

FINANCIAL STATEMENT

2015-2016

**RELIANCE MEDIAWORKS THEATRES
LIMITED**

Independent Auditors' Report

To The Members of
Reliance MediaWorks Theatres Limited

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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 accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Emphasis of Matter

We draw attention to Note 23 in the financial statements regarding accumulated loss exceeding net worth of the Company and the financial statements being prepared on going concern basis. Our opinion is not modified in this respect.

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 A, a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply materially with the applicable accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of written representations received from the Directors and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2016 from being appointed as Director in terms of section 164(2) of the Act;
 - f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
 - 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) There are no ongoing litigations as at the reporting date that would have a material impact on its financial position;
 - ii) Based upon the assessment made by the Company, there are no material foreseeable losses on its long-term contracts that may require any provisioning;
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **SMA & Co.**
Chartered Accountants
Regn.No.018452C

Sd/-
Nitika Jain
Partner
Membership No. 427716

Place: Mumbai
Date: August 23, 2016

Offices: 4-B-4, Aashirwad Plaza, Talwandi, Kota 324005 Rajasthan
C/o Moosa Bhoj & Co., 31, Shopping Centre, Kota 324007 Rajasthan
Shop No. 3, Agrawal Dharmashala Aklera, Jhalawar 326033 Rajasthan

ANNEXURE A TO THE AUDITORS' REPORT

Referred to in our Report of even date on the Accounts of **Reliance MediaWorks Theatres Limited** for the year ended March 31, 2016

- i) The Company has no fixed assets therefore paragraph 3(i) of the Order is not applicable.
- ii) The Company has no inventory therefore paragraph 3(ii) of the Order is not applicable.
- iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained pursuant to section 189 of the Act. Hence the reporting requirements under sub-clause (a), (b), (c) of paragraph 3(iii) of the Order are not applicable.
- iv) According to the information and explanations given to us, the Company has complied with section 185 and 186 of the Act, in respect of investments made.
- v) The Company has not accepted any deposits from the public.
- vi) As informed to us, no Cost Records have been prescribed by Central Government under section 148(1) of the Act.
- vii) (a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess or/and any other statutory dues, wherever applicable, with the appropriate authorities during the year and there were no such outstanding dues as at March 31, 2016 for a period of more than six months from the date they became payable.
(b) As per the information and explanations given to us, there are no disputed statutory dues pending to be deposited with the respective authorities by the Company.
- viii) The Company has not raised any funds from financial institutions or banks or by issue of debentures during the year. Hence, question of repayment of dues to them does not arise.
- ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Hence, paragraph 3(ix) of the Order is not applicable.
- x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) The Company has not made any preferential allotment or private placement of shares or debentures during the year.
- xv) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **S M A & Co.**
Chartered Accountants
Regn.No.018452C

Sd/-

Nitika Jain
Partner
Membership No. 427716

Place: Mumbai
Date: August 23, 2016

Offices: 4-B-4, Aashirwad Plaza, Talwandi, Kota 324005 Rajasthan
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Shop No. 3, Agrawal Dharmashala Aklera, Jhalawar 326033 Rajasthan

ANNEXURE B TO THE AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting ('Financial Controls') of **Reliance MediaWorks Theatres Limited** ("the Company") in conjunction with our audit of the Company for the year ended March 31, 2016.

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 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's Financial Controls 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, issued by ICAI and deemed to be prescribed 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 ICAI. 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 Financial Controls are 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 Financial Controls includes obtaining an understanding of Financial Controls, 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's Financial Controls 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 Financial Controls includes those policies and procedures that (1) pertain to 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 Financial Controls, 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 Financial Controls to future periods are subject to the risk that the Financial Controls 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 Financial Controls system and such Financial Controls are operating effectively as at March 31, 2016, based on the Financial Controls 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 ICAI.

For **S M A & Co.**
Chartered Accountants
Regn. No. 018452C

Sd/-

Nitika Jain
Partner
Membership No. 427716

Place: Mumbai
Date: August 23, 2016

Offices: 4-B-4, Aashirwad Plaza, Talwandi, Kota 324005 Rajasthan
C/o Moosa Bhoj & Co., 31, Shopping Centre, Kota 324007 Rajasthan
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Reliance MediaWorks Theatres Limited

Balance Sheet

As at March 31, 2016

(Amount in Rupees)

	Note	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	1	500,000	500,000
(b) Reserves and surplus	2	(47,489,091)	60,590,451
Current liabilities			
(a) Short term borrowings	3	65,156,836	65,156,836
(b) Trade payables			
- Micro & Small Enterprise (refer note 18)		-	-
- Others		24,275	52,455
(c) Other current liabilities	4	15,776,009	10,167,034
(d) Short term provisions	5	-	103,213
Total		33,968,029	136,569,989
ASSETS			
Non-current assets			
(a) Non-current investments	6	28,925,849	21,179,496
(b) Long-term loans and advances	7	1,630,294	1,630,294
Current assets			
(a) Cash and bank balance	8	2,011,328	2,729,807
(b) Short-term loans and advances	9	-	109,629,834
(c) Other current assets	10	1,400,558	1,400,558
Total		33,968,029	136,569,989

Significant Accounting Policies

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

As per our Report of even date

For S M A & Co.

Chartered Accountants

Regn.No.018452C

For and on behalf of Board

Sd/-

Nitika Jain

Partner

Membership No.427716

Place : Mumbai

Date: August 23, 2016

Sd/-

Neelam Samant

Director

DIN:07064226

Place : Mumbai

Date: August 23, 2016

Sd/-

Satish Kadakia

Director

DIN:07004001

Reliance MediaWorks Theatres Limited

Statement of Profit and Loss

For the year ended March 31, 2016

(Amount in Rupees)

	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
I Revenue - Share of profit from partnership firm		7,746,354	2,717,736
II. Other income	11	-	1,500,000
Total Revenue		<u>7,746,354</u>	<u>4,217,736</u>
III. Expenses			
Finance Cost	12	6,165,313	5,529,908
Other expenses	13	109,812,806	87,263,551
Total Expenses		<u>115,978,119</u>	<u>92,793,459</u>
IV. Profit / (Loss) before tax		(108,231,765)	(88,575,723)
V. Tax Expenses			
Current tax		-	-
Short / (Excess) provision for earlier years		(152,223)	-
Profit / (Loss) for the year		<u>(108,079,542)</u>	<u>(88,575,723)</u>
Earnings per equity share (refer note 17) (Nominal value of share Rs. 10)			
- Basic		(2,161.59)	(1,771.51)
- Diluted		(2,161.59)	(1,771.51)

Significant Accounting Policies

14

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

As per our Report of even date

For S M A & Co.

Chartered Accountants

Regn.No.018452C

Sd/-

Nitika Jain

Partner

Membership No 427716

Place : Mumbai

Date : August 23, 2016

For and on behalf of Board

Sd/-

Neelam Samant

Director

DIN:07064226

Place : Mumbai

Date : August 23, 2016

Sd/-

Satish Kadakia

Director

DIN:07004001

Place : Mumbai

Reliance MediaWorks Theatres Limited

Cash flow statement

For the year ended March 31, 2016

(Amount in Rupees)

	For the year ended March 31, 2016	For the year ended March 31, 2015
A. Cash flow from operating activities		
Net / (Loss) profit before tax	(108,231,765)	(188,575,723)
Adjustment for:		
Interest on loans from Holding Company	6,165,313	5,529,908
Provision for doubtful advance towards share application money / reversal thereof	109,629,834	(1,500,000)
Provision for doubtful loans and advances	-	86,507,380
Operating profit before working capital changes	<u>7,563,382</u>	<u>1,961,565</u>
Adjustment for (Decrease) / Increase in trade payable / other current liabilities	32,014	1,227,084
Operating profit before working capital changes	<u>7,595,396</u>	<u>3,188,649</u>
Taxes paid (net of refunds)	49,010	(2,231,329)
Net Cash Flow from operating activities (A)	<u><u>7,644,406</u></u>	<u><u>957,320</u></u>
B. Cash flow from investing activities		
Amount investment in Partnership Firm	(7,746,354)	(2,717,736)
Advance towards share application money / refund thereof	-	9,900,000
Advance towards purchase of shares	-	(29,000,000)
Short term loan to others (net)	-	(37,500,000)
Interest received	-	89,959
Net cash used in investing activities (B)	<u><u>(7,746,354)</u></u>	<u><u>(59,227,777)</u></u>
C. Cash flow from financing activities		
Proceeds from short term borrowings	-	61,051,067
Interest on loans from Holding Company	(616,532)	(552,991)
Net cash used in financing activities (C)	<u><u>(616,532)</u></u>	<u><u>60,498,076</u></u>
Net increase / (decrease) in cash and cash equivalent	(718,479)	2,227,618
Cash and cash equivalents as at beginning of the year	2,729,807	502,189
Cash and cash equivalents as at end of the year (refer note 9)	2,011,328	2,729,807

As per our Report of even date

For S M A & Co.

Chartered Accountants

Regn No 018452C

Sd/-

Nitika Jain

Partner

Membership No.427716

Place Mumbai

Date: August 23, 2016

For and on behalf of Board

Sd/-

Neelam Samant

Director

DIN:07064226

Place : Mumbai

Date: August 23, 2016

Sd/-

Satish Kadakia

Director

DIN:07004001

Reliance MediaWorks Theatres Limited

Notes to the financial statements

As at March 31, 2016

(Amount in Rupees)

	As at March 31, 2016		As at March 31, 2015	
1 Share Capital				
Authorised				
500,000 (2015: 500,000) Equity Shares of Rs. 10/- each		5,000,000		5,000,000
Issued, Subscribed and paid-up capital				
50,000 (2015 : 50,000) Equity Shares of Rs. 10/- each, Fully paid up.		500,000		500,000
		<u>500,000</u>		<u>500,000</u>
a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year				
Equity Share Capital				
	As at March 31, 2016		As at March 31, 2015	
	No of Shares	Amount in Rs.	No of Shares	Amount in Rs.
Shares as at beginning of the year	50000	500,000	50000	500,000
Share issued during the year	-	-	-	-
Shares as at end of the year	50000	500,000	50000	500,000
b. Terms/rights attached to equity shares				
The Company has only one class of equity shares having par value of Rs. 10 per share. Each equity holder entitle to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of the Directors is subject to the approval of the shareholders.				
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.				
c. Details of shareholders holding more than 5% shares in the Company and shares held by Holding Company				
	As at March 31, 2016		As at March 31, 2015	
	No of Shares	% holding in the class	No of Shares	% holding in the class
Reliance Mediaworks Limited (Holding Company) and its nominees	50000	100%	50000	100%
2 Reserves and Surplus				
Surplus / (Deficit) in Statement of Profit and Loss				
As per last balance sheet				
Profit / (Loss) for the year		60,590,451		149,166,175
Closing Balance		(108,079,542)		(88,575,724)
		<u>(47,489,091)</u>		<u>60,590,451</u>
3 Short Term Borrowings				
From Related Parties	18	65,156,836		65,156,836
		<u>65,156,836</u>		<u>65,156,836</u>
4 Trade Payables				
Due to micro small and medium enterprises	20	-		-
Others		24,275		52,455
		<u>24,275</u>		<u>52,455</u>
5 Other Current Liabilities				
Interest accrued on loan from Holding Company	18	10,525,698		4,976,917
Amount due to related parties	18	4,762,986		4,622,126
Tax deducted at source payable		487,325		567,991
		<u>15,776,009</u>		<u>10,167,034</u>

Reliance MediaWorks Theatres Limited

Notes to the financial statements

As at March 31, 2016

(Amount in Rupees)

	As at March 31, 2016	As at March 31, 2015
6 Short Term Provisions		
Provision for income tax (Net of advance tax Rs. Nil (2015: Rs. 4,616,787))	-	103,213
	<u>-</u>	<u>103,213</u>
7 Non-current Investments		
Investment in partnership firm Gold adlabs (refer note 18)	28,925,849	21,179,496
	<u>28,925,849</u>	<u>21,179,496</u>
Details of Investment in partnership firm		
Investment in Gold adlabs		
Name of the partner and share in profits (%)		
Reliance MediaWorks Theaters Limited	55.00%	55.00%
Goldfields Habitat Pvt. Ltd.	45.00%	45.00%
Total Capital of the firm	44,817,817	40,583,539
8 Long-term Loans and Advances		
Unsecured, considered good, Advance income tax & tax deducted at sources (Net of provision for tax Rs. 159,048 (2015: Rs. 159,048))	1,630,294	1,630,294
	<u>1,630,294</u>	<u>1,630,294</u>
9 Cash and Bank Balance		
Cash and cash equivalents		
Balances with banks - Current account	2,011,328	2,729,807
	<u>2,011,328</u>	<u>2,729,807</u>

Reliance MediaWorks Theatres Limited

Notes to the financial statements

As at March 31, 2016

(Amount in Rupees)

	As at March 31, 2016	As at March 31, 2015
10 Short term Loans and Advances		
Unsecured, considered good:		
Advance towards share application money	-	37,629,834
Advance towards purchase of shares	-	72,000,000
	<u>-</u>	<u>109,629,834</u>
Unsecured, considered doubtful:		
Advance towards share application money	109,629,834	-
Other loans and advances	82,500,000	82,500,000
Less: Provision for doubtful advances	<u>(192,129,834)</u>	<u>(82,500,000)</u>
	<u>-</u>	<u>-</u>
	<u>-</u>	<u><u>109,629,834</u></u>
11 Other Current Assets		
Unsecured, considered good:		
Interest accrued on loan to related parties (refer note 18)	1,400,558	1,400,558
	<u>1,400,558</u>	<u>1,400,558</u>
Unsecured, considered doubtful:		
Interest accrued on loan to others	4,007,380	4,007,380
Less: Provision for doubtful accrued interest	<u>(4,007,380)</u>	<u>(4,007,380)</u>
	<u>-</u>	<u>-</u>
	<u><u>1,400,558</u></u>	<u><u>1,400,558</u></u>

Reliance MediaWorks Theatres Limited

Notes to the financial statements

For the year ended March 31, 2016

(Amount in Rupees)

	For the year ended March 31, 2016	For the year ended March 31, 2015
12 Other Income		
Interest income from:		
Reversal of provision for doubtful advance share application money	-	1,500,000
	<u>-</u>	<u>1,500,000</u>
13 Finance Cost		
Interest on Loan	6,165,313	5,529,908
	<u>6,165,313</u>	<u>5,529,908</u>
14 Other Expenses		
Payment to auditors	17 23,000	56,180
Management fees	18 140,860	674,160
Legal and professional fees	16,045	25,831
Provision for doubtful advance towards share application money	109,629,834	-
Provision for doubtful loans and advances	-	82,500,000
Provision for doubtful accrued interest	-	4,007,380
Other expenses	3,067	-
	<u>109,812,806</u>	<u>87,263,551</u>

15. Background

Reliance MediaWorks Theatres Limited ('RMTL' or 'the Company') was incorporated on May 19, 2003 and is a partner in a partnership firm M/s. Gold Adlabs which is engaged in running and operating a Multiplex Theatre at Marigold Complex, Kalyani Nagar, Pune.

16. Significant Accounting Policies

i. Basis of preparation

These financial statements have been prepared to comply with the Generally Accepted Accounting Principles in India (Indian GAAP), including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013. The financial statements are prepared on accrual basis under the historical cost convention. The financial statements are presented in Indian Rupees except where mentioned otherwise.

ii. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles ('GAAP') in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of the financial statements. Management believes that the estimates made in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

iii. Revenue

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

Share of profit in Partnership firm is recognised on the basis of audited financial statements of the Partnership firm.

Interest income is recognised on a time proportion basis at the rate implicit in the transaction.

iv. Investments

Investment with Partnership firm represents the balance outstanding in the capital account of the company with the Partnership firm.

v. Taxation

Income-tax expense comprises current tax expense computed in accordance with the relevant provisions of the Income tax Act, 1961 and deferred tax charge or credit.

Current tax provision is made based on the tax liability computed after considering tax allowances and

Reliance MediaWorks Theatres Limited

Notes to the financial statements (Continued)

As at March 31, 2016

(Currency: Indian Rupees)

exemptions, in accordance with the Income tax Act, 1961. Deferred tax charge or credit and the corresponding deferred tax liability or asset is recognised for timing differences between the profits / losses offered for income taxes and profits / losses as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down / up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

vi. Provisions and contingencies

Provisions comprise liabilities of uncertain timing or amount. Provisions are recognized when the Company recognises it has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Loss contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

vii. Earnings per share

In determining earning per share, the Company considers the net result after tax and includes the post tax effect of any extraordinary / exceptional item. The number of shares used in computing basic earning per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earning per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of shares that could have been issued on the conversion of all dilutive potential equity shares unless the results would be anti -dilutive. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date.

17. Payment to Auditors

	For the year ended March 31, 2016	For the year ended March 31, 2015
Audit Fees	23,000	56,180
Other attestation fees	-	-
Total	23,000	56,180

Reliance MediaWorks Theatres Limited

Notes to the financial statements (Continued)

As at March 31, 2016

(Currency: Indian Rupees)

18. Related Party Disclosures

i) List of Related Parties where control exists:

- Ultimate Holding Company – Reliance Land Private Limited (with effect from September 16, 2013)
- Holding Company – Reliance MediaWorks Limited
- Partnership firm in which the company is a Partner – Gold Adlabs

Fellow subsidiaries

- Global MediaWorks (UK) Limited
- Reliance MediaWorks (USA) Inc.
- Reliance MediaWorks(Netherlands) B.V. (dissolved on.29th December, 2015)
- Reliance MediaWorks (Mauritius) Limited (till 7th April, 2015)
- Big Synergy Media Limited
- Gener8 India Media Services Limited (formerly known as Reliance MediaWorks Entertainment Services Limited) (till 7th April, 2015)
- Reliance Media Consultant Private Limited (till 18th February, 2016)
- Cinema Ventures Private Limited (formerly known as Reliance MediaVentures Private Limited) (till 31st July, 2015)
- Reliance MediaWorks Creative Services Limited (w.e.f. July 19, 2014), (Applied for fast track exit on 23rd March, 2016)
- Big Cinemas Entertainment LLC
- Big Cinemas Entertainment (DE) LLC
- Big Cinemas Laurel LLC
- Big Cinemas Falls Church LLC
- Big Cinemas Norwalk LLC
- Big Cinemas Galaxy LLC
- Big Cinemas Sahil LLC
- Big Cinemas SAR LLC
- Phoenix Big Cinemas Management LLC (upto December 31, 2014)
- Big Cinemas Phoenix LLC (upto December 31, 2014)
- Big Cinemas Exhibition LLC (upto March 4, 2015)
- Big Cinemas IMC LLC
- Big Pictures USA Inc.
- Reliance Media & Marketing Communications LLC (upto March 4, 2015)
- Reliance Lowry Digital Imaging Services Inc.
- Reliance Media Works VFX Inc.

Reliance MediaWorks Theatres Limited
Notes to the financial statements (Continued)
As at March 31, 2016
(Currency: Indian Rupees)

ii) Transaction with Related Parties:

Particulars	Holding Company		Fellow Subsidiaries		Partnership firm in which the company is a Partner	
	CY	PY	CY	PY	CY	PY
Income / Expenses						
Interest Income	-	-	-	-	-	-
Interest Expense	6,165,313	5,529,908	-	-	-	-
Management Fees Expense	140,860	674,160	-	-	-	-
Closing Balance						
Interest receivable	-	-	1,400,558	1,400,558	-	-
Interest payable	10,525,698	4,976,917	-	-	-	-
Other amounts payable	4,762,986	4,622,126	-	-	-	-
Unsecured Loan Availed						
Opening balance	65,156,836	4,105,769	-	-	-	-
Availed during the year	698,264	61,051,067	-	-	-	-
Repaid during the year	698,264	-	-	-	-	-
Closing Balance	65,156,836	65,156,836	-	-	-	-
Investment in Partnership Firm						
Opening balance	-	-	-	-	21,179,496	18,461,760
Share of Profit for the year	-	-	-	-	7,746,354	2,717,736
Withdrawn during the year	-	-	-	-	-	-
Closing Balance	-	-	-	-	28,925,850	21,179,496

CY – Year ended March 31, 2016

PY – Year ended March 31, 2015

19. Earnings Per Share:

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Net profit after tax	(108,231,765)	(88,575,724)
Weighted average number of Shares	50,000	50,000

Reliance MediaWorks Theatres Limited
Notes to the financial statements (Continued)
As at March 31, 2016
(Currency: Indian Rupees)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Face value per share	10	10
Earnings Per Share (Basic and Diluted)	(2161.59)	(1,771.51)

18. Due to Micro and Small Enterprise

Under the Micro, Small and Medium Enterprise Development Act, 2006, certain disclosures are required to be made relating to micro and small enterprise. The Company has taken necessary steps to seek relevant information from its suppliers about the coverage under the Act. According to information available with the management, no amounts are outstanding pertaining to covered creditors for a period more than 45 days.

19. Details of loans given, investments made and guarantee given covered u/s 186(4) of the Companies Act, 2013:

Sr. No.	Name of the Company	Loans given during the year	Purpose	As at March 31, 2016	As at March 31, 2015
1	TCF Consulting Services India	-	Business Finance	30,000,000	30,000,000
2	Vensat Tech Services Private Limited	-	Business Finance	40,000,000	30,000,000

Note: For corporate guarantees given and investments made by the Company during the year covered u/s 186(4) of the Companies Act, 2013, refer note 7 and note 18.

- 20.** The Company's net worth has eroded, however, having regard to improved operational performance of business, financial support from its promoters, further restructuring exercise being implemented etc, the financial statements have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities.
- 21.** The previous year's figures have been re-grouped/ re-arranged as necessary to conform to the present year's classification.

For S M A & Co.
Chartered Accountants
Firm Registration No. 018452C

For and on behalf of Board

Sd/-
Nitika Jain
Partner
Membership No. 427716
Place: Mumbai
Date: August 23, 2016

Sd/-
Neelam Samant
Director
DIN:07064226
Place: Mumbai
Date: August 23, 2016

Sd/-
Satish Kadakia
Director
DIN:07004001