

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Scrabble Entertainment Limited

**Report on the Financial Statements**

We have audited the accompanying financial statements of Scrabble Entertainment Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management'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 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 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 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.

**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 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 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 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 but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of 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 financial statements.



# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

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## **Opinion**

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

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

1. As required by the Companies (Auditor's report) Order, 2015 ("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 financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164 (2) of the Act;
  - (f) 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 31 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

  
**per Govind Ahuja**  
Partner  
Membership Number: 48966  
Place of Signature: Mumbai  
Date: July 23, 2015





# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

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## **Annexure to the Independent Auditors' Report**

**Re: Scrabble Entertainment 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.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) The Company has granted loans that are re-payable on demand, to a Company covered in the register maintained under section 189 of the Companies Act, 2013 ("the Act"). We are informed that the Company has not demanded repayment of any such loan during the year, and thus, there has been no default on the part of the parties to whom the money has been lent. The payment of interest has been regular.
- (b) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (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.
- (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, wealth-tax, service tax, custom duty, value added tax, cess and other material statutory dues applicable to it. The provisions relating to wealth tax and excise duty are not applicable to the Company.



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- (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, custom duty, sales-tax, 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 wealth tax and excise duty are not applicable to the Company.
- (c) According to the information and explanation given to us, there are no dues of custom duty, service tax, sales tax, value added tax and cess which have not been deposited on account of any dispute. According to the records of the Company, the dues of income tax outstanding on account of any dispute are as follows:

<b>Nature of Statute</b>	<b>Nature of Dues</b>	<b>Amount (Rs.)</b>	<b>Period to which the Amount Relates</b>	<b>Forum where the dispute is pending</b>
Income Tax Act, 1961	Income Tax	2,020,890	Assessment Year 2011-12	CIT (Appeals)
Income Tax Act, 1961	Income Tax	66,661,050	Assessment Year 2012-13	CIT (Appeals)

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

- (d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution and bank. The Company does not have any dues to debenture holders.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.



# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

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

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

Chartered Accountants

ICAI Firm's Registration Number: 101049W

  
per Govind Ahuja

Partner

Membership Number: 48966

Place: Mumbai

Date: July 23, 2015





# Scrabble Entertainment Limited

Balance sheet as at 31 March 2015

Particulars	Notes	31 March 2015 Rupees	31 March 2014 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's funds</b>			
Share capital	3	7,683,870	7,683,870
Reserves and surplus	4	498,174,418	394,618,313
		<b>505,858,288</b>	<b>402,302,183</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	136,353,919	219,618,291
Other long term liabilities	7	218,427,479	231,777,007
Long-term provisions	6	3,361,113	7,795,083
		<b>358,142,511</b>	<b>459,190,381</b>
<b>Current liabilities</b>			
Trade payables	7	248,270,510	207,959,577
Other current liabilities	7	228,872,545	269,333,917
Short-term provisions	6	6,722,625	4,867,837
		<b>483,865,680</b>	<b>482,161,331</b>
<b>TOTAL</b>		<b>1,347,866,479</b>	<b>1,343,653,895</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	8	495,109,354	526,490,682
Intangible assets	8	112,897	281,731
Capital work-in-progress		17,989,914	89,062,220
Non-current investments	9	119,023,650	119,023,650
Deferred tax assets (net)	10	33,195,519	26,769,742
Long-term loans and advances	11	242,521,258	258,810,456
Trade receivables	12	-	1,000,000
Other non current assets	13	45,878,483	38,648,609
		<b>953,831,075</b>	<b>1,060,087,090</b>
<b>Current Assets</b>			
Current investments	14	67,092,366	17,556,294
Inventories	15	15,780,141	20,146,030
Trade receivables	12	107,400,076	157,334,618
Cash and bank balances	16	106,849,677	20,713,175
Short-term loans and advances	11	67,813,092	49,823,632
Other current assets	13	29,100,052	17,993,056
		<b>394,035,404</b>	<b>283,566,805</b>
<b>TOTAL</b>		<b>1,347,866,479</b>	<b>1,343,653,895</b>
<b>Summary of significant accounting policies</b>	<b>2.1</b>		

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  
Chartered Accountants

per Govind Ahuja  
Partner  
Membership no.: 48966



For and on behalf of the board of directors of  
Scrabble Entertainment Limited

Dr. Sunil Patil  
Whole Time Director  
DIN No.: 00350283

Chirag Desai  
VP - Finance & Accounts

Sushil Agrawal  
Director  
DIN No.: 00003163

Urmi Shah  
Company Secretary

Place of Signature : Mumbai  
Date: July 23, 2015

Place of Signature : Mumbai  
Date: July 23, 2015

# Scrabble Entertainment Limited

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

Particulars	Notes	31 March 2015 Rupees	31 March 2014 Rupees
<b>Revenues</b>			
Revenue from operations	17	1,162,959,639	1,008,756,721
Other income	18	24,107,629	1,087,891
<b>Total Revenue (I)</b>		<b>1,187,067,268</b>	<b>1,009,844,612</b>
<b>Expenses</b>			
Operating direct costs	19	769,076,024	695,309,883
Employee benefits expense	20	64,375,450	64,661,809
Other expenses	21	95,415,508	116,655,925
<b>Total Expenses (II)</b>		<b>928,866,982</b>	<b>876,627,617</b>
<b>Earnings before interest, tax, depreciation and amortisation ( EBITDA ) ( I - II )</b>		<b>258,200,286</b>	<b>133,216,995</b>
Depreciation and amortization expense	8	109,913,731	72,175,692
Finance cost	22	39,690,768	35,876,531
Finance income	23	(39,627,464)	(7,911,548)
<b>Profit before tax</b>		<b>148,223,251</b>	<b>33,076,320</b>
<b>Tax expense:</b>			
Current tax			
- Provision for Taxation		50,000,000	18,700,000
Deferred tax		(6,069,992)	(5,526,533)
<b>Total tax expense</b>		<b>43,930,008</b>	<b>13,173,467</b>
<b>Profit for the year</b>		<b>104,293,243</b>	<b>19,902,853</b>
<b>Earnings per equity share</b>	24		
Basic ( Face value of Rs. 10 each )		135.73	25.90
Diluted ( Face value of Rs. 10 each )		135.36	24.74
<b>Summary of significant accounting policies</b>	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  
Chartered Accountants

per Govind Ahuja  
Partner  
Membership no.: 48966



For and on behalf of the board of directors of  
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Urmi Shah  
Company Secretary

Place of Signature : Mumbai  
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# Scrabble Entertainment Limited

## Cashflow Statement for the year ended 31 March 2015

Particulars	31 March 2015	31 March 2014
	Rupees	Rupees
<b>Cash flow from operating activities</b>		
Profit before tax	148,223,251	33,076,321
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortization expense	109,913,731	72,175,692
Gratuity and compensated absences provision	2,835,091	1,637,360
Bad debts written off	518,473	694,867
Utilisation of provision for warranty	(3,429,395)	(3,441,259)
Provision for doubtful debts	12,393,203	12,493,500
Foreign exchange gain (net)	(871,655)	13,559,285
Profit on sale of fixed assets	(4,284,357)	1,765,739
Employee stock compensation expense	3,658	11,885
Loss on sale / write off of fixed assets	182,737	876,726
Provision for doubtful advances	-	1,672,946
Provision for diminution in value of fixed assets	1,926,516	1,054,830
Sundry creditors write back	(1,758,500)	-
Interest expense	39,690,768	34,869,333
Interest income	(5,635,094)	(6,471,918)
Dividend income	(33,992,371)	(1,439,630)
<b>Operating profit before working capital changes</b>	<b>265,716,056</b>	<b>162,535,677</b>
<b>Movements in working capital :</b>		
Increase / (decrease) in trade payables	40,850,787	80,528,984
Increase / (decrease) in provisions	(1,984,878)	(40,813)
Increase / (decrease) in long term liabilities	(13,349,528)	50,388,105
Increase / (decrease) in other current liabilities	(50,293,601)	50,675,134
Decrease / (increase) in trade receivables (Non - Current)	1,000,000	3,491,667
Decrease / (increase) in trade receivables (Current)	37,424,827	60,677,732
Decrease / (increase) in inventories	4,365,889	12,959,500
Decrease / (increase) in long-term loans and advances	38,344,992	(20,372,758)
Decrease / (increase) in short-term loans and advances	12,010,540	(31,189,788)
Decrease / (increase) in other non current assets	(7,492,160)	450,000
Decrease / (increase) in other current assets	(9,201,061)	(293,727)
<b>Cash generated from operations</b>	<b>317,391,863</b>	<b>369,809,713</b>
Direct taxes paid (net of refunds)	(71,784,022)	(75,095,687)
Foreign exchange fluctuation (net)	1,308,890	(12,831,475)
<b>Net cash flow from operating activities (A)</b>	<b>246,916,731</b>	<b>281,882,551</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets, including capital work in progress and capital advances	(20,267,435)	(492,749,453)
Proceeds from sale of fixed assets / Capital Work in progress	14,054,694	2,511,279
Purchase of non-current investments - Investment in Subsidiaries	-	(33,759,000)
Purchase of non-current investments - Investment in Associates	-	(8,899,900)
Purchase of current investments (including dividend reinvestment)	(125,020,904)	(136,115,162)
Redemption of current investments	75,484,832	135,000,000
Investments in bank deposits (having original maturity of more than 3 months)	(90,000,000)	(36,483,270)
Maturity from bank deposits (having original maturity of less than 3 months)	3,500,000	5,540,150
Loan advanced to fellow subsidiary	(30,000,000)	-
Loan repayment from Associates	-	38,813,826
Interest received	926,446	4,529,924
Dividends received	33,992,371	1,439,630
<b>Net cash flow (used in) investing activities (B)</b>	<b>(137,329,996)</b>	<b>(520,171,976)</b>





# Scrabble Entertainment Limited

## Cashflow Statement for the year ended 31 March 2015

Particulars	31 March 2015	31 March 2014
	Rupees	Rupees
<b>Cash flows from financing activities</b>		
Repayment of preference share capital	-	(39,999,300)
Proceeds from long-term borrowings	30,027,778	341,995,905
Repayment of long-term borrowings	(102,961,352)	(30,782,866)
Interest paid	(40,189,337)	(31,501,349)
<b>Net cash flow (used in) in financing activities (C)</b>	<b>(113,122,911)</b>	<b>239,712,390</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>(3,536,176)</b>	<b>1,422,965</b>
Effects of exchange difference on cash & cash equivalent held in foreign currency	107,677	67,513
Cash and cash equivalents at the beginning of the year	20,278,176	18,787,699
<b>Cash and cash equivalents at the end of the year</b>	<b>16,849,677</b>	<b>20,278,176</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	424,466	643,246
Balance with banks:		
- in current accounts	10,821,550	16,134,930
- in fixed deposits	-	3,500,000
- in EEFC accounts	5,603,661	-
<b>Total cash and cash equivalents (note 16)</b>	<b>16,849,677</b>	<b>20,278,176</b>

### Notes:

- Figures in bracket denote outflow.
- The above cash flow statement has been prepared under the "Indirect Method" set out in Accounting standard (AS -3) "Cash Flow Statements"

Summary of significant accounting policies

2.1

As per our report of even date

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

per Govind Ahuja  
Partner

Membership no.: 48966



For and on behalf of the board of directors of  
Scrabble Entertainment Limited

Dr. Sunil Patil  
Whole Time Director  
DIN No.: 00350283

Chirag Desai  
VP - Finance & Accounts

Place of Signature : Mumbai  
Date: July 23, 2015

Sushil Agrawal  
Director  
DIN No.: 00003163

Urmi Shah  
Company Secretary

Place of Signature : Mumbai  
Date: July 23, 2015

## **1. Corporate information**

Scrabble Entertainment Limited ("the Company") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 on 1 February, 2008. The Company is into the business of providing digital cinema services. The Company is a subsidiary of UFO Moviez India 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 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 management to make 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 the current events and actions, actual results could differ from these estimates.

#### **(b) Change in accounting estimate**

Pursuant to the Act being effective from 1 April, 2014 the Company has revised the depreciation rates on certain tangible fixed assets as per the useful life specified in Part 'C' of Schedule II of the Act. As a result of this change, the depreciation charge for the year ended 31 March, 2015 is higher by Rs. 2,123,936/-. In respect of assets whose useful life is already exhausted as on 1 April 2014, depreciation of Rs. 740,796/- (after reducing deferred tax impact of Rs.355,786/-) has been adjusted in surplus in statement of profit and loss 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.

#### **(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.





**(e) Depreciation on tangible & amortisation of intangible assets**

Depreciation is provided using the Straight Line Method (SLM) as per the useful lives of the assets estimated by the management.

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

	Useful lives (in years)
Plant & Machinery comprising of Exhibition Equipment and Other Equipments	6 – 7
Computer	3
Furniture and Fixtures	3
Office Equipments	5
Vehicles	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.

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

	Useful lives (in years)
Computer Software	2 – 3

**(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 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.

**(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 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.



## Scrabble Entertainment Limited

Notes to financial statements as at and for year ended 31 March 2015

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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 lower of cost and net realisable value. Cost is determined on weighted average cost basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion 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 fee income received from distributors of the films is recognised in the period in which the services are rendered.
- Rental income for the equipment is recognised in the period during which the equipment is given on lease to the exhibitor /customer from the date of installation.
- Maintenance service fee for the equipment is recognised on time proportion basis for the period falling in the reporting period.
- Revenue from delivery distribution is recognized when the content is delivered to the exhibitors.
- Digitisation income is recognized in the period in which services are rendered.
- Advertisement income is recognised in the period during which advertisement is displayed.
- Registration fees income is recognized in the period in which the installation is completed.
- Revenue from commission and technical service income is recognised in period in which services are rendered.

#### Sale of goods

Revenue is recognised 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 and stores as and when these are dispatched/issued to customers.

#### Interest income

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 reporting 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 reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

**(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 in the year when the employees renders the related services. There are no other obligations other than the contribution payable to the respective trusts.

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 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.





## Scrabble Entertainment Limited

Notes to financial statements as at and for year ended 31 March 2015

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At each balance sheet date the Company 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.

The carrying amount of deferred tax assets are reviewed at each balance sheet 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, if any 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 is 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) 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.

### (p) 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.





**(q) 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 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.

**(r) 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.

**Warranty Provisions**

Provisions for warranty related costs are recognized when the product is sold or service is provided. Provision is based on the historical experience. The estimate related to such warranty costs is revised annually.

**(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, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, finance costs, finance income and tax expense.



**Scrabble Entertainment Limited**

Notes to financial statements as at and for the year ended 31 March 2015

**3. Share capital**

	31 March 2015 Rupees	31 March 2014 Rupees
<b>Authorized shares</b>		
1,000,000 (31 March 2014: 1,000,000) equity shares of Rs.10 each	10,000,000	10,000,000
104,300 (31 March 2014: 104,300) 6% Optionally Convertible Redeemable Preference Shares (OCRPS) of Rs.1,150 each	119,945,000	119,945,000
<b>Issued, subscribed and fully paid-up shares</b>		
768,387 (31 March 2014: 768,387) equity shares of Rs. 10 each fully paid up	7,683,870	7,683,870
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>7,683,870</b>	<b>7,683,870</b>

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the year**
**Equity shares**

	31 March 2015		31 March 2014	
	No.	Rupees	No.	Rupees
At the beginning of the year	768,387	7,683,870	768,387	7,683,870
Outstanding at the end of the year	768,387	7,683,870	768,387	7,683,870

**Optionally Convertible Redeemable Preference Shares**

	31 March 2015		31 March 2014	
	No.	Rupees	No.	Rupees
At the beginning of the year	-	-	34,782	39,999,300
Redeemed during the year	-	-	(34,782)	(39,999,300)
Outstanding at the end of the year	-	-	-	-

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

Name of the shareholder	31 March 2015		31 March 2014	
	No.	% holding in the class	No.	% holding in the class
Equity shares of Rs.10 each fully paid				
UFO Moviez India Limited, Holding Company	701,778	91.33%	587,210	78.42%
Dr. Sunil Patil	66,609	8.67%	114,568	14.91%
Mr. Ranjit Thakur	-	-	66,609	8.67%

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

**(c) Shares held by holding/ ultimate holding Company and/ or their subsidiaries/ associates**

Out of equity and preference shares issued by the Company, shares held by its holding Company are as below :

	31 March 2015 Rupees	31 March 2014 Rupees
UFO Moviez India Limited		
701,778 (31 March 2014: 587,210) equity shares of Rs. 10 each fully paid	7,017,780	5,872,100

During the year ended March 31, 2015, UFO Moviez India Limited (UFO) a company owned / controlled by Non resident entities as per FEMA regulations, purchased 114,568 Equity Shares of the Company from resident Indian shareholders at the rate of Rs. 2,182/- per Equity Share. While as per valuation report (as per discounted free cash flow method issued by M/s. Dhananjay J. Ghokhle & Co., Chartered Accountants) the fair value of one equity share is Rs. 1,110/-





## Scrabble Entertainment Limited

Notes to financial statements as at and for the year ended 31 March 2015

### (d) 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 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.

#### Rights as to Dividend

The equity shareholders have right to receive dividend when declared by the Board of Directors subject to approval in the General Meeting.

#### Pre-emption Rights:

In the event the Company proposes to issue any fresh equity shares or convertible securities to any person, then UFO Moviez India Limited (Investor) and Dr. Sunil Patil have a right to subscribe to such issue on a pro rata basis in proportion to their respective shareholding in the Company on the same terms, as the issue is proposed.

#### Right of First Offer, Right of Sale and Tag Along Rights:

In the event the initial investors propose to transfer any of its securities to any person (Proposed Transfer) then, the Investor shall have the right to purchase such shares at specified consideration. The Investor shall have the right to exercise the Right of First Refusal within the specified period.

Investors shall have the right to exercise certain specified tag along rights in case the Initial Shareholders proposes to transfer any securities to any person in certain cases as defined in Articles of Association (AOA).

#### Call Option of the investor

In the event the Initial Investors proposes to transfer any securities held by them to any competitor as specified in the Share Subscription and Shareholders' Agreement, the Investor shall have the right to exercise Call Option as defined in the AOA.

#### Other Rights:

Investor and the Promoters have 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.

#### Restrictions

Securities held by Promoters are locked-in for 3 years and they cannot transfer any securities held by them without the Investor's consent. The Promoters shall not engage in any competing activities as mentioned in the AOA.

### (e) Terms/ Rights attached to preference shares

The Company during the year ended 31st March, 2014 redeemed 6% Optionally Convertible Redeemable Preference Shares (OCRPS) having par value of Rs. 1,150 each issued to the Investor.

The OCRPS shall rank senior to all other issued and outstanding securities of the Company including Equity Shares.

#### Dividend Rights:

The OCRPS holders have right to receive dividend in preference to all other shareholders as and when declared by the Board of Directors.

#### Terms of conversion/ redemption of OCRPS

The OCRPS shall be redeemed at the option of the Investor in three equal installments at the end of third, fourth and fifth year from date of subscription at par.

The Investor shall have the option to require the Company to redeem all the OCRPS at any time prior to the maturity date under certain specified conditions as per the Shareholders' Agreement.

The OCRPS are convertible into equity shares, at the option of the investor at any time prior to expiry of one year from the date of each subscription in the ratio of 1:1.

### (f) 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 26



# Scrabble Entertainment Limited

Notes to financial statements as at and for the year ended 31 March 2015

## 4. Reserves and surplus

	31 March 2015 Rupees	31 March 2014 Rupees
<b>Capital redemption reserve</b>		
Balance as per the last financial statements	39,999,300	-
Add: Transferred from surplus in the statement of Profit & Loss on redemption of preference shares	-	39,999,300
<b>Closing Balance</b>	<b>39,999,300</b>	<b>39,999,300</b>
<b>Securities premium account</b>		
Balance as per the last financial statements	337,056,130	337,056,130
<b>Closing Balance</b>	<b>337,056,130</b>	<b>337,056,130</b>
<b>Employee stock options outstanding</b>		
Gross employee stock compensation for options granted in earlier years	80,768	48,883
Add: Deferred employee stock compensation	3,658	11,885
<b>Closing Balance</b>	<b>84,426</b>	<b>60,768</b>
<b>Surplus in the statement of profit and loss</b>		
Balance as per last financial statements	17,502,115	37,598,562
Less: Depreciation adjustment (net of deferred tax Refer note 2.1)	(740,796)	-
	<b>16,761,320</b>	<b>37,598,562</b>
Profit for the year	104,293,243	19,802,853
Less: Transferred to Capital Redemption Reserve on redemption of preference shares	-	(39,999,300)
<b>Net Surplus in the statement of profit and loss</b>	<b>121,054,562</b>	<b>17,502,115</b>
<b>Total reserves and surplus</b>	<b>498,174,418</b>	<b>394,618,313</b>

## 5. Long-term borrowings (Secured)

	Non-current portion		Current maturities	
	31 March 2015 Rupees	31 March 2014 Rupees	31 March 2015 Rupees	31 March 2014 Rupees
<b>Term loans</b>				
Rupee loan from banks				
Term loan from Yes Bank Limited (YBL) (Refer note a)	100,000,000	185,714,285	85,714,286	85,714,286
Term loan from HDFC Bank (Refer note b)	35,499,860	32,192,211	20,285,613	8,778,694
From Financial Institutions (Refer note c)	-	-	-	1,258,249
<b>Vehicle Loan</b>				
From Banks (Refer note d)	854,059	1,711,795	857,736	774,608
	<b>136,353,919</b>	<b>219,618,291</b>	<b>106,857,635</b>	<b>96,526,837</b>
Amount disclosed under the head "Other Current Liabilities" (Refer note 7)	-	-	(106,857,635)	(96,526,837)
<b>Net amount</b>	<b>136,353,919</b>	<b>219,618,291</b>	<b>-</b>	<b>-</b>

### Terms of Borrowings:

a) The term loan 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 (excluding assets charged to Tata Capital Ltd for term loan).

The loan carries a floating interest rate of YBL Base Rate plus 3.00 p.a. (@ 12.50% p.a.) and is repayable in 42 monthly installments along with interest after 7 months from disbursement.

b) The term loan from HDFC Bank Ltd is secured against the First pari passu charge with YBL on all fixed assets except assets charged to Tata Capital and Second pari passu charge with YBL on all the current assets of the company both present and future.

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

UFO Moviez India Limited, the holding company has provided a letter of comfort for term loan from YBL & HDFC Bank.

c) The term loan from financial institution is from Tata Capital Limited and is secured against the hypothecation of specific equipments and assignment of future rent receivable arising from Cinemax.

The loan carries a floating interest of long term lending rate minus 2.25% p.a. subject to a minimum of 12% p.a. and is repayable in 60 monthly installments of Rs. 139,600/- each along with interest. During the year ended March 31, 2015, the loan has been fully repaid.

d) Vehicle loan is secured against hypothecation of specific motor vehicles and it carries an interest of 10.01% - 10.80% p.a. and is repayable in 48 installments.





# Scrabble Entertainment Limited

Notes to financials statements as at and for the year ended 31 March 2015

## 6. Provisions

	Long-term		Short-term	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	Rupees	Rupees	Rupees	Rupees
Provision for employee benefits				
Provision for gratuity (Refer note 25)	-	1,823,294	425,739	-
Provision for compensated absences	-	-	3,663,676	1,415,908
<b>Provision - Others:</b>				
Provision for Warranty	3,361,113	5,971,789	2,633,210	3,451,929
	<b>3,361,113</b>	<b>7,795,083</b>	<b>6,722,625</b>	<b>4,867,837</b>

### Provision for Warranty

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

	31 March 2015	31 March 2014
	Rupees	Rupees
At the beginning of the year	8,423,718	12,864,977
Arising during the year	50,000	450,000
Utilized during the year	(3,479,395)	(3,891,259)
<b>At the end of the year</b>	<b>5,994,323</b>	<b>9,423,718</b>
Current portion	2,633,210	3,451,929
Non-current portion	3,361,113	5,971,789

## 7. Trade Payables & Other liabilities

	Non Current		Current	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	Rupees	Rupees	Rupees	Rupees
Trade payables	-	-	248,270,510	207,959,577
(Refer note no 33 for details of dues to Micro and Small Enterprises)				
<b>Other liabilities</b>				
Current maturities of long-term borrowings (refer note 5)	-	-	106,857,635	96,526,637
Deposits from customers	218,427,479	231,777,007	54,606,870	57,944,252
Payable for purchase of fixed assets	-	-	1,988,564	43,230,762
Advance from customers	-	-	28,470,151	26,994,980
Deferred revenue on AMC services	-	-	9,532,359	9,738,545
Other liabilities	-	-	702,680	664,985
Interest accrued but not due on borrowings	-	-	5,392,639	5,891,208
Other creditors (including provisions for expenses)	-	-	14,692,244	17,038,208
<b>Other statutory dues</b>				
TDS payable	-	-	4,261,690	9,004,577
Sales tax payable	-	-	2,047,890	1,853,628
Employee related liabilities	-	-	319,823	445,915
	<b>218,427,479</b>	<b>231,777,007</b>	<b>228,872,545</b>	<b>269,333,917</b>
	<b>218,427,479</b>	<b>231,777,007</b>	<b>477,143,055</b>	<b>477,293,494</b>



# Scrabble Entertainment Limited

Notes to financials statements as at and for the year ended 31 March 2015

## 8. Tangible and Intangible Assets

	Tangible assets					Intangible Assets	
	Leasehold improvements	Plant and equipment	Furniture and fixtures	Office Equipment	Computer & Printers	Vehicle	Computer Software
<b>Cost</b>							
<b>At 1 April 2013</b>	<b>1,870,665</b>	<b>240,999,466</b>	<b>170,947</b>	<b>2,430,328</b>	<b>10,406,031</b>	<b>4,148,317</b>	<b>1,724,760</b>
Additions	1,652,778	410,948,017	926,702	676,547	1,303,774	2,312,948	21,236
Disposals	(1,870,665)	(10,453,467)	-	(851,408)	-	-	-
<b>At 31 March 2014</b>	<b>1,652,778</b>	<b>641,494,016</b>	<b>1,097,649</b>	<b>2,255,467</b>	<b>11,709,805</b>	<b>6,461,265</b>	<b>1,745,996</b>
Additions	-	81,956,722	-	609,397	720,374	2,774,840	86,061,333
Disposals	-	(8,747,439)	-	(408,843)	(681,801)	(712,533)	(160,850)
<b>At 31 March 2015</b>	<b>1,652,778</b>	<b>714,703,299</b>	<b>1,097,649</b>	<b>2,456,021</b>	<b>11,748,378</b>	<b>8,523,572</b>	<b>1,585,146</b>
<b>Depreciation</b>							
<b>At 1 April 2013</b>	<b>819,986</b>	<b>65,099,141</b>	<b>19,590</b>	<b>971,075</b>	<b>7,409,435</b>	<b>75,011</b>	<b>1,019,857</b>
Charge for the year	683,822	68,711,857	130,068	416,581	926,515	882,441	444,408
Disposals	(1,236,828)	(6,099,978)	-	(608,518)	-	-	-
<b>At 31 March 2014</b>	<b>266,980</b>	<b>127,711,020</b>	<b>149,758</b>	<b>779,138</b>	<b>8,335,950</b>	<b>937,452</b>	<b>1,464,265</b>
Adjustment (Refer note 2.1(b))	-	-	-	6,242	1,090,340	-	1,096,582
Charge for the year	550,926	105,449,659	182,980	537,504	1,489,172	1,534,660	168,834
Disposals	-	(2,931,428)	-	(253,932)	(653,977)	(110,101)	(160,850)
<b>At 31 March 2015</b>	<b>817,906</b>	<b>230,229,251</b>	<b>332,738</b>	<b>1,068,952</b>	<b>10,281,485</b>	<b>2,362,011</b>	<b>1,472,249</b>
<b>Net Block</b>							
<b>At 31 March 2014</b>	<b>1,385,798</b>	<b>513,782,996</b>	<b>947,891</b>	<b>1,476,329</b>	<b>3,373,855</b>	<b>5,523,813</b>	<b>281,731</b>
<b>At 31 March 2015</b>	<b>834,872</b>	<b>484,474,048</b>	<b>764,911</b>	<b>1,387,069</b>	<b>1,486,893</b>	<b>6,161,561</b>	<b>112,897</b>





# Scrabble Entertainment Limited

Notes to financial statements as at and for the year ended 31 March 2015

## 9. Non-current investments

	31 March 2015 Rupees	31 March 2014 Rupees
<b>Trade investments (valued at cost, unless stated otherwise)</b>		
<b>Unquoted equity instruments</b>		
<b>Investment in subsidiaries</b>		
750,000 (March 31, 2014: 750,000) Ordinary Shares of USD 1 each at par fully paid up in Scrabble Entertainment (Mauritius) Limited	40,008,750	40,008,750
5,000 (March 31, 2014: 5,000) Equity Shares in Scrabble Digital Inc of no par value	33,759,000	33,759,000
<b>Investment in Step down subsidiary</b>		
300 (March 31, 2014: 300) Equity Shares of AED 1,000 each at par fully paid up in Scrabble Entertainment DMCC (erstwhile known as Scrabble Entertainment JLT)	4,083,000	4,083,000
<b>Investment in Associates</b>		
197,714 (March 31, 2014: 197,714) Equity Shares of Rs. 10 each fully paid up in Scrabble Digital Limited	39,899,900	39,899,900
100 (March 31, 2014: 100) Ordinary shares of AED 1000 each at par fully paid up in Scrabble Digital DMCC (erstwhile known as Scrabble Digital JLT)	1,273,000	1,273,000
	<u>119,023,650</u>	<u>119,023,650</u>

## 10. Deferred tax assets (net)

	31 March 2015 Rupees	31 March 2014 Rupees
<b>Deferred Tax Assets</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	11,844,029	6,785,358
Effect of expenditure debited to profit and loss account in the current period but allowed for tax purposes in following years	4,873,094	6,043,298
Provision for doubtful debts and advances	13,050,934	9,832,602
Provision for gratuity and leave encashment	1,389,992	1,050,959
Provision for warranty	2,037,470	3,057,525
	<u>33,195,519</u>	<u>26,769,742</u>



# **Scrabble Entertainment Limited**

Notes to financial statements as at and for the year ended 31 March 2015

## **11. Loans and advances ( Unsecured considered good )**

	Non-current		Current	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	Rupees	Rupees	Rupees	Rupees
<b>Security deposit</b>				
Security deposit to related parties	150,250,000	178,800,000	-	-
Security deposit to others	10,012,064	11,197,000	160,000	1,567,500
<b>Loan and advances to related parties (note 30)</b>				
Loans to related parties	-	-	30,000,000	-
Advances to related parties	-	1,411,499	673,476	10,851,397
<b>Advances recoverable in cash or kind</b>				
Unsecured considered good	-	-	7,665,661	4,533,294
Unsecured considered doubtful	-	-	2,396,394	3,653,178
	-	-	10,062,055	8,186,472
Less: Provision for advance recoverable in cash or kind	-	-	(2,396,394)	(3,653,178)
	-	-	7,665,661	4,533,294
<b>Other loans and advances</b>				
Advance income-tax (net of provision for taxation of Rs. 101,700,000. (31 March 2014 Rs. 51,700,000))	78,320,273	56,536,251	-	-
Prepaid expenses	3,938,921	10,865,706	18,443,556	12,006,884
Loans to employees	-	-	79,280	30,170
Advances to supplier	-	-	1,432,137	3,153,865
Balances with statutory / government authorities	-	-	9,358,982	17,680,522
<b>Total</b>	<b>242,521,258</b>	<b>258,810,456</b>	<b>67,813,092</b>	<b>49,823,632</b>

## **12. Trade receivables**

	Non-current		Current	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	Rupees	Rupees	Rupees	Rupees
<b>Unsecured, considered good unless stated otherwise</b>				
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>				
Considered good	-	-	11,160,387	21,761,864
Considered doubtful	-	-	36,000,000	26,597,061
	-	-	47,160,387	48,358,925
Provision for doubtful receivables			(36,000,000)	(26,597,061)
(A)	-	-	11,160,387	21,761,864
<b>Other receivables</b>				
Considered good	-	1,000,000	96,239,689	135,572,754
Considered doubtful	-	55,207	-	-
(B)	-	1,055,207	96,239,689	135,572,754
Provision for doubtful receivables	(C)	(55,207)		
(A + B + C)	-	1,000,000	107,400,076	157,334,618





# Scrabble Entertainment Limited

Notes to financial statements as at and for the year ended 31 March 2015

## 13. Other assets

	Non-current		Current	
	31 March 2015 Rupees	31 March 2014 Rupees	31 March 2015 Rupees	31 March 2014 Rupees
Non current bank balances (Refer note 16)	40,475,430	36,483,270	-	-
Interest accrued on fixed deposits	5,403,053	2,165,339	1,388,743	-
Interest accrued on loan to related party	-	-	82,192	-
Unbilled revenue	-	-	27,629,117	17,993,056
	<b>45,878,483</b>	<b>38,648,609</b>	<b>29,100,052</b>	<b>17,993,056</b>

## 14. Current investments

	31 March 2015 Rupees	31 March 2014 Rupees
<b>Current investments (valued at lower of cost and fair value, unless stated otherwise)</b>		
<b>Unquoted mutual funds</b>		
NIL (March 31, 2014: 47,586.69) units of Rs. 10.03 each fully paid up in HDFC Cash Management Fund	-	477,466
67,071.78 (March 31, 2014: 17,077.53) units of Rs. 1,000.31 each fully paid up in Axis Liquid Fund	67,092,366	17,078,828
	<b>67,092,366</b>	<b>17,556,294</b>

Aggregate amount of unquoted investments (Market value : 67,094,176 (March 31, 2014 : 17,569,156/-))

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

	31 March 2015 Rupees	31 March 2014 Rupees
Consumables and Spares	15,780,141	20,146,030
	<b>15,780,141</b>	<b>20,146,030</b>

## 16. Cash and bank balances

	Non-current		Current	
	31 March 2015 Rupees	31 March 2014 Rupees	31 March 2015 Rupees	31 March 2014 Rupees
<b>Cash and cash equivalents</b>				
Balances with banks:				
- In current accounts	-	-	10,821,550	16,134,929
- In EEFC accounts	-	-	5,603,661	-
- Deposits with original maturity of less than 3 months	-	-	-	3,500,000
Cash on hand	-	-	424,466	643,246
	-	-	<b>16,849,677</b>	<b>20,278,175</b>
<b>Other bank balances</b>				
- Deposit with original maturity for more than 12 months	-	-	90,000,000	-
- Margin money deposits with original maturity for more than 12 months	40,475,430	36,483,270	-	-
- Margin money deposits with original maturity for more than 3 months but less than 12 months	-	-	-	435,000
	<b>40,475,430</b>	<b>36,483,270</b>	<b>90,000,000</b>	<b>435,000</b>
Amount disclosed under non-current assets (note 13)	<b>(40,475,430)</b>	<b>(36,483,270)</b>	-	-
<b>Net Amount</b>	<b>-</b>	<b>-</b>	<b>106,849,677</b>	<b>20,713,175</b>

Margin money deposits are kept under lien with bank for opening letter of credit, margin towards term loan and for issuing bank guarantees to various State Governments to comply with the Sales Tax / VAT Registration formalities.



**Scrabble Entertainment Limited**
**Notes to financial statements as at and for the year ended 31 March 2015**
**17. Revenue from Operations**

	31 March 2015 Rupees	31 March 2014 Rupees
<b>Revenue from Operations</b>		
<b>Sale of services</b>		
Advertisement revenue	1,368,119	3,440,942
Virtual Print Fee D-Cinema	873,634,029	757,949,865
Lease Rental Income E-Cinema	7,202,983	10,376,447
Lease Rental Income D-Cinema	107,108,990	91,851,984
Lease Rental Income - 3D	17,571,154	15,875,602
Digitisation income	-	624,800
Registration fees Income	4,294,500	5,437,337
Delivery distribution income	24,998,821	19,435,500
Maintenance service fee	31,607,642	24,576,971
<b>Sale of products</b>		
Lamp sale	56,466,822	51,794,647
Sale of digital cinema equipment	22,056,180	7,015,799
Sale of spares	18,850,399	20,376,827
	<b>1,162,959,639</b>	<b>1,008,756,721</b>

**18. Other income**

	31 March 2015 Rupees	31 March 2014 Rupees
Profit on sale of fixed assets	4,284,357	-
Commission income	4,262,312	-
Technical service income	7,431,898	-
Miscellaneous receipts	5,498,907	1,087,891
Sundry creditors written back	1,758,500	-
Foreign exchange gain (net)	871,655	-
	<b>24,107,629</b>	<b>1,087,891</b>





**Scrabble Entertainment Limited**
**Notes to financial statements as at and for the year ended 31 March 2015**
**19. Operating direct costs**

		31 March 2015 Rupees	31 March 2014 Rupees
Annual maintenance charges		57,835,920	40,897,075
Delivery and distribution charges		35,553,031	29,597,877
Content processing charges		18,199,552	13,482,139
Installation charges		4,348,186	7,612,246
Virtual Print Fee sharing		451,640,938	366,779,188
Content download charges		6,016,468	22,785,821
Rent on equipments		109,514,332	114,576,101
Advertisement revenue share		155,076	21,236,448
	A	683,263,501	616,966,875
Consumables and spares			
Inventories at the beginning of the year		11,672,786	16,505,146
Add : Purchases		14,594,206	14,284,285
Less : Inventories at the end of the year		(6,804,421)	(11,672,786)
	B	19,462,571	19,116,645
Purchase of Digital cinema equipments	C	17,320,333	1,813,987
Purchase of Lamps	D	49,532,095	49,285,236
(Increase)/decrease in inventories of digital cinema equipments			
Inventories at the end of the year		309,854	1,513,398
Inventories at the beginning of the year		1,513,398	6,477,650
	E	1,203,544	4,964,252
(Increase)/decrease in inventories of lamps			
Inventories at the end of the year		8,665,866	6,959,846
Inventories at the beginning of the year		6,959,846	10,122,734
	F	(1,706,020)	3,162,888
Operating direct costs	A+B+C+D+E+F	769,076,024	695,309,883

**20. Employee benefits expense**

	31 March 2015 Rupees	31 March 2014 Rupees
Salaries, wages and bonus	55,705,591	57,382,105
Contribution to provident and other funds	2,167,977	2,862,331
Employee stock option scheme cost	3,658	11,885
Gratuity expense (Refer note 25)	587,323	446,470
Compensated absences	2,457,508	1,190,890
Staff welfare expenses	3,453,393	2,768,128
	<b>64,375,450</b>	<b>64,661,809</b>



**Scrabble Entertainment Limited**
**Notes to financial statements as at and for the year ended 31 March 2015**
**21. Other expenses**

	31 March 2015 Rupees	31 March 2014 Rupees
Electricity charges	2,045,617	1,388,141
Freight and forwarding charges	7,095,399	8,969,500
Rent	18,724,114	16,852,008
Rates and taxes	1,725,524	1,935,739
Custom duty not recoverable	-	1,966,376
Insurance	3,191,116	2,501,000
Repairs and maintenance	1,382,631	2,530,515
Advertising and sales promotion expenses	1,218,131	2,343,325
Commission & brokerage	6,561,470	7,620,908
Travelling and conveyance	4,640,329	17,537,415
Communication costs	3,294,449	2,910,716
Printing and stationery	701,538	845,150
Legal, professional & consultancy charges	21,319,960	7,675,264
Payment to auditor (Refer details below)	2,057,039	2,125,802
Foreign exchange loss (net)	-	13,559,285
Bad debts / advances written off	4,820,728	-
Less: Provision utilised	(4,302,255)	-
Bank charges	322,897	1,248,187
Loss on sale / write off of fixed assets	182,737	2,642,465
Provision for doubtful advances	-	3,653,178
Provision for doubtful debts	12,393,203	10,513,268
Miscellaneous expenses	6,114,365	6,087,886
Provision for diminution in value of fixed assets	1,926,516	1,054,830
	<b>95,415,508</b>	<b>116,655,925</b>

**Payment to auditor**

	31 March 2015 Rupees	31 March 2014 Rupees
<b>As auditor:</b>		
Audit fee	3,200,000	1,300,000
Tax audit fee	200,000	150,000
<b>In other capacity:</b>		
Other services (certification fees)	50,000	604,547
Out of pocket expenses	260,960	71,255
Less: Fee reimbursed by parent company	(1,653,921)	-
	<b>2,057,039</b>	<b>2,125,802</b>

**22. Finance cost**

	31 March 2015 Rupees	31 March 2014 Rupees
Interest on		
Term loans	38,968,779	31,898,049
Other	721,989	2,971,284
Bank charges	-	1,007,196
	<b>39,690,768</b>	<b>35,876,531</b>

**23. Finance Income**

	31 March 2015 Rupees	31 March 2014 Rupees
Interest income on		
Bank deposits	5,552,806	3,323,176
Others	62,287	3,148,742
Dividend income		
from current investments	5,021,337	1,439,630
from associate	13,049,088	-
from step down subsidiary	15,921,946	-
	<b>39,627,464</b>	<b>7,911,548</b>





## 24. Earnings per share (EPS)

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

	31 March 2015 Rupees	31 March 2014 Rupees
<b>Basic</b>		
Net Profit after tax as per statement of profit and loss	104,293,243	19,902,854
Less : dividends on convertible preference shares & tax thereon	-	-
<b>Net profit for calculation of basic EPS</b>	104,293,243	19,902,854
Weighted average number of equity shares in calculating basic EPS	768,387	768,387
<b>Earning per share</b>	135.73	25.90
<b>Diluted</b>		
Net profit for calculation of basic EPS	104,293,243	19,902,854
Add : dividends on convertible preference share	-	-
<b>Net profit for calculation of diluted EPS</b>	104,293,243	19,902,854
Weighted average number of equity shares in calculating basic EPS	768,387	768,387
Weighted average number of convertible preference share	-	34,332
Equity shares arising on grant of stock options under ESOP	2,105	1,677
Total no of shares outstanding (weighted average) (including dilution)	770,492	804,396
<b>Earning per share</b>	135.36	24.74

## 25. Gratuity and other post-employment benefit plans

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 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

	Gratuity 31 March 2015 Rupees	Gratuity 31 March 2014 Rupees
Current service cost	1,145,864	336,324
Interest cost	579,103	110,146
Net actuarial (gain) / loss recognized in the year	(1,137,144)	-
<b>Net benefit expense</b>	587,823	446,470

### Balance sheet

	Gratuity 31 March 2015 Rupees	Gratuity 31 March 2014 Rupees
Present value of defined benefit obligation	2,545,098	1,823,294
Fair value of plan assets	2,119,359	-
<b>Plan asset/(liability)</b>	(425,739)	(1,823,294)

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

	Gratuity 31 March 2015 Rupees	Gratuity 31 March 2014 Rupees
Opening defined benefit obligation	1,823,294	1,376,824
Current service cost	2,145,864	336,324
Interest cost	579,103	110,146
Benefits paid	-	-
Actuarial (gains) / losses on obligation	(1,003,163)	-
<b>Closing defined benefit obligation</b>	3,545,098	1,823,294

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

	Gratuity 31 March 2015 Rupees	Gratuity 31 March 2014 Rupees
Opening fair value of plan assets	-	-
Contributions by employer	1,985,378	-
Benefits paid	-	-
Actuarial gains / (losses) on obligation	133,981	-
<b>Closing fair value of plan assets</b>	2,119,359	-



# Scrabble Entertainment Limited

## Notes to financial statements as at and for the year ended 31 March 2015

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

	Gratuity	
	31 March 2015	31 March 2014
Investment with insurer	100.00%	0.00%

The principal assumptions used in determining gratuity as shown below:

	Gratuity	
	31 March 2015	31 March 2014
Discount rate	8.00%	8.00%
Employee turnover	15%	1% to 3% depending on age
Rate of return on assets	8.75%	NA

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 four years are as follows:

Gratuity	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Defined benefit obligation	2,545,098	1,823,294	1,376,824	1,004,000	-
Plan assets	2,119,359	-	-	-	-
Surplus/(deficit)	(425,739)	(1,823,294)	(1,376,824)	(1,004,000)	-
Experience adjustments on plan liabilities	-	-	-	-	-
Experience adjustments on plan assets	-	-	-	-	-

The Company expects to contribute Rs 778,369/- to gratuity in the next year.

## 26. Employee stock option plans

### Employee Stock Option Plan 2010 :

The Company provides share-based payments schemes to its employees. During the year ended 31st March 2015, an employee stock option plan (ESOP) was in existence. The relevant details of the plan is as below.

On 1st March 2010, the Board of Directors constituted a Compensation Committee and granted it the necessary authority to implement the ESOP Plan. The Compensation committee amongst other things, shall determine the employees eligible for participation in the Plan, the number of options to be granted and vesting period for the options. The other relevant terms are as below :

Date of Grant	08-Apr-10
Vesting Period : 50%	3 1/2 years
Vesting Period : 50%	4 1/2 years
Exercise Period	3 Years from vesting date or 5 years from grant date whichever is later.
Exercise Price	Rs.400

The details of activity under the Plan are summarised below:

	31 March 2015		31 March 2014	
	Number of Options	Weighted Average Exercise Price(Rs.)	Number of Options	Weighted Average Exercise Price(Rs.)
Outstanding at the beginning of the year	2,577	400	2,577	400
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired / Lapsed during the year	-	-	-	-
Outstanding at the end of the year	2,577	400	2,577	400
Exercisable at the end of the year	2,577	400	2,577	400
Weighted average remaining contractual life	24 months		36 months	





## Scrabble Entertainment Limited

### Notes to financial statements as at and for the year ended 31 March 2015

#### Stock Options granted during the year

The Company has not granted any options during the year

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

Had the compensation cost been determined in a manner consistent with fair value approach, the Company's Net Income and Earning Per Share as reported would have changed to amount indicated below:

	31 March 2015	31 March 2014
	Rupees	Rupees
Profit attributable to equity shareholders as reported	104,293,243	19,902,854
Add: Employee stock expenses under Intrinsic Value Method	3,658	11,885
Less: Employee stock compensation under fair value method	(3,073)	(9,983)
<b>Proforma profit / (loss)</b>	<b>104,293,828</b>	<b>19,904,756</b>
<b>Earnings Per Share</b>		
<b>Basic</b>		
- As reported	135.73	25.90
- Proforma	135.73	25.90
<b>Diluted</b>		
- As reported	135.36	24.74
- Proforma	135.36	24.74

#### 27. Investments made during the year

##### Investments by the Company

The Company has not made any Investments during the year ended March 31, 2015

##### Scrabble Digital Limited (SDL) :

During the year ended March 31 2014, the Company was allotted 69,714 shares of Scrabble Digital Ltd for a total consideration of Rs. 244 lakhs.

##### Scrabble Entertainment DMCC (erstwhile known as Scrabble Entertainment JLT), Dubai :

During the year ended March 31 2014, Scrabble Entertainment DMCC (erstwhile known as Scrabble Entertainment JLT) had invested Rs.11,516 ( AED 706 ) in Scrabble Ventures, S. de R.L. de C.V, Mexico by subscribing to 2500 shares of 1 Mexican Peso each. This Company has a 30% stake in a company controlled by an equipment vendor for rollout of digital cinema in Mexico.

##### Scrabble Digital Inc, USA :

During the year ended March 31 2014, the Company incorporated a wholly-owned subsidiary in U.S.A., Scrabble Digital Inc by subscribing to 5,000 Ordinary shares for Rs. 337.59 lakhs ( USD 550,000 ). This Company has a 30% stake in a company controlled by an equipment vendor for rollout of digital cinema in the U.S.A.

#### 28. Leases

##### Operating lease: Company as lessee

The Company's significant leasing arrangements are in respect of operating leases taken for Office Premises & Digital equipments. The lease in respect of the Digital equipment are for tenure of 60 months and are cancellable at the option of both the parties. The lease in respect of the Office premises 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 36 months. The Company has subleased the Digital Equipment on lease to the exhibitors.

	(In Rupees)	
	Office Premises & Digital Cinema Equipment	
	31 March 2015	31 March 2014
Lease payments for the year	128,238,446	131,137,682



## Scrabble Entertainment Limited

### Notes to financial statements as at and for the year ended 31 March 2015

#### Operating lease commitments – Company as lessor

The Company has leased Digital Cinema Equipment / 3D Equipments to theaters on operating lease arrangement. The lease term for the equipments is generally for 5 to 10 years. The lease rental are payable as fixed rentals in some cases and as per titles based in certain cases. The Company as well as the theaters 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.

	(In Rupees)	
	Digital Cinema Equipment	
	31 March 2015	31 March 2014
Gross carrying amount	638,326,682	576,672,594
Accumulated Depreciation	194,992,107	104,374,207
Depreciation recognized in the statement of P & L	90,617,900	58,547,529
<b>For assets leased under operating lease arrangements</b>		
Contingent Rent for the year	7,984,434	5,382,125
Lease receipts for the year	44,238,982	28,648,746
<b>For assets sub-leased under operating lease arrangements</b>		
Contingent Rent for the year	9,823,110	6,130,090
Lease receipts for the year	69,836,595	77,943,073

#### 29. 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 primarily are based in same geographical segment, i.e. India.

#### 30. Related party disclosures

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

1	Holding Company	UFO Moviez India Limited
2	Subsidiaries	Scrabble Entertainment (Mauritius) Ltd Scrabble Digital Inc
3	Step Down Subsidiary	Scrabble Entertainment DMCC (erstwhile known as Scrabble Entertainment JLT) Scrabble Entertainment Lebanon Sarl Scrabble Entertainment (Israel) Limited

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

1	Associate of the Company	Scrabble Digital Limited Scrabble Digital DMCC (erstwhile known as Scrabble Digital JLT)
2	Associate of a Subsidiary Company	Scrabble Ventures LLC, USA Scrabble Ventures, S. de R.L. de C.V, Mexico
3	Key management personnel	Dr. Sunil Patil - Director Mr. Ranjit Thakur - Director (upto 29 Jul 2013)
4	Enterprises owned or significantly influenced by key management personnel or their relatives	MRH Digital Systems Private Limited (upto 29 Jul 2013) Krian Media Limited (upto 29 Jul 2013) Cine Grand Private Limited (Formerly know as Inspire Multiplex Private Limited) (upto 29 Jul 2013)
5	Fellow Subsidiaries	Southern Digital Screenz India Private Limited Valuable Digital Screens Private Limited (From 31 Dec 2014)





**Scrabble Entertainment Limited**
**Notes to financials statements as at and for the year ended 31 March 2015**

Sr. No	Particulars	31 March 2015 Rupees	31 March 2014 Rupees
	<b>Nature of Income &amp; Expenses / Name of the Parties</b>		
1	<b>Holding Company</b>		
	UFO Moviez India Limited		
A	<b>Income</b>		
	i) Sale of products	-	25,000
	ii) Virtual Print Fee D-Cinema	7,704,130	2,656,029
	iii) Advertisement Revenue	3,813,028	7,234,316
	iv) Rental income	727,208	-
	v) Reimbursement of expenses	1,653,921	-
B	<b>Expenses</b>		
	i) Rent on equipments	109,514,332	114,576,101
	ii) Virtual Print Fee Sharing	250,138,179	206,154,524
	iii) Content Download Charges	6,016,468	22,785,821
	iv) Rent	325,180	3,703,320
	v) Travelling and Conveyance	66,720	13,447
	vi) Reimbursement of Expense	-	502,142
	vii) Office Expenses	-	1,413,806
C	<b>Others</b>		
	i) Preference Shares redemption	-	39,999,300
	ii) Security deposit repaid	28,550,000	-
	iii) Fixed Assets purchased	-	1,077,657
2	<b>Subsidiary of the Company</b>		
A	<b>Loan repaid (including interest component)</b>		
	i) Scrabble Entertainment (Mauritius) Ltd	-	34,793,588
B	<b>Dividend income</b>		
	i) Scrabble Entertainment DMCC (erstwhile known as Scrabble Entertainment JLT)	15,921,946	-
C	<b>Interest income</b>		
	i) Scrabble Entertainment (Mauritius) Ltd	-	2,034,893
D	<b>Investment in Shares</b>		
	i) Scrabble Digital Inc, USA	-	33,759,000
3	<b>Associate of the Company</b>		
A	<b>Sale of products</b>		
	i) Scrabble Digital Limited	201,193	3,221,147
B	<b>Content Processing Charges</b>		
	i) Scrabble Digital Limited	18,199,552	13,304,450
C	<b>Investment in Shares</b>		
	i) Scrabble Digital Ltd	-	24,399,900
D	<b>Interest income</b>		
	i) Scrabble Digital DMCC (erstwhile known as Scrabble Digital JLT)	-	670,985
E	<b>Delivery Distribution Income</b>		
	i) Scrabble Digital Limited	24,998,821	18,790,500
F	<b>Loan repaid (including interest component)</b>		
	i) Scrabble Digital JLT	-	11,746,482
G	<b>Miscellaneous expenses</b>		
	i) Scrabble Digital Limited	1,082,916	895,920
H	<b>Rent</b>		
	i) Scrabble Digital Limited	1,490,885	1,243,146
I	<b>Sale of fixed assets</b>		
	i) Scrabble Digital Ltd	-	1,610,190
J	<b>Installation income</b>		
	i) Scrabble Digital Ltd	-	30,000
K	<b>Reimbursement of expenses</b>		
	i) Scrabble Ventures LLC	-	11,207,128
	ii) Scrabble Digital Ltd	-	48,885
L	<b>Miscellaneous income</b>		
	i) Scrabble Ventures LLC	3,280,544	-
M	<b>Dividend income</b>		
	i) Scrabble Digital Limited	13,049,088	-



**Scrabble Entertainment Limited**
**Notes to financial statements as at and for the year ended 31 March 2015**

4	<b>Fellow Subsidiaries</b>		
A	<b>Rent (expense)</b>		
	i) Southern Digital Screenz India Private Limited	48,200	8,848
B	<b>Loan given</b>		
	i) Valuable Digital Screens Private Limited	30,000,000	-
C	<b>Interest income</b>		
	i) Valuable Digital Screens Private Limited	82,192	-
<b>Remuneration to key managerial personnel (Salary, bonus and contribution to provident fund)</b>			
		<b>31 March 2015</b>	<b>31 March 2014</b>
		<b>Rupees</b>	<b>Rupees</b>
	Dr. Sunil Patil, Director	6,000,000	6,000,000
	<b>Total</b>	<b>6,000,000</b>	<b>6,000,000</b>

**Balance outstanding at the year end**

Sr.No	Particulars	31 March 2015 Rupees	31 March 2014 Rupees
1	<b>Holding Company</b>		
A	<b>Amount payable</b>		
	i) UFO Moviez India Limited	51,220,806	57,879,436
B	<b>Security Deposit given</b>		
	i) UFO Moviez India Limited	150,250,000	178,800,000
2	<b>Subsidiaries Companies</b>		
A	<b>Advance given</b>		
	i) Scrabble Entertainment (Mauritius) Limited (Including interest receivable)	673,476	648,674
B	<b>Guarantee Given</b>		
	a) Financial Guarantee given on behalf of subsidiary		
	i) Scrabble Entertainment DMCC (erstwhile known as Scrabble Entertainment JLT)	-	75,124,750
	b) Performance Guarantee given on behalf of subsidiaries		
	i) Scrabble Entertainment (Mauritius) Limited	312,954,000	300,499,000
	ii) Scrabble Entertainment DMCC (erstwhile known as Scrabble Entertainment JLT)	312,954,000	300,499,000
	iii) Scrabble Entertainment (Mauritius) Ltd & Scrabble Entertainment DMCC (erstwhile known as Scrabble Entertainment JLT) ( Refer Note 31 )	1,251,816,000	1,201,996,000
3	<b>Step down Subsidiaries Companies</b>		
	<b>Advances to related parties</b>		
	i) Scrabble Entertainment DMCC (erstwhile known as Scrabble Entertainment JLT)	-	642,491
4	<b>Associate of the Company</b>		
A	<b>Amount receivable</b>		
	i) Scrabble Digital Limited	2,631,950	6,657,967
B	<b>Outstanding reimbursement of expenses</b>		
	i) Scrabble Ventures LLC	-	10,851,397
C	<b>Guarantee Given</b>		
	a) Performance Guarantee given on behalf of associate		
	i) Scrabble Ventures LLC ( Refer Note 31 )	312,954,000	-
5	<b>Company in which a director has significant influence</b>		
A	<b>Amount receivable</b>		
	i) Cine Grand Private Limited	-	1,213
B	<b>Amount payable</b>		
	i) MRH Digital Systems Private Limited	-	3,380
	ii) Krian Media Limited	-	1,444,420
	iii) Cine Grand Private Limited	-	92,528
5	<b>Fellow subsidiaries</b>		
A	<b>Loan given</b>		
	i) Valuable Digital Screens Private Limited (including interest receivable)	30,082,192	-





### 31. Contingent liabilities

31 March 2015 Rupees 31 March 2014 Rupees

Financial guarantees issued by the Company on behalf of Subsidiary NIL (P.Y. USD 1,250,000) (Refer note 1 below)	-	75,124,750
Performance guarantees issued by the Company 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. (USD 35,000,000 (P.Y. USD 30,000,000)) (Refer note 2 below)	2,190,678,000	1,802,994,000
<b>Pending litigations</b>		
<b>1) In respect of Income Tax matters</b>		
In respect of the demand on the Company by the Income Tax Department for Assessment Year 2011-12. (Refer note 3 below)	2,020,890	2,020,890
In respect of the demand on the Company by the Income Tax Department for Assessment Year 2012-13.	66,661,050	-
<b>2) In respect of Indirect Tax matters</b>		
Bank guarantees issued by the Company in favour of various State Government for Sales tax registration	750,000	450,000
	<b>2,260,109,940</b>	<b>1,880,589,640</b>

**Note :**

1) During the year ended March 31 2015, the financial guarantee issued by the Company, on behalf of the subsidiary, stands terminated since the subsidiary has repaid its obligation for which the financial guarantee was issued.

2) During the previous years, the Company issued the following performance guarantees

- US\$ 20 Mn each to a studio on behalf of Scrabble Entertainment Mauritius Ltd and Scrabble Entertainment DMCC (erstwhile known as Scrabble Entertainment JLT). The aggregate liability under the aforesaid two guarantees has been capped at an overall ceiling of USD 20 Mn.
- US\$ 5 Mn to a studio on behalf of Scrabble Entertainment DMCC (erstwhile known as Scrabble Entertainment JLT)
- US\$ 5 Mn to a studio on behalf of Scrabble Entertainment Mauritius Ltd

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

3) The company is contesting the demand for income tax matters and the management, including its tax advisors, believe that its position will likely be upheld in the appellate process. No tax provision has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the company's financial position and results of operations.

### 32. Derivative Instruments and unhedged foreign currency exposure

a. Derivatives outstanding as at the balance sheet date

Nil

b. Particulars of unhedged foreign currency exposure as at the Balance Sheet date :

Particulars of un-hedged exposure	31 March 2015	31 March 2014
	Rupees	Rupees
Export Debtors	Rs.258,826/- (US\$ 4,135.22 @ Closing rate of 1 USD = Rs.62.5908 )	Rs. 2,287,504/- (US\$ 38,061.75 @ Closing rate of 1 USD = Rs.60.0998)
Import Creditors	Rs.16,522,698/- (US\$ 263,979.66 @ Closing rate of 1 USD = Rs. 62.5908)	Rs.38,315,427/- (US\$ 637,530.03/- @ Closing rate of 1 USD = Rs. 60.0998)
Advance Recoverable in cash or Kind	Rs.12,869,434/- (US\$ 205,612.24/- @ Closing rate of 1 USD = Rs. 62.5908)	Rs.4,210,263/- (US\$ 70,054.52 @ Closing rate of 1 USD = Rs. 60.0998)
Import creditors (Debit balance)	Rs. 2,916,731/- (US\$ 46,600/- @ Closing rate of 1 USD = Rs.62.5908)	Rs. 456,758/- (US\$ 7,600 @ Closing rate of 1 US\$ = Rs. 60.0998)
Cash Balances	Rs. 369,875.44/- (Currency notes 17,649.04 @ Closing rate for particular Currency)	Rs. 525,453/- (Currency note 30,699 @ Closing rate for particular Currency)
Bank Balances	Rs.6,088,240/- (US\$ 91946.02 @Closing rate of 1 USD = Rs. 62.5908 & AED 19,578.76 @ Closing rate of 1 AED = Rs.17.0218 )	Rs.245,795/- (US\$ 2,444.65 @ Closing rate of 1 US\$ = Rs. 60.0998) AED 6,078.76 @ Closing rate of 1 AED = Rs.16.2651)
Advance given to subsidiary / associate	Rs.8,73,476/- (US\$ 10,780 @ closing rate of 1 US\$ = Rs. 62.5908)	Rs. 12,262,896/- (US\$ 191,316 @ closing rate of 1 US\$ = Rs. 60.0998, AED 47,037 @ Closing rate of 1 AED = Rs.16.26)
Financial guarantees given on behalf of subsidiary	-	Rs.75,124,750/- (US\$ 1,250,000 @ Closing rate of 1 USD = Rs.60.0998)
Performance guarantees given on behalf of subsidiary / associate	Rs. 2,190,678,000/- (US\$ 35,000,000 @ Closing rate of 1 US\$ = Rs.62.5908)	Rs. 1,802,994,000/- (US\$ 30,000,000 @ Closing rate of 1 US\$ = Rs.60.0998)

### 33. 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.

### 34. Value of imports calculated on CIF basis

	31 March 2015 Rupees	31 March 2014 Rupees
Capital goods	5,871,715	470,955,373
Purchase of trading equipment / spares	80,785,000	71,175,219
	<b>86,656,715</b>	<b>542,130,592</b>

### 35. Expenditure in foreign currency (accrual basis)

	31 March 2015 Rupees	31 March 2014 Rupees
Foreign Travelling	1,326,553	6,509,739
Legal, professional & consultancy charges	-	185,619
Annual maintenance charges	33,877,341	21,356,203
	<b>35,203,894</b>	<b>28,051,561</b>

### 36. Imported and indigenous raw materials, components and spare parts consumed

	% of total consumption 31 March 2015	Value (In Rupees) 31 March 2015	% of total consumption 31 March 2014	Value (In Rupees) 31 March 2014
Components				
Imported	98.2	84,257,235	99.8	78,170,354
Indigenously obtained	1.8	1,555,284	0.2	172,654
	<b>100.0</b>	<b>85,812,519</b>	<b>100.0</b>	<b>78,343,008</b>

### 37. Earnings in foreign currency (accrual basis)

	31 March 2015 Rupees	31 March 2014 Rupees
Virtual Print Fee D-Cinema	19,110,000	36,332,000
Commission income	4,262,312	-
Technical service income	7,431,898	-
Miscellaneous income	3,280,544	-
Dividend income	15,921,946	-
	<b>50,006,700</b>	<b>36,332,000</b>

### 38. Capital and other commitments

There are no capital commitments during the current and previous years.

### 39. 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 responsibility expenditures are as follows:

Particulars	Rupees
Gross amount required to be spent	875,215
Spent during the year in cash	Nil
Balance unspent during the year	875,215





**40. Loans and advances in the nature of loans given to subsidiaries and associates and firms/ companies in which directors are interested**

**(a) Valuable Digital Screens Private Limited**

Balance as at 31 March 2015 Rs. 30 million, (31 March 2014: Nil)

Maximum amount outstanding during the year Rs. 30 million, (31 March 2014: Nil)

There is no repayment schedule in respect of this loan. It is repayable on demand.

**41. 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  
Chartered Accountants

  
per Govind Ahuja  
Partner  
Membership no.: 48966



Place of Signature: Mumbai  
Date: July 23, 2015


For and on behalf of the Board of Directors of  
Scrabble Entertainment Limited

  
Dr. Sunil Patil  
Whole Time Director  
DIN No.: 00350283

  
Chirag Desai  
VP - Finance & Accounts

Place of Signature: Mumbai  
Date: July 23, 2015

  
Sushil Agrawal  
Director  
DIN No.: 00003163

  
Urmi Shah  
Company Secretary