

016

Scrabble Entertainment Limited
Standalone Financial Statements Along With The Auditors' Report
For The Year Ended March 31, 2016

INDEPENDENT AUDITOR'S REPORT

To the Members of Scrabble Entertainment Limited

Report on the Standalone Financial Statements

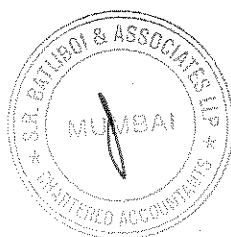
We have audited the accompanying standalone financial statements of Scrabble Entertainment Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of the significant accounting policies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

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.



Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;



R

S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Scrabble Entertainment Limited
Auditors Report – March 31, 2016
Page 3 of 8

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The 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

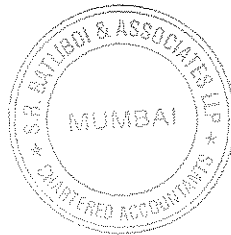
ICAI Firm Registration Number: 101049W/E300004




per Govind Ahuja

Partner

Membership Number: 48966



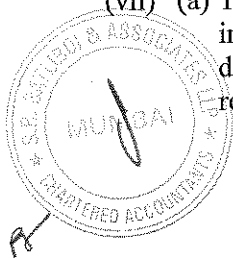
 Place of Signature: Mumbai

Date: May 26, 2016

Annexure 1 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.
- (c) According to the information and explanations given by the management, there are no immovable properties, included in fixed assets of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) (a) The Company has granted loan that is re-payable on demand, to a Company covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). In our opinion and according to the information and explanations given to us, the terms and conditions of the loan are not prejudicial to the Company's interest.
- (b) The loan granted is re-payable on demand. We are informed that the Company has not demanded repayment of such loan during the year, and thus, there has been no default on the part of the party to whom the money has been lent. The payment of interest has been regular.
- (c) There are no overdue amounts of loans granted to a company listed in the register maintained under section 189 of the Act, which are overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, provisions of 186 of the Act in respect of loans and advances given, investments made and guarantees given, have been complied with by the Company. The provisions of section 185 of the Act in respect of loans to directors including entities in which they are interested and provision of section 186 of the Act with respect to securities given are not applicable to the Company and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Act, for the products/services of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, income-tax, sales-tax, service tax, custom duty, value added tax, cess and other material statutory dues applicable to it. The provisions relating to excise duty are not applicable to the Company.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Scrabble Entertainment Limited
Auditors Report – March 31, 2016
Page 5 of 8

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to excise duty are not applicable to the Company.
- (c) According to the 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:

Nature of Statute	Nature of Dues	Amount (Rs.)	Period to which the Amount Relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	2,020,890	Assessment Year 2011-12	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	66,661,050	Assessment Year 2012-13	Commissioner of Income Tax (Appeal)

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

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to banks. The Company does not have any dues to financial institutions or debenture holders or to the government.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised. The Company has not raised money by way of initial public offer or further public offer (including debt instruments).
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants


Scrabble Entertainment Limited
Auditors Report – March 31, 2016
Page 6 of 8

- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm's Registration Number: 101049W/E3000004


per Govind Ahuja

Partner

Membership Number: 48966

Place: Mumbai

Date: May 26, 2016



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Scrabble Entertainment Limited
Auditors Report – March 31, 2016
Page 7 of 8

Annexure 2 to the Independent Auditor's Report of even date on the Standalone Financial Statements of Scrabble Entertainment Limited

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

To the Members of Scrabble Entertainment Limited

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

Management's Responsibility for Internal Financial Controls

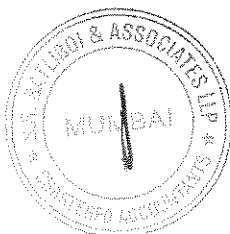
The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial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

Auditor's Responsibility

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

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

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



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Scrabble Entertainment Limited
Auditors Report – March 31, 2016
Page 8 of 8

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

[Handwritten signature]

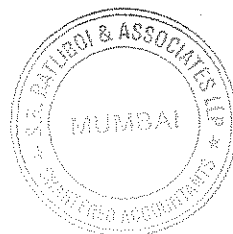
per Govind Ahuja

Partner

Membership Number: 48966

Place of Signature: Mumbai

Date: May 26, 2016



B

Scrabble Entertainment Limited

Balance sheet as at 31 March 2016

Particulars	Notes	31 March 2016 Rupees	31 March 2015 Rupees
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	3	7,683,870	7,683,870
Reserves and surplus	4	604,955,410	498,174,417
		612,639,280	505,858,287
Non-current liabilities			
Long-term borrowings	5	29,738,592	136,353,919
Other long-term liabilities	7	226,228,091	218,427,479
Long-term provisions	6	1,748,749	3,361,113
		257,715,432	358,142,511
Current liabilities			
Trade payables	7	286,698,984	279,266,983
Other current liabilities	7	214,642,937	213,477,621
Short-term provisions	6	4,028,217	6,722,625
		505,370,138	499,467,229
TOTAL		1,375,724,850	1,363,468,027
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	403,552,555	495,109,354
Intangible assets	8	-	112,897
Capital work-in-progress		-	17,989,914
Non-current investments	9	119,023,650	119,023,650
Deferred tax assets (net)	10	43,922,022	33,195,519
Long-term loans and advances	11	208,600,865	242,521,258
Other non current assets	13	49,716,100	45,878,482
		824,815,192	953,831,074
Current Assets			
Current investments	14	130,638,309	67,092,364
Inventories	15	11,705,554	15,780,141
Trade receivables	12	140,567,455	123,001,626
Cash and bank balances	16	51,166,442	106,849,677
Short-term loans and advances	11	163,348,397	67,813,093
Other current assets	13	53,483,501	29,100,052
		550,909,658	409,636,953
TOTAL		1,375,724,850	1,363,468,027

Summary of significant accounting policies

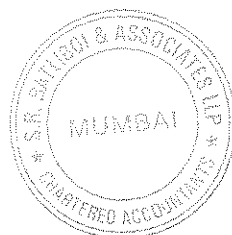
2.1

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

As per our report of even date

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

per Govind Ahuja
Partner
Membership no.: 48966



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

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

Urmi Shah
Company Secretary

Sushil Agrawal
Director
DIN No.: 00003163

Place of Signature : Mumbai
Date: May 26, 2016

Place of Signature : Mumbai
Date: May 26, 2016

Scrabble Entertainment Limited**Statement of Profit and Loss Account for the year ended 31 March 2016**

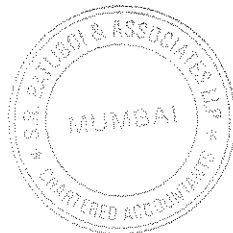
Particulars	Notes	31 March 2016 Rupees	31 March 2015 Rupees
Revenues			
Revenue from operations	17	1,163,829,248	1,175,544,897
Other operating income	18	33,647,626	2,229,101
Other income	19	3,676,882	9,293,270
Total Revenue (I)		1,201,153,756	1,187,067,268
Expenses			
Operating direct costs	20	767,171,147	767,938,998
Employee benefits expense	21	63,209,618	64,374,855
Other expenses	22	114,248,487	96,553,131
Total Expenses (II)		944,629,252	928,866,984
Earnings before interest, tax, depreciation and amortisation (EBITDA) (I - II)		256,524,504	258,200,284
Depreciation and amortization expense	8	111,596,754	109,913,731
Finance cost	23	23,278,662	39,690,768
Finance income	24	(184,734,258)	(39,627,464)
Profit before tax		306,383,346	148,223,249
Tax expense:			
Current tax			
- Provision for Taxation		89,500,000	50,000,000
Deferred tax		(10,726,503)	(6,069,992)
Total tax expense		78,773,497	43,930,008
Profit for the year		227,609,849	104,293,241
Earnings per equity share	25		
Basic (Face Value of Rs. 10 each)		296.22	135.73
Diluted (Face Value of Rs. 10 each)		295.23	135.36
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No:101049WE300004
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

Urmi Shah
Company Secretary

Sushil Agrawal
Director
DIN No.: 00003163

Place of Signature : Mumbai
Date: May 26, 2016

Place of Signature : Mumbai
Date: May 26, 2016

Scrabble Entertainment Limited
Cashflow Statement for the year ended 31 March 2016

Particulars	31 March 2016 Rupees	31 March 2015 Rupees
Cash flow from / (used in) operating activities		
Profit before tax	306,383,346	148,223,249
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortization expense	111,596,754	109,913,731
Gratuity provision	579,564	2,835,091
Compensated absences provision	537,520	-
Bad debts written off	-	518,473
Provision for doubtful debts	13,416,320	12,393,203
Unrealised foreign exchange gain (net)	(74,890)	(871,655)
Profit on sale of fixed assets	(900,630)	(4,284,357)
Employee stock compensation expense	-	3,658
Loss on sale / write off of fixed assets	-	182,737
Provision for diminution in value of fixed assets	701,928	1,926,516
Sundry creditors write back	-	(1,758,500)
Interest expense	23,278,662	39,690,768
Interest income	(20,666,531)	(5,635,094)
Dividend income	(164,067,727)	(33,992,371)
Operating profit before working capital changes	270,784,316	269,145,449
Movements in working capital :		
Increase / (decrease) in trade payables	7,500,624	40,850,787
Increase / (decrease) in provisions	(5,423,856)	(5,414,273)
Increase / (decrease) in long term liabilities	7,800,612	(13,349,528)
Increase / (decrease) in other current liabilities	2,617,858	(50,293,601)
Decrease / (increase) in trade receivables (Non - Current)	-	1,000,000
Decrease / (increase) in trade receivables (Current)	(30,975,960)	37,424,827
Decrease / (increase) in inventories	4,074,587	4,365,889
Decrease / (increase) in long-term loans and advances	21,117,159	38,344,992
Decrease / (increase) in short-term loans and advances	(25,535,304)	12,010,540
Decrease / (increase) in other non current assets	(100,001)	(7,492,160)
Decrease / (increase) in other current assets	(20,917,743)	(9,201,061)
Cash generated from operations	230,942,291	317,391,861
Direct taxes paid (net of refunds)	(76,696,692)	(71,784,022)
Foreign exchange fluctuation (net)	(374,882)	1,308,890
Net cash flow from operating activities (A)	153,870,717	246,916,729
Cash flows from / (used in) investing activities		
Purchase of fixed assets, including capital work in progress and capital advances	(5,307,561)	(20,267,435)
Proceeds from sale of fixed assets / capital work in progress	3,569,119	14,054,694
Purchase of current investments (including dividend reinvestment)	(498,545,948)	(125,020,904)
Sale / redemption of current investments	435,000,008	75,484,832
Investments in bank deposits (having original maturity of more than 3 months)	(822,730)	(90,000,000)
Maturity from bank deposits (having original maturity of more than 3 months)	80,000,000	3,500,000
Loan advanced to related party	(70,000,000)	(30,000,000)
Interest received	13,463,208	926,446
Dividends received	164,067,727	33,992,371
Net cash flow from / (used in) investing activities (B)	121,423,819	(137,329,994)



Scrabble Entertainment Limited
Cashflow Statement for the year ended 31 March 2016

Particulars	31 March 2016 Rupees	31 March 2015 Rupees
Cash flows from / (used in) financing activities		
Payment of interim dividend	(120,828,856)	-
Proceeds from long-term borrowings	-	30,027,778
Repayment of long-term borrowings	(106,857,635)	(102,961,352)
Interest paid	(24,488,896)	(40,189,337)
Net cash flow (used in) in financing activities (C)	(252,175,387)	(113,122,911)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	23,119,149	(3,536,176)
Effects of exchange difference on cash & cash equivalent held in foreign currency	374,882	107,677
Cash and cash equivalents at the beginning of the period	16,849,680	20,278,176
Cash and cash equivalents at the end of the period	40,343,711	16,849,677
Components of cash and cash equivalents		
Cash on hand	96,002	424,466
Balance with banks:		
- on current accounts	38,874,618	10,821,550
- on EEFC accounts	1,373,091	5,603,661
Total cash and cash equivalents (note 16)	40,343,711	16,849,677

Notes:

1. 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/E300004
Chartered Accountants

per Govind Ahuja
Partner
Membership no.: 48966



Place of Signature : Mumbai
Date: May 26, 2016

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

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

Urmil Shah
Company Secretary

Place of Signature : Mumbai
Date: May 26, 2016

Sushil Agrawal
Director
DIN No.: 00003163

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 judgments estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon management's best knowledge of the current events and actions, actual results could differ from these estimates.

(b) Tangible fixed assets

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

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

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

(c) 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.



13

Scrabble Entertainment Limited

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

(d) 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

(e) 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.

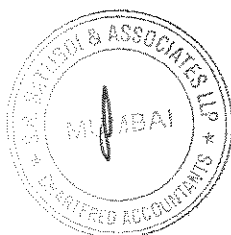
(f) Leases

Where the Company is the lessee

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

Where the Company is the lessor

Assets subject to operating leases are included in fixed assets. Lease income on an operating lease 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.



B

Scrabble Entertainment Limited

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

(g) 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.

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.

(h) 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.

(i) 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

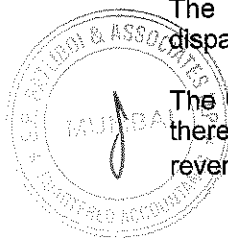
- Virtual print fee income received from distributors of the films is recognised in the period in which the services are rendered.
- Rental income for the equipment is recognised in the period during which the equipment is given on lease to the exhibitor /customer from the date of installation.
- Maintenance 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.
- 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.
- Commission income and technical service income is recognised in period in which services are rendered.

Sale of goods

Revenue from sale of goods and spares 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 spares as and when these are dispatched/issued to customers.

The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.



13

Scrabble Entertainment Limited

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

Interest income

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

Dividends

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

(j) Foreign currency translation

Foreign currency transactions and balances

(i) Initial recognition

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

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

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

(k) 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 since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.



(l) 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 reporting date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is "virtual certainty" (as defined in Accounting Standard 22) supported by convincing evidence that they can be realised against future taxable profits.

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

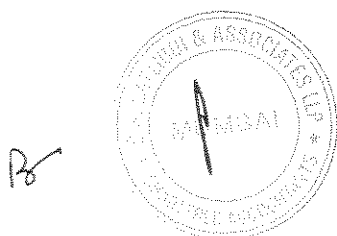
Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set – off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

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

(m) 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.



(n) 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.

(o) Cash and cash equivalents

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

(p) Employee Stock Compensation Cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. 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.

(q) 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 embodying economic benefit 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 reporting 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.

(r) 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.

(s) Measurement of EBITDA

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



18

Scrabble Entertainment Limited
Notes to financial statements for the year ended 31 March 2016

3. Share capital

	31 March 2016 Rupees	31 March 2015 Rupees
Authorized share capital		
1,000,000 (31 March 2015: 1,000,000) equity shares of Rs.10 each	10,000,000	10,000,000
104,300 (31 March 2015: 104,300) 6% Optionally Convertible Redeemable Preference Shares (OCRPS) of Rs.1,150 each	119,945,000	119,945,000
Issued, subscribed and fully paid-up shares		
768,387 (31 March 2015: 768,387) equity shares of Rs. 10 each fully paid up	7,683,870	7,683,870
Total issued, subscribed and fully paid-up share capital	7,683,870	7,683,870

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

	31 March 2016		31 March 2015	
	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

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

Name of the shareholder	31 March 2016		31 March 2015	
	No.	% holding in the class	No.	% holding in the class
Equity shares of Rs.10 each fully paid				
UFO Moviez India Limited	701,778	91.33%	701,778	91.33%
Dr. Sunil Patil	66,609	8.67%	66,609	8.67%

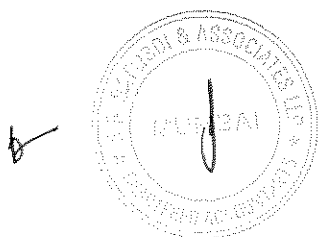
As per records of the Company, including its register of shareholders/ members, the above shareholding represents both legal and beneficial ownerships of shares.

(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 2016 Rupees	31 March 2015 Rupees
UFO Moviez India Limited		
701,708 (31 March 2015: 701,708) equity shares of Rs. 10 each fully paid	7,017,080	7,017,780

During the year ended 31 March 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.



(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 (Promoter) 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 promoter 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.

Investor shall have the right to exercise certain specified tag along rights in case the Promoter 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 Promoter 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 Promoter 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.

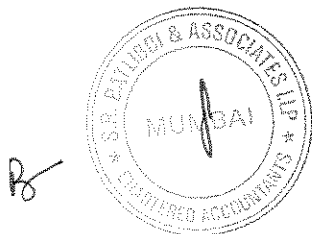
Restrictions

Securities held by Promoter are locked-in for 3 years and they cannot transfer any securities held by them without the Investor's consent.

The Promoter shall not engage in any competing activities as mentioned in the AOA.

(e) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the company, please refer Note 27



Scrabble Entertainment Limited
Notes to financial statements for the year ended 31 March 2016

4. Reserves and surplus

	31 March 2016 Rupees	31 March 2015 Rupees
Capital redemption reserve		
Balance as per the last financial statements	39,999,300	39,999,300
Closing Balance	39,999,300	39,999,300
Securities premium account		
Balance as per the last financial statements	337,056,130	337,056,130
Closing Balance	337,056,130	337,056,130
Employee stock options outstanding		
Gross employee stock compensation for options granted in earlier years	64,428	60,768
Add : Deferred Employee Stock Compensation	-	3,658
Closing Balance	64,428	64,428
Surplus in the statement of profit and loss		
Balance as per last financial statements	121,054,561	17,502,116
Less: Depreciation adjustment (net of deferred tax refer note below)	-	(740,796)
	121,054,561	16,761,320
Profit for the year	227,609,849	104,293,241
Profit available for appropriation	348,664,410	121,054,561
Less: Appropriation		
Interim equity dividend [amount per share Rs.157.25 (31 March 2015: Nil)]	(120,828,856)	-
Net Surplus in the statement of profit and loss	227,835,554	121,054,561
Total reserves and surplus	604,955,410	498,174,417
Note:		

The Company in the previous year, had revised the depreciation rates on certain tangible fixed assets as per the useful life specified in Part 'C' of Schedule II of the Act. In respect of assets whose useful life was already exhausted as on 1 April 2014, depreciation of Rs. 740,796/- (after reducing deferred tax impact of Rs.355,786/-) had been adjusted in reserve opening in accordance with the requirement of Schedule II of the Act.

5. Long-term borrowings (Secured)

	Non-current portion		Current maturities	
	31 March 2016 Rupees	31 March 2015 Rupees	31 March 2016 Rupees	31 March 2015 Rupees
Term loans				
Rupee loan from banks				
Term loan from Yes Bank Limited (YBL) (refer note a)	14,285,714	100,000,000	85,714,286	85,714,286
Term loan from HDFC Bank (refer note b)	15,214,247	35,499,860	20,285,613	20,285,613
Vehicle Loan				
From Banks (refer note c)	238,631	854,059	615,428	857,736
	29,738,592	136,353,919	106,615,327	106,857,635
Amount disclosed under the head "Other Current Liabilities" (refer note 7)	-	-	(106,615,327)	(106,857,635)
Net amount	29,738,592	136,353,919	-	-

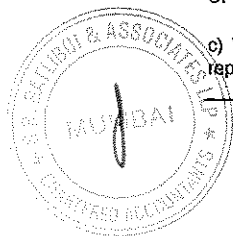
Terms of Borrowings :

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.
The loan carries a floating interest rate of YBL Base Rate plus 3.00 p.a. [31 March 2016 :11.75% p.a. (31 March 2015 : 12.50% p.a.)] and is repayable in 42 monthly installments along with interest after 7 months from disbursement.

b) The term loan from HDFC Bank Limited is secured against the First pari passu charge with YBL on all fixed assets and Second pari passu charge with YBL on all the current assets of the Company both present and future.
The loan carries a floating interest rate of HDFC Base Rate plus 2.50 p.a. [31 March 2016 :11.80% p.a. (31 March 2015 : 12.50% p.a.)] and is repayable in 42 monthly installments along with interest from July 31, 2014.

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

c) Vehicle loans are 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.



P

6. Provisions

	Long-term		Short-term	
	31 March 2016 Rupees	31 March 2015 Rupees	31 March 2016 Rupees	31 March 2015 Rupees
Provision for employee benefits				
Provision for gratuity (refer note 26)	-	-	-	425,739
Provision for compensated absences	-	-	2,800,921	3,663,676
Provision - Others:				
Provision for Warranties	1,748,749	3,361,113	1,227,296	2,633,210
	1,748,749	3,361,113	4,028,217	6,722,625

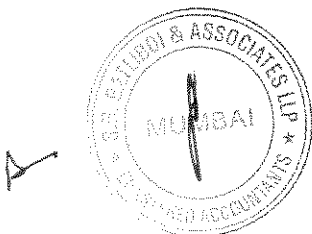
Provision for Warranty

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 2016 Rupees	31 March 2015 Rupees
At the beginning of the year	5,994,323	9,423,718
Arising during the year	50,000	50,000
Utilized during the year	(3,068,278)	(3,479,395)
At the end of the year	2,976,045	5,994,323
Current portion	1,227,296	2,633,210
Non-current portion	1,748,749	3,361,113

7. Trade Payables & Other liabilities

	Non Current		Current	
	31 March 2016 Rupees	31 March 2015 Rupees	31 March 2016 Rupees	31 March 2015 Rupees
Trade payables (refer note 33 for details of dues to Micro and Small Enterprises)	-	-	286,698,984	279,266,983
Other liabilities				
Current maturities of long-term borrowings (refer note 5)	-	-	106,615,327	106,857,635
Deposits from customers	226,228,091	218,427,479	56,557,023	54,606,870
Payable for purchase of fixed assets	-	-	2,219,896	1,988,564
Advance from customers	-	-	19,007,111	28,470,151
Deferred revenue on AMC services	-	-	6,854,324	9,532,359
Interest accrued but not due on borrowings	-	-	4,182,406	5,392,639
Other statutory dues				
TDS payable	-	-	17,447,761	4,261,690
Sales tax payable	-	-	1,452,366	2,047,890
Employee related liabilities	-	-	306,723	319,823
	226,228,091	218,427,479	214,642,937	213,477,621
	226,228,091	218,427,479	501,341,921	492,744,604



Scrabble Entertainment Limited

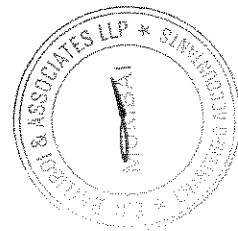
Notes to financials statements for the year ended 31 March 2016

8. Tangible and Intangible Assets

	Leasehold improvements	Plant and equipment	Furniture and fixtures	Office Equipment	Computer & Printers	Vehicle	Total	Intangible Assets	Total
Cost									
At 1 April 2014	1,652,778	641,494,016	1,097,649	2,255,467	11,709,805	6,461,265	664,670,980	1,745,996	666,416,976
Additions	-	81,956,722	-	609,397	720,374	2,774,840	86,061,333	-	86,061,333
Disposals	-	(8,747,439)	-	(408,843)	(681,801)	(712,533)	(10,550,616)	(160,850)	(10,711,466)
At 31 March 2015	1,652,778	714,703,299	1,097,649	2,456,021	11,748,378	8,523,572	740,181,697	1,585,146	741,766,843
Additions	-	19,997,244	30,600	585,178	625,800	-	21,238,822	-	21,238,822
Disposals	-	(1,841,153)	-	-	-	(365,124)	(2,206,277)	-	(2,206,277)
At 31 March 2016	1,652,778	732,859,390	1,128,249	3,041,199	12,374,178	8,158,448	759,214,242	1,585,146	760,799,388
Depreciation									
At 1 April 2014	266,980	127,711,020	149,758	779,138	8,335,950	937,452	138,180,298	1,464,265	139,644,563
Adjustment (Refer change in estimate note 2.1(b))	-	-	-	6,242	1,090,340	-	1,096,582	-	1,096,582
Charge for the year	550,926	105,449,659	182,980	537,504	1,489,172	1,534,660	109,744,901	168,834	109,913,735
Disposals	-	(2,931,428)	-	(253,932)	(653,977)	(110,101)	(3,949,438)	(160,850)	(4,110,288)
At 31 March 2015	817,906	230,229,251	332,738	1,068,952	10,261,485	2,362,011	245,072,343	1,472,249	246,544,592
Charge for the year	552,436	107,426,110	183,988	537,554	1,085,788	1,697,981	111,483,857	112,897	111,596,754
Disposals	-	(759,456)	-	-	-	(135,046)	(894,502)	-	(894,502)
At 31 March 2016	1,370,342	336,895,905	516,726	1,606,506	11,347,273	3,924,946	355,661,697	1,585,146	357,246,843

Net Block

At 31 March 2015	834,872	484,474,048	764,911	1,387,069	1,486,893	6,161,561	495,109,354	112,897	495,222,251
At 31 March 2016	282,436	395,963,485	611,523	1,434,693	1,026,905	4,233,502	403,552,555	-	403,552,555



Handwritten signature or mark.

Scrabble Entertainment Limited

Notes to financial statements for the year ended 31 March 2016

9. Non-current investments

	31 March 2016 Rupees	31 March 2015 Rupees
Trade investments (valued at cost, unless stated otherwise)		
Unquoted equity instruments		
Investment in subsidiaries		
750,000 (31 March 2015: 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 (31 March 2015: 5,000) Equity Shares in Scrabble Digital Inc of no par value	33,759,000	33,759,000
Investment in step down subsidiary		
300 (31 March 2015: 300) Equity Shares of AED 1,000 each at par fully paid up in Scrabble Entertainment DMCC	4,083,000	4,083,000
Investment in associates		
197,714 (31 March 2015: 197,714) Equity Shares of Rs. 10 each fully paid up in Scrabble Digital Limited	39,899,900	39,899,900
100 (31 March 2015: 100) Ordinary shares of AED 1000 each at par fully paid up in Scrabble Digital DMCC	1,273,000	1,273,000
	119,023,650	119,023,650

10. Deferred tax assets (net)

	31 March 2016 Rupees	31 March 2015 Rupees
Deferred Tax Assets		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	22,115,174	11,844,029
Effect of expenditure debited to statement of profit and loss account in the current period but allowed for tax purposes in following years	4,702,543	8,300,556
Provision for doubtful debts and advances	17,104,305	13,050,934
	43,922,022	33,195,519



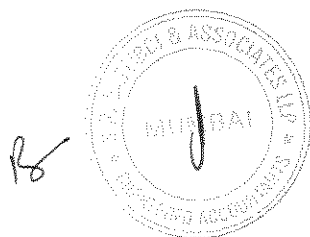
B

Scrabble Entertainment Limited
Notes to financial statements for the year ended 31 March 2016
11. Loans and advances (Unsecured considered good unless stated otherwise)

	Long-term		Short-term	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	Rupees	Rupees	Rupees	Rupees
Security deposit				
Security deposit to related parties (refer note 30)	135,917,678	150,250,000	35,556	-
Security deposit to others	58,500	10,012,064	9,958,500	160,000
Loan and advances to related parties (refer note 30)				
Loans to related parties (refer note 40)	-	-	100,000,000	30,000,000
Advances to related parties	-	-	713,741	673,476
Advances recoverable in cash or kind				
Unsecured considered good	-	-	4,609,729	7,665,661
Unsecured considered doubtful	-	-	2,396,394	2,396,394
	-	-	7,006,123	10,062,055
Less: Provision for advance recoverable in cash or kind	-	-	(2,396,394)	(2,396,394)
	-	-	4,609,729	7,665,661
Other loans and advances				
Advance income-tax (net of provision for taxation of Rs.212,436,844, (31 March 2015 Rs.122,936,844)	65,516,965	78,320,273	-	-
Prepaid gratuity (refer note 26)	-	-	869,989	-
Prepaid expenses	7,107,722	3,938,921	22,741,348	18,443,556
Loans to employees	-	-	45,250	79,280
Advances to supplier	-	-	7,698,484	1,432,137
Balances with statutory / government authorities	-	-	16,675,799	9,358,982
Total	208,600,865	242,521,258	163,348,396	67,813,092

12. Trade receivables

		31 March 2016	31 March 2015
		Rupees	Rupees
Unsecured, considered good unless stated otherwise			
Outstanding for a period exceeding six months from the date they are due for payment			
Considered good		23,758,314	18,675,937
Considered doubtful		47,026,587	36,000,000
		70,784,901	54,675,937
Provision for doubtful receivables		(47,026,587)	(36,000,000)
	(A)	23,758,314	18,675,937
Other receivables			
Considered good		116,809,140	104,325,689
	(B)	116,809,140	104,325,689
	(A+B)	140,567,454	123,001,626



Scrabble Entertainment Limited
Notes to financial statements for the year ended 31 March 2016
13. Other assets

	Non-current		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	Rupees	Rupees	Rupees	Rupees
Non current bank balances (refer note 16)	40,575,430	40,475,430	-	-
Interest accrued on fixed deposits	9,140,670	5,403,052	107,410	1,388,743
Interest accrued on loan to related party	-	-	4,829,232	82,192
Unbilled revenue	-	-	45,837,695	27,629,117
Dividend receivable on investment in associates	-	-	2,709,164	-
	49,716,100	45,878,482	53,483,501	29,100,052

14. Current investments (valued at lower of cost and fair value)

	31 March 2016	31 March 2015
	Rupees	Rupees
Unquoted mutual funds		
10,549,216 (31 March 2015: 67,071.78) units of Axis Liquid Fund	10,548,908	67,092,366
6,530,985.44 (31 March 2015 : Nil) units of HDFC Corporate Debt Opportunities Reg-G	80,000,000	-
1,936,961.59 (31 March 2015: Nil) units of Reliance Regular Saving Debt - G	40,000,000	-
8,911,487 (31 March 2015: Nil) units of HDFC Cash Management Fund	89,400	-
	130,638,308	67,092,366

Aggregate amount of unquoted investments [Market value based on NAV declared by mutual fund: Rs.130,638,308 (31 March 2015 : Rs. 67,094,176)]

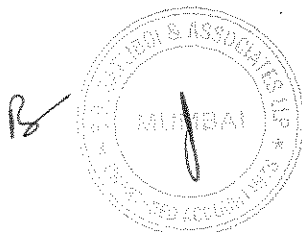
15. Inventories (valued at lower of cost and net realizable value)

	31 March 2016	31 March 2015
	Rupees	Rupees
Digital cinema equipments	1,347,288	309,854
Traded goods (Lamps)	4,537,795	8,434,482
Consumables and spares	5,820,471	7,035,805
	11,705,554	15,780,141

16. Cash and bank balances

	Non-current		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	Rupees	Rupees	Rupees	Rupees
Cash and Cash Equivalents				
Balances with banks:				
– On current accounts	-	-	38,874,618	10,821,550
– On EEFC accounts	-	-	1,373,091	5,603,661
Cash on hand	-	-	96,002	424,466
	-	-	40,343,711	16,849,677
Other bank balances				
– Deposits with remaining maturity for less than 12 months	-	-	10,822,730	90,000,000
– Margin money deposit with remaining maturity for more than 12 months	40,575,430	40,475,430	-	-
	40,575,430	40,475,430	10,822,730	90,000,000
Amount disclosed under non-current assets (refer note 13)	(40,575,430)	(40,475,430)	-	-
Net Amount	-	-	51,166,441	106,849,677

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 for the year ended 31 March 2016

17. Revenue from operations

	31 March 2016 Rupees	31 March 2015 Rupees
Revenue from operations		
Sale of services		
Virtual Print Fee - D-Cinema	859,467,591	873,634,029
Delivery distribution income	28,152,711	24,998,821
Lease Rental Income - E-Cinema	3,354,828	7,202,983
Lease Rental Income - D-Cinema	108,453,876	107,108,990
Lease Rental Income - 3D	16,546,542	17,571,154
Registration fees income	3,037,383	5,185,548
Maintenance service fee	34,992,828	31,607,642
Commission income	14,537,035	4,262,312
Technical service income	5,732,136	7,431,898
Advertisement revenue	-	1,368,119
Sale of products		
Lamp sale	58,768,984	56,466,822
Sale of Digital Cinema Equipment	13,821,688	22,022,111
Sale of spares	16,963,646	16,684,468
	1,163,829,248	1,175,544,897

18. Other operating income

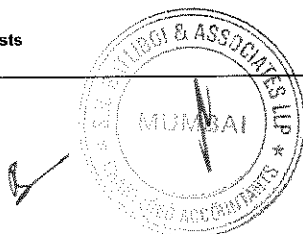
	31 March 2016 Rupees	31 March 2015 Rupees
Sundry balance written back	28,836,281	1,758,500
License income	4,385,306	174,431
Freight income	426,039	296,170
	33,647,626	2,229,101

19. Other income

	31 March 2016 Rupees	31 March 2015 Rupees
Profit on sale of fixed assets	900,630	4,284,357
Miscellaneous income	1,781,195	4,137,258
Foreign exchange gain (net)	995,057	871,655
	3,676,882	9,293,270

20. Operating direct costs

20. Operating direct costs		31 March 2016 Rupees	31 March 2015 Rupees
Annual maintenance charges		47,930,991	57,713,691
Delivery and distribution charges		42,651,410	35,478,856
Content processing charges		21,349,212	18,155,493
Installation charges		2,644,000	4,323,989
Virtual print fee sharing		473,074,063	450,770,061
Content download charges		-	6,016,468
Rent on equipments		101,859,534	109,514,332
Advertisement revenue share		-	153,587
	A	689,509,210	682,126,477
Consumables and spares			
Inventories at the beginning of the period		820,404	3,777,564
Add : Purchases		4,538,121	2,714,362
Less : Inventories at the end of the period		-	(820,404)
	B	5,358,525	5,671,522
Purchase of Digital cinema equipments	C	12,662,969	17,320,333
Purchase of Lamps	D	56,386,260	61,411,939
(Increase)/decrease in inventories of digital cinema equipments			
Inventories at the beginning of the period		309,854	1,513,398
Inventories at the end of the period		1,347,288	309,854
	E	(1,037,434)	1,203,544
(Increase)/decrease in inventories of lamps and spares			
Inventories at the beginning of the year		14,649,883	14,855,068
Inventories at the end of the year		10,358,286	14,649,883
	F	4,291,617	205,185
Operating direct costs	A to F	767,171,147	767,939,000



Scrabble Entertainment Limited
Notes to financial statements for the year ended 31 March 2016

21. Employee benefits expense

	31 March 2016	31 March 2015
	Rupees	Rupees
Salaries, wages and bonus	55,181,733	55,704,996
Contribution to provident and other funds	2,219,144	2,167,977
Employee stock option scheme cost	-	3,658
Gratuity expense (refer Note 26)	579,564	587,323
Compensated absences	537,520	2,457,508
Staff welfare expenses	4,691,657	3,453,393
	63,209,618	64,374,855

22. Other expenses

	31 March 2016	31 March 2015
	Rupees	Rupees
Electricity charges	3,457,287	2,040,273
Freight and forwarding charges	7,462,114	7,078,351
Rent	18,858,974	18,628,981
Rates and taxes	7,432,895	3,149,604
Insurance	3,477,651	3,172,414
Repairs and maintenance	2,239,287	1,381,354
Advertising and sales promotion	1,026,546	1,218,131
Commission & brokerage	5,706,536	6,532,849
Travelling and conveyance	9,427,503	4,789,152
Communication costs	3,044,065	3,285,287
Printing and stationery	755,922	701,089
Legal, professional & consultancy charges	28,921,994	21,222,508
Payment to auditor (refer details below)	2,977,891	1,907,039
Bad debts / advances written off	1,587,496	-
Less: Provision utilised	(1,587,496)	518,473
Bank charges	110,592	321,891
Loss on sale / discarded of Fixed Assets	-	182,737
Provision for doubtful debts and advances	13,416,320	12,393,203
Miscellaneous expenses	5,230,982	6,103,279
Provision for diminution in value of fixed assets	701,928	1,926,516
	114,248,487	96,553,131

Payment to auditor

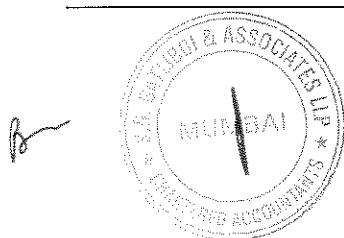
	31 March 2016	31 March 2015
	Rupees	Rupees
As auditor:		
Audit fee	1,900,000	3,200,000
Tax audit fee	150,000	200,000
In other capacity:		
Other services (certification fees)	800,000	50,000
Out of pocket expenses	127,891	260,960
Less: Fee reimbursed by parent company	-	(1,653,921)
	2,977,891	2,057,039

23. Finance cost

	31 March 2016	31 March 2015
	Rupees	Rupees
Interest		
Term loans	23,273,113	38,968,779
Other	5,549	721,989
	23,278,662	39,690,768

24. Finance income

	31 March 2016	31 March 2015
	Rupees	Rupees
Interest income on		
Bank deposits	12,110,878	5,552,806
Others	8,555,653	82,287
Dividend income		
from current investments	3,045,943	5,021,337
from associate	18,526,284	13,049,088
from step down subsidiary	142,495,500	15,921,946
	184,734,258	39,627,464



25. Earnings per share (EPS)

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

	31 March 2016 Rupees	31 March 2015 Rupees
Basic		
Net profit after tax as per statement of profit and loss	227,609,849	104,293,243
Weighted average number of equity shares in calculating basic EPS	768,387	768,387
Earning per share	296.22	135.73
Diluted		
Net profit for calculation of basic EPS	227,609,849	104,293,243
Weighted average number of equity shares in calculating basic EPS	768,387	768,387
Equity shares arising on grant of stock options under ESOP	2,577	2,105
Total no of shares outstanding (weighted average) (including dilution)	770,964	770,492
Earning per share	295.23	135.36

26. 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 gratuity.

Net employee benefit expense recognized in the employee cost

	31 March 2016 Rupees	31 March 2015 Rupees
Current service cost	648,488	1,579,103
Interest cost	122,168	145,864
Expected return on plan assets	(167,574)	-
Net actuarial (gain) / loss recognized in the year	(23,518)	(1,137,144)
Net benefit expense	579,564	587,823

Balance sheet

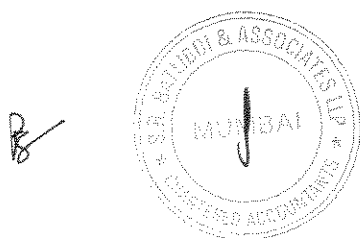
	31 March 2016 Rupees	31 March 2015 Rupees
Present value of defined benefit obligation	2,226,282	2,545,098
Fair value of plan assets	3,096,271	2,119,359
Plan asset/(liability)	869,989	(425,739)

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

	31 March 2016 Rupees	31 March 2015 Rupees
Opening defined benefit obligation	2,545,098	1,823,294
Current service cost	648,488	1,579,103
Interest cost	122,168	145,864
Benefits paid	(1,096,923)	-
Actuarial (gains) / losses on obligation	7,451	(1,003,163)
Closing defined benefit obligation	2,226,282	2,545,098

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

	31 March 2016 Rupees	31 March 2015 Rupees
Opening fair value of plan assets	2,119,359	-
Contributions by employer	778,369	1,985,378
Actuarial gains / (losses) on obligation	30,969	133,981
Expected return on plan assets	167,574	-
Closing fair value of plan assets	3,096,271	2,119,359
Actual return on plan assets	30,969	133,981



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

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

	Gratuity	
	31 March 2016	31 March 2015
Investment with insurer	100.00%	100.00%

The principal assumptions used in determining gratuity as shown below:

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

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 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Defined benefit obligation	2,226,282	2,545,098	2,545,098	1,376,824	1,004,000
Plan assets	3,096,271	2,119,359	-	-	-
Surplus/(deficit)	869,989	(425,739)	(2,545,098)	(1,376,824)	(1,004,000)
Experience adjustments on plan liabilities	-	-	-	-	-
Experience adjustments on plan assets	-	-	-	-	-

The Company expects to contribute Rs Nil (31 March 2015: Rs 778,369) to gratuity in the next year.

27. Employee stock option plans
Employee Stock Option Plan 2010 :

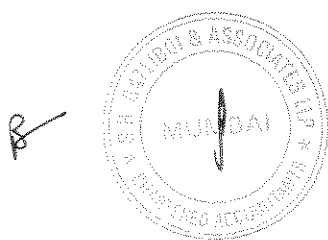
The Company has share-based payments schemes for its employees. During the year ended 31 March 2016, an employee stock option plan (ESOP) was in existence. The relevant details of the plan is as below.

On 01 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	8-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 2016		31 March 2015	
	Number of Options	Weighted Average Exercise Price(Rs.)	Number of Options	Weighted Average Exercise Price(Rs.)
Outstanding at the beginning of the year	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 (months)	12		24	



Scrabble Entertainment Limited

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

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 2016	31 March 2015
	Rupees	Rupees
Profit attributable to equity shareholders as reported	227,609,849	104,293,243
Add : Employee stock expenses under Intrinsic Value Method	-	3,658
Less: Employee stock compensation under fair value method	-	(3,073)
Proforma profit / (loss)	227,609,849	104,293,828

Earnings Per Share

Basic

- As reported	296.22	135.73
- Proforma	296.22	135.73

Diluted

- As reported	295.23	135.36
- Proforma	295.23	135.36

Certain employees of the Company have been granted stock options in the holding company, UFO Moviez India Limited. Since the grant of such shares is at fair value of the shares on the date of the grant, no cost has been recorded in the books of the holding company.

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 and Digital Cinema Equipment	
	31 March 2016	31 March 2015
	Rupees	Rupees
Lease payments for the year	120,718,508	128,238,446

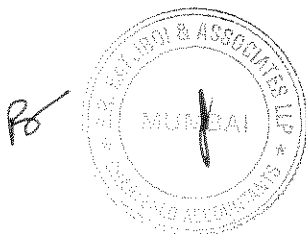
Operating lease commitments – Company as lessor

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 2016	31 March 2015
	Rupees	Rupees
Gross carrying amount	656,296,100	638,326,682
Accumulated depreciation	298,423,050	194,992,107
Depreciation recognized in the statement of profit and loss	96,928,321	90,617,900
For assets leased under operating lease arrangements		
Contingent rent for the year	6,640,850	7,984,434
Lease receipts for the year	48,057,364	44,238,982
For assets sub-leased under operating lease arrangements		
Contingent rent for the year	9,280,240	9,823,110
Lease receipts for the year	64,376,781	69,836,595

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.



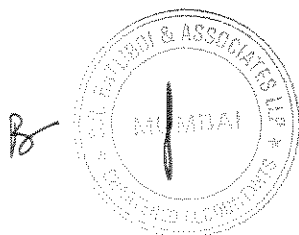
Scrabble Entertainment Limited**Notes to financial statements as at and for the year ended 31 March 2016****30. Related party disclosures****Names of related parties where control exists irrespective of whether transactions have occurred or not**

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 - Whole Time Director
4	Enterprises owned or significantly influenced by director or their relatives	Valuable Media Limited
5	Fellow Subsidiaries	Southern Digital Screenz India Private Limited Valuable Digital Screens Private Limited (From 31 December 2014)

* Under liquidation



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

Sr. No	Particulars Nature of Income & Expenses / Name of the Parties	31 March 2016 Rupees	31 March 2015 Rupees
1	<u>Holding Company</u> UFO Moviez India Limited		
A	Income		
	i) Virtual print fee (D-Cinema)	30,653,558	7,704,130
	ii) Advertisement revenue	-	3,813,028
	iii) Rental income	5,365,920	727,208
	iv) Reimbursement of expenses	62,211	1,653,921
	v) Miscellaneous Income - Rent (Warehouse)	687,520	-
B	Expenses		
	i) Rent on equipments	101,859,534	109,514,332
	ii) Virtual print fee sharing	237,363,791	250,138,179
	iii) Content download charges	-	6,016,468
	iv) Rent	467,527	325,180
	v) Travelling and conveyance	10,513	66,720
	vi) Office expenses	403,323	-
C	Others		
	i) Security deposit received back (theatre deposit)	14,350,000	28,550,000
	ii) Security deposit repaid (office rent)	200,000	-
	iii) Security deposit received	207,817	-
	iv) Dividend paid	110,354,591	-
2	<u>Subsidiary of the Company (including step down subsidiaries)</u>		
A	Dividend income		
	i) Scrabble Entertainment DMCC (erstwhile known as Scrabble Entertainment JLT)	21,630,000	15,921,946
B	Dividend income		
	i) Scrabble Entertainment (Mauritius) Ltd	120,865,500	-
3	<u>Associate of the Company</u>		
A	Sale of products		
	i) Scrabble Digital Limited	991,352	201,193
B	Content processing charges		
	i) Scrabble Digital Limited	21,349,212	18,199,552
C	Delivery distribution income		
	i) Scrabble Digital Limited	26,947,000	24,998,821
D	Miscellaneous expenses		
	i) Scrabble Digital Limited	-	1,082,916
E	Rent		
	i) Scrabble Digital Limited	732,338	1,490,885
F	Miscellaneous income		
	i) Scrabble Digital Ltd	449,075	-
	ii) Scrabble Ventures LLC	-	3,280,544
G	AMC income		
	i) Scrabble Digital Ltd	300,000	-
H	Dividend Income		
	i) Scrabble Digital Limited	15,817,120	13,049,088
	ii) Scrabble Digital DMCC (erstwhile known as Scrabble Digital JLT)	2,709,164	-

16



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

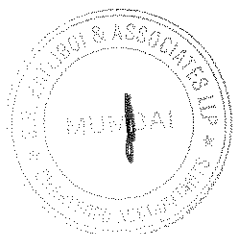
Sr. No	Particulars Nature of Income & Expenses / Name of the Parties	31 March 2016 Rupees	31 March 2015 Rupees
4	Key Management Personnel:		
A	Dr. Sunil Patil		
	i) Reimbursement of expenses	144,915	-
	ii) Dividend paid	10,474,265	-
	iii) Remuneration	6,000,000	
5	Fellow Subsidiaries		
A	Rent (expense)		
	i) Southern Digital Screenz India Private Limited	134,824	48,200
B	Security deposit given		
	i) Southern Digital Screenz India Private Limited	53,234	-
C	Loan given		
	i) Valuable Digital Screens Private Limited	70,000,000	30,000,000
D	Interest income		
	i) Valuable Digital Screens Private Limited	8,555,740	82,192
6	Enterprises owned or significantly influenced by director or their relatives		
A	Sale of products		
	i) Valuable Media Limited	857,140	-

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

Balance outstanding at the year end

Sr.No	Particulars	31 March 2016 Rupees	31 March 2015 Rupees
1	Holding Company		
A	Amount payable		
	i) UFO Moviez India Limited	42,662,422	51,220,806
B	Security deposit given		
	i) UFO Moviez India Limited	135,900,000	150,250,000
C	Security deposit received		
	i) UFO Moviez India Limited	207,817	-
2	Subsidiaries Companies		
A	Advance given		
	i) Scrabble Entertainment (Mauritius) Limited (Including interest receivable)	713,741	673,476
	a) Performance guarantee given on behalf of subsidiaries (refer note 30)		
	i) Scrabble Entertainment (Mauritius) Limited	331,664,500	312,954,000
	ii) Scrabble Entertainment DMCC (erstwhile known as Scrabble Entertainment JLT)	331,664,500	312,954,000
	iii) Scrabble Entertainment (Mauritius) Ltd & Scrabble Entertainment DMCC (erstwhile known as Scrabble Entertainment JLT)	1,326,658,000	1,251,816,000
3	Associate of the Company		
A	Amount receivable		
	i) Scrabble Digital Limited	8,838,271	2,631,950
B	Guarantee given		
	a) Performance guarantee given on behalf of associate (refer note 30)		
	i) Scrabble Ventures LLC	331,664,500	312,954,000
4	Fellow subsidiaries		
A	Loan given		
	i) Valuable Digital Screens Private Limited	100,000,000	30,000,000
	ii) Interest receivable	4,829,232	82,192
B	Security deposit given		
	i) Southern Digital Screenz India Private Limited	53,234	-

B



Scrabble Entertainment Limited
Notes to financial statements as at and for the year ended 31 March 2016
31. Contingent liabilities

	31 March 2016 Rupees	31 March 2015 Rupees
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 (31 March 2015: USD 35,000,000) (refer note i below)	2,321,651,500	2,190,678,000
Pending litigations		
1) In respect of Income Tax matters (refer note ii below)		
In respect of the demand on the Company by the Income Tax Department for Assessment Year 2011-12 & 2012-13.	68,681,940	68,681,940
	2,390,333,440	2,259,359,940

Note :

i) The following performance guarantees are outstanding at 31 March 2016 and 31 March 2015:

- 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
- US\$ 5 Mn to a studio on behalf an associate of a subsidiary

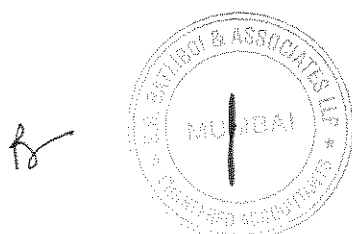
ii) The Company is contesting the demand on income tax matters and the management, including its tax advisors, believe that its position will likely be upheld in the appellate process. No tax provision has been accrued in the financial statements for the tax demand raised. The management believes that 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

- Derivatives outstanding as at the balance sheet date
- Particulars of unhedged foreign currency exposure as at the Balance Sheet date :

Nil

Particulars of un-hedged exposure	31 March 2016	31 March 2015
	Rupees	Rupees
Export Debtors	Rs.1,288,781/- (US\$ 19,428.98 @ Closing rate of 1 USD = Rs.66.3329)	Rs.258,826/- (US\$ 4,135.22 @ Closing rate of 1 USD = Rs.62.5908)
Import Creditors	Rs.20,464,973/- (US\$ 308,519.19 @ Closing rate of 1 USD = Rs.66.3329)	Rs.16,522,698/- (US\$ 263,979.66 @ Closing rate of 1 USD = Rs. 62.5908)
Advance Recoverable in Cash or Kind	Rs.23,110,901/- (US\$ 348,407.82 @ Closing rate of 1 USD = Rs.66.3329)	Rs.12,869,434/- (US\$ 205,612.24/- @ Closing rate of 1 USD = Rs. 62.5908)
Import Creditors (Debit balance)	Rs.887,136/- (US\$ 13,374 @ Closing rate of 1 USD = Rs.66.3329)	Rs. 2,916,731/- (US\$ 46,600/- @ Closing rate of 1 USD = Rs.62.5908)
Cash Balances	Rs. 60,551/- (Currency notes 5718.40 @ Closing rate for particular Currency)	Rs. 369,875.44/- (Currency notes 17,649.04 @ Closing rate for particular Currency)
Bank Balances	Rs.2,051,219/- (US\$ 23103.94@Closing rate of 1 USD = Rs.66.3329 & AED 28809.76 @ Closing rate of 1 AED = Rs.18.0032)	Rs.6,088,240/- (US\$ 91946.02 @Closing rate of 1 USD = Rs. 62.5908 & AED 19,578.76 @ Closing rate of 1 AED = Rs.17.0218)
Advance given to subsidiary / associate	Rs.713,742/- (US\$ 10,760 @ closing rate of 1 US\$ = Rs. 66.3329)	Rs.6,73,476/- (US\$ 10,760 @ closing rate of 1 US\$ = Rs. 62.5908)
Performance guarantees given on behalf of subsidiary / associate	Rs 2,321,651,500/- (US\$ 35,000,000 @ Closing rate of 1 US\$ = Rs.66.3329)	Rs 2,190,678,000/- (US\$ 35,000,000 @ Closing rate of 1 US\$ = Rs.62.5908)



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 2016	31 March 2015
	Rupees	Rupees
Capital goods	3,752,318	5,871,715
Purchase of trading equipment, lamps and spares	72,605,695	80,785,000
	76,358,013	86,656,715

35. Expenditure in foreign currency (accrual basis)

	31 March 2016	31 March 2015
	Rupees	Rupees
Foreign travelling	2,991,856	1,326,553
Annual maintenance charges	28,455,768	33,877,341
	31,447,624	35,203,894

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

	% of total consumption 31 March 2016	Value (In Rupees) 31 March 2016	% of total consumption 31 March 2015	Value (In Rupees) 31 March 2015
Components				
Imported	98.2	78,228,648	99.8	84,257,235
Indigenously obtained	1.8	1,433,321	0.2	1,555,284
	100.0	77,661,969	100.0	85,812,519

37. Earnings in foreign currency (accrual basis)

	31 March 2016	31 March 2015
	Rupees	Rupees
Virtual Print Fee (D-Cinema)	25,935,993	19,110,000
Commission income	14,537,035	4,262,312
Technical service income	5,732,136	7,431,898
Miscellaneous income	-	3,280,544
Dividend income	142,495,500	15,921,946
	188,700,664	50,006,700

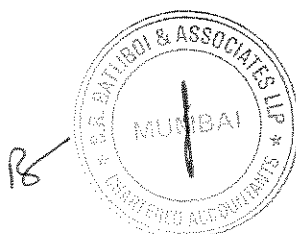
38. Capital and other commitments

	31 March 2016	31 March 2015
	Rupees	Rupees
Other commitments	9,275,801	-
	9,275,801	-

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:

Paticulars	31 March 2016	31 March 2015
	Rupees	Rupees
Gross amount required to be spent	1,780,387	875,215
Spent during the year in cash	-	-
Balance unspent during the year	1,780,387	875,215



Scrabble Entertainment Limited

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

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

Name of loanee	Purpose	Rate of Interest	Terms	31 March 2016 Rupees	31 March 2015 Rupees
Valuable Digital Screens Private Limited	Operational expenditure and to meet working capital requirements	12.50%	Repayable on demand	100,000,000	30,000,000
				<u>100,000,000</u>	<u>30,000,000</u>

The above loan is repayable on demand. Maximum amount outstanding during the year Rs. 100 million, (31 March 2015: 30 million)

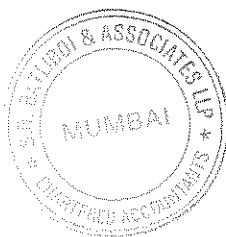
41. Previous year figures

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/E300004
Chartered Accountants

per Govind Anuja
Partner
Membership no.: 48966



Place of Signature : Mumbai
Date: May 26, 2016

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

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

Urmi Shah
Company Secretary

Place of Signature : Mumbai
Date: May 26, 2016

Sushil Agrawal
Director
DIN No.: 00003163