

UFO Moviez India Limited
Financial Statements along with Independent Auditor's Report
for the year ended March 31, 2016

**Certified True Copy
For UFO Moviez India Limited**

S. S. Chavla

Company Secretary

S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

14th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (West)
Mumbai-400 028, India
Tel : +91 22 6192 0000
Fax : +91 22 6192 1000

INDEPENDENT AUDITOR'S REPORT

To the Members of UFO Moviez India Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of UFO Moviez India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

UFO Moviez India Limited
Auditors Report – March 31, 2016
Page 2 of 8

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, its profit and its cash flows for the year ended on that date.

Emphasis of Matter

1. We draw attention to note 34(e)(ii) to the financial statements for a demand of Rs 220,111,033 (excluding interest and penalty) received by the Company for disallowance of CENVAT credit on digital cinema equipments and which is more fully described therein. Based on legal opinion obtained, the Company is of the view that it should be entitled to avail CENVAT credit and is contesting this demand. Hence, no provision has been considered by the management in the financial statements.
2. We also draw attention to note 41 to the financial statements which describes that the managerial remuneration (including perquisite value of stock options exercised by two directors during the year determined as per Income Tax Act, 1961) for the year is in excess of the limits specified under section 197 read with schedule V of the Act by Rs. 158,271,959 and more fully described therein. Pending the approval from the Central Government for waiver of such excess remuneration, no adjustments have been made to the financial statements.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid 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) In our opinion, the matter described under paragraph 1 of the Emphasis of Matter paragraph above may have an adverse effect on the functioning of the Company.

On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;



169

S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

UFO Moviez India Limited

Auditors Report – March 31, 2016

Page 3 of 8

- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report; and
- (h) 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 did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004


per Govind Ahuja

Partner

Membership Number: 48966

Place of Signature: Mumbai

Date: May 26, 2016



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

UFO Moviez India Limited
Auditors Report – March 31, 2016
Page 4 of 8

Annexure 1 to the Independent Auditors' Report Re: UFO Moviez India Limited ('the Company')

Referred to in Paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties, included in fixed assets of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) (a) The Company has granted loan that is re-payable on demand, to a Company covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). In our opinion and according to the information and explanations given to us, the terms and conditions of the loan are not prejudicial to the interest of the Company.
- (b) The loan granted is re-payable on demand. We are informed that the Company has not demanded repayment of such loan and interest during the year, and thus, there has been no default on the part of the party to whom the money has been lent.
- (c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, provisions of 186 of the Act in respect of loans and advances given, investments made and, guarantees given have been complied with by the Company. The provisions of section 185 in respect of loans to directors including entities in which they are interested and provisions of section 186 with respect to securities given are not applicable to the Company and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Act, for the products/services of the Company.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

UFO Moviez India Limited

Auditors Report – March 31, 2016

Page 5 of 8

- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, income-tax, sales-tax, service tax, custom duty, value added tax, cess and other material statutory dues applicable to it. The provisions relating to excise duty are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to excise duty are not applicable to the Company.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, custom duty, value added tax and cess on account of any dispute, are as follows:

Nature of Statute	Nature of Dues	Amount (Rs.)	Period to which the Amount Relates	Forum where the dispute is pending
West Bengal VAT Act, 2003	Value Added Tax	4,195,703	2007-2008	Tribunal
West Bengal VAT Act, 2003	Value Added Tax	579,512	2007-2008 and 2008-2009	Commercial Tax Officer
Finance Act, 1994	Service Tax	499,411	2008-2009 to 2011-2012	Commissioner of Central Excise (Appeals)
Finance Act, 1994	Service Tax*	466,543,240	2008-2009 to 2013-2014	Custom, Excise and Service Tax Appellate Tribunal
	Penalty on Service Tax	466,553,240		

* In addition, interest is payable under the relevant provisions and rules.

The provisions relating to excise duty are not applicable to the Company.

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution and banks. The Company does not have any dues to debenture holders or government.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised. The Company has not raised money by way of initial public offer or further public offer (including debt instruments).

- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

UFO Moviez India Limited

Auditors Report – March 31, 2016

Page 6 of 8

- (xi) According to the information and explanations given by the management and as explained in Note 41 to the financial statements and paragraph 2 of our report under the heading 'Emphasis of Matter', the Company is in the process of applying to the Central Government for waiver of excess managerial remuneration (including perquisite value of stock options exercised by two directors during the year determined as per Income Tax Act, 1961) over and above limits specified under section 197 read with schedule V of the Act by Rs. 158,271,959.

Sr. No.	Name of the Director, MD, WTD or any other person to whom remuneration is provided or paid which is not in accordance with section 197	Amount involved (in excess of the limit prescribed)
1	Sanjay Gaikwad (Managing Director)	158,271,959
2	Kapil Agarwal (Joint Managing Director)	

- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act, where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm's Registration Number: 101049W/E300004

per Govind Ahuja

Partner

Membership Number: 48966

Place: Mumbai

Date: May 26, 2016



123
S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

UFO Moviez India Limited
Auditors Report – March 31, 2016
Page 7 of 8

Annexure 2 to the Independent Auditor's Report of even date on the Standalone Financial Statements of UFO Moviez India Limited

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

To the Members of UFO Moviez India Limited

We have audited the internal financial controls over financial reporting of UFO Moviez India Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting; assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

UFO Moviez India Limited
Auditors Report – March 31, 2016
Page 8 of 8

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Govind Ahuja
Partner
Membership Number: 48966

Place of Signature: Mumbai
Date: May 26, 2016



Balance sheet as at 31 March 2016

	Notes	31 March 2016 Rupees	31 March 2015 Rupees
Equity and liabilities			
Shareholders' funds			
Share capital	3	274,993,760	258,976,690
Reserves and surplus	4	4,139,727,162	3,703,245,554
		<u>4,414,720,922</u>	<u>3,962,222,244</u>
Non-current liabilities			
Long-term borrowings	5	306,458,088	423,364,613
Other long-term liabilities	6	427,147,353	544,854,935
		<u>733,605,441</u>	<u>968,219,548</u>
Current liabilities			
Short-term borrowing	7	120,925	10,314
Trade payables	6	153,658,446	163,229,702
Other current liabilities	6	821,898,420	948,472,722
Short-term provisions	8	133,312,895	26,620,498
		<u>1,108,990,686</u>	<u>1,138,333,234</u>
TOTAL		<u>6,257,317,049</u>	<u>6,068,775,026</u>
Assets			
Non-current assets			
Fixed assets			
Tangible assets	9	2,167,548,928	2,350,249,282
Intangible assets	9	3,578,973	2,059,708
Capital work-in-progress		68,141,048	68,232,160
Non-current investments	10	2,123,394,019	2,123,394,019
Deferred tax assets (net)	11	217,459,710	148,918,760
Long-term loans and advances	12	310,096,914	247,085,344
Other non-current assets	13	23,921,898	76,538,828
		<u>4,915,141,490</u>	<u>5,016,478,101</u>
Current assets			
Current investments	14	30,132,824	-
Inventories	15	77,454,256	63,274,828
Trade receivables	16	769,165,257	503,551,729
Cash and bank balances	17	264,975,617	202,703,808
Short-term loans and advances	12	125,703,732	89,364,693
Other current assets	13	74,743,873	193,401,868
		<u>1,342,175,559</u>	<u>1,052,296,925</u>
TOTAL		<u>6,257,317,049</u>	<u>6,068,775,026</u>

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No.: 101049W / E300004
Chartered Accountants

per Govind Ahuja
Partner
Membership No.: 48966
Place of signature: Mumbai
Date: May 26, 2016



For and on behalf of the Board of Directors
of UFO Moviez India Limited

Sanjay Galkwad
Managing Director
DIN No.: 01001173
Place of signature: Mumbai
Date: May 26, 2016

Sameer Chavan
Company Secretary
Place of signature: Mumbai
Date: May 26, 2016

Kapil Agarwal
Joint Managing Director
DIN No.: 00024378
Place of signature: Mumbai
Date: May 26, 2016

Ashish Malushte
Chief Financial Officer
Place of signature: Mumbai
Date: May 26, 2016

Statement of profit and loss for the year ended 31 March 2016

	Notes	31 March 2016	31 March 2015
		Rupees	Rupees
Income			
Revenue from operations	18	3,490,075,255	2,999,686,407
Other operating Income	19	5,681,461	5,120,310
Other income	20	11,941,564	3,174,886
Total Income (I)		3,507,698,280	3,007,981,603
Expenses			
Operating direct cost	21	1,144,918,692	957,458,811
Employee benefit expenses	22	535,147,166	441,962,521
Other expenses	23	555,084,167	506,862,457
Total Expenses (II)		2,235,150,025	1,906,283,789
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)		1,272,548,255	1,101,697,814
Depreciation & amortisation expenses	9	587,658,432	594,375,028
Finance cost	24	97,696,319	150,685,599
Finance income	25	(137,024,793)	(41,659,332)
Profit Before Tax		724,218,297	398,296,519
Tax expenses			
Current tax		260,932,643	186,185,548
Deferred Tax		(46,567,109)	(43,289,209)
Total tax expenses		214,365,534	142,896,339
Profit for the year		509,852,763	255,400,180
Earnings per equity share	26		
Basic (Face value of Rs.10 each)		19.46	8.66
Diluted (Face value of Rs.10 each)		18.74	8.34
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.
As per our report attached of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No.:101049W / E300004
Chartered Accountants

per Govind Ahuja
Partner
Membership No.: 48966
Place of signature: Mumbai
Date: May 26, 2016



For and on behalf of the Board of Directors
of UFO Moviez India Limited

Sanjay Gaikwad
Managing Director
DIN No.: 01001173
Place of signature: Mumbai
Date: May 26, 2016

Sameer Chavan
Company Secretary
Place of signature: Mumbai
Date: May 26, 2016

Kapil Agarwal
Joint Managing Director
DIN No.: 00024378
Place of signature: Mumbai
Date: May 26, 2016

Ashish Malushte
Chief Financial Officer
Place of signature: Mumbai
Date: May 26, 2016



Cash flow statement for the year ended 31 March 2016

	31 March 2016 Rupees	31 March 2015 Rupees
Cash flow from / (used in) operating activities		
Profit before tax	724,218,297	398,296,519
Adjustments to reconcile profit before tax to net cash flows		
Depreciation	587,658,432	594,375,028
Unrealised foreign exchange loss (net)	(608,409)	27,236
Loss on sale and write off of fixed assets	5,406,825	4,977,848
Bad debts written-off	8,330,603	5,073,479
Provision for doubtful debts	9,523,572	6,590,770
Provision for compensated absences	2,030,704	1,626,366
Provision for gratuity	9,841,431	5,091,556
Provision for diminution in value of fixed assets	-	1,407,068
Sundry credit balances written back	(5,681,461)	(5,120,310)
Profit on sale of current investments (net)	(6,234,251)	-
Dividend income	(110,354,591)	(1,044,372)
Interest income	(20,435,951)	(40,614,960)
Interest expense	93,006,819	149,169,090
Operating profit before working capital changes	1,296,702,020	1,119,855,318
Movements in working capital :		
(Decrease) in trade payables	(8,948,009)	(12,538,944)
(Decrease) in short-term provisions	(4,472,542)	(3,466,274)
Increase in other current liabilities	43,724,941	58,105,447
(Decrease) in other long-term current liabilities	(17,720,206)	(15,040,855)
Decrease / (Increase) in trade receivables	(283,467,769)	64,625,455
(Increase) in inventories	(14,179,428)	(820,673)
Decrease / (Increase) in short-term loans and advances	(72,603,811)	12,012,398
Decrease / (Increase) in other current assets	120,716,942	(144,794,117)
Decrease / (Increase) in long term loans and advances	(1,388,997)	1,036,800
Cash generated from operations	1,058,363,141	1,078,974,555
Direct taxes paid (net of refunds)	(285,558,188)	(194,361,424)
Net cash flow from operating activities (A)	772,804,953	884,613,131
Cash flow from / (used in) investing activities		
Purchase of fixed assets including intangible, CWIP and capital advances	(428,843,249)	(328,522,390)
Payment of purchase consideration for purchase of subsidiary shares	(151,498,117)	(160,500,421)
Investment in subsidiary	-	(22,932,885)
Loans given to subsidiary	-	(74,500,000)
Loan repaid back by subsidiary	-	42,750,000
Purchase of current investments	(1,324,000,000)	(222,044,294)
Sale/redemption of current investments	1,300,101,427	257,475,764
Refund of advances paid for purchase of investments	-	20,000,000
Proceeds from sale of fixed assets	11,026,899	12,404,938
Interest received	18,377,004	36,731,536
Dividend received from current investments	-	1,044,372
Dividend received from Subsidiary	110,354,591	-
Placement of bank deposits having original maturity more than 3 months (net)	5,614,376	(42,175,385)
Net cash flow used in investing activities (B)	(458,867,069)	(480,268,765)



UFO Moviez India Limited
Cash flow statement for the year ended 31 March 2016

	31 March 2016 Rupees	31 March 2015 Rupees
Cash flow from / (used in) financing activities		
Proceeds from issuance of share capital (including premium)	248,946,423	-
Proceeds from long term borrowings	240,623,216	226,044,624
Repayment of long term borrowings	(526,790,741)	(576,165,484)
Availment / (repayment) of short term borrowings (net)	110,611	(8,582,009)
Dividend paid on equity shares	(137,263,280)	-
Tax on dividend paid on equity shares	(27,991,130)	-
Interest paid	(96,303,728)	(152,751,266)
Net cash flow used in financing activities	(298,668,629)	(511,454,135)
Net (increase) / decrease in cash and cash equivalent (A + B + C)	15,269,255	(107,109,769)
 Cash and cash equivalents at the beginning of the year	 63,683,767	 170,793,536
Cash and cash equivalents at the end of the year	78,953,022	63,683,767
 Components of cash and cash equivalents		
Cash on hand	316,841	306,266
Balance with banks:		
- on current accounts	78,402,581	63,377,501
- unpaid dividend account*	233,600	-
Cash and cash equivalents [refer note 17]	78,953,022	63,683,767

Summary of significant accounting policies

2.1

Notes:

1. The above Cash flow statement has been prepared under the "Indirect Method" set out in Accounting Standard (AS-3) "Cash Flow Statements"

*The company can utilize these balances only toward settlement of the respective unpaid dividend.

As per our report of even date

For S.R. Batliboi & Associates LLP
 ICAI Firm Registration No.:101049W / E300004
 Chartered Accountants

per Govind Ahuja
 Partner
 Membership No.: 48966
 Place of signature: Mumbai
 Date: May 26, 2016



For and on behalf of the Board of Directors
 of UFO Moviez India Limited

Sanjay Gaikwad
 Managing Director
 DIN No.: 01001173
 Place of signature: Mumbai
 Date: May 26, 2016

S. S. Chavhan

Sameer Chavan
 Company Secretary
 Place of signature: Mumbai
 Date: May 26, 2016

Kapil Agarwal
 Joint Managing Director
 DIN No.: 00024378
 Place of signature: Mumbai
 Date: May 26, 2016

Ashish Malushte
 Chief Financial Officer
 Place of signature: Mumbai
 Date: May 26, 2016



1. Corporate Information

UFO Moviez India Limited (the Company) is a public Company domiciled in India and incorporated on June 14, 2004 under the provisions of the Companies Act, 1956. The Company is into the business of providing digital cinema services.

On May 14, 2015, the Company completed the IPO through offer for sale of 9,600,000 equity shares of Rs 10 each at a price of Rs. 625 per equity share of Qualified Institutional Bidders, Non Institutional Bidders and Retail Individual Bidders aggregating upto Rs. 6,000,000,000 and the equity shares of the Company were listed on the National Stock Exchange of India Limited and The BSE Limited.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, (the Act) read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared under the historical cost convention on an accrual basis.

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

2.1 Summary of significant accounting policies

(a) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(b) Change in accounting policy

From April 01, 2015, based on the provisions of schedule II to the Companies Act 2013, relating to component accounting, the Company has identified and determined cost of each component of the asset separately, if the component has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

As per the transitional provisions of Schedule II, carrying amount of components having zero remaining useful life on 1 April 2015 of Rs. 41,519,692 (after reducing deferred tax impact of Rs.21,973,842) has been adjusted against the opening reserves in accordance with the requirement of Schedule II of the Act.

As a result of this change, the depreciation charge for the year ended 31 March 2016 is lower by Rs 11,414,350.

Change in accounting estimate

During the year ended March 31, 2015, as per provisions of Schedule II to the Act, in respect of assets whose useful life is already exhausted as on 1 April 2014, depreciation of Rs.1,965,029 (after reducing deferred tax impact of Rs.1,011,836) was adjusted against the opening reserves in accordance with the requirement of Schedule II of the Act.

(c) Tangible fixed assets

Tangible fixed assets are stated at cost, net accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.



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

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

The Company identifies and determines cost of each component separately, if the component has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

(d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

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

Intangible assets are amortized over their estimated useful life as follows.

	Useful lives as per management's estimate
Computer Software	6

(e) Depreciation on tangible assets

Depreciation on fixed assets calculated on a straight line basis using the rates arrived at based on the useful lives of the assets estimated by the management. The identified components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

The Company has used the following useful lives to provide depreciation on its fixed assets

	Useful lives as per management's estimate
Exhibition Equipments	7-10
Plant and Machinery	4-6
Computer	3
Furniture and Fixtures	6
Office Equipment	5
Vehicles	5

Except computer and office equipments, useful lives of above fixed assets are different from those prescribed under schedule II. These rates are based on evaluation of useful life by internal technical expert.

Leasehold improvements are written off over the period of lease or over a period of 4 years whichever is lower.

(f) Impairment of tangible and intangible 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 recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are



discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

(g) Leases

Where the Company is the lessee

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

Where the Company is the lessor

Assets subject to operating leases are included in fixed assets. Lease income on an operating income is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

(h) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

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

(i) Inventories

Inventories comprise of traded goods, stores and spares and are valued at cost or at net realisable value whichever is lower. Cost is determined on weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business and estimated costs necessary to make the sale.

(j) Revenue recognition

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

Income from services

- Virtual print fees (VPF) received from distributors of the films from D-Cinema and E-Cinema is recognized in the period in which the services are rendered.
- Advertisement income is recognized in the period during which advertisement is displayed.
- Income from digitization charges is recognized on rendering of services.
- Digitisation income is recognized in the period in which services are rendered.
- Registration fee is recognized in the period in which services are rendered.
- Lease rental income on equipment is recognised as mentioned in note 2.1(f) above.

Sale of goods

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have been passed to the buyer. Sales are recorded net of returns, trade discounts, and value added tax.

The Company recognizes revenue from sales of equipment, traded goods and spares as and when these are dispatched/issued to customers.



The Company collects service tax and value added tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

Dividends

Dividend income is recognized when the Company's right to receive dividend is established by the balance sheet date.

(k) Foreign currency translation

Foreign currency transactions and balances

(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 retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured 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 the settlement of monetary items or on reporting such monetary items of Company at rates different from those at which they were initially recorded during the year or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

(l) Retirement and other benefits

Retirement benefits in the form of provident fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when the employee render related services. There are no other obligations other than the contribution payable to the respective funds. Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation. The Company has an Employees' Gratuity Fund managed by the Life Insurance Corporation of India.

Actuarial gains/losses are immediately taken to statement of profit and loss and are not deferred.

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method. The Company presents the compensated absences as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

(m) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.



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

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

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

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

(n) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

(o) Cash and cash equivalents

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

(p) Employee stock compensation cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India and in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.



(q) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event; 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 are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(r) Contingent liabilities

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

(s) Borrowing cost

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

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(t) Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956 which is equally applicable to schedule III of the Companies Act, 2013, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, finance costs, finance income and tax expense.



Notes to financial statements as at and for the year ended 31 March 2016

3. Share capital

	31 March 2016 Rupees	31 March 2015 Rupees
Authorised share capital		
45,000,000 (31 March 2015 : 45,000,000) equity shares of Rs.10 each	450,000,000	450,000,000
1,385,000 (31 March 2015 : 1,385,000) preference shares of Rs.1,000/- each	1,385,000,000	1,385,000,000
	1,835,000,000	1,835,000,000
Share capital		
Issued, subscribed and fully paid up shares		
27,499,376 (31 March 2015 : 25,897,669) equity shares of Rs.10/- each fully paid-up	274,993,760	258,976,690
Total issued, subscribed and fully paid up share capital	274,993,760	258,976,690

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

Equity shares	31 March 2016		31 March 2015	
	No.	Rupees	No.	Rupees
At the beginning of the year	25,897,669	258,976,690	25,897,669	258,976,690
Issued during the year - ESOP exercised	1,601,707	16,017,070	-	-
Outstanding at the end of the year	27,499,376	274,993,760	25,897,669	258,976,690

(b) Terms/rights attached to equity shares-

Voting rights

Each holder of equity shares having a par value of Rs.10 per equity share is entitled to one vote per equity share.

Rights as to Dividend

The equity shareholders have right to receive dividend when declared by the Board of Directors subject to approval in the ensuing Annual General Meeting. The Company declares and pays dividend in Indian Rupees.

During the year ended March 31, 2016, the amount of per share dividend recognised as distributions to equity shareholders is Rs. 8 (March 31, 2015: Nil) per share.

Rights pertaining to repayment of capital

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Other Rights and restriction

The other rights and restriction applicable to certain shareholders specified below as at March 31, 2015, have been terminated on the commencement of trading of the Equity Shares of the Company on any recognised stock exchange pursuant to the IPO i.e. on May 14, 2015.

(i) Pre-emption rights:

In the event the Company proposes to issue any securities to any person, then P5 Asia Holding Investments (Mauritius) Ltd. (P5) and 3i Research (Mauritius) Limited (3i) (collectively called Investor Group and individually Investor) had a right to subscribe to the issue on a pro-rata basis, in proportion to their respective shareholding in the Company on the same terms, as the issue is proposed, such that their respective shareholding is maintained at least at the level prior to such issuance.

(ii) Right of First Offer, Right of Sale and tag along rights:

In the event Apollo Group (comprising of Apollo International Limited and an individual shareholder) and VTL Group (comprising of Valuable Technologies Limited, Valuable Media Limited and two individual shareholders) (collectively called Group A Shareholders) propose to transfer all or part of their securities to any person, shall first offer to the Investor Group, a pro rata right to purchase all their Shares. Investors Group had the right to exercise certain specified tag along rights in case the Group A shareholders proposes to transfer any securities to any person in certain cases as defined in Articles of Association (AOA).

In the event either of 3i or P5 propose to sell any or all of their securities held by them in the Company, it shall first offer the other Investor and the Group A Shareholders a right to purchase all their shares.



Notes to financial statements as at and for the year ended 31 March 2016

(iii) Exit rights and drag along rights:

The Investor Group had the right to sell their entire shareholding in the Company at any time after expiry of certain specified period subject to certain specified conditions as defined in the AOA of the Company. Such shareholders also had the right to exercise drag along rights as stipulated in the AOA of the Company.

(iv) Rights pertaining to repayment of capital:

In the event of certain specified liquidation events as defined in the AOA, the proceeds of such events will be distributed between shareholders in the manner specified in the AOA of the Company.

(v) Other rights:

P5, 3i, Apollo Group and VTL Group have right to had their representatives on the Board of Directors of the Company.

Certain specified reserved matters such as change in the share capital of the Company, material related party transactions, raising of debt, declaration of dividends, change in senior management including key business matters requires the consent of the Investor Group Shareholders.

(vi) Restrictions

The Securities held by Group A Shareholders are locked-in and they cannot transfer any securities held by them without Investors' consent, until the shareholding of each of the Investors in the Company falls below the Minimum Requisite Shareholding as defined in the AOA.

The Investor Group cannot transfer shares held by them in favour of any competitor as defined in the AOA of the Company or enter into an agreement for the transfer of shares to any competitor, subject to certain specified conditions.

(c) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	31 March 2016		31 March 2015	
	No.	% holding in the class	No.	% holding in the class
Equity shares of Rs 10 each fully paid				
P5 Asia Holding Investments (Mauritius) Limited	5,251,608	19.10	9,253,740	35.73
3i Research (Mauritius) Limited	2,664,879	9.69	5,566,570	21.49
Valuable Technologies Limited	2,243,857	8.16	3,071,745	11.86
Apollo International Limited	2,266,417	8.24	2,266,417	8.75
Valuable Media Limited	1,494,265	5.43	2,131,782	8.23

As per records of the Company, including its register of shareholders/members, the above shareholding represents both legal and beneficial ownership of shares.

(d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

The Company has issued total 1,601,707 shares (31 March 2015: Nil) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee services.

(e) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the company, please refer note 28.

4. Reserves and surplus

	31 March 2016 Rupees	31 March 2015 Rupees
Securities premium account		
Balance as per last financial statements	3,440,350,871	3,440,350,871
Add: Additions on ESOPs exercised	232,929,353	-
Closing balance	3,673,280,224	3,440,350,871
Surplus in the statement of profit and loss		
Balance as per last financial statements	262,894,683	9,459,532
Profit for the year	509,852,763	255,400,180
Less: Depreciation adjustment (net of deferred tax) (refer note 2.1(b))	(41,519,692)	(1,965,029)
Less: Appropriation		
Interim dividend on equity shares [per share Rs 5.00 (31 March 2015: Nil)]	(137,496,880)	-
Dividend distribution tax on interim dividend	(27,991,130)	-
Proposed final dividend on equity shares [per share Rs 3.00 (31 March 2015: Nil)]	(82,498,128)	-
Dividend distribution tax on proposed dividend	(16,794,678)	-
Net surplus in the statement of profit and loss	466,446,938	262,894,683
Total reserves and surplus	4,139,727,162	3,703,245,554



Notes to financial statements as at and for the year ended 31 March 2016

5. Long-term borrowings (Secured)

	Non-Current portion		Current maturities	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	Rupees	Rupees	Rupees	Rupees
Term loans				
Rupee loan from banks (secured by first charge on all fixed assets (except vehicles) and all current assets of the Company)				
Term loan 1 from HDFC Bank	-	4,492,508	4,492,508	108,000,000
Term loan 2 from HDFC Bank	127,924,850	-	59,042,238	-
Term loan 3 from Axis Bank	-	85,416,198	85,416,198	204,999,996
Term loan 4 from Axis Bank	102,810,901	227,802,900	124,992,000	124,992,000
Term loan 5 from Axis Bank	73,917,920	96,222,376	56,250,000	56,250,000
Sub Total	304,653,671	413,933,982	330,192,944	494,241,996
Other Loans				
Vehicle finance from banks and financial institutions (secured against hypothecation of vehicles)				
Vehicle Loan 1 from Axis Bank Ltd.	1,804,417	9,430,631	7,626,214	12,722,115
Vehicle Loan 2 from Kotak Mahindra Prime Ltd.	-	-	-	116,048
Sub Total	1,804,417	9,430,631	7,626,214	12,838,163
Amount disclosed under the head "other current liabilities" (refer note 6)	-	-	(337,819,188)	(507,080,159)
Net amount	306,458,088	423,364,613	-	-

Term loan 1 having interest of bank base rate plus 2.40% @ 11.70% (March 31, 2015: 12.40%) p.a. is repayable in 31 monthly installments of Rs 90,00,000/- each along with interest from July 31, 2013.

Term loan 2 having interest of bank base rate plus 1.40% @ 10.70% (March 31, 2015: Nil) p.a. is repayable in 42 monthly installments on pro rata basis each along with interest from December 31, 2015.

Term loan 3 having interest of bank base rate plus 1.75% @ 11.25% (March 31, 2015: 12.15%) p.a. is repayable in 48 monthly installments of Rs 17,083,333/- each along with interest from September 30, 2012.

Term loan 4 having interest of bank base rate plus 1.75% @ 11.25% (March 31, 2015: 12.15%) p.a. is repayable in 48 monthly installments of Rs 10,416,000/- each along with interest from April 30, 2014.

Term loan 5 having interest of bank base rate plus 1.75% @ 11.25% (March 31, 2015: 12.15%) p.a. is repayable in 48 monthly installments of Rs 4,687,500/- each along with interest from December 31, 2014.

Vehicle Loan 1 having fixed interest rate from 10.15% to 11.80% p.a. is repayable in 48 monthly installments.

Vehicle Loan 2 having fixed interest rate of 11.43% p.a. is repayable in 36 monthly installments.



Notes to financial statements as at and for the year ended 31 March 2016

6. Trade payables and other liabilities

	Non-Current		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	Rupees	Rupees	Rupees	Rupees
Trade payables (refer note 36 for details of dues to micro and small enterprises)	-	-	153,658,446	163,229,702
Other liabilities				
Current maturities of long-term borrowings (refer note 5)	-	-	337,819,158	507,080,159
Interest accrued but not due on borrowings	-	-	6,324,737	9,821,646
Deferred lease rental income	51,861,537	73,968,361	25,256,761	25,296,769
Deferred advertisement income	-	-	13,777,831	37,973,779
Advance from customers	-	-	134,381,801	104,296,434
Investor Education and Protection Fund (refer note (i) below)				
Unpaid dividend	-	-	233,600	-
Others				
Deposit from theatres and regional dealers	238,733,102	220,649,198	58,883,276	55,162,299
Deposit from related parties (refer note 32)	136,552,714	150,250,000	-	-
Payables for purchase of fixed assets	-	-	72,993,258	13,775,988
Payables for purchase of investments	-	99,987,376	74,987,376	126,498,117
Salary and reimbursement payable	-	-	62,171,912	39,091,648
Statutory dues payable				
Employee related liabilities	-	-	10,664,150	9,348,617
Service tax payable	-	-	-	176,191
VAT payable	-	-	8,768,281	6,909,472
TDS payable	-	-	14,836,309	13,241,603
	427,147,353	544,854,935	821,898,420	948,472,722

(i) There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at March 31, 2016.

7. Short-term borrowings (secured)

	31 March 2016	31 March 2015
	Rupees	Rupees
Cash credit from Axis bank	120,925	10,314
	120,925	10,314

Cash credit from Axis bank is secured by first charge on all the fixed assets of the Company except vehicles and first charge on all the current assets. The cash credit is repayable on demand and carries interest @ 11.50% p.a (March 31, 2016: 12.15% p.a).

8. Short term provisions

	31 March 2016	31 March 2015
	Rupees	Rupees
Provision for gratuity (refer note 27)	8,269,514	2,900,625
Provision for compensated absences	25,750,575	23,719,871
Proposed dividend	82,498,128	-
Dividend distribution tax on proposed dividend	16,794,678	-
	133,312,895	26,620,496



Intangible Assets

	Tangible Assets					Intangible Assets				
	Leasehold Improvements	Plant & Machinery (Refer Note 29 for Assets given on lease)	Computer Systems	Office Equipments	Furniture & Fixtures	Electrical Equipments & Installations	Vehicles	Total	Computer software	Grand Total
Cost										
At 1 April 2014	13,523,137	4,423,047,770	26,081,289	30,576,208	5,144,856	2,359,906	71,974,368	4,572,707,534	15,975,164	4,588,682,698
Additions	2,706,332	270,061,460	4,444,855	2,762,285	535,858	50,090	24,504,852	305,065,732	216,471	305,282,203
Disposals	70,528	38,873,700	4,445,822	4,724,413	613,806	100,188	3,584,410	52,392,867	-	52,392,867
At 31 March 2015	16,158,941	4,654,235,530	26,080,322	28,614,080	5,066,908	2,309,808	92,974,810	4,825,380,399	16,191,635	4,841,572,034
Additions	6,088,126	455,718,353	4,782,965	3,645,488	940,752	2,800,435	10,020,767	483,996,886	2,407,716	486,404,602
Disposals	-	52,219,540	30,950	-	-	-	1,008,624	53,259,114	-	53,259,114
At 31 March 2016	22,247,067	5,087,734,343	30,832,337	32,259,568	6,007,660	5,110,243	101,928,953	5,256,118,171	18,599,351	5,274,717,522
Depreciation/Amortisation										
At 1 April 2014	5,290,954	1,851,976,023	13,957,707	16,722,339	2,680,312	1,092,881	21,817,558	1,913,537,774	13,383,462	1,926,921,236
Adjustment (Refer note 2.1(b))	-	2,809,698	167,167	-	-	-	-	2,976,865	-	2,976,865
Charge for the year	3,693,201	556,371,382	9,889,470	6,256,029	957,742	368,550	16,090,189	593,628,563	748,465	594,375,028
Disposals	70,528	22,470,532	4,420,674	4,306,237	601,289	90,437	3,050,387	35,010,084	-	35,010,084
At 31 March 2015	8,913,627	2,388,686,571	19,426,603	18,672,131	3,036,785	1,370,994	34,887,360	2,478,131,118	14,131,927	2,489,263,045
Adjustment (Refer note 2.1(b))	-	63,493,534	-	-	-	-	-	63,493,534	-	63,493,534
Charge for the year	4,274,908	551,983,230	4,770,594	5,479,122	1,137,316	491,800	18,633,011	586,769,981	888,451	587,658,432
Disposals	-	35,980,611	30,950	-	-	-	813,829	36,825,390	-	36,825,390
At 31 March 2016	13,188,636	2,968,182,724	24,168,147	24,151,253	4,174,081	1,862,794	52,678,542	3,088,569,243	15,020,378	3,103,589,621
Net Block										
At 31 March 2015	7,245,314	2,265,548,959	6,653,819	9,941,949	2,030,143	938,814	58,057,450	2,350,249,281	2,069,708	2,352,308,989
At 31 March 2016	9,058,632	2,099,551,619	6,656,190	8,109,316	1,833,579	3,247,449	49,250,411	2,167,548,928	3,579,973	2,171,127,901



UFO Moviez India Limited

Notes to financial statements as at and for the year ended 31 March 2016

10. Non-current investments

	31 March 2016 Rupees	31 March 2015 Rupees
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
Investment in subsidiaries		
1,161,972 (March 31, 2015 : 1,161,972) ordinary shares of US \$ 1 each fully paid, in Edridge Limited, Cyprus	573,879,423	573,879,423
10,000 (March 31, 2015 : 10,000) ordinary shares of INR 10 each at par, fully paid, in V N Films Private Limited, India.	100,000	100,000
11,580 (March 31, 2015 : 11,580) ordinary shares of INR 10 each fully paid in Valuable Digital Screens Private Limited, India.	49,933,306	49,933,306
701,708 (March 31, 2015 : 701,708) ordinary shares of INR 10 each fully paid in Scrabble Entertainment Limited, India	891,851,923	891,851,923
3,618,716 (March 31, 2015 : 3,618,716) ordinary shares of INR 10 each fully paid in Southern Digital Screenz India Private Limited, India	430,160,617	430,160,617
99,600 (March 31, 2015 : 99,600) ordinary shares of Nepali Rupee (NPR) 100 each fully paid, in United Film Organizers Nepal (Private) Limited, Nepal	6,225,000	6,225,000
Less : Provision for diminution in value of investments	(5,000,000)	(5,000,000)
	1,225,000	1,225,000
Unquoted Preference shares		
Investment in subsidiaries		
59,900 (March 31, 2015 : 59,900) ordinary preference shares of NPR 100 each fully paid, in United Film Organizers Nepal (Private) Limited, Nepal	3,743,750	3,743,750
1,725,000 (March 31, 2015 : 1,725,000) 10% optionally convertible preference shares of INR 100 each fully paid, in Southern Digital Screenz India Private Limited, India	172,500,000	172,500,000
	2,123,394,019	2,123,394,019
Aggregate amount of unquoted investments	2,128,394,019	2,128,394,019
Aggregate provision for diminution in value of investments	5,000,000	5,000,000

11. Deferred tax assets (net)

	31 March 2016 Rupees	31 March 2015 Rupees
Deferred tax asset		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	193,584,744	129,008,531
Provision for doubtful debts	12,101,294	10,861,922
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	11,773,672	9,048,307
Net deferred tax assets	217,459,710	148,918,760



Notes to financial statements as at and for the year ended 31 March 2016

12. Loan and advances (Unsecured, considered good, unless otherwise stated)

	Non- current		Current	
	31 March 2016 Rupees	31 March 2015 Rupees	31 March 2016 Rupees	31 March 2015 Rupees
Capital advances	7,200,769	6,453,730	-	-
Security deposit	6,655,763	4,107,672	35,246,690	5,492,916
Security deposit to related parties (refer note 32)	-	35,771,540	36,477,049	-
Loan to related party (refer note 32 and 43)	36,250,000	-	-	36,250,000
Advances recoverable in cash or kind	-	427,200	3,352,325	8,843,945
Other loans and advances				
Advance income-tax	210,227,072	185,601,528	-	-
(net of provision for taxation Rs.512,888,324 (March 31, 2015 : Rs.251,955,681))				
Balance with statutory / government authorities	43,667,071	8,076,277	23,489,568	22,132,519
Deposit with Government bodies and others	3,921,526	3,534,020	-	-
Loans and advances to employees (refer note below)	-	-	13,761,661	1,312,542
Prepaid expenses	2,174,723	3,113,377	13,168,414	8,079,301
Others	-	-	208,025	9,253,470
	310,096,914	247,085,344	125,703,732	89,364,693

Loans and advances due by officers

	Non-Current		Current	
	31 March 2016 Rupees	31 March 2015 Rupees	31 March 2016 Rupees	31 March 2015 Rupees
Loans to employees include	-	-	4,250,000	-
Dues from officers	-	-	-	-

13. Other assets (unsecured, considered good unless otherwise stated)

	Non-Current		Current	
	31 March 2016 Rupees	31 March 2015 Rupees	31 March 2016 Rupees	31 March 2015 Rupees
Non-current bank balances (refer note 17)	23,921,898	76,538,828	-	-
Unbilled revenue	-	-	67,631,156	106,524,884
Interest accrued on loan to related party (refer no 32)	-	-	6,928,077	2,348,063
Interest accrued but not due on fixed deposit	-	-	184,640	2,705,707
Other receivables (refer note (i) below)	-	-	-	81,823,214
	23,921,898	76,538,828	74,743,873	193,401,868

Note:

(i) As at March 31, 2015, other receivables comprised of share issue expenses incurred in connection with proposed Initial Public offer (IPO) only by way of offer for sale by existing shareholders of the Company. As per offer agreement between the Company and the selling shareholders, all expenses in connection with the IPO were to be borne by the selling shareholders and accordingly classified as receivable from selling shareholders under Other receivables.



Notes to financial statements as at and for the year ended 31 March 2016

14. Current investments

	31 March 2016 Rupees	31 March 2015 Rupees
Unquoted mutual funds		
Axis treasury advantage fund - growth option	20,073,771	-
12,147.475 units at 1,652.5057 (March 31, 2015 : Nil units)		
HDFC liquid fund - direct plan - growth option	10,059,053	-
3,369.356 units at 2,985.4527 (March 31, 2015 : Nil units)		
	<u>30,132,824</u>	<u>-</u>

Aggregate market value of investment in unquoted mutual funds units held by Company based on NAV declared on the balance sheet date by mutual fund is Rs 30,531,147 (March 31, 2015: Nil).

15. Inventories (valued at lower of cost and net realisable value)

	31 March 2016 Rupees	31 March 2015 Rupees
Traded goods (Lamps)	62,164,553	46,492,341
Consumables and spares	15,289,703	16,782,487
	<u>77,454,256</u>	<u>63,274,828</u>

16. Trade receivables (Unsecured)

	31 March 2016 Rupees	31 March 2015 Rupees
Outstanding for a period exceeding six months from the date they are due for payment		
- considered good	142,251,730	58,604,793
- considered doubtful	34,966,753	31,956,229
Provision for doubtful receivables	<u>(34,966,753)</u>	<u>(31,956,229)</u>
(A)	142,251,730	58,604,793
Others receivables		
- considered good	626,913,527	444,946,936
(B)	626,913,527	444,946,936
TOTAL (A + B)	<u>769,165,257</u>	<u>503,551,729</u>

17. Cash and bank balances

	Non-Current		Current	
	31 March 2016 Rupees	31 March 2015 Rupees	31 March 2016 Rupees	31 March 2015 Rupees
Cash and cash equivalents				
Balances with banks :				
- On current accounts	-	-	78,402,581	63,377,501
- On unpaid dividend account*	-	-	233,600	-
Cash on hand	-	-	316,841	306,266
	-	-	<u>78,953,022</u>	<u>63,683,767</u>
Other bank balances				
- Deposits with remaining maturity for less than 12 months	-	-	156,253,689	125,251,875
- Deposits with remaining maturity for more than 12 months	5,509,655	57,749,341	-	-
	<u>5,509,655</u>	<u>57,749,341</u>	<u>156,253,689</u>	<u>125,251,875</u>
- Margin money deposit with remaining maturity for less than 12 months	-	-	29,768,906	13,768,166
- Margin money deposit with remaining maturity for more than 12 months	18,412,243	18,789,487	-	-
	<u>18,412,243</u>	<u>18,789,487</u>	<u>264,975,617</u>	<u>202,703,808</u>
Amount disclosed under non - current assets (refer note 13)	<u>(23,921,898)</u>	<u>(76,538,828)</u>	<u>264,975,617</u>	<u>202,703,808</u>

Margin money deposits:

Margin money deposits are against guarantees given to statutory authorities and are kept under lien with bank for opening of Letter of Credit.

* The company can utilize these balances only towards settlement of the respective unpaid dividend.



Notes to financial statements as at and for the year ended 31 March 2016

18. Revenue from operations

	31 March 2016 Rupees	31 March 2015 Rupees
Revenue from operations		
Sale of Services		
Advertisement revenue	1,537,916,626	1,162,574,471
Virtual Print Fees - E-Cinema	700,970,982	622,573,159
Virtual Print Fees - D-Cinema	237,363,791	246,273,289
Lease rental income - E-Cinema	617,911,136	583,412,861
Lease rental income - D-Cinema	114,259,418	121,686,082
Digitisation Income	59,915,625	67,227,332
Registration fees income	6,712,000	3,858,300
	3,275,049,578	2,807,605,494
Sales of products		
Lamp and spares sale	173,887,083	167,381,627
Sale of digital cinema equipments	41,138,594	24,699,286
	215,025,677	192,080,913
	3,490,075,255	2,999,686,407

19. Other operating Income

	31 March 2016 Rupees	31 March 2015 Rupees
Sundry balance written back	5,681,461	5,120,310
	5,681,461	5,120,310

20. Other income

	31 March 2016 Rupees	31 March 2015 Rupees
Miscellaneous receipts	11,941,664	3,174,886
	11,941,664	3,174,886



Notes to financial statements as at and for the year ended 31 March 2016

21. Operating direct cost

	31 March 2016 Rupees	31 March 2015 Rupees
Advertisement revenue share	624,978,264	503,104,243
Repair and maintenance - exhibition equipments	76,417,679	68,334,671
Technical service fees	72,176,562	69,280,448
Bandwidth charges	64,859,782	55,162,679
Purchase of digital cinema equipments	28,814,762	16,633,100
Purchase of lamps	174,170,091	143,989,157
Rent on equipments	5,170,967	11,949,756
Content processing charges	11,601,988	10,419,860
Virtual print fees sharing	64,164,204	30,738,438
Other expenses	12,674,081	4,570,870
<u>(Increase) / decrease in inventories of traded goods (lamps)</u>		
Inventories at the beginning of the year	46,492,341	50,796,791
Less : Inventories at the end of the year	(62,164,553)	(46,492,341)
	(15,672,212)	4,304,450
<u>Consumables and spares</u>		
Opening stock	16,782,487	11,657,384
Add : purchases	24,069,740	44,096,262
Less : closing stock	(16,289,703)	(16,782,487)
	26,562,524	38,971,139
	<u>1,144,916,692</u>	<u>957,458,811</u>

Details of components and spares consumed

	31 March 2016 Rupees	31 March 2015 Rupees
Projector spares	2,053,060	4,941,439
UPS battery	9,517,573	10,785,471
VSAT spares	9,769,410	8,379,934
Hard disks	869,822	13,166,832
Others (individually less than 10%)	3,362,659	1,697,463
	<u>25,562,524</u>	<u>38,971,139</u>

Details of inventory

	31 March 2016 Rupees	31 March 2015 Rupees
<u>Consumable and spares</u>		
Paper rolls	2,796,200	3,150,288
VSAT spares	2,468,995	1,099,137
Sigma chip	5,628,368	7,229,760
Others	4,396,140	5,303,302
	<u>15,289,703</u>	<u>16,782,487</u>

22. Employee benefit expense

	31 March 2016 Rupees	31 March 2015 Rupees
Salaries and wages	461,507,762	390,668,258
Contribution to provident and other funds	24,408,425	22,640,882
Gratuity expenses (refer note 27)	9,841,431	5,091,556
Compensated absences	2,755,729	2,311,017
Staff welfare expenses	36,633,819	21,250,808
	<u>535,147,166</u>	<u>441,962,521</u>



Notes to financial statements as at and for the year ended 31 March 2016

23. Other expenses

	31 March 2016 Rupees	31 March 2015 Rupees
Rent	80,394,831	70,601,240
Freight and forwarding charges	43,067,822	39,612,612
Legal, professional and consultancy charges	67,725,924	59,067,282
Directors sitting fees	7,500,000	2,812,500
Commission on advertisement revenue	118,797,930	84,887,014
Commission on other revenue	17,268,423	30,277,160
Corporate social responsibility expenses (refer note 42)	-	18,594,255
Sales promotion expenses	21,761,364	22,108,411
Electricity charges	15,407,910	15,210,526
Rates and taxes	18,858,820	14,364,839
Payment to auditor (please refer (i) below)	5,897,901	3,551,472
Repairs and maintenance		
- Plant and machinery	1,575,118	3,302,827
- Furniture and fixtures	489,179	514,712
- Others	17,580,166	15,972,103
Insurance	11,556,381	10,061,584
Travelling and conveyance expenses	39,601,701	34,148,706
Communication and courier expenses	16,693,061	16,406,124
Printing and stationery	5,251,404	4,401,437
Bad debts written-off	14,843,651	
Less: Provision utilised	(6,513,048)	
Loss on sale and write off of fixed assets (net)	8,330,603	5,073,479
Provision for doubtful debts	5,406,825	4,977,848
Provision for diminution in value of fixed assets	8,523,572	6,590,770
Miscellaneous expenses	-	1,407,088
Foreign exchange loss (net)	40,167,973	44,113,136
	2,247,289	805,352
	<u>555,084,167</u>	<u>506,862,457</u>

(i) Payment to auditor

	31 March 2016 Rupees	31 March 2015 Rupees
As Auditor		
Audit fee	3,500,000	9,328,500
Tax audit fee	350,000	-
Limited review	1,500,000	-
Reimbursement of expenses	7,900	358,162
In other capacity		
Other services (certification fees)	540,001	5,350,000
Less: Fee for IPO related services disclosed as other receivables (refer note (i) to note 13)	-	(11,495,190)
	<u>5,897,901</u>	<u>3,551,472</u>

24. Interest and finance expense

	31 March 2016 Rupees	31 March 2015 Rupees
Interest on		
- Term loan	90,956,507	137,687,463
- Others	2,050,312	11,481,627
Bank charges	2,189,500	1,514,909
Other borrowing costs	2,500,000	1,600
	<u>97,696,319</u>	<u>150,685,599</u>

25. Finance income

	31 March 2016 Rupees	31 March 2015 Rupees
Interest received		
Bank deposits	15,347,047	28,540,680
Others	5,088,904	12,074,280
Dividend income		
From current investments	-	1,044,372
From non-current investments	110,354,591	-
Profit on sale of current investments (net)	8,234,251	-
	<u>137,024,793</u>	<u>41,659,332</u>



Notes to financial statements for the year ended 31 March 2016

26. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	31 March 2016 Rupees	31 March 2015 Rupees
Basic		
Net profit after tax as per statement of profit and loss	509,852,763	255,400,180
Less : dividends on convertible preference shares and tax thereon (refer note 34)	-	(31,002,198)
Net profit for calculation of basic EPS	509,852,763	224,397,982
Weighted average number of equity shares in calculating basic EPS	26,203,587	25,897,669
Earning per share	19.46	8.66
Diluted		
Net profit for calculation of basic EPS	509,852,763	224,397,982
Weighted average number of equity shares in calculating basic EPS	26,203,587	25,897,669
Effect of dilutions on stock options granted under ESOP	1,000,959	1,008,501
Weighted average number of shares outstanding (including dilution)	27,204,546	26,906,170
Earning per share	18.74	8.34

27. Gratuity and other post-employment benefit plans

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 funded with an insurance company in the form of a qualifying insurance policy.

The following tables summaries the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

Net employee benefit expense recognized in the employee cost

	Gratuity 31 March 2016 Rupees	31 March 2015 Rupees
Current service cost	10,761,092	4,118,072
Interest cost on benefit obligation	3,165,892	1,408,692
Expected return on plan assets	(1,686,384)	(1,745,443)
Net actuarial (gain) / loss recognized in the year	(2,399,169)	1,312,235
Net benefit expense	9,841,431	5,091,558
Actual return on plan assets	1,981,504	1,745,443

Balance sheet

Benefit asset/ liability	31 March 2016	As at March 2015
Present value of defined benefit obligation	35,493,761	24,228,825
Fair value of plan assets	27,224,247	21,328,200
Plan liability	8,269,514	2,900,625

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

	31 March 2016	As at March 2015
Opening defined benefit obligation	24,228,825	17,583,653
Current service cost	10,761,092	4,118,072
Interest cost	3,165,892	1,408,692
Benefits paid	(557,999)	(191,827)
Actuarial (gain) / losses on obligation	(2,104,049)	1,312,235
Closing defined benefit obligation	35,493,761	24,228,825

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

	31 March 2016	As at March 2015
Opening fair value of plan assets	21,328,200	16,308,310
Expected return	1,686,384	1,745,443
Contributions by employer	4,472,642	3,486,273
Benefits paid	(557,999)	(191,826)
Actuarial gain on plan assets	295,120	-
Closing fair value of plan assets	27,224,247	21,328,200

The principal assumptions used in determining gratuity as shown below:

	Gratuity 31 March 2016	31 March 2015
Discount rate	7.80%	8.00%
Expected rate of return on assets	8.00%	8.75%
Employee turnover	15%	15%

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to change in the market scenario.



Notes to financial statements for the year ended 31 March 2016

Amounts for the current year and four years are as follows:

Gratuity	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Defined benefit obligation	35,493,761	22,711,984	17,583,653	13,171,256	9,588,769
Plan assets	27,224,247	21,328,200	16,308,310	9,748,594	7,296,327
Deficit	8,269,515	2,900,625	1,275,343	3,424,662	2,272,442
Experience adjustments on plan liabilities	(2,324,946)	1,312,235	1,379,949	1,532,494	1,071,238
Experience adjustments on plan assets	295,120	-	-	-	-

The Company expects to contribute Rs 3,116,860/- to the gratuity fund in the next year (31 March 2015: 3,247,349/-).

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Gratuity	31 March 2016	31 March 2015
Investments with insurer	100%	100%

28. Employee stock option plans

During the year ended March 31, 2016, the Company's three ESOP Schemes viz., ESOP Scheme 2006, ESOP Scheme 2010 and ESOP Scheme 2014 were in existence.

Employee Stock Option Scheme 2006 ("ESOP Scheme 2006")

All Options granted under ESOP Scheme 2006 are vested. The Shareholders of the Company in their Annual General Meeting held on August 17, 2011 had revised the terms and conditions of the Exercise Period of the Options granted under ESOP Scheme 2006 to make it in consonance with ESOP Scheme 2010 as follows:

- For the employees while in employment of the Company : Within one year from the date on which the shares of the Company get listed on a recognised stock exchange.
- For the retired employees, termination due to permanent disability, death: Within six months from the date of listing of Company's shares with a recognised stock exchange.

The details of activity under the Scheme 2006 are summarised below:

	31 March 2016		31 March 2015	
	Number of Options	Weighted Average Exercise Price(Rs.)	Number of Options	Weighted Average Exercise Price(Rs.)
Outstanding at the beginning of the year	211,051	100.18	211,324	100.18
Granted during the year	-	-	-	-
Exercised during the year	(208,316)	100.18	-	-
Forfeited during the year	-	-	(273)	100.18
Outstanding at the end of the year	2,736	100.18	211,051	100.18
Exercisable at the end of the year	2,736	100.18	211,051	100.18
Weighted average remaining contractual life (In months)	2		14	

Employee Stock Option Scheme 2010 ("ESOP Scheme 2010")

Based on the recommendations of the Compensation Committee the ESOP Scheme 2010 was approved by the Board at its meeting held on October 15, 2010 and was subsequently approved by the shareholders at the annual general meeting held on November 22, 2010.

Under ESOP Scheme 2010 a total number of 1,413,497 options were granted in the year ended March 31, 2011 at an exercise price of Rs. 161.87 per share. As per the ESOP Scheme 2010, 25% of the options shall vest at the end of each year from the date of grant.

During the year 2013-14, the Company granted a total number of 174,157 options at an exercise price of Rs.178.18 per share to certain employees, directors and key managerial personnel of the Company and certain employees of subsidiaries. Out of the options granted, in respect of 82,157 options 25% vest equally over a period of 4 years from the date of grant and in respect of 92,000 options entire options vest at the end of one year from the date of grant.

The Board at its Extra Ordinary General Meeting held on October 24, 2014 approved the modification in vesting period of 82,157 options from being vested equally over a period of 4 years from the date of grant to one year from the date of grant.

The Board at its Extra Ordinary General Meeting held on October 24, 2014 approved the change in exercise period of all vested options under this scheme from two year to one year from the date on which the shares of the Company get listed on a Recognised Stock Exchange in case of the employees in employment of the Company. For the retired employees, termination due to permanent disability, death, all vested options may be exercised within six months from the date of listing of Company's shares with a recognised stock exchange.



Notes to financial statements for the year ended 31 March 2016

The details of activity under the Scheme 2010 are summarised below:

	31 March 2016		31 March 2015	
	Number of Options	Weighted Average Exercise Price(Rs.)	Number of Options	Weighted Average Exercise Price(Rs.)
Outstanding at the beginning of the year	1,603,489	163.74	1,505,489	163.76
Granted during the year	-	-	-	-
Exercised during the year	(1,393,392)	163.71	-	-
Forfeited during the year	(11,408)	165.44	(2,000)	178.17
Outstanding at the end of the year	98,689	164.60	1,503,489	163.74
Exercisable at the end of the year	98,689	164.60	1,503,489	163.74
Weighted average remaining contractual life (in months)	2		14	

Employee Stock Option Scheme 2014 ('ESOP Scheme 2014') :

The Compensation Committee recommended the new ESOP Scheme 2014 and the Board approved the new ESOP Scheme 2014 at its meeting held on November 11, 2014 and Shareholders approved this ESOP Scheme 2014 at its meeting held on November 20, 2014.

Under ESOP Scheme 2014, the aggregate number of options to be granted is 1,150,000 equity shares. During the year ended March 31, 2015, 932,500 options were granted at an exercise price of Rs. 600 per share. As per the ESOP Scheme 2014, 25% of the options shall vest equally at the end of each year from the date of grant.

The exercise period of these options is as follows :

- For the employees while in employment of the Company : Within a period of two years from the date of Vesting of the respective Employee Stock Options.
- For the retired employees, termination due to permanent disability, death: Within six months from the date of retirement, termination due to physical disability and death respectively.

The details of activity under the Scheme 2014 are summarised below:

	31 March 2016		31 March 2015	
	Number of Options	Weighted Average Exercise Price(Rs.)	Number of Options	Weighted Average Exercise Price(Rs.)
Outstanding at the beginning of the year	929,750	600	-	-
Granted during the year	-	-	932,500	600
Exercised during the year	-	-	-	-
Forfeited during the year	(27,680)	600	(2,750)	600
Outstanding at the end of the year	902,070	600	929,750	600
Exercisable at the end of the year	225,518	600	-	-
Weighted average remaining contractual life (in months)	39		51	

There is no effect of the employee share-based payment plans on the statement of profit and loss and on its financial position.

Stock Options granted under ESOP 2014 Scheme

The fair value of stock options granted during for the year ended March 31, 2015 with vesting period of 4 year is Nil. The Black Scholes valuation model has been used for computing the fair value considering the following inputs:

	31 March 2016	31 March 2015
Expected volatility	-	0.5%
Risk-free interest rate	-	8.13%
Weighted average share price	-	378.71
Exercise price	-	600
Expected life of options granted in years	-	3.5



Notes to financial statements for the year ended 31 March 2016

However, in the previous year, the Company inadvertently valued the options granted under the ESOP 2014 Scheme at Rs. 315.18 by considering the exercise price as market price and vice versa. Accordingly, the Company has presented proforma net income and earning per share (as per corrected fair value), had the compensation cost been determined in a manner consistent with fair value approach, as follows:

	31 March 2016	31 March 2015
	Rs.	Rs.
Net profit for calculation of basic EPS	609,852,763	224,397,982
Less: Employee stock compensation under fair value method	-	(10,895,914)
Proforma profit	609,852,763	213,502,068
Earnings per share		
Basic		
- As reported	19.46	8.66
- Proforma	19.46	8.24
Diluted		
- As reported	18.74	8.34
- Proforma	18.74	7.94

29. Investments during the previous year

Investments by the Company

(a) Scrabble Entertainment Limited (SEL)

During the year ended March 31, 2015, the Company acquired additional 14.91% stake (114,568 equity shares) in Scrabble Entertainment Limited from the minority shareholders for Rs 249,987,376. Out of the above the Company has paid Rs 175,000,000 and balance of Rs 74,987,376 is payable in four six monthly equal installment ending on December 31, 2016. Post this investment, the Company holds 91.33% of equity share capital of SEL.

(b) Southern Digital Screenz India Private Limited (SDS)

During the year ended March 31, 2015, the Company acquired additional 9% stake 386,895 equity shares in Southern Digital Screenz India Private Limited (SDS) from the minority shareholders for Rs.109,998,117. Post this investment, the Company holds 84.18% of equity share capital of SDS.

(c) Valuable Digital Screens Private Limited (VDSPL)

During the year ended March 31, 2015, the Company acquired 7,105 equity shares representing 71.05% of equity share capital of VDSPL from Valuable Technologies Limited for a consideration of Rs. 27,000,421. The Company also incurred Rs 5,926,990 towards acquisition cost of this investment. Further the Company invested Rs. 17,005,895 in 4475 equity shares (fresh issue) of VDSPL. Post this investment, the Company holds 80% equity share capital of VDSPL.

The Company will acquire the remaining 20% equity of VDSPL from VTL in the financial year 2017-18 for a further consideration to be calculated in accordance with the terms of the investment agreement.

30. Leases

Operating lease : Company as lessee

The Company's significant leasing arrangements are in respect of operating leases taken for Office Premises, Stores & Digital equipment's. These leases are cancellable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. The initial tenure of the office lease generally is for 11 to 36 months. The initial tenure of the Digital equipments on lease generally is for 36 to 72 months.

Lease payments for the year

	(In Rupees)	
	31 March 2016	31 March 2015
Lease payments for the year	85,665,798	82,550,996

Operating lease commitments – Company as lessor

The Company has leased out Digital Cinema Equipment to theaters, franchisees and subsidiary companies on operating lease arrangement. The lease term is generally for 5 to 10 years. The Company as well as the theaters and franchisees have an option of terminating this lease arrangement any time during the tenure of the lease as per the provisions of the lease agreement.

Gross carrying amount

Accumulated depreciation

Depreciation recognized in the statement of profit and loss

	(In Rupees)	
	31 March 2016	31 March 2015
Gross carrying amount	3,669,235,685	3,467,241,253
Accumulated depreciation	1,404,368,301	1,094,314,946
Depreciation recognized in the statement of profit and loss	429,269,838	418,008,229



Notes to financial statements for the year ended 31 March 2016

31. Segment reporting

The Company is engaged in the business of Digital Cinema Services and sale of digital cinema equipments ancillary to sale of services, which are subject to same risk and rewards and the financial statements reflect the result of this business segment, which is the primary segment in accordance with the requirement of Accounting Standard 17 on Segment Reporting. The Company's operations are based in same geographical segment, India.

32. Related party disclosure

Names of related parties where control exists irrespective of whether transactions have occurred or not

Subsidiaries	Edridge Limited, Cyprus V N Films Private Limited Scrabble Entertainment Limited Valuable Digital Screens Private Limited (from December 31, 2014) Southern Digital Screenz India Private Limited United Film Organisers Nepal Private Limited, Nepal
Step-down Subsidiaries	UFO Europe Limited, Cyprus* UFO International Limited, Cyprus Scrabble Entertainment DMCC, Dubai (erstwhile known as Scrabble Entertainment JLT) UFO Lanka Private Limited, Sri Lanka Scrabble Entertainment (Lebanon) Sari, Lebanon UFO Software Technologies Private Limited Scrabble Digital Inc., USA. Scrabble Entertainment Mauritius Limited, Mauritius Scrabble Entertainment Israel Ltd, Israel* United Film Organisers (UFO) (Mauritius) Private Limited, Mauritius

*Under voluntary liquidation

Names of other related parties with whom transactions have taken place during the year

Key management personnel	Mr. Sanjay Gaikwad - Managing Director Mr. Kapil Agarwal - Joint Managing Director Mr. Ashish Malushte - Chief Financial Officer Mr. Rajesh Mishra - Chief Executive Officer Mr. Sameer Chavan - Company Secretary
Relatives of Key management personnel	Ms. Apeksha Agarwal Ms. Benu Agarwal Mr. Uday Gaikwad
Enterprises owned or significantly influenced by key management personnel or their relatives	Media Infotek Park Shree Enterprises Valuable Media Limited Valuable Technologies Limited Qwik Entertainment India Limited Impact Media Exchange Limited Dusane Infotech (India) Private Limited (till September 15, 2015) Nifty Portfolio Services Private Limited Advent Fiscal Private Limited
Associate of Subsidiary	Scrabble Digital Limited
Joint venture of Subsidiary	Mukta VN Films Limited



Notes to financial statements for the year ended 31 March 2016

Sr. No.	Particulars Nature of Expenses/Name of the Parties	31 March 2016 Rupees	31 March 2015 Rupees
1	Subsidiaries Companies		
A	Virtual print fees (Income)		
	i) Southern Digital Screenz India Private Limited	140,828,415	122,368,101
	ii) VN Films Private Limited	12,548	2,246
	iii) Scrabble Entertainment Limited	237,363,790	255,680,857
B	Lease rental income		
	i) Southern Digital Screenz India Private Limited	210,656,210	212,150,248
	ii) Scrabble Entertainment Limited	101,495,378	109,230,846
C	Interest income on loans		
	i) V N Films Private Limited	5,088,904	9,518,116
D	Rent income (Miscellaneous receipts)		
	i) Scrabble Entertainment Limited	467,527	277,540
E	Loan given		
	i) V N Films Private Limited	Nil	74,500,000
F	Advertisement revenue share (expense)		
	i) Southern Digital Screenz India Private Limited	199,991,649	143,479,592
G	Advertisement revenue share for onward payment to theatres		
	i) Scrabble Entertainment Limited	Nil	3,813,028
H	Recovery of expenses		
	i) Southern Digital Screenz India Private Limited	1,833,734	2,886,531
	ii) Scrabble Entertainment Limited	413,836	1,925,068
I	Rent paid		
	i) Southern Digital Screenz India Private Limited	1,163,640	871,000
	ii) Scrabble Entertainment Limited	687,520	Nil
J	Virtual print fee sharing (expenses)		
	i) Scrabble Entertainment Limited	30,653,558	7,704,130
K	Lease rental expenses		
	i) Scrabble Entertainment Limited	5,427,852	755,048
L	Investment in equity shares		
	i) Valuable Digital Screens Private Limited	Nil	17,005,895
M	Security Deposit paid back		
	i) Scrabble Entertainment Limited	14,350,000	28,550,000
N	Miscellaneous Income		
	i) Southern Digital Screenz India Private Limited	345,842	Nil
O	Security Deposit paid		
	i) Southern Digital Screenz India Private Limited	497,682	Nil
	ii) Scrabble Entertainment Limited	207,817	Nil
P	Security Deposit received		
	i) Southern Digital Screenz India Private Limited	652,714	Nil
Q	Security Deposit received back		
	i) Scrabble Entertainment Limited	200,000	Nil
R	Reimbursement of expenses		
	i) Scrabble Entertainment Limited	62,211	Nil
S	Loan repaid back		
	i) V N Films Private Limited	Nil	42,750,000
T	Sale of equipments and Lamps		
	i) Valuable Digital Screens Private Limited	976,054	29,683
W	Dividend Income		
	i) Scrabble Entertainment Limited	110,354,591	Nil
X	Corporate Guarantee given on borrowing (Refer Note 34(c))		
	i) Valuable Digital Screens Private Limited	238,400,000	Nil
2	Step-down Subsidiaries		
A	Sale of assets		
	i) Scrabble Entertainment DMCC, Dubai	6,822,704	3,697,823
3	Enterprises owned or significantly influenced by Key Management Personnel or their relatives		
A	Expenses reimbursed		
	i) Media Infotek Park	9,513,840	9,767,042
	ii) Dusane Infotech (India) Private Limited	8,742	18,501
B	Software development charges (expense)		
	i) Dusane Infotech (India) Private Limited	1,468,000	3,523,200
C	Technical services fees (expense)		
	i) Valuable Technologies Limited	72,176,562	69,280,448
D	Bank Guarantee given (Refer Note 34 (b))		
	i) Impact Media Exchange Private Limited	Nil	10,000,000
E	Operating direct expenses (License fees on 3D movie)		
	i) Valuable Technologies Limited	46,229	99,871
F	Operating direct expenses (Licensee fees - Impact)		
	i) Impact Media Exchange Limited	7,200,000	3,715,951
G	Licensee fee- (Other income Club X)		
	i) Valuable Media Limited	1,467,106	1,066,314



Notes to financial statements for the year ended 31 March 2016

Sr. No	Particulars Nature of Expenses/Name of the Parties	31 March 2016	31 March 2015
H	Rent paid (expense) i) Media Infotek Park	46,196,944	43,820,138
I	Advertisement revenue i) Qwik Entertainment India Limited	Nil	7,680,271
J	Consultancy & reimbursement expenses i) Shree Enterprises	631,600	671,938
K	Purchase of spares and equipment i) Valuable Technologies Limited	Nil	2,001,391
L	Recovery of expenses i) Qwik Entertainment India Limited	Nil	17,250
M	Purchase of equity shares in Valuable Digital Screens Private Limited i) Valuable Technologies Limited	Nil	27,000,421
N	Sale of equipments i) Valuable Media Limited	5,027,180	Nil
O	Dividend Paid i) Valuable Media Limited	7,471,325	Nil
	ii) Valuable Technologies Limited	11,218,285	Nil
	iii) Nifty Portfolio Services Private Limited	2,710,680	Nil
	iv) Advent Fiscal Private Limited	3,686,910	Nil
4	Associates of Subsidiary		
A	Content processing charges (expenses) i) Scrabble Digital Limited	5,895,000	7,513,625
5	Joint Venture of Subsidiary		
A	Corporate Guarantee given on borrowing (Refer Note 34 (a)) i) Mukta V N Films Limited	Nil	70,000,000
6	Key managerial personnel and their relatives		
A	Remuneration to key managerial personnel i) Mr. Sanjay Gaikwad ii) Mr. Kapil Agarwal iii) Mr. Ashish Malushte iv) Mr. Rajesh Mishra v) Mr. Sameer Chavan	25,000,000 25,000,000 7,076,512 7,744,896 2,424,986	25,000,000 25,000,000 5,007,600 7,491,600 915,921
B	Remuneration to relatives of key managerial personnel i) Ms. Apeksha Agarwal	768,676	761,603
C	Salary advance to key managerial personnel i) Mr. Ashish Malushte ii) Mr. Rajesh Mishra	1,600,000 2,650,000	Nil Nil
D	Dividend paid to key managerial personnel i) Mr. Sanjay Gaikwad ii) Mr. Kapil Agarwal iii) Mr. Ashish Malushte iv) Mr. Rajesh Mishra	1,318,985 1,863,470 217,120 285,745	Nil Nil Nil Nil
E	Dividend paid to relatives of Key managerial personnel i) Ms. Benu Agarwal ii) Mr. Uday Gaikwad	448,500 500	Nil Nil

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

Further, the Company had granted employee stock options during year ended March 31, 2015 to key managerial personnel.



Notes to financial statements for the year ended 31 March 2016

Balance outstanding at the year end.

Sr.No.	Particulars	31 March 2016 Rupees	31 March 2016 Rupees
1	Subsidiaries Companies		
A	Loan given		
	i) V N Films Private Limited	36,250,000	36,250,000
B	Trade receivables		
	i) Southern Digital Screenz India Private Limited	NII	6,555,365
	ii) Valuable Digital Screens Private Limited	1,005,717	NII
	iii) Scrabble Entertainment Limited	NII	782,595
C	Advance from Customers		
	i) Southern Digital Screenz India Private Limited	10,411,433	NII
	ii) V N Films Private Limited	4,689	NII
	iii) Scrabble Entertainment Limited	8,636,220	NII
D	Deposit receivable		
	i) Southern Digital Screenz India Private Limited	497,692	NII
	ii) Scrabble Entertainment Limited	207,817	NII
E	Deposit payable		
	i) Scrabble Entertainment Limited	135,900,000	150,250,000
	ii) Southern Digital Screenz India Private Limited	652,714	NII
F	Interest accrued on loans		
	i) V N Film Private Limited	6,928,077	2,348,063
G	Unbilled revenue		
	i) Scrabble Entertainment Limited	61,155,898	50,174,037
	ii) Southern Digital Screenz India Private Limited	NII	2,349,663
H	Provision for expenses		
	i) Southern Digital Screenz India Private Limited	NII	7,755,052
I	Corporate guarantee given to bank for borrowing (Refer Note 34(c))		
	i) Valuable Digital Screens Private Limited	238,400,000	NII
2	Enterprises owned or significantly influenced by Key Management Personnel or their relatives		
A	Amount receivable		
	i) Valuable Media Limited	123,249	218,787
B	Deposit receivable		
	i) Media infotek Park	35,771,640	35,771,640
C	Trade Receivables		
	i) Qwik Entertainment India Limited	496,397	498,582
D	Bank guarantee given (Refer Note 34 (b))		
	i) Impact Media Exchange Limited	10,000,000	10,000,000
3	Key management personnel		
A	Salary advance receivable		
	i) Mr. Ashish Malushte	1,600,000	NII
	ii) Mr. Rajesh Mishra	2,650,000	NII
4	Joint Venture of Subsidiary		
A	Corporate guarantee given to bank for borrowing (Refer Note 34(a))		
	i) Mukta V N Films Limited	70,000,000	70,000,000

33. Capital and other commitments

	31 March 2016 Rupees	31 March 2016 Rupees
Capital commitments (estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances))	92,222,205	51,977,395
Other commitments	19,961,481	17,315,991
	112,183,886	69,293,386

a) As indicated in note 29 (c) to the financial statements, the Company will acquire the remaining 20% equity of VDSPL from VTL in the financial year 2017-18 for a further consideration to be calculated in accordance with the terms of the investment agreement.



Notes to financial statements for the year ended 31 March 2016

34. Contingent liabilities

	31 March 2016 Rupees	31 March 2015 Rupees
Dividend on 4,885,925 - 8% Cumulative Convertible Preference Shares of Rs. 100/- each.	Nil	31,002,198
Corporate Guarantee (refer note a)	70,000,000	70,000,000
Corporate Guarantee (refer note b)	10,000,000	10,000,000
Corporate Guarantee (refer note c)	238,400,000	Nil
Pending litigations / matters (refer note f)		
(i) In respect of Income Tax matters		
Income Tax matters	6,240,033	25,325,053
(ii) In respect of Indirect Tax matters		
Service Tax matters (refer note e)	220,111,033	233,200,000
VAT matters	4,775,215	10,128,138
	549,526,281	379,655,389

Notes:

- a) During the year ended March 31, 2015, the Company has provided Corporate guarantee to bank for Overdraft facility of Rs 70,000,000 taken by joint venture of subsidiary assuring that it will take all necessary steps so that the repayment of the loan is honored as and when due and payable.
- b) During the year ended March 31, 2015, the Company has provided bank guarantee of Rs 10,000,000 to Chief Secretary, Revenue Department, Government of Maharashtra on behalf of Impact Exchange Media Private Limited, for declaring it as approved satellite based computer ticketing system provider in Maharashtra in connection with the business of operating satellite based ticketing system managed by the Company.
- c) The Company has provided Corporate guarantee to bank for Term Loan and Cash Credit facility of Rs 238,400,000 taken by subsidiary assuring that it will take all necessary steps so that the repayment of the loan is honored as and when due and payable.
- d) The Company has issued a letter of comfort to a bank for term loan of Rs 300,000,000 (March 31, 2015 : 300,000,000) and cash credit facility of Rs 30,000,000 (March 31, 2015 : 30,000,000) taken by subsidiary company, assuring that it will take all necessary steps so that the repayment of the loan by the subsidiary is honored as and when due and payable. The outstanding term loan of subsidiary company as on March 31, 2016 is Rs 135,499,880 (March 31, 2015 : 241,499,759)
- e) During the year ended March 31 2016, the Company has received an order from the Commissioner of Service Tax Mumbai ('the Order') which includes demand for following matters aggregating to Rs 4,665 lakhs, excluding interest and penalty, which was subject matter of show cause notice from service tax authorities in the year ended 31 March 2015.
- i) Rs. 246,432,207, excluding interest and penalty, for service tax on rentals from leasing of Digital Cinema Equipments for the period April 2008 to March 2014. Based on legal opinion obtained, the Company believes that the lease rental revenues are subject to state-wise Value Added Tax which the Company is paying since the beginning of operations. Accordingly, the Company believes that its position will likely be upheld in the appellate process and that it is unlikely that the liability will arise to the Company out of this matter.
- ii) Rs. 220,111,033, excluding interest and penalty, on account of disallowance of CENVAT Credit on Capital Goods (Digital Cinema Equipments) claimed by the Company for the period April 2008 to March 2014 as the possession of the equipments is not with the Company. Based on legal opinion obtained, the Company is of the view that these equipments are used for providing taxable output services and hence should be entitled to avail CENVAT credit and is therefore contesting this demand. The Company believes that its position is likely to be upheld in the appellate process and accordingly no provision has been considered necessary in these financial Statements.
- f) The Company is contesting the demand/matter relating to pending litigations listed above and the management, including its tax advisors, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the company's financial position and results of operations.

35. Particulars of unhedged foreign currency exposure at the reporting date

Particulars of un-hedged exposure	31 March 2016 Rupees	31 March 2015 Rupees
Import trade payable (US\$)	Rs. 63,444,553 (US\$ 958,457 @ Closing rate of 1 USD = Rs. 66.33)	Rs. 3,428,817 (US\$ 54,779 @ Closing rate of 1 USD = Rs. 62.59)
Advance to suppliers(US\$)	Rs. 522,040 (US\$ 7,870 @ Closing rate of 1 USD = Rs. 66.33)	Rs. 617,137 (US\$ 9860 @ Closing rate of 1 USD = Rs. 62.59)
Import trade receivables(US\$)	Rs. 2,322 (US\$ 35 @ Closing rate of 1 USD = Rs. 66.33)	Nil



Notes to financial statements for the year ended 31 March 2016

36. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

Based on information available with the management, there is no amount due to micro, small scale and medium enterprises as per the Micro, Small and Medium Enterprises Development Act, 2006.

37. Value of Imports calculated on CIF basis

	31 March 2016 Rupees	31 March 2015 Rupees
Traded goods (lamp)	170,077,765	143,910,812
Consumable, stores and spares	2,857,010	8,510,579
Capital goods	371,262,353	145,303,198
	<u>544,197,128</u>	<u>297,724,589</u>

38. Expenditure in foreign currency (accrual basis)

	31 March 2016 Rupees	31 March 2015 Rupees
Travelling and conveyance	2,698,561	1,676,850
Others	9,112,426	9,147,015
	<u>11,810,987</u>	<u>10,823,865</u>

39. Imported and indigenous raw materials, components and spare parts consumed

	% of total consumption	Value (In Rupees)	% of total consumption	Value (In Rupees)
	31 March 2016		31 March 2015	
Components				
Imported	87	180,270,996	81	151,624,201
Indigenously obtained	13	23,789,407	19	35,640,545
	<u>100</u>	<u>184,060,403</u>	<u>100</u>	<u>187,264,746</u>

40. Earnings in foreign currency (accrual basis)

	31 March 2016 Rupees	31 March 2015 Rupees
Exports at C.I.F. value	6,822,704	3,697,823
	<u>6,822,704</u>	<u>3,697,823</u>

41. The total managerial remuneration for the year in respect of managing director and joint managing director, (after including perquisite value of employees stock options of the Company exercised by them during the year as determined as per Income Tax Act, 1961) is in excess of the limits specified under section 197 read with schedule V of the Act by Rs. 158,271,959.

The definition of managerial remuneration as per the provisions of erstwhile Companies Act, 1956 which was prevailing during the time when the managing director and joint managing director were appointed or during the time when employee stock options were granted to them did not include the employee stock option perquisite value as part of managerial remuneration. Also the employees stock options were granted to these directors at the then fair market value and as such the Company was not required to account any expense during the period of the vesting on account of grant of these employee stock options.

However as per the provisions of Companies Act, 2013 which has been made effective from April 01, 2014 the definition of managerial remuneration is amended to include value of perquisites as per Income Tax Act, 1961 and as a result the perquisite value of employee stock options which is the difference between the exercise price of the employee stock options and the market price of the shares on the date of exercise of the options, though notional in nature is required to be considered in the definition of managerial remuneration.

Given that this amount has not been paid or incurred by the Company during the year or previous years and accordingly, it is not a perquisite paid in cash. Hence, subsequent to the year end, the Company is in the process of filing application to the Central Government for the waiver of this excess remuneration. Pending the approval from the Central Government no adjustments have been made to the financial statements.

42. Corporate social responsibility

As per section 135 of the Companies Act, 2013 and rules therein, the Company is required to spend at least 2% of average net profit of past three years towards Corporate Social Responsibility (CSR). Details of corporate social responsibilities expenditures are as follows:

Particulars	31 March 2016 Rupees	31 March 2015 Rupees
Gross amount required to be spent	7,582,823	5,448,099
Spent during the year towards advertisement activity, (towards promoting sanitation) i.e., Swatch Bharat Abhiyan	-	16,594,255
Balance unspent during the year	<u>7,582,823</u>	<u>-</u>



Notes to financial statements for the year ended 31 March 2016

43. Loans and advances in the nature of loans given to subsidiaries in which directors are interested

Included in loans and advance are certain intercorporate deposits the particulars of which are disclosed below as required by Sec 186(4) of Companies Act 2013

Sr.No.	Name of the loanee	Purpose	Rate of interest	Terms	31 March 2016 Rupees	31 March 2015 Rupees
1	V N Films Private Limited	Working capital and / or capital expenditure and / or general corporate purpose	14%	Repayable on demand	36,250,000	36,250,000
					<u>36,250,000</u>	<u>36,250,000</u>

44. Previous year figures have been regrouped / reclassified, where necessary, to conform to current year classification.

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No.:101049VV/E300004
Chartered Accountants

per Govind Ahuja
Partner
Membership No.: 48986
Place of signature: Mumbai
Date: May 26, 2016



For and on behalf of the Board of Directors
of UFO Moviez India Limited

Sanjay Galkwad
Managing Director
DIN No.: 01001173
Place of signature: Mumbai
Date: May 26, 2016

Kapil Agarwal
Joint Managing Director
DIN No.: 00024378
Place of signature: Mumbai
Date: May 26, 2016

Sameer Chavan
Company Secretary
Place of signature: Mumbai
Date: May 26, 2016

Ashish Malushte
Chief Financial Officer
Place of signature: Mumbai
Date: May 26, 2016



UFO Moviez India Limited

**Consolidated Financial Statements along with Independent
Auditor's Report for the year ended March 31, 2016**

**Certified True Copy
For UFO Moviez India Limited**

S. S. Chawla

Company Secretary



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

14th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (West)
Mumbai-400 028, India
Tel : +91 22 6192 0000
Fax : +91 22 6192 1000

INDEPENDENT AUDITOR'S REPORT

To the Members of UFO Moviez India Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of UFO Moviez India Limited (hereinafter referred to as "UFO" or "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entity, comprising of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group, its associates and jointly controlled entity in accordance with 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. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group, its associates and jointly controlled entity and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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, issued by the Institute of Chartered Accountants of India, as 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

UFO Moviez India Limited

Auditors Report – March 31, 2016

Page 2 of 7

fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated 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 consolidated state of affairs of the Group, its associates and jointly controlled entity as at March 31, 2016, their consolidated profit, and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

1. We draw attention to note 34(f)(ii) to the consolidated financial statements for a demand of Rs. 220,111,033 (excluding interest and penalty) received by the Holding Company for disallowance of CENVAT credit on digital cinema equipments and which is more fully described therein. Based on legal opinion obtained, the Holding Company is of the view that it should be entitled to avail CENVAT credit and is contesting this demand. Hence, no provision has been considered by the management in these consolidated financial statements.
2. We also draw attention to note 38 to the consolidated financial statements which describes that the managerial remuneration (including perquisite value of stock options exercised by two directors during the year determined as per Income Tax Act, 1961) for the year is in excess of the limits specified under section 197 read with schedule V of the Act by Rs. 158,271,959 and more fully described therein. Pending the approval from the Central Government for waiver of such excess remuneration, no adjustments have been made to these consolidated financial statements.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

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

- (a) We / the other auditors whose reports we have relied upon 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 of the aforesaid consolidated financial statements;



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

UFO Moviez India Limited

Auditors Report – March 31, 2016

Page 3 of 7

- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, and of its subsidiary companies, associate company and jointly controlled company incorporated in India, none of the directors of the Group's companies, its associate company and jointly controlled company incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in the respective companies in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, associate company and jointly controlled company incorporated in India, refer to our separate report in "Annexure 1" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associates and jointly controlled entity – Refer Note 34 to the consolidated financial statements;
 - ii. The Group, its associates and jointly controlled entity did not have any material foreseeable losses in long-term contracts including derivative contracts; and
 - iii. There are no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, associates and jointly controlled companies incorporated in India.

Other Matter

1. The accompanying consolidated financial statements include total assets of Rs. 1,373,394,641 as at March 31, 2016, and total revenues and net cash inflows of Rs. 1,310,311,275 and Rs. 14,111,331 for the year ended on that date, in respect of certain subsidiaries, and a jointly controlled entity, which have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated financial statements also



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

UFO Moviez India Limited
Auditors Report – March 31, 2016
Page 5 of 7

Annexure 1 to the Independent Auditor's Report of even date on the Consolidated Financial Statements of UFO Moviez India Limited

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

In conjunction with our audit of the consolidated financial statements of UFO Moviez India Limited as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of UFO Moviez India Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, its associate company and jointly controlled company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding Company, its subsidiary companies, its associate company and jointly controlled company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

UFO Moviez India Limited

Auditors Report – March 31, 2016

Page 6 of 7

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company, its subsidiary companies, its associate company and jointly controlled company, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

*UFO Moviez India Limited**Auditors Report – March 31, 2016**Page 7 of 7***Other Matters**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to two subsidiary companies, one associate company and a jointly controlled company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary, associate and jointly controlled companies incorporated in India.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004


per **Govind Ahuja**
Partner

Membership Number: 48966

Place of Signature: Mumbai

Date: May 26, 2016



Consolidated Balance Sheet as at 31 March 2016

Particulars	Notes	31 March 2016 Rupees	31 March 2015 Rupees
Equity and liabilities			
Shareholder's Funds			
Share capital	3	274,993,760	258,976,890
Reserves and surplus	4	4,889,664,662	4,273,661,935
		<u>5,164,658,422</u>	<u>4,532,638,825</u>
Minority Interest		106,209,585	73,093,367
Non-current liabilities			
Long-term borrowings	5	435,916,273	559,718,532
Other long-term liabilities	7	485,213,406	564,609,187
Deferred Tax liabilities (net)	11	236,753	288,697
Long-term provisions	6	8,166,006	7,841,937
		<u>929,531,438</u>	<u>1,132,458,353</u>
Current liabilities			
Short-term borrowing	8	108,502,827	94,320,728
Trade payables	7	901,181,140	856,590,447
Other current liabilities	7	1,127,867,928	1,198,440,361
Short-term provisions	6	145,709,759	43,857,407
		<u>2,283,261,654</u>	<u>1,991,208,943</u>
TOTAL		<u>8,483,661,099</u>	<u>7,729,399,288</u>
Assets			
Non-current Assets			
Fixed Assets			
Tangible assets	9	2,881,305,709	3,023,355,619
Intangible assets	9	38,913,709	45,969,627
Capital work-in-progress		70,536,424	89,302,748
Goodwill on consolidation		1,720,744,312	1,683,161,813
Non-current investments	10	80,137,614	61,410,219
Deferred tax assets (net)	11	275,044,347	192,537,307
Long-term loan and advances	12	405,640,232	404,598,365
Other non-current assets	17	76,183,087	122,442,310
		<u>5,548,405,434</u>	<u>5,622,779,008</u>
Current Assets			
Current investments	13	280,771,132	67,092,368
Inventories	14	114,822,325	110,523,960
Trade receivables	15	1,515,045,844	1,052,621,684
Cash and bank balances	16	867,677,706	577,507,488
Short-term loan and advances	12	290,331,204	121,075,914
Other current assets	17	66,607,654	177,798,868
		<u>2,935,255,665</u>	<u>2,106,620,280</u>
TOTAL		<u>8,483,661,099</u>	<u>7,729,399,288</u>

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For S.R. Batliboi & Associates LLP
 ICAI Firm Registration No : 101049W/E300004
 Chartered Accountants

per Govind Anuja
 Partner
 Membership No.: 48966



Place of signature: Mumbai
 Date: May 26, 2016



For and on behalf of the Board of Directors
 of UFO Moviez India Limited

Sanjay Galkwad
 Managing Director
 DIN No.: 01001173

Sameer Chavan
 Company secretary

Place of signature: Mumbai
 Date: May 26, 2016

Kapil Agarwal
 Joint Managing Director
 DIN No.: 00024378

Ashish Malushte
 Chief Financial Officer

Consolidated Statement of Profit and Loss for the year ended 31 March 2016

Particulars	Notes	31 March 2016	31 March 2015
		Rupees	Rupees
Income			
Revenue from operations	18	5,654,881,689	4,771,512,003
Other operating income	19	45,715,334	13,504,882
Other income	20	20,527,794	8,422,949
Total Income (I)		5,721,124,817	4,793,439,834
Expenses			
Operating direct costs	21	2,425,221,240	1,915,747,250
Employee benefit expenses	22	688,222,432	572,261,749
Other expenses	23	759,709,196	697,101,669
Total Expenses (II)		3,873,152,868	3,185,110,668
Earnings before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)		1,847,971,949	1,608,329,166
Depreciation and amortisation expenses	9	773,904,962	769,367,916
Finance cost	24	140,395,788	201,111,396
Finance income	25	(46,856,438)	(50,448,158)
Profit before tax		980,527,637	688,298,012
Tax expenses			
Current tax		406,423,649	239,182,483
Deferred tax		(60,585,142)	(59,860,809)
Total tax expenses		345,838,407	179,521,674
Profit for the year before share of profit from associates		634,689,230	508,776,338
Share of profit from associates (net)		39,368,902	18,797,386
Profit for the year		674,058,132	527,573,724
Minority Interest		(39,428,642)	(39,448,204)
Profit for the year attributable to equity shareholders		634,629,490	488,125,520
Earnings per equity share (Face value of Rs. 10 each)	27		
Basic		24.22	17.65
Diluted		23.33	16.99
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For S.R. Batliboi & Associates LLP
 ICAI Firm Registration No : 101049W/E300004
 Chartered Accountants

per Govind Ahuja
 Partner
 Membership No.: 48986



Place of signature: Mumbai
 Date: May 26, 2016

For and on behalf of the Board of Directors
 of UFO Moviez India Limited

Sanjay Gaikwad
 Managing Director
 DIN No.: 01001173

Sameer Chavan
 Company Secretary

Place of signature: Mumbai
 Date: May 26, 2016

Kapil Agarwal
 Joint Managing Director
 DIN No.: 00024378

Ashish Malushte
 Chief Financial Officer



Consolidated Cash flow statement for the year ended 31 March 2016

	31 March 2016 Rupees	31 March 2015 Rupees
Cash flow from/(used in) operating activities		
Profit before tax	980,527,637	688,298,011
Adjustment to reconcile profit before tax to net cash flows		
Depreciation	773,904,963	769,367,917
Unrealised Foreign exchange (gain)/loss (net)	(683,299)	(846,702)
Loss/ (profit) on sale/ discarding of fixed assets	1,247,283	909,017
Bad debt written off	8,426,377	6,315,950
Provision for doubtful debts	33,134,577	24,030,899
Employee stock compensation expense	-	3,658
Provision for doubtful advances	5,885,107	5,963,716
Utilisation of provision for warranty (net)	(3,018,278)	(3,429,395)
Provision for compensated absences	6,203,936	5,592,377
Provision for gratuity	10,613,641	5,906,133
Provision for diminution in value of fixed assets	701,928	3,333,584
Sundry credit balances written back	(10,428,047)	(13,504,850)
Profit on sale of current investments (net)	(6,234,251)	-
Dividend income	(3,045,943)	(6,065,709)
Interest income	(37,576,245)	(44,382,450)
Interest expense	132,748,023	197,290,940
Operating profit before working capital changes	1,891,406,308	1,638,782,896
Movements in working capital :		
(Decrease)/ Increase in trade payable	202,224,189	26,632,591
(Decrease)/ Increase in long-term provisions	(684,628)	(752,449)
(Decrease)/ Increase in short-term provisions	(342,530)	(8,671)
(Decrease)/ Increase in other current liabilities	65,598,014	12,162,298
(Decrease)/ Increase in other non current liabilities	(9,911,261)	372,375
Decrease/ (increase) in trade receivables (Non - Current)	-	995,318
Decrease/ (increase) in trade receivables	(452,308,326)	(112,455,011)
Decrease/ (increase) in inventories	(2,586,918)	(12,018,010)
Decrease/ (increase) in long-term loans and advances	17,538,296	35,463,744
Decrease/ (increase) in short-term loans and advances	(161,822,271)	(1,850,560)
Decrease/ (increase) in other current assets	108,273,216	(158,388,853)
Decrease/ (increase) in other non-current assets	(100,001)	(7,492,160)
Cash generated from/(used in) operations	1,667,284,068	1,421,663,708
Direct tax paid (net of refunds)	(419,266,472)	(284,047,694)
Net cash flow from/(used in) operating activities (A)	1,248,017,596	1,137,616,014
Cash flow from/(used in) investing activities		
Purchase of fixed assets including intangible, Capital-work-in-progress and capital advances	(624,819,220)	(359,143,319)
Payment of purchase consideration for purchase of subsidiary shares (from minority)	(151,498,117)	(160,500,421)
Investment in subsidiary	-	(5,926,990)
Purchase of current investment including dividend reinvestment	(1,942,645,948)	(347,065,198)
Advance for purchase of investment	-	(3,300,000)
Refund of advances paid for purchase of investments	-	20,000,000
Redemption of current investments	1,736,101,433	332,960,596
Proceeds from sale of fixed assets	23,289,646	27,934,491
Interest received	42,309,971	34,968,442
Dividend received	21,672,227	19,114,797
Placement of bank deposits (having original maturity of more than three months)	(126,976,782)	(188,379,849)
Redemption/maturity from bank deposits (having original maturity of more than 3 months)	209,813,716	6,400,000
Net cash flow from/(used in) investing activities (B)	(812,762,175)	(622,937,451)



UFO Moviez India Limited**Notes to consolidated financial statements as at and for the year ended 31 March 2016****1. Corporation information**

UFO Moviez India Limited ('UFO' or 'the Parent Company' or 'the Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company and its subsidiaries, associates and joint ventures (collectively referred to as "the Group") is primarily engaged in the business of providing digital cinema services.

On May 14, 2015, the Company completed the Initial Public Offering (IPO) through offer for sale of 9,600,000 equity shares of Rs.10. each at a price of Rs. 625 per equity share of Qualified Institutional Bidders, Non Institutional Bidders and Retail Individual Bidders aggregating upto Rs. 6,000,000,000 and the equity shares of the Company were listed on the National Stock Exchange of India Limited and The BSE Limited.

Basis of preparation

The consolidated financial statements (CFS) of the Group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Group has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013 ('the Act'), read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared under the historical cost convention on an accrual basis.

2. Principles of Consolidation

- (i) The financial statements of the Parent Company and its subsidiaries have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expense after eliminating intra-group balances and transactions as per Accounting Standard (AS) 21 "Consolidated Financial Statements".
- (ii) The excess of cost to the Parent Company of its investments in the subsidiaries over its portion of equity in the subsidiaries, as at the date on which investment was made, is recognized as goodwill in the consolidated financial statements. The Parent Company's portion of equity in the subsidiaries is determined on the basis of the book value of assets and liabilities as per the financial statement of the subsidiary companies as on the date of investment.
- (iii) **Minority Interest:**
Minority interest share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the Group in order to arrive at the net income attributable to shareholders of the Company. In case where losses applicable to minority interest exceed the minority interest in the equity of the subsidiary, the excess of, any further losses applicable to minority interest are adjusted against the Parent Company's portion of equity in the subsidiary, until all previous losses absorbed by parent are recovered.
- (iv) The financial statement of the Group includes the share of profit / loss of associate companies in which the Group has significant influence and which is neither a subsidiary nor a joint venture, which are accounted under "Equity Method" in accordance with Accounting standard (AS) 23 on Accounting for Investment in Associates, as per which the share of profit/(loss) of associate company has been added and restricted to the cost of investment.
- (v) The financial statements of the Company and its Joint venture entities have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expense after eliminating intra-group balances and transactions, by applying "Proportionate consolidation" Method, as per Accounting Standard (AS) 27 "Financial Reporting of Interest in Joint Venture".



218

UFO Moviez India Limited

Notes to consolidated financial statements as at and for the year ended 31 March 2016

UFO
digital cinema

(vi) The CFS has been prepared using uniform accounting policies for like transactions and other events in similar circumstances to the extent possible across the group and are presented, to the extent possible, in the same manner as per the parent's separate financial statement.

(vii) The list of Subsidiaries included in consolidation are mentioned below :

Subsidiary Name	Country of Incorporation	Proportion of ownership interest of the Company/Subsidiary as on March 31, 2016	Proportion of ownership interest of the Company/Subsidiary as on March 31, 2015
Subsidiaries of UFO			
Scrabble Entertainment Limited (SEL)	India	91.33%	91.33%
V N Films Private Limited	India	100%	100%
Southern Digital Screenz India Private Limited	India	84.18%	84.18%
Valuable Digital Screen Private Limited (from December 31, 2014)	India	80%	80%
Edridge Limited	Cyprus	100%	100%
United Film Organisers Nepal Private Limited	Nepal	100%	100%
Subsidiary of Edridge Limited & stepdown subsidiary of UFO			
UFO International Limited	Cyprus	100%	100%
Subsidiaries of UFO International Limited & stepdown subsidiaries of UFO			
United Film Organisers (UFO) (Mauritius) Private Limited.	Mauritius	100%	100%
UFO Lanka Private Limited.	Sri Lanka	100%	100%
UFO Software Technologies Private Limited.	India	100%	100%
Subsidiaries of SEL & stepdown subsidiaries of UFO			
Scrabble Entertainment DMCC (erstwhile known as Scrabble Entertainment JLT)	Dubai	100%	100%
Scrabble Entertainment Mauritius Limited	Mauritius	100%	100%
Scrabble Entertainment Lebanon SARL	Lebanon	100%	100%
Scrabble Digital Inc	United States of America	100%	100%



UFO Moviez India Limited**Notes to consolidated financial statements as at and for the year ended 31 March 2016****UFO**
digital cinema

(viii) The list of associates of SEL included in consolidation are mentioned below:

Associate Name	Country of Incorporation	Proportion of ownership interest as on March 31, 2016	Proportion of ownership interest as on March 31, 2015
Scrabble Digital Ltd	India	33.33%	33.33%
Scrabble Digital DMCC (erstwhile known as Scrabble Digital JLT)	Dubai	33.33%	33.33%
Scrabble Venture LLC	United States of America	30.00%	30.00%
Scrabble Ventures, S. de R.L. de C.V, Mexico	Mexico	30.00%	30.00%

(ix) The list of Joint venture entities of V N Films Private Limited included in consolidation are mentioned below:

Joint Venture Entity Name	Country of Incorporation	Proportion of ownership interest as on March 31, 2016	Proportion of ownership interest as on March 31, 2015
Mukta V N Films Pvt Ltd	India	45.00%	45.00%

(x) The list of Companies not included in consolidation as these are in the process of being liquidated are mentioned below:

Subsidiary Name	Country of Incorporation	Proportion of ownership interest as on March 31, 2016	Proportion of ownership interest as on March 31, 2015
Scrabble Entertainment Israel Ltd	Israel	100%	100%
UFO Europe Ltd	Cyprus	100%	100%

(xi) The financial statement of the subsidiary/associates are drawn upto the same reporting date of the Parent Company other than the following:

Entity Name	Relationship	For the year ended March 31, 2016	For the year ended March 31, 2015
Scrabble Digital DMCC (Erstwhile known as Scrabble Digital JLT)	Associate	Year ended Dec-15	Year ended Dec-14
Scrabble Entertainment Lebanon SARL	Subsidiary	Year ended Dec-15	Year ended Dec-14



2.1 Summary of significant accounting policies**(a) Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(b) Change in accounting policy

From April 01, 2015, based on the provisions of schedule II to the Companies Act 2013, relating to component accounting, the Company has identified and determined cost of each component of the asset separately, if the component has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

As per the transitional provisions of Schedule II, carrying amount of components having zero remaining useful life on 1 April 2015 of Rs. 41,519,692 (after reducing deferred tax impact of Rs.21,973,842) has been adjusted against the opening reserves in accordance with the requirement of Schedule II of the Act.

As a result of this change, the depreciation charge for the year ended 31 March 2016 is lower by Rs 11,414,350.

Change in accounting estimate

During the year ended March 31, 2015, as per provisions of Schedule II to the Act, in respect of assets whose useful life is already exhausted as on 1 April 2014, depreciation of Rs.2,979,441 (after reducing deferred tax impact of Rs.1,367,662) was adjusted against the opening reserves in accordance with the requirement of Schedule II of the Act.

(c) Tangible fixed assets

Tangible fixed assets are stated at cost, net accumulated depreciation and accumulated impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

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

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

The Company identifies and determines cost of each component separately, if the component has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.



(d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

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

Intangible assets are amortised over their estimated useful life as follows.

	Useful lives as per management's estimate (years)
Computer Software	2-6

(e) Depreciation on tangible assets

Depreciation on fixed assets calculated on a straight line basis using the rates arrived at based on the useful lives of the assets estimated by the management. The identified components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

The Company has used the following useful lives to provide depreciation on its fixed assets

	Useful lives as per management's estimate (years)
Exhibition Equipment	7-10
Plant & Machinery	4-7
Computer	3
Furniture and Fixtures	6
Office Equipments	5-6
Vehicles	3-5

Except computer, useful life of above fixed assets are different from those prescribed under schedule II. These rates are based on evaluation of useful life by internal technical expert.

Leasehold improvements are written off over the period of lease or over a period of 4 years whichever is lower.

(f) Goodwill on consolidation

Goodwill on consolidation is not amortised and is tested for impairment on an annual basis. Such evaluation determines impairment in value if any, taking into account the ability to recover the carrying amount of goodwill from discounted cash flows. The group also considers projected future operating results, trends and other circumstances in making such evaluations.

In addition to the annual impairment test, the Group performs an impairment test if an event occurs or circumstances change that would more likely than not reduce the fair value or the reporting unit below its carrying amount.



(g) Impairment of tangible and intangible 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 recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

(h) Leases

Where the Group is the lessee

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

Where the Group is the lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.

(i) Investments

Investments, which are readily realizable and intended to be held for not more than one period from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Non-current investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(j) Inventories

Inventories comprise of traded goods, stores and spares and are valued at cost or at net realisable value whichever is lower. Cost is determined on weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business and estimated costs necessary to make the sale.

(k) 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.

Income from services

- Virtual print fees (VPF) received from distributors of the films from D-Cinema and E-Cinema is recognized in the period in which the services are rendered.
- Advertisement income is recognised in the period during which advertisement is displayed.
- Income from digitization charges is recognized on rendering of services.
- Digitisation income is recognized in the period in which services are rendered.

Registration fee is recognised in the period in which the services are rendered.



223

UFO Moviez India Limited
Notes to consolidated financial statements as at and for the year
ended 31 March 2016

UFO
digital cinema

- Revenue from annual maintenance is recognised on time proportion basis for the period falling in the reporting period
- Lease rental income on equipment is recognised as mentioned in note 2.1(h) above.
- Revenue from commission and technical service income is recognised in period in which services are rendered.

Sale of goods

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have been passed to the buyer. Sales are recorded net of returns, trade discounts, and value added tax.

The Group recognizes revenue from sales of equipment, traded goods and spares as and when these are dispatched/issued to customers.

The Group collects service tax and value added tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Group. Hence, it is excluded from revenue.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividends

Dividend income is recognised when the company's right to receive dividend is established by the balance sheet date.

(I) Foreign currency translation

Foreign currency transactions and balances

(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 retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured 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 the settlement of monetary items or on reporting such monetary items of company at rates different from those at which they were initially recorded during the period or reported in previous financial statements, are recognized as income or as expenses in the period in which they arise.



(m) Translation of foreign operations

Translation of foreign subsidiaries and associates are done in accordance with AS – 11 (Revised) "The Effects of Changes in Foreign Exchange Rates". The financial statements of Integral operations are translated as if the transactions of foreign operations have been those of the Company.

In case of non- integral foreign operations, all assets and liabilities are converted at the closing rate at the end of the period and items of income and expenditure items have been translated at the average rate, which approximates the actual rates. All the resulting exchange differences are accumulated in the foreign currency translation reserves until the disposal of the net investment.

Any goodwill / Capital reserve arising on acquisition of a non – integral foreign operation is translated at the closing rate.

Exchange gain / loss arising on conversion are recognized under Foreign Currency Translation Reserve.

(n) Retirement and other benefits

Retirement benefits in the form of provident fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when the employee render related services. There are no other obligations other than the contribution payable to the respective funds.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation. The Company has an Employees' Gratuity Fund managed by the Life Insurance Corporation of India.

Actuarial gains/losses are immediately taken to statement of profit and loss and are not deferred.

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method. The Company presents the compensated absences as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

(o) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Group operates. The tax rates and tax laws use to compute the amount are those that are enacted or substantively enacted, at the reporting date. Deferred income taxes reflect the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier periods.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is "virtual certainty" (as defined in Accounting Standard 22) supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or "virtually certain", as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.



UFO Moviez India Limited**Notes to consolidated financial statements as at and for the year ended 31 March 2016****UFO**
digital cinema

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

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

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

(p) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

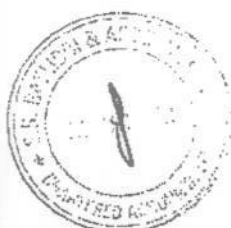
For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(q) Contingent liabilities

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

(r) Cash and cash equivalents

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



(s) Employee stock compensation cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Group measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

(t) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; 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 are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(u) Borrowing cost

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

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(v) Segment reporting

The Group's operations predominantly relate to providing digital cinema services to exhibitors and distributors of films under E-Cinema and D-Cinema. The Group's operating businesses are organized and managed according to the services and are identified as reportable segment based on the dominant source and nature of risks and returns as primary and secondary segments. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

(w) Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956 which is equally applicable to schedule III of the Companies Act, 2013, the Group has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Group measures EBITDA on the basis of profit from continuing operations. In its measurement, the Group does not include depreciation and amortization expense, finance costs, finance income and tax expense.



3 Share capital

	31 March 2016 Rupees	31 March 2015 Rupees
Authorised share capital		
45,000,000 (March 31, 2015: 45,000,000) equity shares of Rs.10 each	450,000,000	450,000,000
1,385,000 (March 31, 2015: 1,385,000) preference shares of Rs.1000/- each	1,385,000,000	1,385,000,000
	1,835,000,000	1,835,000,000
Share capital		
Issued, subscribed and fully paid up shares		
27,499,376 (March 31, 2015: 25,897,669) equity shares of Rs.10/- each fully paid-up	274,993,760	258,976,690
Total issued, subscribed and fully paid up share capital	274,993,760	258,976,690

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

Equity shares	31 March 2016		31 March 2015	
	No.	Rupees	No.	Rupees
At the beginning of the year	25,897,669	258,976,690	25,897,669	258,976,690
Issue of Equity shares on exercise of ESOPs	1,601,707	16,017,070	-	-
Outstanding at the end of the year	27,499,376	274,993,760	25,897,669	258,976,690

(b) Terms/ rights attached to equity shares
Voting Rights

Each holder of equity shares having a par value of Rs.10 per equity share is entitled to one vote per equity share.

Rights to Dividend

The equity shareholders have right to receive dividend when declared by the Board of Directors subject to approval in the ensuing Annual General Meeting. The Company declares and pays dividend in Indian Rupees.

During the year ended March 31, 2016, the amount of per share dividend recognised as distributions to equity shareholders is Rs. 8 (March 31, 2015: Nil) per share.

Rights pertaining to repayment of capital

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Other Rights and restriction

The other rights and restriction applicable to certain shareholders specified below as at March 31, 2015, have been terminated on the commencement of trading of the Equity Shares of the Company on any recognised stock exchange pursuant to the IPO i.e. on May 14, 2015.

i) Pre-emption Rights:

In the event the Company proposes to issue any securities to any person, then P5 Asia Holding Investments (Mauritius) Ltd. (P5) and 3i Research (Mauritius) Limited (3i) (collectively called Investor Group and individually Investor) had a right to subscribe to the issue on a pro-rata basis, in proportion to their respective shareholding in the Company on the same terms, as the issue is proposed, such that their respective shareholding is maintained at least at the level prior to such issuance.

ii) Right of First Offer, Right of Sale and Tag Along Rights:

In the event Apollo Group (comprising of Apollo International Limited and an individual shareholder) and VTL Group (comprising of Valuable Technologies Limited, Valuable Media Limited and two individual shareholders) (collectively called Group A Shareholders) propose to transfer all or part of their securities to any person, shall first offer to the Investor Group, a pro rata right to purchase all their Shares. Investors Group had the right to exercise certain specified tag along rights in case the Group A shareholders propose to transfer any securities to any person in certain cases as defined in Articles of Association (AOA).

In the event either of 3i or P5 propose to sell any or all of their securities held by them in the Company, it shall first offer the other Investor and the Group A Shareholders a right to purchase all their shares.

iii) Exit Rights and Drag Along Rights:

The Investor Group had the right to sell their entire shareholding in the Company at any time after expiry of certain specified period subject to certain specified conditions as defined in the AOA of the Company. Such shareholders also had the right to exercise drag along rights as stipulated in the AOA of the Company.



Notes to consolidated financial statements as at and for the year ended 31 March 2016

iv) Rights pertaining to repayment of capital

In the event of certain specified liquidation events as defined in the AOA, the proceeds of such events will be distributed between shareholders in the manner specified in the AOA of the Company.

v) Other Rights:

P5, 3i, Apolio Group and VTL Group had right to have their representatives on the Board of Directors of the Company.

Certain specified reserved matters such as change in the share capital of the Company, material related party transactions, raising of debt, declaration of dividends, change in senior management including key business matters requires the consent of the Investor Group Shareholders.

vi) Restrictions

The Securities held by Group A Shareholders are locked-in and they cannot transfer any securities held by them without Investors' consent, until the shareholding of each of the Investors in the Company falls below the Minimum Requisite Shareholding as defined in the AOA.

The Investor Group cannot transfer shares held by them in favour of any competitor as defined in the AOA of the Company or enter into an agreement for the transfer of shares to any competitor, subject to certain specified conditions.

(c) Details of shareholders holding more than 5% shares in the group

Name of the shareholder	31 March 2016		31 March 2015	
	No.	% holding in the class	No.	% holding in the class
Equity shares of Rs 10 each fully paid				
P5 Asia Holding Investments (Mauritius) Limited	5,251,608	19.10	9,253,740	35.73
3i Research (Mauritius) Limited	2,664,879	9.69	5,566,570	21.49
Valuable Technologies Limited	2,243,657	8.16	3,071,745	11.86
Apolio International Limited	2,266,417	8.24	2,266,417	8.75
Valuable Media Limited	1,494,265	5.43	2,131,782	8.23

As per records of the Company, including its register of shareholders/members, the above shareholding represents both legal and beneficial ownership of shares.

(d) Aggregate number of bonus shares, shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

The Company has issued total 1,601,707 shares (31 March 2015: Nil) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee services.

(e) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the company, please refer note 28.



Notes to consolidated financial statements as at and for the year ended 31 March 2016

4 Reserves and Surplus

	31 March 2016 Rupees	31 March 2015 Rupees
Legal Reserve		
Balance as per the last financial statements	18,291,284	17,682,543
Add: Transferred from surplus in the statement of profit and loss	-	608,741
Closing Balance	18,291,284	18,291,284
Securities premium account		
Balance as per last financial statements	3,489,540,997	3,481,215,882
Add : Group's share on post acquisition premium on issue of equity shares by subsidiary	-	8,325,315
Add : Additions on ESOPs exercised	232,929,353	-
Closing balance	3,722,470,350	3,489,540,997
Employee stock options outstanding		
Gross employee stock compensation for options granted in earlier years	64,426	60,768
Add : Deferred Employee Stock Compensation	-	3,658
Closing Balance	64,426	64,426
Foreign Currency Translation Reserve		
Balance as per last financial statements	201,416,408	157,128,228
Prior period adjustment (refer note a)	-	9,101,754
Addition during the year (Net)	60,076,380	35,186,427
Closing Balance	261,492,788	201,416,409
Surplus in the statement of profit and loss		
Balance as per last financial statements	564,348,819	51,942,790
Less: Depreciation adjustment (net of deferred tax) (refer note 2.1(b))	(41,519,692)	(2,979,441)
Prior period adjustment (refer note a)	(2,066,132)	27,868,692
Profit for the year	634,629,491	488,125,519
Less: Dividend on equity shares including dividend distribution tax [per share Rs. 5.00 (31 March 2015 : Nil)] (refer note b)	(168,725,867)	-
Less: Proposed final dividend on equity shares including dividend distribution tax [per share Rs. 3.00 (31 March 2015 : Nil)] (refer note 39)	(99,292,806)	-
Less: Transferred to Legal reserve	-	(608,741)
Net Surplus in the statement of profit and loss	887,343,813	564,348,819
Total reserves and surplus	4,889,684,662	4,273,661,935

Note:

a (i). The adjustment pertaining to difference between unaudited and audited financial statements for the year ended March 31, 2013 have been adjusted in opening balance of reserves for the year ended 31 March 2015.

a (ii). The adjustment of Rs. 2,066,132 to reserves for the year ended 31 March, 2016, relates to share of minority interest, inadvertently not recorded in the previous year.

b. The dividend distribution tax includes dividend tax of Rs. Rs. 32,37,857 received from associate for the year ended March 31, 2016



5 Long-term borrowings (secured)

Long-term borrowings (secured)		Non-Current		Current	
		31 March 2016 Rupees	31 March 2015 Rupees	31 March 2016 Rupees	31 March 2015 Rupees
Term loans					
Rupee loan from banks					
Term loan 1 from HDFC Bank		-	4,492,508	4,492,508	108,000,000
Term loan 2 from HDFC Bank		127,924,850	-	59,042,238	-
Term loan 3 from Axis Bank		-	85,416,198	85,416,198	204,999,998
Term loan 4 from Axis Bank		102,810,900	227,802,900	124,992,000	124,992,000
Term loan 5 from Axis Bank		73,917,920	98,222,376	56,250,000	56,250,000
Term loan 6 from Axis Bank		99,719,994	-	51,102,052	-
Term loan 7 from Yes Bank		14,285,714	100,000,000	85,714,288	85,714,288
Term loan 8 from HDFC Bank		15,214,247	35,498,880	20,285,613	20,285,613
Sub Total	(a)	433,873,225	549,433,842	487,294,895	600,241,895
Other loans					
Vehicle finance from banks and financial institutions (secured against hypothecation of vehicles)					
Vehicle Loan 1 from Axis Bank Ltd. (ROI from 10.01% to 11.80%, repayable in 48 monthly installments)		2,043,048	10,284,690	8,241,642	13,918,570
Vehicle Loan 2 from Kotak Mahindra Prime Ltd. (ROI 11.43% repayable in 36 monthly installments)		-	-	-	118,048
Sub Total	(b)	2,043,048	10,284,690	8,241,642	14,036,618
Less :Amount disclosed under the head "Other Current Liabilities" (note 7)		-	-	(495,536,537)	(614,276,513)
Net amount	(a+b)	435,916,273	559,718,532	-	-

Term loan 1 to 5 are secured by first charge on all fixed assets (except vehicles) and all current assets of the Parent Company.

Term loan 1 having interest of bank base rate plus 2.40% @ 11.70% (March 31, 2015: 12.40%) p.a. is repayable in 31 monthly installments of Rs 90,00,000/- each along with interest from July 31, 2013.

Term loan 2 having interest of bank base rate plus 1.40% @ 10.70% (March 31, 2015: Nil) p.a. is repayable in 42 monthly installments on pro rata basis each along with interest from December 31, 2015

Term loan 3 having interest of bank base rate plus 1.75% @ 11.25% (March 31, 2015: 12.15%) p.a. is repayable in 48 monthly installments of Rs 17,083,333/- each along with interest from September 30, 2012.

Term loan 4 having interest of bank base rate plus 1.75% @ 11.25% (March 31, 2015: 12.15%) p.a. is repayable in 48 monthly installments of Rs 10,416,000/- each along with interest from April 30, 2014.

Term loan 5 having interest of bank base rate plus 1.75% @ 11.25% (March 31, 2015: 12.15%) p.a. is repayable in 48 monthly installments of Rs 4,687,500/- each along with interest from December 31, 2014.

Term loan 6 from Axis Bank is secured against entire current and fixed assets both present and future of Valuable Digital Screens Private Limited. The loan carries interest of bank base rate plus 2.00% @ 11.50% p.a. and is repayable in 20 quarterly unequal installments along with interest from September 30, 2015.

Term loan 7 from Yes Bank Limited (YBL) is secured against the first pari passu charge with HDFC Bank over entire current and fixed assets both present and future of Scrabble Entertainment Limited. The loan carries a floating interest rate of YBL Base Rate plus 3.00 p.a. @ 11.75% p.a. (31 March 2015 : 12.50% p.a.) and is repayable in 42 monthly installments along with interest after 7 months from disbursement.

Term loan 8 from HDFC Bank Ltd is secured against the First pari passu charge with YBL on all fixed assets and Second pari passu charge with YBL on all the current assets of Scrabble Entertainment Limited both present and future.

The loan carries a floating interest rate of HDFC Base Rate plus 2.50 p.a. @ 11.80% p.a. (31 March 2015 : 12.50% p.a.) and is repayable in 42 monthly installments along with interest from July 31, 2014.

Vehicle Loan 1 from Axis Bank is having Interest rate ranges from 10.01% to 10.80%, repayable in 48 monthly installments and are secured against hypothecation of vehicles.

Vehicle Loan 2 from Kotak Mahindra Prime Limited is having interest rate range from 11.43% to 17.44% repayable in 36 to 60 monthly installments and are secured against hypothecation of vehicles.



Notes to consolidated financial statements as at and for the year ended 31 March 2016

6 Provisions

	Long term		Short term	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	Rupees	Rupees	Rupees	Rupees
Provision for gratuity (refer note 27)	6,416,257	4,480,824	8,284,913	3,326,364
Provision for compensated absences	-	-	31,081,154	28,531,821
Provision for warranty (refer note A)	1,748,749	3,381,113	1,227,295	2,633,210
Provision for indirect taxes (refer note B)	-	-	1,017,025	1,017,025
Provision for income tax	-	-	4,806,566	8,348,987
Proposed dividend (including tax)	-	-	98,292,808	-
	<u>8,165,006</u>	<u>7,861,937</u>	<u>145,709,759</u>	<u>43,857,407</u>

A. Provision for Warranty

A provision is recognized for expected warranty claims on products sold during the year, based on past experience of the cost of repairs and maintenance. The table below gives information about movement in warranty provisions.

	31 March 2016	31 March 2015
	Rs.	Rs.
At the beginning of the year	5,994,323	9,423,718
Arising during the year	50,000	50,000
Utilized during the year	(3,068,278)	(3,470,395)
At the end of the year	<u>2,976,045</u>	<u>5,994,323</u>
Current portion	1,227,295	2,633,210
Non-current portion	1,748,750	3,381,113

B. The table below gives information about movement in provision for indirect taxes

	31 March 2016	31 March 2015
	Rs.	Rs.
At the beginning of the year	1,017,025	3,000,000
Utilized during the year	-	(1,982,975)
At the end of the year	<u>1,017,025</u>	<u>1,017,025</u>



Notes to consolidated financial statements as at and for the year ended 31 March 2016

7 Trade Payable & Other Liabilities

	Non-Current		Current	
	31 March 2016 Rupees	31 March 2015 Rupees	31 March 2016 Rupees	31 March 2015 Rupees
Trade payables (refer note 37 for details of dues to micro and small enterprises)	-	-	901,181,140	656,590,447
Other liabilities				
Current maturities of long-term borrowings (refer note 5)	-	-	495,536,537	614,276,513
Interest accrued but not due on borrowings	-	-	10,705,389	15,014,285
Deferred lease rental income	19,838,626	23,070,134	6,433,069	6,473,087
Deferred advertisement income	-	-	14,521,821	38,400,583
Deferred revenue on AMC services	-	-	13,040,706	9,532,359
Advance from customers	-	-	195,340,135	176,308,209
Investor Education and Protection Fund (refer note (i) below)	-	-		
Unpaid dividend	-	-	233,600	-
Others				
Deposit from theatre and regional dealers	465,374,781	441,551,677	120,310,354	109,769,169
Payables for purchase of fixed assets	-	-	75,213,154	15,764,552
Trade / Security deposits received	-	-	-	1,702,249
Book overdraft	-	-	49,352	3,538,435
Payable for purchase of investments	-	99,987,376	74,987,375	126,488,117
Salary & reimbursement payable	-	-	62,295,571	39,517,138
Statutory dues payable	-	-	11,142,487	9,906,559
Employee related liabilities	-	-	820,897	176,191
Service tax payable	-	-	10,555,752	9,044,765
VAT payable	-	-	36,592,080	20,417,484
TDS payable	-	-	89,648	100,648
Other taxes payable	-	-	-	-
	485,213,407	564,609,187	1,127,867,928	1,196,440,361

(i) There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at March 31, 2016.

8 Short-term borrowings (secured)

	31 March 2016 Rupees	31 March 2015 Rupees
Cash credit Axis bank	14,876,462	10,313
Overdraft facility from YES bank Ltd	71,026,365	94,310,415
	108,602,827	94,320,728

Cash credit from Axis bank is secured by first charge on all the current assets and fixed assets of one subsidiary company. The cash credit is repayable on demand and carries interest @ 11.50% p.a. (March 31, 2015: 12.15% p.a).

The Joint Venture company Mukta V N Films Limited has obtained bank overdraft facility from Yes Bank Limited on 29 September 2014 at interest rate of base rate plus 2.0%. This facility is secured against four residential flats owned by the other Joint Venture Partner. Also, this loan facility is secured by corporate guarantee from the Holding company.



UFO Moviez India Limited

Notes to Consolidated financial statements as at and for the year ended 31 March 2016

9. Fixed Assets

	Landhold Improvements	Plant & Machinery	Computer Systems	Office Equipments	Furniture & Fixtures	Electrical Equipments & Installations	Vehicles	Tangible Total Assets	Goodwill	Computer software	Intangible Total Assets	Grand Total
Cost												
At 1 April 2014	26,736,689	5,310,171,531	40,537,787	35,704,451	10,140,843	2,369,308	94,298,218	5,518,822,745	5,185,210	94,331,434	99,516,644	5,619,439,389
Addition on acquisition	-	17,059,488	354,228	266,421	63,150	-	946,322	18,726,618	-	27,200	27,600	18,756,118
Additions	3,645,978	353,386,065	5,488,334	3,899,793	687,078	50,090	27,532,528	395,358,764	-	6,216,471	5,216,471	400,576,235
Disposals	70,528	45,033,167	6,127,823	5,142,246	613,808	100,188	13,576,943	70,134,491	-	100,650	100,650	70,235,141
Adjustments*	254,190	10,516,462	8,655	44,134	79,820	-	172,955	11,104,485	1,573,870	4,123,971	5,197,841	16,302,327
At 31 March 2015	30,687,689	5,646,839,307	41,301,662	34,744,553	10,896,163	2,369,809	109,752,090	5,674,981,122	8,256,080	102,539,228	109,797,608	5,884,778,728
Additions	7,708,789	624,350,374	6,064,531	4,322,792	1,440,235	2,800,435	135,047,313	692,344,746	-	2,407,710	2,407,710	694,752,456
Disposals	-	67,594,650	30,660	-	-	-	2,835,150	70,610,769	-	-	-	70,610,769
Adjustment*	325,602	15,077,865	19,565	42,037	103,050	-	224,703	15,795,852	374,210	2,422,899	2,797,109	18,593,081
At 31 March 2016	38,601,869	6,127,882,957	47,394,978	39,709,382	12,202,478	5,110,243	242,146,946	6,512,210,953	8,633,290	105,389,231	116,022,621	6,627,213,474
Depreciation/Amortisation												
At 1 April 2014	11,321,227	2,016,308,282	23,694,910	18,304,751	4,853,746	1,092,851	32,381,261	2,107,687,048	616,621	49,687,805	60,298,026	2,167,985,074
Addition on acquisition	-	2,645,545	142,747	26,413	63,150	-	140,200	3,216,055	-	12,425	12,425	3,230,480
Charge for the year	7,004,586	713,603,468	9,368,493	7,300,343	1,828,155	368,550	20,897,943	760,181,526	-	9,180,360	9,180,360	769,367,919
Disposals	70,528	24,396,378	5,074,051	4,558,583	601,289	90,437	10,982,458	45,785,352	-	100,850	100,850	45,886,202
Adjustment*	157,203	21,712,835	4,188,812	149,163	28,620	-	109,773	22,344,226	107,386	4,476,602	4,583,988	30,928,214
At 31 March 2015	18,432,486	2,759,878,742	32,317,811	21,221,107	6,972,682	1,370,884	42,336,679	2,881,826,603	826,507	63,202,072	63,202,072	2,945,028,675
Charge for the year	7,209,393	712,678,245	6,533,535	6,626,343	1,849,697	491,800	27,516,047	763,678,280	-	10,225,702	10,225,702	773,904,982
Disposals	255,765	46,982,336	30,950	-	-	-	649,875	47,642,161	-	-	-	47,642,161
Adjustment*	25,937,646	3,460,205,006	38,881,997	(4,422)	40,550	-	(1,344,807)	63,542,042	37,421	1,997,710	2,035,131	65,577,773
At 31 March 2016	12,135,111	2,918,865,659	8,883,851	15,523,446	4,883,501	1,862,794	87,881,044	3,632,905,244	863,328	78,426,484	79,289,812	3,708,994,056
Net Book												
At 31 March 2015	12,135,111	2,918,865,659	8,883,851	15,523,446	4,883,501	988,814	67,456,401	3,023,356,619	5,633,173	40,334,454	45,967,627	3,069,323,246
At 31 March 2016	12,644,323	2,898,877,851	8,483,351	11,804,354	4,320,249	3,247,449	174,187,902	2,851,305,708	5,666,982	32,943,747	38,610,729	2,890,916,437

* Represents exchange difference resulting from translation of fixed assets relating to non - integral foreign operations and impact on account of change in depreciation rates and component accounting as per Schedule II. (refer note 2.1 (b)).



10 Non-current investments

	31 March 2016 Rupees	31 March 2015 Rupees
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
Investment in subsidiaries (In subsidiary under liquidation)		
† (March 31, 2015: †) Equity Shares of USD 1 each fully paid up in UFO Europe Ltd	66	63
Less : Provision for diminution in value of investments	(66)	(63)
	-	-
† (March 31, 2015: †) Equity Shares of USD 1 each fully paid up in Scrabble Entertainment Israel Limited	66	63
	66	63
Investment in Associates		
197,714 (March 31, 2015: 197,714) Equity Shares of Rs. 10 each fully paid up in Scrabble Digital Limited including post-acquisition share of profit or loss	45,208,228	49,019,712
Add/(Less) : Post-acquisition share of Profit for the year	17,743,447	9,237,603
Less: Dividend distribution by associate	(15,817,120)	(13,049,088)
Less: Tax on dividend distributed by associate	(3,237,857)	-
	43,896,698	45,208,227
100 (March 31, 2015: 100) Ordinary shares of AED 1000 each at par fully paid up in Scrabble Digital DMCC including post-acquisition share of profit or loss	6,020,533	3,342,146
Add : Post-acquisition share of Profit for the year	6,122,308	2,578,387
Less : Dividend distribution by associate	(2,709,164)	-
	9,433,677	6,020,533
1,500 (March 31, 2015: 1500) Equity Shares of Mexican Pesos including post acquisition share of Profit or Loss each fully paid up in Scrabble Venture S.de R.L.De C.V, Mexico (refer note a)	7,646	7,234
Add/(Less) : Post-acquisition share of Profit/(Loss) for the year Rs. 11,339,807/- (March 31, 2015: (Rs. 59,999,111)) restricted to value of investment)	(7,646)	(7,234)
	-	-
3,000 (March 31, 2015: 3,000) Equity Shares In Scrabble Venture LLC, USA of no par value, including post acquisition share of profit or loss. (refer note a)	19,999,870	18,777,240
Less : Recoupment of unaccounted losses	(25,506,032)	(25,506,032)
Add/(Less) : Post-acquisition share of Profit for the year	29,113,335	13,610,188
	23,507,173	6,881,396
Compulsorily Convertible Preference Shares In Mukta VN Films Limited	1,980,000	-
Share warrant in Mukta VN Films Limited	1,320,000	3,300,000
	80,137,614	61,410,219

Notes:

a) The Group is holding 2,000 shares of Scrabble Venture LLC and 1,000 shares of Scrabble Venture S.de R. L. De C.V, Mexico on behalf of others, where group is not a beneficial owner.

The groups total investment in these entities is presented net of shares held on behalf of others, where the group is not a beneficial owner.



Notes to consolidated financial statements as at and for the year ended 31 March 2016

11 Deferred tax assets / (liability)

	31 March 2016 Rupees	31 March 2015 Rupees
A Deferred tax assets		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	218,044,772	143,759,142
Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years	18,249,540	18,876,482
Provision for doubtful debts and advances	37,750,035	29,901,683
Gross deferred tax assets:	275,044,347	192,537,307
B Deferred tax liabilities		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	236,753	236,753
Deferred revenue expenses/other difference	-	51,944
Gross deferred tax liabilities	236,753	288,697

12 Loan and advances (Unsecured, considered good unless otherwise stated)

	Long-term		Short-term	
	31 March 2016 Rupees	31 March 2015 Rupees	31 March 2016 Rupees	31 March 2015 Rupees
Capital advances	10,683,236	6,453,730	-	-
Security deposit to others	14,456,197	14,144,736	45,908,168	9,173,157
Security deposit to related parties (refer note 32)	-	35,771,540	35,771,540	-
Loan to related parties (refer note 32)	-	-	74,783	8,094,241
Advances recoverable in cash or kind	-	16,963,861	8,216,778	21,731,433
Considered good	22,079,008	16,193,902	2,396,394	2,396,394
Considered doubtful	22,079,008	33,157,763	10,613,172	24,127,827
Provision for doubtful advances	(22,079,008)	(16,193,902)	(2,396,394)	(2,396,394)
	-	16,963,861	8,216,778	21,731,433
Other loans and advances				
Advance income-tax (net of provision for tax)	319,066,879	310,364,955	-	-
Balance with statutory / government authorities				
Considered good	48,127,949	10,261,720	42,760,568	11,055,067
Considered doubtful	1,465,752	1,465,752	-	-
Less: Provision for doubtful receivable	(1,465,752)	(1,465,752)	-	-
	48,127,949	10,261,720	42,760,568	11,055,067
Deposit with Government bodies and others	3,921,526	3,534,020	-	-
	52,049,475	13,815,740	42,760,568	11,055,067
Advances to supplier	-	-	73,993,909	4,750,554
Advance to employees	-	-	16,704,422	1,600,299
Prepaid expenses	9,282,445	7,052,298	61,311,466	33,294,319
Service tax credit receivable	-	-	4,172,194	21,683,105
Vat credit receivable	-	-	1,221,381	440,268
Others	-	32,505	208,025	9,283,470
	405,540,232	404,599,365	290,331,204	121,075,913



13 Current Investments (valued at lower of cost or market value)

	31 March 2016 Rupees	31 March 2015 Rupees
Unquoted mutual funds		
10,549.22 (March 31, 2015: 67,071.78) units of Axis Liquid Fund - growth option	10,548,908	67,092,366
12,147.475 (March 31, 2015: Nil) units of Axis treasury advantage fund - growth option	20,073,771	-
3,369.356 (March 31, 2015 : Nil) units of HDFC liquid fund - direct plan - growth option	10,059,053	-
13,061,970.8 (March 31, 2015 : Nil) units of HDFC corporate debt opportunities fund - growth option	160,000,000	-
3,873,923.18 (March 31 2015: Nil) units of Reliance regular savings debt fund - growth option	80,000,000	-
	<u>280,771,132</u>	<u>67,092,366</u>

Aggregate market value of investment in unquoted mutual funds units held by Company based on NAV declared on the balance sheet date by mutual fund is 281,316,402 (March 31, 2015 : 6,70,94,176/-)

14 Inventories (valued at lower of cost or net realisable value)

	31 March 2016 Rupees	31 March 2015 Rupees
<u>Traded Goods</u>		
Lamps	97,701,431	83,107,746
Digital Cinema Equipment	1,831,191	10,833,726
Consumables and spares	15,289,703	16,782,487
	<u>114,822,325</u>	<u>110,723,960</u>



15 Trade receivables

	31 March 2016 Rupees	31 March 2015 Rupees
Unsecured, considered good unless stated otherwise Outstanding for a period exceeding six months from the date they are due for payment		
- considered good	180,404,035	86,156,255
- considered doubtful	99,396,815	77,145,906
	279,800,850	163,302,161
Provision for doubtful receivables	(99,396,815)	(77,145,906)
	180,404,035	86,156,255
Others trade receivables		
- Considered good	-	-
- Considered good	1,334,641,609	966,465,429
- Considered doubtful	401,384	-
	1,335,042,973	966,465,429
Provision for doubtful receivables	(401,384)	-
	1,334,641,609	966,465,429
TOTAL (A + B + C)	1,515,045,644	1,052,621,684

16 Cash & bank balances

	Non-Current		Current	
	31 March 2016 Rupees	31 March 2015 Rupees	31 March 2016 Rupees	31 March 2015 Rupees
Cash and cash equivalents				
Balances with banks :				
- On current accounts	-	-	411,582,526	277,367,938
- On unpaid dividend account*	-	-	233,600	-
- On EEFC Account	-	-	1,373,061	5,603,661
- Deposits with original maturity of less than three months	-	-	110,000	4,410,000
Cash on hand	-	-	938,782	1,180,025
	-	-	414,237,969	288,561,624
Other bank balances				
- Deposits with remaining maturity for less than 12 months	-	-	188,870,369	183,029,994
- Deposits with remaining maturity for more than 12 months	8,029,744	57,774,341	-	-
	8,029,744	57,774,341	188,870,369	183,029,994
- Margin money deposit with remaining maturity for less than 12 months	-	-	64,569,318	105,915,870
- Margin money deposit with remaining maturity for more than 12 months	59,012,673	59,264,917	-	-
	59,012,673	59,264,917	64,569,318	105,915,870
Amount disclosed under non - current assets (refer note 17)	(67,042,417)	(117,039,258)	-	-
	-	-	667,677,706	577,507,488

Margin money deposits:

Margin money deposits are against guarantees given to statutory authorities and are kept under lien with bank for opening of Letter of Credit.

* The Parent company can utilize these balances only toward settlement of the respective unpaid dividend.

17 Other assets

	Non-Current		Current	
	31 March 2016 Rupees	31 March 2015 Rupees	31 March 2016 Rupees	31 March 2015 Rupees
Non-current bank balances (refer note 16)	67,042,417	117,039,258	-	-
Unbilled revenue	-	-	62,450,606	90,804,828
Interest accrued but not due on fixed deposit	9,140,670	5,403,052	1,447,884	5,171,027
Other receivables (refer note (i) below)	-	-	-	81,823,214
Dividend receivable from associate	-	-	2,709,164	-
	76,183,087	122,442,310	66,607,654	177,798,868

(i) During year ended March 31, 2015, Other receivables comprised of share issue expenses incurred in connection with proposed Initial Public offer (IPO) only by way of offer for sale by existing shareholders of the Company. As per offer agreement between the Company and the selling shareholders, all expenses in connection with the IPO as receivable from selling shareholders under Other receivables were to be borne by the selling shareholders and accordingly classified.



Notes to consolidated financial statements as at and for the year ended 31 March 2016

18 Revenue from operations

	31 March 2016 Rupees	31 March 2015 Rupees
Sale of Services		
Advertisement revenue	1,578,344,315	1,166,882,310
Virtual Print Fees - E-Cinema	988,868,579	893,621,008
Virtual Print Fees - D-Cinema	1,540,444,846	1,478,164,940
Lease rental income - E-Cinema	398,441,650	363,864,642
Lease rental income - D-Cinema	158,593,665	180,258,020
Digitalisation income	59,915,625	67,227,332
Maintenance service fee	82,879,844	50,896,403
Registration fees income	10,468,639	10,034,109
Commission income	14,537,035	4,262,312
Technical service income	5,732,136	7,431,898
Other (refer note 1)	25,029,050	31,039,043
(A)	4,861,251,384	4,233,482,017
Sales of Products		
Lamp and spares sale	330,254,360	312,953,779
Sale of digital cinema equipments	463,376,945	225,076,207
(B)	793,630,305	538,029,986
(A)+(B)	5,654,881,689	4,771,512,003

Note 1: Other services include revenue from theatre programming activity.

19 Other Operating Income

	31 March 2016 Rupees	31 March 2015 Rupees
Sundry balance written back	38,264,580	13,034,281
License income	4,385,305	174,431
Freight income	2,065,448	296,170
	45,715,334	13,504,882

20 Other Income

	31 March 2016 Rupees	31 March 2015 Rupees
Miscellaneous receipts	13,658,491	8,422,949
Foreign exchange gain (net)	5,869,303	-
	20,527,794	8,422,949



Notes to consolidated financial statements as at and for the year ended 31 March 2016

21 Operating direct costs

	31 March 2016 Rupees	31 March 2015 Rupees
Advertisement revenue share	471,481,533	393,891,867
Running and maintenance - exhibition equipments	197,710,755	174,400,444
Van operation expenses	75,716,297	10,302,696
Technical service fees	72,499,748	69,280,448
Bandwidth charges	64,859,782	55,162,679
Purchase of digital cinema equipments	369,197,790	177,376,091
Purchase of lamps and spares	291,038,131	267,964,290
Rent on equipments	13,717,033	24,326,005
Delivery and distribution charges	42,851,411	35,553,031
Content download charges	3,262,925	3,093,785
Content processing charges	42,468,069	30,033,147
Virtual print fees sharing	733,617,381	633,081,716
Other expenses	22,618,282	10,353,125
(Increase)/decrease in inventories of digital cinema equipments	10,633,728	2,405,565
Inventories at the beginning of the year	1,831,191	10,633,728
Inventories at the end of the year	8,802,535	(8,226,161)
(Increase)/decrease in inventories of lamps and spares	79,140,086	76,108,486
Inventories at the beginning of the year	93,731,707	79,140,086
Inventories at the end of the year	(14,591,621)	(3,031,601)
Consumables and spares	20,750,148	19,178,822
Inventories at the beginning of the year	28,760,469	43,761,026
Add : purchases	(19,259,426)	(20,750,148)
Less : Inventories at the end of the year	30,251,191	42,187,700
	<u>2,425,221,240</u>	<u>1,915,747,250</u>

22 Employee benefit expense

	31 March 2016 Rupees	31 March 2015 Rupees
Salaries & wages	591,583,666	506,353,959
Contribution to provident and other funds	27,697,661	25,588,537
Employee stock option scheme cost	-	3,658
Gratuity expenses (refer note 27)	13,830,864	9,130,279
Compensated absences	3,331,876	3,505,578
Staff welfare expenses	51,778,576	27,879,738
	<u>688,222,432</u>	<u>572,261,749</u>



23 Other expenses

	31 March 2016 Rupees	31 March 2015 Rupees
Rent	107,916,429	97,023,478
Freight and forwarding charges	58,920,650	57,350,659
Legal, professional and consultancy charges	123,648,541	98,792,032
Directors sitting fees including commission	8,050,000	2,812,500
Commission on advertisement revenue	118,797,930	84,887,014
Commission on other revenue	17,355,338	33,661,899
Sales promotion expenses	33,713,187	30,978,366
Electricity charges	20,932,794	19,137,390
Rates and taxes	30,737,014	17,135,768
Auditor's remuneration	9,604,896	6,208,511
Repairs and maintenance		
- Plant and machinery	5,019,192	3,302,827
- Building	205,406	168,022
- Furniture and fixtures	469,179	514,712
- Others	20,433,707	17,526,768
Insurance	15,718,246	13,373,193
Travelling and conveyance expenses	58,896,645	45,283,202
Communication and courier expenses	23,652,997	23,125,285
Printing and stationery	8,311,172	5,391,083
Bad debts written-off	15,893,725	8,623,256
Less: Provision utilised	(7,468,348)	(2,307,308)
Provision for doubtful debts	8,425,377	24,030,899
Provision for doubtful advances	33,134,577	5,963,716
Loss on sale and write off of fixed assets (net)	5,885,107	877,773
Bank charges	1,247,283	409,510
Donations	19,836	416,250
Provision for diminution in value of fixed assets	701,928	3,333,584
Miscellaneous expenses	49,713,756	75,400,769
Foreign exchange loss (net)	-	22,681,729
	<u>758,709,195</u>	<u>687,101,659</u>

24 Interest and finance expense

	31 March 2016 Rupees	31 March 2015 Rupees
Interest on		
- Term loan	123,593,381	180,396,670
- Others	9,164,841	16,894,270
Bank charges	3,594,874	2,828,856
Other borrowing costs	4,053,092	991,600
	<u>140,395,788</u>	<u>201,111,396</u>

25 Finance income

	31 March 2016 Rupees	31 March 2015 Rupees
Interest received		
- Bank deposits	37,504,711	37,134,838
- Others	71,533	7,247,611
Dividend income on current investments	3,045,943	6,065,709
Profit on sale of current investments (net)	8,234,251	-
	<u>48,856,438</u>	<u>50,448,158</u>



Notes to consolidated financial statements as at and for the year ended 31 March 2016

26. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	31 March 2016	31 March 2015
	Rupees	Rupees
Basic		
Net profit after tax as per statement of profit and loss	634,629,490	488,125,520
Less: dividends on convertible preference shares & tax thereon	-	(31,002,198)
Net profit for calculation of basic EPS	634,629,490	457,123,322
Weighted average number of equity shares in calculating basic EPS	26,203,587	25,897,889
Earning per share	24.22	17.65
Diluted		
Net profit for calculation of basic EPS	634,629,490	457,123,322
Net profit for calculation of diluted EPS	634,629,490	457,123,322
Weighted average number of equity shares in calculating basic EPS	26,203,587	25,897,889
Effect of dilutions on stock options granted under ESOP	1,000,958	1,008,501
Weighted average number of shares outstanding (including dilution)	27,204,545	26,906,390
Earning per share	23.33	16.99

27. Gratuity and other post-employment benefit plans

The Group 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 funded with an Insurance Group in the form of a qualifying Insurance policy.

The following tables summarises the components of net benefit expense recognised in the statement of profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

Net employee benefit expense recognized in the employee cost

	31 March 2016	31 March 2015
	Rupees	Rupees
Gratuity		
Current service cost	14,545,289	7,121,978
Interest cost on benefit obligation	3,435,242	2,088,434
Expected return on plan assets	(1,914,551)	(1,759,333)
Net actuarial (gain) / loss recognized in the year	(2,235,116)	1,899,200
Net benefit expense	13,830,864	8,130,279
Actual return on plan assets	2,209,671	1,759,333

Balance sheet

Benefit asset/ liability

	31 March 2016	31 March 2015
	Rupees	Rupees
Present value of defined benefit obligation	46,578,599	32,021,086
Fair value of plan assets	(31,877,429)	(24,213,898)
Plan liability	14,701,170	7,807,188

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

	31 March 2016	31 March 2015
	Rupees	Rupees
Opening defined benefit obligation	32,499,294	22,544,163
Current service cost	14,000,826	7,625,455
Interest cost	3,435,242	2,088,434
Benefits paid	(1,702,691)	(434,800)
Actuarial (gain) / losses on obligation	(1,654,071)	898,042
Closing defined benefit obligation	48,578,599	32,499,294

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

	31 March 2016	31 March 2015
	Rupees	Rupees
Opening fair value of plan assets	24,213,898	16,308,310
Expected return	1,953,845	1,745,443
Contributions by employer	5,989,385	6,204,100
Benefits paid	(605,768)	(191,826)
Actuarial gain on plan assets	326,089	147,871
Closing fair value of plan assets	31,877,429	24,213,898



Notes to consolidated financial statements as at and for the year ended 31 March 2016

The principal assumptions used in determining gratuity as shown below:

	Gratuity	
	31 March 2016	31 March 2015
Discount rate	7.80%	8.00%
Expected rate of return on assets	8.00%	8.75%
Employee turnover	15%	15%

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to change in the market scenario.

Amounts for the current year and previous four years are as follows:

Gratuity	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Defined benefit obligation	46,578,599	32,021,086	22,573,365	15,832,688	11,090,656
Plan assets	(31,877,429)	(24,213,896)	(16,308,310)	(9,746,594)	(7,296,327)
Surplus / (deficit)	14,701,170	7,807,187	8,265,045	6,086,094	3,794,329
Experience adjustments on plan liabilities	(1,654,071)	696,042	1,379,849	1,532,494	1,071,236
Experience adjustments on plan assets	328,089	147,871	-	-	-

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Gratuity	31 March 2016	31 March 2015
Investments with insurer	100%	100%

26. Employee stock option plans

During the year ended March 31, 2016, the Parent company's three ESOP Schemes viz., ESOP Scheme 2005, ESOP Scheme 2010 and ESOP Scheme 2014 were in existence.

Employee Stock Option Scheme 2006 ("ESOP Scheme 2006")

All Options granted under ESOP Scheme 2006 are vested. The Shareholders of the Parent company in their Annual General Meeting held on August 17, 2011 had revised the terms and conditions of the Exercise Period of the Options granted under ESOP Scheme 2006 to make it in consonance with ESOP Scheme 2010 as follows:

- For the employees while in employment of the Parent Company : Within one year from the date on which the shares of the Parent company get listed on a recognized stock exchange.
- For the retired employees, termination due to permanent disability, death: Within six months from the date of listing of Parent Company's shares with a recognised stock exchange.

The details of activity under the Scheme 2006 are summarised below:

	31 March 2016		31 March 2015	
	Number of Options	Weighted Average Exercise Price(Rs.)	Number of Options	Weighted Average Exercise Price(Rs.)
Outstanding at the beginning of the year	211,051	100.18	211,324	100.18
Granted during the year	-	-	-	-
Exercised during the year	208,316	-	-	-
Forfeited during the year	-	100.18	(273)	100.18
Outstanding at the end of the year	2,735	100.18	211,051	100.18
Exercisable at the end of the year	2,735	100.18	211,051	100.18
Weighted average remaining contractual life (in month)	2		14	

Employee Stock Option Scheme 2010 ("ESOP Scheme 2010")

Based on the recommendations of the Compensation Committee the ESOP Scheme 2010 was approved by the Board at its meeting held on October 15, 2010 and was subsequently approved by the shareholders at the annual general meeting held on November 22, 2010.

Under ESOP Scheme 2010 a total number of 1,413,487 options were granted in the year ended March 31, 2011 at an exercise price of Rs. 181.87 per share. As per the ESOP Scheme 2010, 25% of the options shall vest at the end of each year from the date of grant.

During the year 2013-14, the Parent company granted a total number of 174,157 options at an exercise price of Rs.178.18 per share to certain employees and key managerial personnel of the Parent company and certain employees of subsidiaries. Out of the options granted, in respect of 82,157 options 25% vest equally over a period of 4 years from the date of grant and in respect of 92,000 options entire options vest at the end of one year from the date of grant.

The Board at its Extra Ordinary General Meeting held on October 24, 2014 approved the modification in vesting period of 82,157 options from being vested equally over a period of 4 years from the date of grant to one year from the date of grant.

The Board at its Extra Ordinary General Meeting held on October 24, 2014 approved the change in exercise period of all vested options under this scheme from two year to one year from the date on which the shares of the Parent company get listed on a Recognized Stock Exchange. In case of the employees in employment of the Parent company. For the retired employees, termination due to permanent disability, death, all vested options may be exercised within six months from the date of listing of company's shares with a recognised stock exchange.



Notes to consolidated financial statements as at and for the year ended 31 March 2016

The details of activity under the Scheme 2010 are summarised below:

	31 March 2016		31 March 2015	
	Number of Options	Weighted Average Exercise Price (Rs.)	Number of Options	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	1,503,489	163.74	1,505,489	163.76
Granted during the year	-	-	-	-
Exercised during the year	1,393,392	163.71	-	-
Forfeited during the year	(11,408)	155.44	(2,000)	175.17
Outstanding at the end of the year	98,689	164.60	1,503,489	163.74
Exercisable at the end of the year	98,689	164.60	1,503,489	161.87
Weighted average remaining contractual life (in month)	2		14	

Employee Stock Option Scheme 2014 (ESOP 2014) :

The Compensation Committee recommended the new ESOP Scheme 2014. Board approved the new ESOP Scheme 2014 at its meeting held on November 11, 2014 and Shareholders approved this ESOP Scheme 2014 at its meeting held on November 20, 2014.

Under ESOP Scheme 2014, the aggregate number of options to be granted is 1,150,000 equity shares. During the year ended March 31, 2015, 932,500 options were granted at an exercise price of Rs. 600 per share. As per the ESOP Scheme 2014, 25% of the options shall vest equally at the end of each year from the date of grant.

The exercise period of these options is as follows :

i) For the employees while in employment of the Parent company : Within a period of two years from the date of Vesting of the respective Employee Stock Options.

ii) For the retired employees, termination due to permanent disability, death: Within six months from the date of retirement, termination due to physical disability and death respectively.

The details of activity under the Scheme 2014 are summarised below:

	31 March 2016		31 March 2015	
	Number of Options	Weighted Average Exercise Price (Rs.)	Number of Options	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	929,750	600	-	-
Granted during the year	-	-	932,500	600
Exercised during the year	-	-	-	-
Forfeited during the year	(27,680)	600	(2,750)	600
Outstanding at the end of the year	902,070	600	929,750	600
Exercisable at the end of the year	225,518	600	-	-
Weighted average remaining contractual life (in months)	39		51	

There is no effect of the employee share-based payment plans on the statement of profit and loss and on its financial position.

Fair value of Stock Options granted under ESOP 2014 Scheme

The fair value of stock options granted during the year ended March 31, 2015 with vesting period of 4 year was Rs.Nil . The Black Scholes valuation model was used for computing the fair value considering the following inputs:

	31 March 2016	31 March 2015
Expected volatility	-	0.5%
Risk-free interest rate	-	8.13%
Weighted average share price	-	378.71
Exercise price	-	600
Expected life of options granted in years	-	3.50

However, in the previous year, the Parent company inadvertently valued the options granted under the ESOP 2014 Scheme at Rs. 315.18 by considering the exercise price as market price and vice versa. Accordingly, the Parent company has presented proforma group net income and earning per share (as per corrected fair value), had the compensation cost been determined in a manner consistent with fair value approach, as follows:

	31 March 2016	31 March 2015
	Rs.	Rs.
Net profit for calculation of basic EPS	634,829,490	457,123,321
Less: Employee stock compensation under fair value method	-	(10,895,914)
Proforma profit	634,829,490	446,227,407
Earnings Per Share		
Basic		
- As reported	24.22	17.65
- Proforma	24.22	17.23
Diluted		
- As reported	23.33	16.99
- Proforma	23.33	16.58



Notes to consolidated financial statements as at and for the year ended 31 March 2016

29. Investments during the previous year

Investments by the Group

(a) Scrabble Entertainment Limited (SEL)

During the year ended March 31, 2015, the Company acquired additional 14.91% stake (114,568 equity shares) in Scrabble Entertainment Limited from the minority shareholders for Rs. 249,987,376. Out of the above the Company has paid Rs 175,000,000 and balance of Rs 74,987,376 is payable in four six monthly equal installment ending on December 31, 2016. Post this investment, the Company holds 91.33% of equity share capital of SEL.

(b) Southern Digital Screenz India Private Limited (SDS)

During the year ended March 31, 2015, the Company acquired additional 9% stake 386,895 equity shares in Southern Digital Screenz India Private Limited (SDS) from the minority shareholders for Rs.109,998,117. Post this investment, the Company holds 84.18% of equity share capital of SDS.

(c) Valuable Digital Screens Private Limited (VDSPL)

During the year ended March 31, 2015, the Company acquired 7,105 equity shares representing 71.05% of equity share capital of VDSPL from Valuable Technologies Limited (VTL) for a consideration of Rs. 27,000,421. Subsequent to the acquisition, the Company invested Rs 17,005,895 in 4475 equity shares (fresh issue) of VDSPL. Post this investment, the Company now holds 80% equity share capital of VDSPL. Further the Company has incurred Rs 5,926,990 towards acquisition cost of this investment.

The Parent company will acquire the remaining 20% equity of VDSPL from VTL in the financial year 2017-18 for a further consideration to be calculated in accordance with the terms of the investment agreement.

30. Leases

Operating lease : Group as lessee

The Group's significant leasing arrangements are in respect of operating leases taken for office premises, stores & digital equipments. These leases are cancellable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. The initial tenure of the office lease generally is for 11 to 36 months. The initial tenure of the digital equipments on lease generally is for 36 to 72 months.

Lease payments for the year

(In Rupees)	
Office Premises & Digital Cinema Equipment	
31 March 2016	31 March 2015
121,633,462	121,349,483

Operating lease commitments - Group as lessor

The Group has leased out Digital Cinema Equipment to theaters and franchisees on operating lease arrangement. The lease term is generally for 5 to 10 years. The Group as well as the theaters and franchisees have an option of terminating this lease arrangement any time during the tenure of the lease as per the provisions of the lease agreement. Based on the management assumptions there is a reasonable certainty that the lease will continue for the lease term of 5 to 10 years.

Gross carrying amount

Accumulated depreciation

Depreciation recognized in the statement of Profit & Loss

(In Rupees)	
Digital Cinema Equipment	
31 March 2016	31 March 2015
4,325,631,785	4,105,587,935
1,702,791,351	1,289,307,053
528,198,159	508,624,129



31. Segment reporting

The Group is engaged primarily in the business of Digital Cinema Services and the financial statements reflect the result of this business segment, which is the primary segment in accordance with the requirement of Accounting Standard 17 on Segment Reporting. The Group's operations are based on the distribution of the group by geographical markets, based on the location of the assets.

	(In Rupees)	
	For the year ended 31 March 2016	31 March 2015
Revenue by Geographical Market		
- Within India	4,419,713,796	3,881,728,288
- Middle east	1,151,158,462	804,984,506
- Rest of the world	84,011,431	91,579,951
	<u>5,654,881,689</u>	<u>4,758,292,745</u>
Carrying Amount of Segment Assets		
- Within India	6,953,232,999	5,723,571,176
- Middle east	488,797,585	463,310,344
- Rest of the world	447,756,043	1,039,615,506
	<u>7,889,786,627</u>	<u>7,226,497,026</u>
Cost incurred to acquire Segment Fixed Assets		
- Within India	686,241,771	417,379,414
- Middle east	6,510,693	1,952,939
- Rest of the world	-	-
	<u>694,752,464</u>	<u>419,332,353</u>



Notes to consolidated financial statements as at and for the year ended 31 March 2016

32. Related party disclosures

1. Names of related parties where transactions have taken place during the year

Associate Enterprises

Scrabble Digital DMCC (Erstwhile known as Scrabble Digital JLT)
 Scrabble Digital Limited
 Scrabble Venture LLC, USA
 Scrabble Ventures, S. de R.L. de C.V.

Joint Venture entity

Mukta V N Films Limited

Enterprises owned or significantly influenced by key management personnel or their relatives

Media Infotek Park
 Shree Enterprises
 Valuable Media Limited
 Valuable Technologies Limited
 Qwik Entertainment India Limited
 Impact Media Exchange Limited
 Dusane Infotech (India) Private Limited (till September 15, 2015)
 Nifty Portfolio Services Private Limited
 Advent Fiscal Private Limited

Key management personnel

Mr. Sanjay Gaikwad - Managing Director
 Mr. Kapil Agarwal - Joint Managing Director
 Mr. Rajesh Mishra - Chief Executive Officer
 Mr. Ashish Makushte - Chief Financial Officer
 Mr. Sameer Chavan - Company Secretary

Relatives of Key management personnel

Ms. Apeksha Agarwal
 Ms. Benu Agarwal
 Mr. Uday Gaikwad

2. Details of transaction with related parties during the year

Sr. No.	Particulars	31 March 2016 Rupees	31 March 2015 Rupees
1	Nature of Expenses/Name of the Parties		
	Enterprises owned or significantly influenced by Key Management Personnel or their relatives		
A	Expenses reimbursed i) Media Infotek Park ii) Dusane Infotech (India) Private Limited	8,513,840 6,742	9,767,042 16,501
B	Software development charges i) Dusane Infotech (India) Private Limited	1,468,000	3,523,200
C	Technical services (expense) i) Valuable Technologies Limited	72,176,562	69,280,448
D	Direct Expenses (License fees on 3D movie) i) Valuable Technologies Limited	48,229	99,871
E	Direct Expenses (Licensee fees - Impact) i) Impact Media Exchange Limited	7,200,000	3,715,951
F	Licensee fee- Club X (Income) i) Valuable Media Limited	1,467,106	1,068,314
G	Rent paid (expense) i) Media Infotek Park	48,198,944	43,820,138
H	Advertisement revenue i) Qwik Entertainment India Limited	Nil	7,680,271
I	Consultancy & reimbursement expenses i) Shree Enterprises	631,600	671,938
J	Purchase of Spares and Equipment i) Valuable Technologies Limited	Nil	2,001,391
K	Bank Guarantees given (refer note 34 (c)) i) Impact Media Exchange Private Limited	Nil	10,000,000
L	Recovery of expenses i) Qwik Entertainment India Limited	Nil	17,250
M	Purchase of equity shares in Valuable Digital Screens Private Limited i) Valuable Technologies Limited	Nil	27,000,421
N	Sale of equipments i) Valuable Media Ltd	5,884,320	Nil
O	Dividend Paid i) Valuable Media Limited ii) Valuable Technologies Limited iii) Nifty Portfolio Services Private Limited iv) Advent Fiscal Private Limited	7,471,325 11,218,285 2,710,680 3,685,910	Nil Nil Nil Nil
2	Associate Enterprises		
A	Sale of goods i) Scrabble Digital Ltd ii) Scrabble Digital DMCC	991,352 1,100,176	201,193 40,683
B	Digital Conversion Expenses & Content Processing Charges i) Scrabble Digital Limited	27,244,212	25,713,177
C	Performance Guarantee given i) Scrabble Ventures LLC	Nil	312,954,000



Notes to consolidated financial statements as at and for the year ended 31 March 2016

D	Delivery Distribution Income		
	i) Scrabble Digital Limited	25,947,000	24,996,821
E	Recovery of expenses		
	i) Scrabble Digital Limited	480,058	1,661,296
F	Rent		
	i) Scrabble Digital Limited	732,338	1,490,885
G	Miscellaneous Income		
	i) Scrabble Ventures LLC	Nil	3,280,544
	ii) Scrabble Digital Ltd	449,075	Nil
H	Dividend received		
	i) Scrabble Digital Limited	15,817,120	13,049,088
	ii) Scrabble Digital DMCC	2,709,164	Nil
I	AMC Income		
	i) Scrabble Digital Limited	300,000	Nil
3	Joint Venture Entity (to the extent of consolidated)		
A	Corporate Guarantee given on borrowing (refer note 34 (b))		
	i) Mukta V N Films Limited	Nil	70,000,000
4	Remuneration to key managerial personnel		
	i) Mr. Sanjay Gaikwad	25,000,000	25,000,000
	ii) Mr. Kapil Agarwal	25,000,000	25,000,000
	iii) Mr. Ashish Malushte	7,676,512	5,007,600
	iv) Mr. Rajesh Mishra	7,744,696	7,491,600
	v) Mr. Sameer Chavan	2,424,986	915,921
5	Remuneration to relative of key managerial personnel		
	i) Ms. Apeksha Agarwal	768,576	761,603
6	Salary advance to key managerial personnel		
	i) Mr. Ashish Malushte	1,600,000	Nil
	ii) Mr. Rajesh Mishra	2,650,000	Nil
7	Dividend Paid to key managerial personnel		
	i) Mr. Sanjay Gaikwad	1,318,985	Nil
	ii) Mr. Kapil Agarwal	1,863,470	Nil
	iii) Mr. Ashish Malushte	217,120	Nil
	iv) Mr. Rajesh Mishra	285,745	Nil
8	Dividend paid to relatives of key managerial personnel		
	i) Ms. Benu Agarwal	448,500	Nil
	ii) Mr. Uday Gaikwad	500	Nil

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Group as a whole.

Further, the Company had granted employee stock options during year ended March 31, 2015 to key managerial personnel.

6. Balance outstanding at the year end

Sr.No.	Particulars	31 March 2016	31 March 2015
1	Enterprises owned or significantly influenced by Key Management Personnel or their relatives		
A	Amount receivable		
	i) Valuable Media Limited	123,248	218,787
	ii) Qwik Entertainment India Limited	498,397	498,582
B	Deposit receivable		
	i) Media Infotek Park	35,771,540	35,771,540
C	Bank Guarantee given (refer note 34 (c))		
	i) Impact Media Exchange Private Limited	10,000,000	10,000,000
2	Associate enterprise		
A	Amount receivable		
	i) Scrabble Digital Limited	8,838,271	2,631,950
B	Loan and advance given		
	i) Scrabble Digital DMCC (Including interest receivable)	74,753	8,094,241
C	Guarantee Given		
	a) Performance Guarantee given on behalf of associate		
	i) Scrabble Ventures LLC	331,564,500	312,954,000
3	Key managerial personnel		
	Salary advance receivable		
A	i) Mr. Ashish Malushte	1,600,000	Nil
	ii) Mr. Rajesh Mishra	2,650,000	Nil
4	Joint Venture Entity (to the extent of consolidated)		
A	Corporate Guarantee given on borrowing (refer note 34 (b))		
	i) Mukta V N Films Limited	70,000,000	70,000,000

33. Capital and other commitments

	31 March 2016	31 March 2015
	Rupees	Rupees
Capital commitments (estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances))	92,222,205	51,977,395
Other Commitments	29,237,282	17,315,991
	121,459,487	69,293,386

a) As indicated in note 29 (c) to the financial statements, the Parent company will acquire the remaining 20% equity of VDSPL from VTL in the financial year 2017-18 for a further consideration to be calculated in accordance with the terms of the investment agreement.



Notes to consolidated financial statements as at and for the year ended 31 March 2016

34. Contingent liabilities

	31 March 2016 Rupees	31 March 2015 Rupees
Dividend on 4,885,825 - 6% Cumulative Convertible Preference Shares of Rs. 100/- each.	Nil	31,002,198
Performance guarantees issued by the Group on behalf of Subsidiaries and associates to two studios for the performance of obligation relating to distribution of their digital content by its subsidiaries, step down subsidiaries and associates of subsidiary in certain overseas market. (refer note a) (USD 35,000,000 (P.Y. USD 35,000,000))	2,321,651,500	2,190,678,000
Corporate Guarantee (refer note b)	70,000,000	70,000,000
Corporate Guarantee (refer note c)	10,000,000	10,000,000
Corporate Guarantee (refer note d)	238,400,000	Nil
Bank guarantees issued by the Group in favour of various State Government for Sales tax registration	850,000	750,000
Labour Guarantee	755,630	561,719
Letter of credit	7,828,269	612,785
Pending litigations/matters (refer note g)		
(i) In respect of income tax matters		
Income Tax matters	74,921,973	91,391,940
(ii) In respect of indirect tax matters		
Service Tax matters (refer note f)	220,111,033	233,200,000
VAT matters	4,775,215	10,128,138
	2,949,093,620	2,638,324,780

Notes:

a) During the previous years, the Group has issued performance guarantees of US\$ 20 Mn each to a studio on behalf of Scrabble Entertainment Mauritius Limited and Scrabble Entertainment DMCC by terminating the earlier guarantees of US\$ 10 Mn each. The aggregate liability under the aforesaid two guarantees has been capped at an overall ceiling of US\$ 20Mn.

-US\$ 5 Mn to a studio on behalf of Scrabble Entertainment DMCC

-US\$ 5 Mn to a studio on behalf of Scrabble Entertainment Mauritius Limited

During the year ended March 31, 2015, the Group has issued performance guarantee to a studio on behalf of an associate of a subsidiary for similar obligation for US\$ 5 million.

b) The Parent company has provided Corporate guarantee to bank for Overdraft facility of Rs 70,000,000 (March 31, 2015 : Rs 70,000,000) taken by joint venture of subsidiary assuring that it will take all necessary steps so that the repayment of the loan is honored as and when due and payable.

b) During the year ended March 31, 2015, the Parent company has provided bank guarantee of Rs 10,000,000 to Chief Secretary, Revenue Department, Government of Maharashtra on behalf of Impact Exchange Media Private Limited, for declaring it as approved satellite based computer ticketing system provider in Maharashtra in connection with the business of operating satellite based ticketing system managed by the Parent company.

d) The Parent company has provided Corporate guarantee to bank for Term Loan and Cash Credit facility of Rs 238,400,000 taken by a subsidiary assuring that it will take all necessary steps so that the repayment of the loan is honored as and when due and payable.

e) The Company has issued a letter of comfort to a bank for term loan of Rs 300,000,000 (March 31, 2015 : 300,000,000) and cash credit facility of Rs 30,000,000 (March 31, 2015 : 30,000,000) taken by subsidiary company, assuring that it will take all necessary steps so that the repayment of the loan by the subsidiary is honored as and when due and payable. The outstanding term loan as on March 31, 2016 is Rs 135,499,860 (March 31, 2015 : 241,499,759)

f) During the year ended March 31 2016, the Company has received an order from the Commissioner of Service Tax Mumbai ("the Order") which includes demand for following matters aggregating to Rs 4,665 lakhs, excluding interest and penalty, which was subject matter of show cause notice from service tax authorities in the year ended 31 March 2015.

i) Rs. 2,484 lakhs, excluding interest and penalty, for service tax on rentals from leasing of Digital Cinema Equipments for the period April 2008 to March 2014. Based on legal opinion obtained, the Company believes that the lease rental revenues are subject to state-wise Value Added Tax which the Company is paying since the beginning of operations. Accordingly, the Company believes that its position will likely be upheld in the appellate process and that it is unlikely that the liability will arise to the Company out of this matter.

ii) Rs. 2,201 lakhs, excluding interest and penalty, on account of disallowance of CENVAT Credit on Capital Goods (Digital Cinema Equipments) claimed by the Company for the period April 2008 to March 2014 as the possession of the equipments is not with the Company. Based on legal opinion obtained, the Company is of the view that these equipments are used for providing taxable output services and hence should be entitled to avail CENVAT credit and is therefore contesting this demand. The Company believes that its position is likely to be upheld in the appellate process and accordingly no provision has been considered necessary in these financial Statements.

g) The Group is contesting the demand/matter relating to pending litigations listed above and the management, including its tax advisors, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the company's financial position and results of operations.



35. Particulars of unhedged foreign currency exposure at the reporting date

Particulars of un-hedged exposure	31 March 2016	31 March 2015
	Rupees	Rupees
Trade Receivable	Rs.1,291,103/- (US\$ 19,464 @ Closing rate of 1 USD = Rs.66.3329)	Rs.258,826/- (US\$ 4,135.22 @ Closing rate of 1 USD = Rs.62.5908)
Trade Payable (credit balance)	Rs.83,909,565/- (US\$ 1,246,976 @ Closing rate of 1 USD = Rs.66.3329)	Rs.19,951,315/- (US\$ 318,758.66 @ Closing rate of 1 USD = Rs.62.5908)
Advance Recoverable in cash or Kind	Rs.23,110,901/- (US\$ 348,407.82 @ Closing rate of 1 USD = Rs.66.3329)	Rs.12,813,094/- (US\$ 204,712.24/- @ Closing rate of 1 USD = Rs.62.5908)
Import creditors (debit balance)	Rs. 1,409,176/- (US\$ 21,244/- @ Closing rate of 1 USD = Rs.66.3329)	Rs. 2,916,731/- (US\$ 46,800/- @ Closing rate of 1 USD = Rs.62.5908)
Cash Balances	Rs. 60,550/- (Currency notes 5718.40 @ Closing rate for particular Currency)	Rs. 369,875.44/- (Currency notes 17,649.04 @ Closing rate for particular Currency)
Bank Balances	Rs.2,051,219/- (US\$ 23103.94 @ Closing rate of 1 USD = Rs.66.3329 & AED 28,809.76 @ Closing rate of 1 AED = Rs.18.0032)	Rs.6,088,240/- (US\$ 91946.02 @ Closing rate of 1 USD = Rs.62.5908 & AED 19,576.76 @ Closing rate of 1 AED = Rs.17.0218)
Performance guarantees given for subsidiary/associate	Rs 2,321,651,500/- (US\$ 35,000,000 @ Closing rate of 1 US\$ = Rs.66.3329)	Rs 2,190,678,000/- (US\$ 35,000,000 @ Closing rate of 1 US\$ = Rs.62.5908)

36. Details of Joint venture entity

V N Films Private Limited, a subsidiary of UFO Moviez India Limited has 45% stake in joint venture Company Mukta V N Films Limited along with Mukta Arts Limited which has 55% stake in this Joint Venture.

The Group's share of assets, liabilities, income and expenses of the jointly controlled entity are as follows:

Particulars	31 March 2016 Rupees	31 March 2015 Rupees
EQUITY AND LIABILITIES		
Shareholders' funds	30,972,711	31,252,527
Non - current liabilities	225,000	2,475,000
Current - liabilities	180,892,270	149,263,751
Total	212,089,981	182,991,278
Non - current assets	7,029,223	18,377,616
Current assets	205,060,758	164,613,666
Total	212,089,980	182,991,282
Total revenue from operations and other income considered in the consolidated financial statements	24,268,520	27,316,637
Total expenses considered in the consolidated financial statements	24,548,336	25,748,685
Net Profit considered in consolidated financial statements	(279,816)	1,567,952

37. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

Based on information available with the management, there is no amount due to Micro, small scale and Medium Enterprises as per the Micro, Small and Medium Enterprises Development Act, 2006.

38. The total managerial remuneration for the year in respect of managing director and joint managing director, (after including perquisite value of employees stock options of the Parent Company exercised by them during the year as determined as per Income Tax Act, 1961) is in excess of the limits specified under section 197 read with schedule V of the Act by Rs. 158,271,959.

The definition of managerial remuneration as per the provisions of erstwhile Companies Act, 1956 which was prevailing during the time when the managing director and joint managing director were appointed or during the time when employee stock options were granted to them did not include the employee stock option perquisite value as part of managerial remuneration. Also the employees stock options were granted to these directors at the then fair market value and as such the Company was not required to account for any expense during the period of the vesting on account of grant of these employee stock options.

However as per the provisions of Companies Act, 2013 which has been made effective from 1st April 2014 the definition of managerial remuneration is amended to include value of perquisites as per Income Tax Act, 1961 and as a result the perquisite value of employee stock options which is the difference between the exercise price of the employee stock options and the market price of the shares on the date of exercise of the options, though notional in nature is required to be considered in the definition of managerial remuneration.

Given that this amount has not been paid or incurred by the Company during the year or previous years and accordingly, it is not a perquisite paid in cash. Hence, subsequent to the year end, the Company is in the process of filing application to the Central Government for the waiver of this excess remuneration. Pending the approval from the Central Government no adjustments have been made to the financial statements.



Notes to consolidated financial statements as at and for the year ended 31 March 2016

39. The list of subsidiaries, associates and joint venture entities included in consolidation and their share of Net Assets and Share in profit and loss after elimination of inter-company balances is as follows:

Name of the entity in the Group	Net Assets, i.e., total assets minus total liabilities			
	31 March 2016	31 March 2016	31 March 2016	31 March 2016
	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount
1	2	3	4	5
A. UFO Moviez India Limited	84.25%	4,440,900,982	86.02%	3,961,827,640
B. Subsidiaries and step down subsidiaries				
I. Indian				
(i) Scrabble Entertainment Limited	3.81%	190,095,366	0.86%	39,562,998
(ii) V N Films Private Limited	-0.20%	(10,291,544)	-0.11%	(5,012,607)
(iii) Southern Digital Screenz India Private Limited	1.54%	81,208,883	0.29%	13,276,927
(iv) Valuable Digital Screen Private Limited	-1.81%	(95,456,297)	0.13%	6,141,398
II. Foreign				
(i) Edridge Limited	3.34%	176,165,717	3.68%	168,493,042
(ii) United Film Organisers Nepal Private Limited	-0.09%	(4,914,833)	0.00%	133,114
(iii) UFO International Limited	-1.09%	(57,417,714)	-1.70%	(78,243,426)
(iv) United Film Organisers (UFO) (Mauritius) Private Limited.	0.00%	(106,145)	0.00%	12,610
(v) UFO Lanka Private Limited.	-0.11%	(5,847,821)	-0.21%	(9,537,207)
(vi) UFO Software Technologies Private Limited.	0.01%	636,258	-0.01%	(410,131)
(vii) Scrabble Entertainment DMCC	4.42%	232,871,285	5.15%	237,074,472
(viii) Scrabble Entertainment Mauritius Limited	4.45%	234,543,128	3.40%	158,557,518
(ix) Scrabble Entertainment Lebanon Sarl	-0.07%	(3,622,043)	-0.07%	(3,177,497)
(x) Scrabble Digital Inc	-0.29%	(15,203,967)	-0.29%	(13,522,909)
C. Minority interest in all subsidiaries	2.02%	106,209,585	1.59%	73,093,367
D. Associates (Investment as per equity method)				
I. Indian				
(i) Scrabble Digital Limited	0.03%	1,699,500	0.98%	45,208,227
II. Foreign				
(i) Scrabble Digital DMCC	-0.01%	(530,804)	0.13%	6,020,533
(ii) Scrabble Ventures LLC	-0.03%	(1,344,123)	0.15%	6,881,396
E. Joint Venture of VN Films Private Limited (as per proportionate consolidation)				
(i) Mukta V N Films Limited	0.02%	1,272,715	0.03%	1,552,527
Total	100.00%	5,270,868,007	100.00%	4,605,731,992



Name of the entity in the Group	Share in profit and loss after elimination of inter-company balances			
	31 March 2016	31 March 2015	31 March 2015	31 March 2015
	As % of consolidated profit and loss	Amount	As % of consolidated profit and loss	Amount
1	2	3	4	5
A. UFO Moviez India Limited	62.95%	399,498,173	52.32%	255,400,181
B. Subsidiaries and step down subsidiaries				
I. Indian				
(i) Scrabble Entertainment Limited	10.49%	66,588,065	15.31%	74,727,549
(ii) V N Films Private Limited	-0.83%	(5,278,937)	-0.60%	(2,908,292)
(iii) Southern Digital Screenz India Private Limited	13.11%	83,188,510	11.81%	57,840,208
(iv) Valuable Digital Screen Private Limited	-15.98%	(101,401,626)	-1.12%	(5,468,024)
II. Foreign				
(i) Edridge Limited	-0.08%	(479,699)	-0.09%	(422,282)
(ii) United Film Organisers Nepal Private Limited	-0.01%	(71,455)	0.03%	125,403
Subsidiary of Edridge Limited & stepdown subsidiary of UFO				
(iii) UFO International Limited	-0.47%	(2,978,218)	-0.85%	(4,162,956)
Subsidiaries of UFO International Limited & stepdown subsidiaries of UFO				
(iv) United Film Organisers (UFO) (Mauritius) Private Limited.	-0.02%	(118,224)	-0.04%	(196,481)
(v) UFO Lanka Private Limited.	-0.27%	(1,690,392)	-0.01%	(56,187)
(vi) UFO Software Technologies Private Limited.	0.01%	94,848	0.01%	59,098
Subsidiaries of SEL & stepdown subsidiaries of UFO				
(vii) Scrabble Entertainment DMCC	32.24%	204,602,578	32.35%	157,889,958
(viii) Scrabble Entertainment Mauritius Limited	-0.45%	(2,885,848)	-4.87%	(23,761,849)
(ix) Scrabble Entertainment Lebanon Sarl	-0.02%	(143,951)	-0.19%	(933,403)
(x) Scrabble Digital Inc	-0.63%	(3,974,576)	-0.15%	(723,533)
C. Minority Interest in all subsidiaries	-6.21%	(39,428,642)	-8.08%	(39,448,204)
D. Associates (Investment as per equity method)				
I. Indian				
(i) Scrabble Digital Limited	2.80%	17,743,447	1.89%	9,297,603
II. Foreign				
(i) Scrabble Digital DMCC	0.96%	6,122,308	0.55%	2,678,387
(ii) Scrabble Ventures LLC	2.44%	15,503,146	1.41%	6,881,397
E. Joint Venture of V N Films Private Limited (as per proportionate consolidation)				
(i) Mukta V N Films Limited	-0.04%	(279,816)	0.32%	1,567,952
Total	100.00%	634,628,490	100.00%	488,126,520

40. Previous year figures

Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

As per our Report attached of even date

 For S.R. Batliboi & Associates LLP
 ICAI Firm Registration No : 101049W/E300004
 Chartered Accountants

 per Govind Ahuja
 Partner
 Membership No.: 48986

 Place of signature: Mumbai
 Date: May 26, 2016

 For and on behalf of the Board of Directors
 of UFO Moviez India Limited

 Sanjay Gaikwad
 Managing Director
 DIN No.: 01001173

 Sameer Chavan
 Company Secretary

 Place of signature: Mumbai
 Date: May 26, 2016

 Kapil Agarwal
 Joint Managing Director
 DIN No.: 00023378

 Ashish Malushte
 Chief Financial Officer