each	40		
	Basic		-44.40	3.37
	Diluted		-44.40	2.88

Significant Accounting Policies

1&amp;2

Notes to financial statements

3 to 50

As per our report of even date attached

**For S S KOTHARI MEHTA & Co.**

Chartered Accountants

Firm Regn. No. 00756N

**For Satyam Cineplexes Limited**
**Harish Gupta**

Partner

**M No. 098336**
**Alok Tandon**

Director

**Upen Shah**

Director

Place : New Delhi

Dated : 25th May 2015

Place : Mumbai

Dated : 25th May 2015

**SATYAM CINEPLEXES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015**

(Rupees)

Particulars	Year ended 31 Mar 2015	Year ended 31 Mar 2014
<b>A. Cash flows from operating activities</b>		
<b>Profit (Loss) before tax</b>	(22,34,08,726)	1,90,52,614
<b>Adjustment for non-cash transactions</b>		
Tax adjustment for previous years	58,21,467	(25,40,117)
Depreciation and amortisation expense	11,35,94,720	4,96,02,018
Loss of retirement/disposal of fixed assets (net)	4,01,99,074	41,55,331
	<b>(6,37,93,465)</b>	<b>6,61,14,515</b>
<b>Items considered separately</b>		
Interest income	(2,85,760)	(4,01,811)
Interest expenses	6,36,60,355	5,65,13,405
<b>Change in operating assets and liabilities</b>	<b>(4,18,870)</b>	<b>12,22,26,109</b>
Increase / (decrease) in other long term liabilities	(12,69,668)	(52,000)
Increase / (decrease) in long term provisions	20,653	18,42,693
Increase / (decrease) in short term Borrowings	39,48,69,973	2,56,75,933
Increase / (decrease) in trade payables	(9,29,62,186)	4,52,44,175
Increase / (decrease) in other current liabilities	(4,39,83,507)	2,10,10,579
Increase / (decrease) in short term provisions	(65,71,747)	17,11,261
(Increase) / decrease in long term loans and advances	(6,43,99,938)	55,76,431
(Increase) / decrease in other non-current assets	(26,01,432)	(7,70,000)
(Increase) / decrease in Inventories	77,01,886	1,88,512
(Increase) / decrease in trade receivables	33,29,600	(1,55,39,813)
(Increase) / decrease in short term loans and advances	43,33,189	(92,71,927)
<b>Net cash generated from operating activities</b>	<b>19,80,47,953</b>	<b>19,78,41,953</b>
<b>B. Cash flows from investing activities</b>		
Purchase of tangible assets	(6,70,28,426)	(14,18,89,924)
Purchase of intangible assets	(55,19,750)	(18,42,779)
(Increase) / decrease in CWIP	2,02,63,382	4,90,32,551
Proceeds from sale of fixed assets	8,31,74,505	53,63,718
(Increase)decrease in other bank balances	1,71,974	37,71,645
Interest received	3,88,560	2,38,967
<b>Net cash used in investing activities</b>	<b>3,14,50,245</b>	<b>(8,53,25,822)</b>
<b>C. Cash flows from financing activities</b>		
Proceeds from long term borrowings	-	6,76,96,116
Repayment of long term borrowings	(47,82,58,040)	(6,17,96,557)
Securities Premium	23,40,44,670	-
Issuance of share Capital	59,55,330	-
Interest paid	(6,99,61,302)	(5,38,31,183)
<b>Net cash flow from financing activities</b>	<b>(30,82,19,342)</b>	<b>(4,79,31,624)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	(7,87,21,144)	6,45,84,507
Cash and cash equivalents as at the beginning of the period	8,30,56,580	1,84,72,073
<b>Cash and cash equivalents as at the end of the period</b>	<b>43,35,436</b>	<b>8,30,56,580</b>

As per our report of even date attached  
**For S S KOTHARI MEHTA & Co.**  
Chartered Accountants  
Firm Regn. No. 00756N

**For Satyam Cineplexes Limited**

**Harish Gupta**  
Partner  
**M No. 098336**

**Alok Tandon**      **Upen Shah**  
Director              Director

Place : New Delhi  
Dated : 25th May 2015

Place : Mumbai  
Dated : 25th May 2015

**1 Corporate Information**

Satyam Cineplexes Ltd. (the "Company" ) is engaged in the business of film exhibition. The Company also earns revenue from in-cinema advertisements/product displays and in-cinema sale of food and beverages. On 8th August 2014, Inox Leisure Limited ('INOX') acquired from the promoters of the Satyam Cineplexes Ltd 100% of the share capital of the Company. Accordingly, the Company is now a subsidiary of INOX with effect from 8th August 2014. The Registered Office of the Company has been shifted to 612-618, Narain Manzil, 6th Floor, 23, Barakhamba Road, New Delhi – 110 001.

**2 Significant Accounting Policies****a) Basis of preparation of financial statements**

These financial statements have been prepared in accordance with the generally accepted accounting principles in India, under the historical cost convention and on accrual basis. These financial statements comply in all material aspects with the applicable Accounting Standards as prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

**b) Use of estimates:**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financials statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

**c) Fixed assets and Depreciation/Amortisation**

i) Fixed Assets are stated at Cost less Accumulated Depreciation and Impairment Losses, if any. Cost comprises the cost of acquisition / purchase price inclusive of duties, taxes, incidental expenses, erection / commissioning expenses, interest etc. up to the date the asset is ready for its intended use. Credit of duty, if availed, is adjusted in the acquisition cost of the respective fixed assets.

ii) Leasehold improvements represent expenses incurred towards civil works, interior furnishings, etc. on the leased premises at the various locations.

iii) Capital works-in-progress is carried at cost.

**iv) Depreciation/amortisation:**

Consequent to Schedule II of the Companies Act, 2013 becoming effective from 1st April 2014, the depreciation/amortization is provided as under:

**On Tangible Assets:**

I. On Leasehold Improvements, over the period of useful life on the basis of the respective agreements or the useful life as per Schedule II part C of the Companies Act, 2013, whichever is shorter.

II. On other fixed assets, on the basis of useful life as per Schedule II part C of the Companies Act, 2013

**On intangible assets:**

Cost of software is amortized equally over a period of three years in case of operating software and six years in case of other software.

**d) Expenditure on new projects and substantial expansion**

Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent expenditure is related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period, which is neither related to the construction activity nor is incidental thereto is charged to the Statement of Profit and Loss.

All direct capital expenditure on expansion is capitalized. As regards indirect expenditure on expansion, only that portion is capitalized which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalized only if they increase the value of the asset beyond its originally assessed standard of performance.

e) **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. Revenue has been shown gross including taxes recovered (except sale of food & beverages). Taxes recovered have been shown separately as expenses under the head operating expenses.

**a) Sale of Tickets of Films**

Revenue from sale of tickets of films is recognised as and when the film is exhibited.

**b) Sale of Food and Beverages**

Revenue from sale of food and beverages is recognised upon passage of title to customers, which coincides with their delivery.

**c) Conducting Fees Revenue**

Conducting fees are in respect of charges received from parties to conduct business from the Company's Multiplexes and the revenue is recognized as per the contractual arrangements.

**d) Advertisement Revenue**

Advertisement revenue is recognised as and when advertisement is displayed at the cinema halls. Branding fee, if any, received is recognized on an accrual basis.

**e) Convenience Fee**

Convenience fee is recognized as and when the ticket is sold on the website of the Company.

**f) Interest Income**

Interest revenue is recognised on a time proportion basis, taking into account the amount outstanding and the rates applicable.

f) **Inventories**

Inventories are valued at lower of the cost and net realisable value. Cost is determined using FIFO method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

g) **Leases**

Lease rentals in respect of assets acquired on operating lease are charged-off to the statement of profit and loss as per the terms of the respective lease agreements.

h) **Employee Benefits**

**Defined Contribution Obligations:**

Employees benefits in the form of the Company's contribution to Provident Fund and Employees State Insurance is a defined contribution scheme and contributions are charged to the Statement of Profit & Loss of the year when the contribution to the respective fund is due.

**Defined Benefit Obligations :**

Gratuity and Long term leave encashment liability is "Defined Benefit Obligation" and is provided for on the basis of an actuarial valuation on "Projected Unit Credit Method" made at the date of Balance Sheet.

i) **Impairment of Assets**

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its estimated recoverable amount. In case of impairment, assets are written down to their recoverable amount

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses, recognized for the assets, no longer exists or have decreased.

j) **Foreign Currency Transactions**

**(i) Initial Recognition**

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**(ii) Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

**(iii) Exchange Differences**

Exchange differences arising on settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

**(iv) Derivative Instruments**

The Company uses derivative financial instruments such as forward exchange contracts to hedge its risks associated with foreign currency fluctuations

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract.

k) **Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of assets. Qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are treated as period cost and charged to statement of profit and loss in the year in which they were incurred.

l) **Taxation**

Income tax expenses are accounted for in accordance with AS-22, Accounting for Taxes on Income, for both Current Tax and Deferred Tax, as stated below:

**Current Tax**

Provision for taxation is ascertained on the basis of assessable profits computed in accordance with the provisions of Income Tax Act, 1961.

**Deferred Tax**

Deferred tax is recognized, subject to the consideration of prudence, as the tax effect of timing difference between the taxable income and accounting income computed for the current accounting year and reversal of earlier years' timing differences.

Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty, except arising from unabsorbed depreciation and carry forward losses where deferred tax assets are recognized to the extent that there is virtual certainty and convincing evidence, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**Minimum Alternate Tax (MAT) Credit:**

**SATYAM CINEPLEXES LIMITED**

**Notes to financial statements for the year ended 31st March 2015**



Minimum Alternate Tax credit is recognized, as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of Profit and Loss and shown as MAT Credit Entitlement under Loans & Advances. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

m) **Earning Per Share**

Earning Per Share (EPS) is 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 Earning Per share, the Net Profit or Loss for the period attributable to equity shareholders is divided by the Weighted Average Number of shares outstanding during the period after adjusting for the effects of all dilutive potential equity shares.

n) **Cash Flow Statement**

Cash flows are reported using the indirect method, whereby a profit before 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, financing and investing activities of the Company are segregated.

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

o) **Provision, Contingent Liabilities and Contingent assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and at is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.



**SATYAM CINEPLEXES LIMITED**
**Notes to the financial statements for the year ended 31st March 2015**

3 : Share Capital	(Rupees)	
	As At 31st March 2015	As At 31st March 2014
<b>Authorised Capital</b>		
60,00,000 Equity Shares of Rs. 10/- each	6,00,00,000	6,00,00,000
	<b>6,00,00,000</b>	<b>6,00,00,000</b>
<b>Issued, Subscribed and fully paid up shares</b>		
45,95,533 (previous year 40,00,000) Equity Shares of Rs. 10/- each	4,59,55,330	4,00,00,000
	<b>4,59,55,330</b>	<b>4,00,00,000</b>

a) Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period

	As at 31st March 2015		As at 31st March 2014	
	No	Rupees	No	Rupees
a) At the beginning of the year	40,00,000	4,00,00,000	40,00,000	4,00,00,000
b) Issued during the year	5,95,533	59,55,330	-	-
c) At the end of the year	<b>45,95,533</b>	<b>4,59,55,330</b>	<b>40,00,000</b>	<b>4,00,00,000</b>

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each shareholder is eligible for one vote per share held & also eligible for dividend, if any proposed by the Board of Directors, subject to the approval of the shareholders in the Annual General Meeting.

c) Equity shares held by Holding Company

	As at 31st March 2015		As at 31st March 2014	
	Nos	Rupees	Nos	Rupees
Inox Leisure Limited	45,95,527	4,59,55,270	-	-

d) Details of shareholders holding more than 5% equity shares in the Company

	As at 31st March 2015		As at 31st March 2014	
	Nos	%	Nos	%
S C Chachra	-	-	22,67,960	57%
Deven Chachra	-	-	17,31,960	43%
Inox Leisure Limited	45,95,527	99.9999%	-	-

**SATYAM CINEPLEXES LIMITED**
**Notes to the financial statements for the year ended 31st March 2015**

(Rupees)

<b>4 : Reserves &amp; Surplus</b>	<b>As At 31st March 2015</b>	<b>As At 31st March 2014</b>
<b>Debenture redemption reserve</b>		
Balance as per last Balance Sheet	1,00,00,000	1,00,00,000
Add: Addition during the year	-	-
Less: Transfer to General reserve	1,00,00,000	-
Balance as at the end of the year	<u>-</u>	<u>1,00,00,000</u>
<b>General Reserve</b>		
Balance as per last Balance Sheet	-	-
Add: Addition during the year	1,00,00,000	-
Balance as at the end of the year	<u>1,00,00,000</u>	<u>-</u>
<b>Securities Premium Account</b>		
Balance as per last Balance Sheet	-	-
Add: Addition during the year	23,40,44,670	-
Balance as at the end of the year	<u>23,40,44,670</u>	<u>-</u>
<b>Surplus in the Statement of Profit and Loss</b>		
Surplus as per last Balance Sheet	9,47,17,069	8,12,43,443
Less: Adjustment on account of Schedule II of the Companies Act, 2013 (Net of Deffered Tax of Rs. 12,51,587/- )	-26,05,978	-
Add: Profit/(Loss) for the year	-19,52,71,572	1,34,73,626
Balance as at the end of the year	<u>-10,31,60,481</u>	<u>9,47,17,069</u>
<b>Total</b>	<u>14,08,84,189</u>	<u>10,47,17,069</u>
<b>5 : Long-term borrowings</b>	<b>As At 31st March 2015</b>	<b>As At 31st March 2014</b>
Term Loans from Banks (secured)	-	23,82,58,040
From Others	-	-
Total borrowings	<u>-</u>	<u>23,82,58,040</u>
Less: Current maturities disclosed under the note no. 11 "Other current liabilities"	-	-8,30,30,516
<b>Total</b>	<u>-</u>	<u>15,52,27,524</u>
<b>6 : Deferred Tax Liabilities (net)</b>	<b>As At 31st March 2015</b>	<b>As At 31st March 2014</b>
<u>Deferred Tax Liabilities</u>		
On account of difference between book depreciation and tax depreciation	1,49,68,000	4,39,50,846
Total Liabilities	<u>1,49,68,000</u>	<u>4,39,50,846</u>
<u>Deferred Tax Assets</u>		
Other Expenditure allowable on payment basis under Income- tax Act	-	47,68,291
Provision for Employees Benefits	26,08,000	32,55,281
Total Assets	<u>26,08,000</u>	<u>80,23,572</u>
Net Deferred Tax Liability	<u>1,23,60,000</u>	<u>3,59,27,274</u>

**SATYAM CINEPLEXES LIMITED**
**Notes to the financial statements for the year ended 31st March 2015**

(Rupees)

<b>7 : Other Long-term liabilities</b>	<b>As At 31st March 2015</b>	<b>As At 31st March 2014</b>
Security Deposits Received	17,66,666	30,36,334
<b>Total</b>	<b>17,66,666</b>	<b>30,36,334</b>

<b>8 : Provisions</b>	<b>Long-term</b>		<b>Short-term</b>	
	<b>As At 31st March 2015</b>	<b>As At 31st March 2014</b>	<b>As At 31st March 2015</b>	<b>As At 31st March 2014</b>
for Gratuity	48,25,054	50,86,205	5,21,770	3,87,416
for Leave benefits	23,97,570	21,15,766	2,95,313	1,38,243
for Taxation (net of payments)	-	-	-	68,63,171
<b>Total</b>	<b>72,22,624</b>	<b>72,01,971</b>	<b>8,17,083</b>	<b>73,88,830</b>

<b>9 : Short terms borrowings</b>	<b>As At 31st March 2015</b>	<b>As At 31st March 2014</b>
Loans repayable on demand from banks (secured)		
- Cash Credit	-	6,31,41,062
Loans & advances from Related Parties		
- Inter Corporate Deposits-From Holding Company	45,80,11,035	-
<b>Total</b>	<b>45,80,11,035</b>	<b>6,31,41,062</b>

<b>10 : Trade Payables</b>	<b>As At 31st March 2015</b>	<b>As At 31st March 2014</b>
Trade payables		
- Dues to Micro, Small & Medium Enterprises	-	-
- Others	3,62,30,404	12,91,92,590
<b>Total</b>	<b>3,62,30,404</b>	<b>12,91,92,590</b>

<b>11 : Other Current Liabilities</b>	<b>As At 31st March 2015</b>	<b>As At 31st March 2014</b>
Current maturities of long-term debt (from note no.5)	-	8,30,30,516
Interest accrued and due on borrowings	-	58,34,604
Interest accrued but not due on long term liabilities	-	4,66,343
Income Received in advance	60,17,098	1,04,66,527
Advances from customers	33,24,484	34,54,472
Book Overdraft	8,13,17,024	60,32,723
Creditors for capital expenditure	4,60,246	1,42,69,931
Retention Money	18,21,840	43,39,002
Security Deposit	3,50,000	-
Other Payables		
- Payable to Employee	18,57,181	1,14,48,947
- Statutory Dues Payable	99,47,340	9,96,26,775
- Other Payable	10,20,277	4,60,620
<b>Total</b>	<b>10,61,15,490</b>	<b>23,94,30,460</b>

**SATYAM CINEPLEXES LIMITED**
**Notes to the financial statements for the year ended 31st March 2015**
**12 : Fixed Assets**

(Rupees)

PARTICULARS	GROSS BLOCK			DEPRECIATION/AMORTIZATION				NET BLOCK		
	As at 1 April 2014	Additions	Deductions	As at 31 Mar 2015	As at 1 April 2014	For the year	Deduction	As at 31 Mar 2015	As at 31 Mar 2015	As at 31 March 2014
<b>a) Tangible Assets</b>										
Leasehold Improvement	32,84,32,644	2,84,98,672	9,92,65,048	25,76,66,268	2,53,18,104	5,44,69,629	4,15,22,136	3,82,65,597	21,94,00,671	30,31,14,540
Plant & Equipment	36,55,07,287	2,41,95,679	8,36,27,675	30,60,75,291	11,90,27,725	3,20,06,551	2,96,22,150	12,14,12,126	18,46,63,165	24,64,79,562
Furniture & Fixtures	9,35,43,276	97,81,339	58,82,570	9,74,42,045	3,19,28,935	1,23,87,405	14,70,699	4,28,45,641	5,45,96,404	6,16,14,341
Vehicles	90,30,590	-	75,49,894	14,80,696	27,64,427	6,28,590	29,46,398	4,46,619	10,34,077	62,66,163
Office Equipments	13,45,89,203	45,52,736	51,72,458	13,39,69,481	4,62,52,764	1,64,13,677	25,62,683	6,01,03,758	7,38,65,723	8,83,36,439
<b>Sub-total</b>	<b>93,11,03,000</b>	<b>6,70,28,426</b>	<b>20,14,97,645</b>	<b>79,66,33,781</b>	<b>22,52,91,955</b>	<b>11,59,05,852</b>	<b>7,81,24,066</b>	<b>26,30,73,741</b>	<b>53,35,60,040</b>	<b>70,58,11,045</b>
<b>b) Intangible Assets</b>										
Software	78,92,729	55,19,750	-	1,34,12,479	42,30,682	15,46,432	-	57,77,114	76,35,365	36,62,047
<b>Sub-total</b>	<b>78,92,729</b>	<b>55,19,750</b>	<b>-</b>	<b>1,34,12,479</b>	<b>42,30,682</b>	<b>15,46,432</b>	<b>-</b>	<b>57,77,114</b>	<b>76,35,365</b>	<b>36,62,047</b>
<b>Total</b>	<b>93,89,95,729</b>	<b>7,25,48,176</b>	<b>20,14,97,645</b>	<b>81,00,46,260</b>	<b>22,95,22,637</b>	<b>11,74,52,284</b>	<b>* 7,81,24,066</b>	<b>26,88,50,855</b>	<b>54,11,95,405</b>	<b>70,94,73,092</b>
Previous year	80,38,80,080	14,37,32,703	86,17,054	93,89,95,729	18,31,73,954	4,96,02,018	32,53,336	22,95,22,637	70,94,73,092	

\* Refer Note No. 42 &amp; 45

**SATYAM CINEPLEXES LIMITED****Notes to the financial statements for the year ended 31st March 2015**

	(Rupees)	
	As At	As At
<b>13: Capital work-in-progress</b>	<b>31st March 2015</b>	<b>31st March 2014</b>
Capital work-in-progress	-	72,96,606
Pre-operative expenditure pending allocation	80,22,439	2,09,89,215
<b>Total</b>	<b>80,22,439</b>	<b>2,82,85,821</b>
<b>Detail of Pre-operative Expenses (pending allocation)</b>		
<b>Opening balance</b>	2,09,89,215	3,22,38,253
Salary and related expenses	31,79,943	1,61,25,355
Traveling and conveyance	24,86,996	15,34,805
Telephone expenses	2,500	1,700
Security and House Keeping	4,88,390	9,61,956
Legal and professional	31,75,576	14,87,251
Architect and other fees	-	10,41,670
Electricity and Water Expenses	1,39,153	6,64,512
Borrowing cost	-	78,82,836
Other expenses	3,50,186	14,24,600
<b>Total for the year</b>	<b>98,22,744</b>	<b>3,11,24,685</b>
<b>Grand Total</b>	<b>3,08,11,959</b>	<b>6,33,62,938</b>
Less: Allocated to fixed assets (Capitalised)*	2,27,89,520	4,23,73,723
Less: sold / written off	-	-
<b>Closing balance</b>	<b>80,22,439</b>	<b>2,09,89,215</b>

\* Including Borrowing cost capitalised amounting to Rs. Nil (Previous Year Rs. 78,82,836/-)

**SATYAM CINEPLEXES LIMITED**

**Notes to the financial statements for the year ended 31st March 2015**

	As At 31st March 2015	(Rupees) As At 31st March 2014
<b>14 : Long-term loans and advances</b> (unsecured, considered good, unless otherwise stated)		
Capital Advances	-	34,64,256
Security Deposits		
- Considered Good	13,04,05,037	7,77,42,328
- Considered Doubtful	-	-
	<b>13,04,05,037</b>	<b>7,77,42,328</b>
Advances recoverable in cash or in kind		
- Considered Good	35,00,000	35,00,000
- Considered Doubtful	-	-
	<b>35,00,000</b>	<b>35,00,000</b>
Entertainment Tax Refund Claimed	77,56,113	77,56,113
Income Tax paid (net of provisions)	92,27,777	-
MAT Credit Entitlement	1,85,89,198	1,26,15,490
<b>Total</b>	<b>16,94,78,125</b>	<b>10,50,78,187</b>
<b>15 : Other non-current assets</b>	As At 31st March 2015	As At 31st March 2014
Non-current bank balances (from note no. 18)	47,60,237	21,58,805
<b>Total</b>	<b>47,60,237</b>	<b>21,58,805</b>
<b>16 : Inventories</b> (valued at lower of cost and net realizable value)	As At 31st March 2015	As At 31st March 2014
Food & Beverages	34,86,882	58,88,954
Stores, Spares & Fuel	34,81,892	87,81,706
<b>Total</b>	<b>69,68,774</b>	<b>1,46,70,660</b>
<b>17 : Trade Receivables</b> (unsecured, considered good, unless otherwise stated)	As At 31st March 2015	As At 31st March 2014
Considered Good		
Outstanding for a period exceeding six months	3,95,79,430	3,67,27,658
Others*	2,36,39,811	2,98,21,183
<b>Total</b>	<b>6,32,19,241</b>	<b>6,65,48,841</b>

\*Receivable from Holding Company amounting to Rs 54,23,065 (Previous year Nil)

**SATYAM CINEPLEXES LIMITED****Notes to the financial statements for the year ended 31st March 2015**

	(Rupees)	
	As At	As At
	31st March 2015	31st March 2014
<b>18 : Cash &amp; Bank Balances</b>		
Cash and Cash equivalents		
Balances with banks		
In Current accounts	23,64,599	63,94,063
Cash on Hand	19,70,837	7,66,62,517
<b>Total cash and cash equivalents</b>	<b>43,35,436</b>	<b>8,30,56,580</b>
Other bank balances		
Deposits with original maturity for more than 3 months but less than 12 months	-	1,71,974
Deposits with original maturity for more than 12 months	47,60,237	21,58,805
<b>Total other bank balances</b>	<b>47,60,237</b>	<b>23,30,779</b>
<b>Total cash and bank balances</b>	<b>90,95,673</b>	<b>8,53,87,359</b>
Less: Amount disclosed under note no. 15 "Other non-current assets"	-47,60,237	-21,58,805
<b>Total</b>	<b>43,35,436</b>	<b>8,32,28,554</b>
	As At	As At
	31st March 2015	31st March 2014
<b>19 : Short-term loans &amp; advances</b> (unsecured, considered good, unless otherwise stated)		
Prepaid expenses	3,94,314	12,64,011
Security Deposits	10,10,000	-
Advances recoverable in cash or in kind	72,26,384	76,53,531
Advances to suppliers		
- Considered Good	25,78,972	66,25,317
- Considered Doubtful	-	-
	<b>25,78,972</b>	<b>66,25,317</b>
Less: Provision for doubtful advances	-	-
	<b>25,78,972</b>	<b>66,25,317</b>
<b>Total</b>	<b>1,12,09,670</b>	<b>1,55,42,859</b>
	As At	As At
	31st March 2015	31st March 2014
<b>20 : Other current assets</b>		
Interest accrued		
on bank fixed deposits	1,73,494	2,76,295
<b>Total</b>	<b>1,73,494</b>	<b>2,76,295</b>

**SATYAM CINEPLEXES LIMITED****Notes to the financial statements for the year ended 31st March 2015**

	(Rupees)	
	Year Ended 31 March 2015	Year Ended 31 March 2014
<b>21 : Revenue from operations</b>		
a) Sale of services:		
Box Office Revenue	74,86,51,623	72,61,44,786
Conducting Fees	7,83,365	3,27,061
Advertising Income	4,86,34,423	7,35,20,504
Parking Charges	3,58,359	9,47,316
	<u>79,84,27,770</u>	<u>80,09,39,667</u>
b) Sale of products		
Food & Beverages	20,28,32,473	18,38,52,452
	<u>20,28,32,473</u>	<u>18,38,52,452</u>
c) Other operating revenue	1,30,94,274	81,37,665
<b>Total</b>	<u><b>1,01,43,54,517</b></u>	<u><b>99,29,29,784</b></u>
	Year Ended 31 March 2015	Year Ended 31 March 2014
<b>22 : Other Income</b>		
Interest		
On Bank Fixed Deposits	2,85,760	4,01,811
	<u>2,85,760</u>	<u>4,01,811</u>
Liabilities and provisions, no longer required, written back - other provisions and liabilities	48,41,617	8,14,479
<b>Total</b>	<u><b>51,27,377</b></u>	<u><b>12,16,290</b></u>
	Year Ended 31 March 2015	Year Ended 31 March 2014
<b>23 : Exhibition Cost</b>		
Distributors' share	28,27,44,750	27,68,77,396
Other exhibition cost	87,00,183	59,50,328
<b>Total</b>	<u><b>29,14,44,933</b></u>	<u><b>28,28,27,724</b></u>
	Year Ended 31 March 2015	Year Ended 31 March 2014
<b>24 : Cost of food and beverages</b>		
Opening Stock	58,88,954	63,70,084
Add: Purchases	4,77,76,657	4,35,88,044
	<u><b>5,36,65,611</b></u>	<u><b>4,99,58,128</b></u>
Less: Closing stock	34,86,882	58,88,954
<b>Cost of Food and Beverages</b>	<u><b>5,01,78,729</b></u>	<u><b>4,40,69,174</b></u>



**SATYAM CINEPLEXES LIMITED****Notes to the financial statements for the year ended 31st March 2015**

(Rupees)

	Year Ended 31 March 2015	Year Ended 31 March 2014
<b>25 : Employee benefits expense</b>		
Salaries and Wages	8,24,35,692	7,72,77,214
Contribution to Provident and other Funds	68,32,075	62,71,243
Gratuity	30,13,293	19,76,478
Staff Welfare Expenses	11,83,220	16,78,118
<b>Total</b>	<b>9,34,64,280</b>	<b>8,72,03,053</b>

	Year Ended 31 March 2015	Year Ended 31 March 2014
<b>26 : Finance Costs</b>		
Interest on borrowings	4,80,19,683	4,06,14,866
Other interest (Refer Note No. 48)	1,56,40,672	1,18,84,522
Other borrowing cost	-	7,14,160
<b>Total</b>	<b>6,36,60,355</b>	<b>5,32,13,548</b>

	Year Ended 31 March 2015	Year Ended 31 March 2014
<b>27 : Other Expenses</b>		
Power & Fuel	6,36,63,441	4,16,24,203
Water Charges	34,61,658	5,82,322
Outsourced Labour Charges	25,68,023	-
Property Rent and Conducting Fees	16,68,51,225	14,86,86,858
Common Facility Charges	3,83,91,362	2,28,64,281
Rates & Taxes	61,01,177	11,13,666
Travelling & Conveyance	69,35,810	42,02,971
Communication Expenses	33,53,736	35,26,721
Printing & stationary	29,09,325	34,22,181
Advertising & sales promotion	93,54,370	1,34,33,568
House keeping expenses	2,32,51,880	2,18,25,550
Security expenses	2,07,26,683	1,89,12,983
Repairs & Maintenance - Building	8,03,615	2,37,281
Repairs & Maintenance - Plant and Equipments	2,15,95,036	1,23,22,332
Repairs & Maintenance - Others	40,35,370	59,19,188
Legal & Professional Fees & Expenses	6,50,60,214	51,23,090
Auditor Remuneration (Refer Note No. 47)	9,64,200	6,53,300
Director Sitting Fees	-	1,68,540
Insurance	10,51,603	15,83,708
Loss of retirement/disposal of fixed assets (net)	4,01,99,074	41,55,331
Service Tax Expense	2,61,87,095	2,19,80,177
Foreign Exchange Fluctuation Loss (net)	-	84,664
Miscellaneous Expenses	68,49,334	55,48,548
<b>Total</b>	<b>51,43,14,231</b>	<b>33,79,71,463</b>

## Satyam Cineplexes Limited

### Notes to financial statements for the year ended 31st March 2015



#### 28 Restructuring of Debt & Equity

Total no of CCD's as at 31.03.14 were 1371429 of the value of Rs. 24,00,000,00. These CCD's were converted on 30 July 2014 in 595533 Equity shares of Rs. 10 each at premium of Rs. 393 per share. In view of this, Debenture Redemption Reserve of Rs 100 Lacs has been transferred to General Reserve.

#### 29 Changes in the Composition

Pursuant to the Share Purchase Agreement dt 30 July 2014 signed by erstwhile shareholders / promoters with Inox Leisure Ltd (INOX) and the Company, entire purchase consideration of shares has been paid by INOX to the erstwhile shareholders / promoters and simultaneously shares have been transferred to Yes Bank for the beneficial interest of INOX on 8 Aug 2014. The Company has become a wholly owned subsidiary of INOX w.e.f. 8th Aug 2014 .

- 30 In the opinion of the management, the value on realization of current assets, loans & advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet and provisions for all known liabilities have been made.
- 31 Under the Micro, Small and Medium Enterprises Development Act, 2006, the Company is in the process of identifying such parties. However, to the extent they have already been identified, necessary disclosures have been made as required under the said act. Further, in case of the parties already identified, there are no Micro and Small Enterprises, to whom the Company owes, which are outstanding for more than 45 days as at 31st March 2015. Further during the period no interest has been paid or payable under the terms of the said Act.
- 32 Pursuant to the Multiplex Policy of the Govt. of Madhya Pradesh which has exempted new multiplexes meeting the criterion from the Entertainment Tax, with effect from 01st July, 2011, the Company has not deposited the amount collected with relevant authority as per circular dated 16th March 2012, issued by said authorities. The amount collected and deposited by the Company for its multiplex at Indore during the period till 30th June, 2011 amounting to Rs 77,56,113/- ( Previous Years Rs 77,56,113/-) has been shown as refundable under 'Long Term Loan & Advances'. (Refer Note 14)
- 33 During the year the Company has recognised MAT Credit Entitlement related to previous years amounting to Rs 59,73,708/- (Previous Year Rs 46,94,276/-) as asset under 'Long Term Loans and Advances' represents that portion of MAT liability, which can be recovered and set off in subsequent years based on provisions of Section 115JAA of the Income Tax Act, 1961. The management, based on the present trend of profitability and also the future profitability projections, is of the view that there would be sufficient taxable income in foreseeable future, which will enable the Company to utilize MAT Credit Entitlement. Cumulative amount as on 31st March 2015 is Rs 185,89,198/- (Previous Year Rs 126,15,490/-) (Refer Note 14)
- 34 Contingent Liabilities (not provided for ) in respect of :-

(Amount in Rs.)

Particulars	31st March 2015	31st March 2014
Premium on redemption of Compulsory Convertible Debenture	-	19,19,34,902
Bank Guarantee Given to Sales Tax & Entertainment Tax Dept.	52,50,089	52,50,089
Interest on Entertainment Tax	-	2,08,08,259
Entertainment Tax demands – in respect of Indore Multiplex pertaining to exemption period and for which the Company is contesting the matter by way of appeal before appropriate authorities.	1,88,97,656	76,97,698
Service Tax : The Company has received show cause notices from Delhi Commissionerates of Service tax to show cause as to why Service tax should not be paid by the Company under the category of "Renting of Immoveable Properties " in respect of revenue sharing arrangements with the distributor and other receipts . The Company has filed replies to these show cause notices and the matter is pending . As per legal advice received by the Company, no provision has been made in the books of accounts.	23,43,68,946	-
VAT Demand in respect of Mysore Multiplex: The Company has received a Notice for VAT Demand and the same is replied and the matter is pending.	24,80,764	-

- 35 Capital Commitments:- Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of capital advances) Rs 19,58,342/- (Previous Year Rs 1,31,36,080/-).

**36 Related Party Transaction**

Related Party Disclosures as required by Accounting Standard –18 “Related Party Disclosures” are given below:

- I. List of Related parties & relationships, where control exists- Inox Leisure Limited (Holding Company wef 08.08.2014)  
Gujarat Fluorochemicals Limited (Ultimate Holding Company wef 08.08.2014)
- II. Other related parties & relationships with whom transactions have taken place during the year:
- (i) Key Management Person and their Relatives:  
Mr. Deven Chachra : Managing Director (upto 07.08.2014)  
Mr. S. C. Chachra : Chairman cum Whole Time Director (upto 07.08.2014)
- (ii) Fellow Subsidiary: : Inox Wind Limited (wef 08.08.2014)
- (iii) Enterprises under significant influence of KMP and or their Relatives:  
- Superior Films Pvt Ltd (Upto 7th August 2014)  
- Satyam Autoserve Pvt Ltd (Upto 7th August 2014)

**III. Transactions with Related Parties:**

(Amount in Rs.)

Name of Related Party	Nature of Transaction	Year ended 31st March, 2015	Year ended 31st March, 2014
Mr. S. C. Chachra	Remuneration (upto 07.08.2014)	24,00,000	72,00,000
Mr. Deven Chachra	Remuneration (upto 07.08.2014)	24,00,000	72,00,000
Superior Films Pvt. Ltd	Lease rent paid (upto 07.08.2014)	3,03,24,386	8,61,12,000
	Electricity Charges (upto 07.08.2014)	1,03,05,086	1,67,69,350
	<b>Closing Balances:-</b>		
	Creditors	-	1,94,89,853
	-Security Deposit (Dr.)	-	4,10,40,000
Satyam Autoserve Pvt. Ltd	Purchase/ service of Vehicles	-	2,31,654
Inox Leisure Limited	Inter Corporate Deposit (ICD)	45,80,11,035	-
	Interest paid on ICD	3,20,72,588	-
	Convenience Charges	32,04,006	-
	Advertisement Revenue	1,53,860	-
	Lease Rent for Projector	1,30,065	-
	Reimbursement of expenses Paid	38,070	-
	Purchase of Material	59,840	-
	<b>Closing Balances:-</b>		
	ICD payable	45,80,11,035	-
	Debtors (Dr.)	54,23,065	-
Gujarat Fluorochemicals Limited	Rent Paid	26,35,886	-
	Electricity Charges	4,11,881	-
	<b>Closing Balances:-</b>		
	Creditors (Cr.)	5,78,824	-
Inox Wind Limited	Advertisement Revenue	8,09,306	-
	<b>Closing Balances:-</b>		
	Debtors (Dr.)	9,20,454	-

## 37 Employee Benefits

**a) Defined Contribution Plan**

The Company has recognised contribution to provident fund Rs 68,32,075/- (Previous Year Rs 62,71,243/-) as expenses in Statement of Profit & Loss.

**b) Defined Benefit Plan**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is un-funded. The Company has also provided for Leave Encashment which is also unfunded.

The following tables summarize the components of net benefit expense recognized in the Statement of profit and loss and amounts recognized in the balance sheet for the respective plans.

The principal assumptions used in determining gratuity and leave liability for the Company's plans are shown below:

Particulars	Earned Leave		Gratuity	
	2014-15	2013-14	2014-15	2013-14
Discount Rate (based on the market yields available on Government bonds at the accounting date with term that matches that of the liabilities)	7.77%	9.00%	7.77%	9.00%
Salary increase (taking into account inflation, seniority, promotion and other relevant factor)	7.00%	6.50%	7.00%	6.50%
Expected Rate of Return on Plan Assets	NA	NA	NA	NA
Average Outstanding Service of Employees upto retirement (years)	28.73	28.62	28.73	28.62

Net Asset / (Liability) recognized in the Balance Sheet as on March 31, 2015:

(Amount in Rs.)

Particulars	Earned Leave		Gratuity	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
Present Value of Defined Benefit Obligation at the end of the year	26,92,883	22,54,009	53,46,824	54,73,621
Fair Value of Plan Assets	-	-	-	-
<b>Net Asset / (Liability) recognized in the Balance Sheet</b>	<b>(26,92,883)</b>	<b>(22,54,009)</b>	<b>(53,46,824)</b>	<b>(54,73,621)</b>

Net Employees Benefit Expense (recognized in the Statement of Profit & Loss for the year ended March 31, 2015):

(Amount in Rs.)

Particulars	Earned Leave		Gratuity	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
Current Service Cost	10,67,374	7,74,980	13,94,722	14,04,147
Past Service Cost	-	-	-	-
Interest Cost	1,75,136	1,59,183	4,25,300	3,83,812
Expected return on plan assets	-	-	-	-
Net actuarial (gain) / loss recognized in the year	8,00,937	47,666	11,93,271	1,88,519
<b>Expenses recognized in the statement of Profit &amp; Loss</b>	<b>20,43,447</b>	<b>9,81,829</b>	<b>30,13,293</b>	<b>19,76,478</b>

Changes in the present value of Defined Benefit Obligation are as follows:

(Amount in Rs.)

Particulars	Earned Leave		Gratuity	
	2014-15	2013-14	2014-15	2013-14
Present Value of Defined Benefit Obligation at the beginning of the year	22,54,009	17,68,700	54,73,621	42,64,580
Interest Cost	1,75,136	1,59,183	4,25,300	3,83,812
Current Service Cost	10,67,374	7,74,980	13,94,722	14,04,147
Benefits Paid	(16,04,573)	(4,96,520)	(31,40,090)	(7,67,437)
Actuarial (gain) / loss on obligation	8,00,937	47,666	11,93,271	1,88,519
<b>Present Value of Defined Benefit Obligation at the end of the year</b>	<b>26,92,883</b>	<b>22,54,009</b>	<b>53,46,824</b>	<b>54,73,621</b>

Current/Non Current Liability

(Amount in Rs.)

Particulars	Earned Leave		Gratuity	
	2014-15	2013-14	2014-15	2013-14
Current Liability	2,95,313	1,38,243	5,21,770	3,87,416
Non Current Liability	23,97,570	21,15,766	48,25,054	50,86,205
<b>Net Liability</b>	<b>26,92,883</b>	<b>22,54,009</b>	<b>53,46,824</b>	<b>54,73,621</b>

## Notes to financial statements for the year ended 31st March 2015

## 38 Particulars of Unhedged foreign currency exposure as at the Balance Sheet date:

Particulars	As at 31st March, 2015		As at 31st March, 2014	
	Amount in Foreign Currency	Equivalent to INR	Amount in Foreign Currency	Equivalent to INR
Amount payable on account of :-Purchase of fixed assets	-	-	USD 11,830.00	Rs. 710,155
Professional fee	-	-	EUR 3,878.70	Rs. 299,513

## 39 Assets taken on operating lease:

a. The Company has entered into operating agreements for certain Multiplexes. All lease arrangements are Non-cancellable in nature (except for Indore Multiplex, Jodhpur Multiplex, Aurangabad Multiplex and NOIDA office).

The total of future lease payments under non-cancelable operating lease is as follows:

(Amount in lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Not later than one year	12,35,68,991	8,67,92,777
Later than one year but not later than five years	18,44,13,895	38,55,44,246
Later than five year	-	-

b. There is a renewal option in case of all lease agreements (except for Nehru Place, Patel Nagar and Janak Place). There is lock in period of 3 years in Patel Nagar, Nehru Place, Janak Place, 4 years in Amritsar, 5 years in Bhilwara, 6 years in Rohtak and 3 years in Mysore. However, in case of Jodhpur, Bhilwara, Amritsar, Aurangabad 12% and Mysore 15% of net revenue is more than minimum lease rental, the lessee shall pay to the lessor increased monthly rental as specified in agreement.

c. The above lease arrangements do not impose any restrictions on the Company on declaration of dividends and raising additional debt.

d. Minimum lease payments of Rs 16,68,51,225/- (Previous Year Rs 14,86,86,858/-) are charged to Statement of Profit & Loss during the period.

## 40 Earnings per Share

Basic and Diluted Earning per share (EPS) computed in accordance with Accounting Standard (AS) 20 "Earning per share"

(Amount in Rs.)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Net profit available for equity share holders (Rs.)		
- Basic	(19,52,71,572)	1,34,73,626
Effect of Conversion Option	-	-
- Diluted	(19,52,71,572)	1,34,73,626
Weighted Average No. of Equity shares:-		
- Basic	43,98,110	40,00,000
Effect of Conversion Option	-	6,85,715
- Diluted	43,98,110	46,85,715
Earning Per Share – Basic (Rs.)	(44.40)	3.37
Earning Per Share – Diluted (Rs.)	(44.40)	2.88
Nominal Value per Equity Share (Rs.)	10	10

## 41 Segment Reporting

The Company operates in a single business segment viz. theatrical exhibition. All activities of the Company are in India and hence there are no geographical segments.

## Notes to financial statements for the year ended 31st March 2015

**42 Prior Period Items**

Up to 31.03.14 the Company was providing depreciation/amortisation on Leasehold Improvements, at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. However, during the year, the Company has decided to provide depreciation/amortisation on Leasehold Improvements over the period of useful life on the basis of the respective agreements or the useful life as per Schedule II of the Companies Act, 2013, whichever is shorter. Accordingly the Company has booked additional depreciation/amortisation of Rs 398,33,671/- during the year on account of this rectification/change. The Company has treated the same as prior period item as per AS-5 and disclosed separately in the statement of profit and loss. Previous year figure of prior period relating to distributor's share has also been shown in the statement of profit and loss to conform the current year classification/presentation.

**43 Particulars of sale of products and inventories**

Particulars of purchases: (Refer Note 21 & 24)

(Amount in Rs.)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Food and beverages	4,19,60,822	3,73,73,142
Packing material	58,15,835	62,14,902
<b>Total</b>	<b>4,77,76,657</b>	<b>4,35,88,044</b>

Particulars of sales:

(Amount in Rs.)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Food and beverages	20,28,32,473	18,34,77,452
<b>Total</b>	<b>20,28,32,473</b>	<b>18,34,77,452</b>

Particulars of cost of food and beverages:

(Amount in Rs.)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Food and beverages	4,11,95,999	3,80,49,829
Packing material	89,82,730	60,19,345
<b>Total</b>	<b>5,01,78,729</b>	<b>4,40,69,174</b>

Particulars of opening stock:

(Amount in Rs.)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Food and beverages	27,22,059	33,98,746
Packing material	31,66,895	29,71,338
<b>Total</b>	<b>58,88,954</b>	<b>63,70,084</b>

Particulars of closing stock:

(Amount in Rs.)

Total	As at 31st March, 2015	As at 31st March, 2014
Food and beverages	34,86,882	27,22,059
Packing material	-	31,66,895
<b>Total</b>	<b>34,86,882</b>	<b>58,88,954</b>

**44 CIF Value of Imports**

(Amount in Rs.)

Particulars	As at 31st March, 2015	As at 31st March, 2014
- Capital goods	-	85,63,270

**45** Company has adopted the useful lives of various fixed assets as specified in Schedule II of the Companies Act, 2013, with effect from April 1, 2014, as against the useful lives adopted earlier as per Schedule XIV to the Companies Act, 1956. The carrying amount of Rs. 38,57,565/-, in respect of fixed assets where the remaining useful life as at 1st April 2014 as per Schedule II is Nil, after reducing the deferred tax credit of Rs. 12,51,587/-, is recognized in the opening balance of retained earnings. Further, the carrying amount of fixed assets as at 1st April 2014 is being depreciated over the revised remaining useful life of the assets. Consequently, depreciation charge for the year ended 31st March 2015 is higher by Rs. 223,63,271/-.

## Notes to financial statements for the year ended 31st March 2015

- 46 During the year, the INOX has acquired 100% of the equity shares in the Company-Satyam Cineplexes Limited (SCL) and consequently SCL has become a wholly owned subsidiary of the Company with effect from 8 August 2014.

At the Meeting of Board of Directors of the Company, held on 25 September 2014, the Board has approved the "Scheme of Amalgamation" (Scheme) under Section 391 to 394 of the Companies Act, 1956 and relevant Sections of the Companies Act 2013, to the extent applicable, for amalgamation of SCL with the INOX Leisure Limited, subject to the approval of the Scheme by Stock Exchanges, Shareholders and Creditors of the respective Companies, Hon. Delhi High Court, Gujarat High Court, and subject to approval of any other statutory authorities as may be required. Subsequently, the Delhi High Court has given the dispensation from the requirement of obtaining the approval of the Shareholders and Creditors of the respective Companies. The Delhi High Court has also given the dispensation to the Company from approaching the High Court at Gujarat for its approval for Merger. Accordingly, Satyam Cineplexes Limited has filed the Company Petition for approval of Delhi High Court for Merger. Once sanctioned, the Scheme will be effective from the appointed date i.e. 8 August 2014. The effect to the said Scheme will be given after obtaining the necessary approvals.

- 47 Particulars of payment to Auditors :

Particulars	Current Year	Previous Year
Statutory Audit	4,00,000	3,75,000
Tax Audit	75,000	75,000
Limited Review Report	1,70,650	83,300
For taxation matters	1,80,000	75,000
Certification matters	45,000	45,000
Out of pocket expenses	93,550	-
<b>Total</b>	<b>9,64,200</b>	<b>6,53,300</b>

- 48 Interest Others under the head Finance Cost under Note No. 26 includes interest paid on delayed payment of Entertainment tax of current year & previous years amounting to Rs. 96,32,171/-

- 49 The figures of the previous period/year are reclassified/regrouped in accordance with the classification/grouping of the current period.

- 50 All amounts in the financial statements are presented in Rs. and rounded off to nearest Rs., except as otherwise stated.

As per our report of even date attached

**For S S KOTHARI MEHTA & Co.**

Chartered Accountants

Firm Regn. No. 00756N

**Harish Gupta**

Partner

**M No. 098336**

Place : New Delhi

Dated : 25th May 2015

**For Satyam Cineplexes Limited**

**Alok Tandon**

Director

Place : Mumbai

Dated : 25th May 2015

**Upen Shah**

Director