S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

14th Floor, The Ruby
29 Senapati Bapat Marg
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INDEPENDENT AUDITOR'S REPORT

To the Members of Southern Digital Screenz India Private Limited

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

S.R. BATLIBOI & ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

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

    i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 35 to the Ind AS financial statements;

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ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Amit Majmudar
Partner
Membership Number: 36656
Place of Signature: Mumbai
Date: May 29, 2018

S. R. BATLIBOI & ASSOCIATES LLP * CHARTERED ACCOUNTANTS * MUMBAI

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SOUTHERN DIGITAL SCREENZ INDIA LIMTED

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 loans that are re-payable on demand, to a firm covered in the register maintained under section 189 of the Companies Act, 2013. We are informed that the company has not demanded repayment of any such loan during the year, and thus, there has been no default on the part of the parties to whom the money has been lent. The payment of interest has been regular.

(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, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable 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 Section 148(1) of the Companies Act, 2013, for the products/services of the Company.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, income-tax, sales-tax, service tax, value added tax, goods and services 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.

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CHARTERED ACCOUNTANTS

(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, goods and service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to custom duty and excise duty are not applicable to the Company.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, value added tax, goods and service tax and cess 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	997,653	2011-12	Deputy Commissioner (Appeals)
Finance Act, 1994	Service Tax	4,328,398	2010-11 to 2013-14	Custom, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	105,159	2014-15	Custom, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	112,699	2015-16	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 paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(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.

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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 Registration Number: 101049W/E300004

Amajmudar

per Amit Majmudar
Partner
Membership Number: 36656
Place of Signature: Mumbai
Date: May 29, 2018

S.R. BATLIBOI & ASSOCIATES LLP * CHARTERED ACCOUNTANTS * MUMBAI

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SOUTHERN DIGITAL SCREENZ INDIA 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, 2018 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 ("the Act").

Auditor's Responsibility

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

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

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

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

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

A Majmudar

S. R. BATLIBOI & ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

per Amit Majmudar
Partner
Membership Number: 36656
Place of Signature: Mumbai
Date: May 29, 2018

Southern Digital Screenz India Private Limited

Balance sheet as at March 31, 2018

	Notes	March 31, 2018	March 31, 2017	April 1, 2016
				Rs. in lacs
ASSETS				
Non-current assets				
Property, Plant and Equipment	3	75.79	110.23	67.92
Other Intangible assets		133.48	173.45	213.41
Financial Assets				
Loans	4	36.03	38.25	72.79
Deferred tax assets	5	49.76	109.69	133.87
Other non-current assets	6	195.38	490.75	751.45
Total Non-Current Assets	**(A)**	**490.44**	**922.37**	**1,239.44**
Current Assets				
Inventories				
Financial Assets				
(i) Investments	7	1,607.55	1,324.32	1,201.47
(ii) Trade receivables	8	339.95	82.62	153.71
(iii) Cash and cash equivalents	9	777.23	776.09	350.01
(iv) Loans	10	1,390.00	680.00	-
(v) Others	11	27.30	35.90	5.22
Other current assets	12	149.80	221.87	192.61
Total Current Assets	**(B)**	**4,291.83**	**3,120.80**	**1,903.02**
Total assets	**(A+B)**	**4,782.27**	**4,043.17**	**3,142.46**
EQUITY AND LIABILITIES				
Equity				
a) Equity Share Capital	13	2,154.88	2,154.88	2,154.88
b) Other Equity	14	2,039.83	1,053.00	361.74
Total Equity	**(C)**	**4,194.71**	**3,207.88**	**2,516.62**
Liabilities				
Non-current liabilities				
Provisions	15	10.06	14.25	11.29
Total non-current liabilities	**(D)**	**10.06**	**14.25**	**11.29**
Current liabilities				
Financial Liabilities				
(i) Trade payables	16	415.84	491.21	403.68
(ii) Other financial liabilities	17	1.68	2.35	1.24
Other current liabilities	18	131.81	298.78	185.41
Provisions	19	28.17	28.70	24.22
Total current liabilities	**(E)**	**577.50**	**821.04**	**614.55**
Total Liabilities	**(D+E)**	**587.56**	**835.29**	**625.84**
Total equity and liabilities	**(C+D+E)**	**4,782.27**	**4,043.17**	**3,142.46**
Significant accounting policies	2			

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

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: **101049W/ E 300004**

S. R. BATLIBOI & ASSOCIATES LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

per Amit Majmudar
Partner
Membership No.:36656
Place of signature: Mumbai
Date: May 29, 2018

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

Ashish Malushte
Director
Place of signature: Mumbai
Date: May 29, 2018

Sushil Agarwal
Director
Place of signature: Mumbai
Date: May 29, 2018

Southern Digital Screenz India Private Limited

Statement of profit and loss for the year ended March 31, 2018

	Notes	March 31, 2018	March 31, 2017
			Rs. in lacs
Income from operations			
Revenue from operations	20	3,587.12	5,654.95
Other operating income	21	25.01	25.36
Other income	22	17.39	15.74
Total revenue (I)		**3,629.52**	**5,696.05**
Expenses			
(b) Employee benefits expense	23	337.73	321.35
(c) Operating and other expenses	24	2,008.26	4,469.48
Total expenses (II)		**2,345.99**	**4,790.83**
Earnings before interest , tax, depreciation and amortization (EBITDA) (I-II)		**1,283.53**	**905.22**
Depreciation and amortization expense	3	78.79	92.68
Finance costs	25	0.05	0.35
Finance income	26	(300.59)	(220.09)
Profit/(Loss) before tax		**1,505.28**	**1,032.28**
Tax expense:			
- Current tax		456.00	320.85
- Deferred tax		60.80	22.80
Profit (Loss) for the period		**988.48**	**688.63**
Other Comprehensive Income / (Loss)			
(i) Items that will not be reclassified to profit or loss		(2.53)	4.02
(ii) Income tax effect on the above		0.88	(1.39)
Total Comprehensive Income for the period		**986.83**	**691.26**

Significant accounting policies 2.0

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**

S.R. BATLIBOI & ASSOCIATES LLP * MUMBAI * CHARTERED ACCOUNTANTS

per Amit Majmudar
Partner
Membership No.:36656
Place of signature: Mumbai
Date: May 29, 2018

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

Ashish Malushte
Director
Place of signature: Mumbai
Date: May 29, 2018

Sushil Agrawal
Director
Place of signature: Mumbai
Date: May 29, 2018

Southern Digital Screenz India Private Limited

Cash flow statement for the year ended March 31, 2018

	March 31, 2018	Rs. in lacs March 31, 2017
Cash flow from / (used in) operating activities		
Profit before tax	**1,505.28**	**1,032.28**
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation	78.79	92.68
Loss on sale of fixed assets	(0.75)	(0.17)
Provision for bad debts	12.30	2.59
Liabilities written back	(25.01)	(25.36)
Bad debt write off	1.21	3.80
Interest income	(212.29)	(97.24)
Profit on sale of current investments (net)	(88.30)	(122.85)
Operating profit before working capital changes	**1,271.23**	**885.73**
Movements in working capital:		
(Decrease) / increase in trade payables	(75.37)	87.45
(Decrease) / increase in Other financial liabilities	(0.67)	1.12
(Decrease) / increase in short-term provisions	(0.53)	28.04
(Decrease) in Long-term provisions	(6.72)	(16.57)
Increase / (decrease) in other current liabilities	(141.97)	138.74
(Increase) / decrease in trade receivables	(270.83)	64.70
Decrease/ (increase) in financials assets loan	2.22	(0.28)
Decrease in other non current assets	144.95	204.47
Decrease/ (increase) in other current assets	190.43	(18.47)
Cash generated from operations	**1,112.74**	**1,374.93**
Direct taxes paid (net of refunds)	(305.57)	(229.80)
Net cash flow from operating activities (A)	**807.17**	**1,145.13**
Cash flow from / (used in) investing activities		
Purchase of fixed assets, including capital work-in- progress and capital advances	(4.51)	(96.17)
Proceeds from sale of fixed assets	0.88	1.34
Bank deposits placed (having remaining maturity of more than 3 months)	(1.16)	(441.87)
Loan given to related party	(710.00)	(680.00)
Purchase of current investments	(294.95)	-
Sale/redemption of current investments	100.03	-
Interest received	102.52	55.77
Net cash flow / (used in) investing activities (B)	**(807.19)**	**(1,160.93)**
Net increase in cash and cash equivalents (A+B)	(0.02)	(15.80)
Cash and cash equivalents at the beginning of the period	72.46	88.26
Cash and cash equivalents at the end of the period (Refer note 9)	**72.44**	**72.46**
Components of cash and cash equivalents		
Cash on hand	0.80	1.09
With banks- on current account	71.64	71.37
Total cash and cash equivalents (Refer note 9)	**72.44**	**72.46**

Significant accounting policies 2

Notes:

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

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**

S.R. BATLIBOI & ASSOCIATES LLP * MUMBAI * CHARTERED ACCOUNTANTS

Amajmudar

per Amit Majmudar
Partner
Membership No.:36656
Place of signature: Mumbai
Date: May 29, 2018

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

Ashish Malushte
Director
Place of signature: Mumbai
Date: May 29, 2018

Sushil Agarwal
Director
Place of signature: Mumbai
Date: May 29, 2018

Southern Digital Screenz India Private Limited

Statement of Change in Equity for the year ended March 31, 2018

Rs. in lacs

Particular	Equity Share Capital		Other Equity - Reserve and surplus		Total Equity
	No. of Shares	Share Capital	Securities Premium	Retained Earnings	
Balance as of April 1, 2016	4,298,833	429.88	1,422.74	(1,061.00)	361.74
Profit for the year				688.63	688.63
OCI for the year				2.63	2.63
As at March 31, 2017	**4,298,833**	**429.88**	**1,422.74**	**(369.74)**	**1,053.00**
Profit for the year				988.48	988.48
OCI for the year				(1.65)	(1.65)
As at March 31, 2018	**4,298,833**	**429.88**	**1,422.74**	**617.09**	**2,039.83**

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**

S.R. BATLIBOI & ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

per Amit Majmudar
Partner
Membership No.:36656
Place of signature: Mumbai
Date: May 29, 2018

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

Ashish Malushte
Director
Place of signature: Mumbai
Date: May 29, 2018

Sushil Agarwal
Director
Place of signature: Mumbai
Date: May 29, 2018

1. Corporate information

Southern Digital Screens India Limited ('the Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 2013 ("the Act") applicable in India. The registered office is located at Valuable Techno Park, Plot No. 53/1, Road No.7, MIDC, Marol, and Andheri (East), Mumbai 400093. The Company is into the business of providing digital cinema services. The Company is subsidiary of UFO Moviez India Limited.

2. Significant accounting policies

2.1 Basis of preparation

The Separate financial statement 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 relevant provisions of the Act and guidelines issued by the Securities and Exchange Board of India (SEBI), as applicable.

These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1st April 2016. The Company has availed first time adoption exemption as per Ind AS 101 (refer note 41).

For all periods upto and including the year ended 31st March, 2017, the Company prepared its financial statements in accordance with Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006, notified under the section 133 of the Companies Act,2013,read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP), the relevant provisions of the Companies Act, 2013 ("the 2013 Act"), as applicable, and guidelines issued by the Securities and Exchange Board of India (SEBI), as applicable. The relevant provisions of the Companies Act, 2013 ("the 2013 Act"), as applicable, and guidelines issued by the Securities and Exchange Board of India (SEBI), as applicable. In this financial statements, for the year ended 31st March 2018, the financial statements for the previous year ended 31 March 2017 and Balance Sheet as at 1st April 2016, have been prepared and presented as per Ind AS for like-to-like comparison.

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

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities, which have been measured at fair value. The financial statements are presented –in Indian Rupees (INR) and all values are rounded to the nearest lacs, except when otherwise indicated'

2.2 Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

2.3 Summary of significant accounting policies

(a) Use of estimates

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

(b) Property Plant and equipment

Property Plant and equipment 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. Borrowing costs relating to acquisition of property plant and equipment which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

All other expenses on existing property plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

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

Capital work in progress is stated at cost.

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

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

(c) Depreciation on Property Plant and equipment

Depreciation on Property Plant and equipment calculated on a straight-line basis using the rates arrived at based on the useful lives of the assets estimated by the management. The identified components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

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

	Useful lives as per management's estimate
Plant and Machinery	6
Computer	3
Furniture and Fixtures	6
Office Equipment	5
Vehicles	5

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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. The assets residual values, useful lives and methods of deprecation are reviewed at each financials year and adjusted prospectively, of appropriate.

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

(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 non-financial assets

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

(f) Leases

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

Where the Company is the lessor
Assets subject to operating leases are included in property plant and equipment. Lease income 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) Inventories

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

(h) Revenue recognition

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

Income from services

- Advertisement income is recognized in the period during which advertisement is displayed.
- 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.
- Digitisation income, registration fee and other revenue are recognized in the period in which services are rendered.
- Lease rental income on equipment is recognised as mentioned in note 2.3(f) above.

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Sale of goods

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have been passed to the buyer as per the terms of contract and no uncertainty exists regarding the amount of consideration that will be derived from sale of goods. Sales are recorded net of returns, trade discounts, and applicable taxes.

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

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

Interest Income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest (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 the time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is included in finance income in the statement of profit and loss.

Dividends

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

(i) Foreign currency translation

Foreign currency transactions and balances

(i) Initial recognition

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

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

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined

(iii) Exchange differences

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

(j) Fair Value Measurement:

The Company measures financial instruments, such as investments (other than equity investments in Subsidiaries 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:

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In the principal market for the asset or liability, or

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

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

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

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

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

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

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

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

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

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

(k) Financial Instruments.

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

Initial Recognition and Measurement:

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

Classification and Subsequent Measurement:

- **Financial Assets:**

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

(i) business model for managing the financial assets, and

(ii) the contractual cash flow characteristics of the financial asset.

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

(i) the financial asset is held within a business model whose, objective is to hold financial assets in order to collect contractual cash flows, and

(ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

A Financial Asset shall be classified and measured at fair value through profit or loss (FVTPL), unless it is measured at amortised cost or at fair value through OCI.

Such financial assets are subsequently measured at fair value.

Impairment of Financial Assets:

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit and loss. Customer credit risk is managed by management subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and followed up. Trade receivables are evaluated by the Company based on specific sector risk factors, individual creditworthiness of the customer and the expectation of the past.

The Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. At every reporting date, the historically observed default rates are updated and changes in the forward looking estimates are analysed.

Equity Investments:

All equity investments are measured at fair value. Equity instruments, which are held for trading, are classified as at FVTPL. For equity instruments other than held for trading, the Company has exercised irrevocable option to recognise in other comprehensive income subsequent changes in the fair value.

Equity instruments are classified as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investment.

Equity instruments, included within the FVTPL category, are measured at fair value with all changes recognized in the Statement of Profit and Loss.

(l) Employee benefits:

Short-Term Employee Benefits:

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

Defined Contribution Plan:

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

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Defined benefit Plan

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

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

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

Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Defined benefit costs are categorised as follows:
• service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
• net interest expense or income; and
• re-measurement.

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

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

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

Other long term benefits

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

(m) 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.

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

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 taxes relate to the same taxable entity and the same taxation authority.

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

Minimum alternate tax (MAT):

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned 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, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

(n) Earnings per share

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

(o) Provisions and Contingent liabilities and Contingent assets

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

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

(p) Cash and cash equivalents

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

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(q) Employee stock compensation cost

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

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

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

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met.

(r) Borrowing cost

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

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

(s) Segment reporting:

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

(t) Measurement of EBITDA

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

(u) Derivative Financial Instruments:

The Company enters majorly into foreign exchange forward contracts to mitigate the foreign currency exposure risk. Derivatives are initially recognised at fair value at the date the derivative contracts are entered and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in Statement of Profit and Loss depends on the nature of the hedge relationship.

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

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

(w) Significant Accounting Judgements, Estimates and Assumptions:

The preparation of standalone financials , 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 standalone financials , the reported amounts of revenues and expenses during the reporting period and the disclosures relating to contingent liabilities as of the date of the standalone financials 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 statement financials

(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 Standalone financials were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

• Useful Lives of Property, Plant and Equipment:

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

• Defined Benefit Obligation:

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

• Recognition of Deferred Tax Assets:

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

• Recognition and Measurement of Provisions and Contingencies:

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

• Fair Value Measurement of Financial Instruments:

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

• Impairment of non-financial assets

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

• Equity Share-based Payment:

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

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

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

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

Rs. in lacs

3. Property, Plant and Equipment

Particulars	Computers	Plant and equipment	Furniture and fixtures	Vehicles	Office Equipment	Leasehold	Total	Other tangible Assets Intangible Assets	Total
Cost or valuation									
At 1st April 2016	4.47	-	9.59	11.78	14.99	27.09	67.92	213.41	281.33
Additions	2.67	-	6.51	7.00	10.37	69.62	96.17	-	96.17
Disposals	-	-	-	(2.66)	(1.10)	-	(3.76)	-	(3.76)
Adjustments	-	-	-	-	-	-	-	-	-
At 31 March 2017	30.96	5.92	36.58	39.22	41.85	156.21	310.74	400.00	710.74
Additions	1.52	-	0.48	-	1.67	0.84	4.51	-	4.51
Disposals	-	-	-	(5.71)	-	-	(5.71)	-	(5.71)
Adjustments	-	-	-	(0.28)	-	-	(0.28)	-	(0.28)
At 31 Mar 2018	**32.48**	**5.92**	**37.06**	**33.23**	**43.52**	**157.05**	**309.26**	**400.00**	**709.26**
Depreciation									
At 1st April 2016	23.82	5.92	20.48	23.10	17.59	59.51	150.42	186.59	337.01
Adjustment (note)	-	-	-	-	-	-	-	-	-
Charge for the year	3.12	-	5.63	5.25	7.92	30.79	52.71	39.97	92.68
Disposals	-	-	-	(1.86)	(0.74)	-	(2.60)	-	(2.60)
At 31 Mar 2017	26.93	5.92	26.10	26.49	24.78	90.29	200.51	226.55	427.06
Adjustment (note)	-	-	-	(0.28)	-	-	(0.28)	-	(0.28)
Charge for the year	2.55	-	2.46	4.59	6.05	23.17	38.82	39.97	78.79
Disposals	-	-	-	(5.58)	-	-	(5.58)	-	(5.58)
At 31 Mar 2018	**29.48**	**5.92**	**28.56**	**25.22**	**30.83**	**113.46**	**233.47**	**266.52**	**499.99**
Net Block									
At 31 March 2016	4.47	-	9.59	11.78	14.99	27.09	67.92	213.41	281.33
At 31 March 2017	4.03	-	10.48	12.73	17.08	65.92	110.23	173.45	283.68
At 31 March 2018	**3.00**	**-**	**8.50**	**8.01**	**12.69**	**43.59**	**75.79**	**133.48**	**209.27**

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Southern Digital Screenz India Private Limited

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

4. Financials Assets Loan

Rs. in lacs

	March 31, 2018	March 31, 2017	April 1, 2016
Long-term loans and advances	-	-	34.82
Security Deposits	29.50	31.72	26.59
Security deposit to related party	6.53	6.53	11.38
Balance with statutory / government authorities			
Considered doubtful	14.66	14.66	-
Provision for doubtful balances	(14.66)	(14.66)	-
Advances recoverable in cash or kind for value to be received			
Considered doubtful	-	161.94	220.79
	-	161.94	220.79
Provision for doubtful balances	-	(161.94)	(220.79)
Total Financials Assets Loan	36.03	38.25	72.79

5. Income Taxes and deferred tax

The major components of income tax expense are:

Statement of Profit and loss:

Rs. in lacs

	31 March 2018	31 March 2017
Current income tax :		
Current income tax charge	456.00	320.85
Deferred tax		
Relating to origination and reversal of temporary differences	60.80	22.80
Income tax expense reported in the statement of profit or loss	516.80	343.65

Rs. in lacs

	31 March 2018	31 March 2017
OCI Section		
Deferred tax related to items recognised in OCI during the year:		
Remeasurements of defined benefit plans	1.00	1.00
Income tax charged to OCI	1.00	1.00

Reconciliation of tax expense and the accounting profit multiplied by India's

Rs. in lacs

	31 March 2018	31 March 2017
Accounting profit before income tax	1,505.30	1,032.31
Enacted tax rates in India	34.61%	34.61%
Computed tax expenses	520.95	357.26
Increase/ (reduction) in taxes on account of:		
Effect of exempt income	-	-
Other non-deductible expenses for tax purpose	(4.15)	(13.62)
	(4.15)	(13.62)
Income tax expensed reported in the statement of profit and loss	516.80	343.64

Rs. in lacs

	March 31, 2018	March 31, 2017	April 1, 2016
Deferred Tax assets			
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	44.02	40.10	33.45
Provision for doubtful debts	22.56	59.60	17.36
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	7.94	22.36	80.94
Fair value gain on financials instrument at FVTPL	(24.76)	(12.37)	2.12
Net deferred tax asset	49.76	109.69	133.87

6. Other- Non Current Assets

Rs. in lacs

	March 31, 2018	March 31, 2017	April 1, 2016
Balance with statutory / government authorities	50.25	63.20	44.61
Unamortised upfront and lease rental charges	-	131.99	320.23
Advance income tax (net of provision)	145.13	295.56	386.61
Total Other Non Current Assets	195.38	490.75	751.45

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7. Current Investments Rs. in lacs

	March 31, 2018	March 31, 2017	April 1, 2016
Investments at fair value through profit and loss			
Unquoted mutual funds			
6,530,985.44 (March 31, 2017 : 6,530,985.44, April 1, 2016 : 6,530,985.44) units of HDFC Corporate debt opportunities fund - Growth option	941.18	885.60	801.47
1,936,961.59 (March 31, 2017 : 1,936,961.59, April 1, 2016 : 1,936,961.59) units of Reliance regular savings debt fund - Growth option	468.65	438.72	400.00
57,861.40 (March 31, 2017 : Nil, April 1, 2016 : Nil) units of Aditya Birla Sun Life Savings Fund-Growth	197.72	-	-
Total Current Investments	**1,607.55**	**1,324.32**	**1,201.47**
Aggregate value of unquoted investments	**1,607.55**	**1,324.32**	**1,201.47**

8. Trade receivables (unsecured) Rs. in lacs

	March 31, 2018	March 31, 2017	April 1, 2016
Considered good	339.95	82.62	153.71
Considered doubtful	22.56	10.27	13.09
Provision for doubtful receivables	(22.56)	(10.27)	(13.09)
Total Trade receivables	**339.95**	**82.62**	**153.71**

9. Cash and bank balances Rs. in lacs

	March 31, 2018	March 31, 2017	April 1, 2016
Cash and cash equivalents			
Balances with banks:			
Current accounts	71.64	71.37	86.37
Cash on hand	0.80	1.09	1.88
	72.44	72.46	88.25
Other bank balances			
– Deposits with remaining maturity for less than 12 months	704.79	703.63	261.76
	704.79	703.63	261.76
Total cash and bank balances	**777.23**	**776.09**	**350.01**

10. Financial asset loan Rs. in lacs

	March 31, 2018	March 31, 2017	April 1, 2016
Loan to related party	1,390.00	680.00	-
Total financials assets loan	**1,390.00**	**680.00**	**-**

11. Financial asset others Rs. in lacs

	March 31, 2018	March 31, 2017	April 1, 2016
Interest accrued but not due on fixed deposit	27.30	35.90	5.22
Total financials assets loan	**27.30**	**35.90**	**5.22**

12. Other Current assets Rs. in lacs

	March 31, 2018	March 31, 2017	April 1, 2016
Unbilled revenue	16.27	20.85	-
Interest accrued on loan to related party	129.16	10.79	-
Prepaid Expenses	1.44	1.15	1.69
Unamortised upfront fee - current portion	-	188.24	188.24
Deferred VPF Sharing	0.63	-	-
Other advances			
- Loans and advances to employees	-	-	0.27
- Unsecured Considered Good	2.30	0.84	2.41
Total Other Current assets	**149.80**	**221.87**	**192.61**

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

13. Share Capital

Rs. in lacs

	March 31, 2018	March 31, 2017	March 31, 2016
Authorised shares			
8,000,000 (March 31, 2017 : 8,000,000, April 1, 2016 : 8,000,000) equity shares of Rs 10/- each	800.00	800.00	800.00
1,800,000 (March 31, 2017: 1,800,000, April 1, 2016 : 1,800,000) 10% optionally convertible preference shares of Rs 100/- each	1,800.00	1,800.00	1,800.00
	2,600.00	**2,600.00**	**2,600.00**
Issued, subscribed and fully paid up shares			
4,298,833 (March 31, 2017 : 4,298,833, April 1, 2016 : 4,298,833) equity shares of Rs.	429.88	429.88	429.88
1,725,000 (March 31, 2017: 1,725,000, April 1, 2016 : 1,725,000) 10% optionally convertible preference shares of Rs 100/- each	1,725.00	1,725.00	1,725.00
Total issued, subscribed and fully paid up share capital	**2,154.88**	**2,154.88**	**2,154.88**

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

Equity shares

Rs. in lacs

	March 31, 2018		March 31, 2017	
	Number		Number	
At the beginning of the period	4,298,833	429.88	4,298,833	429.88
Outstanding at the end of the period	**4,298,833**	**429.88**	**4,298,833**	**429.88**

10% Optionally convertible preference shares

Rs. in lacs

	March 31, 2018		March 31, 2017	
	Number		Number	
At the beginning of the period	1,725,000	1,725.00	1,725,000	1,725.00
Outstanding at the end of the period	**1,725,000**	**1,725.00**	**1,725,000**	**1,725.00**

(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 :

Rs. in lacs

	March 31, 2018	March 31, 2017	March 31, 2016
UFO Moviez India Limited - the holding company			
4,298,833 (March 31, 2017: 3,618,716, April 1, 2016: 3,618,716) equity shares of Rs.10/- each fully paid	4,298,833	4,298,833	3,618,716
1,725,000 (March 31, 2017: 1,725,000, April 1, 2016: 1,725,000) 10% Optionally convertible preference shares of Rs.100/- each fully paid	1,725,000	1,725,000	1,725,000

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

Rs. in lacs

Name of the shareholder	31-Mar-18		As at March 31, 2017	
	No. of shares held	% holding in the class	No. of shares held	% holding in the class
Equity shares of Rs.10 each fully paid				
UFO Moviez India Limited	4,298,833	100.00	4,298,833	100.00
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.

(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, 2018, the amount of per share dividend recognized as distributions to equity shareholders was nil (31 March 2017: Nil)

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

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.

14. Other Equity			Rs. in lacs
	March 31, 2018	March 31, 2017	April 1, 2016
Securities premium account	1,422.74	1,422.74	1,422.74
Surplus /(deficit) in the statement of profit and loss	617.09	(369.74)	(1,061.00)
Total Other Equity	2,039.83	1,053.00	361.74

15. Long Term Provisions			Rs. in lacs
	March 31, 2018	March 31, 2017	April 1, 2016
Provision for gratuity	10.06	14.25	11.29
Total Long Term Provision	10.06	14.25	11.29

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

16. Trade and other payables

Rs. in lacs

	March 31, 2018	March 31, 2017	April 1, 2016
Sundry Creditors	415.84	491.21	403.68
Total Trade and other payables	**415.84**	**491.21**	**403.68**

17. Other financial liabilities

Rs. in lacs

	March 31, 2018	March 31, 2017	April 1, 2016
Salary & reimbursement payable	1.68	2.35	1.24
Total other financial liabilities	**1.68**	**2.35**	**1.24**

18. Other Current Liabilities

Rs. in lacs

	March 31, 2018	March 31, 2017	April 1, 2016
Deferred VPF income	1.88	5.68	6.63
Security deposit from related parties	5.16	5.51	7.40
Security deposit received	2.00	2.94	-
Other Payables			
Duties and Taxes	32.63	24.07	21.79
Gratuity, ESIC, PF & profession tax payable	1.77	1.78	1.62
Advance from customer	88.37	258.80	147.97
Total Other Current liabilities	**131.81**	**298.78**	**185.41**

19. Short Term Provisions

Rs. in lacs

	March 31, 2018	March 31, 2017	April 1, 2016
Provision for compensated absences	18.00	18.53	14.05
Provision for indirect taxes	10.17	10.17	10.17
Total Short Term Provisions	**28.17**	**28.70**	**24.22**

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Southern Digital Screenz India Private Limited

Notes to financial statements for the year ended March 31, 2018

20. Revenue from operations — Rs. in lacs

	March 31, 2018	March 31, 2017
Virtual print fee		
Virtual Print Fees - E-Cinema	3,091.58	3,640.62
Virtual Print Fees - D-Cinema	-	94.19
Advertisement revenue	487.30	1,900.85
Lease rental income - D-Cinema	7.99	14.27
Registration fees income	0.25	5.02
	3,587.12	5,654.95

21. Other operating income — Rs. in lacs

	March 31, 2018	March 31, 2017
Sundry balance written back	25.01	25.36
	25.01	25.36

22. Other income — Rs. in lacs

	March 31, 2018	March 31, 2017
Sublease of premises	16.58	15.43
Profit on discarding / sale of fixed assets	0.75	0.17
Miscellaneous Income	0.06	0.14
	17.39	15.74

23. Employee benefit expense — Rs. in lacs

	March 31, 2018	March 31, 2017
Salaries and wages	298.08	272.00
Contribution to provident and other funds	10.97	10.51
Gratuity expenses	1.91	14.81
Compensated absences	3.58	4.72
Staff welfare expenses	23.19	19.31
	337.73	321.35

24. Other expense — Rs. in lacs

	March 31, 2018	March 31, 2017
Advertisement revenue share	115.13	442.22
Repair and maintenance - exhibition equipments	68.00	268.18
Rent on equipments	529.99	2,171.15
Virtual print fees sharing	1,028.28	1,244.62
Rent	78.03	74.78
Manpower service charges	43.20	43.74
Freight and forwarding charges	14.37	69.40
Legal, professional and consultancy charges	19.50	19.84
Directors sitting fees	8.00	5.50
Sales promotion expenses	2.95	18.68
Electricity charges	19.77	16.81
Rates and taxes	3.75	12.17
-Building	2.35	1.83
-Others	1.78	2.51
Insurance	0.77	0.92
Travelling and conveyance expenses	29.98	30.39
Communication and courier expenses	12.37	16.10
Bad debts written-off	1.21	9.22
Less: Provision utilised	-	(5.41)
Provision for doubtful debts	12.30	2.59
Reversal of Liability written back	0.58	0.18
Miscellaneous expenses	12.54	11.55
Auditor's remuneration (please refer (i) below)	3.41	12.51
	2,008.26	4,469.48

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Notes to financial statements for the year ended March 31, 2018

(i) Payment to auditor

	March 31, 2018	March 31, 2017
		Rs. in lacs
Statutory auditor		
Statutory audit	3.00	12.00
Reimbursement of expenses	0.41	0.51
	3.41	12.51

25. Finance cost

	March 31, 2018	March 31, 2017
		Rs. in lacs
Bank charges	0.05	0.35
	0.05	**0.35**

26. Finance Income

	March 31, 2018	March 31, 2017
		Rs. in lacs
Interest received		
Interest income on fixed deposits	51.13	61.28
- Others	161.16	35.96
Fair value gain on financial instruments at fair value through profit or loss	87.99	122.85
Profit on Redemption of Mutual Funds	0.31	-
	300.59	**220.09**

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27. Earnings per share (EPS)

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

Rs. in lacs

	March 31, 2018	March 31, 2017
Basic		
Profit after tax as per statement of profit and loss	988.48	688.63
	988.48	**688.63**
Weighted average number of equity shares in calculating basic EPS	4,298,833	4,298,833
Earning per share	**22.99**	**16.02**
Diluted		
Net profit for calculation of diluted EPS	**988.48**	**688.63**
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	837,989
Weighted average no of shares outstanding (including dilution)	5,136,822	5,136,822
Earning per share	**19.24**	**13.41**

28. Gratuity and other post-employment benefit plans

a) Defined Contribution plan

The Company has recognised and included in Note 24 "contribution to provident fund and other funds" expenses towards the defined contribution plan as under:

Rs. in lacs

Particulars	31 March 2018	31 March 2017
Contribution to Provident fund (Government)	10.58	10.17

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 recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

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

Rs. in lacs

	Defined benefit obligation	Fair value of Plan assets	Benefit Liability
Gratuity cost Charged to Profit and Loss			
As at 1 April 2017	39.42	25.16	14.25
Service Cost	6.23	-	6.23
Net Interest Expense/(Income)	2.64	-	2.64
Past service cost	0.06	-	0.06
Investment Income	-	1.68	(1.68)
Sub-total included in profit or loss	**8.93**	**1.68**	**7.25**
Benefit paid	(5.28)	(5.28)	-
Remeasurement gains/losses in other Comprehensive income	-	-	-
Return on plan assets (excluding amounts included in net interest expense)	-	0.70	(0.70)
Actuarial changes arising from changes in demographic assumptions	-	-	
Actuarial changes arising from Changes in financial assumptions	(2.00)	-	(2.00)
Experience Adjustments	0.16	-	0.16
Net actuarial (gain) / loss recognized in the year	-	-	-
Sub -total included in OCI	(1.84)	0.70	(2.54)
Contribution by employer	-	8.90	(8.90)
As at 31 March 2018	**41.23**	**31.16**	**10.07**

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

Rs. in lacs

	Defined benefit obligation	Fair value of Plan assets	Benefit Liability
Gratuity cost Charged to Profit and Loss			
As at 1 April 2016	26.86	15.57	11.29
Service Cost	5.89	-	5.89
Net Interest Expense	2.08	-	2.08
Investment Income	-	1.21	(1.21)
Sub-total included in profit or loss	**7.97**	**1.21**	**6.76**
Benefit paid	-	7.82	(7.82)
Remeasurement gains/losses in other Comprehensive income	-	-	-
Return on plan assets (excluding amounts included in net interest expense)	-	0.56	(0.56)
Actuarial changes arising from changes in demographic assumptions	-	-	-
Actuarial changes arising from Changes in financial assumptions	2.10	-	2.10
Experience Adjustments	2.49	-	2.49
Net actuarial (gain) / loss recognized in the year	-	-	-
Sub -total included in OCI	4.59	0.56	4.03
Contribution by employer	-	-	-
As at 31 March 2017	**39.42**	**25.16**	**14.26**

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The principal assumptions used in determining gratuity as shown below:	31 March 2018	31 March 2017	1 April 2016
Discount rate	7.55%	6.70%	7.75%
Future Salary increase	8.00%	8.00%	8.00%
Employee turnover	15.00%	15.00%	15.00%
Retirement age (years)	58	58	58
Expected returns on assets	8.00%	8.00%	7.70%

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to change in the market scenario.

A quantitative sensitivity analysis for significant assumption is shown below Rs. in lacs

	DBO 31 March 2018		DBO 31 March 2017	
	Decrease	Increase	Decrease	Increase
Discount rate (- / +1%)	43.57	39.10	41.63	37.42
Salary Growth rate (- / +1%)	39.09	43.54	37.52	41.45

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 sensitivity are based on change in one single assumption, other assumptions, being constant. In practice, scenarios may involve change in several assumptions where the stressed defined obligation may be significantly impacted.

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

Particulars	31 March 2018	31 March 2017
Within the next 12 months(next annual reporting period)	15.64	19.70
Total expected payments	**15.64**	**19.70**

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

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

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

29. 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 :

Rs. in lacs

Particulars	31 March 2018	31 March 2017
Rent	78.03	74.78
Rent on equipments	529.99	2,171.15
Total	**608.02**	**2,245.93**

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.

30. Segment information

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

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

31. 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	Ms. Lavanya Nandakumar, company secretary (Till October 20, 2017) Ms. Lynn de Souza - Independent and Non executive director Mr. S Madhavan - Independent and Non executive director
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)

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

Rs. in lacs

Transactions	March 31, 2018	March 31, 2017
Sale of services - Advertisement revenue	487.30	1,900.85
Lease Rental- paid	538.22	2,179.10
Lease Rental- Received from sublease of premises	14.94	13.86
Virtual print fee sharing	1,028.28	1,244.62
Other Expenses recovered	Nil	5.35
Other Expenses paid	Nil	4.93
Security deposit received - sub lease	0.18	Nil

Scrabble Entertainment Limited - Fellow subsidiary company

Rs. in lacs

Transactions	March 31, 2018	March 31, 2017
Lease Rental - received	1.12	1.07
Security deposit received - sub lease	0.18	Nil

Scrabble Digital Limited - Associate of Fellow subsidiary company

Rs. in lacs

Transactions	March 31, 2018	March 31, 2017
Other Expenses recovered	Nil	1.06

Valuable Digital Screenz Private Limited - Fellow subsidiary Company

Rs. in lacs

Transactions	March 31, 2018	March 31, 2017
Unsecured loan given	710.00	680.00
Interest Income - received	131.52	11.98

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

Rs. in lacs

Transactions	March 31, 2018	March 31, 2017
Repairs and Maintenance		
Gayathri Auto Services	Nil	0.42
Relatives of key management personnel		
Lease rental expense		
Mrs. Amrin Rizwana	Nil	2.11
Remuneration paid to key managerial personnel		
Ms. Lavanya Nandakumar	24.33	33.86
Mr. S. Madhavan	3.75	3.25
Ms. Lynn de Souza	4.25	2.25

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b. Balance Outstanding at the year end

Rs. in lacs

	March 31, 2018	March 31, 2017	April 1, 2016
Balances Payable			
- Mrs. Amrin Rizwana	Nil	Nil	1.67
- UFO Moviez India Limited	1.95	105.27	Nil
Security deposit received :			
- UFO Moviez India Limited	4.80	4.98	4.98
- Scrabble Entertainment Limited	0.36	0.53	0.53

Rs. in lacs

Balance receivable			
- UFO Moviez India Limited	Nil	Nil	103.11
Security deposit given :			
- Gayathri Auto Services	Nil	Nil	0.20
- Mrs. Amrin Rizwana	Nil	Nil	4.65
- UFO Moviez India Limited	6.53	6.53	6.53
Unsecured Loan Receivable			
-Valuable Digital Screenz Private Limited	1,390.00	680.00	Nil
Interest receivable on unsecured loan			
-Valuable Digital Screenz Private Limited	129.16	10.79	Nil

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.

32. Contingent liabilities

Rs. in lacs

	March 31, 2018	March 31, 2017	1 April, 2016
a) 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.	20.76	20.76	20.76

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, 2018, the Company continues to provide towards probable indirect taxes as below:

Rs. in lacs

Statue	Relevant period	March 31, 2018	March 31, 2017	April 1, 2016
i. Andra Pradesh VAT act - Refund of caution deposit paid on appeal	2011-12	Nil	14.66	14.66
ii. Kerala VAT act - Disallowance of claim of input tax credit	2011-12	Nil	10.17	10.17
iii Service tax on lease rent charges and disallowance of ineligible service tax	From April 2011-March15	Nil	21.29	Nil

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

Based on information available with the management, there is no amount due to micro, small scale and medium enterprises as per the Micro, Small and Medium Enterprises Development Act, 2006.

34. 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.

Rs. in lacs

Name of the loanee and Purpose	Rate of interest	Terms	March 31, 2018	March 31, 2017
Valuable Digital Screens private limited -Working capital requirement for new exhibition business	12%	Repayable on demand	1,390.00	680.00
			1,390.00	**680.00**

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35. Corporate social responsibility

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

Rs. in lacs

Particulars	March 31, 2018	March 31, 2017
Gross amount required to be spent	18.83	12.41
Spent during the year	-	-
Balance unspent during the year	18.83	12.41

36. 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:

a. Filing of the certified copy of the order of Bombay High Court (and now NCLT) sanctioning the Scheme with the Registrar of Companies, Maharashtra.

b. 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. UFO had final hearing with NCLT Mumbai on May 17, 2018 where the Scheme was approved. However final order from the NCLT is still awaited hence effect of the Scheme is not given in these financial results.

37. Financial Instruments -Accounting Classifications and Fair Value Measurement

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

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

The Carrying value and fair value of financial assets by categories as at March 31, 2018 were as follows:

Rs. in lacs

Particulars	Carrying Value	Fair Value	Fair Value hierarchy Level 1	Level 2
Financial Assets at Fair Value through Profit or Loss				
Current Investment in mutual funds	1,607.55	1,607.55	1,607.55	-
Total	**1,607.55**	**1,607.55**	**1,607.55**	-

The Carrying value and fair value of financial assets by categories as at March 31, 2017 were as follows:

Rs. in lacs

Particulars	Carrying Value	Fair Value	Fair Value hierarchy Level 1	Level 2
Financial Assets at Fair Value through Profit or Loss				
Current Investment in mutual funds (Level 1)	1,324.32	1,324.32	1,324.32	-
Total	**1,324.32**	**1,324.32**	**1,324.32**	-

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

There have been no transfers between Level 1 and Level 2 during the year ended 31 March 2018 and 31 March 2017.

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38. 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 is supported by finance risk management committee that advices on financial risks and the appropriate financial risk and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's Senior Management that the Company's financial risk are governed by policies and procedure and that financial risk are identified, measured and managed in accordance with the Company's policies and risk objective.

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 loans and borrowings, investments and deposits.

a) Interest Rate risk :

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the long-term debt obligations with floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

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.

The Company regularly evaluates exchange rates exposure arising from foreign currency transactions. The Company follows the established risk management policies and Standard operating procedures.

2. Credit Risk :

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

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

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

The Company does not require collateral or other security from customers; however credit evaluations are performed prior to the initial granting of credit when warranted and periodically thereafter. Based on policy, the Company records a reserve for estimated uncollectible amounts, which management believes reduce credit risk. Management assesses the adequacy of reserve quarterly, taking into account historical experience, current collection trend, the age of the receivables and, when warranted and available, the financial condition of specific counterparties.

Due to diversified client base, management believes the Company does not have a significant concentration of credit risk:

Trade Receivables after adjusting provision (basis past experience and trends) are as follows: **Rs. in lacs**

Particulars	**March 31, 2018**	**March 31, 2017**	**1 April, 2016**
Trade Receivables	339.95	82.62	153.71

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

The table below analyses financial liabilities of the Company into relevant maturity groupings 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.

Rs. in lacs

Particulars	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
At 31 March 2018				
Trade Payables	415.84	-	-	-
Other financial liabilities	1.68	-	-	-
At 31 March 2017				
Trade Payables	491.21	-	-	-
Other financial liabilities	2.35	-	-	-
At 1 April 2016				
Trade Payables	403.68	-	-	-
Other financial Liabilities	1.24	-	-	-

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39. Capital Management

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

The capital structure is governed by policies approved by the Board of Directors and is monitored by various metrics. The Company maintains focus on capital efficiency without incurring material indebtedness and have negative working capital and positive free cash flows. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2018 and 31 March 2017.

40. First Time Adoption of Ind AS

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

The accounting policies set out in note (2.1) have been applied in preparing the financial statements for the year ended 31 March 2018 , the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (transition date). In preparing its opening Ind AS balance sheet, the Company has adjusted the amount reported previously in financial statements prepared in accordance with IGAAP.

Exemptions availed

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

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

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

Exceptions Applied

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

Reconciliation between Previous GAAP and Ind-AS — Rs. in lacs

Other Equity Reconciliation	Notes	March 31, 2018	March 31, 2017
Other Equity under previous GAAP		946.78	364.78
Impact on account of :		-	-
Fair value of Financial instruments	3	124.32	1.47
Others	1	(18.10)	(4.51)
Other Equity under Ind AS		**1,053.00**	**361.74**

Rs. in lacs

Reconciliation of total comprehensive income	Notes	March 31, 2017
Profit for the year under previous GAAP		582.00
Impact on account of :		-
Fair value of Financial instruments	3	122.85
Income tax (including deferred tax)	4	(17.13)
Actuarial (gain)/loss on employee defined benefit plans	2	-
Others	1	0.91
Net profit attributable to Equity shareholders of the company under Ind AS		**688.63**
Other comprehensive income/(expense) (net of taxes)		2.63
Total comprehensive income attributable to Equity shareholders of the company under Ind AS		**691.26**

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

1. Revenue and related costs :

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

2. Re-measurement of Employee Benefits:

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

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

4. Deferred tax
Previous GAAP requires deferred tax accounting using the income statement approach, which focuses to be recognised on timing differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. Further, the Company has also considered deferred tax impact on account of differences between Ind-AS and Previous GAAP.

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

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

41. Recent Accounting pronouncements
Standards issued but not yet effective
Ind AS 115 was issued on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under Ind AS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 April 2018.
The amendment is applicable to the Company from April 1, 2018.The Company is evaluating the requirements of this standard and the effect on the financial statement is being evaluated.

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 Amit Majmudar
Partner
Membership No.:36656
Place of signature: Mumbai
Date: 29 May, 2018

S.R. BATLIBOI & ASSOCIATES LLP
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For and on behalf of the board of directors of
Southern Digital Screenz India Private Limited

Ashish Malushte
Whole time Director
Place of signature: Mumbai
Date: 29 May, 2018

Sushil Agrawal
Director
Place of signature: Mumbai
Date: 29 May, 2018