

# B S R & Co. LLP

Chartered Accountants

5th Floor, Lodha Excelus,  
Apollo Mills Compound  
N. M. Joshi Marg, Mahalaxmi  
Mumbai - 400 011  
India

Telephone +91 (22) 4345 5300  
Fax +91 (22) 4345 5399

## Independent Auditors' Report

To the Members of  
Scrabble Entertainment Limited

### Report on the audit of the Financial Statements

#### Opinion

We have audited the financial statements of Scrabble Entertainment Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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 31 March 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

#### Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Director's report, but does not include the financial statements and our auditors' report thereon.



B S R & Co (a partnership firm with Registration No. BA61223) converted into B S R & Co LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

Registered Office:  
5th Floor, Lodha Excelus  
Apollo Mills Compound  
N. M. Joshi Marg, Mahalaxmi Mumbai -  
400 011, India

## **Independent Auditors' Report (*Continued*)**

### **Scrabble Entertainment Limited**

#### **Other Information (*Continued*)**

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Management's and Board of Directors' Responsibility for the Financial Statements**

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.





## **Independent Auditors' Report (*Continued*)**

### **Scrabble Entertainment Limited**

#### **Auditors' Responsibilities for the Audit of the Financial Statements (*Continued*)**

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



## **Independent Auditors' Report (Continued)**

### **Scrabble Entertainment Limited**

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

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' 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 as at 31 March 2020 on its financial position in its financial statements - Refer Note 32 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.





## **Independent Auditors' Report (*Continued*)**

### **Scrabble Entertainment Limited**

#### **Report on Other Legal and Regulatory Requirements (*Continued*)**

- iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No. 101248W/W- 100122



**Rajesh Mehra**  
*Partner*

Membership No. 103145  
ICAI UDIN :20103145AAAABF4298

Mumbai  
22 June 2020

## Scrabble Entertainment Limited

### Annexure A to the Independent Auditors' Report

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2020, we report the following:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified during the year and no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the Company does not have any immovable property. Thus, paragraph 3(i)(c) of the Order is not applicable to the Company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The Company has maintained proper records of inventory. There were no discrepancies noticed on verification between the physical stock and the book records.
- (iii) In our opinion and according to information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3(iii), 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable to the Company.
- (iv) The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act in respect of investments made or loans or guarantee or security provided to the parties covered under Section 186 of the Act.
- (v) The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Sections 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.
- (vi) The Central Government has not prescribed the maintenance of cost records under Section 148 of the Act for any of the services rendered by the Company.





# Scrabble Entertainment Limited

## Annexure A to the Independent Auditors' Report (Continued)

- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Goods and Services tax, duty of Customs, Value added tax, Sales tax and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, Company did not have any dues on account of duty of Excise and Cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Goods and Services tax, duty of Customs, and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Income-tax, Goods and Service tax, Service tax, Value added tax and duty of Customs which have not been deposited on account of any dispute. The following due of Sales tax have not been deposited by the Company on account of disputes:

Name of the statute	Nature of dues*	Amount (Rs in lakhs)*	Period (Financial year)	Forum where the dispute is pending
West Bengal VAT act 2003	Sales tax	5	2017-18	Deputy Commissioner Sales Tax (Appeals)

\*Excludes interest / penalty payable under relevant provisions of the respective Acts and amounts are net of amounts paid as pre-deposit tax of Rs.1lakhs.

- (viii) The Company does not have any loans or borrowings from any financial institution, banks, government nor has it issued any debentures during the year. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.
- (ix) In our opinion, and according to the information and explanations given to us and based on our examination of the records of the company, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any instances of fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

## Scrabble Entertainment Limited

### Annexure A to the Independent Auditors' Report (*Continued*)

- (xii) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act and the details of such transactions have been disclosed in the financial statements as required under Ind AS.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No: 101248W/W-100022



**Rajesh Mehra**

*Partner*

Membership No: 103145

ICAI UDIN: 20103145AAAABF4298

Mumbai  
22 June 2020



## Scrabble Entertainment Limited

### Annexure B to the Independent Auditors' Report

#### Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

(Referred to in paragraph 2A(f) under Report on Other Legal and Regulatory Requirements' section of our report of even date)

#### Opinion

We have audited the internal financial controls with reference to financial statements of Scrabble Entertainment Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

#### Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating



## Scrabble Entertainment Limited

### Annexure B to the Independent Auditors' Report (Continued)

#### Auditors' Responsibility (Continued)

the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' 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 Company's internal financial controls with reference to financial statements.

#### Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include 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 with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP

*Chartered Accountants*

Firm's Registration No. 101248W/W-100022



**Rajesh Mehra**

*Partner*

Membership No. 103145

ICAI UDIN: 20103145AAAABF4298

Mumbai  
22 June 2020



Scrabble Entertainment Limited  
Balance sheet as at March 31, 2020

Particulars	Notes	March 31, 2020	Rs. in lacs March 31, 2019
<b>Assets</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	3.1	303.86	1,055.84
Right of use assets	3.2	298.14	-
<b>Financial Assets</b>			
(i) Investment in subsidiaries and associates	4	3,590.21	3,590.21
(ii) Loans receivables	5	333.19	263.69
(iii) Other financial assets	6	7.14	53.14
Income tax assets (net)		227.75	922.47
Deferred tax assets (net)	7	560.82	630.89
Other non-current assets	8	6.02	7.59
<b>Total Non-current Assets (A)</b>		<b>5,327.13</b>	<b>6,523.83</b>
<b>Current Assets</b>			
Inventories	9	170.09	161.14
<b>Financial Assets</b>			
(i) Investments	10	2,106.53	1,967.63
(ii) Trade receivables	11	1,395.73	1,582.40
(iii) Unbilled receivables		4.35	203.84
(iv) Cash and cash equivalents	12	91.59	142.57
(v) Bank balances other than cash and cash equivalents		42.99	-
(vi) Loans receivables	5	76.20	4,018.37
(vii) Other financial assets	6	0.39	748.14
Other current assets	8	301.04	320.42
<b>Total Current Assets (B)</b>		<b>4,188.91</b>	<b>9,144.51</b>
<b>Total Assets (A+B)</b>		<b>9,516.04</b>	<b>15,668.34</b>
<b>Equity And Liabilities</b>			
<b>Equity</b>			
(i) Share capital	13	76.84	76.84
(ii) Other equity	14	5,955.35	10,838.34
<b>Total Equity (C)</b>		<b>6,032.19</b>	<b>10,915.18</b>
<b>Liabilities</b>			
<b>Non-current Liabilities</b>			
Financial liabilities			
(i) Lease liabilities	29	254.68	-
(ii) Other financial liabilities	15	489.23	598.88
Other non-current liabilities	17	96.32	132.23
Provisions	18	8.55	9.24
<b>Total Non-current Liabilities (D)</b>		<b>848.78</b>	<b>740.35</b>
<b>Current Liabilities</b>			
Financial liabilities			
(i) Lease liabilities	29	87.80	-
(ii) Trade payables			
a) Total Outstanding dues of micro enterprises and small enterprises			
b) Total Outstanding dues of creditors other than micro enterprises and small enterprises	16	1,629.51	2,623.74
(iii) Other financial liabilities	15	430.49	873.38
Other current liabilities	17	464.45	481.99
Provisions	18	22.82	33.70
<b>Total Current Liabilities (E)</b>		<b>2,635.07</b>	<b>4,012.81</b>
<b>Total Liabilities (D+E)</b>		<b>3,483.85</b>	<b>4,753.16</b>
<b>Total Equity and Liabilities (C+D+E)</b>		<b>9,516.04</b>	<b>15,668.34</b>
<b>Significant accounting policies</b>	2		

The accompanying notes 1 to 41 are an integral part of the financial statements.

As per our report of even date attached.

For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

Rajesh Mehra  
Partner  
Membership No: 103145

For and on behalf of the board of directors of  
Scrabble Entertainment Limited  
CIN : U92190MH2008PLC178456

Kapil Agarwal  
Director  
DIN: 00024378

Sushil Agrawal  
Director  
DIN No.: 00003163

Urmi Shah  
Company Secretary  
Membership No.: A25458

Mumbai : Mumbai  
Date: June 22, 2020

**Scrabble Entertainment Limited**
**Statement of Profit and Loss Account for the year ended March 31, 2020**

Particulars	Notes	March 31, 2020	Rs. in lacs March 31, 2019
<b>Income</b>			
Revenue from operations	19	5,968.63	8,128.68
Other income	20	64.23	63.34
<b>Total Income (I)</b>		<b>6,032.86</b>	<b>8,192.02</b>
<b>Expenses</b>			
Operating direct costs	21	2,740.99	3,969.16
Cost of consumables and spares consumed		188.03	5.24
Purchases of digital cinema equipment		255.11	265.22
Purchases of Lamp & Spares		553.53	1,362.56
Changes in inventories of digital cinema equipments		46.85	5.26
Changes in inventories of lamp & spares		(57.15)	36.43
Virtual print fees sharing		1,043.92	1,564.06
Other operating direct cost		710.70	730.39
Employee benefits expenses	22	459.33	538.59
Other expenses	23	590.11	561.71
<b>Total Expenses (II)</b>		<b>3,790.43</b>	<b>5,069.46</b>
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)</b>		<b>2,242.43</b>	<b>3,122.56</b>
Depreciation and amortisation expense	3.1 & 3.2	652.91	805.20
Finance cost	24	48.33	43.08
Finance income	25	(4,671.61)	(912.81)
<b>Profit before tax</b>		<b>6,212.80</b>	<b>3,187.09</b>
<b>Tax Expense</b>			
-Current tax		1,088.04	891.76
-Deferred tax		75.96	(31.32)
<b>Total Tax Expense</b>		<b>1,164.00</b>	<b>860.44</b>
<b>Profit / (Loss) for the year</b>		<b>5,048.80</b>	<b>2,326.65</b>
<b>Other Comprehensive Income('OCI')</b>			
(i) Items that will not be reclassified to profit or loss			
a) Remeasurement of the defined benefits plans		7.76	4.19
(ii) Income tax related to items that will not be reclassified to profit or loss		(1.95)	(1.22)
<b>Total Comprehensive Income for the year</b>		<b>5,054.61</b>	<b>2,329.62</b>
<b>Earnings per equity share (Face value of share of Rs. 10 each)</b>			
(i) Basic		657.07	302.80
(ii) Diluted		657.07	302.80

**Significant accounting policies**
**2**

The accompanying notes 1 to 41 are an integral part of the financial statements.

As per our report of even date attached.

For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

Rajesh Mehra  
Partner  
Membership No: 103145

Mumbai : Mumbai  
Date: June 22, 2020

For and on behalf of the board of directors of  
Scrabble Entertainment Limited  
CIN : U92190MH2008PLC178456

Kapil Agarwal  
Director  
DIN: 00024378

Urmil Shah  
Company Secretary  
Membership No.: A25458

Sushil Agrawal  
Director  
DIN No.: 00003163



## Statement of Cash flows for the year ended March 31, 2020

Particulars	March 31, 2020	Rs. in lacs March 31, 2019
<b>Cash flow from operating activities</b>		
Profit before tax	6,212.80	3,187.08
<b>Adjustment to reconcile profit before tax to net cash flows</b>		
Depreciation and amortization expense	652.91	805.20
Provision for doubtful debts	96.21	86.00
Sundry balances written back	(4.15)	(100.75)
Unrealised foreign exchange loss (net)	1.52	(1.17)
Profit on sale and write off of fixed assets	-	(0.28)
Bad debts written-off	0.01	-
Gain on sale of current investments (net)	(155.06)	(59.03)
Fair valuation gain on financial instruments - FVTPL	(23.56)	(89.18)
Interest expense on lease liabilities	41.70	-
Interest Income on financial assets carried at amortised cost	-	(4.45)
Interest expenses on financial liabilities carried at amortised cost	4.62	41.58
Interest income	(262.21)	(432.94)
Dividend income	(4,230.79)	(327.21)
<b>Operating profit before working capital changes</b>	<b>2,334.00</b>	<b>3,104.85</b>
<b>Movements in working capital :</b>		
(Decrease) in trade payables	(994.24)	(1,291.53)
(Decrease) in other financial current liabilities	(449.03)	(432.19)
Increase / (decrease) in other current liabilities	(13.39)	70.16
Increase / (decrease) in non current provisions	(0.69)	3.50
Increase / (decrease) in provisions	(3.12)	0.48
Increase / (decrease) in other non current financial liabilities	(109.65)	192.74
(Decrease) in other non current liabilities	(35.91)	(42.95)
Decrease / (increase) in trade receivables	90.41	(514.17)
Decrease in current financial assets loans	72.17	161.10
Decrease in current other financial assets	199.49	32.89
Decrease in other current assets	19.38	91.09
Decrease / (increase) in inventories	(8.95)	31.42
Decrease / (increase) in non current financial assets loan	(69.50)	119.22
Decrease in other non current assets	1.56	1.66
<b>Cash generated from operations</b>	<b>1,032.53</b>	<b>1,528.27</b>
Direct taxes paid (net of refunds)	(393.32)	(950.98)
<b>Net cash flow from operating activities (A)</b>	<b>639.21</b>	<b>577.29</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant & equipment, including intangible and capital advances	(6.23)	(26.47)
Proceeds from sale of property, plant and equipment	197.25	147.98
Payment of purchase consideration for purchase of subsidiary shares	-	(2,399.97)
Purchase of current investments	(10,122.29)	(10,273.61)
Proceeds from sale / redemption of current investments	10,162.01	12,276.60
Maturity of / (investment in) bank deposits (with original maturity more than 3 months) (net)	2.65	852.31
Loan to related party (given) / received (net)	3,870.00	(1,865.00)
Interest received	1,010.33	158.30
Dividends received	4,230.79	327.21
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>9,344.51</b>	<b>(802.65)</b>
<b>Cash flows from / (used in) financing activities</b>		
Dividend [amount per share Rs. 600 (March 31, 2019: Rs. Nil)]	(4,610.32)	-
Distribution tax on dividend	(947.67)	-
Interim Dividend [amount per share Rs.554 (March 31, 2019: Rs. Nil)]	(4,256.86)	-
Distribution Tax on interim dividend	(103.62)	-
Interest expenses on lease liabilities	(116.23)	-
<b>Net cash flow / (used in) financing activities (C)</b>	<b>(10,034.70)</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>(50.98)</b>	<b>(225.36)</b>
Cash and cash equivalents at the beginning of the period	142.57	367.93
<b>Cash and cash equivalents at the end of the period</b>	<b>91.59</b>	<b>142.57</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	0.86	0.73
<b>Balance with banks:</b>		
- on current accounts	90.73	141.84
- on EEFC accounts	-	-
<b>Total cash and cash equivalents (refer note 12)</b>	<b>91.59</b>	<b>142.57</b>

## Summary of significant accounting policies

2

## Notes:

1. The above Statement of Cash flow statement has been prepared under the "Indirect Method" set out in IND AS - 7 " Cash Flow Statements"

The accompanying notes 1 to 41 are an integral part of the financial statements.

As per our report of even date attached

For B S R &amp; Co. LLP

Chartered Accountants

Firm's Registration No. 101248W/W-100022

Rajesh Mehra

Partner

Membership No. 103145

For and on behalf of the board of directors of

Scrabble Entertainment Limited

CIN : U92190MH2008PLC178456

Kapil Agarwal

Director

DIN: 00024378

Urmi Shah

Company Secretary

Membership No.: A25458

Sushil Agrawal

Director

DIN No.: 00003163

Mumbai : Mumbai  
Date: June 22, 2020

## A. Share Capital (refer note 14)

Particular	Rs. in lacs	
	March 31, 2020	March 31, 2019
Balance at the beginning of year	76.84	76.84
Changes in equity share capital during the reporting year	-	-
Balance at the end of reporting year	76.84	76.84

## B. Other equity

Particular	Reserves and Surplus			Employee Share Options Outstanding	Total
	Securities Premium Reserve	Capital redemption reserve	Retained Earnings		
As at March 31, 2018	3,370.56	399.99	4,738.05	-	8,508.60
Profit for the year	-	-	2,326.74	-	2,326.74
Other comprehensive income for the year	-	-	3.00	-	3.00
<b>Total Comprehensive Income</b>	<b>3,370.56</b>	<b>399.99</b>	<b>7,067.79</b>	<b>-</b>	<b>10,838.34</b>
Exercise of stock options	-	-	-	-	-
Dividend paid	-	-	-	-	-
As at March 31, 2019	3,370.56	399.99	7,067.79	-	10,838.34
Profit for the year	-	-	5,048.80	-	5,048.80
Opening Ind AS adjustment 116	-	-	(19.13)	-	(19.13)
Dividend [amount per share Rs. 600 (March 31, 2019: Rs. Nil)]	-	-	(4,610.32)	-	(4,610.32)
Distribution tax on dividend	-	-	(947.67)	-	(947.67)
Interim Dividend [amount per share Rs.554 (March 31, 2019: Rs. Nil)]	-	-	(4,256.86)	-	(4,256.86)
Distribution Tax on interim dividend	-	-	(103.62)	-	(103.62)
Other comprehensive income for the year	-	-	5.81	-	5.81
As at March 31, 2020	3,370.56	399.99	2,184.80	-	5,955.35

The accompanying notes 1 to 41 are an integral part of the financial statements.

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022



Rajesh Mehra

Partner

Membership No: 103145

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

CIN : U92190MH2008PLC178456



Kapil Agarwal

Director

DIN: 00024378



Sushil Agrawal

Director

DIN No.: 00003163



Urmi Shah

Company Secretary

Membership No.: A25458

Mumbai Mumbai

Date: June 22, 2020





## 3.1 Property, Plant and Equipment

Rs. in lacs

	Leasehold improvements	Plant and equipment	Furniture and fixtures	Office Equipment	Computer and Printers	Vehicle	Total
<b>Cost</b>							
At March 31, 2018	188.28	2,784.84	7.77	20.13	28.66	42.34	3,072.02
Additions	-	-	0.13	1.88	2.70	-	4.71
Disposals	-	(694.64)	-	-	-	(6.31)	(700.95)
At March 31, 2019	188.28	2,090.20	7.90	22.01	31.36	36.03	2,375.78
Additions	-	-	0.43	1.68	4.11	-	6.22
Disposals	-	(863.55)	-	(0.06)	-	-	(863.61)
At March 31, 2020	188.28	1,226.65	8.33	23.63	35.47	36.03	1,518.39
<b>Accumulated depreciation</b>							
At March 31, 2018	83.25	932.71	1.39	7.50	11.30	31.86	1,068.01
Charge for the year	46.36	733.71	2.04	5.01	11.40	6.66	805.18
Disposals	-	(547.97)	-	-	-	(5.28)	(553.25)
At March 31, 2019	129.61	1,118.45	3.43	12.51	22.70	33.24	1,319.94
Charge for the year	46.49	498.93	1.30	4.31	7.14	2.78	560.95
Disposals	-	(666.36)	-	-	-	-	(666.36)
At March 31, 2020	176.10	951.02	4.73	16.82	29.84	36.02	1,214.53
<b>Net Block</b>							
At March 31, 2019	58.67	971.75	4.47	9.50	8.66	2.79	1,055.84
At March 31, 2020	12.18	275.63	3.60	6.81	5.63	0.01	303.86

## 3.2 Right of use assets

Rs. in lacs

Right of use assets

<b>Cost</b>	
At March 31, 2018	-
Additions	-
Disposals	-
At March 31, 2019	-
Additions	390.09
Disposals	-
At March 31, 2020	390.09
<b>Accumulated depreciation</b>	
At March 31, 2018	-
Charge for the year	-
Disposals	-
At March 31, 2019	-
Charge for the year	91.95
Disposals	-
At March 31, 2020	91.95
<b>Net Block</b>	
At March 31, 2019	-
At March 31, 2020	298.14

(a) The Company has adopted Ind AS 116 effective April 1, 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognised on the date of initial application (April 1, 2019). Accordingly, previous period information has not been restated.

This has resulted in recognising a right-of-use asset of Rs. 390.09 lacs and a corresponding lease liability of Rs. 417.01 lacs. The difference of Rs. 26.92 lacs (net of deferred tax asset created of Rs. 7.84 lacs) has been adjusted to retained earnings as at April 1, 2019.

(b) In the statement of profit and loss, nature of expenses in respect of operating leases (amounting to Rs. 40.36 lacs for the year ended March 31, 2020) has changed from rent to depreciation expense for the right-of-use assets (amounting to Rs. 91.95 lacs for the period ended March 31, 2020) and finance cost for interest accrued on lease liability (amounting to Rs. 41.70 lacs for the period ended March 31, 2020). The adoption of this standard does not have any material impact on the profit for the period and earning per share.

(c) The Company's leases mainly comprise of land and buildings. The Company leases land and buildings for office and warehouse facilities.

# Scrabble Entertainment Limited

## Notes to financial statements as at and for the year ended March 31, 2020

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### 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 February 1, 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 financial statements were authorized for issue in accordance with a resolution of the directors on June 22, 2020.

### 2. Significant accounting policies

#### 2.1 Statement of compliance

These Ind AS financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter as notified under Section 133 of the Companies Act, 2013 ("the Act"), the relevant provisions of the Act, as applicable, and were authorized for issue in accordance with a resolution of the directors on June 22, 2020.

#### 2.2 Basis of Preparation:

These financial statements have been prepared on historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The financial statements are prepared in Indian Rupees in lacs, except were mentioned otherwise.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

#### 2.3 Significant Accounting Judgements, Estimates and Assumptions:

The preparation of financial statements, 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 financial statements, the reported amounts of revenues and expenses during the reporting period and the disclosures relating to contingent liabilities as of the date of the financial statements. 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 financial statements.

##### (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 financial statements were prepared. Existing circumstances and assumptions about future





# Scrabble Entertainment Limited

## Notes to financial statements as at and for the year ended March 31, 2020

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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 profit against which the tax losses carried forward can be used as disclosed in note 2.4(l) below.

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

Key assumptions about the likelihood and magnitude of outflow of resources as disclosed in Note 2.4(n) below.

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

When the fair value of financial assets and financial liabilities recorded in the Balance Sheet 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.

### 2.4 Summary of significant accounting policies:

#### (a) Property, Plant and Equipment (PPE):

PPE are stated at cost, net of 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. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance cost are charged to the Statement of Profit and Loss during the period in which they 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.

Gains or losses arising from derecognition of a PPE 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.



# Scrabble Entertainment Limited

## Notes to financial statements as at and for the year ended March 31, 2020

### (b) Depreciation on Property, Plant and Equipment

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. When significant parts of PPE are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

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

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

Type of Assets	Useful lives (years)
Plant and Equipment comprising of Exhibition Equipment and Other Equipments	6 – 7
Computer and Printers	3
Furniture and Fixtures	3
Office Equipment	5
Vehicles	5

Except computers, useful life of above property, plant and equipment are different from those prescribed under Schedule II. These rates are based on evaluation of useful life by internal technical expert.

The 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.

### (c) Business Combination

The Company accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in the statement of profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date.

Business combinations arising from transfers of interests in entities that are under common control are accounted at historical cost under pooling of interest method. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in shareholders' equity.

### (d) Impairment of Non-financial assets

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired. 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 off the asset. The value in use calculation is based on a DCF model. The impairment loss is recognized if the recoverable amount of the CGU is higher than its value in use or fair value less cost to sell. Impairment losses are immediately recognised in the Statement of Profit and Loss.

### (e) Leases

#### Where the Company is the lessee

The Company has adopted Ind AS 116-Leases effective April 1, 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognised on the date of initial application (April 1, 2019). Accordingly, previous period information has not been restated.



# Scrabble Entertainment Limited

## Notes to financial statements as at and for the year ended March 31, 2020

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The Company's lease asset classes primarily consist of leases for Land and Buildings and Plant & Machinery. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases of low value assets. For these short-term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straight line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

### Where the Company is the lessor

Assets subject to operating leases are included in property plant and equipment. 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.

### (f) Inventories

Inventories comprise of traded goods, stores and spares and 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. Cost include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition. 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 less estimated costs necessary to make the sale.

### (g) Revenue recognition

The Company is primarily engaged in the business of providing digital cinema service.

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the profit or loss is not restated.





# Scrabble Entertainment Limited

## Notes to financial statements as at and for the year ended March 31, 2020

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The impact of adoption of Ind AS 115 on the Ind AS financial statements of the Company for the year ended March 31, 2019 is not material.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

### Income from services and sale of goods

- Virtual print fees (VPF) received from distributors of the films from D-Cinema and E-Cinema is recognized in the period in which the services are rendered.
- Registration fee is recognised in the period in which the services are rendered.
- Revenue from maintenance service fees is recognised on time proportion basis for the period falling in the reporting period.
- Revenue from commission and technical service income is recognised in period in which services are rendered.
- Revenue from sale of goods is recognized upon transfer of control to buyers and no uncertainty exists regarding the amount of consideration that will be derived from sale of goods.
- Lease rental income on equipment is recognised as mentioned in note 2.3 (e) above

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any. Revenue also excludes taxes collected from customers.

The Company disaggregates revenue from contracts with customers based on nature of services.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

Invoices are payable within contractually agreed credit period and none of the contracts include a financing element.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation or transaction price of an existing obligation could undergo a change.

In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

### 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.



# Scrabble Entertainment Limited

## Notes to financial statements as at and for the year ended March 31, 2020

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### (h) Foreign currency transaction

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.

#### (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.

### (i) Financial Instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and 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 measured on initial recognition of financial asset or financial liability.

#### Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

#### Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and 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.

#### Financial assets at fair value through other comprehensive income ('FVOCI')

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

The Company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other comprehensive income.

#### Financial assets at fair value through profit or loss ('FVTPL')

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in statement of profit and loss.





# Scrabble Entertainment Limited

## Notes to financial statements as at and for the year ended March 31, 2020

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### Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

### Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net of direct issue cost.

### Impairment of Financial Assets:

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. In case of trade receivables, the Company follows the simplified approach permitted by Ind AS 109 – Financial Instruments - for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk of trade receivables. The Company calculates the expected credit losses on trade receivables, using a provision matrix on the basis of its historical credit loss experience.

### Financial guarantee contracts:

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

### De-recognition of Financial Assets:

The Company de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Statement of Profit and Loss.

### Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

### De-recognition of Financial Liabilities:

The Company de-recognises financial liabilities when and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in Statement of Profit and Loss.

### Equity Investments:

All investments in equity instruments classified under financial assets are initially measured at fair value, the Company may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL.

The Company makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument is recognized as 'other income' in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss on disposal. Dividend income on the investments in equity instruments are recognised as 'other income' in the Statement of Profit and Loss.





# Scrabble Entertainment Limited

## Notes to financial statements as at and for the year ended March 31, 2020

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### (j) Fair Value Measurement:

The Company measures financial instruments, such as investments (other than equity investments in Subsidiaries and Associates) 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, maximizing the use of relevant observable inputs and minimizing 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 categorization (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) Employee benefits:

#### Defined contribution plans

The Company makes contribution towards provident fund to a defined contribution retirement benefit plan for qualifying employees. In case of provident fund, both the employee and the Company make monthly contribution equal to a specified percentage of the covered employee's salary or a fixed monthly contribution. The monthly contribution payable by the Company is charged to the Statement of profit and loss as incurred.

#### Defined benefit plans

The Company provides for gratuity using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance sheet date, based on legislations as enacted as at the Balance sheet date. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the Balance sheet date.



# Scrabble Entertainment Limited

## Notes to financial statements as at and for the year ended March 31, 2020

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The Company recognizes the net obligation of a defined benefit plan in its Balance sheet as an asset or liability. Gains or losses through re-measurement of the net defined benefit liability / (asset) are recognized in other comprehensive income. The actual return of portfolio of plan assets, in excess of yields computed by applying the discount rate used to measure the defined benefit obligation are recognized in other comprehensive income. The effects of any plan amendments are recognized in Statement of profit and loss. Past service cost is recognized immediately to the extent that the benefits are already vested or amortized on a straight-line basis over the average period until the benefits become vested.

The gratuity obligation recognized in the Balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost and as reduced by the fair value of scheme assets. Any asset resulting from the calculation is limited to the present value of available refunds and reductions in future contributions to the scheme. The gratuity plan is managed by a Life Insurance Corporation of India to which contributions are made by the Company.

### **Other long-term employee benefits**

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

### **Short-term employee benefits**

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

### **(l) 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. 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 year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised 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.

The carrying amount of deferred tax assets are reviewed at each reporting 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 tax liabilities relate to the same taxable entity and the same taxation authority.

Current and deferred taxes 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.

### **(m) Earnings per share (EPS)**

Basic EPS is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and





# Scrabble Entertainment Limited

## Notes to financial statements as at and for the year ended March 31, 2020

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reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

### **(n) Provisions and Contingent liabilities and Contingent assets**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually. A present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Claims against the Company, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

### **(o) Employee share based payment:**

The Parent Company has floated various Share incentive plans to enable its affiliated entities to attract, reward, retain and motivate its employees.

Share-based compensation expense is recognized over the requisite service period for awards of equity instruments to employee based on the grant date fair value of those awards expected to ultimately vest.

### **(p) Borrowing cost**

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

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

### **(q) 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.





**Scrabble Entertainment Limited**

Notes to financial statements for the year ended March 31, 2020

4. Investment in Subsidiaries and Associates		Rs. in lacs	
	March 31, 2020	March 31, 2019	
<b>Unquoted equity instruments (at cost)</b>			
<b>Investment in subsidiaries</b>			
750,000 (March 31, 2019: 750,000) Ordinary Shares of USD 1 each at par fully paid up in Scrabble Entertainment (Mauritius) Limited	400.09	400.09	
593,142 (March 31, 2019: 593,142) Equity Shares of Rs. 10 each fully paid up in Scrabble Digital Limited	2,798.97	2,798.97	
5,000 (March 31, 2019: 5,000) Equity Shares in Scrabble Digital Inc.	337.59	337.59	
<b>Investment in step down subsidiary</b>			
300 (March 31, 2019: 300) Equity Shares of AED 1,000 each at par fully paid up in Scrabble Entertainment DMCC	40.83	40.83	
<b>Investment in associates</b>			
100 (March 31, 2019: 100) Ordinary shares of AED 1000 each at par fully paid up in Scrabble Digital DMCC	12.73	12.73	
	<b>3,590.21</b>	<b>3,590.21</b>	

5. Financial assets - Loans receivables		Rs. in lacs	
	Non-current	Current	
	March 31, 2020	March 31, 2019	March 31, 2020
<b>Unsecured (Considered Good)</b>			
Security deposit to related parties (refer note 30)	276.07	212.50	73.31
Security deposit to others	57.12	51.19	2.89
	333.19	263.69	76.20
<b>Loan and advances to related parties</b>			
Loans to related parties (refer note 40)	-	-	-
	<b>333.19</b>	<b>263.69</b>	<b>76.20</b>

6. Other financial assets		Rs. in lacs	
	Non-current	Current	
	March 31, 2020	March 31, 2019	March 31, 2020
<b>Interest accrued on fixed deposits</b>			
Interest accrued on loan to related party (refer note 30)	-	0.37	0.39
Fixed deposit with remaining maturity more than 12 month (refer note 12)	7.14	52.77	-
	<b>7.14</b>	<b>53.14</b>	<b>0.39</b>

7. Deferred tax assets (net)		Rs. in lacs	
	March 31, 2020	March 31, 2019	
<b>Deferred Tax Assets</b>			
Property, Plant and Equipment and Intangible Assets: Impact of difference between tax depreciation and depreciation / amortisation charged for financial reporting	428.28	480.83	
Provision for doubtful debts and advances	126.18	126.99	
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	42.96	58.49	
<b>Net deferred tax assets</b>	<b>597.42</b>	<b>666.31</b>	
<b>B) Deferred Tax Liability</b>			
Fair value of investment	(36.60)	(35.42)	
<b>Net deferred tax liabilities</b>	<b>(36.60)</b>	<b>(35.42)</b>	
<b>Deferred Taxes (net)</b>	<b>560.82</b>	<b>630.89</b>	

Movement during the year ended March 31, 2019		Rs. in lacs	
	As at March 31, 2018	Credit/(Charge) in the statement of Profit and Loss	As at March 31, 2019
<b>Deferred tax assets /(liabilities)</b>			
Property, Plant and Equipment and Intangible Assets: Impact of difference between tax depreciation and depreciation / amortization charged for financial reporting	389.81	91.03	480.84
Provision for Doubtful Debt and advances	161.95	(34.97)	126.98
Others	49.04	(24.75)	23.07
<b>Total</b>	<b>600.80</b>	<b>31.31</b>	<b>630.89</b>

Movement during the year ended March 31, 2020		Rs. in lacs	
	As at March 31, 2019	Credit/(Charge) in the statement of Profit and Loss	As at March 31, 2020
<b>Deferred tax assets /(liabilities)</b>			
Property, Plant and Equipment and Intangible Assets: Impact of difference between tax depreciation and depreciation / amortization charged for financial reporting	480.84	(52.55)	428.29
Provision for Doubtful Debt and advances	126.98	(0.81)	126.17
Others	23.07	(14.76)	6.36
<b>Total</b>	<b>630.89</b>	<b>(68.12)</b>	<b>560.82</b>

The major components of income tax expense for the year are as under:

		Rs. in lacs	
	March 31, 2020	March 31, 2019	
<b>i) Income tax recognised in the Standalone Statement of Profit and Loss</b>			
<b>Current tax</b>			
In respect of current year	1,088.04	891.76	
<b>Deferred tax:</b>			
In respect of current year	75.96	(31.32)	
<b>Income tax expense recognised in the Statement of Profit and Loss</b>	<b>1,164.00</b>	<b>860.44</b>	
<b>ii) Income tax expense recognised in OCI</b>			
<b>Deferred tax :</b>			
Deferred tax expense on remeasurements of defined benefit plans	(1.95)	(1.22)	
<b>Income tax expense recognised in OCI</b>	<b>(1.95)</b>	<b>(1.22)</b>	

Reconciliation of tax expense and the accounting profit for the year is as under:

		Rs. in lacs	
	March 31, 2020	March 31, 2019	
<b>Profit before tax</b>			
Income tax expense calculated at Corporate tax rate at	6,212.80	3,187.09	
Computed tax expenses	25.17%	29.12%	
	1,563.64	928.08	
<b>Impact on account of:</b>			
Effect of expenses not allowed for tax purpose	29.08	1.97	
Effect of Income which is taxed as special rates (dividend received from foreign subsidiaries)	(243.44)	(20.38)	
Effect of Income that is exempted from tax	(261.24)	(56.95)	
Other	-	8.93	
<b>Tax expense as per Statement of profit and loss</b>	<b>1,088.04</b>	<b>861.65</b>	

**Scrabble Entertainment Limited**

Notes to financial statements for the year ended March 31, 2020

**8. Other assets (Unsecured, considered good unless otherwise stated)**

	Non-current		Current		Rs. in lacs
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	
Prepaid expenses	6.02	7.59	50.15	31.17	
Deferred lease rental	-	-	-	-	
Deferred VPF Sharing Expenses	-	-	-	8.17	
	<b>6.02</b>	<b>7.59</b>	<b>50.15</b>	<b>39.34</b>	
<b>Advances to vendors</b>					
Considered good	-	-	14.55	8.93	
Credit impaired	-	-	-	-	
	-	-	14.55	8.93	
Less : Allowance for doubtful advances	-	-	-	-	
	-	-	14.55	8.93	
Loans and advances to employees	-	-	0.54	0.48	
Balances with statutory / government authorities	-	-	22.90	29.44	
GST credit receivable	-	-	212.90	242.23	
	-	-	<b>250.89</b>	<b>281.08</b>	
	<b>6.02</b>	<b>7.59</b>	<b>301.04</b>	<b>320.42</b>	

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

	March 31, 2020	March 31, 2019	Rs. in lacs
<b>Traded Goods</b>			
Digital cinema equipments	3.37	50.22	
Lamps	121.42	64.27	
Consumables and spares	45.30	46.65	
	<b>170.09</b>	<b>161.14</b>	

The amount of inventories recognised as an expenses Rs. Nil/- (March 31, 2019 : Rs. Nil)

**10. Financial assets - Current Investments**

	March 31, 2020	March 31, 2019	Rs. in lacs
<b>Carried at FVTPL</b>			
<b>Unquoted mutual funds</b>			
Investment in mutual funds	2,106.53	1,967.63	
	<b>2,106.53</b>	<b>1,967.63</b>	
<b>Aggregate amount of quoted investments and market value thereof</b>	-	-	
<b>Aggregate amount of unquoted investments</b>	2,106.53	1,967.63	
<b>Aggregate amount of impairment in value of investments</b>	-	-	

**11. Trade receivables (unsecured)**

	March 31, 2020	March 31, 2019	Rs. in lacs
Considered good	1,395.73	1,582.32	
Credit impaired	501.34	436.08	
	<b>1,897.07</b>	<b>2,018.40</b>	
Less : Allowance for doubtful trade receivable	(501.34)	(436.00)	
	<b>1,395.73</b>	<b>1,582.40</b>	

For details pertaining to related party receivable (refer note 30)

**12. Cash and bank balances**

	Non-current		Current		Rs. in lacs
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	
<b>Cash and Cash Equivalents</b>					
Balances with banks					
- On current accounts	-	-	90.73	141.84	
- On EEFC accounts	-	-	-	-	
Cash on hand	-	-	0.86	0.73	
	-	-	<b>91.59</b>	<b>142.57</b>	
<b>Other bank balances</b>					
- Deposits with remaining maturity for less than 12 months	-	-	0.00	-	
- Deposits with remaining maturity for more than 12 months	-	6.93	-	-	
- Margin money deposit with remaining maturity for less than 12 months	7.14	-	42.99	-	
- Margin money deposit with remaining maturity for more than 12 months	-	45.84	-	-	
	<b>7.14</b>	<b>52.77</b>	<b>42.99</b>	<b>-</b>	
Amount disclosed under non-current financial assets (refer note 6)	(7.14)	(52.77)	-	-	
	-	-	<b>134.58</b>	<b>142.57</b>	

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 March 31, 2020

13. Share capital	Rs. in lacs	
	March 31, 2020	March 31, 2019
<b>Authorised share capital</b>		
1,000,000 (March 31, 2019: 1,000,000) equity shares of Rs.10 each	100.00	100.00
104,300 (March 31, 2019: 104,300) 6% Optionally Convertible Redeemable Preference Shares (OCRPS) of Rs.1,150 each	1,199.45	1,199.45
<b>Share capital</b>		
<b>Issued, subscribed and fully paid-up shares</b>		
768,387 (March 31, 2019: 768,387) equity shares of Rs. 10 each fully paid up	76.84	76.84
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>76.84</b>	<b>76.84</b>

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

Equity shares	March 31, 2020		March 31, 2019	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	7,68,387	76.84	7,68,387	76.84
Issued during the year	-	-	-	-
Outstanding at the end of the year	<b>7,68,387</b>	<b>76.84</b>	<b>7,68,387</b>	<b>76.84</b>

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

Name of the shareholder	March 31, 2020		March 31, 2019	
	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%	7,68,387	100.00%

Of the above, below shares are held by nominee

Name of Shareholders	Shareholding (No. of Shares)
Mr. Sanjay Gaikwad (As Nominee of UFO)	10
Mr. Kapil Agarwal (As Nominee of UFO)	10
Mr. Ashish Malushte (As Nominee of UFO)	10
Mr. Rajesh Mishra (As Nominee of UFO)	10
Mr. Pankaj Jaysinh (As Nominee of UFO)	10
Mr. Vishnu Patel (As Nominee of UFO)	10
Mr. Sushil Agrawal (As Nominee of UFO)	10
<b>Total</b>	<b>70</b>

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	
	March 31, 2020	March 31, 2019
UFO Moviez India Limited, the holding company		
768,387 (March 31, 2019: 768,387) equity shares of Rs. 10 each fully paid	76.84	76.84

**(d) Terms / rights attached to equity shares**
**Voting Rights**

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

**Rights pertaining to repayment of capital**

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

**Terms/ Rights attached to preference shares**

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

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

**Dividend Rights:**

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

**(e) Terms of conversion/ redemption of OCRPS**

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

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

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

**(e) Shares reserved for issue under options**

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

**Scrabble Entertainment Limited**
**Notes to financial statements for the year ended March 31, 2020**

14. Other Equity	Rs. in lacs	
	March 31, 2020	March 31, 2019
<b>Securities premium account</b>		
Balance at the beginning of the year	3,370.56	3,370.56
<b>Closing Balance</b>	<b>3,370.56</b>	<b>3,370.56</b>
<b>Capital redemption reserve</b>		
Balance at the beginning of the year	399.99	399.99
<b>Closing Balance</b>	<b>399.99</b>	<b>399.99</b>
<b>Surplus in the statement of profit and loss</b>		
Balance at the beginning of the year	7,067.79	4,738.05
Add: Employee stock options expired transfer	-	-
	<b>7,067.79</b>	<b>4,738.05</b>
Profit for the year	5,054.61	2,329.74
Opening Ind AS adjustment 116	(19.13)	-
Profit available for appropriation	12,103.27	7,067.79
<b>Less: Appropriation</b>		
Dividend [amount per share Rs. 600 (March 31, 2019: Rs. Nil)]	(4,610.32)	-
Distribution tax on dividend	(947.67)	-
Interim Dividend [amount per share Rs.554 (March 31, 2019: Rs. Nil)]	(4,256.86)	-
Distribution Tax on interim dividend	(103.62)	-
<b>Net surplus in the Statement of profit and loss</b>	<b>2,184.80</b>	<b>7,067.79</b>
<b>Total reserves and surplus</b>	<b>5,955.35</b>	<b>10,838.34</b>

15. Other financial liabilities	Rs. in lacs			
	Non-current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Financial Liabilities at amortised cost</b>				
Deposits from customers	477.79	595.63	429.72	873.38
Deposits from related parties	8.79	-	-	-
Other security deposit	2.65	3.25	-	-
Salary and reimbursement payable	-	-	0.77	-
	<b>489.23</b>	<b>598.88</b>	<b>430.49</b>	<b>873.38</b>

16. Trade Payable	Rs. in lacs			
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
a) Total Outstanding dues of micro enterprises and small enterprises (refer note 33)	-	-	1,629.51	2,623.74
b) Total Outstanding dues of creditors other than micro enterprises and small enterprises	-	-	1,629.51	2,623.74

For details pertaining to related party payable (refer note 30)

17. Other liabilities	Rs. in lacs			
	Non-current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Advance from customers	-	-	338.91	333.16
Deferred revenue on AMC services	94.10	126.88	86.94	86.34
Deferred lease rental revenue	2.22	5.35	1.57	3.78
Deferred VPF revenue	-	-	-	32.21
Statutory dues *	-	-	37.03	26.50
	<b>96.32</b>	<b>132.23</b>	<b>464.45</b>	<b>481.99</b>
* Statutory dues payable includes				
TDS payable			32.57	23.02
Employees - Provident Fund (Liability)			2.67	1.67
Employer - Provident Fund Payable (Liability)			1.70	1.71
Profession Tax Employee - Karnataka			0.00	0.00
Professional Tax			0.09	0.09
			<b>37.03</b>	<b>26.49</b>

18. Provisions	Rs. in lacs			
	Long-term		Short-term	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Provision for employee benefits</b>				
Provision for gratuity (refer note 27)	8.55	9.24	-	-
Provision for compensated absences	-	-	20.18	32.05
<b>Provision - Others:</b>				
Provision for Warranties	-	-	2.64	1.65
	<b>8.55</b>	<b>9.24</b>	<b>22.82</b>	<b>33.70</b>

**Provision for Warranty**

A provision is recognized for expected warranty claims on products sold during the year, based on past experience of the level of repairs and returns. The table below gives information about movement in warranty provisions. The product are generally covered under the warranty period ranging from 1 year to 6 years.

	Rs. in lacs	
	March 31, 2020	March 31, 2019
At the beginning of the year	1.66	6.67
Arising during the year	1.92	1.37
Utilized during the year	(0.93)	(6.38)
<b>At the end of the year</b>	<b>2.65</b>	<b>1.66</b>
Current portion	0.72	0.72
Non-current portion	1.93	0.94



**Scrabble Entertainment Limited**
**Notes to financial statements for the year ended March 31, 2020**

<b>19. Revenue from operations</b>		<b>Rs. in lacs</b>	
		<b>March 31, 2020</b>	<b>March 31, 2019</b>
<b>Sale of services</b>			
Virtual Print Fee - D-Cinema		3,614.77	4,636.50
Lease Rental Income - E-Cinema		29.38	28.65
Lease Rental Income - D-Cinema		440.94	644.53
Lease Rental Income - 3D		40.42	58.82
Maintenance service fee		364.89	331.09
Commission income		50.86	78.36
Technical service income		-	-
Freight income		-	91.09
		<b>4,541.26</b>	<b>5,869.04</b>
<b>Sale of products</b>			
Lamp sale		613.44	1,048.26
Sale of Digital Cinema Equipment		455.03	328.28
Sale of spares		354.75	782.35
		<b>1,423.22</b>	<b>2,158.89</b>
<b>Other operating income</b>			
Sundry balances written back		4.15	100.75
		<b>4.15</b>	<b>100.75</b>
		<b>5,968.63</b>	<b>8,128.68</b>
<b>20. Other income</b>		<b>Rs. in lacs</b>	
		<b>March 31, 2020</b>	<b>March 31, 2019</b>
Profit on sale of fixed assets		-	0.28
Miscellaneous income		61.21	31.65
Foreign exchange loss (net)		3.02	31.41
		<b>64.23</b>	<b>63.34</b>
<b>21. Operating direct costs</b>		<b>Rs. in lacs</b>	
		<b>March 31, 2020</b>	<b>March 31, 2019</b>
Repairs & maintenance exhibition equipments		163.97	227.57
Content processing charges		308.09	214.86
Virtual print fee sharing		1,043.92	1,564.06
Rent on equipments		238.64	287.96
	<b>A</b>	<b>1,754.62</b>	<b>2,294.45</b>
<b>Consumables and spares</b>			
Inventories at the beginning of the year		46.65	36.38
Add Purchases		186.68	15.51
Less Inventories at the end of the year		(45.30)	(46.65)
	<b>B</b>	<b>188.03</b>	<b>5.24</b>
Purchase of Digital Cinema Equipment	<b>C</b>	255.11	265.22
Purchase of Lamps	<b>D</b>	553.53	1,362.56
			-
<b>(Increase)/decrease in inventories of digital cinema equipments</b>			
Inventories at the beginning of the year		50.22	55.48
Inventories at the end of the year		(3.37)	(50.22)
	<b>E</b>	<b>46.85</b>	<b>5.26</b>
<b>(Increase)/decrease in inventories of lamps and spares</b>			
Inventories at the beginning of the year		64.27	100.70
Inventories at the end of the year		(121.42)	(64.27)
	<b>F</b>	<b>(57.15)</b>	<b>36.43</b>
	<b>A to F</b>	<b>2,740.99</b>	<b>3,969.16</b>
<b>22. Employee benefits expenses</b>		<b>Rs. in lacs</b>	
		<b>March 31, 2020</b>	<b>March 31, 2019</b>
Salaries and wages (including bonus)		424.86	491.26
Contribution to provident and other funds (refer note 27)		22.33	21.74
Gratuity expense (refer note 27)		8.19	7.68
Compensated absences (refer note 27)		(10.55)	4.74
Staff welfare expenses		14.50	13.17
		<b>459.33</b>	<b>538.59</b>
<b>23. Other expenses</b>		<b>Rs. in lacs</b>	
		<b>March 31, 2020</b>	<b>March 31, 2019</b>
Electricity charges		20.15	16.26
Lease rental expenses		-	2.20
Freight and forwarding charges		23.37	85.37
Rent		40.36	148.47
Rates and taxes		1.70	2.17
Insurance		24.16	23.08
Repairs and maintenance		27.64	5.07
Corporate social responsibility expenses (refer no 39)		78.34	-
Advertising and sales promotion		0.72	3.89
Commission & brokerage		35.19	29.82
Travelling and conveyance		21.95	19.46
Communication costs		5.88	5.10
Printing and stationery		2.34	3.50
Legal, professional & consultancy charges		180.85	91.51
Directors sitting fees including commission		8.00	13.25
Payment to auditor (refer details below)		8.48	8.06
Bad debts / advances written off		30.97	200.38
Less Provision utilised		(30.95)	(200.38)
Provision for doubtful debts and advances		96.21	86.00
Miscellaneous expenses		14.74	18.50
		<b>590.11</b>	<b>561.71</b>

**Scrabble Entertainment Limited**
**Notes to financial statements for the year ended March 31, 2020**

<b>Payment to auditor</b>	<b>Rs. in lacs</b>	
	<b>March 31, 2020</b>	<b>March 31, 2019</b>
<b>As auditor:</b>		
Audit fee	5.00	5.00
Tax audit fee	1.00	1.00
<b>In other capacity:</b>		
Other services (certification fees)	2.00	2.00
Out of pocket expenses	0.48	0.06
	<b>8.48</b>	<b>8.06</b>

<b>24. Finance cost</b>	<b>Rs. in lacs</b>	
	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Interest on		
Interest expenses on lease liabilities	41.70	-
Interest expenses on financial liabilities carried at amortised cost	4.62	41.58
Bank charges	2.01	1.50
	<b>48.33</b>	<b>43.08</b>

<b>25. Finance Income</b>	<b>Rs. in lacs</b>	
	<b>March 31, 2020</b>	<b>March 31, 2019</b>
<b>Interest income on</b>		
Bank deposits	3.72	43.10
Others	258.48	389.85
Financial assets carried at amortised cost	-	4.45
<b>Dividend income (refer note 30)</b>		
from current investments	-	41.50
from associate	176.10	285.70
from subsidiary/step down subsidiary	4,054.69	-
Gain on sale of current investments (net)	155.06	59.03
Fair valuation gain on financial instruments (FVTPL)	23.56	89.18
	<b>4,671.61</b>	<b>912.81</b>



**Scrabble Entertainment Limited**

Notes to financial statements for the year ended March 31, 2020

**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	
	March 31, 2020 Rupees	March 31, 2019 Rupees
<b>Basic</b>		
Net profit after tax as per statement of profit and loss	5,048.80	2,326.65
<b>Net profit for calculation of basic EPS</b>	<b>5,048.80</b>	<b>2,326.65</b>
Weighted average number of equity shares in calculating basic EPS	7,68,387	7,68,387
<b>Earnings per share (Rs) (Face value of Rs. 10 each)</b>	<b>657.07</b>	<b>302.80</b>
<b>Diluted</b>		
Net profit for calculation of diluted EPS	5,048.80	2,326.65
Weighted average number of equity shares in calculating basic EPS	7,68,387	7,68,387
Effect of dilutions for share warrants/stock options granted under ESOP	-	-
<b>Earnings per share (Rs) (Face value of Rs. 10 each)</b>	<b>657.07</b>	<b>302.80</b>

**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	
	March 31, 2020	March 31, 2019
Contribution to Provident fund (Government)	21.46	20.82
Administration Charge - Provident Fund	0.87	0.92
	<b>22.33</b>	<b>21.74</b>

**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 and the funded status and amounts recognised in the balance sheet for the respective

**Change in the defined benefit obligation ("DBO") and fair value of plan assets as at March 31, 2020**

Particulars	Rs. in lacs		
	Defined benefit obligation	Fair value of Plan assets	(Benefit) / Liability
<b>Gratuity cost Charged to Statement of Profit and Loss</b>			
As at April 1, 2019	41.07	31.84	9.23
Service Cost	7.51	-	7.51
Past Service cost	-	-	-
Net Interest Expense	3.01	-	3.01
Interest Income	-	2.33	(2.33)
<b>Recognised in statement of profit or loss</b>	<b>10.52</b>	<b>2.33</b>	<b>8.19</b>
<b>Benefit paid</b>	<b>(1.12)</b>	<b>-</b>	<b>(1.12)</b>
<b>Remeasurement gains/losses in other Comprehensive income</b>			
Actuarial changes arising from Changes in financial assumptions	(5.33)	-	(5.33)
Experience Adjustments	(2.43)	-	(2.43)
<b>Recognised in Other Comprehensive Income</b>	<b>(7.76)</b>	<b>-</b>	<b>(7.76)</b>
Contribution by employer	-	-	-
As at March 31, 2020	<b>42.71</b>	<b>34.17</b>	<b>8.54</b>

**Change in the defined benefit obligation ("DBO") and fair value of plan assets as at March 31, 2019**

Particulars	Rs. in lacs		
	Defined benefit obligation	Fair value of Plan assets	(Benefit) / Liability
<b>Gratuity cost Charged to Statement of Profit and Loss</b>			
As at April 1, 2018	35.36	29.62	5.74
Service Cost	7.25	-	7.25
Past Service cost	-	-	-
Net Interest Expense	2.65	-	2.65
Interest Income	-	2.22	(2.22)
<b>Recognised in statement of profit or loss</b>	<b>9.90</b>	<b>2.22</b>	<b>7.68</b>
<b>Benefit paid</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Remeasurement gains/losses in other Comprehensive income</b>			
Return on plan assets (excluding amounts included in net interest expense)	0.78	-	0.78
Actuarial changes arising from Changes in financial assumptions	(4.96)	-	(4.96)
Experience Adjustments	(4.19)	-	(4.19)
<b>Recognised in Other Comprehensive Income</b>	<b>(8.37)</b>	<b>-</b>	<b>(8.37)</b>
Contribution by employer	-	-	-
As at March 31, 2019	<b>41.07</b>	<b>31.84</b>	<b>9.23</b>

The principal assumptions used in determining gratuity are as shown below:

Particulars	Rs. in lacs	
	March 31, 2020	March 31, 2019
Discount rate	0.06	0.07
Future Salary increase	NIL for the first year and 6% thereafter	0.08
Employee turnover	0.13	0.13
Retirement age (years)	58.00	58.00
Expected returns on assets	0.08	0.08
Mortality rate	100% of IALM 2012-14	% of IALM 06-08

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.

**Scrabble Entertainment Limited**

Notes to financial statements for the year ended March 31, 2020

A quantitative sensitivity analysis for significant assumption is shown below

Particulars	Rs. in lacs	
	March 31, 2020	March 31, 2019
Discount rate (-1%)	45.63	44.06
Discount rate (+1%)	(40.13)	(38.44)
Salary Growth rate (-1%)	(40.08)	(38.60)
Salary Growth rate (+1%)	45.45	43.78
Attrition rate (-0.5%)	42.46	42.35
Attrition rate (+0.5%)	(42.69)	(40.19)

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.

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

Particulars	Rs. in lacs	
	March 31, 2020	March 31, 2019
with in the next 12 months (next annual reporting period)	14.99	16.31
Total expected payments	14.99	16.31

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 6 years (March 31, 2019 : 7 years)

Expected cash flows over the next (valued on undiscounted basis):	Rs. in lacs	
	March 31, 2020	March 31, 2019
1 Year	6.12	5.05
2 to 5 years	19.93	13.98
6 to 10 years	17.99	19.09
More to 10 years	25.61	32.27

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

Particulars	Rs. in lacs	
	March 31, 2020	March 31, 2019
Gratuity	100%	100%
Investments with insurer (Life Insurance Corporation Limited)	100%	100%

Provision in respect of leave encashment benefits has been made based on actuarial valuation carried out by an independent actuary at the Balance sheet date using Projected Unit Credit method. During the year Rs 10.55 lacs (March 31, 2019: Rs 4.74 lacs) is recognised as an expense in the Statement of profit and loss.

**28. Employee stock option plans**

During the year ended March 31, 2020, 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 Holding Company UFO Moviez India Limited has floated various share-based payments schemes for employees of the Company. As per the scheme, during the year ended 31 March 2020, an employee stock option plan (ESOP) was in existence for the partial period upto 7 October, 2016. The relevant details of the plan is as below.

On March 1, 2010, the Board of Directors of Holding Company UFO Moviez India Limited 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 to the employees of the Company 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	March 31, 2020		March 31, 2019	
	Number of Options	Weighted Average Exercise Price (Rs.)	Number of Options	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in month)	-	-	-	-

**29. Leases**
**Operating lease : Company as lessee**

The Company's significant leasing arrangements are in respect of operating leases taken for Office Premises, Stores and Digital equipment. These leases are cancellable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. Lease commitments are the future cash out flows from the lease contracts which are not recorded in the measurement of lease liabilities. These include potential future payments related to leases of low value assets and leases with term less than twelve months.

Particulars	Rs. in lacs	
	March 31, 2020	March 31, 2019
Lease payments for the year	278.99	436.43
	278.99	436.43

Future lease rental expense will be recognised in the Statement of profit and loss of subsequent years as follows:

Particulars	Rs. in lacs	
	March 31, 2020	March 31, 2019
Due not later than one year	32.61	116.23
Due later than one year but not later than five years	30.83	418.79
Later than five years	-	-
	63.44	535.02

The movement in lease liabilities during the year ended is as follows :

Particulars	Rs. in lacs	
	March 31, 2020	March 31, 2019
Addition on account of transition to IND AS 116	417.01	-
Finance Cost accrued during the period	41.70	-
Deletions	-	-
Payment for lease liabilities	(116.23)	-
Translation difference	-	-
Balance at the end	342.48	-

The break-up of current and non-current lease liabilities is as follows :

Particulars	Rs. in lacs	
	March 31, 2020	March 31, 2019
Current lease liabilities	87.80	-
Non-current lease liabilities	254.68	-
	342.48	-

The details regarding the contractual maturities of lease liabilities on an undiscounted basis are as follows :

Particulars	Rs. in lacs	
	March 31, 2020	March 31, 2019
Due not later than one year	122.05	-
Due later than one year but not later than five years	296.75	-
Later than five years	-	-
	418.80	-

**Operating lease commitments – Company as lessor**

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

Particulars	Rs. in lacs	
	March 31, 2020	March 31, 2019
Lease income recognised in Statement of profit and loss	470.32	673.18



30. Related party disclosures

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

Holding Company	UFO Moviez India Limited
Subsidiaries	Scrabble Entertainment (Mauritius) Limited Scrabble Digital Inc Scrabble Digital Limited w.e.f. December 15, 2018
Step Down Subsidiaries	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	
Associate of Company	Scrabble Digital Limited till December 14, 2018 Scrabble Digital DMCC
Associate of Subsidiary	Scrabble Ventures LLC , USA Scrabble Ventures, S. de R.L. de C.V, Mexico
Key management personnel	Mr. S. Madhavan - Independent and Non executive director Ms. Lynn De Souza - Independent and Non executive director Ms. Urmi Shah - Company Secretary Valuable Media Private Limited
Fellow Subsidiary	Valuable Digital Screens Private Limited

2. Details of transactions with related parties during the year

Sr. No	Particulars Name of the Parties / Nature of Expenses and Income	Rs. in lacs	
		March 31, 2020 Rupees	March 31, 2019 Rupees
1	<b>Holding Company</b>		
A	<b>Income</b>		
	i) Virtual print fee (D-Cinema)	474.37	420.04
	ii) Rental income	79.71	88.26
	iii) Reimbursement of expenses	-	1.77
	iv) Miscellaneous Income - Rent (warehouse)	11.31	16.82
B	<b>Expenses</b>		
	i) Rent on equipments	238.64	287.96
	ii) Virtual print fee sharing	562.97	727.40
	iii) Rent	11.96	9.80
	iv) Reimbursement of expense	1.69	-
C	<b>Others</b>		
	i) Security deposit received	1.65	291.00
	ii) Security deposit paid	1.89	3.48
	iii) Dividend paid	8,867.19	-
D	Purchase of Product	-	26.85
2	<b>Subsidiary of the Company (including step down subsidiaries)</b>		
A	<b>Scrabble Digital Limited</b>		
	i) Miscellaneous Income - Rent (warehouse)	7.61	0.93
	ii) Content processing charges	304.15	92.90
	iii) Sale of products	0.55	-
	iv) AMC income & installation	2.50	-
	v) Content processing charges	304.15	92.90
	vi) Dividend income	1,038.00	-
	vii) Security deposit received	4.72	-
B	<b>Scrabble Entertainment DMCC</b>		
	i) Dividend income	301.67	174.98
C	<b>Scrabble Entertainment (Mauritius) Ltd</b>		
	i) Dividend income	2,715.02	-
D	<b>Scrabble Digital DMCC</b>		
	i) Dividend income	176.10	-

Sr. No	Particulars Name of the Parties / Nature of Expenses and Income	Rs. in lacs	
		March 31, 2020 Rupees	March 31, 2019 Rupees
3	<u>Associate of the Company</u>		
A	Scrabble Digital Limited		
	Income		
	i) Miscellaneous Income - Rent (warehouse)	-	1.63
	ii) Sale of products	-	4.14
	iii) AMC income & installation	-	4.00
B	Expenses		
	i) Content processing charges	-	191.85
C	Others		
	i) Dividend income	-	110.72
	ii) Security deposit received	-	0.55
4	<u>Key managerial personnel</u>		
A	Dr. Sunil Patil	-	-
	i) Remuneration	-	59.84
	ii) Reimbursement of expenses	-	5.55
B	Valuable Media Private Limited		
	i) Miscellaneous Income - Rent (Warehouse)	0.61	-
	ii) Security deposit received	0.12	-
5	<u>Independent and Non executive director</u>		
A	Director Sitting Fees		
	i) Ms. Lynn De Souza	4.25	7.25
	ii) Mr. S. Madhavan	3.75	6.00
6	<u>Salary of Company Secretary</u>		
A	Ms. Urmi Shah	12.39	11.93
7	<u>Fellow Subsidiaries</u>		
A	Valuable Digital Screens Private Limited		
	i) Loan given	-	1,865.00
	ii) Interest income	61.84	373.18
	iii) Repayment of Loan	3,870.00	-
	iv) Repayment of Loan on Interest	803.80	-

## 3. Balance outstanding at the year end

Sr.No	Particulars	Rs. in lacs	
		March 31, 2020 Rupees	March 31, 2019 Rupees
1	<u>Holding Company</u>		
A	UFO Moviez India Limited		
	i) Amount payable	324.74	487.13
	ii) Security deposit given	349.38	349.38
	iii) Security deposit received	3.40	3.64
2	<u>Subsidiaries Companies</u>		
A	Performance guarantee given on behalf of subsidiaries		
	i) Scrabble Entertainment (Mauritius) Limited	-	3,458.57
	ii) Scrabble Entertainment DMCC (erstwhile known as Scrabble Entertainment JLT)	-	3,458.57
	iii) Scrabble Entertainment (Mauritius) Ltd & Scrabble Entertainment DMCC (erstwhile known as Scrabble Entertainment JLT)	-	13,834.26
B	Scrabble Digital Limited		
	i) Amount receivable	-	1.51
	ii) Amount Payable	84.10	273.84
	iii) Security deposit received	5.27	0.55
	iv) Unbilled Expenses	152.39	-
3	<u>Associate of the Company</u>		
A	i) Scrabble Ventures LLC		
	a) Performance guarantee given on behalf of associate	-	3,458.57
4	<u>Key managerial personnel</u>		
A	Valuable Media Private Limited		
	i) Amount Receivable	0.20	-
	ii) Security deposit payable	0.12	-
5	<u>Fellow subsidiaries</u>		
A	Loan given		
	i) Valuable Digital Screens Private Limited	-	3,870.00
	ii) Interest receivable	-	748.14

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. Outstanding balances at year the year-end are unsecured.

## Compensation of key management personnel of the Company:

Particulars	Rs. in lacs	
	March 31, 2020 Rupees	March 31, 2019 Rupees
Short Term employee benefits	12.39	71.77

\*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 for the year ended March 31, 2020

31. Capital and other commitments		Rs. in lacs
Particulars	March 31, 2020 Rupees	March 31, 2019 Rupees
Capital commitments	-	-
(estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances))	-	-
Other Commitments	50.65	4.75
	<u>50.65</u>	<u>4.75</u>

32. Contingent liabilities		Rs. in lacs
Particulars	March 31, 2020 Rupees	March 31, 2019 Rupees
<b>Performance guarantees issued by the Company on behalf of Subsidiary</b>		
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. (March 31, 2020 : USD Nil and March 31, 2019: USD 35 Mn) (refer note i below)	-	24,209.96
	<u>-</u>	<u>24,209.96</u>

**Notes:**

i) The following performance guarantees are outstanding as on March 31, 2019.

a) 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.

b) US\$ 5 Mn to a studio on behalf of Scrabble Entertainment DMCC.

c) US\$ 5 Mn to a studio on behalf of Scrabble Entertainment Mauritius Ltd.

d) US\$ 5 Mn to a studio on behalf an associate of a subsidiary.

The above does not include all other obligations resulting from customer claims, legal pronouncements having financial impact in respect of which the Company generally performs the assessment based on the external legal opinion and the amount of which cannot be reliably estimated.

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

Under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED') which came in to force from October 2, 2006, certain disclosures are required to be made relating to dues to Micro and Small enterprises. On the basis of information and records available with the Management, the following disclosures are made for the amounts due to Micro and Small enterprises:

Particular	March 31, 2020	March 31, 2019
Principal amount due and remaining unpaid	-	-
Interest due on above and the unpaid interest	-	-
Interest paid	-	-
Payment made beyond the appointed day during the year	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaining due and payable in succeeding years	-	-

**34. 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, 2020 were as follows:

Particulars	Amortised cost*	Fair value through other comprehensive income	Fair value through profit or loss	Total carrying value	Hierarchy
<b>Financial Assets</b>					
Cash and cash equivalents	91.59	-	-	91.59	Level 1
Trade Receivables	1,395.73	-	-	1,395.73	
Loans	409.39	-	-	409.39	
Investments in other securities	-	-	2,106.53	2,106.53	
Investments in subsidiaries	3,590.21	-	-	3,590.21	
Other Financial assets	7.53	-	-	7.53	
<b>Total</b>	<b>5,494.45</b>	<b>-</b>	<b>2,106.53</b>	<b>7,600.98</b>	
<b>Financial Liabilities</b>					
Trade Payables	1,629.51	-	-	1,629.51	
Other financial liabilities	919.72	-	-	919.72	
<b>Total</b>	<b>2,549.23</b>	<b>-</b>	<b>-</b>	<b>2,549.23</b>	

Details for the year ended March 31, 2019 are as follows:

Particulars	Amortised cost*	Fair value through other comprehensive income	Fair value through profit or loss	Total carrying value	Hierarchy
<b>Financial Assets</b>					
Cash and cash equivalents	142.57	-	-	142.57	Level 1
Other Bank Balance	-	-	-	-	
Trade Receivables	1,582.40	-	-	1,582.40	
Loans	4,282.05	-	-	4,282.05	
Investments in other securities	-	-	1,967.63	1,967.63	
Investments in subsidiaries	3,590.21	-	-	3,590.21	
Other Financial assets	801.28	-	-	801.28	
<b>Total</b>	<b>10,398.51</b>	<b>-</b>	<b>1,967.63</b>	<b>12,366.14</b>	
<b>Financial Liabilities</b>					
Trade Payables	2,623.74	-	-	2,623.74	
Other financial liabilities	1,472.27	-	-	1,472.27	
<b>Total</b>	<b>4,096.01</b>	<b>-</b>	<b>-</b>	<b>4,096.01</b>	

\* The Company considers that the carrying amounts of these financial instruments recognised in the financial statements approximates its fair values.

There have been no transfers between Level 1 and Level 2 during the year ended March 31, 2020 and March 31, 2019.

**35. Financial Risk Management -Objectives and policies**

The Company's financial liabilities comprise mainly of borrowings, trade payables, other payables and Corporate guarantees. The Company's 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 and derivative financial instruments.

**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 portfolio of fixed and variable rate loans and borrowings wherever feasible. The Company does not have borrowings therefore is not exposed to interest rate risk.

**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.

	Rs. in lacs	
Outstanding foreign Currency Exposure as at	March 31, 2020	March 31, 2019
Export Debtors	67.80	112.60
USD	0.90	1.63
Import Creditors	64.77	19.88
USD	0.86	0.29
Advance from customers	37.51	34.42
USD	0.50	0.50
Cash Balances	0.70	0.64
USD	0.06	0.06
		-
		-

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

Particulars		
1% increase in foreign exchange rate :	(0.34)	0.59
1% (decrease ) in foreign exchange rate:	0.34	(0.59)

**2. Credit Risk :**

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limit and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approval for credit.

Financial instruments that are subject to concentration of credit risk principally consist of trade receivables, unbilled revenue, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets.

**Exposure to credit risk:**

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit risk exposure to credit risk was Rs 1,497.94 lacs and Rs 2,729.26 lacs as at March 31, 2020 and March 31, 2019 respectively as per the table below.

Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed by the Company by continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business.

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks with high credit ratings assigned by international credit rating agencies.

	Rs. in lacs	
Particulars	March 31, 2020	March 31, 2019
Balance with Banks including bank deposits	97.86	194.61
Trade Receivables	1,395.73	1,582.40
Unbilled revenue	4.35	203.84
Other financial assets	-	748.51
Total	1,497.94	2,729.36

Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed by the Company by continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business.

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks with high credit ratings assigned by international credit rating agencies.

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables and unbilled revenue, which are typically unsecured and are derived from revenue from customers. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of the customers to which the Company grants credit terms in the normal course of business. The Company uses the expected credit loss model to assess any required allowances, and uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. This matrix takes into account credit reports and other related credit information to the extent available. Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and liquid mutual fund unit with financial institutions with high ratings assigned by international and credit rating agencies. None of the other financial assets of the Company result in material concentration of credit risk.

The Company basis their assessment believes that the probability of the occurrence of their forecasted transactions is not impacted by COVID-19 pandemic. The Company has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing risk pertaining to financial assets. The Company continues to believe that there is no impact on such assets.



**3. Liquidity risk**  
Liquidity risk is the risk that 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 table below analyses financial liabilities of the Company into relevant maturity 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	Less than 1 year	Between 1 to 5 years	Over 5 years	Total
<b>At March 31, 2020</b>				
Lease liabilities	87.80	254.68	-	342.48
Trade Payables	1,629.51	-	-	1,629.51
Other financial liabilities	430.49	489.23	-	919.72
<b>At March 31, 2019</b>				
Trade Payables	2,623.74	-	-	2,623.74
Other financial liabilities	873.38	598.88	-	1,472.26

The movement in contract assets and contract liabilities from contracts with customers:

The movement in contract assets and contract liabilities from contracts with customers:		Rs. in lacs
Contract assets (unbilled receivables)	March 31, 2020	March 31, 2019
Opening balance	203.84	236.73
Less: Invoices raised for revenue recognised during the previous year	(203.36)	(214.09)
Add: increase due to invoices not raised for revenue recognised during the year	3.87	181.20
<b>Closing balance</b>	<b>4.35</b>	<b>203.84</b>

	Rs. in lacs	
	March 31, 2020	March 31, 2019
<b>Contract Liabilities (advance or deferred income)</b>		
Opening balance	213.22	229.92
Less: revenue recognised that was included in the unearned and deferred revenue at the beginning of the year	(86.34)	(60.10)
Add: invoices raised for which no revenue is recognised during the year	54.16	43.39
<b>Closing balance</b>	<b>181.04</b>	<b>213.21</b>

The Company receives payments from customers based upon contractual billing schedules. Accounts receivable are recorded when the right to consideration becomes unconditional. Contract assets includes amounts related to our contractual right to consideration for completed performance objectives not yet invoiced and deferred contract acquisition costs, which are amortized along with the associated revenue. Contract liabilities include payments received in advance of performance under the contract, and are realized with the associated revenue recognized under the contract.

Particulars	March 31, 2020	March 31, 2019
Revenue from contracts with customers (as per Statement of profit and loss)	5,968.63	8,128.68
Add: Discounts, rebates, refunds, credits, price concessions	-	-
Less / Add: Deferred and unbilled revenue adjustments	(231.67)	(49.60)
Add: Allocation of transaction price from bundled contracts	-	-
<b>Contracted price with the customers</b>	<b>5,736.96</b>	<b>8,079.08</b>

The Company does not have revenue from individual customer exceeding 10% of total revenue

In accordance with the practical expedient in Para 63 of Ind AS 115, the Company has not adjusted the promised amount of consideration for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the Company transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

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, 2020 and March 31, 2019.

(a) Dividend on equity shares

Particulars	March 31, 2020	March 31, 2019
Proposed dividend on equity shares for the year ended on March 31, 2020: Rs Nil per share (March 31, 2019: Rs 600 per share)	-	4,610.32
Distribution tax on proposed dividend	-	947.67
	-	5,557.99

Proposed dividend :

Proposed dividends on equity shares, which are subject to approval at the annual general meeting are not recognised as a liability (including Dividend Distribution Tax thereon) in the year in which it is proposed.



**Scrabble Entertainment Limited**

Notes to financial statements for the year ended March 31, 2020

**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:

During the year ended March 31, 2020, the Company has spent Rs 78.34 lacs on education and women empowerment with a prime emphasis on the rural areas.

Particulars	Rs. in lacs	
	March 31, 2020	March 31, 2019
Gross amount required to be spent	78.34	81.18
Amount spent during the year (refer note 23)	78.34	-
Balance unspent during the year	-	81.18

**40. Details of Loans given, Investment made and Guarantee give covered u/s 186(4) of the Companies Act, 2013.**

Investment made are given under the respective head (Refer Note 4)

Details of loan given						Rs. in lacs
Sr. No.	Name of the loanee	Rate of interest	31 March 2018	Given during the year	Repayment during the year	31 March 2019
1	Valuable Digital Screens Pvt Ltd*	9.50% to 12.50%	2,005.00	1,865.00	-	3,870.00
			2,005.00	1,865.00	-	3,870.00

\* maximum amount outstanding during the year ended March 31, 2019 : Rs 3,870 lacs

Details of loan given						Rs. in lacs
Sr. No.	Name of the loanee	Rate of interest	31 March 2019	Given during the year	Repayment during the year	31 March 2020
1	Valuable Digital Screens Pvt Ltd*	9.50% to 12.50%	3,870.00	-	3,870.00	-
			3,870.00	-	3,870.00	-

The loan given to the above mentioned subsidiaries is repayable on demand and carries an interest @ 12% per annum for purpose of working capital requirement for new exhibition business.

**41. Impact of Covid-19**

The World Health Organization (WHO) declared the COVID-19 outbreak a global pandemic on March 11, 2020. Economic activity in India started getting impacted from March 11, 2020, when COVID-19 started to spread. Cinemas were the first to be impacted by COVID-19 and they started shutting down in accordance with the orders passed by various regulatory authorities and in a few days, all Cinemas across India were temporary shutdown. Consequent to this, as social distancing was the only way to stop the spread of COVID-19, the Government of India declared a nationwide lockdown that came into effect from March 25, 2020, impacting all non-essential activity.

The management of the Company has carried out a financial review of the COVID-19 impact on the business and financial risks based on information available in the public domain on the economic outlook, Governments measures and GDP growth estimates. Since cinemas have remained shut and the Company is in the business of monetizing in-cinema advertising inventory and providing digital cinema services to cinemas, the operations of the Company have remained shut since the mid of March 2020, severely impacting its revenues and profitability. The management believes that COVID-19 will severely impact the business in the short-term but it does not anticipate material risk to its business prospects over the medium to long term. Management has carried out an assessment of the appropriateness of going-concern, impairment of assets and other related aspects, and as on the date of approval of these financial results, it believes that there is no significant impact. However, the Company will continue to monitor the impact on account of changes in future economic conditions. The outcome of the impact of the COVID-19 pandemic may differ from those estimated as on the date of approval of these financial results.

On account of COVID-19, the management has taken the following measures to mitigate any adverse impact on the business, which inter alia includes:

- Reduction in fixed overheads for the period of the lockdown
- Reduction in salaries at various levels across the organization

Re-opening of the Company's operations fully depends on the reopening of cinemas. The Government vide its Order [Guidelines for Phased Re-opening (Unlock 1) [As per Ministry of Home Affairs (MHA) Order No. 40-3/2020-DM-1(A) dated 30th May 2020] has stated that Cinemas will be allowed to open in the third phase of re-opening but the date of cinemas reopening is uncertain at this point in time and will be decided based on the assessment of the situation. Given this uncertainty, these cost optimization measures will help the Company to conserve cash to sustain this phase until cinemas re-open.

The accompanying notes 1 to 41 are an integral part of the financial statements.

As per our report of even date attached

For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No. 101248W/W-100022

Rajesh Mehra  
Partner  
Membership No. 103145

For and on behalf of the board of directors of  
Scrabble Entertainment Limited  
CIN : U92190MH2008PLC178456

Kapil Agarwal  
Director  
DIN No.: D0024378

Sushil Agrawal  
Director  
DIN No.: 00003163

Urmil Shah  
Company Secretary  
Membership No.: A25458

Mumbai : Mumbai  
Date: June 22, 2020