

INDEPENDENT AUDITOR'S REPORT

To the Members of Southern Digital Screenz India Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Southern Digital Screenz India Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.



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Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, its profit, and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016;
 - (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 28 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Southern Digital Screenz India Private Limited

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- iv. The Company has provided requisite disclosures in Note 32 to these financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004


per Govind Ahuja

Partner

Membership Number: 48966



Place of Signature: Mumbai

Date: May 17, 2017

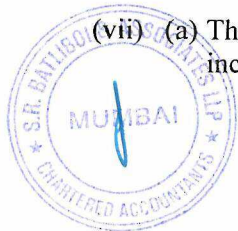
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Annexure 1 to the Independent Auditors' Report

Re: Southern Digital Screenz India Private Limited ("the Company")

Referred to in Paragraph 1 under the heading "Report on Other Legal & Regulatory Requirement" of our report of even date

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirement under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) (a) The Company has granted a loan that is re-payable on demand, to a company covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loan is not prejudicial to the Company's interest.
- (b) The Company has granted a loan that is re-payable on demand, to a company covered in the register maintained under section 189 of the Act. We are informed that the Company has not demanded repayment of such loan and interest during the year, and thus, there has been no default on the part of the party to whom the money has been lent.
- (c) There are no amount of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Act, which are overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 186 of the Act in respect of loans and advances given, investments made and guarantees given, have been complied with by the Company. The provision of section 185 of the Act, in respect of loans to directors including entities in which they are interested and provisions of section 186 of the Act with respect to securities given are not applicable to the Company and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Act, for the services of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, income-tax, sales-tax, service tax, value



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added tax, cess and other material statutory dues applicable to it. The provisions relating to custom duty and excise duty are not applicable to the Company.

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

Nature of the Statute	Nature of Dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Kerala VAT Act, 2003	Value Added Tax	984,323	2011-12	Deputy Commissioner (Appeals)
Finance Act, 1994	Service Tax	4,433,557	2010-11 to 2013-14	Custom, Excise and Service Tax Appellate Tribunal

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

- (viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.
- (ix) According to the information and explanations given by management, the Company has not raised money by way of initial public offer or further public offer (including debt instruments) or term loans. Accordingly, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

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- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm's Registration Number: 101049W/E300004


per Govind Ahuja

Partner

Membership Number: 48966



Place: Mumbai

Date: May 17, 2017

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Annexure 2 to the Independent Auditor's Report of even date on the standalone financial statements of Southern Digital Screenz India Private Limited

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

To the Members of Southern Digital Screenz India Private Limited

We have audited the internal financial controls over financial reporting of Southern Digital Screenz India Private Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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



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Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004


per **Govind Ahuja**

Partner

Membership Number: 48966

Place of Signature: Mumbai

Date: May 17, 2017



Southern Digital Screenz India Private Limited

Balance sheet as at 31st March 2017

	Notes	March 31, 2017 Rs.	March 31, 2016 Rs.
Equity and liabilities			
Shareholder's fund			
Share capital	3	215,488,330	215,488,330
Reserves and surplus	4	94,677,841	36,477,935
		310,166,171	251,966,265
Non-current liabilities			
Long-term provisions	5	561,832	346,450
		561,832	346,450
Current liabilities			
Trade payables	6	49,120,766	35,926,804
Other liabilities	6	29,538,463	22,443,680
Short-term provisions	5	3,733,839	3,204,621
		82,393,068	61,575,105
TOTAL		393,121,071	313,887,820
Assets			
Non-current assets			
Fixed Assets			
Property, plant and equipment	7	11,022,931	6,791,822
Intangible assets	7	17,344,651	21,341,365
Deferred tax asset (net)	8	12,206,478	13,175,262
Long-term loans and advances	9	52,899,791	82,423,700
		93,473,851	123,732,149
Current assets			
Current investments	10	120,000,000	120,000,000
Trade receivables	11	8,262,436	15,371,411
Cash and bank balances	12	77,608,990	35,001,696
Short-term loans and advances	9	87,022,326	19,260,795
Other current assets	13	6,753,468	521,769
		299,647,220	190,155,671
TOTAL		393,121,071	313,887,820

Summary of significant accounting policies 2.1

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

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/ E 300004

per Govind Ahuja

Partner

Membership No.: 48966

Place of signature: Mumbai

Date: 17 May, 2017



For and on behalf of the board of directors of

Southern Digital Screenz India Private Limited

Rajesh Mishra

Whole time Director

Place of signature: Mumbai

Date: 17 May, 2017

Lavanya Nandakumar

Sr. AVP- Accounts & Company Secretary

Place of signature: Mumbai

Date: 17 May, 2017

Ashish Malushte

Director

Place of signature: Mumbai

Date: 17 May, 2017

Southern Digital Screenz India Private Limited

Statement of profit and loss for the year ended March 31, 2017

	Notes	March 31, 2017 Rs.	March 31, 2016 Rs.
Income			
Revenue from operations	14	565,400,670	623,856,083
Other operating income	15	2,536,178	4,989,947
Other income	16	1,573,856	1,298,464
Total revenue (I)		569,510,704	630,144,494
Expenses			
Employee benefits expenses	17	31,733,188	27,307,098
Operating and other expenses	18	446,980,479	474,330,502
Total expenses (II)		478,713,667	501,637,600
Earnings before interest, tax, depreciation and amortization (EBITDA) (I)- (II)		90,797,037	128,506,894
Depreciation and amortisation expenses	7	9,267,537	7,329,322
Finance cost	19	-	28,997
Finance income	20	(9,723,694)	(7,935,759)
Profit before tax		91,253,194	129,084,334
Tax expense			
Current tax		32,084,504	48,700,000
Deferred tax		968,784	(2,804,179)
Tax expense		33,053,288	45,895,821
Profit for the period		58,199,906	83,188,513
Earnings per equity share [nominal value of share Rs.10 (March 31, 2016 : Rs.10)]			
Basic	21	13.54	19.35
Diluted		11.33	16.96

Summary of significant accounting policies 2.1

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

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/ E 300004

per Govind Ahuja

Partner

Membership No.: 48966

Place of signature: Mumbai

Date: 17 May, 2017



For and on behalf of the board of directors of

Southern Digital Screenz India Private Limited

Rajesh Mishra
Rajesh Mishra

Whole time Director

Place of signature: Mumbai

Date: 17 May, 2017

Lavanya Nandakumar
Lavanya Nandakumar

Sr. AVP- Accounts & Company Secretary

Place of signature: Mumbai

Date: 17 May, 2017

Ashish Malushte
Ashish Malushte

Director

Place of signature: Mumbai

Date: 17 May, 2017

Southern Digital Screenz India Private Limited

Cash flow statement for the year ended March 31, 2017

	March 31, 2017	March 31, 2016
	Rs.	Rs.
Cash flow from / (used in) operating activities		
Profit before tax	91,253,194	129,084,334
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation	9,267,537	7,329,322
Loss on sale of fixed assets	(16,842)	-
Provision for bad debts	258,696	-
Provision for doubtful debts reversed	-	(288,944)
Provision for input tax credit	-	5,885,106
Provision for gratuity	1,078,947	772,110
Provision for compensated absence	472,425	319,933
Liabilities written back	(2,536,178)	(4,701,003)
Bad debt write off	380,444	383,718
Interest expense	-	28,997
Interest income	(9,723,694)	(7,935,759)
Operating profit before working capital changes	90,434,529	130,877,814
Movements in working capital:		
Increase/ (decrease) in trade payables	13,193,962	(4,394,675)
Increase/ (decrease) in long-term provisions	(863,565)	(738,454)
Increase/ (decrease) in short-term provisions	2,592,971	4,657,448
Increase/ (decrease) in other current liabilities	7,094,783	(2,934,742)
Decrease/ (increase) in trade receivables	6,469,836	(10,864,987)
Decrease/ (increase) in long-term loans and advances	20,419,409	15,296,621
Decrease/ (increase) in short-term loans and advances	238,469	(6,038,979)
Decrease/ (increase) in other current assets	(2,085,006)	14,804,041
Cash generated from operations	137,495,388	140,664,088
Direct taxes paid (net of refunds)	(22,980,004)	(45,412,115)
Net cash flow from operating activities (A)	114,515,384	95,251,973
Cash flow from/ (used in) investing activities		
Purchase of fixed assets, including capital work-in- progress and capital advances	(9,617,717)	(6,441,275)
Proceeds from sale of fixed assets	132,626	-
Bank deposits placed (having remaining maturity of more than 3 months)	(100,863,901)	(101,269,657)
Loan given to related party	(68,000,000)	-
Redemption/ maturity of bank deposits (having remaining maturity of more than 3 months)	56,676,808	129,813,716
Investment in mutual funds	-	(120,000,000)
Interest received	5,577,001	8,287,200
Net cash flow used in investing activities (B)	(116,095,182)	(89,610,016)
Cash flow from/ (used in) financing activities		
Repayment of borrowings	-	(338,719)
Interest paid	-	(28,997)
Net cash flow used in financing activities (C)	-	(367,716)
Net increase in cash and cash equivalents (A+B+C)	(1,579,798)	5,274,241
Cash and cash equivalents at the beginning of the period	8,825,636	3,551,395
Cash and cash equivalents at the end of the period (Refer note 12)	7,245,837	8,825,636

Summary of significant accounting policies

2.1

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

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/ E 300004

per Govind Abuja

Partner

Membership No.: 48966

Place of signature: Mumbai

Date: 17 May, 2017



For and on behalf of the board of directors of
Southern Digital Screenz India Private Limited

Rajesh Mishra

Whole time Director

Place of signature: Mumbai

Date: 17 May, 2017

Lavanya Nandakumar

Sr. AVP- Accounts & Company Secretary

Place of signature: Mumbai

Date: 17 May, 2017

Ashish Malushte

Director

Place of signature: Mumbai

Date: 17 May, 2017

1. Corporate information

Southern Digital Screenz India Private Limited ('the Company') is a company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is engaged in the business of providing digital cinema services. The Company is subsidiary of UFO Moviez India Limited.

2. Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standard 25 notified under Section 133 of the Companies Act 2013 ('the Act'), read together with paragraph 7 of the Companies (Accounts) Rules 2014 and Companies (Accounting Standards) Amendments Rules, 2016. The financial statements have been prepared under the historical cost convention on an accrual basis.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Statement of Significant Accounting Policies

(a) Use of estimates

The preparation of financial statements in conformity with the Indian GAAP requires management to make judgment, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material change in the adjustment to the accounting amounts of assets or liabilities in the future periods.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and impairment losses if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

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

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

(c) Depreciation on property, plant and equipment

Depreciation on Property, plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management.



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

	Years of useful life
Plant & Machinery	6
Computer	3
Furniture and Fixtures	6
Office Equipments	5
Vehicles	5

Except computer and office equipments, useful lives of above fixed assets are different from those prescribed under schedule II. These rates are based on evaluation of useful life by internal technical expert.

Lease hold improvements are written off over the period of lease or over a period of 4 years, whichever is less.

(d) Intangible assets

Non compete fee paid is amortised using the straight line method over a period of 10 years. Non compete fee is carried at cost less accumulated amortization and accumulated impairment loss, if any.

(e) Impairment of tangible and intangible fixed assets

The carrying amounts of assets are reviewed at each reporting date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

(f) Leases

Where the Company is the lessee

Leases in which the Company does not transfer intentionally all the risks and benefits of the ownership of the asset are classified as operating leases. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of profit and loss account on a straight-line basis over the lease term.

Where the Company is the lessor

Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss



(g) Investments

Investments which are readily realizable and intended to be held not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on individual investment basis. Long-term investments are carried at cost. However, provision for diminution is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss account.

(h) Borrowing cost

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings extent they are regarded as an adjustment to the interest cost.

(i) Revenue recognition

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

Income from Services

- Virtual print fee received from distributors of the films are recognized in the period in which the services are rendered.
- Advertisement income is recognized in the period during which advertisement is displayed.
- Registration fee is recognized in the period in which it is received.
- Lease income towards leasing of digital cinema equipments is recognized as per the terms of the agreement on straight line basis over the lease term.

The Company collects service tax and value added taxes (VAT) on behalf of the Government and therefore these are not economic benefits raising to the company. Hence they are excluded from revenue.

Interest income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "Other income" in the statement of profit and loss.



(j) Foreign currency translation

Foreign currency transactions and balances:

(i) Initial recognition

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

(ii) Conversion

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

(iii) Exchange differences

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

(k) Retirement and other benefits

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

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation. Actuarial gains/ losses are immediately taken to the statement of profit and loss and are not deferred.

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

(l) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.



Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is “virtual certainty” (as defined in Accounting Standard 22) supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or “virtually certain”, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or “virtually certain”, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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

(m) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends 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 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) Cash and cash equivalents

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



(o) Provisions

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

(p) Contingent liability

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

(q) Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act 1956, which is equally applicable to schedule III of 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/(loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, finance costs, finance income and tax expense.



Southern Digital Screenz India Private Limited

Notes to financial statements for the year ended March 31, 2017

3. Share Capital

	March 31, 2017 Rs.	March 31, 2016 Rs.
Authorised shares		
8,000,000 (March 31, 2016 : 8,000,000) equity shares of Rs 10/- each	80,000,000	80,000,000
1,800,000 (March 31, 2016: 1,800,000) 10% optionally convertible preference shares of Rs 100/- each	180,000,000	180,000,000
	260,000,000	260,000,000
Issued, subscribed and fully paid up shares		
4,298,833 (March 31, 2016 : 4,298,833) equity shares of Rs. 10/- each	42,988,330	42,988,330
1,725,000 (March 31, 2016: 1,725,000) 10% optionally convertible preference shares of Rs 100/- each	172,500,000	172,500,000
Total issued, subscribed and fully paid up share capital	215,488,330	215,488,330

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

Equity shares

	March 31, 2017		March 31, 2016	
	Number	Rs.	Number	Rs.
At the beginning of the period	4,298,833	42,988,330	4,298,833	42,988,330
Outstanding at the end of the period	4,298,833	42,988,330	4,298,833	42,988,330

10% Optionally convertible preference shares

	March 31, 2017		March 31, 2016	
	Number	Rs.	Number	Rs.
At the beginning of the period	1,725,000	172,500,000	1,725,000	172,500,000
Outstanding at the end of the period	1,725,000	172,500,000	1,725,000	172,500,000

(b) Shares held by holding Company

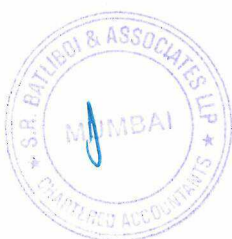
Out of equity and preference shares issued by the Company, shares held by its holding company are as below:

	March 31, 2017 Rs.	March 31, 2016 Rs.
UFO Moviez India Limited - the holding company		
4,298,833 (March 31, 2016: 3,618,716) equity shares of Rs.10/- each fully paid	42,988,330	36,187,160
1,725,000 (March 31, 2016: 1,725,000) 10% Optionally convertible preference shares of Rs.100/- each fully paid	172,500,000	172,500,000

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

Name of the shareholder	As at March 31, 2017		As at March 31, 2016	
	No. of shares held	% holding in the class	No. of shares held	% holding in the class
Equity shares of Rs.10 each fully paid				
Usman Faheed	-	-	405,000	9.42
UFO Moviez India Limited	4,298,833	100.00	3,618,716	84.18
10% Optionally convertible preference shares of Rs.100 each fully paid				
UFO Moviez India Limited	1,725,000	100.00	1,725,000	100.00

As per records of the Company the above shareholding represents both legal and beneficial ownership of shares.



Southern Digital Screenz India Private Limited

Notes to financial statements for the year ended March 31, 2017

(d) Terms/ rights attached to equity shares

Voting Rights:

The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per equity share.

Rights as to Dividend

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

During the year ended 31 March, 2017, the amount of per share dividend recognized as distributions to equity shareholders was nil (31 March 2016: nil)

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

The following rights and restrictions have been expired as UFO Moviez India Limited acquired 100% of share capital of the company in June 2016.

Pre-emptive Right:

In the event the Company proposes to issue securities of any type or class to any Person (the "Proposed Recipient"), then UFO Moviez India Limited (Investor) have a right to subscribe to the issue on a pro-rata basis on the same terms in proportion to their shareholding in the Company such that their shareholding is maintained at the same level prior to such issue

Further Issue and Right to Renounce

In the event the Company issues any further securities, each shareholder has the right to subscribe to such issue in their pro-rata shareholding on terms as determined by the Board and terms as specified in the Articles of Association. In the event a shareholder does not subscribe to its relevant proportion of shares, then the other shareholders have a right to subscribe to all or a portion of the unsubscribed shares. Each shareholder has the right to renounce the securities offered above in favour of their affiliates as defined in the AOA

Promoter's Option

Upon the occurrence option trigger as described in the AOA, Mr. Usman Fayaz, Mr. Usman Faheed and Ms. Zubetha Begam (collectively known as 'the Promoters') have an option to stock options as specified in the AOA.

Right of First Offer, Tag Along Rights and Transfer to Third Party

In the event the Promoters propose to transfer any securities to a third person shall first offer, by written notice, to the Investors. The Investors shall have the right to exercise certain tag along rights in case the Promoters propose to transfer securities to any third party subject to certain specified conditions as described in the AOA.

Termination of Rights:

The right of the Investors shall terminate as to a Shareholder (together with its Affiliates) in the event of certain conditions specified in the AOA of the Company.

Other Rights:

The Investor and the Promoters have a right to appoint their representatives on the Board of Directors of the Company. The Investor directors are entitled to be appointed to all committees and sub-committees subject to certain specified terms and conditions as mentioned in the AOA. The Investors are entitled to certain specified information and access rights as mentioned in the AOA.

Certain specified reserved matters such as change in the share capital of the Company, material related party transactions, raising of debt, declaration of dividends, change in senior management including key business matters requires the consent of the Investor.

The Investor and the Promoters have a right to appoint their representatives on the Board of Directors of the Company. The Investor directors are entitled to be appointed to all committees and sub-committees subject to certain specified terms and conditions as mentioned in the AOA. The Investors are entitled to certain specified information and access rights as mentioned in the AOA.

Certain specified reserved matters such as change in the share capital of the Company, material related party transactions, raising of debt, declaration of dividends, change in senior management including key business matters requires the consent of the Investor.

(e) Terms of conversion/ redemption of 10% Optionally Convertible Preference Shares

Each holder of preference shares is entitled to one vote per share only on resolutions placed before the Company which directly affect the rights attached to the preference shares.

Investor can convert Optionally Convertible Preference Share into such number of Equity shares of Rs.10 each based on the then prevailing fair market price and/or redemption of Optionally Convertible Preference Share from commencement of 5th year till the end of the 7th year at the terms and conditions as may be decided by the Investor.



Southern Digital Screenz India Private Limited

Notes to financial statements for the year ended March 31, 2017

4. Reserves and surplus

	March 31, 2017	March 31, 2016
	Rs.	Rs.
Securities premium account		
Balance as per the last financial statements	142,274,145	142,274,145
Closing Balance	142,274,145	142,274,145
Deficit in the statement of profit and loss		
Balance as per last financial statements	(105,796,210)	(188,984,723)
Profit for the year	58,199,906	83,188,513
Net deficit in the statement of profit and loss	(47,596,304)	(105,796,210)
Total reserves and surplus	94,677,841	36,477,935

5. Provisions

	Long-term		Short-term	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	Rs.	Rs.	Rs.	Rs.
Provision for employee benefits				
Provision for gratuity (refer note 22)	561,832	346,450	863,565	782,317
Provision for compensated absences	-	-	1,853,249	1,405,279
Others				
Provision for indirect taxes	-	-	1,017,025	1,017,025
Total provisions	561,832	346,450	3,733,839	3,204,621

(i) The table below gives information about movement in provision for indirect taxes

	March 31, 2017	March 31, 2016
	Rs.	Rs.
At the beginning of the period	1,017,025	1,017,025
Arising during the period	-	-
Written back during the period	-	-
At the end of the period	1,017,025	1,017,025

6. Other liabilities

	Current	
	March 31, 2017	March 31, 2016
	Rs.	Rs.
Trade payables (Refer note 29 for details of micro and small enterprises)	49,120,766	35,926,804
Others		
Advance from customers	25,872,918	19,428,359
Security deposit from related parties (refer note 26)	550,925	550,925
Security deposit received	293,944	-
Salary and reimbursements payable	235,315	123,659
Statutory dues		
Employee related statutory dues	178,032	161,513
Tax deducted at source payable	2,328,576	2,089,576
Other taxes payable	78,753	89,648
Total other current liabilities	29,538,463	22,443,680
	78,659,229	58,370,484



Southern Digital Screensz India Private Limited

Notes to financial statements for the year ended March 31, 2017

7. Tangible and intangible Assets

Particulars	Computers	Plant and	Furniture and	Vehicles	Office	Leasehold	Total	Intangible Assets	Total
Cost or valuation									
1 April 2015	2,512,158	592,296	2,573,525	3,487,788	2,669,897	7,038,598	18,874,262	40,000,000	58,874,262
Additions	316,866	-	433,321	-	587,969	1,620,642	2,958,798	-	2,958,798
Disposals	-	-	-	-	-	-	-	-	-
At 31 March 2016	2,829,024	592,296	3,006,846	3,487,788	3,257,866	8,659,240	21,833,060	40,000,000	61,833,060
Additions	267,400	-	651,098	700,000	1,037,121	6,962,098	9,617,717	-	9,617,717
Disposals	-	-	-	(265,745)	(109,699)	-	(375,444)	-	(375,444)
Adjustments	-	-	-	-	-	-	-	-	-
At 31 Mar 2017	3,096,424	592,296	3,657,944	3,922,043	4,185,288	15,621,338	31,075,333	40,000,000	71,075,333
Depreciation									
1 April 2015	1,990,772	592,296	1,738,080	1,885,637	1,119,206	4,393,588	11,719,579	14,650,971	26,370,550
Charge for the year	390,835	-	309,527	424,250	639,991	1,557,055	3,321,658	4,007,664	7,329,322
Disposals	-	-	-	-	-	-	-	-	-
At 31 March 2016	2,381,607	592,296	2,047,607	2,309,887	1,759,197	5,950,643	15,041,237	18,658,635	33,699,872
Charge for the year	311,834	-	562,758	525,149	792,372	3,078,710	5,270,824	3,996,714	9,267,538
Disposals	-	-	-	(185,658)	(74,001)	-	(259,658)	-	(259,658)
At 31 Mar 2017	2,693,441	592,296	2,610,365	2,649,378	2,477,569	9,029,353	20,052,402	22,655,349	42,707,751
Net Block									
At 31 March 2016	447,417	-	959,239	1,177,901	1,498,669	2,708,597	6,791,823	21,341,365	28,133,188
At 31 March 2017	402,983	-	1,047,579	1,272,665	1,707,719	6,591,985	11,022,931	17,344,651	28,367,582



Southern Digital Screenz India Private Limited

Notes to financial statements for the year ended March 31, 2017

8. Deferred tax assets (net)

	(In Rs.)	
	March 31, 2017	March 31, 2016
Deferred tax assets		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortisation for the financial reporting	4,010,463	3,344,851
Effect of expenditure debited to statement of profit and loss account in the current year but allowed for tax purposes in following years	2,236,355	1,736,222
Provision for doubtful debts and advances	5,959,659	8,094,189
Gross deferred tax assets	12,206,479	13,175,262

9. Loans and advances

(Unsecured, considered good unless stated otherwise)

	Non-current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	Rs.	Rs.	Rs.	Rs.
Capital advances	-	3,482,477	-	-
Security Deposit	3,171,793	2,659,238	-	-
Advances recoverable in cash or kind for value to be received				
Considered good	-	-	83,906	241,105
Considered doubtful	16,193,889	22,079,008	-	-
	16,193,889	22,079,008	83,906	241,105
Provision for doubtful advances.	(16,193,889)	(22,079,008)	-	-
	-	-	83,906	241,105
Security deposit to related party (refer note 26)	652,714	1,137,610	-	-
Loan to related party (refer note 26 and 30)	-	-	68,000,000	-
Unamortised upfront and lease rental charges	13,199,167	32,022,911	18,823,682	18,823,682
Other loans and advances				
Advance income-tax [net of provision for taxation Rs. 81,050,000 (March 31, 2016: Rs 51,350,000)]	29,556,086	38,660,586	-	-
Prepaid expenses	-	-	114,738	169,008
Loans to employees	-	-	-	27,000
Balances with statutory / government authorities				
Considered good	6,320,031	4,460,878	-	-
Considered doubtful	1,465,752	1,465,752	-	-
	7,785,783	5,926,630	-	-
Less: Provision for doubtful balances	1,465,752	1,465,752	-	-
Net of provisions	6,320,031	4,460,878	-	-
Total loans and advances	52,899,791	82,423,700	87,022,326	19,260,795



Southern Digital Screenz India Private Limited

Notes to financial statements for the year ended March 31, 2017

10. Current investments

	March 31, 2017	March 31, 2016
	Rs.	Rs.
Current investments (valued at lower of cost or fair value, unless stated otherwise)		
Unquoted mutual funds		
1,936,961.59 (31 March 2016: 1,936,961.59) units of Reliance regular savings debt fund growth option	40,000,000	40,000,000
6,530,985.44 (31 March 2016 :6,530,985.44) units of HDFC corporate debt opportunities fund Growth option	80,000,000	80,000,000
Total current investments	120,000,000	120,000,000

Aggregate market value of investment in unquoted mutual funds units held by Company based on NAV declared on the balance sheet date by mutual fund is Rs.132,431,960/- (March 31, 2016: Rs 12,01,46,947).

11. Trade receivables (Unsecured)

	March 31, 2017	March 31, 2016
	Rs.	Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	231,228	158,240
Considered doubtful	1,026,577	1,309,194
	1,257,805	1,467,434
Provision for doubtful receivables	(1,026,577)	(1,309,194)
(A)	231,228	158,240
Other receivables		
Considered good	8,031,209	15,213,172
(B)	8,031,209	15,213,172
Total trade receivables	(A+B) 8,262,436	15,371,411

12. Cash and bank balances

	Current	
	March 31, 2017	March 31, 2016
	Rs.	Rs.
Cash and cash equivalents		
Balances with banks:		
– on current accounts	7,137,337	8,637,200
cash on hand	108,500	188,436
	7,245,837	8,825,636
Other bank balances		
– Deposits with remaining maturity for less than 12 months	70,363,153	26,176,060
	70,363,153	26,176,060
Total cash and bank balances	77,608,990	35,001,696

13. Other assets

	Non-current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	Rs.	Rs.	Rs.	Rs.
Interest accrued but not due on fixed deposits	-	-	3,589,939	521,769
Interest accrued on loan to related party (refer note 26 and 30)	-	-	1,078,523	-
Unbilled revenue	-	-	2,085,006	-
Total other assets	-	-	6,753,468	521,769



Southern Digital Screenz India Private Limited

Notes to financial statements for the year ended March 31, 2017

14. Revenue from operations

	March 31, 2017	March 31, 2016
	Rs.	Rs.
Virtual print fee		
Virtual Print Fee (E-Cinema)	363,967,309	394,068,609
Virtual Print Fee (D-Cinema)	9,419,018	28,416,652
Advertisement revenue	190,084,794	199,991,657
Sub-lease rental income	1,427,265	661,909
Registration fee income	502,284	717,256
	565,400,670	623,856,083

15. Other operating income

	March 31, 2017	March 31, 2016
	Rs.	Rs.
Liabilities written back	2,536,178	4,701,003
Provision for doubtful debts reversed	-	288,944
	2,536,178	4,989,947

16. Other income

	March 31, 2017	March 31, 2016
	Rs.	Rs.
Sublease of premises	1,543,209	1,298,464
Profit on discarding / sale of fixed assets	16,842	-
Miscellaneous income	13,805	-
	1,573,856	1,298,464

17. Employee benefit expenses

	March 31, 2017	March 31, 2016
	Rs.	Rs.
Salaries and bonus	27,200,207	23,141,007
Contribution to provident and other funds	1,051,029	998,105
Gratuity expense (refer note 22)	1,078,947	772,110
Compensated absences	472,425	319,933
Staff welfare expenses	1,930,580	2,075,943
	31,733,188	27,307,098



Southern Digital Screenz India Private Limited

Notes to financial statements for the year ended March 31, 2017

18. Other expenses

	March 31, 2017	March 31, 2016
	Rs.	Rs.
Virtual print fee sharing	124,462,113	140,828,419
Lease rental - digital cinema equipment	217,114,578	224,204,040
Repair and maintenance - exhibition equipments	26,818,490	24,785,728
Advertisement revenue share	44,222,144	46,494,918
Power and Fuel	1,681,213	1,101,923
Rent	7,477,880	6,826,098
Rates & taxes	1,216,937	1,370,396
Insurance	92,340	92,179
Repairs and maintenance		
Building	182,893	205,406
Others	250,624	258,847
Advertisement and sales promotion	1,867,964	1,831,381
Travelling & conveyance	3,038,648	3,637,217
Communication cost	1,610,026	1,678,231
Legal & professional fees	1,983,500	1,267,617
Transportation charges	6,940,253	7,053,389
Manpower service charges	4,373,516	3,490,084
Director's sitting fee	550,000	500,000
Bank charges	34,930	179,328
Provision for doubtful advances	-	5,885,106
Provision for doubtful debts	258,696	-
Reversal of Liability written back	18,020	-
Bad debts written off	921,757	
Less : Adjusted against provision for bad debts	541,313	
Auditor's remuneration (please refer (i) below)	1,250,600	729,104
Miscellaneous expenses	1,154,670	1,527,373
	446,980,479	474,330,502

(i) Payment to auditor comprises

	March 31, 2017	March 31, 2016
	Rs.	Rs.
As Auditor		
Audit fee	1,200,000	700,000
Reimbursement of expenses	50,600	29,104
	1,250,600	729,104



Southern Digital Screenz India Private Limited

Notes to financial statements for the year ended March 31, 2017

19. Finance cost		
	March 31, 2017	March 31, 2016
	Rs.	Rs.
Interest on vehicle loan	-	28,997
	-	28,997
20. Finance income		
	March 31, 2017	March 31, 2016
	Rs.	Rs.
Interest received		
Bank deposits	6,128,028	7,935,759
Others.	3,595,666	-
	9,723,694	7,935,759



Southern Digital Screenz India Private Limited

Notes to financial statements for the year ended March 31, 2017

21. Earnings per share (EPS)

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

	March 31, 2017	March 31, 2016
	Rs.	Rs.
Basic		
Profit after tax as per statement of profit and loss	58,199,906	83,188,513
	58,199,906	83,188,513
Weighted average number of equity shares in calculating basic EPS	4,298,833	4,298,833
Earning per share	13.54	13.41
Diluted		
Net profit for calculation of diluted EPS	58,199,906	83,188,513
Weighted average number of equity shares in calculating basic EPS	4,298,833	4,298,833
Weighted average number of convertible preference share	837,989	606,732
Weighted average no of shares outstanding (including dilution)	5,136,822	4,905,565
Earning per share	11.33	16.96

22. Gratuity-employment benefit plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure, calculated 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 summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	March 31, 2017	March 31, 2016
Current service cost	589,363	497,950
Interest cost on benefit obligation	207,992	147,182
Expected return on plan assets	(126,163)	(60,593)
Net actuarial loss recognized in the year	407,755	187,571
Net benefit expense	1,078,947	772,110

Balance sheet

Benefit asset/ liability

	Gratuity	
	March 31, 2017	March 31, 2016
	Rs.	Rs.
Present value of defined benefit obligation	3,941,571	2,685,678
Fair value of plan assets	(2,537,420)	(1,578,156)
Plan liability	1,404,151	1,107,522

Changes in the present value of the defined benefit obligation are

	Gratuity	
	March 31, 2017	March 31, 2016
	Rs.	Rs.
Opening defined benefit obligation	2,685,678	1,861,450
Current service cost	589,363	497,950
Interest cost	207,992	147,182
Actuarial (gains) / losses on obligation	458,538	226,865
Benefit paid	-	(47,769)
Closing defined benefit obligation	3,941,571	2,685,678



Southern Digital Screenz India Private Limited

Notes to financial statements for the year ended March 31, 2017

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

	Gratuity	
	March 31, 2017	March 31, 2016
	Rs.	Rs.
Opening fair value of plan assets	1,578,156	766,339
Contributions by employer	782,317	759,700
Expected returns on plan assets	126,163	99,887
Actuarial gain /(loss) on the plan assets	50,783	-
Benefits paid	-	(47,769)
Closing fair value of plan assets	2,537,419	1,578,156
Actual return on plan assets	176,946	131,656

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

	Gratuity	
	March 31, 2017	March 31, 2016
Investment with insurer	100%	100%

The principal assumptions used in determining gratuity as shown below:

	Gratuity	
	March 31, 2017	March 31, 2016
Discount rate	6.70%	7.75%
Employee turnover	15%	15%
Expected returns on plan assets	7.70%	8.00%

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 expected return on assets over the accounting period is based on an assumed rate of return. The same is determined by considering the yield earned in past as well as current prevailing yield.

Amounts for the current and previous four periods are as follows:

	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
Net benefit expense	1,078,947	772,110	814,577	297,111
Defined benefit obligation	3,941,571	2,685,678	1,861,450	1,032,983
Plan assets	2,537,419	1,578,156	766,339	-
Surplus / (deficit)	1,404,152	(1,107,522)	(1,095,111)	(1,032,983)
Experience adjustments on plan liabilities Gain/ (Loss)	248,899	206,910	383,177	-
Experience adjustments on plan assets Gain / (Loss)	50,783	39,294	13,890	-

The Company expect to be pay Rs.8,63,525 /- (31 March 2016: Rs.782,317/-) to gratuity fund in the next year

23. Stock option in parent company - UFO Moviez India Limited

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

24. Leases

Operating lease: Company as lessee

The Company's significant leasing arrangements are in respect of operating leases taken for office premises & digital equipments. The lease in respect of the digital equipment are for tenure of 60 months and are cancellable at the option of both the parties. The lease in respect of the office premises are renewable on a periodic basis at the option of both the lessor and the lessee. The initial tenure of the office lease generally is for 11 months. The Company has subleased the Digital Equipment on lease to the exhibitors :

a. Future minimum rentals payable under non-cancellable operating leases are as follows:

	Office Premises		Digital Cinema Equipment	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Within one year	1,634,458	2,187,700	-	-
After one year but not more than five years	7,446,035	7,430,525	-	-
More than five years	-	1,701,776	-	-

b. Lease payment recognised in the statement of profit and loss	7,477,880	6,826,098	217,114,578	224,204,040
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Operating lease commitments – Company as lessor

Company has leased out Digital Cinema Equipment to theatres on operating lease arrangement. The lease term is generally for ten years. The Company as well as the theatres have an option of terminating this lease arrangement any time during the tenure of the lease as per the provisions of the lease agreement.

There are also subleasing arrangement in respect of office premises with parent company and fellow subsidiary company. These leases are cancellable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. The initial tenure of the lease are generally for 11 months.



Southern Digital Screenz India Private Limited

Notes to financial statements for the year ended March 31, 2017

25. Segment information

The Company is engaged in the business of Digital Cinema Services and the financial statements reflect the result of this business segment, which is the primary segment in accordance with the requirement of Accounting Standard 17 on Segment Reporting, issued by The Institute of Chartered Accountants of India ('ICAI'). The Company's operations are based in one geographical segment i.e. India.

26. Related party disclosures

Names of related parties and related party relationship

Related parties where control exists

Holding company

UFO Moviez India Limited

Related parties with whom transactions have taken place during the year

Fellow subsidiary company

Scrabble Entertainment Limited

Valuable Digital Screens Private Limited

Key management personnel

Mr Usman Fayaz (Till July 4, 2016)

Ms. Lavanya Nandakumar, company secretary

Relatives of key management personnel

Ms. Amrin Rizwan (Till July 4,2016)

Enterprises owned or significantly influenced by key management personnel or their relatives

Gayathri Auto Services (Till July 4, 2016)

Associate of fellow subsidiary company

Scrabble Digital Limited

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

a. Sale/ purchase of services

UFO Moviez India Limited - Holding company

Transactions	March 31, 2017 Rs.	March 31, 2016 Rs.
Sale of services - Advertisement revenue	190,084,794	199,991,657
Lease Rental- paid	217,910,356	224,429,882
Lease Rental- Received from sublease of premises	1,385,966	1,163,640
Virtual print fee sharing	124,462,113	140,828,419
Other Expenses recovered	535,054	1,833,733
Other Expenses paid	493,000	-
Security deposit paid- Sub lease		652,714
Security deposit received - Sub lease		497,692

Scrabble Entertainment Limited - Fellow subsidiary company

Transactions	March 31, 2017 Rs.	March 31, 2016 Rs.
Lease Rental - Received	106,795	134,824
Security deposit received - Sub lease		53,233

Scrabble Digital Limited - Associate of Fellow subsidiary company

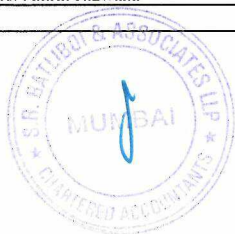
Transactions	March 31, 2017 Rs.	March 31, 2016 Rs.
Other Expenses recovered	105,941	480,058

Valuable Digital Screenz Private Limited - Fellow subsidiary Company

Transactions	March 31, 2017 Rs.	March 31, 2016 Rs.
Unsecured Loan given	68,000,000	-
Interest Income - Received	1,198,359	-

Enterprises owned or significantly influenced by key management personnel or their relatives

Transactions	March 31, 2017 Rs.	March 31, 2016 Rs.
Repairs and Maintenance		
Gayathri Auto Services	41,832	177,356
Relatives of key management personnel		
Lease rental expense		
Mrs. Amrin Rizwana	211,150	1,892,994



Southern Digital Screenz India Private Limited

Notes to financial statements for the year ended March 31, 2017

b. Balance Outstanding at the year end

	March 31, 2017 Rs.	March 31, 2016 Rs.
Balances Payable		
- Mrs. Amrin Rizwana		166,834
- Gayathri Auto Services	-	-
- UFO Moviez India Limited	10,527,474	
Security deposit received :		
- UFO Moviez India Limited	497,692	497,692
- Scrabble Entertainment Limited	53,233	53,233
Balance receivable	March 31, 2017 Rs.	March 31, 2016 Rs.
- UFO Moviez India Limited	-	10,310,848
Security deposit given :		
- Gayathri Auto Services	-	20,000
- Mrs. Amrin Rizwana	-	464,896
- UFO Moviez India Limited	652,714	652,714
Unsecured Loan Receivable		
Valuable Digital Screenz Private Limited	69,078,523	-

c. Remuneration to key managerial personnel

	March 31, 2017 Rs.	March 31, 2016 Rs.
Ms. Lavanya Nandakumar		
Salary, bonus and contribution to provident fund	3,386,307	2,940,235
	3,386,307	2,940,235

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

27. Capital commitments

	March 31, 2017 Rs.	March 31, 2016 Rs.
Capital commitments	-	7,489,415
(estimated amount of contract remaining to be executed on capital account and not provided for (net of advances))		
	-	7,489,415

28. Pending litigations

	March 31, 2017 Rs.	March 31, 2016 Rs.
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a. Contingent liabilities

In respect of income tax matters, where the Company has preferred an appeal

The Company has received assessment order u/s143(3) of income tax for the assessment year 2013-14, in which the advertisement charges of Rs. 60,00,000/- paid to related party is disallowed u/s 42(2) a of the income tax act.

2,076,480

2,076,480

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

b. Provision for indirect taxes

As at March 31, 2016, the Company continues to provide towards probable indirect taxes as below:

Statute	Relevant period	March 31, 2017 Rs.	March 31, 2016 Rs.
i. Andhra Pradesh VAT act - Refund of caution deposit paid on appeal	2011-12	1,465,752	1,465,752
ii. Kerala VAT act - Disallowance of calim of input tax credit	2011-12	1,017,025	1,017,025
iii Service tax on lease rent charges and disallowance of ineligible service tax	From April 2011-March 15	2,129,199	-



Southern Digital Screenz India Private Limited

Notes to financial statements for the year ended March 31, 2017

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

The Company does not have suppliers who are registered as micro, small or medium enterprise under the micro, small and medium enterprises Development Act, 2006 as at March 31, 2017. The information regarding micro, small and medium enterprises has been determined on the basis of information available with the management.

30. Loans and advances in the nature of loans given to fellow subsidiaries

Included in loans and advances are certain intercorporate deposits the particulars of which are disclosed below as required by sec 186(4) of Companies Act 2013.

Name of the loanee & Purpose	Rate of interest	Terms	31-Mar-17	31-Mar-16
Valuable Digital Screens private limited -Working capital requirement for new exhibition business	12%	Repayable on demand	68,000,000	-
			68,000,000	

31. Corporate social responsibility

As per section 135 of the Companies Act, 2013 and rules therein, the Company is required to spend at least 2% of average net profit of past three years towards Corporate

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Gross amount required to be spent	1,240,607	-
Spent during the year	-	-
Balance unspent during the year	1,240,607	-

32. Details of specified bank notes (SBN) held and transacted during the peiroid from 8 November, 2016 to 30 December, 2016.

	SBNs	Other denomination notes	Total
Closing Cash in Hand as on 8 November, 2016	418,500	104,726	523,226
			-
Add : Permitted receipts	-	2,969,088	2,969,088
Less : Permitted payments	-	378,629	378,629
Less : Amount deposited in Bank	418,500	2,570,768	2,989,268
Closing Cash in hand as on 30 December 2016	-	124,417	124,417



Southern Digital Screenz India Private Limited

Notes to financial statements for the year ended March 31, 2017

33. On July 26, 2016, the Board of Directors of the Company approved the Composite Scheme of Arrangement for the amalgamation with the holding Company UFO Moviez India Limited (UFO) along with its other subsidiaries including step down subsidiaries namely V N Films Private Limited (VNFPL), Edridge Limited (EL) and UFO International Limited (UIL), subject to all the necessary statutory / regulatory approvals ("the Scheme"). The appointed date for the amalgamation for the Company is July 01, 2016. UFO had filed the Scheme with the Bombay High Court on October 4, 2016. Pursuant to notification of section 232 of the Companies Act on December 9, 2016, UFO filed the Scheme with National Company Law Tribunal (NCLT) on January 19, 2017.

The shareholders of UFO approved the Scheme at the court convened meeting held on January 16, 2017.

The Scheme is conditional upon and subject to the following:

- Filing of the certified copy of the order of Bombay High Court (and now NCLT) sanctioning the Scheme with the Registrar of Companies, Maharashtra.
- Compliance by EL and UIL, the Cypriot transferor companies of all necessary and applicable provisions of the laws of Cyprus.

UFO till date, received the approval from Cyprus Court for the merger of the Cypriot transferor companies. Pursuant to notification of section 234 of the Companies Act, 2013 on April 13, 2017, the NCLT has given direction to UFO to secure approval from Reserve Bank of India (RBI) for the merger of the Cypriot subsidiary and step-down subsidiary with itself. UFO is in the process of obtaining approval from RBI. The approvals from RBI and NCLT are pending as at date and hence, the Scheme is not effective as at March 31, 2017 and as at date. Pending final approval of NCLT on the Scheme of Amalgamation, no effect of the Scheme has been given in these financial results

34. Previous year figures

Previous year figures are regrouped and reclassified where ever necessary, to confirm to this year's classification.

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/ E 300004

per Govind Ahuja

Partner

Membership No.: 48966

Place of signature: Mumbai

Date: 17 May, 2017



For and on behalf of the board of directors of
Southern Digital Screenz India Private Limited

Rajesh Mishra

Whole time Director

Place of signature: Mumbai

Date: 17 May, 2017

Ashish Malushte

Director

Place of signature: Mumbai

Date: 17 May, 2017

Lavanya Nandakumar

Sr. AVP- Accounts & Company Secretary

Place of signature: Mumbai

Date: 17 May, 2017