

INDEPENDENT AUDITOR'S REPORT

To the Members of Scrabble Entertainment Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Scrabble Entertainment Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information..

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS 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 Ind AS 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 of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS 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 Ind AS financial statements.



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS 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, 2018, its profit including other comprehensive income, its cash flows and the changes in equity 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" 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 including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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;



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Scrabble Entertainment Limited

Auditor's Report – March 2018

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 Ind AS financial statements – Refer Note 33 to the Ind AS 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

Amit Majmudar



per Amit Majmudar

Partner

Membership Number: 36656

Place of Signature: Mumbai

Date: May 29, 2018

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SCRABBLE ENTERTAINMENT LIMITED

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 property, plant and equipment 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 a 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 grant of such loan is not prejudicial to the Company's interest.

(b) The Company has granted a loan that is re-payable on demand, to a company covered in the register maintained under section 189 of the Act. We are informed that the Company has not demanded repayment of such loan and interest during the year, and thus, there has been no default on the part of the party to whom the money has been lent.

(c) There are no amount of loans granted to companies, firms or other parties 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 section 186 of the Act in respect of loans and advances given, investments made and guarantees given, have been complied with by the Company. The provision of section 185 of the Act, in respect of loans to directors including entities in which they are interested and provisions 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 within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (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 Companies Act, 2013, for the services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employee's state insurance, income-tax, sales-tax, service tax, goods & service tax, custom duty, value added tax, goods and service tax, cess and other material statutory dues have generally been regularly deposited with the appropriate



authorities though there has been a slight delay in a few cases. The provisions relating to excise duty are not applicable to the Company.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, value added tax, goods and service 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.
- (b) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, custom duty, value added tax, goods and service tax and cess on account of any dispute, are as follows:

Nature of Statute	Nature of Dues	Amount (Rs. In lakhs)	Period to which the Amount Relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	666.61	2011-12	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	0.21	2007-08 to 2015-16	Income Tax Appellate Tribunal

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 management, the Company has not defaulted in repayment of dues to banks. The Company does not have any dues to a financial institutions or debenture holders or government.
- (ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer or further public offer (including debt instruments) and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (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 on or 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 provided 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, 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, there are no transactions with the related parties defined in section 188 of Companies Act, 2013 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

Auditor's Report – March 2018

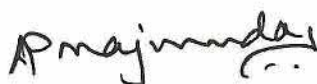
Page 6 of 8

- (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 as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 and not applicable to the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Amit Majmudar

Partner

Membership Number: 36656

Place of Signature: Mumbai

Date: May 29, 2018



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")

We have audited the internal financial controls over financial reporting of Scrabble Entertainment Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the 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 Companies Act, 2013 ("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, 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



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, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Amit Majmudar

Partner

Membership Number: 36656

Place of Signature: Mumbai

Date: May 29, 2018



Scrabble Entertainment Limited
Balance sheet for the year ended 31 March 2018

	Notes	31 March 2018	31 March 2017	Rs. in lacs 1 April 2016
I. ASSETS				
Non-current assets				
Property, Plant and Equipment	3	2,004.01	3,091.60	4,035.53
Investment in Subsidiaries and Associates	4	1,190.24	1,190.24	1,190.24
Financial Assets				
(i) Loans	5	378.45	317.64	1,359.76
(ii) Others	6	187.18	29.88	497.16
Deferred tax assets (net)	7	600.79	567.01	446.66
Other non-current assets	8	872.47	808.68	726.25
Total Non-Current Assets (A)		5,233.14	6,005.05	8,255.60
Current Assets				
Inventories	9	192.56	201.45	117.05
Financial Assets				
(i) Current investments	10	3,822.41	2,620.67	1,306.38
(ii) Trade receivables	11	1,154.14	1,576.62	1,405.67
(iii) Cash and cash equivalents	12	367.93	431.41	403.44
(iv) Bank balances other than cash and cash equivalents		728.94	644.30	108.23
(v) Loans	5	2,314.46	2,584.61	1,107.08
(vi) Others	6	699.56	741.41	534.83
Other current assets	8	432.04	580.32	570.30
Total Current Assets (B)		9,712.04	9,380.79	5,552.98
TOTAL (A+B)		14,945.18	15,385.84	13,808.58
II. EQUITY AND LIABILITIES				
Equity				
a) Equity Share Capital	13	76.84	76.84	76.84
b) Other Equity	13	8,508.62	7,552.75	6,130.31
Total Equity (C)		8,585.46	7,629.59	6,207.15
Liabilities				
Non-current liabilities				
Financial Liabilities				
i) Borrowings	14	-	-	297.39
ii) Other financial liabilities	15	406.13	1,094.14	1,822.14
Other non-current liabilities	17	175.19	71.01	172.89
Provisions	18	5.74	6.79	17.49
Total non-current liabilities (D)		587.06	1,171.94	2,309.91
Current liabilities				
Financial Liabilities				
(i) Trade payables	16	3,915.27	4,169.13	2,867.00
(ii) Other financial liabilities	15	1,286.92	1,745.12	1,695.74
Other current liabilities	17	533.09	629.68	688.50
Provisions	18	37.38	40.38	40.28
Total current liabilities (E)		5,772.66	6,584.31	5,291.52
Total equity and liabilities (C+D+E) = (F)		14,945.18	15,385.84	13,808.58
Significant accounting policies	2			

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 Amit Majmudar
Partner
Membership no.: 36656



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

Kapil Agarwal
Director
DIN: 00024378

Sushil Agrawal
Director
DIN No.: 00003163

Urmi Shah
Company Secretary
Place of Signature : Mumbai
Date: May 29, 2018

Place of Signature : Mumbai
Date: May 29, 2018

Scrabble Entertainment Limited
Statement of Profit and Loss Account for the year ended 31 March 2018

			Rs. in lacs
	Notes	31 March 2018	31 March 2017
Revenues			
Revenue from operations	19	9,987.03	11,592.69
Other income	20	51.43	43.71
Total income from operations (I)		10,038.46	11,636.40
Expenses			
Operating direct costs	21	5,892.90	6,895.57
Employee benefits expense	22	560.17	586.99
Other expenses	23	910.90	915.23
Total Expenses (II)		7,363.97	8,397.79
Earnings before interest, tax, depreciation and amortisation (EBITDA) (I - II)		2,674.49	3,238.61
Depreciation and amortization expense	3	1,011.52	1,126.96
Finance cost	24	120.97	338.73
Finance income	25	(3,849.97)	(2,088.35)
Profit before tax		5,391.97	3,861.27
Tax expense:			
Current tax - Pertaining to the profit for the current year		1,380.00	1,144.00
Deferred tax		(33.45)	(120.43)
Total tax expense		1,346.55	1,023.57
Profit for the year		4,045.42	2,837.70
Other Comprehensive Income / (Loss)			
(i) Items that will not be reclassified to profit or loss		(0.96)	0.95
(ii) Income tax relating to items that will not be reclassified to profit or loss		0.33	(0.08)
Total Comprehensive Income for the period (E + F)		4,044.79	2,838.57
Earnings per equity share	26		
[nominal value of share Rs. 10 (31 March 2017 : Rs. 10)]			
Basic		526.40	369.42
Diluted		526.40	369.42
Significant accounting policies	2		

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 Amit Majmudar
Partner
Membership no.: 36656



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

Kapil Agarwal
Director
DIN: 00024378

Sushil Agrawal
Director
DIN No.: 00003163

Urmi Shah
Company Secretary
Place of Signature : Mumbai
Date: May 29, 2018

Place of Signature : Mumbai
Date: May 29, 2018

Scrabble Entertainment Limited
Cashflow Statement for the year ended 31 March 2018

	Rs. in lacs	
	31 March 2018	31 March 2017
Cash flow from / (used in) operating activities		
Profit before tax	5,391.97	3,861.27
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortization expense	1,011.52	1,126.96
Provision for doubtful debts	114.31	98.40
Profit on sale of fixed assets	-	(8.15)
Sundry balance write back	(14.10)	(125.14)
Fair valuation of Mutual funds	(85.50)	(124.32)
Interest expense	9.04	101.54
Unwinding of financials instruments (Notional Income on Security Deposits)	(6.58)	(3.85)
Unwinding of discount on Security deposits	111.93	237.19
Interest income	(285.08)	(242.68)
Dividend income	(3,472.81)	(1,717.50)
Operating profit before working capital changes	2,774.71	3,203.73
Movements in working capital :		
Increase / (decrease) in trade payables	(253.86)	1,302.13
Increase / (decrease) in other financial current liabilities	(129.74)	818.03
Increase / (decrease) in other current liabilities	(83.45)	66.32
Increase / (decrease) in provisions	(3.00)	0.10
Increase / (decrease) in other non current financial liabilities	(799.95)	(965.19)
Increase / (decrease) in other non current liabilities	104.19	(91.03)
Increase / (decrease) in non current provisions	(1.05)	(10.70)
Decrease / (increase) in trade receivables	308.17	(269.35)
Decrease / (increase) in current loans	675.15	(877.53)
Decrease / (increase) in current other	222.82	429.81
Decrease / (increase) in other current assets	148.28	(10.03)
Decrease / (increase) in inventories	(116.63)	(84.40)
Decrease / (increase) in non current loan	(54.23)	1,045.97
Decrease / (increase) in other non current assets	20.99	40.84
Cash generated from operations	2,812.39	4,598.69
Direct taxes paid (net of refunds)	(1,464.78)	(1,267.27)
Net cash flow from operating activities (A)	1,347.61	3,331.00
Cash flows from / (used in) investing activities		
Purchase of fixed assets, including capital work in progress and capital advances	(49.46)	(203.50)
Proceeds from sale of fixed assets / capital work in progress	251.05	11.91
Purchase of current investments (including dividend reinvestment)	(10,751.25)	(7,229.95)
Sale / redemption of current investments	9,635.00	6,040.00
Investments in bank deposits (Deposits with remaining maturity for more than 12 months)	(230.89)	(536.34)
Loan advanced to related party	(405.00)	(600.00)
Interest received	93.07	73.57
Dividends received	3,472.81	1,717.50
Net cash flow from / (used in) investing activities (B)	2,015.34	(726.82)



Scrabble Entertainment Limited
Cashflow Statement for the year ended 31 March 2018

	Rs. in lacs	
	31 March 2018	31 March 2017
Cash flows from / (used in) financing activities		
Proceeds from issuance of equity share capital		
Payment of interim dividend	(3,088.92)	(1,398.46)
Repayment of long-term borrowings	(297.51)	(1,066.03)
Interest paid	(40.00)	(112.40)
Net cash flow (used in) in financing activities (C)	(3,426.43)	(2,576.90)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(63.48)	27.29
Effects of exchange difference on cash & cash equivalent held in foreign currency		
Cash and cash equivalents at the beginning of the period	431.41	403.44
Cash and cash equivalents at the end of the period	367.93	430.73
Components of cash and cash equivalents		
Cash on hand	1.59	1.61
Balance with banks:		
- on current accounts	361.79	429.80
- on EEFC accounts	4.55	-
Total cash and cash equivalents (note 16)	367.93	431.41

Notes:

- Figures in bracket denote outflow.
- The above cash flow statement has been prepared under the "Indirect Method" set out in Accounting standard (AS -3) "Cash Flow Statements"
- Previous year figures have been regrouped wherever necessary to correspond with the figures of current year.

Significant accounting policies

2

As per our report of even date

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

per Amit Majmudar
Partner
Membership no.: 36656



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

Kapil Agarwal
Director
DIN: 00024378

Sushil Agrawal
Director
DIN No.: 00003163

Urmi Shah

Urmi Shah
Company Secretary
Place of Signature : Mumbai
Date: May 29, 2018

Place of Signature : Mumbai
Date: May 29, 2018

Scrabble Entertainment Limited
Statement of Changes in Equity for the year ended 31 March 2018

Particulars	Equity share capital		Reserves and surplus			Employee share options outstanding	Total
	No. of shares	Share capital	Securities premium reserve	Capital redemption reserve	Retained earnings		
As at 31 March, 2018							
Opening Balance as at 1st April, 2017	7,68,387	76.84	3,370.56	399.99	3,781.88	0.32	7,552.75
Profit for the Year			-	-	4,044.79	-	4,044.79
Exercise of stock options					0.32	(0.32)	-
Dividend paid					(3,088.92)	-	(3,088.92)
Closing Balance as at 31st March, 2018	7,68,387	76.84	3,370.56	399.99	4,738.08	-	8,508.62
As at 31st March 2017							
Opening Balance as at 1st April, 2016 as per Ind AS			3,370.56	399.99	2,359.11	0.64	6,130.30
Profit for the Year			-	-	2,838.57	-	2,838.57
Financial Guarantee Obligation at Initial Recognition Ind AS			-	-	(17.66)	-	(17.66)
Exercise of stock options			-	-	0.32	(0.32)	-
Dividend paid			-	-	(1,398.46)	-	(1,398.46)
Closing Balance as at 31st March, 2017	7,68,387	76.84	3,370.56	399.99	3,781.88	0.32	7,552.75

In terms of our report on even date attached

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

Anand

per Amit Majmudar
Partner
Membership no.: 36656

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

Kapil Agarwal

Kapil Agarwal
Director
DIN: 00024378

Sushil Agrawal

Sushil Agrawal
Director
DIN No.: 00003183



Urmil Shah

Urmil Shah
Company Secretary
Place of Signature : Mumbai
Date: May 29, 2018

Place of Signature : Mumbai
Date: May 29, 2018

1. Corporate information

Scrabble Entertainment Limited ("the Company") is a public company domiciled in India and incorporated under the provisions of the Companies Act applicable in India on 1st February 2008. The Company is into the business of providing digital cinema services. The Company is a subsidiary of UFO Moviez India Limited ("the Parent Company"). The registered office and principal place of business of Company is located at Valuable Techno Park, Plot no 53/1, MIDC, Marol, Andheri (East), Mumbai – 400093

The Company is primarily engaged in the business of providing digital cinema service. (Information on other related party relationships of the Company is provided in Note No 31).

The financial statements (FS) were authorized for issue in accordance with a resolution of the directors on 29 May 2018.

2. Significant accounting policies

2.1 Basis of preparation

The separate FS of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, notified under Section 133 of the Companies Act, 2013, the relevant provisions of the Companies Act, 2013 ("the Act"), as applicable.

These are the Company's first Ind AS FS. The date of transition to Ind AS is 1st April, 2016. The Company has availed first time adoption exemption as per Ind AS 101

For all periods upto and including the year ended 31st March, 2017, the Company prepared its FS in accordance with Accounting Standards notified under the section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP), the relevant provisions of the Companies Act, 2013 ("the 2013 Act"), as applicable, and guidelines issued by the Securities and Exchange Board of India (SEBI), as applicable. In this FS for the year ended 31st March, 2018, the financial for the previous year ended 31st March, 2017 and Balance Sheet as at 1st April, 2016, have been prepared and presented as per Ind AS for like-to-like comparison.

The FS were authorized for issue in accordance with a resolution of the directors on May 29, 2018.

• Certain financial assets and liabilities at fair value (refer accounting policy regarding financial instruments (covered under para note no 2.5 (j))

2.2 Current versus non-current classification

The company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized in normal operating cycle or within twelve month after the reporting period or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle or due to be settled with in twelve months after the reporting period or
- There is no unconditional rights to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified period of twelve months as its operating cycle.



2.3 Summary of significant accounting policies:

(a) Use of estimates

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

(b) Property, Plant and Equipment (PPE)

Property Plant and equipment are stated at cost, net accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of property plant and equipment 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. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciate them separately based on their specific useful lives.

All other expenses on existing property plant and equipment, 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.

Items of stores and spares that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Otherwise, such items are classified as inventories.

Capital work in progress is stated at cost.

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

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

(c) Depreciation on PPE

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life and is provided on a straight-line basis over the useful lives as prescribed in Schedule II of the Companies Act, 2013, or as estimated by the management. The identified components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

The useful life of PPE is the period over which PPE is expected to be available for use by the Group.

The Company has used the following useful lives to provide depreciation on its property, plant and equipments:

	Useful lives as per management's estimate (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 property, plant and equipments are different from those prescribed under schedule II. These rates are based on evaluation of useful life by internal technical expert.

The assets's residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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



(d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over the estimated useful economic life. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The useful lives of intangible assets are assessed as either finite or indefinite.

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

	Useful lives as per management's estimate (years)
Computer Software	2 – 3

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

(e) Impairment of Non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested.

(f) Leases

Operating lease:

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 property, plant and equipments. Lease income is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.

(g) Inventories

Inventories comprise of traded goods, stores and spares are valued at cost or at net realisable value whichever is lower. Cost of traded goods, stores and spares is determined on weighted average basis. Stores and spares, which do not meet the definition of property, plant and equipment, are accounted as inventories. Net realizable value is the estimated selling price in the ordinary course of business and estimated costs necessary to make the sale.

(h) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.



Income from services

- Virtual print fee (VPF) income received from distributors of the films is recognized in the period in which the services are rendered.
- Lease rental income for the equipment is recognized in the period during which the equipment is given on lease to the exhibitor/customer from the date of installation.
- Registration fees income is recognized in the period in which the installation is completed.
- Revenue from commission and technical service is recognized in period in which services are rendered.
- Revenue from maintenance service fees is recognised on time proportion basis for the period falling in the reporting period

Sale of goods

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have been passed to the buyer as per the terms of contract and no uncertainty exists regarding the amount of consideration that will be derived from sale of goods. Sales are recorded net of returns, trade discounts, and sales tax/value added tax/Goods and service tax (GST).

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

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

Interest Income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset.

Other than above Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is included in the finance income in the statement of profit and loss.

Dividends

Dividend income is recognised when the Company's right to receive dividend is established.

(i) Foreign currency translation

Foreign currency transactions and balances

(i) Initial recognition

On initial recognition, transactions in foreign currencies entered into by the Company are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss.

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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined



(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on translation of 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.

(j) Fair Value Measurement:

The Company measures financial instruments, such as investments (other than equity investments in Subsidiaries, Associates and Joint Ventures) at fair value at each balance sheet date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or

In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities (for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities, that are recognised in the Financial Statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for disposal in discontinued operations.

(k) Financial Instruments:

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Initial Recognition and Measurement:

Financial assets and financial liabilities are initially measured at fair value. Transaction costs, that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss), are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs, directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss, are recognised immediately in the Statement of Profit and Loss.



Classification and Subsequent Measurement:

• **Financial Assets:**

The Group classifies financial assets as subsequently measured at amortised cost, or fair value through profit or loss (FVTPL) on the basis of both:

- (i) business model for managing the financial assets, and
- (ii) the contractual cash flow characteristics of the financial asset.

A Financial Asset is measured at amortised cost if both of the following conditions are met:

- (i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- (ii) the contractual terms of the financial asset give rise on specified dates to cash flows, that are solely payments of principal and interest on the principal amount outstanding.

Such financial instruments are subsequently measured at amortised cost using the effective interest rate (EIR) method.

Other financial assets are classified and measured at fair value through profit or loss (FVTPL)

(I) Employee benefits:

Short-Term Employee Benefits:

Short-term employee benefits are recognized as an expense on accrual basis.

Defined Contribution Plan:

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

Defined Benefit Plan:

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

Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the Balance Sheet with a charge or credit recognised in other comprehensive income in the period in which they occur.

Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement.

The Company presents the first two components of defined benefit costs in Statement of Profit and Loss in the line item 'Employee Benefits Expense'.

The present value of the defined benefit plan liability is calculated using a discount rate, which is determined by reference to market yields at the end of the reporting period on government bonds.

The retirement benefit obligation recognised in the Balance Sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in the future contribution to the plans.

Other Long-Term Benefits:

Long term compensated absences are provided for based on actuarial valuation at the end of each financial year. Actuarial gains/losses, if any, are recognised immediately in the Statement of Profit and Loss. The Company presents the compensated absences as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.



(m) Current income taxes and deferred tax:

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised for all deductible temporary differences and the carry forward of any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of deductible temporary differences associated with investments in subsidiaries deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable.

The carrying amount of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

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.

Current and deferred tax are recognised in the Statement of Profit and Loss, except when the same relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax relating to such items are also recognised in other comprehensive income or directly in equity respectively.

Minimum alternate tax (MAT):

Tax liability under Minimum Alternate Tax ("MAT") is considered as current tax. MAT entitlement is considered as deferred tax. Minimum Alternative Tax ("MAT") credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

(n) Earnings per share:

The basic EPS is computed by dividing the profit after tax for the year attributable to the equity shareholders by the weighted-average number of equity shares outstanding during the year. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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



(o) Provisions, Contingent liabilities and Contingent assets:

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

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

(p) Cash and cash equivalents:

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

(q) Employee share based payment:

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments in form of employee stock options, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost is recognized in employee benefits expense, together with a corresponding increase in Stock Option Outstanding reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(r) Borrowing cost:

Borrowing cost includes interest expense, amortization of discounts, hedge related cost incurred in connection with foreign currency borrowings, ancillary costs incurred in connection with the arrangement of borrowing of funds 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.

All other borrowing costs are recognized as an expense in the period in which they are incurred.

(s) Segment reporting:

Identification of Segments:

Operating Segments are identified based on monitoring of operating results by the chief operating decision maker (CODM) separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss of the Company.

(t) Measurement of EBITDA:

As per Guidance Note on Division II- Ind As Schedule III to the Companies Act 2013, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, finance costs, finance income and tax expense.



(u) Cash Dividend to Equity Holders of the Company:

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

(v) Significant Accounting Judgements, Estimates and Assumptions:

The preparation of FS, in conformity with the Ind AS, requires judgements, estimates and assumptions to be made, that affect the reported amounts of assets and liabilities on the date of the FS, the reported amounts of revenues and expenses during the reporting period and the disclosures relating to contingent liabilities as of the date of the FS. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes different from the estimates. Difference between actual results and estimates are recognized in the period in which the results are known or materialise. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in the current and future periods.

(i) Judgements:

In the process of applying the Company's accounting policies, the management makes judgements, which have the most significant effect on the amounts recognised in the FS.

(ii) Estimates and Assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of asset and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the FS were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

- **Useful Lives of Property, Plant and Equipment:**

The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by the management periodically and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets.

- **Defined Benefit Obligation:**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

- **Recognition of Deferred Tax Assets:**

Availability of future taxable future profit against which the tax losses carried forward can be used as disclosed in note (j) above

- **Recognition and Measurement of Provisions and Contingencies:**

Key assumptions about the likelihood and magnitude of an outflow of resources as disclosed in Note (n) above.

- **Fair Value Measurement of Financial Instruments:**

When the fair value of financial assets and financial liabilities recorded in the Standalone financials cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable market where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgement includes consideration of input, such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.



- **Impairment of non-financial assets:**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested.

- **Equity Share-based Payment:**

The Group measures the cost of equity-settled transactions with employees using Black-Scholes Model to determine the fair value of the liability incurred on the grant date. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note (m).



Scrabble Entertainment Limited

Notes to financials statements for the year ended 31 March 2018

3. Property, Plant and Equipment and Intangible Assets													Rs. in lacs
Cost	Leasehold improvements		Plant and equipment		Furniture and fixtures		Office Equipment		Computer & Printers		Vehicle		Total
At 01 April 2016	2.82	3,959.63	6.12	14.35	10.27	42.34	4,035.53						
Additions	185.45	6.09	1.81	5.73	4.42	-	203.50						
Disposals	-	(69.25)	(3.60)	(4.50)	(4.96)	-	(82.31)						
At 31 March 2017	188.28	3,896.47	4.33	15.58	9.73	42.34	4,156.72						
Additions	-	22.54	3.43	4.55	18.93	-	49.46						
Disposals	-	(1,134.17)	-	-	-	-	(1,134.17)						
At 31 March 2018	188.28	2,784.84	7.77	20.13	28.66	42.34	3,072.01						
Depreciation													
At 01 April 2016	-	-	-	-	-	-	-						
Charge for the year	36.88	1,059.28	1.97	5.92	6.59	16.32	1,126.96						
Disposals	-	(51.90)	(2.18)	(3.31)	(4.44)	-	(61.84)						
At 31 March 2017	36.88	1,007.38	(0.21)	2.61	2.15	16.32	1,065.12						
Charge for the year	46.36	933.98	1.60	4.89	9.15	15.54	1,011.52						
Disposals	-	(1,008.65)	-	-	-	-	(1,008.65)						
At 31 March 2018	83.25	932.71	1.39	7.50	11.30	31.86	1,068.00						
Net Block													
At 31 March 2016	2.82	3,959.63	6.12	14.35	10.27	42.34	4,035.53						
At 31 March 2017	151.40	2,889.09	4.54	12.97	7.58	26.02	3,091.60						
At 31 March 2018	105.03	1,852.13	6.37	12.63	17.37	10.47	2,004.01						



Scrabble Entertainment Limited
Notes to financial statements for the year ended 31 March 2018

4. Non-current Financial assets - Equity accounted Investees				Rs. in lacs		
	31 March 2018	31 March 2017	1 April 2016			
Trade investments (valued at cost, unless stated otherwise)						
Unquoted equity instruments						
Investment in subsidiaries						
750,000 (31 March 2017: 750,000, 1 April 2016: 750,000) Ordinary Shares of USD 1 each at par fully paid up in Scrabble Entertainment (Mauritius) Limited	400.09	400.09	400.09			
5,000 (31 March 2017: 5,000, 1 April 2016: 5,000) Equity Shares in Scrabble Digital Inc of no par value	337.59	337.59	337.59			
Investment in step down subsidiary						
300 (31 March 2017: 300, 1 April 2016: 300) Equity Shares of AED 1,000 each at par fully paid up in Scrabble Entertainment DMCC	40.83	40.83	40.83			
Investment in associates						
197,714 (31 March 2017: 197,714, 1 April 2016: 197,714) Equity Shares of Rs. 10 each fully paid up in Scrabble Digital Limited	399.00	399.00	399.00			
100 (31 March 2017: 100, 1 April 2016: 100) Ordinary shares of AED 1000 each at par fully paid up in Scrabble Digital DMCC	12.73	12.73	12.73			
	1,190.24	1,190.24	1,190.24			

5. Financial assets - loans							Rs. in lacs		
	31 March 2018	Non-current 31 March 2017	1 April 2016	31 March 2018	Current 31 March 2017	1 April 2016			
Unsecured (Considered Good)									
Security deposit to related parties (refer note 32)	328.22	279.24	1,359.18	308.85	978.83	0.36			
Security deposit to others	50.23	38.40	0.58	0.61	5.78	99.58			
	378.45	317.64	1,359.76	309.46	984.61	99.94			
Loan and advances to related parties									
Loans to related parties (refer note 40)	-	-	-	2,005.00	1,600.00	1,000.00			
Advances to related parties	-	-	-	-	-	7.14			
	378.45	317.64	1,359.76	2,314.46	2,584.61	1,107.08			

6. Other financial assets							Rs. in lacs		
	31 March 2018	Non-current 31 March 2017	1 April 2016	31 March 2018	Current 31 March 2017	1 April 2016			
Interest accrued on fixed deposits	11.04	-	-	50.55	133.00	1.07			
Unbilled revenue	-	-	-	236.73	391.01	458.38			
Interest accrued on loan to related party	-	-	-	412.28	217.40	48.29			
Other receivables	-	-	-	-	-	27.09			
Fixed Deposit With remaining maturity more than 12 month	176.14	29.88	497.16	-	-	-			
	187.18	29.88	497.16	699.56	741.41	534.83			

7. Deferred tax assets (net)				Rs. in lacs		
	31 March 2018	31 March 2017	1 April 2016			
Deferred Tax Assets						
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	389.80	358.03	221.15			
Impact of expenditure debited to statement of profit and loss account in the current period but allowed for tax purposes in following years	73.48	64.11	54.47			
Provision for doubtful debts and advances	161.95	144.87	171.04			
Deferred Tax Liability						
Fair value of investment	24.44	-	-			
	600.79	567.01	446.66			

The major components of income tax expense for the year ended March 31,2018 and March 31, 2017				Rs. in lacs	
	31 March 2018	31 March 2017			
i) Statement of Profit and Loss					
Current tax					
In respect of current year		1,380.00	1,144.00		
Deferred tax:					
In respect of current year		(33.45)	(120.43)		
Income tax expense reported in the Statement of Profit and Loss		1,346.55	1,023.57		
ii) OCI Section:					
Deferred tax expense on remeasurements of defined benefit plans		0.33	(0.08)		
Income tax expense recognised in OCI		0.33	(0.08)		
Reconciliation of Tax expense & the accounting profit multiplied by indsas					
	31 March 2018	31 March 2017			
Profit before tax	5,391.97	3,861.27			
Income tax expense calculated at Corporate tax rate at 34.608%	1,866.05	1,336.31			
Effect of expenses not allowed for tax purpose	21.80	49.95			
Effect of Income which is taxed as special rates (dividend received from foreign subsidiaries)	(522.32)	(289.65)			
Impact of tax rate change	116.89	-			
Effect of Income that is exempted from tax	(135.87)	(73.03)			
Tax expense as per Statement of Profit and Loss	1,346.55	1,023.57			

The rate used for the reconciliation is the corporate tax rate of 34.608% payable by corporate entities in India on taxable profits under Indian tax law:



Scrabble Entertainment Limited
Notes to financials statements for the year ended 31 March 2018

As at 31 March 2017				Rs. in lacs
Particulars	Deferred Tax 1 April 2016	Profit and Loss	OCI	Deferred Tax 31 March 2017
Deferred Tax relates to the following				
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	221.15	136.88	-	358.03
Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years	54.47	9.56	0.08	64.11
Provision for doubtful debts and advances	171.04	(26.18)	-	144.87
Total	446.66	120.26	0.08	567.01

As at 31 March 2018				Rs. in lacs
Particulars	Deferred Tax 1 April 2017	Profit and Loss	OCI	Deferred Tax 31 March 2018
Deferred Tax relates to the following				
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	358.03	31.77	-	389.80
Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years	64.11	9.04	0.33	73.48
Provision for doubtful debts and advances	144.87	17.09	-	161.95
Deferred Tax Liability	-	24.44	-	24.44
Fair value of investment	567.01	33.46	0.33	600.79

8. Other current assets (Unsecured considered good unless otherwise stated)							Rs. in lacs
	Non-current		Current				
	31 March 2018	31 March 2017	1 April 2016	31 March 2018	31 March 2017	1 April 2016	
Prepaid expenses	5.41	18.32	71.08	45.85	118.62	259.25	
Deferred lease rental	3.84	11.92	-	3.99	4.09	-	
Deferred VPF Sharing Expenses	-	-	-	14.60	50.92	12.04	
	9.25	30.24	71.08	64.44	173.63	271.30	
Advances recoverable in cash or kind							
Unsecured considered good	-	-	-	-	51.27	46.10	
Unsecured considered doubtful	-	-	-	9.89	23.96	23.96	
	-	-	-	9.89	75.23	70.06	
Less: Provision for advance recoverable in cash or kind	-	-	-	(9.89)	(23.96)	(23.96)	
	-	-	-	-	51.27	46.10	
Advance income-tax (net of provision for taxation)	863.22	778.44	655.17	-	-	-	
Prepaid gratuity (refer note 27)	-	-	-	-	2.34	8.70	
Loans to employees	-	-	-	0.45	1.38	0.45	
Advances to supplier	-	-	-	28.84	58.01	76.98	
Balances with statutory / government authorities	-	-	-	338.31	293.70	166.77	
	863.22	778.44	655.17	367.60	406.70	299.00	
	872.47	808.68	726.25	432.04	580.32	570.30	

9. Inventories (valued at lower of cost and net realizable value)				Rs. in lacs
	31 March 2018	31 March 2017	1 April 2016	
- Traded Goods				
Digital cinema equipments	55.48	6.97	13.47	
Traded goods (Lamps)	100.70	139.78	32.99	
Consumables and spares	36.38	54.70	70.59	
	192.56	201.45	117.05	



Scrabble Entertainment Limited
Notes to financial statements for the year ended 31 March 2018
10. Current financial assets - Investments

	Rs. in lacs		
	31 March 2018	31 March 2017	1 April 2016
Current investments (valued at lower of cost and fair value, unless stated otherwise)			
Unquoted mutual funds			
1,58,836.619 (31 March 2017: 99,343, 1 April 2016: 10,549) units of Axis Liquid Fund	1,621.89	994.09	105.49
847,010 (31 March 2017: 300,415, 1 April 2016: Nil) units of Birla sun life saving Fund	585.21	301.31	-
6,530,985.44 (31 March 2017 : 6,530,985, 1 April 2016 : 6,530,985) units of	941.17	885.47	800.00
HDFC Corporate Debt Opportunities Reg-G *			
1,936,961 (31 March 2017: 1,936,961, 1 April 2016: 1,936,961) units of Reliance	468.65	438.85	400.00
Regular Saving Debt - G *			
20,437,091 (31 March 2017: Nil, 1 April 2016: Nil) units of HSBC Cash Fund	204.50	-	-
daily dividend direct plan			
9726.372 (31 March 2017: 9,326, 1 April 2016: 9,326) units of HDFC Cash	0.99	0.95	0.89
Management Fund			
	3,822.41	2,620.67	1,306.38

*Investment amounting to Rs 1,409.82 lacs (March 31, 2017: Rs 1,324.32 lacs, and April 1, 2016: Rs 1,200 lacs) is lien for loan availed by fellow subsidiary.

11. Trade receivables (unsecured)

	Rs. in lacs		
	31 March 2018	31 March 2017	1 April 2016
Unsecured, considered good unless stated otherwise			
Considered good	1,154.14	1,576.62	1,405.67
Considered doubtful	550.47	441.84	470.27
	1,704.61	2,018.46	1,875.94
Provision for doubtful receivables	(550.47)	(441.84)	(470.27)
	1,154.14	1,576.62	1,405.67

12. Cash and bank balances

	Rs. in lacs					
	31 March 2018	Non-current 31 March 2017	1 April 2016	31 March 2018	Current 31 March 2017	1 April 2016
Cash and Cash Equivalents						
Balances with banks:						
- On current accounts	-	-	-	361.79	429.80	388.75
- On EEFC accounts	-	-	-	4.55	-	13.73
Cash on hand	-	-	-	1.59	1.61	0.96
	-	-	-	367.93	431.41	403.44
Other bank balances						
- Deposits with remaining maturity for less than 12 months	-	-	-	727.94	266.00	108.23
- Deposits with remaining maturity for more than 12 months	163.04	-	-	-	-	-
- Margin money deposit with remaining maturity for less than 12 months	-	-	-	1.00	378.30	-
- Margin money deposit with remaining maturity for more than 12 months	13.10	29.88	497.16	-	-	-
Amount disclosed under non - current assets	176.14	29.88	497.16	728.94	644.30	108.23
Amount disclosed under non-current financial assets (refer note 12)	(176.14)	(29.88)	(497.16)	-	-	-
Net Amount	-	-	-	728.94	644.30	108.23

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 2018

13. Share capital	Rs. in lacs		
	31 March 2018	31 March 2017	1 April 2016
Authorized share capital			
1,000,000 (31 March 2017: 1,000,000, 1 April 2016: 1,000,000) equity shares of Rs.10 each			
	100.00	100.00	100.00
104,300 (31 March 2017: 104,300) 6% Optionally Convertible Redeemable Preference Shares (OCRPS) of Rs.1,150 each	1,199.45	1,199.45	1,199.45
Issued, subscribed and fully paid-up shares			
768,387 (31 March 2017: 768,387, 1 April 2016: 768,387) equity shares of Rs. 10 each fully paid up	76.84	76.84	76.84
Total issued, subscribed and fully paid-up share capital	76.84	76.84	76.84

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

Equity shares						Rs. in lacs
	31 March 2018		31 March 2017		1 April 2016	
	No.		No.		No.	
At the beginning of the year	7,68,387	76.84	7,68,387	76.84	7,68,387	76.84
Outstanding at the end of the year	7,68,387	76.84	7,68,387	76.84	7,68,387	76.84

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

Name of the shareholder	31 March 2018		31 March 2017		1 April 2016	
	No.	% holding in the class	No.	% holding in the class	No.	% holding in the class
Equity shares of Rs.10 each fully paid						
UFO Moviez India Limited	7,68,387	100.00%	7,01,778	91.33%	7,01,778	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 company

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

Name of the shareholder	Rs. in lacs		
	31 March 2018	31 March 2017	1 April 2016
UFO Moviez India Limited, the holding company			
768,387 (31 March 2017: 701,708, 1 April 2016: 701,708) equity shares of Rs. 10 each fully paid	76.84	70.17	70.17

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, please refer note 26

13. Other Equity	Rs. in lacs		
	31 March 2018	31 March 2017	1 April 2016
Capital redemption reserve	399.99	399.99	399.99
Securities premium account	3,370.56	3,370.56	3,370.56
Employee stock options outstanding	-	0.32	0.64
Retained Earnings	4,738.07	3,781.88	2,359.12
Total reserves and surplus	8,508.62	7,552.75	6,130.31

14. Long-term borrowings (Secured)

	Non-current			Current		
	31 March 2018	31 March 2017	1 April 2016	31 March 2018	31 March 2017	1 April 2016
Term loans						
Rupee loan from banks						
Term loan from Yes Bank Limited (YBL)	-	-	142.86	-	142.86	857.14
refer note (a)						
Term loan from HDFC Bank	-	-	152.14	-	152.14	202.86
refer note (b)						
Vehicle Loan						
From Banks (refer note c)	-	-	2.39	-	2.51	6.15
	-	-	297.39	-	297.51	1,066.15
Amount disclosed under the head "Other Current Liabilities"	-	-	-	-	(297.51)	(1,066.15)
Net amount	-	-	297.39	-	-	-

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 2018 : 10.25 p.a.(31 March 2017 :10.25% 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 2017 : 11.43% p.a.(31 March 2017 :11.50% 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 10.80% p.a. and is repayable in 48 Installments.



Scrabble Entertainment Limited
Notes to financials statements for the year ended 31 March 2018

15. Other financial liabilities	Rs. in lacs					
	31 March 2018	Non-current 31 March 2017	1 April 2016	31 March 2018	Current 31 March 2017	1 April 2016
Current maturities of long-term borrowings (refer note 14)	-	-	-	-	297.51	1,066.15
Interest accrued but not due on borrowings	-	-	-	-	30.96	41.82
Deposits from customers	406.13	1,094.14	1,822.14	1,265.16	1,386.49	565.57
Financial guarantee obligation	-	-	-	-	9.75	-
Payable for purchase of fixed assets	-	-	-	21.76	20.41	22.20
	406.13	1,094.14	1,822.14	1,286.92	1,745.12	1,695.74

16. Trade Payable	Rs. in lacs		
	31 March 2018	31 March 2017	1 April 2016
Trade payables (refer note 34 for details of dues to micro and small enterprises)	3,915.27	4,169.13	2,867.00
	3,915.27	4,169.13	2,867.00

17. Other liabilities	Rs. in lacs					
	31 March 2018	Non-current 31 March 2017	1 April 2016	31 March 2018	Current 31 March 2017	1 April 2016
Advance from customers	-	-	-	322.32	225.64	190.07
Deferred revenue on AMC services	169.84	-	-	60.10	63.49	272.80
Deferred lease rental revenue	5.35	71.01	172.89	33.26	101.15	-
Deferred VPF revenue	-	-	-	40.59	130.19	33.56
Other statutory dues	-	-	-	-	-	-
TDS payable	-	-	-	52.85	96.23	174.48
GST & Sales tax payable	-	-	-	20.52	10.00	14.52
Employee related liabilities	-	-	-	3.45	2.98	3.07
	175.19	71.01	172.89	533.09	629.68	688.50

18. Provisions	Rs. in lacs					
	31 March 2018	Non-current 31 March 2017	1 April 2016	31 March 2018	Current 31 March 2017	1 April 2016
Provision for employee benefits	-	-	-	-	-	-
Provision for gratuity (refer note 27)	5.74	-	-	-	-	-
Provision for compensated absences	-	-	-	30.71	27.45	28.01
Provision for Warranties	-	6.79	17.49	6.67	12.93	12.27
	5.74	6.79	17.49	37.38	40.38	40.28

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.

	Rs. in lacs		
	31 March 2018	31 March 2017	1 April 2016
At the beginning of the year	19.70	29.76	59.94
Arising during the year	-	3.00	0.50
Utilized during the year	(13.03)	(13.06)	(30.68)
At the end of the year	6.67	19.70	29.76
Current portion	6.67	12.91	12.27
Non-current portion	-	6.79	17.49



Scrabble Entertainment Limited
Notes to financials statements for the year ended 31 March 2018

19. Revenue from operations	Rs. in lacs	
	31 March 2018	31 March 2017
Revenue from operations		
Sale of services		
Virtual Print Fee - D-Cinema	6,795.77	7,955.38
Lease Rental Income - E-Cinema	31.58	32.10
Lease Rental Income - D-Cinema	825.93	1,207.43
Lease Rental Income - 3D	83.83	125.78
Maintenance service fee	280.80	412.89
Commission income	375.71	722.92
Technical service income	15.02	44.64
Sundry balance written back	14.10	125.14
License income	-	2.41
Freight income	85.71	5.18
	8,508.45	10,633.87
Sale of products		
Lamp sale	655.72	564.59
Sale of Digital Cinema Equipment	590.25	203.24
Sale of spares	232.61	190.99
Total sale of products	1,478.58	958.82
	9,987.03	11,592.69
20. Other income		
Profit on sale of fixed assets	-	10.57
Miscellaneous income	41.68	25.23
Financial obligation	9.75	7.91
	51.43	43.71
21. Operating direct costs		
Repairs & maintenance exhibition equipments	312.29	471.83
Content processing charges	248.44	284.00
Installation charges	-	33.41
Virtual print fee sharing	3,829.67	4,432.62
Rent on equipments	415.80	915.41
	A 4,806.20	6,137.27
Consumables and spares		
Inventories at the beginning of the year	54.70	-
Add : Purchases	6.00	141.66
Less : Inventories at the end of the year	(36.38)	(54.70)
	B 24.32	86.96
Purchase of Digital cinema equipments	C 438.48	124.65
Purchase of Lamps & Spares	D 633.33	576.39
(Increase)/decrease in inventories of digital cinema equipments		
Inventories at the beginning of the year	6.97	13.47
Inventories at the end of the year	(55.48)	(6.97)
	E (48.51)	6.50
(Increase)/decrease in inventories of lamps and spares		
Inventories at the beginning of the year	139.78	103.58
Inventories at the end of the year	(100.70)	(139.78)
	F 39.08	(36.20)
Operating direct costs	A to F 5,892.90	6,895.57



Scrabble Entertainment Limited
Notes to financials statements for the year ended 31 March 2018

22. Employee benefits expense

	Rs. in lacs	
	31 March 2018	31 March 2017
Salaries, wages and bonus	500.60	510.91
Contribution to provident and other funds	21.81	19.94
Gratuity expense (refer Note 26)	7.12	7.32
Compensated absences	4.19	6.25
Staff welfare expenses	26.45	42.57
	560.17	586.99

23. Other expenses

	Rs. in lacs	
	31 March 2018	31 March 2017
Electricity charges	19.08	25.73
Lease rental expenses	8.07	4.62
Freight and forwarding charges	144.07	72.02
Rent	151.36	165.63
Rates and taxes	29.78	74.63
Insurance	28.72	27.53
Repairs and maintenance	20.84	25.93
Advertising and sales promotion	5.60	3.25
Commission & brokerage	94.30	70.41
Travelling and conveyance	51.37	90.80
Communication costs	14.30	23.35
Printing and stationery	4.53	7.45
Legal, professional & consultancy charges	138.53	153.61
Payment to auditor (refer details below)	23.64	19.08
Foreign exchange loss (net)	2.35	5.72
Bad debts / advances written off	5.69	-
Less: Provision utilised	(5.69)	-
Bank charges	1.27	1.68
Write off / discarded of Fixed Assets	-	2.42
Provision for doubtful debts and advances	114.31	98.40
Miscellaneous expenses	58.78	42.97
	910.90	915.23

Payment to auditor

	Rs. in lacs	
	31 March 2018	31 March 2017
As auditor:		
Audit fee	15.50	11.00
Tax audit fee	2.50	1.50
In other capacity:		
Other services (certification fees)	4.50	4.50
Out of pocket expenses	1.14	2.08
	23.64	19.08

24. Finance cost

	Rs. in lacs	
	31 March 2018	31 March 2017
Interest		
Term loans	9.04	101.54
Unwinding of Security deposit taken	111.93	237.19
	120.97	338.73

25. Finance Income

	Rs. in lacs	
	31 March 2018	31 March 2017
Interest income on		
Bank deposits	68.55	54.69
Others	216.53	187.99
Notional Income on Security deposits	6.58	3.85
Fair value of investment in mutual funds	85.50	124.32
Dividend income		
from current investments	121.26	44.95
from associate	251.06	260.45
from subsidiary/step down subsidiary	3,100.49	1,412.10
	3,849.97	2,088.35



Scrabble Entertainment Limited
Notes to financial statements as at and for the year ended 31 March 2018

26. Earnings per share (EPS)

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

Particular	Rs. in lacs	
	31 March 2018	31 March 2017
Basic		
Net profit after tax as per statement of profit and loss for calculation of basic EPS	4,044.79	2,838.57
Weighted average number of equity shares in calculating basic EPS	7,68,387	7,68,387
Earning per share	526.40	369.42
Diluted		
Net profit for calculation of diluted EPS	4,044.79	2,838.57
Weighted average number of equity shares in calculating basic EPS	7,68,387	7,68,387
Effect of dilutions on stock options granted under ESOP	-	1,289
Weighted average number of shares outstanding (including dilution)	7,68,387	7,69,676
Earning per share	526.40	369.42

27. Gratuity and other post-employment benefit plans

a) Defined Contribution plan

The Company has recognised and included in Note 22 "contribution to provident fund and other funds" expenses towards the defined contribution plan as under:

Particulars	Rs. in lacs	
	31 March 2018	31 March 2017
Contribution to Provident fund (Government)	20.69	18.80

b) Defined benefit plan - Gratuity

The company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

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

Change in the defined benefit obligation ("DBO") and fair value of plan assets as at 31 March 2018

Particulars	Defined benefit obligation	Fair value of Plan assets	Rs. in lacs
			Benefit Liability
Gratuity cost Charged to Profit and Loss As at 1 April 2017	25.75	28.60	(2.85)
Service Cost	7.12	-	7.12
Past Service cost	0.70	-	0.70
Net Interest Expense	1.72	1.91	(0.19)
Sub -total included in profit or loss	9.54	1.91	7.63
Benefit paid	(0.89)	(0.89)	-
Remeasurement gains/losses in other Comprehensive income	-	-	-
Actuarial changes arising from Changes in financial assumptions	(1.77)	-	(1.77)
Experience Adjustments	2.73	-	2.73
Sub -total included in OCI	0.96	-	0.96
Contribution by employer	-	-	-
As at 31 March 2018	35.36	29.62	5.74

Change in the defined benefit obligation ("DBO") and fair value of plan assets as at 31 March 2017

Particulars	Defined benefit obligation	Fair value of Plan assets	Rs. in lacs
			Benefit Liability
Gratuity cost Charged to Profit and Loss As at 1 April 2016	22.26	30.96	(8.70)
Service Cost	5.91	-	5.91
Net Interest Expense	1.74	2.41	(0.68)
Sub -total included in profit or loss	7.65	2.41	5.23
Benefit paid	(4.50)	(4.50)	-
Remeasurement gains/losses in other Comprehensive income	-	(0.61)	0.61
Return on plan assets (excluding amounts included in net interest expense)	-	(0.61)	0.61
Actuarial changes arising from Changes in financial assumptions	1.73	-	1.73
Experience Adjustments	(1.39)	-	(1.39)
Sub -total included in OCI	0.34	(0.61)	0.95
Contribution by employer	-	0.33	(0.33)
As at 31 March 2017	25.75	28.26	(2.52)

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

Gratuity	31 March 2018	31 March 2017	1 April 2016
Investments with insurer	100%	100%	100%

Balance sheet

Benefit asset/ liability	Rs. in lacs	
	31 March 2018	31 March 2017
Present value of defined benefit obligation	35.36	25.75
Fair value of plan assets	29.62	28.60
Plan asset/(liability)	(5.74)	2.85



Scrabble Entertainment Limited
Notes to financial statements as at and for the year ended 31 March 2018

The principal assumptions used in determining gratuity as shown below:

Particulars	31 March 2018	31 March 2017	1 April 2016
Discount rate	7.50%	6.70%	7.80%
Expected rate of return on assets	8.00%	8.00%	8.00%
Employee turnover	15%	15%	15%
Retirement age (Years)	58	58	58
Expected rate of return on assets	8%	8%	8%

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.

A quantitative sensitivity analysis for significant assumption is shown below:

Particulars	31 March 2018		31 March 2017	
	Decrease	Increase	Decrease	Increase
Discount rate (- / + 1%)	37.59	33.36	27.52	24.17
Salary Growth Rate (- / + 1%)	33.35	37.56	24.22	27.39

Methods and assumptions used in preparing sensitivity and their limitations: The liability was projected by changing certain assumptions and the total liability post the change in such assumptions have been captured in the table above. This sensitivities are based on change in one single assumption, other assumptions, being constant. In practise, scenarios may involve change in several assumptions where the stressed defined obligation may be significantly impacted

The following payments are expected contributions to the defined benefit plan in future years

Particulars	31 March 2018	31 March 2017
with in the next 12 months (next annual reporting period)	12.91	3.36
Total expected payments	12.91	3.36

The average duration of the defined benefit plan obligation at the end of the reporting period is 6 years (31 March 2017 5 years)

28. Employee stock option plans

During the year ended March 31, 2018, the Parent company's three equity settled ESOP Schemes viz., ESOP Scheme 2006, ESOP Scheme 2010 and ESOP Scheme 2014 were in existence.

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

The Company has share-based payments schemes for its employees. During the year ended 31 March 2018, an employee stock option plan (ESOP) was in existence for the partial period upto October 7, 2016. The relevant details of the plan is as below.

On March 01, 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. On October 7, 2016, exercise period for all the options issued under the Employee Stock Option Plan 2010 was elapsed and the Company forfeited all outstanding options. The other relevant terms are as below:

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

Particulars	31 March 2018		31 March 2017	
	Number of Options	Weighted Average Exercise Price (Rs.)	Number of Options	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	2,577.00	400.00	2,577.00	400.00
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Forfeited during the year	(2,577.00)	-	-	-
Outstanding at the end of the year	-	-	2,577.00	400.00
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in month)	-	-	-	-

29. Leases

Operating lease : Company as lessee

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

Particulars	Rs. in lacs	
	Office Premises & Digital Cinema Equipment	
	31 March 2018	31 March 2017
Lease payments for the year	567.16	1,081.04

Operating lease commitments – Company as lessor

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

Digital Cinema Equipment

Particulars	31 March 2018	31 March 2017	1 April 2016
Gross carrying amount	5491.15	6500.28	6562.96
Accumulated depreciation	3894.31	3894.31	2984.23
Depreciation recognized in the statement of Profit & Loss	844.59	961.88	969.28



Scrabble Entertainment Limited
Notes to financial statements as at and for the year ended 31 March 2018

30. Segment reporting

The Company is engaged primarily in the business of Digital Cinema Services and sale of digital cinema ancillary to sale of services. Company's performance for operations as defined in IND AS 108 are evaluated as a whole by chief operating decision maker of the Company based on which these are considered as single operating segment. The chief operating decision maker monitors the operating results of the entity's business for the purpose of making decisions about resource allocations and performance assessment. The Company's operations primarily are based in same geographical Segment i.e. India

31. Related party disclosures

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

Associate Enterprises

1	Holding Company	UFO Movies India Limited
2	Subsidiaries	Scrabble Entertainment (Mauritius) Limited Scrabble Digital Inc
3	Step Down Subsidiary	Scrabble Entertainment DMCC 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
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 Mr S. Madhavan - Independent and Non executive director Ms. Lynn de Souza - Independent and Non executive director Ms. Urmi Shah - Company Secretary
4	Fellow Subsidiaries	Southern Digital Screenz India Private Limited Valuable Digital Screens Private Limited

Rs. in lacs

Sr. No	Particulars	31 March 2018	31 March 2017
1	Holding Company		
	UFO Moviez India Limited		
A	Income		
	i) Virtual print fee (D-Cinema)	374.34	279.44
	ii) Rental income	86.81	90.16
	iii) Reimbursement of expenses	-	5.53
	iv) Miscellaneous Income - Rent (Warehouse)	16.27	15.17
B	Expenses		
	i) Rent on equipments	415.80	915.41
	ii) Virtual print fee sharing	1,244.82	2,190.93
	iii) Rent	5.57	4.44
C	Others		
	i) Security deposit received back (theatre deposit)	-	103.00
	ii) Security deposit received	621.00	1.56
	iii) Security deposit given	-	1.54
	iv) Dividend paid	3,088.92	1,277.24
D	Purchase of products	26.33	0.10
2	Subsidiary of the Company (including step down subsidiaries)		
A	Dividend income		
	i) Scrabble Entertainment DMCC	261.86	-
B	Sale of products		
	i) Scrabble Entertainment DMCC	-	8.77
C	Dividend income		
	i) Scrabble Entertainment (Mauritius) Ltd	2,838.63	1,412.10
3	Associate of the Company		
A	Sale of products		
	i) Scrabble Digital Limited	19.62	3.53
B	Content processing charges		
	i) Scrabble Digital Limited	248.44	283.85
C	Miscellaneous expenses		
	i) Scrabble Digital Limited	-	1.57
D	Rent		
	i) Scrabble Digital Limited	-	3.75
E	Miscellaneous income		
	i) Scrabble Digital Ltd	-	0.15
F	Sale of Fixed Asset		
	i) Scrabble Digital Ltd	-	0.83
G	AMC income & Installation		
	i) Scrabble Digital Ltd	1.30	2.00
H	Dividend income		
	i) Scrabble Digital Limited	185.85	166.08
	ii) Scrabble Digital DMCC	65.21	94.37



Scrabble Entertainment Limited
Notes to financial statements as at and for the year ended 31 March 2018

Sr. No	Particulars	Rs. in lacs	
		31 March 2018	31 March 2017
4	Key managerial personnel		
	Dr. Sunil Patil		
	i) Remuneration	60.00	60.00
	ii) Reimbursement of expenses	7.35	8.31
	ii) Dividend paid	-	121.23
5	Independent and Non executive director		
	Director Sitting Fees		
	i) Ms. Lynn de Souza	4.25	2.25
	ii) Mr. S Madhavan	4.00	2.70
6	Salary of Company Secretary		
	Ms. Urmi Shah	10.38	9.52
7	Fellow Subsidiaries		
A	Rent (expense)		
	i) Southern Digital Screenz India Private Limited	1.16	1.07
B	Loan given		
	i) Valuable Digital Screens Private Limited	405.00	600.00
C	Interest income		
	i) Valuable Digital Screens Private Limited	216.53	187.99

3. Balance outstanding at the year end

Sr.No	Particulars	Rs. in lacs		
		31 March 2018	31 March 2017	1 April 2016
1	Holding Company			
A	Amount payable			
	i) UFO Moviez India Limited	102.26	582.26	426.62
B	Security deposit given			
	i) UFO Moviez India Limited	636.54	1,257.54	1,359.00
C	Security deposit received			
	i) UFO Moviez India Limited	3.64	3.64	2.08
2	Subsidiaries Companies			
A	Advance given			
	i) Scrabble Entertainment (Mauritius) Limited (Including interest receivable)	-	-	7.14
B	Performance guarantee given on behalf of subsidiaries			
	i) Scrabble Entertainment (Mauritius) Limited	3,252.21	3,241.93	3,316.65
	ii) Scrabble Entertainment DMCC (erstwhile known as Scrabble Entertainment JLT)	3,252.21	3,241.93	3,316.65
	iii) Scrabble Entertainment (Mauritius) Ltd & Scrabble Entertainment DMCC (erstwhile known as Scrabble Entertainment JLT)	13,008.82	12,967.72	13,266.58
3	Associate of the Company			
A	Loan and advance given			
	i) Scrabble Digital JLT (Including interest receivable)	-	26.56	88.38
B	Amount receivable			
	i) Scrabble Digital Limited	0.37	-	-
C	Amount Payable			
	i) Scrabble Digital Limited	61.00	0.16	-
D	Guarantee given			
	a) Performance guarantee given on behalf of associate			
	i) Scrabble Ventures LLC	3,252.21	3,241.93	3,316.65
4	Fellow subsidiaries			
A	Loan given			
	i) Valuable Digital Screens Private Limited	2,005.00	1,600.00	1,000.00
	ii) Interest receivable	412.28	217.40	48.29
B	Security deposit taken			
	i) Southern Digital Screenz India Private Limited	0.53	0.53	0.53
5	Provision for Directors remuneration expenses			
	i) Ms. Lynn de Souza	1.75	-	-
	ii) Mr. S Madhavan	1.75	-	-

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. The assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Compensation of key management personnel of the Company:

Particulars	Rs. in lacs	
	31 March 2018	31 March 2017
Short Term employee benefits	70.38	69.52

*Key Managerial Personnel and Relatives of promoters who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS -19- Employee Benefits in the financial statements .As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above,as they are determined on an actuarial basis for the Company as a whole.



Scrabble Entertainment Limited
Notes to financial statements as at and for the year ended 31 March 2018
32. Capital and other commitments

Particulars	Rs. in lacs	
	31 March 2018	31 March 2017
Capital commitments		
(estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances))		
Other Commitments	290.13	9.51
	<u>290.13</u>	<u>9.51</u>

33. Contingent liabilities

Particulars	Rs. in lacs		
	31 March 2018	31 March 2017	1 April 2016
Performance guarantees issued by the Company on behalf of Subsidiary			
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 2017: USD 35,000,000, 1 April 2016: USD 35,000,000) (refer note i below)	22,765.44	22,693.51	23,216.52
Pending litigations/matters (refer note ii)			
(i) In respect of income tax matters			
Income Tax matters	-	686.82	686.82
	<u>22,765.44</u>	<u>23,380.33</u>	<u>23,903.33</u>

Notes:

- i) The following performance guarantees are outstanding at 31 March 2018, 31 March 2017 and 31 March 2016
- US\$ 20 Mn each to a studio on behalf of Scrabble Entertainment Mauritius Ltd and Scrabble Entertainment DMCC
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
 - 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.

34. 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.

35. Financial Instruments -Accounting Classifications and Fair Value Measurement

The fair value of the Financial Assets and liabilities are included at the amount, at which the instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale

The following table provides the fair value management hierarchy of the Company's Financial assets and liabilities.

The Carrying value and fair value of financial assets by categories as at March 31, 2018 were as follows:						Rs. in lacs
Particulars	Carrying Value	Fair Value	Fair Value hierarchy			
			Level 1	Level 2	Level 3	
Financial Assets at Fair Value through Profit or Loss						
Current Investment in mutual funds (Level 1)	3,822.41	3,822.41	3,822.41	-	-	

The Carrying value and fair value of financial assets by categories as at March 31, 2017 were as follows:						Rs. in lacs
Particulars	Carrying Value	Fair Value	Fair Value hierarchy			
			Level 1	Level 2	Level 3	
Financial Assets at Fair Value through Profit or Loss						
Current Investment in mutual funds (Level 1)	2,620.67	2,620.67	2,620.67	-	-	

The Carrying value and fair value of financial assets by categories as at April 1, 2016 were as follows:						Rs. in lacs
Particulars	Carrying Value	Fair Value	Fair Value hierarchy			
			Level 1	Level 2	Level 3	
Financial Assets at Fair Value through Profit or Loss						
Current Investment in mutual funds (Level 1)	1,306.38	1,306.38	1,306.38	-	-	

The management assessed that cash and bank balances, trade receivables, loans (current and non-current), trade payables, borrowings (cash credits, term loans and working capital loans) and other financial assets and liabilities (current and non-current) approximate their carrying amounts largely due to the short term maturities of these financial instruments.

During the reporting period ending 31 March 2018 and 31 March 2017 and 1 April 2016 there was no transfer between level 1 and level 2 fair value instruments.



36. Financial Risk Management - Objectives and policies

The Company financial liabilities comprise mainly of borrowings, trade payables, other payables and Corporate guarantees contract as well. The Company financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's Senior Management oversees the management of these risks. The Company's senior management determines the financial risks and the appropriate financial risk governance framework through relevant policies and procedures for the Company. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

1. Market Risk :

Market Risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risks: interest rate risk and currency risk. Financial instruments affected by market risk include borrowings, investments and deposits, loans.

a) Interest rate risk :

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Increase effect		Decrease effect	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Effect of increase/decrease in floating interest rate by 100 basis points (1%) for term loans	-	1.02	-	1.02

b) Currency risk

Currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of the change in foreign currency exchange rates. The Majority of the Company's revenue and expense are in Indian Rupees, with the remainder denominated in US Dollars. Management Considers currency risk to be low and does not hedge its own currency risks except foreign currency borrowing for which it uses forward contract to hedge exposure to foreign currency risk.

The Company regularly evaluates exchange rates exposure arising from foreign currency transactions for taking appropriate actions.

Outstanding foreign Currency Exposure as at	Rs. in lacs	
	31 March 2018	31 March 2017
Export Debtors	3.11	3.44
In USD (in lacs)	0.05	0.05
Import Creditors	185.03	148.19
In USD (in lacs)	2.84	2.29
Advance Recoverable in cash or Kind	183.37	300.92
In USD (in lacs)	2.82	4.64
Import creditors - Advance remittance	89.31	59.39
In USD (in lacs)	1.37	0.92
Currency notes (at the particular currency closing rate)	0.61	0.60
Bank Balances	4.55	-
In USD (in lacs)	0.07	-
Performance guarantees given on behalf of subsidiary	22,765.44	22,693.51
In USD (in lacs)	350.00	350.00

Exposure on Foreign currency Sensivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities:

	Rs. in lacs	
	31 March 2018	31 March 2017
1% increase in foreign exchange rate will have the following impact on Profit before tax:	228.51	229.03
1% (decrease) in foreign exchange rate will have the following impact on Profit before tax:	(228.51)	(229.03)

2. Credit Risk :

The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Credit Risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations. Management believes the credit risk on cash and cash equivalents is low because the Counterparties are bank with high credit ratings.

Trade receivables are amount billed to customers for the sale of goods and services, and represent the maximum exposure to credit risk of those financial assets, exclusive of the allowance for doubtful debts. Normal credit terms are in line with Industry practise.

Credit evaluations are performed prior to the initial granting of credit when warranted and periodically thereafter. Based on policy, the Company records a reserve for estimated uncollectible amounts, which management believes reduce credit risk. Management assesses the adequacy of reserve quarterly, taking into account historical experience, current collection trend, the age of the receivables and, when warranted and available, the financial condition of specific counterparties.

The Company uses the expected credit loss model as per Ind AS 109 - Financial Instruments to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix considers available external and internal credit risk factors and the Company's historical experience in respect of customers. Due to diversified client base, management believes the Company does not have a significant concentration of credit risk:

Trade Receivables after adjusting provision (basis past experience and trends) are as follows:

Particulars	Rs. in lacs		
	31 March 2018	31 March 2017	1 April 2016
Trade Receivables	1,154.14	1,576.62	1,405.67



3. Liquidity risk

Liquidity risk is the risk that the the Company will encounter difficulty in raising funds to meet commitment associated with financial instruments that are settled by delivering cash or another financial assets. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company manages the liquidity risk by having adequate amount of credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost effective manner.

The table below analyses financial liabilities of the Company into relevant maturity Companyings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Particulars	Rs. in lacs				
	Less than 1 year	Between 1 to 5 years	Over 5 years	Total	Carrying value
At 31 March 2018					
Borrowing	-	-	-	-	-
Trade Payables	3,915.27	-	-	3,915.27	3,915.27
Other financial liabilities	1,286.92	406.13	-	1,693.05	1,693.05
At 31 March 2017					
Borrowing	297.51	-	-	297.51	297.51
Trade Payables	4,169.13	-	-	4,169.13	4,169.13
Other financial liabilities	1,745.12	1,094.14	-	2,839.26	2,839.26
At 1 April					
Borrowing	1,066.15	297.39	-	1,363.54	1,363.54
Trade Payables	2,867.00	-	-	2,867.00	2,867.00
Other financial Liabilities	1,695.74	1,822.14	-	3,517.88	3,517.88

37.Capital Management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Company's capital management is to ensure the going concern operation and to maintain an efficient capital structure to support the corporate strategy and maximise shareholder value.

The capital structure is governed by policies approved by the Board of Directors and is monitored by various metrics. The Company maintains focus on capital efficiency without incurring material indebtedness and have negative working capital and positive free cash flows. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018 and March 31, 2017.

38. First Time Adoption of Ind AS

These consolidated financial statements are the Company's first consolidated financial statements prepared in accordance with Ind AS.

The accounting policies set out in note (2.1) have been applied in preparing the consolidated financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet at April 01, 2016 (transition date). In preparing its opening Ind AS balance sheet, the Company has adjusted the amount reported previously in financial statements prepared in accordance with IGAAP.'

Exemptions availed

Ind AS 101, First-time adoption of Indian Accounting Standards, allows first-time adopters, exemptions from the retrospective application of certain requirements Under Ind AS. The Company has availed the following exemptions as per Ind AS 101:

1.The Company has elected to continue the carrying value of all its items of property, plant and equipment and intangible assets recognised in the financial statements prepared under Previous GAAP and use the same as deemed cost in the opening Ind AS Balance Sheet.

2.The Company has not applied to IND AS 102 to equity instruments in share based payment transactions, that vested before the date of transition to Ind AS, i.e. April 1, 2016.

Exceptions Applied

Ind AS 101 specifies mandatory exceptions from retrospective application of certain requirements under Ind AS for the first time adopters. Following exceptions are applicable to the Company.

1. Use of estimates : The estimates at 1 April 2016 and at 31 March 2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences, if any accounting policies) apart from the following items where application of Indian GAAP did not require estimation.

a) Impairment of financial assets based on expected credit loss model.

The estimates used by the Company to present these amount in accordance with Ind AS reflect conditions at the transition date and as of 31 March 2017.

Reconciliation between Previous GAAP and Ind AS

Reconciliation of Total comprehensive Income	Notes	Rs. in lacs	
		31 March 2017	1 April 2016
Equity Under Previous GAAP		7,470.95	6,036.75
Adjustments:			
Fair Value of Financial Instruments	3,8 & 9	147.99	62.99
Impact of business combination accounting	2	(79.28)	(21.51)
Income tax (including deferred tax)	7	(16.34)	7.44
Equity under Ind AS		7,523.33	6,085.67

Comprehensive Income Reconciliation	Notes	Rs. in lacs	
		31 March 2017	
profit for the year under Previous GAAP			2819.86
Adjustments:			
Fair valuation of financial Instruments	3,8 & 9		94.75
Impact of business combination accounting	2		(66.21)
Income tax (including deferred tax)	6		20.86
Profit after tax under Ind AS			2,869.27
Other Comprehensive Income /(expense)(net of taxes)			-
Total comprehensive income under Ind AS			2,869.27



Scrabble Entertainment Limited
Notes to financial statements as at and for the year ended 31 March 2018

Note to the Reconciliation of Equity as at 31 March 2017 and 1 April 2016 and Total Comprehensive Income for the year ended 31 March 2017.

1. Dividend (including dividend distribution tax):

Under the previous GAAP till year ended March 31, 2016, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting.

2. Revenue and related costs:

Virtual Print fees: Under the previous GAAP Fixed one time virtual print fees received from distributors of the films is recognised immediately on delivery of content. Under Ind AS, such revenue and related cost are recognised over estimated useful life of movie (2 weeks) in the ratio of expected payout of content (70:30)"

3. Financial instruments:

a) Security Deposits:

Under the previous GAAP, interest free lease security deposits given and taken are recorded at their transaction value. Ind AS, the Company has fair valued these security deposits under Ind AS 109 using effective interest rate method and accordingly, adjustments mainly consists of amortization of deferred lease income / expense on security deposits given and accepted.

b) Investment in Mutual fund:

Under the Previous GAAP, investment in mutual funds were classified as current investments and were carried at lower of cost and fair value. Under Ind AS, Under Ind-AS, financial assets and financial liabilities designated at fair value through profit and loss (FVTPL) are fair valued at each reporting date with changes in fair value recognised in the statement of profit and loss.

(c) Financial guarantee:

Under previous GAAP, financial guarantees given/taken are disclosed as contingent liability in the notes to financial statements. Under Ind AS, the same are recognised at fair value.

4. Re-measurement of Employee Benefits:

Under Ind AS, the actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, such remeasurements were forming part of the statement of profit or loss for the year.

5. Cash Flow Statement:

The Transition from Indian GAAP to Ind AS has not had a material impact on the Statement of Cash flows.

6. Deferred tax:

Previous GAAP requires deferred tax to be recognised on timing differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base.

Accordingly, Company has also recognised deferred tax liability in Consolidated financial statements for all taxable temporary differences associated with investment in subsidiaries and interest in associates except to the extent that the parent is able to control timing of reversal of temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Further, the Company has also considered deferred tax impact on account of differences between Ind-AS and Previous GAAP.

7. Reclassification:

Pursuant to the disclosure requirements as per Ind-AS, the Company has re-classified certain assets and liabilities as at March 31, 2017 and April 1, 2016. Significant reclassifications includes, reclassification between Deferred tax assets and Income tax assets, Non-current investment and, Security deposits and prepayments, other current liabilities and financial liabilities.

8. Fair Valuation of financial guarantee:

Under previous GAAP, financial guarantees given/taken are disclosed in the notes to financial statements. Under Ind AS, the same are recognised at fair value.

9. Fair valuation of Investment in Mutual fund:

Under Ind AS, the actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, such remeasurements were forming part of the statement of profit or loss for the year.

39. Corporate social responsibilities

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

Particulars	Rs. in lacs	
	31 March 2018	31 March 2017
Gross amount required to be spent	58.03	32.76
Spent during the year in cash towards advertisement activity, towards promoting sanitation i.e., Swatch Bharat Abhiyan	-	-
Balance unspent during the year	58.03	32.76



Scrabble Entertainment Limited

Notes to financials statements as at and for the year ended 31 March 2018


40. Recent Accounting pronouncements

Standards issued but not yet effective

Ind AS 115 was issued on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under Ind AS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 April 2018.

The amendment is applicable to the Company from April 1, 2018. The Company is evaluating the requirements of this standard and the effect on the financial statement is being evaluated.

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


per Amit Majmudar
Partner
Membership no.: 36656




Place of Signature : Mumbai
Date: May 29, 2018

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


Kapil Agarwal
Director
DIN: 00024378


Sushil Agrawal
Director
DIN No.: 00003163


Urmi Shah
Company Secretary
Place of Signature : Mumbai
Date: May 29, 2018