

Date: September 29, 2017

To,  
BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400 001  
Fax: 022 – 2272 3121

BSE Scrip Code: **539141**

To,  
National Stock Exchange of India Limited  
Exchange Plaza, 5<sup>th</sup> Floor, Plot No. C/1, G  
Block, Bandra Kurla Complex, Bandra (East),  
Mumbai- 400 051  
Fax : 022- 2659 8237/ 38

NSE Symbol: **UFO**

Dear Sirs/ Ma'am,

**Sub: Compliance under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 (“Listing Regulations”)**

In compliance with Regulation 34 of Listing Regulations, please find attached herewith Annual Report for the financial year 2016-17 duly approved and adopted by the shareholders at the 13<sup>th</sup> Annual General Meeting of the Members held on Tuesday, September 26, 2017 at 11.00 a.m. at Emerald Hall, Kohinoor Continental, Andheri-Kurla Road, JB Nagar, Andheri (East), Mumbai-400 059.

The said Annual Report of the Company is uploaded on the website of the Company <http://www.ufomoviez.com>

Thanking you.

Yours faithfully,

For **UFO Moviez India Limited**



**Sameer Chavan**  
Company Secretary

Encl: a/a

**ANNUAL REPORT 2016-17**

**HIGH IMPACT ADVERTISING**

**UFO**

The letters 'UFO' are rendered in a large, bold, sans-serif font. Each letter is filled with a different color and contains a digital or network-themed background. The 'U' is red and orange with a grid pattern. The 'F' is green with a grid pattern. The 'O' is blue with a grid pattern and a globe-like structure.

digital cinema

**UFO MOVIEZ INDIA LIMITED**

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### UFO MOVIEZ AT A GLANCE

UFO Moviez India Limited is India's largest satellite-based digital cinema distribution network and in-cinema advertising platform. UFO delivers movie content through satellite-based cinema distribution network using its UFO-M4 platform, as well as India's largest D-Cinema network. As on March 31, 2017, UFO's network consisted of 6,579 screens worldwide, including 5,105 screens across India and 1,474 screens across the Middle East, Israel, Mexico and USA.

### OUR VISION

To be the leader in big screen entertainment by enhancing value for all stakeholders & bringing joy to people's lives, through innovation.

## OVERVIEW

### Resilience in a Tough Microenvironment

**Revenue** ₹ 5,989 Mn

consolidated revenue grew 4.7%

₹ 1,845 Mn

**EBITDA**

compared to ₹ 1,848 Mn  
in FY2016

₹ 632 Mn

**PAT**

compared to ₹ 635 Mn in  
FY2016

₹ 10

**DIVIDEND PER SHARE**

compared to ₹ 8, higher by  
25% over FY2016. Reflecting  
a payout (including dividend  
distribution tax) of 53%  
compared to 42% in FY2016  
of consolidated profits

### Steady Theatrical Performance

**5,105** SCREENS

strengthening theatrical network

2,321

**DISTRIBUTORS**

delivered movies on UFO's  
digital cinema network

1,790

**MOVIES**

were delivered during FY2017 compared  
to 1,738 movies in FY2016

### Healthy Advertising Performance is Evident from Growing Screen Strength and Advertisement Revenues

**3,745** IN-CINEMA ADVERTISING SCREENS

1,027 Multiplex screens & 2,718 Single screens across India

In-cinema advertisement revenue grew by 13.4% to ₹ 1,790 Mn in FY2017

2,824

**ADVERTISERS**

grew from 2,556 advertisers  
in FY2016

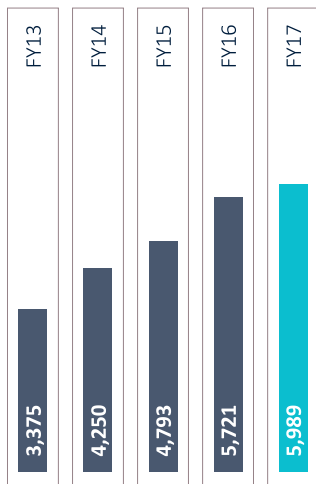
4.34

**ADVERTISEMENT MINUTES/SCREEN/SHOW**

compared to 4.15 minutes/screen/show in FY2016

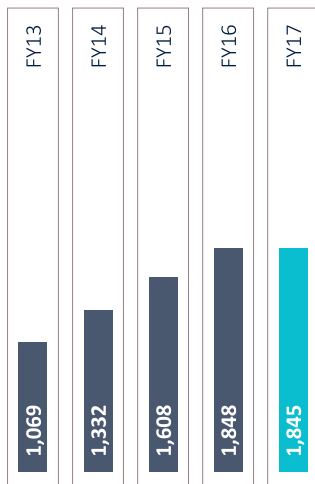
# CONSOLIDATED FINANCIAL HIGHLIGHTS

Revenue (₹ Mn)



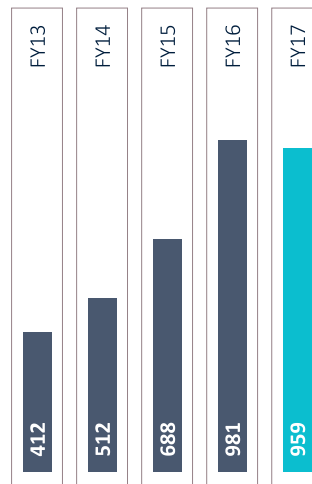
15% CAGR

EBITDA (₹ Mn)



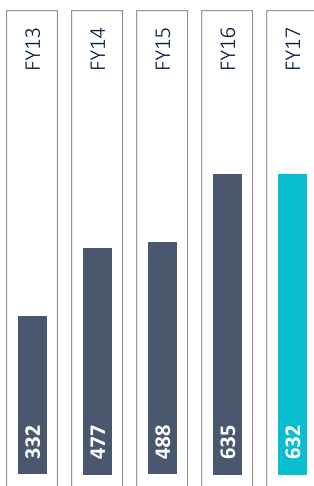
15% CAGR

PBT (₹ Mn)



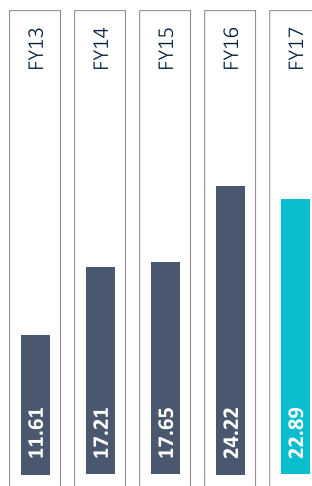
24% CAGR

PAT (₹ Mn)



17% CAGR

Basic EPS (₹)



18% CAGR

FY16 ← **RoE** → FY17  
13.09%      11.54%

FY16 ← **Net Debt (₹ Mn)** → FY17  
24      -718

FY16 ← **RoCE** → FY17  
17.63%      15.44%

FY16 ← **Net Debt/EBITDA** → FY17  
0.01x      -0.39x

## LETTER TO SHAREHOLDERS



### *Dear Shareholders,*

*Fiscal 2017 was another eventful year. The Government's decision to demonetize high currency notes had a transient impact on business performance, however we know that the fundamental mission of this move was to support long term economic growth of India. Also, the passage of the Goods and Services Tax bill and its recent implementation on July 1, 2017 are expected to positively contribute to India's long term goals despite short term challenges. We believe that the growing economic activity will present more prospects, and we are well placed to embrace emerging opportunities to continue growing.*

*During the year, we made significant progress towards achieving our long term goals. We delivered healthy operating cash flows and also declared 100% dividend for the fiscal year 2017, representing our second consecutive annual dividend with an increased payout since listing in May 2015.*

*Our advertising business maintained healthy momentum despite the impact of demonetization in*

*the second half of fiscal 2017. Advertisement revenues grew 13.4% during the year driven by both increase in advertisement inventory utilization and average realization. Going forward, the advertisement inventory utilization has enormous head room for delivering growth from the current level of 4.34 minutes per screen per show. Our sales team continued to grow the new client base while focusing on strengthening engagements with existing clients. The hyperlocal advertising solution - UFO Framez also gained healthy traction during the year, and while UFO Framez' contribution remained small, it is expected to be one of the drivers which will propel the in-cinema advertising growth in the foreseeable future.*

**“ With over 4,000 in-cinema advertisement screens, UFO Moviez is a prominent media Company that operates India's largest in-cinema advertising network of screens. ”**



## UFO MOVIEZ INDIA LIMITED

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*Our advertising business is getting stronger, the advertising network has grown from 3,713 screens as on March 31, 2016 to 3,745 screens as on March 31, 2017. Recently we also entered into a strategic tie up with United Media Works under which we have acquired exclusive long term advertising rights of over 300 screens increasing UFO's screen strength to over 4,000 screens in fiscal 2018.*

*Fiscal 2017 was a tough year for Caravan Talkies, demonetization adversely impacted this business. Despite the major setback, we were able to contain operating losses during the year led by cost optimization initiatives. With the impact of demonetization behind us, and increased economic activity in rural India, Caravan Talkies has started witnessing healthy traction and is expected to deliver strong operating performance going forward.*

*Our asset light franchisee theater business NOVA Cinemaz saw the launch of our first NOVA Cinemaz branded theater in Punjab during the year. Subsequently, we also launched the second theater in Maharashtra. The objective of NOVA Cinemaz is to drive organic screen growth in the Country in the long term which would serve as a captive customer base for UFO's core business offering.*

*As fiscal 2018 begins, we certainly think that in-cinema advertising industry stands at an inflection point where it is starting to take off. In-cinema advertising is identified as an impact advertising platform and an increasing trend towards impact advertising is emerging. With over 4,000 in-cinema advertisement screens, UFO Moviez is a prominent media Company that operates India's largest in-cinema advertising network of screens. UFO's extensive reach with high flexibility over the advertising process positions us well to lead, capitalize on opportunities and drive long term growth of the Company.*

*In conclusion, UFO over the last decade has made a significant impact and has become more relevant to all stakeholders. Looking to the future, we have every confidence that we will deliver on our commitments to our shareholders, clients, employees and stakeholders. We want to thank our shareholders for their unconditional support. We would also like to thank the employees and the senior leadership team for their sincere efforts and valued contribution and for showing remarkable capabilities, discipline, determination and skills.*

*Thank you all for your continued support and best wishes.*

Warm Regards,

**Sanjay Gaikwad**

Founder & Managing Director

**Kapil Agarwal**

Joint Managing Director

## CORPORATE INFORMATION

### Board of Directors

Sanjeev Aga	Chairman & Independent Director
Ameya Hete	Non-Executive Director
Kapil Agarwal	Joint Managing Director
Lynn de Souza	Independent Director
Raaja Kanwar	Non-Executive Director
S. Madhavan	Independent Director
Sanjay Gaikwad	Managing Director
Varun Laul	Non-Executive Director

### Chief Financial Officer

Ashish Malushte

### Company Secretary

Sameer Chavan

### Auditors

S.R. Batliboi & Associates LLP, Chartered Accountants

### Bankers

HDFC Bank Limited  
Yes Bank Limited

### Registrar & Share Transfer Agent

Karvy Computershare Private Limited  
Karvy Selenium Tower B, Plot 31-32, Financial District  
Nanakramguda, Gachibowli, Hyderabad – 500 032  
Tel No.: 040 6716 2222; Fax No.: 040 2300 1153  
Toll Free No.: 1800 345 4001  
Email: einward.ris@karvy.com

### Registered and Corporate Office

Valuable Techno Park, Plot No.53/1, Road No.07,  
Marol MIDC, Andheri (East),  
Mumbai- 400 093  
Tel: 022 4030 5060  
Email: investors@ufomoviez.com  
Website: www.ufomoviez.com

### Corporate Identity Number

L22120MH2004PLC285453

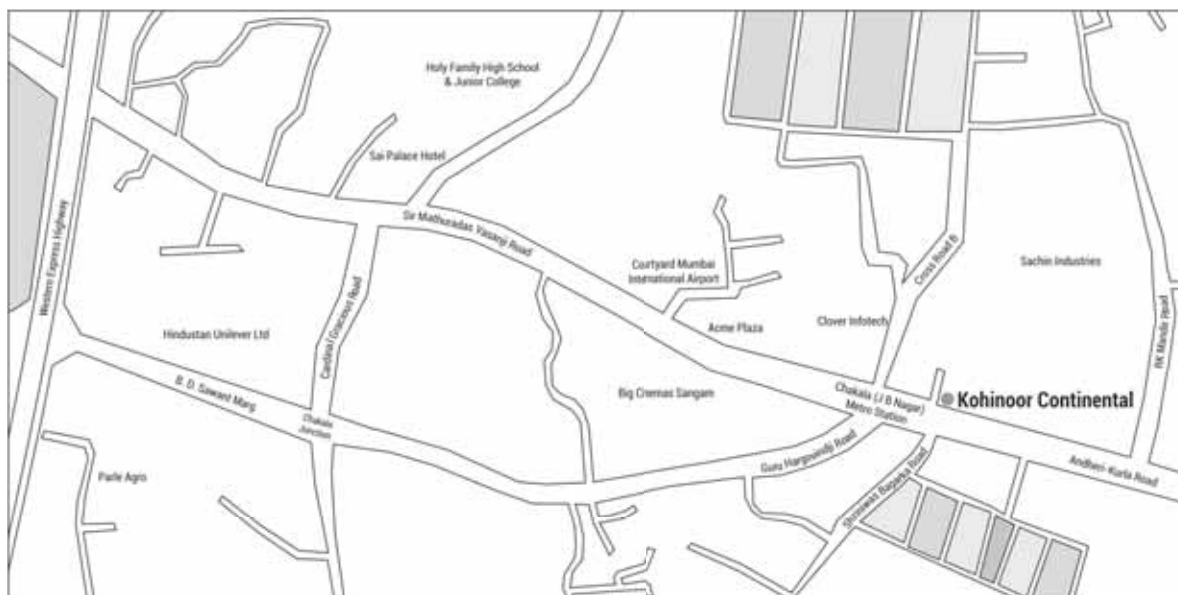
### ANNUAL GENERAL MEETING

**Date :** Tuesday, September 26, 2017

**Time :** 11:00 a.m.

**Venue :** Emerald Hall, Kohinoor Continental, Andheri-Kurla Road, JB Nagar, Andheri (East), Mumbai- 400 059

### ANNUAL GENERAL MEETING VENUE - ROUTE MAP





## NOTICE

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Members of UFO Moviez India Limited ("the Company") will be held on Tuesday, the 26<sup>th</sup> day of September 2017 at 11:00 a.m. at Emerald Hall, Kohinoor Continental, Andheri-Kurla Road, JB Nagar, Andheri (East), Mumbai- 400 059 to transact the following business(es):

### Ordinary Business

1. To consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2017 and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend of ₹ 10 per equity share.
3. To appoint a Director in place of Mr. Ameya Hete (DIN No. 01645102), who retires by rotation, and being eligible, offers himself for re-appointment.
4. Ratification of appointment of Statutory Auditors:

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Audit and Auditors) Rules, 2014 ("the Rules"), (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), S.R. Batliboi & Associates LLP, Chartered Accountants, having ICAI Firm Registration No.101049W, who have offered themselves for re-appointment and have confirmed their eligibility to be appointed as Statutory Auditors, in terms of provisions of Section 141 of the Act, and Rule 4 of the Rules, be and are hereby re-appointed as Statutory Auditors of the Company for the financial year ending March 31, 2018, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be agreed upon by the Board of Directors and the Auditors, in addition to the applicable taxes and reimbursement of actual out of pocket expenses incurred by them in connection with the audit of Accounts of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company and/or the duly appointed company secretary of the Company be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

### Special Business:

5. **Re-appointment of Mr. Sanjeev Aga (DIN: 00022065) as an Independent Director**

To consider and, if thought fit, to pass the following resolution as Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014, (including any statutory modification(s) or

re-enactment(s) thereof, for the time being in force), Mr. Sanjeev Aga, (DIN: 00022065) Independent Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company on a non-rotational basis to hold office for a period of five years i.e. from November 20, 2017 to November 19, 2022.

**RESOLVED FURTHER THAT** in addition to sitting fees payable for attending the meetings of the Board of Directors of the Company and committees thereof, the Company be and is hereby authorised to pay Mr. Sanjeev Aga for a period of five years commencing from November 20, 2017, such commission as the Board of Directors may from time to time determine not exceeding 1% of the net profits of the Company in any financial year computed in the manner provided in Section 198 of the Act plus applicable taxes.

**RESOLVED FURTHER THAT** any Director and the Company Secretary of the Company be and are hereby severally authorised to take all necessary steps and to do all such acts, deeds and things as may be required from time to time, to give effect to this resolution including making the necessary filings and applications with the concerned statutory authorities and to settle any question or difficulty which may arise in regard thereto in such manner as it may deem expedient."

6. **Re-appointment of Ms. Lynn de Souza (DIN: 01419138) as an Independent Director**

To consider and, if thought fit, to pass the following resolution as Special Resolution:

**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Ms. Lynn de Souza (DIN: 01419138), who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company on a non-rotational basis to hold office for a period of five years i.e. from November 20, 2017 to November 19, 2022.

**RESOLVED FURTHER THAT** in addition to sitting fees payable for attending the meetings of the Board of Directors of the Company and committees thereof, the Company be and is hereby authorised to pay Ms. Lynn de Souza for a period of five years commencing from November 20, 2017, such commission as the Board of Directors may from time to time determine not exceeding 1% of the net profits of the

Company in any financial year computed in the manner provided in Section 198 of the Act plus applicable taxes.

**RESOLVED FURTHER THAT** any Director and the Company Secretary of the Company be and are hereby severally authorised to take all necessary steps and to do all such acts, deeds and things as may be required from time to time, to give effect to this resolution including making the necessary filings and applications with the concerned statutory authorities and to settle any question or difficulty which may arise in regard thereto in such manner as it may deem expedient.”

**7. Re-appointment of Mr. S. Madhavan (DIN: 06451889) as an Independent Director**

To consider and, if thought fit, to pass the following resolution as Special Resolution:

**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. S. Madhavan (DIN: 06451889), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company on a non-rotational basis to hold office for a period of five years i.e. from November 20, 2017 to November 19, 2022.

**RESOLVED FURTHER THAT** in addition to sitting fees payable for attending the meetings of the Board of Directors of the Company and committees thereof, the Company be and is hereby authorised to pay Mr. S. Madhavan for a period of five years commencing from November 20, 2017, such commission as the Board of Directors may from time to time determine not exceeding 1% of the net profits of the Company in any financial year computed in the manner provided in Section 198 of the Act plus applicable taxes.

**RESOLVED FURTHER THAT** any Director and the Company Secretary of the Company be and are hereby severally authorised to take all necessary steps and to do all such acts, deeds and things as may be required from time to time, to give effect to this resolution including making the necessary filings and applications with the concerned statutory authorities and to settle any question or difficulty which may arise in regard thereto in such manner as it may deem expedient.”

**8. Approval of the fees for delivery of documents through specific mode of delivery on request of the member(s).**

To consider and, if thought fit, to pass the following resolution as Special Resolution:

**RESOLVED THAT** pursuant to the provisions of Section 20 of the Companies Act, 2013 and relevant rules framed thereunder and other applicable provisions, if any, whereby, a document may be served on any member by the Company by sending it to him/her by post, by

registered post, by speed post, by electronic mode, or any other modes as may be prescribed, consent of the members be and is hereby accorded to charge from the member such fees in advance equivalent to estimated actual expenses of delivery of the documents delivered through registered post or speed post or by courier service or such other mode of delivery of documents pursuant to any request by the shareholder for delivery of documents, through a particular mode of service mentioned above provided such request along with requisite fees has been duly received by the Company at least 10 days in advance of dispatch of documents by the Company to the member.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution the Board of Directors or Key Managerial Personnel of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things as may be necessary, proper or desirable to give effect to the resolution.”

By order of the Board of Directors

**Sameer Chavan**

Company Secretary

M. No. F7211

Date : July 11, 2017

Place : Mumbai

**Notes:**

1. The Explanatory Statement setting out material facts, pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Businesses under Item Nos. 5 to 8 of the accompanying Notice is annexed hereto. Additional information, pursuant to Regulations 26(4) and 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Secretarial Standard – 2 issued by Institute of Company Secretaries of India as notified by the Central Government on General Meetings in respect of Directors seeking appointment or re-appointment at the Annual General Meeting is furnished as Annexure to the Notice.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (“MEETING”) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY MUST BE DEPOSITED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten per cent of the total share capital of the Company carrying voting rights. A Member holding more than ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. A form of proxy is enclosed to this Notice. No instrument of proxy shall be valid unless:
  - (i) it is signed by the Member or by his/her attorney duly authorised in writing or, in the case of joint

- holders, it is signed by the Member first named in the Register of Members or his/her attorney duly authorised in writing or, in the case of body corporate, it is executed under its common seal, if any, or signed by its attorney duly authorised in writing; provided that an instrument of proxy shall be sufficiently signed by any Member, who for any reason is unable to write his/her name, if his/her thumb impression is affixed thereto, and attested by a judge, magistrate, registrar or sub-registrar of assurances or other government gazetted officers or any officer of a Nationalised Bank.
- (ii) it is duly filled, stamped, signed and deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting, together with the power of attorney or other authority (if any), under which it is signed or a copy of that power of attorney certified by a notary public or a magistrate unless such a power of attorney or the other authority is previously deposited and registered with the Company / Registrar & Share Transfer Agent.
5. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
  6. The Company's Registrar and Share Transfer Agents for its Share Registry Work (Physical and Electronic) are Karvy Computershare Private Limited having their office premises at Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, Andhra Pradesh, India.
  7. Relevant documents referred to in the accompanying Notice are open for inspection by the Members at the Registered Office of the Company on all working days between 11.00 a.m. to 01.00 p.m. except Saturday, Sunday and public holidays, up to the date of the Annual General Meeting.
  8. The Register of Members and Share Transfer Books of the Company will be closed from Tuesday, September 19, 2017 to Tuesday, September 26, 2017 (both days inclusive).
  9. Dividend, if declared, will be paid after Wednesday, September 27, 2017 to those members whose names will appear on the Register of Members of the Company and, in respect of those members who hold shares in the electronic form, as per the list of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Securities (India) Limited (CDSL) or to their mandate as of the close of business on Monday, September 18, 2017.
  10. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013 and Rules thereon. Members desiring to avail this facility may send their nomination in the prescribed Form No. SH -13 duly filled in to Karvy Computershare Private Limited at the above mentioned address. Members holding shares in electronic form may contact their respective Depository Participants for availing this facility. Members holding shares in physical form are requested to intimate any change of address and / or bank mandate to M/s. Karvy Computershare Private Limited / the Company immediately.
  11. In accordance with the provisions of Section 101 of the Companies Act, 2013 read with Rule 18 of the Companies (Management and Administration) Rules, 2014, this Notice and the Annual Report of the Company for the financial year 2016-17 are being sent by e-mail to those members who have registered their e-mail address with the Company (in respect of shares held in physical form) or with their DP (in respect of shares held in electronic form) and made available to the Company by the Depositories. Those members, who desire to receive notice / documents through e-mail, are requested to communicate their e-mail ID and changes thereto from time to time to his/her Depository Participant / the Company's Registrar & Share Transfer Agents, M/s. Karvy Computershare Private Limited, as the case may be.
  12. Members are requested to: a) intimate to the Company's Registrar and Share Transfer Agents, Karvy Computershare Private Limited at the abovementioned address, changes, if any, in their registered addresses at an early date, in case of shares held in physical form; b) intimate to the respective Depository Participants, changes, if any, in their registered addresses at an early date, in case of shares held in dematerialized form; c) quote their folio numbers / DP ID Client ID in all correspondence; d) consolidate their holdings into one folio in case they hold shares under multiple folios in the identical order of names.
  13. A member desirous of getting any information on the accounts or operations of the Company is requested to forward his / her query to the Company at least between seven working days prior to the meeting, so that the required information can be made available at the meeting.
  14. Pursuant to the provision of the Companies Act, 2013, the amount of unpaid / unclaimed dividends for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund (hereinafter referred to as 'IEPF') established by the Central Government.  
In accordance with provisions of the said Section, no claim shall lie against the Company or the fund in respect of individual amounts of dividend remaining unclaimed for a period of seven years from the dates they became first due for payment and no payment shall be made in respect of any such claims. The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company on the website of the Company <http://www.ufomoviez.com/> and on the website of the Ministry of Corporate Affairs.
  15. The due date of transferring unclaimed and unpaid dividend declared by the Company to IEPF:



Equity dividend for FY	Date of declaration of dividend	Date by which unclaimed dividend can be claimed	Proposed period for transfer of unclaimed equity dividend to IEPF
2015-16 (Interim)	March 11, 2016	April 9, 2023	From 10 April, 2023 to May 9, 2023
2015-16 (Final)	September 14, 2016	October 13, 2023	From October 14, 2023 to November 12, 2023

Members who have not encashed the dividend warrants so far in respect of the aforesaid dividend are requested to make their claim to the Company's Registrar & Share Transfer Agent, M/s. Karvy Computershare Private Limited well in advance to the above due date.

16. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat account. Members holding shares in physical form can submit their PAN to the Company / Registrar & Share Transfer Agent, M/s. Karvy Computershare Private Limited. Non-Resident Indian members are requested to inform Registrar and Share Transfer Agent, M/s. Karvy Computershare Private Limited, immediately of: (i) Change in their residential status on return to India for permanent settlement; (ii) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
17. Payment of Dividends through electronic mode: In terms of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, listed companies shall mandatorily make all payments to investors including dividend to shareholders, by using any the Reserve Bank of India approved electronic mode of payment viz, electronic clearance services (local, regional or national), direct credit, real time gross settlement, national electronic funds transfer etc. We, therefore, request you to do the following: (i) In case of holding of shares in demat form, update your bank account details with your Depository Participants (DP) immediately. (ii) In case of physical shareholding, submit bank details along with photocopy of the cancelled cheque of your account to the Company's Registrar & Share Transfer Agent, M/s. Karvy Computershare Private Limited at its office at Karvy Selenium Tower B, Plot 31-32, Financial District, Nanakramguda, Gachibowli, Hyderabad – 500 032. This will facilitate the remittance of the dividend account amount as directed by SEBI in the Bank Account electronically.
18. **Remote e-voting:** In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast

their vote electronically, through the e-voting services provided by Karvy Computershare Private Limited (Karvy) on all resolutions set forth in this Notice, from a place other than the venue of the Meeting (Remote e-voting).

- (a) In case a Member receives an email from Karvy [for Members whose email IDs are registered with the Company/Depository Participants (s)]:
- i. Launch internet browser by typing the URL:https://evoting.karvy.com.
  - ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
  - iii. After entering these details appropriately, click on "LOGIN".
  - iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #,\$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
  - v. You need to login again with the new credentials.
  - vi. On successful login, the system will prompt you to select the "EVENT" i.e., "Name of the Company"
  - vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
  - viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.
  - ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
  - x. You may then cast your vote by selecting an appropriate option and click on "Submit".
  - xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
  - xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with

- attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at dmz@dmzaveri.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format “**Corporate name event no.**”
- (b) In case of Members receiving physical copy of Notice [for Members whose email IDs are not registered with the Company/Depository Participants (s)]:
- (i) E-Voting Event Number – XXXX (EVEN), User ID and Password is provided in the Attendance Slip.
- (ii) Please follow all steps from Sl. No. (i) to (xii) above to cast your vote by electronic means.
19. **Voting at Annual General Meeting (AGM) Venue:** The Members, who have not cast their vote through Remote e-voting can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM Venue. The facility for voting through ballot shall be made available at the Meeting. Members who have already cast their votes by Remote e-voting are eligible to attend the Meeting; however, those Members are not entitled to cast their vote again in the Meeting.
20. A Member can opt for only single mode of voting i.e. through Remote e-voting or voting at the AGM. If a Member casts votes by both modes then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.
21. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.karvy.com> (Karvy Website) or contact Mr. B Srinivas (Unit: UFO Moviez India Limited) of Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at [einward.ris@karvy.com](mailto:einward.ris@karvy.com) or phone no. 040 – 6716 2222 or call Karvy's toll free No. 1-800-34-54-001 for any further clarifications.
22. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
23. The remote e-voting period commences on Thursday, September 21, 2017 (09.00 am) and ends on Monday, September 25, 2017 (05.00 pm). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Tuesday, September 19, 2017 may cast their votes electronically. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.
24. The voting rights of Members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date i.e. Tuesday, September 19, 2017.
25. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for e-voting i.e., Tuesday, September 19, 2017, he/she may obtain the User ID and Password in the manner as mentioned below:
- (i) If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399
- Example for NSDL:  
MYEPWD <SPACE> IN12345612345678
- Example for CDSL:  
MYEPWD <SPACE> 1402345612345678
- Example for Physical:  
MYEPWD <SPACE> XXXX1234567890
- (ii) If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click “Forgot Password” and enter Folio No. or DP ID Client ID and PAN to generate a password.
- (iii) Member may call Karvy's toll free number 1800-3454-001.
- (iv) Member may send an e-mail request to [einward.ris@karvy.com](mailto:einward.ris@karvy.com). However, Karvy shall endeavor to send User ID and Password to those new Members whose mail ids are available.
26. Mr. Dharmesh Zaveri, Practicing Company Secretary (FCS: 5418 CP: 4363), has been appointed as Scrutinizer to scrutinize the voting process in a fair and transparent manner.
27. The Scrutinizer after scrutinizing the votes cast at the Meeting through ballot or polling paper and through remote e-voting, shall within 48 hours of conclusion of the Meeting, make a consolidated Scrutinizer's Report and submit the same forthwith to the Chairman of the Company or a person authorised by him in writing, who shall countersign the same.
28. The results declared along with the consolidated Scrutinizer's Report shall be hosted on the website of the Company ([www.ufomoviez.com](http://www.ufomoviez.com)) and on the website of the Karvy (<https://evoting.karvy.com>). The results shall simultaneously be communicated to BSE Limited and the National Stock Exchange of India Limited.
29. The resolutions shall be deemed to be passed on the date of the Meeting, i.e. Tuesday, September 26, 2017 subject to receipt of the requisite number of votes in favour of the resolutions.
30. The route map showing directions to reach the venue of the Annual General Meeting is annexed.

**EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESSES PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013****For Item no. 5 to 7**

The Members of the Company, at the Extra-Ordinary General Meeting held on November 20, 2014 had approved the appointment of Mr. Sanjeev Aga, Ms. Lynn de Souza and Mr. S. Madhavan as Independent Directors of the Company, whose term is due to expire on November 19, 2017.

As per Section 149(10) of the Companies Act, 2013 ("the Act"), an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of upto five consecutive years on the Board of a Company.

The brief profile of Mr. Sanjeev Aga, Ms. Lynn de Souza and Mr. S. Madhavan is given below:

**Mr. Sanjeev Aga** – Mr. Sanjeev Aga is the Chairman and Independent Director of the Company. He did his B.Sc. (Honours) Physics from St. Stephen's College, Delhi University, and P.G.D.M. from the Indian Institute of Management, Calcutta. In his work career he has been the Managing Director of BlowPlast Ltd, of Aditya Birla Nuvo Ltd, and of Idea Cellular Ltd. He now serves on the boards of reputed companies in a non-executive capacity.

**Ms. Lynn de Souza** – Ms. Lynn de Souza is an Independent Director of the Company. She has a bachelor's degree in economics from the University of Mumbai and a master's degree in management studies, specialising in marketing from Jamnalal Bajaj Institute of Management Studies, University of Mumbai. She is also a certified veterinary nurse from TAFE, Brisbane Australia. Prior to joining the Company, she was associated with Lintas India Private Limited, as Chairman and CEO of Lintas Media Group.

**Mr. S. Madhavan** – Mr. S. Madhavan is an Independent Director of the Company. He has a post graduate diploma in management from the Indian Institute of Management, Ahmedabad and is a certified Chartered Accountant. He has worked with Hindustan Unilever earlier and before joining the Company Board, he was a senior partner with PricewaterhouseCoopers.

In the opinion of the Board, Mr. Sanjeev Aga, Ms. Lynn de Souza and Mr. S. Madhavan fulfill the conditions and criteria specified in the Act for their appointment as independent directors of the company. As on March 31, 2017 except Mr. S. Madhavan who was holding 1,500 equity shares of the Company (as on date 2,500 equity shares), none of the Independent Directors of the Company was holding any equity shares of the Company as on March 31, 2017 or as on date.

The Company has received notice under Section 160 of the Act from members of the Company along with requisite deposit proposing candidature of Mr. Sanjeev Aga, Ms. Lynn de Souza and Mr. S. Madhavan as Independent Directors of the Company.

In line with the aforesaid provisions of the Act and in view of long, rich experience, continued valuable guidance to the management and strong Board performance of Mr. Sanjeev Aga, Ms. Lynn de Souza and Mr. S. Madhavan, it is proposed to re-appoint them for the second term as Independent Directors on the Board of the Company for a period of five years upto November 19, 2022. Accordingly, the Board recommends passing of the Resolution at Item No. 5, 6 and 7 of the Notice respectively as a Special Resolution.

Copy of the draft letter for appointment of Mr. Sanjeev Aga, Ms. Lynn de Souza and Mr. S. Madhavan as Independent Directors setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company on all working days between 11.00 a.m. to 01.00 p.m. except Saturday, Sunday and public holidays, up to the date of the Annual General Meeting.

Except Mr. Sanjeev Aga, being an appointee, none of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 5.

Except Ms. Lynn de Souza, being an appointee, none of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 6.

Except Mr. S. Madhavan, being an appointee, none of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 7.

**For Item no. 8**

As per the provisions of Section 20 of the Companies Act, 2013, a document may be served on any member by sending it to him by registered post, by speed post, by electronic mode, or any other modes as may be prescribed. Further a member may request the delivery of document through any other mode by paying such fees as maybe determined by the members in the Annual General Meeting.

Accordingly, the Board recommends the passing of the Special Resolution at Item No. 8 of the accompanying Notice for members approval.

None of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 8.



**Details of the Director seeking re-appointment in the forthcoming Annual General Meeting in pursuance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS-2.**

<b>Name of Director</b>	<b>Mr. Ameya Hete</b>	<b>Mr. Sanjeev Aga</b>	<b>Ms. Lynn de Souza</b>	<b>Mr. S. Madhavan</b>
Date of Birth and Age	November 28, 1975 41 years	February 1, 1952 65 years	October 26, 1960 56 years	October 27, 1956 60 years
Date of Initial Appointment	October 17, 2008	November 20, 2014.	November 20, 2014.	November 20, 2014.
Qualification	Holds a bachelor's degree in industrial engineering from the University of Nagpur and a master's degree in industrial engineering from the Binghamton University, New York, United States of America.	B.Sc.(Honours) Physics, St. Stephen's College, Delhi University. P.G.D.M., Indian Institute of Management, Calcutta.	Holds a bachelor's degree in economics from the University of Mumbai and a master's degree in management studies, specialising in marketing from Jamnalal Bajaj Institute of Management Studies, University of Mumbai.  She is also a certified veterinary nurse from TAFE, Brisbane Australia.	Holds a post graduate diploma in management from the Indian Institute of Management, Ahmedabad and is a certified Chartered Accountant.
Experience and Expertise in specific functional areas	More than 18 years of experience in the field of engineering and general corporate management.	Over 44 years in general management in top leadership positions.	Over 25 years in marketing through media planning, buying, research and management, with some stopovers into integrated communications, knowledge management, training and healthcare, and a permanent passion for serving animals in distress. Now serving the social sector through communications.	More than 37 years of experience in the field of finance, taxation, accounts, strategy, and general Corporate Management
No. of meetings of the Board attended during the financial year 2016-17.	6 out of 7	6 out of 7	6 out of 7	6 out of 7
List of Directorship of Board as on March 31, 2017.	<ol style="list-style-type: none"> <li>1. Valuable Reserves (India) Private Limited</li> <li>2. Avista Multiventures Private Limited</li> <li>3. Ve-comm Software Private Limited</li> <li>4. Valuable Infra-Tech Private Limited</li> <li>5. Valuable Media Limited</li> <li>6. Valuable Infrastructure Private Limited</li> <li>7. Valuable Innovations Private Limited</li> <li>8. Valuable Edutainment Private Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. Idea Cellular Limited</li> <li>2. Pidilite Industries Limited</li> <li>3. Mahindra Holidays &amp; Resorts India Limited</li> <li>4. Mahindra Logistics Limited</li> <li>5. UFO Moviez India Limited</li> <li>6. Manjushree Technopack Limited</li> <li>7. Larsen and Toubro Limited</li> <li>8. Larsen &amp; Toubro Infotech Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. Social Access Communications Private Limited</li> <li>2. Goa Society for Prevention of Cruelty to Animals</li> <li>3. The Navy Blue Foundation</li> <li>4. Federation of Indian Animal Protection Organisation</li> <li>5. UFO Moviez India Limited</li> <li>6. Scrabble Entertainment Limited</li> <li>7. Southern Digital Screenz India Private Limited</li> <li>8. Infiniti Retail Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. HCL Technologies Limited</li> <li>2. Shopkhoj Content Private Limited</li> <li>3. UFO Moviez India Limited</li> <li>4. Scrabble Entertainment Limited</li> <li>5. Southern Digital Screenz India Private Limited</li> <li>6. CBIX Technology Solutions Pvt. Ltd.</li> <li>7. Multiples LLP (Partner)</li> </ol>

Name of Director	Mr. Ameya Hete	Mr. Sanjeev Aga	Ms. Lynn de Souza	Mr. S. Madhavan
	9. Impact Media Exchange Limited 10. M5 Media Investments Private Limited 11. Sky N Land Video Networks Private Limited 12. Valuable Technologies Limited 13. Spadeworx Software Services Private Limited 14. Titbit Interactive Systems Private Limited 15. Goldencrest Financial Services Private Limited 16. Qwik Entertainment India Limited 17. Asiastar City Holdings Private Limited 18. UFO Moviez India Limited 19. Valuable Technologies Inc, USA 20. Titbit Global Pte Ltd 21. Bluebird Entertainment Pte Ltd. 22. AH Technologies LLC. (Partner) 23. Titbit Inc. 24. Valuable Infocom Ltd., Hong Kong.			
List of Membership / Chairmanship of as on March 31, 2017.	Chairmanship / Membership of Committee <u>UFO Moviez India Limited</u> 1. Nomination and Remuneration Committee-Member 2. Finance Committee-Member	Chairmanship / Membership of Committee <u>UFO Moviez India Limited</u> 1. Audit and Risk Management Committee-Chairman 2. Nomination and Remuneration Committee-Member 3. Compensation Committee-Member	Chairmanship / Membership of Committee <u>UFO Moviez India Limited</u> 1. Audit and Risk Management Committee-Member 2. Corporate Social Responsibility Committee-Member 3. Compensation Committee-Member	Chairmanship / Membership of Committee <u>UFO Moviez India Limited</u> 1. Audit and Risk Management Committee-Member 2. Nomination and Remuneration Committee-Chairman 3. Compensation Committee-Chairman

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Name of Director	Mr. Ameya Hete	Mr. Sanjeev Aga	Ms. Lynn de Souza	Mr. S. Madhavan
		<u>Pidilite Industries Limited</u> 1. Stakeholders Relationship Committee-Chairman 2. CSR Committee-Chairman <u>Idea Cellular Limited</u> 1. Finance Committee-Member 2. Shareholders Grievance Committee-Member 3. Securities Allotment Committee-Member <u>Mahindra Holidays &amp; Resorts India Limited</u> 1. Audit Committee-Member 2. Strategy & Review Committee-Member 3. Investment Committee-Member <u>Mahindra Logistics Limited</u> 1. Audit Committee-Member 2. Remuneration Committee-Member 3. MLL Key Exec Stock Option Scheme-2013-Member <u>Larsen and Toubro Limited</u> 1. Audit Committee-Member	<u>Scrabble Entertainment Limited</u> 1. Audit Committee-Member 2. Nomination and Remuneration Committee-Member 3. Corporate Social Responsibility Committee -Member <u>Southern Digital Screenz India Private Limited</u> 1. Audit Committee-Member 2. Nomination and Remuneration Committee-Member <u>Infiniti Retail Limited</u> 1. Audit and Risk Management Committee -Member 2. Corporate Social Responsibility Committee-Member 3. Committee of the Board - Member	<u>Scrabble Entertainment Limited</u> 1. Audit Committee-Chairman 2. Nomination and Remuneration Committee-Chairman <u>Southern Digital Screenz India Private Limited</u> 1. Audit Committee-Chairman 2. Nomination and Remuneration Committee-Chairman <u>HCL Technologies Limited</u> 3. Stakeholders Relationship Committee-Chairman 4. Audit Committee-Member 5. Risk Management Committee-Member 6. Finance Committee-Chairman 7. Corporate Social Responsibility Committee-Member
Shareholding in the Company as on date	217,797 equity shares	Nil	Nil	2,500 equity shares
Relationship with other directors, manager and Key Managerial Personnel of the Company	No Relation	No Relation	No Relation	No Relation

Name of Director	Mr. Ameya Hete	Mr. Sanjeev Aga	Ms. Lynn de Souza	Mr. S. Madhavan
Terms and conditions of appointment or re-appointment along with details of remuneration sought to be paid and remuneration last drawn by such person	Mr. Ameya Hete is a Non-executive, Non-independent Director of the Company. Remuneration sought to be paid -Nil. Remuneration paid during financial year 2016-17- Nil	Mr. Sanjeev Aga is Chairman, Non-executive and Independent Director of the Company. Remuneration sought to be paid – Not exceeding 1% of the net profits of the Company in any financial year computed in the manner provided in Section 198 of the Act plus applicable taxes. Remuneration paid during financial year 2016-17- ₹ 35 lacs.	Ms. Lynn de Souza is Non-executive and Independent Director of the Company Remuneration sought to be paid – Not exceeding 1% of the net profits of the Company in any financial year computed in the manner provided in Section 198 of the Act plus applicable taxes. Remuneration paid during financial year 2016-17- ₹ 20 lacs.	Mr. S. Madhavan is Non-executive and Independent Director of the Company Remuneration sought to be paid – Not exceeding 1% of the net profits of the Company in any financial year computed in the manner provided in Section 198 of the Act plus applicable taxes. Remuneration paid during financial year 2016-17- ₹ 20 lacs.
Justification for choosing the appointee for the appointment as Independent Directors	NA	As mentioned in the explanatory statement.	As mentioned in the explanatory statement.	As mentioned in the explanatory statement.

By order of the Board of Directors

Date : July 11, 2017  
Place : Mumbai

**Registered Office Address:**  
Valuable Techno Park, Plot No. 53/1,  
Road No. 7, MIDC, Marol,  
Andheri (East), Mumbai – 400 093,  
Maharashtra, India  
E-mail:investors@ufomoviez.com  
CIN: L22120MH2004PLC285453

**Sameer Chavan**  
Company Secretary  
M. No. F7211

## DIRECTORS' REPORT

To the Members,

Your directors have pleasure in presenting the thirteenth report on the business and operations of your Company for the year ended March 31, 2017.

### RESULT OF OPERATIONS

The financial performance of your Company on a standalone and consolidated basis for the year ended March 31, 2017 is summarized below:

(In ₹ Mn)

Particulars	Standalone			Consolidated		
	FY17	FY16	Growth	FY17	FY16	Growth
Revenue from Operations	3,861	3,490	10.6%	5,949	5,655	5.2%
Other Operating Income	6	6	-20.1%	23	46	-50.0%
Other Income	6	12	-47.2%	17	20	-19.2%
<b>Total Income</b>	<b>3,873</b>	<b>3,508</b>	<b>10.4%</b>	<b>5,989</b>	<b>5,721</b>	<b>4.7%</b>
<b>Total Expenses</b>	<b>2,587</b>	<b>2,235</b>	<b>15.7%</b>	<b>4,144</b>	<b>3,873</b>	<b>7.0%</b>
<b>Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)</b>	<b>1,286</b>	<b>1,273</b>	<b>1.0%</b>	<b>1,845</b>	<b>1,848</b>	<b>-0.2%</b>
EBITDA Margin	33.2%	36.3%		30.8%	32.3%	
Depreciation and Amortisation	615	588	4.6%	838	774	8.2%
<b>Earnings before Interest and Tax (EBIT)</b>	<b>671</b>	<b>685</b>	<b>-2.1%</b>	<b>1,007</b>	<b>1,074</b>	<b>-6.2%</b>
Finance Cost	69	98	-30.0%	102	140	-27.1%
Finance Income	(165)	(137)	20.4%	(54)	(47)	14.5%
<b>Profit before Tax (PBT)</b>	<b>767</b>	<b>724</b>	<b>5.9%</b>	<b>959</b>	<b>981</b>	<b>-2.2%</b>
Tax	224	214	4.6%	362	346	4.6%
<b>Profit after Tax (PAT)</b>	<b>543</b>	<b>510</b>	<b>6.5%</b>	<b>597</b>	<b>635</b>	<b>-5.9%</b>
Profit from Associates	-	-		69	39	-75.2%
Minority Interest	-	-		(34)	(39)	12.7%
<b>Profit after Tax, Profit from Associates &amp; Minority Interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>632</b>	<b>635</b>	<b>-0.5%</b>

For a detailed analysis of the financial performance, please refer to the "Management Discussion and Analysis" Section, forming part of the Annual Report.

There are no material changes or commitments affecting the financial position of the Company between the end of the Financial Year in question and the date of this report.

### DIVIDEND

Based on the Company's performance, the directors are pleased to recommend for approval of the members a dividend of ₹ 10.00 per share for the financial year 2016-17. The dividend

on equity shares, if approved by the members, would involve a cash outflow of ₹ 332.20 Mn including dividend tax resulting in a payout of 61.20% of the standalone profits of the Company.

### SHARE CAPITAL

The paid up equity share capital of the Company as on March 31, 2017, was ₹ 276,008,010. During the year under review, the Company has allotted 101,425 equity shares pursuant to the exercise of the rights granted to the employees of the Company under the Employee Stock Option Scheme 2006 and the Employee Stock Option Scheme 2010, to convert their employee stock options into equity shares. The Company has

not issued any shares with differential voting rights. Also, during the year under review, the Company has not issued any sweat equity shares. As of March 31, 2017, none of the Directors of the Company hold instruments convertible into equity shares of the Company except stock options granted under the relevant employee stock option schemes of the Company.

### **EMPLOYEE STOCK OPTIONS**

During the year under review, employees had exercised employee stock options granted to them under the Employee Stock Option Scheme 2006 and the Employee Stock Option Scheme 2010. Pursuant to the exercise of options by employees, your Company had allotted 2,736 equity shares under the Employee Stock Option Scheme 2006 and 98,689 equity shares under the Employee Stock Option Scheme 2010 to the employees against the same numbers of options exercised by them. As on date there are no outstanding options under Employee Stock Option Scheme 2006 and Employee Stock Option Scheme 2010, and both schemes stand terminated.

Currently, the Company operates the Employee Stock Option Scheme 2014, which is compliant with SEBI ESOP Regulations.

During the year under review, the Company has not granted any employee stock options under employee stock options schemes of the Company.

The details of employee stock options form part of the notes to accounts of the financial statements in the Annual Report and also available on the Company's website under the web link: [http://www.ufomoviez.com/IR\\_Finance.aspx](http://www.ufomoviez.com/IR_Finance.aspx)

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in the Annual Report.

### **PUBLIC DEPOSITS**

Your Company has not accepted any fixed deposits within the meaning of Section 73 of the Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014 and, as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, in the prescribed Form AOC-2, is appended as "Annexure-1" to this report.

### **FINANCIAL STATEMENTS**

Your Company prepares its financial statements in compliance with the requirements of the Companies Act, 2013 and the Generally Accepted Accounting Principles (GAAP) in India. The financial statements have been prepared on a historical cost basis. The estimates and judgments relating to the financial statements are made on a prudent basis so as to reflect in a true and fair manner, the form and substance of the underlying transactions and to reasonably present the state of affairs as on March 31, 2017 and the profits and cash flows of the Company for the year ended March 31, 2017.

There is no qualification in the standalone or in the consolidated financial statements by the Statutory Auditors for the year under review. The Statutory Auditors have, in their report to the Board of Directors on the financial statements of the Company made the comments which are categorized as "Matter of emphasis", which are self-explanatory and hence no comments in this regard have been offered by your directors.

The consolidated financial statements of the Company and its subsidiaries, prepared in accordance with relevant Accounting Standards (AS) viz. AS 21, AS 23 and AS 27 issued by the Institute of Chartered Accountants of India form part of the Annual Report.

### **SIGNIFICANT AND MATERIAL ORDERS**

There are no significant and material orders passed by the regulators or courts or tribunals which impact the Company's going concern status and its operations in future.

### **SCHEME OF ARRANGEMENT**

The petition for sanction of the Scheme of Arrangement among Southern Digital Screenz India Private Limited, V. N. Films Private Limited, Edridge Limited, UFO International Limited ("Transferor Companies") and UFO Moviez India Limited ("Transferee Company") and their respective shareholders and creditors is pending before the National Company Law Tribunal.

Following are the key features of the Scheme of Arrangement:

- i. The Transferor Companies viz. Southern Digital Screenz India Private Limited, V. N. Films Private Limited, Edridge Limited, UFO International Limited are wholly owned subsidiaries of UFO Moviez India Limited. With a view of consolidating the digital cinema business, it is proposed that the Transferor Companies be merged with UFO Moviez India Limited.
- ii. The amalgamation will also result in reduction in multiplicity of legal entities and thereby reduction in regulatory compliances required at present and will also



- enhance its ability to compete effectively in the highly competitive digital cinema market in India.
- iii. The proposed amalgamation will reduce managerial overlaps, which are necessarily involved in running multiple entities.
  - iv. The amalgamation shall be accounted for in the books of account of the Transferee Company according to the "Pooling of Interests Method" of accounting as per the Accounting Standard (AS) 14, 'Accounting for Amalgamations'.
  - v. Appointed Date" for the Scheme is: a) for the purpose of this scheme relating to amalgamation of Transferor Company 1 (i.e. Southern Digital Screenz India Private Limited) with the UFO Moviez India Limited means July 1, 2016 and b) for the purpose of this scheme relating to amalgamation of Transferor Company 2 (i.e. , V. N. Films Private Limited), Transferor Company 3 (i.e. Edridge Limited) and Transferor Company 4 (i.e. UFO International Limited) with UFO Moviez India Limited means April 1, 2016.
  - vi. Upon the Scheme coming into effect, the debit balance in profit and loss account of Transferor Companies and the difference arising on account of net assets and reserves acquired and the cancellation of investments in the Transferor Companies shall be adjusted against Securities Premium of the UFO Moviez India Limited.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

In terms of the provisions of regulation 34(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI (LODR) Regulations, 2015'), the Management Discussion and Analysis is set out in the Annual Report.

## SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

At the beginning of the year, your Company had 6 direct subsidiaries, 10 step-down subsidiaries, 4 associates, and 1 joint venture. During the year under review, the joint venture company has become the associate of the Company.

During the year under review, the Board of Directors reviewed the affairs of the subsidiaries. The consolidated financial statements of the Company and all its subsidiaries have been prepared in accordance with Section 129(3) of the Companies Act, 2013, and form part of the Annual Report. Further, a statement containing the salient features of the financial statements of the subsidiaries of the Company in the prescribed format AOC- 1 is attached to the financial statements. The statement also provides the details of performance and financial position of each of the subsidiaries, associates and joint ventures.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of each of its subsidiaries, are available on the Company's website under the web link: [http://www.ufomoviez.com/IR\\_Finance.aspx](http://www.ufomoviez.com/IR_Finance.aspx) These documents are also available for inspection during business hours at the Company's registered office in Mumbai, India.

During the year under review, the Company has made an investment of ₹ 140 Mn in Southern Digital Screenz India Private Limited (SDS), a subsidiary company of the Company, by purchasing 680,117 (representing 15.82% of equity share capital of SDS) equity shares from existing shareholders of SDS. Post this acquisition, SDS became a wholly owned subsidiary of the Company.

The Board of Directors of the Company in its meeting held on May 17, 2017 has approved purchase of 66,609 equity shares of Scrabble Entertainment Limited (Scrabble), a subsidiary company of the Company, from the existing equity shareholder of Scrabble at a total consideration of ₹ 145.34 Mn. After completion of share transfer formalities Scrabble will become wholly owned subsidiary of the Company.

## CORPORATE GOVERNANCE

The Corporate Governance Report for the financial year ended March 31, 2017, forms part of the Annual Report.

## BOARD DIVERSITY

Your Company recognizes and embraces the benefits of having a diverse Board that possesses a balance of skills, experience, expertise and diversity of perspectives, appropriate to the requirements of the businesses of the Company. The Company sees increasing diversity at the Board level as an essential element in maintaining competitive advantage. A truly diverse Board will include and make good use of the differences in the skills, regional and industry experience, and background among directors. These differences are considered in determining the optimum composition of the Board. The Board has adopted a Board Diversity Policy which sets out its approach in this regard. The Board Diversity Policy is available on the Company's website under the web link: [http://www.ufomoviez.com/IR\\_Corporate\\_Governance.aspx](http://www.ufomoviez.com/IR_Corporate_Governance.aspx)

## NUMBER OF MEETINGS OF THE BOARD

The Board met 7 times during the financial year, the details of which are given in the Corporate Governance Report that forms part of the Annual Report. The intervening gap between any two consecutive board meetings was within the period prescribed by the Companies Act, 2013.

## **POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION**

The current policy is to have an optimum combination of executive and non-executive directors with an independent, non-executive chairman to maintain the independence of the Board, and to separate the functions of governance and management in the Company.

As on March 31, 2017, the Board consisted of eight members, two of whom are executive directors and six are non-executive directors. Out of the six non-executive directors, three are independent directors. The Board periodically evaluates the need for change in its composition and size.

The policy of the Company on directors' appointment and remuneration, including the criteria for determining the qualifications, the positive attributes, independence and other matters, provided under Sub-section (3) of Section 178 of the Companies Act, 2013, adopted by the Board, is appended as "Annexure-2" to this report. The remuneration paid to the directors is as per the terms laid out in the Nomination and Remuneration Policy of the Company.

### **DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received the necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and under the SEBI (LODR) Regulations, 2015.

### **BOARD EVALUATION**

Regulation 4(2)(f) the SEBI (LODR) Regulations, 2015 mandates that the Board shall monitor and review the Board evaluation framework. The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

The performance evaluation of all the individual directors, the Board as a whole and that of its committees was conducted based on the criteria and framework adopted by the Board. The Board approved the evaluation results as recommended by the Chairman of the Nomination and Remuneration Committee.

### **TRAINING OF INDEPENDENT DIRECTORS**

The Company familiarizes its Directors including independent directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through

various programmes. These include orientation programme upon induction of new Directors, as well as other initiatives to update the Directors on a continuing basis.

The familiarization programme for Independent Directors is disclosed on the Company's website under the web link: [http://www.ufomoviez.com/IR\\_Corporate\\_Governance.aspx](http://www.ufomoviez.com/IR_Corporate_Governance.aspx)

The Managing Director and the Joint Managing Director also have one-on-one discussion with the Directors on a regular basis. In addition, the Senior Management of the Company interacts regularly with the Directors both individually and collectively. The above initiatives help the Directors to understand and keep themselves updated about the Company, its business and the regulatory framework in which the Company operates and equip themselves to effectively fulfill their role as Directors of the Company.

Further, at the time of appointment of an independent director, the Company issues a formal letter of appointment outlining his/her role, function, duties and responsibilities as a director. The terms and conditions of their appointment are available on the Company's website under the web link: [http://www.ufomoviez.com/IR\\_Corporate\\_Governance.aspx](http://www.ufomoviez.com/IR_Corporate_Governance.aspx)

### **INDUCTIONS**

There were no fresh appointments of Directors during the year under review.

### **RETIREMENT AND RE-APPOINTMENTS**

In accordance with the provisions of Section 152 of the Companies Act, 2013 and in terms of the Articles of Association of the Company, Mr. Ameya Hete retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

The Companies Act, 2013, provides for the appointment of independent directors. Sub-section (10) of Section 149 of the Companies Act, 2013 provides that independent directors shall hold office for a term of up to five consecutive years on the board of a company and shall be eligible for re-appointment on passing a special resolution by the shareholders of the Company. Accordingly, all the independent directors, were appointed by the shareholders at the general meeting as required under Section 149(10) for a period of three years with effect from November 20, 2014.

Further, according to Sub-section (11) of Section 149, no independent director shall be eligible for appointment for more than two consecutive terms of five years. Sub-section (13) states that the provisions of retirement by rotation as defined in Sub-sections (6) and (7) of Section 152 of the Companies Act, 2013 shall not apply to such independent directors.

The first term of Mr. Sanjeev Aga, Ms. Lynn de Souza and Mr. S. Madhavan as Independent Directors of the Company will expire on November 19, 2017. The Notice of 13<sup>th</sup> Annual General Meeting of the Company contains the resolution for their appointment for second term of five years.

### **RESIGNATIONS**

During the year under review, Mr. Biswajit Subramanian has resigned from the Board of the Company due to his other professional commitments. The Board while accepting the resignation has recorded its appreciation and gratitude for the invaluable contributions made Mr. Biswajit Subramanian as Director of the Company.

### **INDEPENDENT DIRECTORS' MEETING**

The Independent Directors met on July 26, 2016, May 17, 2017 and July 11, 2017 *inter alia*, to

- (a) review the performance of the Non-Independent Directors and the Board of Directors as a whole;
- (b) review the performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- (c) assess the quality, content and timeliness of the flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

### **INTERNAL FINANCIAL CONTROLS**

Your Company has laid an Internal Control Framework which is commensurate with the size, scale and complexity of its operations. This framework ensures 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. Controls have been identified along with risks and mitigation processes covering major areas across all business and functions. Internal controls was reviewed by Internal Audit Department and based on the evaluation, it was concluded that the Company's internal financial controls are adequate and were operating effectively as of March 31, 2017.

Strengthening of controls is a continuous and evolving process in the Company. Based upon observations, findings and recommendations of the internal audit team, process owners develop preventive and corrective actions which are then deployed across the organization.

### **COMPOSITION OF AUDIT AND RISK MANAGEMENT COMMITTEE**

The Audit and Risk Management Committee of the Company as on March 31, 2017 comprised of three Independent Directors,

Mr. Sanjeev Aga, Mr. S. Madhavan and Ms. Lynn de Souza and one Non Executive, Non-Independent Director, Mr. Varun Laul. Mr. Sanjeev Aga is the Chairman of the Committee.

All members of the Audit and Risk Management Committee possess requisite experience and knowledge of accounting and financial management. For further details on the Audit and Risk Management Committee, please refer to the Corporate Governance Report forming part of the Annual Report.

### **WHISTLE BLOWER POLICY**

The Company has a whistle blower policy to report genuine concerns or grievances. The details of the Whistle blower policy are available on the Company's website under web link: [http://www.ufomoviez.com/IR\\_Corporate\\_Governance.aspx](http://www.ufomoviez.com/IR_Corporate_Governance.aspx). For further details on the Whistle blower policy please refer to the Corporate Governance Report forming part of the Annual Report.

### **RISK MANAGEMENT**

During the year under review, the Company has developed and implemented Risk Management plans in accordance with the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015. The Risk Management plans defines the risk management approach of the Company and includes a periodic review of such risks and also the documentation, mitigating measures, and reporting mechanism of such risks.

### **DIRECTORS' RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 134(3) (C) OF THE COMPANIES ACT, 2013**

Based upon the framework of internal financial controls and compliance systems established and maintained by the Company, the work performed by the Internal, Statutory and Secretarial Auditors, and the reviews performed by the Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and operating effectively during the financial year 2016-17.

Accordingly, pursuant to Section 134 (3) (c) and 134 (5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- a) the financial statements for the financial year ended March 31, 2017 have been prepared on a going concern basis by following the applicable accounting standards, and there is no material departure from the accounting standards;
- b) the accounting policies selected were applied consistently and the judgments and estimates related to financial statements have been made on a reasonable and prudent basis so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) internal financial controls to be followed by the Company have been laid down and that such internal financial controls are adequate and are operating effectively; and
- e) proper systems have been devised to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Board has constituted a CSR Committee headed by Mr. Sanjay Gaikwad as Chairman with Ms. Lynn de Souza and Mr. Kapil Agarwal as Members. The Committee is responsible for formulating and monitoring the CSR policy of the Company. The Company has adopted a CSR policy in compliance with the provisions of the Companies Act, 2013.

The average net profit of the Company, computed as per Section 198 of the Companies Act, 2013, during the three immediately preceding financial years was ₹ 480.48 Mn. It was hence required to spend a minimum of ₹ 9.61 Mn on CSR activities during the financial year 2016-17, being 2% of the average net profits of the three immediately preceding financial years.

The Company has contributed an amount of ₹ 15.00 Mn towards CSR activities against its obligation of ₹ 9.61 Mn for the financial year 2016-17.

The annual report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is set out as "Annexure-3" forming part of this Report.

### **CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars as prescribed under Sub-section (3) (m) of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, are enclosed as "Annexure-4" to this report.

### **GREEN INITIATIVES**

Your Company is publishing only the statutory disclosures of the Annual Report in the print version. Additional information is available on the Company's website [www.ufomoviez.com](http://www.ufomoviez.com). Electronic copies of the Annual Report 2016-17 and Notice of the 13<sup>th</sup> Annual General Meeting are sent to all members whose email addresses are registered with the Company / Depository Participant(s). For members who have not registered their email

addresses, physical copies of the Annual Report 2017 and the Notice of the 13<sup>th</sup> Annual General Meeting are sent in the permitted mode. Members requiring physical copies can send a request to the Company.

### **AUDITORS**

#### **Statutory Auditors**

At the Annual General Meeting held on September 4, 2014, S.R. Batliboi & Associates LLP, Chartered Accountants, were appointed as Statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2018. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of S.R. Batliboi & Associates LLP, Chartered Accountants, as statutory auditors of the Company for the financial year 2017-18, is placed for ratification by the members of the Company. In this regard, the Company has received a certificate from the auditors to the effect that if they are reappointed as auditors of the Company for the financial year 2017-18, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

#### **Secretarial Auditor**

Mr. Dharmesh Zaveri of D. M. Zaveri & Co., Practicing Company Secretaries was appointed to conduct the secretarial audit of the Company for the financial year 2016-17, as required under Section 204 of the Companies Act, 2013 and Rules thereunder. The secretarial audit report for financial year 2016-17 forms part of the Annual Report as "Annexure-5" to this report. There are no qualifications or adverse observations by the Secretarial Auditor of the Company for the year under review.

### **EXTRACT OF ANNUAL RETURN**

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the annual return in the prescribed format is appended as "Annexure-6" to this report.

### **HUMAN RESOURCES**

Your Directors believe that the key to success of any company are its employees. Your Company has a team of able and experienced professionals, whose dedicated efforts and enthusiasm has been an integral part of your Company's growth. Your Directors would like to place on record their deep appreciation of their continuous effort and contribution to the Company.

#### **Particulars of employees**

The table containing the names and other particulars of employees in accordance with the provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial



Personnel) Rules, 2014 disclosing the ratio of the remuneration of each director to the median employee's remuneration and such other details is appended as "Annexure-7" to this report.

A statement containing the names of every employee employed throughout the financial year 2016-17 and in receipt of remuneration for the said financial year which, in the aggregate, was not less than ₹ 1,02,00,000/- and employed for a part of the financial year 2016-17, was in receipt of remuneration for any part of the said financial year, at a rate which, in the aggregate, was not less than ₹ 850,000/- per month and top 10 employees in terms of remuneration, under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is enclosed as "Annexure-7" to this report.

**Policy on prevention, prohibition and redressal of sexual harassment at workplace**

The Company has zero tolerance for sexual harassment at workplace, and has adopted a policy against sexual harassment at the workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under. The Policy aims to provide protection to employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure. The Company has also constituted an Internal Complaints Committee to inquire into complaints of sexual harassment and recommend appropriate action. The Company has not received any complaint of sexual harassment during the financial year 2016-17.

**CAUTIONARY STATEMENT**

Statements in this Report and the Management Discussion & Analysis describing the Company's objectives, projections,

estimates, expectations or forecasts may be forward-looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed or implied in the statement. Important factors that could influence the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in government regulations, tax laws, economic developments within the country and other incidental factors.

**ACKNOWLEDGMENT**

We thank all our customers, vendors, investors, bankers, and all other business partners for their excellent support during the year. We place on record our appreciation of the strong commitment and contribution made by our employees at all levels.

We also take this opportunity to place on record our appreciation for continued co-operation and unstinted support received from the film producers, distributors, exhibitors, and advertisers who have contributed to the success of our Company.

We thank the Central Government and the various State Governments and other Government agencies and bodies for their support, and look forward to their continued support in the future.

For and on behalf of the Board of Directors

**Sanjay Gaikwad**  
Managing Director  
DIN: 01001173

**Kapil Agarwal**  
Joint Managing Director  
DIN: 00024378

Place : Mumbai

Date : July 11, 2017

**FORM NO. AOC-2**
**Particulars of contracts / arrangements made with related parties**

[Pursuant to Clause (h) of Sub-section (3) of Section 134 of the Companies Act, 2013, and Rule 8(2) of the Companies (Accounts) Rules, 2014]

This Form pertains to the disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

**Details of contracts or arrangements or transactions not at arm's length basis**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All related party transactions are placed before the Audit and Risk Management Committee for approval. The policy on Related Party Transactions as approved by the Board is available on the Company's website [www.ufomoviez.com](http://www.ufomoviez.com)

**Details of material contracts or arrangement or transactions at arm's length basis**

(a) Name(s) of the related party and nature of relationship	Southern Digital Screenz India Private Limited, subsidiary of the Company
(b) Nature of contracts / arrangements / transactions	(i) Fixed Monthly Rental (ii) Virtual Print Fees (iii) Advertisement Sharing and (iv) Rent Agreement
(c) Duration of the contracts / arrangements / transactions	For (i) to (iii) originally entered in year 2008 and subsequently amended on dated September 1, 2010 and further amended on August 22, 2011, for a period of 10 years, renewable on similar and mutually agreeable terms.(iv) Rent Agreements for various tenure from 11 months to 5 years.
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	(i) Providing Digital Cinema Equipments on lease basis (ii) Software encryption and digital transmission service (iii) Generating and sharing of advertisement revenue (iv) The subsidiary company has granted the permission to use and occupy the leased premises to the Company. Also the Company has granted the permission to the subsidiary company to use and occupy the leased premises.  For the value of the transactions, refer the notes to the financial statements forming part of the Annual Report.
(e) Date(s) of approval by the Board, if any	Not applicable, since the contract was entered into in the ordinary course of business and on an arm's length basis.
(f) Amount paid as advances, if any	Nil

For and on behalf of the Board of Directors

Place : Mumbai  
Date : July 11, 2017

**Sanjay Gaikwad**  
Managing Director  
DIN: 01001173

**Kapil Agarwal**  
Joint Managing Director  
DIN: 00024378



**NOMINATION AND REMUNERATION POLICY**

The Company's policy on the appointment and remuneration of directors and key managerial personnel provides a framework based on which Company's human resources management aligns its recruitment plans for the strategic growth of the Company. The nomination and remuneration policy is provided herewith pursuant to Section 178(4) of the Companies Act, 2013 and Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Nomination and Remuneration Policy**

The Company considers human resources as one of its most valuable assets. Its objective is to pay such remuneration to its employees as is commensurate with the employees' role and responsibilities and the performance of each of its employees in the Company. The Company has adopted a policy for remuneration of Directors, Key Managerial Personnel (KMP), Senior Management Personnel and Other Employees, which is aligned to this objective.

**The key objectives of this policy are as under:**

- To lay down criteria for identifying persons who are qualified to become Directors, KMPs, Senior Management Personnel and Other Employees of the Company.
- To lay down criteria to carry out evaluation of every Director's performance.
- To formulate criteria for determining qualification, positive attributes and independence of a Director.
- To determine the composition and level of remuneration, including reward linked with the performance, which is reasonable and sufficient to attract, retain and motivate Directors, KMPs, Senior Management Personnel and Other Employees to work towards the long term growth and success of the Company.

The criteria for identifying persons who are qualified to be appointed as Directors / Committee Members / KMPs / Senior Management Personnel / Other Employees of the Company:

**Directors:** Section 164 of the Companies Act, 2013 specifies the disqualifications for appointment of director of any company. Any person who in the opinion of the Board is not disqualified to become a Director, and in the opinion of the Board, possesses the ability, integrity and relevant expertise and experience, can be appointed as a Director of the Company.

The Nomination and Remuneration Committee of the Board of Directors of the Company shall identify the persons who are qualified to become directors and recommend to the board their appointment / re-appointment.

**Independent Directors:** For appointing any person as an independent Director, he/she should possess qualifications as mentioned in Section 149 of the Companies Act, 2013, Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Listing Agreement.

The Nomination and Remuneration Committee of the Board of Directors of the Company shall identify the persons who are qualified to become independent directors and recommend to the board their appointment / re-appointment.

**Committees of the Board:** The Nomination and Remuneration Committee of the Board of Directors of the Company shall determine the criteria for selection of the Board Committee members and recommend to the board the members to be appointed to various committees.

**KMPs, Senior Management Personnel and Other employees:** The Company has an Organogram displaying positions of Senior Management Personnel including KMP and other positions with the minimum qualifications and experience requirements for each position which is commensurate with the size of the Company's business and the nature and complexity of its operations. Any new recruit in the Company has to match the requirements prescribed in the Organogram of the Company.

The selection of KMPs and Senior Management Personnel shall be done by the Human Resource Department of the Company after obtaining approval of the Managing Director / Joint Managing Director.

The details of appointment and cessation of KMPs and Senior Management Personnel shall be placed before the Committee periodically.

The selection of other employees shall be done by the Human Resource Department of the Company after obtaining approval of the functional head of the respective department.

The term/tenure of Directors / KMPs / Senior Management Personnel / Other Employees shall be as per the provisions of the Companies Act, 2013, the Listing Agreement, any prevailing policies of the Company, and the terms of any appointment letters issued to them by the Company.

**Structure of remuneration for the executive Directors, KMPs and Senior Management Personnel:**

The Executive Directors, KMPs and Senior Management Personnel (other than non-executive Directors) receive Basic Salary and other Allowances/Perquisites/Benefits such as leave travel concession, medical reimbursement, club fees, company maintained car and driver and fuel. They are also entitled to provident fund, gratuity, group term life insurance, group mediclaim insurance and group personal accident insurance. The total salary includes fixed and variable components.

The Company's policy is that the total salary should be fair and reasonable after taking into account the following factors:

- The scope of duties, the role and nature of responsibilities.
- The level of skill, knowledge and experience of individuals.
- Core performance requirements and expectations of individuals.
- The Company's performance and strategy.

- Legal and commercial obligations and considerations.

The table below depicts the standard components of remuneration package.

Fixed Component		
Basic Salary	Allowances /Perquisites / Benefits such as leave travel concession, medical reimbursement, club fees, company car and driver, fuel and maintenance for company car, group term life insurance, group mediclaim insurance and group personal accident insurance.	Superannuation / statutory contributions to provident fund and group gratuity scheme.

The Executive Directors, KMPs and Senior Management Personnel may also hold and be entitled to stock options of the Company.

The Nomination and Remuneration Committee shall recommend the remuneration of Executive Directors to the Board for its approval.

The management of the Company shall decide the remuneration of KMPs and Senior Management Personnel and update about the same to the Nomination and Remuneration Committee periodically.

#### Structure of remuneration for non-executive Directors

Non-executive Directors other than the Independent Directors are not currently paid any remuneration by the Company.

Independent Directors are paid remuneration in recognition of the responsibilities, accountability and associated risks of Directors. The total remuneration of Independent Directors may include all, or any combination of following elements:

- Fees for attending meetings of the Board as permissible under Section 197 of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and decided at the meeting of the Board.
- Fees for attending meetings of committees of the Board as permissible under Section 197 of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and decided at the meeting of the Board.
- Commission on net profits as permissible under Section 197 of the Companies Act, 2013 and decided by the Board/shareholders from time to time to be payable to any of the Independent Directors.
- Independent Directors are also entitled to payment of

travel and other expenses they incur for attending to the Company's affairs, including attending and returning from general meetings of the Company or meetings of the Board or committees.

- Independent Directors shall not be entitled to any stock option of the Company unless otherwise permitted in terms of the Companies Act, 2013 and the Listing Agreement.

The managerial remuneration payable by the Company shall be subject to the conditions specified under the Companies Act, 2013 and the Listing Agreement, including in terms of monetary limits, approval requirements and disclosure requirements. Any increase in the maximum aggregate remuneration payable beyond the permissible limit under the Companies Act, 2013 shall be subject to the approval of the shareholders of the Company at a General Meeting by special resolution and/or of the Central Government, as may be applicable.

Structure of Remuneration for Other Employees: The power to decide the structure of remuneration for Other Employees has been delegated to the Human Resource Department of the Company.

Employees of the Company (excluding Managing Director or Whole-time Director) may be paid salary advance and loans etc. as per the Company's HR policies.

#### Criteria for evaluating performance of Board members, Key Managerial Personnel, Senior Management Personnel

Criteria for evaluating performance of Board members: Section 149 of the Companies Act, 2013 read with Schedule IV of the Act states that (i) the independent directors shall, at their separate meeting, review the performance of non-independent directors and the Board as a whole and (ii) the performance evaluation of independent directors shall be done by the entire Board excluding the director(s) being evaluated. The performance evaluation of the Managing Director and the Joint Managing Director is carried out by the Board on the basis of performance management system and development plan of the Company. Framework for performance evaluation of the Board members, including independent directors, Board committee is specified in the Nomination and Remuneration Policy.

Criteria for evaluating performance of Key Managerial Personnel and Senior Management Personnel: The performance evaluation of KMPs (excluding Board members) and Senior Management Personnel is carried out by the Managing Director or the Joint Managing Director on the basis of performance management system and development plan of the Company.

Criteria for evaluating performance of Other Employees: The power to decide criteria for evaluating performance of Other Employees has been delegated to the Human Resource Department of the Company.

For and on behalf of the Board of Directors

**Sanjay Gaikwad**  
Managing Director  
DIN: 01001173

**Kapil Agarwal**  
Joint Managing Director  
DIN: 00024378

Place : Mumbai  
Date : July 11, 2017

**ANNUAL REPORT ON CSR ACTIVITIES**

[Pursuant to Section 135 of the Companies Act, 2013]

Your Company is committed to operate and grow its business in a socially responsible way with a vision to be an environment friendly corporate citizen. The Company has taken up various corporate social responsibility initiatives earlier and will continue to do so in future.

**Our CSR vision**

Improve quality of life for all our communities through integrated and sustainable development in every possible way.

**CSR committee**

Your Company has a board committee (CSR Committee) that provides oversight of CSR policy execution to ensure that the CSR objectives of the Company are met. The CSR committee comprises of: Mr. Sanjay Gaikwad as Chairman, Ms. Lynn de Souza and Mr. Kapil Agarwal as Members.

**Our focus areas**

While your Company strives to undertake all or any suitable activity as specified in Schedule VII to the Act, currently, it proposes to promote activities relating to any of the departments of the Central Government, or any of the State Governments, or any of the Union Territories of India, or any other eligible trusts, with respect to their activities specified in Schedule VII to the Act.

**Financial details**

Section 135 of the Companies Act, 2013 and Rules made thereunder prescribe that every company having a net worth of ₹ 500 crore or more, or turnover of ₹ 1,000 crore or more, or a net profit of ₹ 5 crore or more during any financial year shall ensure that the company spends, in every financial year, at least 2% of the average net profits made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. The provisions pertaining to corporate social responsibility as prescribed under the Companies Act, 2013 are applicable to the Company. The financial details as sought by the Companies Act, 2013 are as follows:

Sr. No.	Particulars	₹ In Mn
1.	Average net profit of the Company for last three financial years	480.48
2.	Prescribed CSR expenditure (2% of the average net profit as computed above)	9.61
3.	Details of CSR expenditure during the financial year:	
a)	Total amount to be spent for the financial year	9.61
b)	Amount unspent, if any	Nil
c)	The manner in which the amount spent during the financial year is detailed below:	

CSR project or activity identified	Spent during the year towards advertisement activity, (towards Swatch Bharat Abhiyan)
Sector in which the project is covered	Swatch Bharat Abhiyan
Projects or programs (1) Local area or other (2) specify the state and district where projects or programs was undertaken	PAN India
Amount outlay (Budget) project or program wise	9.61
Amount spent on the projects or programs Sub-heads (1) district expenditure on projects or programs. (2) overheads	15.00
Cumulative expenditure up to the reporting period	15.00
Amount spent direct or through implementing agency	Direct

**Our CSR responsibilities**

Your directors hereby affirm that the CSR Policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of the CSR projects and activities in compliance with our CSR objectives.

Visit Company's website [www.ufomoviez.com](http://www.ufomoviez.com) for more details related to our CSR Policy.

For and on behalf of the Board of Directors

**Sanjay Gaikwad**  
Managing Director  
DIN: 01001173

**Kapil Agarwal**  
Joint Managing Director  
DIN: 00024378

Place : Mumbai  
Date : July 11, 2017

**Annexure-4****CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

[Particulars pursuant to the Companies (Accounts) Rules, 2014]

**A. Conservation of Energy**

The Company is in the business of providing digital cinema services and provides digital cinema equipments to the cinema theatres comprising of a sophisticated digital projector and industrial grade digital cinema server supported by a 3KVA UPS system. Typically, digital cinema equipment requires cooling sourced from a 0.75 or 1 ton air conditioner having a power consumption rating of 3KVA. The combined power consumption for a cinema theatre works out to approximately 6KVA which translates into 4.8 Kilo Watts of power consumption per hour. The Company's digital cinema equipments replace the conventional analog projectors which typically operate at 8 to 10 KVA capacity, consuming approximately 6.4 to 8 Kilo Watts of power consumption per hour. Replacement of analog projectors with digital projectors brings substantial savings in power consumption for the cinema theatres. Further, replacement of conventional analog projectors with digital projectors also makes the environment clean by replacing the conventional polyester films used by analog projectors for projection, with digital files used for projection by digital projectors.

**B. Research and Development, Technology Absorption, Adaptation and Innovation**

The Company provides digital cinema equipments to the cinema theatres, sourced from the equipment manufacturers/dealers and delivers the film content at the cinema theaters through a two-way VSAT setup across India. To reduce power consumption and time required for delivery of the film content, the Company has developed a low power Download Box which runs for longer periods on available battery back-up. This development has augmented the backup duration. As a process of continuous improvement in the digital cinema services, the Company evaluates and selects the right combination of hardware/software for effective digital cinema services. Adoption of right combination of hardware/software allows the Company to deliver film content with greater speed while maintaining quality and also reduces the file size, which consequently increases the no. of times the film content can be delivered.

The Company is also working on improvements in various other areas of digital cinema services like audio, network operating centre for cinema theater management and theater-end servers.

**C. Foreign Exchange Earnings and Outgo**

Particulars of foreign exchange earnings and outgo during the year are given in note no. 37, 38 and 40 of the notes to the financial statements forming part of the Annual Report.

For and on behalf of the Board of Directors

Place : Mumbai  
Date : July 11, 2017

**Sanjay Gaikwad**  
Managing Director  
DIN: 01001173

**Kapil Agarwal**  
Joint Managing Director  
DIN: 00024378

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**

**for the financial year ended March 31, 2017**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

The Members,  
UFO Moviez India Limited.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **UFO Moviez India Limited** (hereinafter called '**the Company**'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the UFO Moviez India Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial year ended on March 31, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and the Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('The SEBI'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not relevant / applicable during the year under review)
  - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not relevant / applicable during the year under review)
  - (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not relevant / applicable during the year under review)
  - (h) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (vi) Following laws are applicable to the Company in addition to laws mentioned above
  - (i) The Cinematography Act, 1952



I have also examined compliance with the applicable clauses to the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) The Listing Agreements entered into by the Company with BSE Limited the National Stock Exchange of India Limited in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. including other specific laws to the extent applicable to the Company as represented by management mentioned above.

**I further report that**, the Board of Directors of the Company is duly constituted with proper balance of Executive, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all the directors to schedule the Board Meeting, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

**I further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the period under review;

1. The Company has further invested in Southern Digital Screenz India Private Limited (SDS) pursuant to which SDS, subsidiary Company of the Company has become wholly owned subsidiary of the Company.
2. In June 2016, the Company had filed applications with the Central Government for the waiver of excess managerial remuneration of ₹ 1583 lakhs determined to be in excess of the limits specified under Section 197 read with Schedule V of the Act, for the year ended March 31, 2016, resulting due to the inclusion of perquisite value of Employees Stock Options (ESOPs) as determined as per Income Tax Act, 1961 (difference between the exercise price of the employee stock options and the market price of the shares on the date of exercise of the options) in managerial remuneration. These ESOPs were exercised by the Managing and Joint Managing Director during the year ended March 31, 2016.

Based on legal opinion obtained by the management in May 2017, the Company believes that granting of ESOPs (and exercise thereof) did not involve a cash payment by the Company to the managing directors and no expense was required to be provided in the Company's profit and loss account in any financial year relating to the period of vesting. Since, IT value of perquisites is not paid or payable by the Company, it cannot be considered as managerial remuneration as per the provisions of Section 197 read with Schedule V of the Act. Accordingly, the Company is in compliance with section 197 of the Act, for the year ended March 31, 2016. Subsequent to year end, the Company withdrew the applications filed with the Central Government. Accordingly, no adjustment have been made to the financial statements.

3. The members have approved by Special resolution revision in remuneration of Mr. Sanjay Gaikwad (Managing Director) and Mr. Kapil Agarwal (Joint Managing Director) with effect from April 1, 2016 until the end of their current tenure.
4. The Company has sought approval of members in court convened meeting held on 16<sup>th</sup> January 2017 for approval of Scheme of Amalgamation of Southern Digital Screenz India Private Limited, V N Flims Private Limited, Edridge Limited and UFO International Limited with the Company under section 391 to 394 read with Section 100 to 103 and other applicable provisions of Companies Act, 1956 and/or Companies Act, 2013, Companies (Court) Rules, 1959 read with SEBI LODR Regulations.

Place : Mumbai  
Date : July 11, 2017

**Dharmesh Zaveri**  
Practicing Company Secretary  
(FCS: 5418, CP: 4363)



**EXTRACT OF ANNUAL RETURN**

**FORM NO. MGT-9**

**as on the financial year ended on March 31, 2017**

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS**

i) CIN:	L22120MH2004PLC285453
ii) Registration Date:	June 14, 2004
iii) Name of the Company :	UFO Moviez India Limited
iv) Category / Sub-Category of the Company:	Public Company limited by shares
v) Address of the Registered office and contact details :	Valuable Techno Park, Plot No. 53/1, Road No. 7, MIDC, Andheri (East), Mumbai – 400 093. Tel: +91 22 40305060 Fax: +91 22 40305110 E-mail: investors@ufomoviez.com Website: www.ufomoviez.com
vi) Whether listed company Yes / No :	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any :	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Financial District Nanakramguda, Gachibowli, Hyderabad – 500 032 Tel No.: 040 6716 2222 Fax No.: 040 2300 1153 Toll Free No.: 1800 345 4001 Email: einward.ris@karvy.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Digital Cinema Services and related activity	59	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Scrabble Entertainment Limited 3 <sup>rd</sup> Floor, Valuable Techno Park, Plot No. 53/1, Road No. 7, MIDC, Andheri (East), Mumbai – 400 093.	U92190MH2008PLC178456	Subsidiary	91.33	2(87) (ii)
2.	Southern Digital Screenz India Private Limited* Valuable Techno Park, Plot No. 53/1, Road No. 7, MIDC, Andheri (East), Mumbai – 400 093.	U92120MH2008PTC281163	Subsidiary	100	2(87) (ii)
3.	V N Films Private Limited* 30, National Storage Building, Tulsi Pipe Road, Mumbai – 400 016.	U92490MH2007PTC284657	Subsidiary	100	2(87) (ii)

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
4.	UFO Software Technologies Private Limited 30, National Storage Building, Tulsi Pipe Road, Mumbai – 400 016	U74899MH2005PTC284653	Subsidiary	95.97	2(87) (ii)
5.	Valuable Digital Screens Private Limited 53/1, Media Info Tech Park, Road No. 7, Near Akruiti Trade Centre, Andheri (East), Mumbai	U72900MH2006PTC163092	Subsidiary	80	2(87) (ii)
6.	Edridge Limited* 12 Zinonos Sozou, 1075 Nicosia, Cyprus	Registration No.: HE 174845	Subsidiary	100	2(87) (ii)
7.	UFO International Limited* 12 Zinonos Sozou, 1075 Nicosia, Cyprus	Registration No.: HE 180142	Subsidiary	100	2(87) (ii)
8.	United Film Organisers (UFO) (Mauritius) Private Limited C/o First Island Secretarial Limited, Court, Suite 308, St James Court, St Denis Street, Port Louis, Republic of Mauritius	Registration No.: C071429	Subsidiary	100	2(87) (ii)
9.	United Film Organisers Nepal Private Limited Shova Complex, 344/41, Dhobidhara Marg, Kamalpokari, Kathmandu, Nepal.	Registration No.: 48014	Subsidiary	100	2(87) (ii)
10.	UFO Lanka (Private) Limited No. 12, Rotunda Gardens, Colombo 03.	Registration No.: PV 62107	Subsidiary	100	2(87) (ii)
11.	UFO Europe Limited 12 Zinonos Sozou, 1075 Nicosia, Cyprus. [Strike Off]	Registration No.: HE 181371	Subsidiary	100	2(87) (ii)
12.	Scrabble Entertainment (Mauritius) Limited 6 <sup>th</sup> Floor, Tower A, 1 Cyber City, Ebene, Republic of Mauritius	Registration No.: C105426	Subsidiary	100	2(87) (ii)
13.	Scrabble Entertainment DMCC Units No.2405 & 2406, 1-Lake Plaza, Plot No. PH2-T2, Jumeirah Lakes Towers, Dubai, U.A.E.	Registration No.: JLY2591	Subsidiary	100	2(87) (ii)
14.	Scrabble Entertainment (Lebanon) Sarl Achrafieh, Beirut.	Registration No.: 10151121	Subsidiary	100	2(87) (ii)
15.	Scrabble Entertainment (Israel) Limited Rival 7 Tel Aviv, Israel 67778. [Under Liquidation]	Registration No.: 514 787 779	Subsidiary	100	2(87) (ii)
16.	Scrabble Digital INC 10550 Camden Drive, Cypress, California 90630.	Registration No.: C3546619	Subsidiary	100	2(87) (ii)

## UFO Moviez India Limited

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S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
17.	Scrabble Digital Limited 501,503,504,509, Fifth Floor, Janki Centre, Off Veera Desai Road, Andheri (West), Mumbai- 400 053	U74999MH2011PLC213170	Associate	33.33	2(6)
18.	Scrabble Digital DMCC Post Box 51899, 2301 and 2308.	Not Applicable	Associate	33.33	2(6)
19.	Scrabble Ventures LLC 10550 Camden Drive, Cypress, California 90630.	Not Applicable	Associate	30.00	2(6)
20.	Scrabble Ventures, S. de R.L. de C.V., Mexico Paseo de las Palmas 405, 1901 Lomas de Chapultec I Seccion, Miguel Hidalgo Distrito Federal 11000.	Not Applicable	Associate	30.00	2(6)
21.	Mukta V N Films Limited Mukta House, Behind Whistling Woods Institute, Filmcity Complex, Goregaon (East), Mumbai- 400 065	U74120MH2013PLC244220	Associate	45.00	2(6)

\*[The petition for sanction of the Scheme of Arrangement among Southern Digital Screenz India Private Limited, V.N. Films Private Limited, Edridge Limited, UFO International Limited (“Transferor Companies”) and UFO Moviez India Limited (“Transferee Company”) and their respective shareholders and creditors is pending before the National Company Law Tribunal.

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter And Promoter Group</b>									
(1) Indian									
a) Individual /HUF	682,063	-	682,063	2.48	481,695	-	481,695	1.75	(0.73)
b) Central Government/State Government(s)	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	7,283,657	-	7,283,657	26.49	7,283,657	-	7,283,657	26.39	(0.10)
d) Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-	-
<b>Sub-Total A(1) :</b>	<b>7,965,720</b>	<b>-</b>	<b>7,965,720</b>	<b>28.97</b>	<b>7,765,352</b>	<b>-</b>	<b>7,765,352</b>	<b>28.13</b>	<b>(0.83)</b>
(2) Foreign									
a) Individuals (NRIs/ Foreign Individuals)	-	-	-	-	-	-	-	-	-
b) Bodies Corporate	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Institutions	-	-	-	-	-	-	-	-	-
d) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-	-
<b>Sub-Total A(2) :</b>	-	-	-	-	-	-	-	-	-
<b>Total A=A(1) + A(2)</b>	<b>7,965,720</b>	-	<b>7,965,720</b>	<b>28.97</b>	<b>7,765,352</b>	-	<b>7,765,352</b>	<b>28.13</b>	<b>0.83</b>
<b>(B) Public Shareholding</b>									
(1) Institutions									
a) Mutual Funds /UTI	4,268,345	-	4,268,345	15.52	5,926,944	-	5,926,944	21.47	5.95
b) Financial Institutions /Banks	3,574	-	3,574	0.01	22,050	-	22,050	0.08	0.07
c) Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
d) Venture Capital Funds	-	-	-	-	-	-	-	-	-
e) Insurance Companies	758,882	-	758,882	2.76	652,427	-	652,427	2.36	0.40
f) Foreign Institutional Investors	1,889,267	-	1,889,267	6.87	896,920	-	896,920	3.25	(3.62)
g) Foreign Venture Capital Investors	5,251,608	-	5,251,608	19.10	5,251,608	-	5,251,608	19.03	(0.07)
h) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
i) Others	-	-	-	-	-	-	-	-	-
<b>Sub-Total B(1) :</b>	<b>12,171,676</b>	-	<b>12,171,676</b>	<b>44.26</b>	<b>12,749,949</b>	-	<b>12,749,949</b>	<b>46.19</b>	<b>1.93</b>
(2) Non-Institutions									
a) Bodies Corporate	918,294	-	918,294	3.34	1,246,186	-	1,246,186	4.52	1.18
b) Individuals									
i) Individuals holding nominal share capital upto ₹1 lakh	1,418,458	31,572	1,450,030	5.27	2,345,988	17,949	2,363,937	8.56	3.29
ii) Individuals holding nominal share capital in excess of ₹ 1 lakh	1,585,931	279,240	1,865,171	6.78	2,552,927	10,500	2,563,427	9.29	2.50
c) Others									
Clearing Members	121,352	-	121,352	0.44	236,734	-	236,734	0.86	0.42
Foreign Bodies	2,664,879	313,341	2,978,220	10.83	313,341	-	313,341	1.14	(9.69)

## UFO Moviez India Limited

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Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
NBFC	-	-	-	-	37,225	-	37,225	0.13	0.13
Non-Resident Indians	27,680	-	27,680	0.10	96,337	-	96,337	0.35	0.25
NRI Non-Repatriation	-	-	-	-	12,855	-	12,855	0.05	0.05
Trusts	-	1,233	1,233	-	214,225	1233	215,458	0.78	0.78
d) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
<b>Sub-Total B(2) :</b>	<b>6,736,594</b>	<b>625,386</b>	<b>7,361,980</b>	<b>26.77</b>	<b>7,055,818</b>	<b>29,682</b>	<b>7,085,500</b>	<b>25.67</b>	<b>(1.10)</b>
<b>Total B=B(1)+B(2) :</b>	<b>18,908,270</b>	<b>625,386</b>	<b>19,533,656</b>	<b>71.03</b>	<b>19,805,767</b>	<b>29,682</b>	<b>19,835,449</b>	<b>71.87</b>	<b>0.83</b>
<b>Total (A+B) :</b>	<b>26,873,990</b>	<b>625,386</b>	<b>27,499,376</b>	<b>100.00</b>	<b>27,571,119</b>	<b>29,682</b>	<b>27,600,801</b>	<b>100.00</b>	<b>0.00</b>
<b>C) Shares held by custodians, against which</b>	-	-	-	-	-	-	-	-	-
Depository Receipts have been issued	-	-	-	-	-	-	-	-	-
(1) Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
(2) Public	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C):</b>	<b>26,873,990</b>	<b>625,386</b>	<b>27,499,376</b>	<b>100.00</b>	<b>27,571,119</b>	<b>29,682</b>	<b>27,600,801</b>	<b>100.00</b>	

**Note:** On March 30, 2017 Mr. Raaja Kanwar, member of Promoter Group sold 200,369 equity shares to his wife.

### (ii) Shareholding of promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year*
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mr. Sanjay Gaikwad	263,797	0.96	-	263,797	0.96	-	-
2	Mr. Raaja Kanwar#	200,369	0.73	-	-	-	-	(0.73)
3	Mr. Uday Gaikwad	100	-	-	101	-	-	-
4	Mr. Ameya Hete	217,797	0.79	-	217,797	0.79	-	-
5	Advent Fiscal Pvt. Ltd.	737,182	2.68	-	737,182	2.67	-	(0.01)
6	Nifty Portfolio Services Private Limited	542,136	1.97	-	542,136	1.96	-	(0.01)
7	Apollo International Limited	2,266,417	8.24	-	2,266,417	8.21	-	(0.03)
8	Valuable Technologies Limited	2,243,657	8.16	-	2,243,657	8.13	-	(0.03)
9	Valuable Media Limited	1,494,265	5.43	-	1,494,265	5.41	-	(0.02)
	<b>Total</b>	<b>7,965,720</b>	<b>28.97</b>	<b>-</b>	<b>7,765,352</b>	<b>28.13</b>	<b>-</b>	<b>0.83</b>

\* The paid-up share capital of the Company at the beginning of the year i.e. on April 1, 2016 was: 27,499,376 equity shares. The paid-up share capital of the Company at the end of the year i.e. March 31, 2017 increased to 27,600,801 equity shares.

# Note: On March 30, 2017 Mr. Raaja Kanwar, member of Promoter Group sold 200,369 equity shares to his wife.

**(iii) Change in promoters' shareholding (please specify, if there is no change)**

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Date	Reason	Increase / (Decrease) of Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company*
1	Mr. Sanjay Gaikwad	263,797	0.96	-	No Purchase / Sale	-	-	263,797	0.96
				31.03.17	At the end of the year	-	-	263,797	0.96
2	Mr. Raaja Kanwar#	200,369	0.73	30.03.17	Sale	(200,369)	(0.73)	-	-
				31.03.17	At the end of the year	-	-	-	-
3	Mr. Uday Gaikwad	100	-	15.07.16	Purchase	1	-	101	-
				31.03.17	At the end of the year	-	-	101	-
4	Mr. Ameya Hete	217,797	0.79	-	No Purchase / Sale	-	-	217,797	0.79
				31.03.17	At the end of the year	-	-	217,797	0.79
5	Advent Fiscal Pvt. Ltd.	737,182	2.68	-	No Purchase / Sale	-	-	737,182	2.68
				31.03.17	At the end of the year	-	-	737,182	2.67
6	Nifty Portfolio Services Private Limited	542,136	1.97	-	No Purchase / Sale	-	-	542,136	1.97
				31.03.17	At the end of the year	-	-	542,136	1.96
7	Apollo International Limited	2,266,417	8.24	-	No Purchase / Sale	-	-	2,266,417	8.24
				31.03.17	At the end of the year	-	-	2,266,417	8.21
8	Valuable Technologies Limited	2,243,657	8.16	-	No Purchase / Sale	-	-	2,243,657	8.16
				31.03.17	At the end of the year	-	-	2,243,657	8.13
9	Valuable Media Limited	1,494,265	5.43	-	No Purchase / Sale	-	-	1,494,265	5.43
				31.03.17	At the end of the year	-	-	1,494,265	5.41

\* The paid-up share capital of the Company at the beginning of the year i.e. on April 1, 2016 was: 27,499,376 equity shares. The paid-up share capital of the Company at the end of the year i.e. March 31, 2017 increased to 27,600,801 equity shares.

# Note: On March 30, 2017 Mr. Raaja Kanwar, member of Promoter Group sold 200,369 equity shares to his wife.

**(iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date	Reason	Increase / (Decrease) of Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company*
1	P5 Asia Holding Investments (Mauritius) Limited	5,251,608	19.10	-	No Purchase / Sale	-	-	5,251,608	19.10
				31.03.17	At the end of the year			5,251,608	19.03
2	3i Research (Mauritius) Limited	2,664,879	9.69	29.07.16	Sale	(2,664,879)	(9.66)	-	-
				31.03.17	At the end of the year			-	-
3	SBI Magnum Global Fund	870,000	3.16	-	No Purchase / Sale	-	-	870,000	3.16
				31.03.17	At the end of the year	-	-	870,000	3.15

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Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date	Reason	Increase / (Decrease) of Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company*
4	Reliance Capital Trustee Co. Ltd. A/C-Reliance	642,330	2.34	08.04.16	Purchase	50,000	0.18	692,330	2.51
				29.07.16	Purchase	200,000		892,330	3.23
				18.11.16	Purchase	6,300		898,630	3.26
				31.03.17	At the end of the year		-	898,630	3.26
5	Reliance Capital Trustee Co. Ltd. A/C-Reliance	605,500	2.20	-	No Purchase / Sale	-	-	605,500	2.20
				31.03.17	At the end of the year	-	-	605,500	2.19
6	SBI Magnum Midcap Fund	591,456	2.15	29.07.16	Purchase	208,000	0.76	799,456	2.91
				31.03.17	At the end of the year		-	799,456	2.90
7	SBI Magnum Balanced Fund	550,000	2.00	-	No Purchase / Sale	-	-	550,000	2.00
				31.03.17	At the end of the year	-	-	550,000	1.99
8	Max Life Insurance Company Limited A/C -	513,565	1.87	08.04.16	Purchase	25,000	0.09	538,565	1.95
				15.04.16	Sale	(67,197)	-0.24	471,368	1.71
				01.07.16	Sale	(2,235)	-0.01	469,133	1.70
				29.07.16	Purchase	97,867	0.35	567,000	2.05
				23.09.16	Purchase	298	0.00	567,298	2.06
				25.11.16	Sale	(32,000)	-0.12	535,298	1.94
				02.12.16	Sale	(74,095)	-0.27	461,203	1.67
				16.12.16	Sale	(2)	-0.00	461,201	1.67
				23.12.16	Sale	(11,415)	-0.04	449,786	1.63
				30.12.16	Sale	(60,708)	-0.22	389,078	1.41
				06.01.17	Sale	(35,380)	-0.13	353,698	1.28
				13.01.17	Sale	(23,271)	-0.08	330,427	1.20
				20.01.17	Sale	(63)	-0.00	330,364	1.20
				27.01.17	Sale	(123)	-0.00	330,241	1.20
				03.02.17	Sale	(6,410)	-0.02	323,831	1.17
				10.02.17	Sale	(41,856)	-0.15	281,975	1.02
		17.02.17	Sale	(2,275)	-0.01	279,700	1.01		
		10.03.17	Sale	(44,386)	-0.16	235,314	0.85		
		17.03.17	Sale	(103,354)	-0.37	131,960	0.48		
		31.03.17	At the end of the year		-	131,960	0.48		
9	The Wellington Trust Company National Association	450,384	1.64	05.08.16	Sale	(10,365)	(0.04)	440,019	1.59
				12.08.16	Sale	(7,914)	(0.03)	432,105	1.57
				19.08.16	Sale	(5,069)	(0.02)	427,036	1.55
				26.08.16	Sale	(56,021)	(0.20)	371,015	1.34
				09.09.16	Sale	(1,343)	(0.00)	369,672	1.34
				16.09.16	Sale	(369,672)	(1.34)	-	-
				31.03.17	At the end of the year		-	-	-
10	SBI Small And Midcap Fund	390,000	1.42	-	No Purchase / Sale	-	-	390,000	1.42
				31.03.17	At the end of the year			390,000	1.42
11	DSP Blackrock Micro Cap Fund	-	-	29.07.16	Purchase	594,481	2.15	594,481	2.15
				26.08.16	Purchase	1,102	0.00	595,583	2.16
				16.09.16	Purchase	250,000	0.91	845,583	3.06
				23.09.16	Purchase	61,413	0.22	906,996	3.29
				30.09.16	Purchase	5,123	0.02	912,119	3.30
		31.03.17	At the end of the year			912,119	3.30		



Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date	Reason	Increase / (Decrease) of Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company*
12	Kuroto Fund LP	-	-	04.11.16	Purchase	7,300	0.03	7,300	0.03
				11.11.16	Purchase	63,743	0.23	71,043	0.26
				18.11.16	Purchase	61,457	0.22	132,500	0.48
				25.11.16	Purchase	40,500	0.15	173,000	0.63
				02.12.16	Purchase	283,000	1.03	456,000	1.65
				09.12.16	Purchase	82,368	0.30	538,368	1.95
				31.03.17	At the end of the year			538,368	1.95
13	Ashish Kacholia	-	-	23.12.16	Purchase	270,000	0.98	270,000	0.98
				30.12.16	Purchase	238,415	0.86	508,415	1.84
				31.03.17	At the end of the year			508,415	1.84

\* The paid-up share capital of the Company at the beginning of the year i.e. on April 1, 2016 was: 27,499,376 equity shares. The paid-up share capital of the Company at the end of the year i.e. March 31, 2017 increased to 27,600,801 equity shares.

**(v) Shareholding of Directors and Key Managerial Personnel**

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date	Reason	Increase / (Decrease) of Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company*
<b>Directors</b>									
1	Mr. Sanjeev Aga	-	-	-	No Purchase / Sale	-	-	-	-
				31.03.17	At the end of the year			-	-
2	Mr. Ameya Hete	217,797	0.79	-	No Purchase / Sale	-	-	217,797	0.79
				31.03.17	At the end of the year			217,797	0.79
3	Mr. Biswajit Subramanian <sup>#</sup>	-	-	-	No Purchase / Sale	-	-	-	-
				31.03.17	At the end of the year			-	-
4	Mr. Kapil Agarwal	372,694	1.36	24.03.17	Purchase	89,700	0.32	462,394	1.68
				31.03.17	At the end of the year			462,394	1.68
5	Ms. Lynn de Souza	-	-	-	No Purchase / Sale	-	-	-	-
				31.03.17	At the end of the year			-	-
6	Mr. Raaja Kanwar	200,369	0.73	30.03.17	Sale	(200,369)	(0.73)	-	-
				31.03.17	At the end of the year			-	-
7	Mr. S. Madhavan	-	-	18.11.16	Purchase	400	-	400	-
				25.11.16	Purchase	100	-	500	-
				03.03.17	Purchase	500	-	1,000	-
				10.03.17	Purchase	500	-	1,500	0.01
				31.03.17	At the end of the year			1,500	0.01

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Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date	Reason	Increase / (Decrease) of Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company*
8	Mr. Sanjay Gaikwad	263,797	0.96	-	No Purchase / Sale	-	-	263,797	0.96
				31.03.17	At the end of the year			263,797	0.96
9	Mr. Varun LauL	-	-	-	No Purchase / Sale	-	-	-	-
				31.03.17	At the end of the year			-	-
<b>Key Managerial Personnel</b>									
1	Mr. Rajesh Mishra, CEO	57,149	0.21	10.06.16	Sale	(28,500)	(0.10)	28,649	0.10
				31.03.17	At the end of the year			28,649	0.10
2	Mr. Ashish Malushte, CFO	43,424	0.16	10.06.16	Sale	(25,000)	(0.09)	18,424	0.07
				31.03.17	At the end of the year			18,424	0.07
3	Mr. Sameer Chavan, Company Secretary	-	-	-	No Purchase / Sale	-	-	-	-
				31.03.17	At the end of the year			-	-

\* Mr. Biswajit Subramanian ceased to be a director of the Company with effect from March 2, 2017.

\* The paid-up share capital of the Company at the beginning of the year i.e. on April 1, 2016 was: 27,499,376 equity shares. The paid-up share capital of the Company at the end of the year i.e. March 31, 2017 increased to 27,600,801 equity shares.

### V. INDEBTEDNESS

#### Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ In Mn)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year (As on 01.04.2016)</b>				
i) Principal Amount	644.28	-	-	644.28
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	6.32	-	-	6.32
<b>Total (i+ii+iii)</b>	<b>650.60</b>	<b>-</b>	<b>-</b>	<b>650.60</b>
<b>Change in Indebtedness during the financial year (FY 2016-17)</b>				
• Addition	612.37	-	-	612.37
• Reduction	664.30	-	-	664.30
<b>Net Change</b>	<b>(51.93)</b>	<b>-</b>	<b>-</b>	<b>(51.93)</b>
<b>Indebtedness at the end of the financial year (As on 31.03.2017)</b>				
i) Principal Amount	593.44	-	-	593.44
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	5.23	-	-	5.23
<b>Total (i+ii+iii)</b>	<b>598.67</b>	<b>-</b>	<b>-</b>	<b>598.67</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager**

Particulars	Salary paid for the FY 2016-17 (₹ in Mn)
Mr. Sanjay Gaikwad, Managing Director	32.50
Mr. Kapil Agarwal, Joint Managing Director	32.50
<b>Total</b>	<b>65.00</b>
<b>Overall limit @ 10% of profit u/s 198 of the Companies Act, 2013</b>	<b>84.61</b>
<b>Excess Remuneration</b>	<b>-</b>

**B. Remuneration to other directors**

(₹ In Mn)

Sl. No.	Particulars of Remuneration	Name of Independent Directors			Other Non-Executive Directors				Total Amount
		Mr. S. Madhavan	Ms. Lynn de Souza	Mr. Sanjeev Aga	Mr. Raaja Kanwar	Mr. Biswajit Subramanian	Mr. Ameya Hete	Mr. Varun Laul	
1	Fee for attending board/committee meetings	1.00	0.90	0.95	-	-	-	-	2.85
	Commission	1.00	1.10	2.55	-	-	-	-	4.65
	Others, please specify	-	-	-	-	-	-	-	-
2	Total Managerial Remuneration	2.00	2.00	3.50	-	-	-	-	7.50
3	Overall Ceiling as per the Act @ 1% of profit calculated under Section 198 of the Companies Act, 2013	8.46							

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

(₹ In Mn)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		Mr. Rajesh Mishra CEO	Mr. Ashish Malushte CFO	Mr. Sameer Chavan Company Secretary	
1	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	12.31	9.98	1.68	23.97
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.04	0.04	-	0.08
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-

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Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		Mr. Rajesh Mishra CEO	Mr. Ashish Malushte CFO	Mr. Sameer Chavan Company Secretary	
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Company Provident Fund Contribution	1.26	0.48	0.10	<b>1.84</b>
	Medical Allowance	0.02	0.02	0.02	<b>0.06</b>
	<b>Total</b>	<b>13.62</b>	<b>10.51</b>	<b>1.80</b>	<b>25.93</b>

## VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/COURT)	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty			None		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			None		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			None		
Punishment					
Compounding					

For and on behalf of the Board of Directors

Place : Mumbai  
Date : July 11, 2017

**Sanjay Gaikwad**  
Managing Director  
DIN: 01001173

**Kapil Agarwal**  
Joint Managing Director  
DIN: 00024378

**Annexure-7**
**PARTICULARS OF REMUNERATION OF EMPLOYEES**

[Pursuant to Section 197 read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

The information required under Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

**A. Remuneration of each Director and Key Managerial Personnel (KMP) along with particulars of increase in remuneration during the financial year, ratio of remuneration of Directors to the median remuneration of employees and comparison of remuneration of each KMP against Company's standalone performance:**

Name of Director/ Key Managerial Personnel	Remuneration (₹ in Mn)		Previous year Remuneration ₹ in Mn)*	% increase / (decrease) in remuneration	Ratio of Director's remuneration to median remuneration	Comparison of remuneration of each KMP against Company's performance	
	Salary*	Perquisite arising due to exercise of employee stock options				% of turnover	% of Net Profit before tax
<b>Non-Executive Directors</b>							
Mr. Sanjeev Aga	2.55	-	2.35	8.51	5.08	NA	NA
Mr. S. Madhavan	1.00	-	0.85	17.65	1.99	NA	NA
Ms. Lynn de Souza	1.10	-	0.85	29.41	2.19	NA	NA
Mr. Raaja Kanwar	-	-	-	-	-	NA	NA
Mr. Ameya Hete	-	-	-	-	-	NA	NA
Mr. Biswajit Subramanian	-	-	-	-	-	NA	NA
Mr. Varun Laul	-	-	-	-	-	NA	NA
<b>Executive Directors</b>							
Mr. Sanjay Gaikwad	32.50	-	87.99	-63.06	64.77	0.84	4.24
Mr. Kapil Agarwal	32.50	-	148.65	-78.14	64.77	0.84	4.24
<b>Key Managerial Personnel</b>							
Mr. Rajesh Mishra	13.62	-	29.01	-53.05	27.15	0.35	1.78
Mr. Ashish Malushte	10.51	-	23.34	-54.97	20.95	0.27	1.37
Mr. Sameer Chavan	1.80	-	2.53	-28.85	3.59	0.05	0.23

\* Sitting fees paid to independent directors for attending the meetings of the Board and committee is not included in the remuneration. The commission paid to independent directors during the previous year was on pro-rata basis. The perquisite value arising due to exercise of employee stock options has been considered while calculating the previous year's remuneration.

# The perquisite value arising due to exercise of employee stock options has been considered while calculating the ratio of remuneration to median remuneration and % increase / (decrease) in remuneration. The median remuneration of employees of the Company was ₹ 0.50 Mn.

Requirement	Disclosure
The Percentage increase in median remuneration of employees in financial year	8.72% - without considering the perquisite value arising due to exercise of employee stock options 8.25% - considering the perquisite value arising due to exercise of employee stock options
Number of permanent employees on the rolls of the Company	As at March 31, 2017 – 463



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Requirement	Disclosure
Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	The average annual increase (without considering the perquisite value arising due to exercise of employee stock options and incentives) in the salaries of employees other than the managerial personnel during the year was 12.16%.  The average annual increase in the salaries (without considering incentives) of the managerial personnel during the year was 10%.
Affirmation that the remuneration is as per the remuneration policy of the Company	The Company affirms that the remuneration is as per the remuneration policy of the Company.

### B. Particulars of remuneration of employees

#### 1. Particulars of employees employed throughout the financial year 2016-17, was in receipt of remuneration for the financial year 2016-17 which, in the aggregate, was not less than ₹ 1,02,00,000/- and top 10 employees in terms of remuneration.

Name & Designation	Qualification	Age	Experience	Gross Remuneration ₹			No. of shares held as on March 31, 2017 and % of share capital	Date of Commencement of employment	Previous Employment & designation
				Salary and Perquisites paid	Perquisites arising due to exercise of employee stock options	Total			
				(A)	(B)	(A+B)			
Mr. Sanjay Gaikwad - Managing Director	B.E.(Chemical), MBA (Operations)	52 Yrs	23 Yrs	32,500,000	-	32,500,000	263,797 0.96%	01-Jan-07	Apollo International Ltd – COO
Mr. Kapil Agarwal - Joint Managing Director	FCA	56 Yrs	30 Yrs	32,500,000	-	32,500,000	462,394 1.68%	01-Mar-09	Apollo International Ltd - Executive Director
Mr. Sanjay Chavan – CTO	B.E.(Electronics)	51 Yrs	27 Yrs	12,027,635	10,847,708	22,875,343	27,563 0.10%	01-Apr-06	Play Win Infravest Private Limited - Vice President - Special Projects
Mr. Siddharth Bhardwaj CMO & National Sales Head (Corporate Advertising Revenue)	B.E, MBA	45 Yrs	20 Yrs	16,372,043	2,998,860	19,370,903	3,000 0.01%	01-Aug-12	Reliance Broadcast Network Limited – National Sales Head Radio Business
Mr. Vishnu Patel – CEO-Special Projects	Masters in Broadcasting & Films from Boston University	60 Yrs	33 Yrs	12,017,455	3,579,499	15,596,954	31,750 0.12%	01-Apr-06	Zee Telefilms Limited President - Network Programming
Mr. Deepak Ranjan - Chief - Ad Sales	B.Sc (Hon), Diploma in Advertising	49 Yrs	25 Yrs	14,324,850	-	14,324,850	41,755 0.15%	01-Jan-07	B4U Television India Pvt. Ltd, National – Sales Head
Mr. Rajesh Mishra – CEO-Indian Operations	B.Com, A.C.A.	50 Yrs	27 Yrs	13,622,049	-	13,622,049	28,649 0.10%	01-Apr-06	Bennett Coleman & Co. Limited General Manager - Corporate Affairs
Mr. Ashish Malushte – CFO	B.Com, CA	42 Yrs	20 Yrs	10,514,570	-	10,514,570	18,424 0.07%	14-May-05	Iqara Telecoms Pvt Ltd, Sr. Manager

Name & Designation	Qualification	Age	Experience	Gross Remuneration ₹			No. of shares held as on March 31, 2017 and % of share capital	Date of Commencement of employment	Previous Employment & designation
				Salary and Perquisites paid	Perquisites arising due to exercise of employee stock options	Total			
				(A)	(B)	(A+B)			
Mr. Praveen Sugandh – VP, Ad Sales	BA, MBA	48 Yrs	21 Yrs	9,725,140	-	9,725,140	2,908 0.01%	01-Aug-08	Sahara One Media & Entertainment Ltd Regional Sales Head
Mr. Pankaj Jaysinh COO	B. Com, MBA	55 Yrs	33 Yrs	9,233,879	-	9,233,879	200 0.00%	1-Feb-07	Shree Ashtavinayak Cine Vision Ltd Distribution Head

2. Particulars of employees employed for a part of the financial year 2016-17, was in receipt of remuneration for any part of financial year 2016-17, at a rate which, in the aggregate, was not less than ₹ 850,000/- per month. – NIL

**Notes :**

- All appointments are contractual and terminable by notice on either side.
- None of the employees stated above are related to any of the Directors.
- Remuneration includes Salary, Allowances, Company's Contribution to Provident Fund, Medical Benefits, Leave Travel.
- Allowance & Other Perquisites and benefits valued on the basis of the provisions of Income Tax Act, 1961.
- During the year under review, employees had exercised Employee Stock Options (ESOPs) granted to them. Perquisite value arising out of ESOPs included in the gross remuneration computed above.

For and on behalf of the Board of Directors

Place : Mumbai  
Date : July 11, 2017

**Sanjay Gaikwad**  
Managing Director  
DIN: 01001173

**Kapil Agarwal**  
Joint Managing Director  
DIN: 00024378

## MANAGEMENT DISCUSSION AND ANALYSIS

### Management Discussion and Analysis

The Management of UFO Moviez India Limited is pleased to present below its analysis on the performance of UFO for the Fiscal Year ended March 31, 2017 and its outlook for the financial year 2017-18. UFO Moviez India Limited and its subsidiaries have been collectively referred to as "UFO."

### Economy Overview and Industry Trends

The Indian Economy fared modestly in fiscal year 2017 delivering 7.1% GDP growth. Demonetization of higher currency notes and the passage of the Goods and Services Tax (GST) bill were the two major milestones in the economic history of the Country. We believe that the benefits arising out of demonetization and the implementation of GST will be reaped in the long term, however this will have a short term impact on the economy. While there was temporary slowdown, India's strong economic fundamentals like contained inflation, lower current account deficit and forex reserves combined with healthy domestic consumption supported the economy in these difficult times.

The Film Industry was also adversely impacted by demonetization growing merely by 3% in 2016, however it is expected to recover and grow by 7.7% CAGR till 2021 primarily driven by the growing acceptance for Regional movie content<sup>(1)</sup>. However, the limited number of ~9,200 screens in India is the primary limiting factor of growth for the high potential Indian Film Industry. The next phase of screen growth is expected to be driven by theatre addition in under penetrated regions of the Country which will benefit the industry as a whole including digital integrators.

Demonetization also impacted the overall advertising revenues which grew by 11.2% in 2016 to ₹ 528.2 Bn<sup>(1)</sup>. Going forward, advertising revenues are expected to grow by 15.3% CAGR to ₹ 1,078.1 Bn by 2021<sup>(1)</sup>. In Cinema Advertising was also severely impacted however, it is expected to be the largest beneficiary of increased advertisement spends going forward. In Cinema advertising represents ~1% of the overall advertisement spends and is expected to grow at 20-25% CAGR from 2017 to 2021<sup>(1)</sup>.

<sup>(1)</sup>FICCI-KPMG, Indian Media and Entertainment Report, 2017.

### I. Digitization of Cinema in India

In the pre digitization era, until 2005-06, films used to be distributed to theatres on prints in analogue form. The cost to produce an analog print was approximately ₹ 60,000 to ₹ 70,000 per print, which was borne by content owners. The high cost of making analog prints limited the ability of the content owners to produce more number of prints of a movie. Traditionally, only 250 – 300 analog prints used to be made for big budget movies, 50 – 60 analogs prints were produced for small budget / niche and 10 – 15 prints were made for regional movies. This limited the reach of films and they could only be released in staggered manner across theatres in the

metropolitan or tier I cities first and then the next level of cities and towns.

There were significant logistical challenges associated with the physical movement of analog prints as well. Analog prints had to be physically distributed to theatres across the Country which was very cumbersome and costly. In addition to that, the looming threat of prints being stolen during transit existed resulting in piracy. Movies are like a perishable consumer product whose appeal atrophies over time. Delayed release and often poor quality pirated prints greatly diminished the revenue and profits in the entire cinema value chain. Further, analog prints required distributors to invest based upon demand prediction which led to either opportunity loss or dead investment all too frequently.

The drawbacks of analog print led to the evolution of digitization. Digitization in India picked up in 2005-06 when UFO entered the Indian movie Industry. UFO deployed its proprietary UFO M4 technology platform which allowed content owners to digitally reach a large number of theaters by making a usage based fee payment. Digital cinema started to eclipse analog prints in 2005-06 and physical prints became almost obsolete by the end of 2013 in India.

Digitization of cinema infused new life into the Film Industry. Cost of reaching theaters digitally was significantly lower than the cost of producing analog prints. Movies started simultaneously releasing in theatres across the Country ensuring higher revenue collection for content owners. Digital cinema brought the proverbial First Day First Show experience of yesteryears to moviegoers across India, also thereby effectively curbing piracy. Digitization of movies involves encryption of the data so that it is safeguarded from unauthorized dissemination. This ensures the safety of film content from piracy. Freshness, safety of content, and High Definition picture quality redefined the overall movie experience for moviegoers in India.

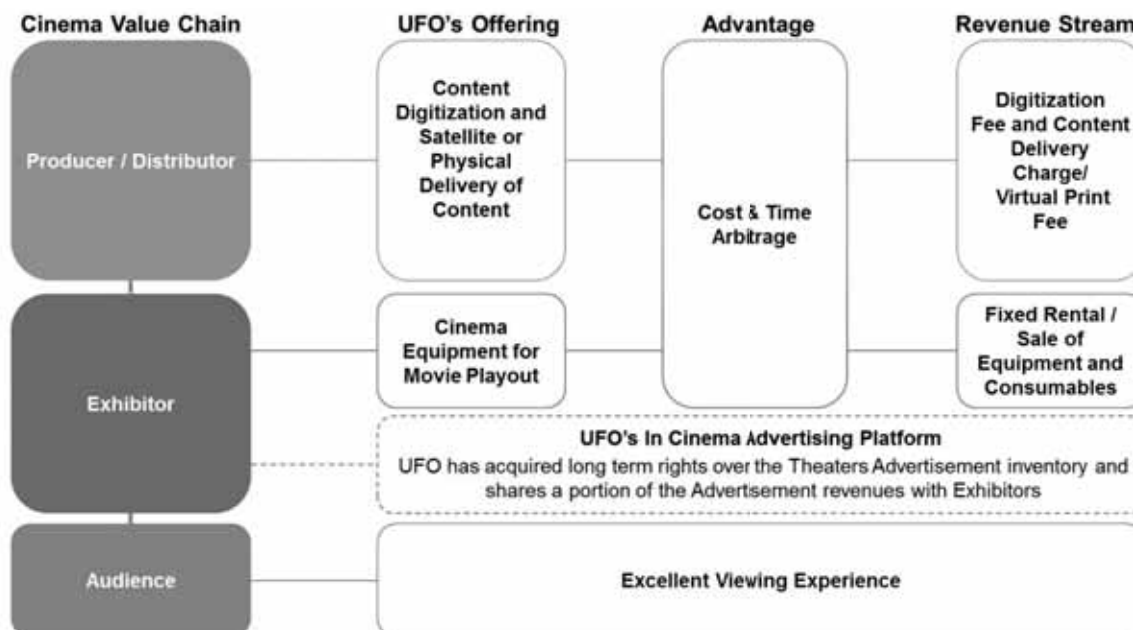
Digitization of cinema in India has been instrumental in transforming the Indian Film industry. Directly and indirectly, UFO has played an unseen but significant role in enhancing the Indian movie exhibition industry in quantity and quality in India.

### UFO's Theatrical Business

UFO operates India's largest satellite-based, digital cinema distribution network in terms of the number of screens using its UFO-M4 platform, as well as India's largest D-Cinema network in terms of the number of screens. UFO delivers movies to theatres across the country in MPEG 4 format, using satellites (E-Cinema), as well as in JPEG 2000 (D-Cinema) format using physical devices.

UFO digitally delivered 1,790 movies in 25 languages to 5,105 screens with aggregate seating capacity of approximately 2.1 Mn viewers per show spread across 30 States and Union territories in India and Nepal in fiscal 2017. Over 12,000 movies have been digitally delivered in India since the beginning of UFO's operations. UFO's global network spans 6,579 screens worldwide which includes 1,474 screens across the Middle East, Israel, Mexico and the USA in addition to screens in India and Nepal as mentioned above.

UFO, through its theatrical service offerings, adds value to all stakeholders in the cinema value chain, as depicted below:



## Technology Overview

### UFO-M4 Technology

UFO-M4 is UFO's satellite-based, E-Cinema movie delivery technology platform. UFO-M4 technology platform provides an end-to-end platform for the satellite delivery of movies. UFO-M4 technology compresses and encrypts digital movie files prior to distributing them across UFO's satellite network.

UFO-M4 technology has a variety of technological benefits, including:

- Small file size - The file size of a raw digital file for a typical full length movie of approximately 150 minutes is 2.5 to 3 Terabyte. Through UFO's technology, this raw digital file is converted into a relatively small 8 to 10 Gigabyte encrypted file which is economically viable for satellite based delivery.
- Supports multiple formats like 2D, 2D Live, 3D and 3D Live.
- Content security features such as invisible fingerprinting technology. Each movie screening is marked with a code that allows tracing of pirated movies to the particular cinema, as well as the date

and time of the screening of a pirated movie, which discourages piracy.

- All content is encrypted using Rijndael Algorithm (the algorithm used by industry standard Advanced Encryption Standard (AES)) encryption with 192 bit key length. Without the correct decryption keys, content is not playable. The decryption keys are shared with the target devices using 1024 bit RSA key pairs making the content very secure.
- Support of separate audio and visual tracks which allows for multiple audio languages as well as subtitles in different languages.
- Digital surround sound capabilities when played through UFO's servers.
- UFO-M4 movie files can be edited easily using UFO's software, allowing movie producer or distributor to make edits instantly.
- UFO-M4 files are intended to be compatible with new hardware, allowing UFO to upgrade the digital cinema equipment we provide to exhibitors as newer and better hardware becomes available.

## II. Introduction to In-Cinema Advertising

Movie viewing is one of India's greatest passions and a way of life. India is also the largest producer of movies in the world. Approximately 1,800 movies are released in 25 languages annually. India certainly is a Film crazy nation which sells ~2.6 billion tickets annually, making India highest in terms of theatres admissions.

In the pre digitization era, typically the advertisement content shown prior to a feature film were slideshows or short commercials or promotions of a product or service which were delivered to theatres in analog form in advance. The advertisement content was mostly hyperlocal as they were most easily accessible by fragmented theater owners. Internationally, Cinema owners did not have access to national level advertisers which gave rise to advertising Companies which under an asset light model started aggregating and monetizing advertisement inventory of multiplex and single screens in the US and UK. In India, digitization of Cinema gave rise to digital cinema integrators who invested in digital cinema equipment to operate their core business. These digital cinema integrators also started aggregating and monetizing advertisement inventory of fragmented Cinemas.

Aggregating and monetizing advertisement inventory of screens made business sense because advertisers could access a wider network of screens without dealing with fragmented theater owners. Cinema advertising is an Impact Advertising platform because of its three key differentiators from traditional frequency mediums for advertising i.e.

- Big Screen Experience
- Access to Captive Audience
- Exposure to Longer Duration Advertisements

Globally, Companies like National Cine Media with ~50% screen share and Screen Vision with ~35% screen share became the two largest cinema advertising Companies in the US and Digital Cine Media with ~83% screen share became the largest cinema advertising Company in the UK. In India, digital cinema service providers to single screens and multiplex screens and large multiplex chains started monetizing advertisement inventory. UFO became the largest in cinema advertising network in terms of screens and also the largest multiplex advertisement network.

The Indian cinema advertising industry has emerged as a two demographic market unlike developed Countries like the US and UK. India has a Premium demographic segment which is led by ~2,000 organized multiplex screens which have an average ticket price ranging between ₹ 150 to ₹ 200 and Non Premium segment comprising over 7,000 fragmented single and multiplex screens having an average ticket price ranging between

₹ 30 to ₹ 100. The Premium and Non Premium Screens coexist in a single geography, only the target audience, experience and target advertisements are different as the price points offered are not the same. Both, Premium and Non-Premium demographic segments cater to different audience as their per capita income and spending capacity differs materially.

However, like developed countries, in-cinema advertising inventory which is monetized by few large Companies depending on their sales capabilities and value proposition, India is expected to emerge from a multiplayer market to a 2 to 3 player market.

In cinema advertising has emerged as one of the fastest growing advertisement verticals in the last 6 years in India and is expected to continue growing. This growth is going to be largely driven by higher advertisement inventory utilization and improved pricing in the Non Premium segment which is currently very low and has significant head room for growth. This growth will be realized as advertisers scale up media spends in cinemas.

Digital cinema service providers and large multiplex chains in India have provided advertisers the means to reach theater audiences in the most efficient and transparent way. UFO being the largest digital service provider and in-cinema advertising network has played an instrumental role in re-creating in cinema advertising in India.

### UFO's In-Cinema Advertising Platform

UFO has created a pan-India, high-impact, in-cinema advertising platform with generally long-term advertising rights to 3,745 screens under revenue share deals with the theatres with an aggregate seating capacity of approximately 1.73 Mn viewers and a reach of 1,874 locations across India, as on March 31, 2017. During the year, UFO's in-cinema Advertisement platform delivered an estimated viewership of over 100 Mn eyeballs on a monthly basis.

During the fiscal year ended March 31, 2017, UFO reported advertisement revenue growth of 13.41% to ₹ 1,789.95 Mn compared to ₹ 1,578.34 Mn in the fiscal year ended March 31, 2016. UFO's average annual advertisement revenue per screen stood at ₹ 474,597 in FY17 compared to ₹ 410,275 in FY16. The number of minutes sold per show per advertising screen stood at 4.34 minutes in FY17 compared to 4.15 minutes in FY16.

UFO's in-cinema advertising platform enables advertisers to reach a targeted, captive audience with high flexibility and control over the advertising process. The advantages of using UFO's in-cinema advertising platform over traditional advertising methods are:

- High levels of transparency - data logs of the actual advertisements played has enhanced advertiser confidence in UFO's in-cinema advertising platform.



- Remote capability allows for last minute scheduling and content changes.
- Advanced technology enables multi-lingual support.
- Elimination of physical prints of advertisements required to be sent to theatres in advance.

Advertisers do not have to deal with a large and fragmented group of exhibitors across the Country. The logistics of advertising is simplified by UFO as it controls, schedules and manages all advertising on its network of 3,745 screens. During the year, 2,824 advertisers from the private and Government sector advertised on UFO's network compared with 2,556 advertisers in the previous fiscal year 2016.

UFO's in-cinema advertising platform has benefited fragmented and standalone exhibitors as they can effectively monetize their advertisement inventory through UFO which they were earlier unable to do due to their limited scale and reach.

### III. Synergetic Business Initiatives

#### Caravan Talkies and Club Cinema

Caravan Talkies housed under Valuable Digital Screens Private Limited (VDSPL), a subsidiary of UFO, provides movie screenings with low capital expenditure in under-penetrated, media-dark parts of rural India through its cinema-on-wheels solution, creating a unique opportunity for advertisers to reach captive audiences by partnering with various brands. Movies are screened free to viewers and Caravan Talkies derives its revenues through advertising. This is an effective advertisement platform for the Government and Corporates targeting rural markets. During the year, Caravan Talkies which

operates in rural areas was adversely impacted due to demonetization of high currency notes.

Club Cinema provides movie screenings of recently released films in clubs and private screens at remote industrial townships, corporate auditoriums, housing complexes and educational institutions. By providing a complete digital cinema solution to such customers, UFO will be able to reach an untapped and niche segment of the Indian exhibition sector.

#### NOVA Cinemaz

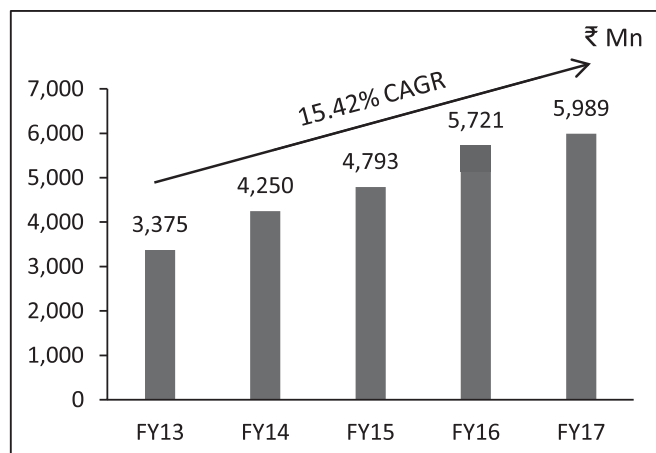
VDSPL under NOVA Cinemaz encourages local entrepreneurs to own and operate NOVA Cinemaz branded theaters in various part of the Country. These theatres will operate as franchisees of VDSPL. The local entrepreneurs will be primarily responsible for making the requisite investment for setting up theatres and will also be responsible for the day to day operations of their theatres. VDSPL will ensure that the theater is setup at a competitive cost for the franchisees. VDSPL shall also grant rights to use the brand 'NOVA Cinemaz' to the local entrepreneurs for a fee, and will take end to end responsibility of providing theatrical technologies as well as sourcing of film content. Under this asset light initiative, VDSPL aims to recreate the screen growth in non-metro regions across India. Contractually, NOVA Cinemaz franchisees shall be required to use UFO's service offering thereby providing a dedicated and captive customer base for UFO's digital cinema and advertising business.

Nova co-branded theatres have already been operationalized in the States of Punjab and Maharashtra. Additionally 3 cinema sites are currently under construction in Gujarat, Punjab and Uttarakhand. In addition to that, MoUs have been signed with 5 franchisees in Haryana, Maharashtra and Punjab. NOVA Cinemaz has also received notable number of enquiries from across India.

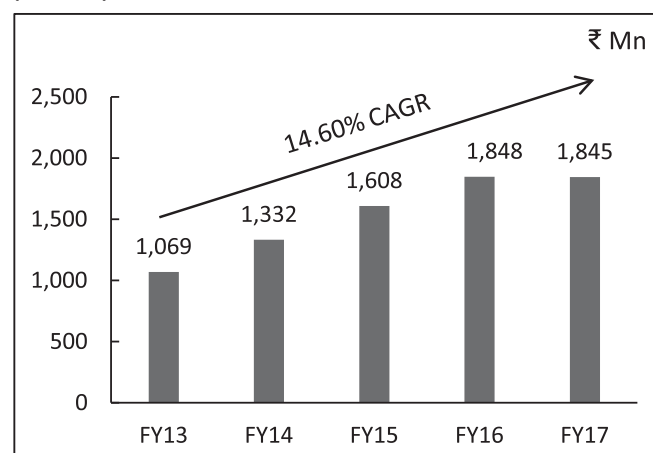
### IV. Financial Performance

#### Performance Overview (FY13 – FY17)

##### Revenue



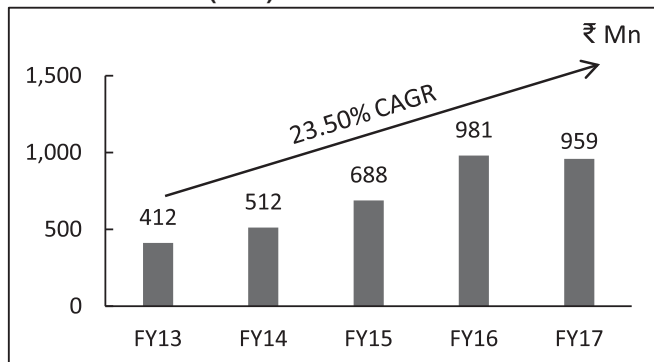
##### Earnings Before Interest Tax Depreciation and Amortization (EBITDA)



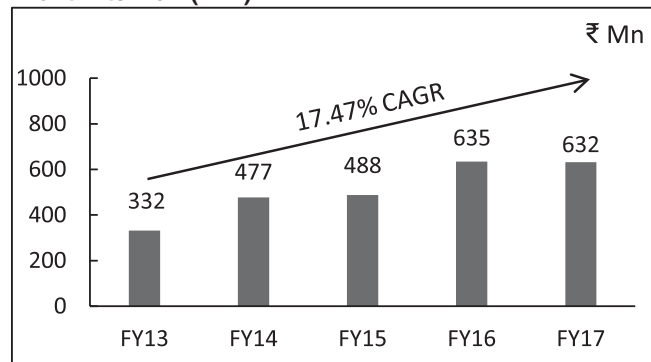
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### Profit Before Tax (PBT)



### Profit After Tax (PAT)



### Revenues Analysis

UFO receives revenues primarily from (i) advertisers, through in-cinema advertising, (ii) movie producers and distributors, for the secured delivery and screening of their movies and (iii) exhibitors, through equipment rental and sales for digital cinema equipment and consumables.

Particulars	31-Mar-17	31-Mar-16	Growth	% Growth
	₹ in Mn	₹ in Mn	₹ in Mn	
<b>A. Revenue from operations</b>				
<b>I. Advertisement revenue</b>	<b>1,789.95</b>	<b>1,578.34</b>	<b>211.61</b>	<b>13.41</b>
<b>II. Revenue from Content Owners</b>	<b>2,575.27</b>	<b>2,589.23</b>	<b>(13.96)</b>	<b>(0.54)</b>
Virtual Print Fees (VPF) - E-Cinema	1,027.04	988.87	38.18	3.86
Virtual Print Fees (VPF) - D-Cinema	1,486.57	1,540.44	(53.87)	(3.50)
Digitisation income	61.65	59.92	1.74	2.90
<b>III. Revenue from Exhibitors</b>	<b>1,410.49</b>	<b>1,348.67</b>	<b>61.82</b>	<b>4.58</b>
Lease rental income - E-Cinema	450.60	396.44	54.16	13.66
Lease rental income - D-Cinema	138.97	158.59	(19.62)	(12.37)
Sales of Products	820.92	793.63	27.29	3.44
<b>IV. Other Operating Revenue</b>	<b>196.37</b>	<b>184.36</b>	<b>12.01</b>	<b>6.51</b>
<b>A. Revenue from operations (I to IV)</b>	<b>5,972.07</b>	<b>5,700.60</b>	<b>271.48</b>	<b>4.76</b>
<b>B. Other income</b>	<b>16.58</b>	<b>20.53</b>	<b>(3.95)</b>	<b>(19.24)</b>
<b>Total Income (A+B)</b>	<b>5,988.65</b>	<b>5,721.12</b>	<b>267.53</b>	<b>4.68</b>

UFO shares a significant portion of its D-Cinema VPF earned in India and in International territories with the exhibitors under the VPF sharing agreements and as such it is important to analyse the VPF revenues on a net basis which is given in the table below;

Particulars	31-Mar-17	31-Mar-16	Growth	% Growth
	₹ in Mn	₹ in Mn	₹ in Mn	
<b>E- Cinema (India)</b>				
E- Cinema VPF	1,027.04	988.87	38.18	3.86
less : VPF Sharing with exhibitors	49.48	26.39	23.09	87.48
<b>E- Cinema VPF (Net)</b>	<b>977.56</b>	<b>962.47</b>	<b>15.09</b>	<b>1.57</b>
<b>D- Cinema (India)</b>				
D- Cinema VPF	824.97	857.23	(32.27)	(3.76)
less : VPF Sharing with exhibitors	235.62	242.83	(7.21)	(2.97)
<b>D- Cinema India VPF (Net) - (A)</b>	<b>589.35</b>	<b>614.40</b>	<b>(25.06)</b>	<b>(4.08)</b>

Particulars	31-Mar-17	31- Mar-16	Growth	% Growth
	₹ in Mn	₹ in Mn	₹ in Mn	
<b>D- Cinema (International)</b>				
D- Cinema VPF	661.61	683.21	(21.61)	(3.16)
less : VPF Sharing with exhibitors	446.14	464.40	(18.26)	(3.93)
<b>D- Cinema International VPF (Net) - (B)</b>	<b>215.47</b>	<b>218.82</b>	<b>(3.35)</b>	<b>(1.53)</b>
<b>Total D- Cinema VPF (Net) (A+B)</b>	<b>804.81</b>	<b>833.22</b>	<b>(28.41)</b>	<b>(3.41)</b>
<b>Total VPF Sharing</b>	<b>731.24</b>	<b>733.62</b>	<b>(2.37)</b>	<b>(0.32)</b>

### Expense Details

The following table gives an overview of the consolidated expenses of UFO.

Particulars	31-Mar-17	31- Mar-16	Growth	% Growth
	₹ in Mn	₹ in Mn	₹ in Mn	
Operating direct costs	2,479.00	2,425.22	53.77	2.22
Employee benefit expenses	814.64	688.22	126.41	18.37
Other expenses	850.51	759.71	90.80	11.95
<b>Total Expenses</b>	<b>4,144.14</b>	<b>3,873.15</b>	<b>270.98</b>	<b>7.00</b>

#### Operating direct costs

Operating direct costs in fiscal year ended March 31, 2017 increased marginally by 2.22% to ₹ 2,479.00 Mn compared to ₹ 2,425.22 Mn in fiscal year ended March 31, 2016.

#### Employee benefit expenses

Employee benefit expenses in fiscal year ended March 31, 2017 increased by 18.37% to ₹ 814.64 Mn compared to ₹ 688.22 Mn in fiscal year ended March 31, 2016 which is attributable to increase in salaries and wages on account of annual increase in employee salaries, higher incentives paid to advertisement sales employees and revision in remuneration of the Managing Director and Joint Managing Director as per the Shareholder approval.

#### Earnings before interest, tax, depreciation and amortization (EBITDA)

Consolidated EBITDA stood at ₹ 1,844.52 Mn in the fiscal year ended March 31, 2017 compared to ₹ 1,847.97 Mn in the fiscal year ended March 31, 2016. As a percentage of total revenue, the consolidated EBITDA margin decreased from 32.30% in the fiscal year ended March 31, 2016 to 30.80% in the fiscal year ended March 31, 2017 primarily led increase in Employee benefit expenses and Other operating expenses.

#### Profit before tax

Consolidated profit before tax stood at ₹ 958.77 Mn in the fiscal year ended March 31, 2017 compared to ₹ 980.53 Mn in the fiscal year ended March 31, 2016. Consolidated profit

before tax was impacted by ₹ 70.00 Mn loss in VDSPL's Caravan Talkies of on account of increase operating expenses and higher depreciation and interest costs.

#### Profit for the year attributable to equity shareholders of UFO

Consolidated profit for the year attributable to equity shareholders of UFO stood at ₹ 631.56 Mn in the fiscal year ended March 31, 2017 compared to ₹ 634.63 Mn in the fiscal year ended March 31, 2016.

### V. Strategy and Outlook

Key elements of UFO's growth strategy include the following:

The in-cinema advertisement platform provides UFO with significant growth opportunity. UFO intends to achieve this growth by increasing spot rates and through higher sales of advertisement inventory. UFO's current inventory utilization as on March 31, 2017 stands at 4.34 minutes per show per screen which has significant head room for delivering growth.

UFO believes that there is significant revenue growth opportunity in the Corporate and Government segment. UFO continues to strengthen engagements with existing advertisers, garnering repeat orders while continuing to form engagements with new advertisers. UFO through its dedicated Government and Corporate sales teams has been able to expand its advertising client base from 563 advertisers in fiscal year ended March 31, 2013 to 2,824 advertisers in fiscal year ended March 31, 2017.

Further, UFO has extended its existing in-cinema advertising platform to enable hyperlocal advertising business, UFO Framez. UFO Framez is a cloud-based advertising technology platform which is intended to drive the UFO's in-cinema inventory utilization through a network of Direct Sales Associates. It offers hyper local advertising clients a seamless avenue to advertise on UFO's in cinema advertising platform.

In addition to the in-cinema advertising growth opportunity, UFO also continues to focus on growing advertisement revenues through strategic business initiatives. Through Caravan Talkies, whose opportunity is complimentary to the existing advertisement opportunity, UFO intends to leverage on strengths like existing advertiser relationships, easy access to content and digital distribution capabilities to drive advertisement revenues. While this business was impacted negatively by demonetization in fiscal year 2017, Caravan has started witnessing healthy traction and is expected to deliver improved performance going forward.

In order to drive growth, UFO continues to consider inorganic growth opportunities by acquiring advertisement rights of other digital cinema service providers and multiplex chains. Aggregating advertisement rights enable UFO to further enhance its existing advertisement offering. Consistent with this strategy, UFO entered into a strategic tie up with United Media Works Private Limited (UMW), a digital cinema technology and service provider having more than 300 digitized cinema screens on its network in India. UFO has demonstrated the strength of its advertising business by acquiring long term exclusive rights from UMW to monetize the advertising inventory on these screens.

UFO continues to leverage its technology platform and its relationships with distributors to expand the movie exhibition market in India through innovative models. UFO through its asset light franchisee business, NOVA Cinemaz, aims to recreate screen growth in non-metro regions across India. NOVA Cinemaz focuses on creating an additional UFO customer base in India by developing Greenfield and Brownfield exhibition centers. Through NOVA Cinemaz, UFO expects to intensify organic screen growth thereby creating additional theatrical customers and acquiring their long term advertisement rights.

## **VI. Risks and Concerns**

### **Dependence on exhibitors**

UFO's digital cinema equipment rental contracts with exhibitors are usually for a fixed-monthly fee for duration of five to ten years and there is no assurance that these contracts will be renewed at existing or favorable commercial terms, or it at all. Further, these rental contracts generally allow termination rights to exhibitors after a certain period. UFO relies on its ability to create

value and additional streams of revenue, including from advertising, to retain its exhibitor customers, but there is no assurance that exhibitors will not terminate the rental contracts prior to their expiration date or continue to renew their contracts with UFO.

### **Expiry of agreements with Hollywood Studios**

UFO's rights to collect D-Cinema VPF under its agreements with major Hollywood studios (which form part of its total D-Cinema VPF) are set to expire by June 2018. UFO does not expect to extend or renew these contracts and if these are not extended or renewed, UFO will be unable to continue to collect D-Cinema VPF from major Hollywood studios after the aforesaid expiry.

## **VII. Risk Management**

Like any other business, UFO is also prone to risks and concerns which can affect the operating performance, cash flows, financial performance and sustainability. UFO has developed appropriate risk management framework for identification, assessment, monitoring and mitigation of various risks to ensure smooth flow of operations adhering to stringent guidelines. As such, risk management is integral to the creation, protection and enhancement of shareholder value.

Overall, UFO has emerged as an organization that has strong focus on improving processes, reducing operational risks, enhance service quality and improving overall performance.

## **VIII. Internal Control and Adequacy**

UFO has controls and procedures in place that are designed to provide reasonable assurance that material information relating to UFO is disclosed on a timely basis. Management has reviewed UFO's disclosure controls and has concluded that they were effective during the reporting period. The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) have evaluated the effectiveness of UFO's disclosure controls and procedures related to the preparation of Management's Discussion and Analysis and the consolidated financial statements. UFO's management, with the participation of its CEO and CFO, is also responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Indian GAAP. UFO has robust financial controls in place through a combination of internal controls and processes. The controls ensure that transactions are recorded in timely manner, they are complete in all aspects, resources of UFO are effectively utilized and its assets are adequately safeguarded.

UFO has deployed a qualified independent firm as its Internal Auditor. The Internal Audit scope includes review

of efficacy of the business processes and review of the procedures and policies in place as designed by the management across all functional areas, and assessing the internal control strength in all areas. Also the Internal Auditor findings are discussed with the process owners and corrective action is taken as necessary.

#### **IX. Human Resources and Industry Relations**

The Human Resources (HR) function in UFO remains focused on developing and wellbeing of all its employees through improved organizational effectiveness and providing a conducive and ethical work place amidst a rapidly changing business environment such that employees can offer their best. It is UFO's endeavor to promote a healthy and safe work environment for all the employees. UFO continues to focus on reviewing Human Resources policies including remuneration, employee welfare plans, health and safety, professional training, etc.

The total employee strength including group Companies and top management stood at 602 as on March 31, 2017.

#### **Material developments in human resources:**

##### **Recruitment and Selection:**

UFO has a talented pool of employees that prides itself in providing effective and efficient customer service to its clients. The focused recruitment and selection process ensures that UFO hires the best talent for the job that aligns with the overall goals of the organization. UFO takes pride in having a stable manpower strength coupled with low rate of attrition that gives it a strategic advantage to sustain long term business objectives.

##### **Training and Development:**

UFO, from time to time, plans and arrange for training of its employees for their overall development to achieve long term business objectives of UFO.

##### **Industrial Relations:**

UFO believes in maintaining cordial and friendly relations with its employees and resolves conflict, controversies and disputes, if any, between the employees and management in an amicable manner.

##### **Cautionary Statement**

Certain Statements made in the Management Discussion and Analysis Report relating to the Company's objectives, projections, outlook, expectations or predictions, estimates and others may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections and so on whether express or implied. Important factors that could make a significant difference to the Company's operations are demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors. The Company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events, or otherwise. Readers are cautioned not to place undue reliance on these forward looking statements that speak only as of their dates.



## CORPORATE GOVERNANCE REPORT

Your Directors present the Company's Report on Corporate Governance for the year ended March 31, 2017, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("The Listing Regulations").

### COMPANY'S GOVERNANCE PHILOSOPHY

The Company firmly believes that effective corporate governance practices constitute a strong foundation on which successful commercial enterprises are built to last. The Corporate Governance is essentially a system by which companies are directed and controlled by the management in the best interest of all stakeholders. Corporate Governance is the application of best management practices, compliance of laws, rules, regulations and adherence to ethical principles in all its dealings, to achieve the objects of the Company, enhance stakeholders' value and discharge its social responsibility. The Company recognizes that strong corporate governance is an indispensable to resilient and vibrant capital markets and is, therefore, an important instrument of investor protection. The Company, therefore, continues to lay great emphasis on a corporate culture of conscience, integrity, fairness, transparency, accountability and responsibility for efficient and ethical conduct of its business.

### BOARD OF DIRECTORS

The Board of Directors of the Company is broad based and consists of eminent individuals having experience of industry, management, technical, financial and marketing functions. The Board periodically evaluates the need for change in its composition and size.

### CATEGORY AND ATTENDANCE OF DIRECTORS

The names and categories of Directors, their attendance at the Board Meetings held during the year and at the last AGM, as also the number of Directorship and Committee positions held by them in public limited companies (including the Company) are given below:

Name of Director	Category	No. of Board Meetings Attended during 2016-17 / (No. of meetings held during the tenure)	Attendance at AGM held on September 15, 2016	No. of Directorship * (As on March 31, 2017)			No. of committee positions in Mandatory Committees** (As on March 31, 2017)		
				Chairman	Board Member	Total	Chairman	Committee Member	Total
Mr. Sanjeev Aga	Chairman, Non-Executive, Independent	6 (7)	Yes	1	7	8	2	4	6
Mr. Ameya Hete <sup>#</sup>	Non-Executive <sup>^</sup>	6 (7)	No	Nil	5	5	Nil	Nil	Nil
Mr. Biswajit Subramanian <sup>§</sup>	Non-Executive <sup>\$</sup>	3 (7)	No	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

As on March 31, 2017, the composition of the Board is as below:

Category	No. of Directors
Non-Executive & Independent Directors including the Chairman	3
Other Non-Executive Directors	3
Executive Directors (Managing Director and Joint Managing Director)	2
<b>Total</b>	<b>8</b>

The Chairman of the Board of Directors is an Independent Director. As required under Section 149 of the Companies Act, 2013, Ms. Lynn de Souza, a lady Director, has been appointed as an Independent Director on the Board.

In accordance with the provisions of the Companies Act, 2013 and in terms of the Articles of Association of the Company, Mr. Ameya Hete retires by rotation in the ensuing Annual General Meeting (AGM) and is eligible for re-appointment. The details of Mr. Ameya Hete, Director seeking re-appointment, are disclosed in the notice of the AGM.

Further, tenure of Mr. Sanjeev Aga, Ms. Lynn de Souza and Mr. S. Madhavan, as Independent Directors will expire on November 19, 2017 and they are eligible for re-appointment. The details of Mr. Sanjeev Aga, Chairman and Independent Director, Ms. Lynn de Souza, Independent Director and Mr. S. Madhavan, Independent Director seeking re-appointment, are disclosed in the notice of the AGM.

Name of Director	Category	No. of Board Meetings Attended during 2016-17 / (No. of meetings held during the tenure)	Attendance at AGM held on September 15, 2016	No. of Directorship * (As on March 31, 2017)			No. of committee positions in Mandatory Committees** (As on March 31, 2017)		
				Chairman	Board Member	Total	Chairman	Committee Member	Total
Mr. Kapil Agarwal	Executive	7 (7)	Yes	Nil	2	2	Nil	2	2
Ms. Lynn de Souza	Non-Executive, Independent	6 (7)	Yes	Nil	3	3	Nil	3	3
Mr. Raaja Kanwar	Non-Executive^	2 (7)	No	1	2	3	Nil	1	1
Mr. S. Madhavan	Non-Executive, Independent	6 (7)	Yes	Nil	3	3	3	2	5
Mr. Sanjay Gaikwad	Executive^	7 (7)	Yes	Nil	6	6	Nil	1	1
Mr. Varun Laul	Non-Executive^	6 (7)	No	Nil	1	1	1	1	2

\* Excludes directorships in associations, private limited companies, foreign companies, government bodies and companies registered under Section 8 of the Companies Act, 2013.

\*\* Only Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of the Mention as the Listing Regulations.

^ Mr. Sanjay Gaikwad is one of the promoters of the Company and Mr. Ameya Hete and Mr. Raaja Kanwar form part of the promoter group.

# In accordance with the provisions of the Companies Act, 2013 and in terms of Articles of Association of the Company, Mr. Ameya Hete, retires by rotation in the forthcoming AGM and is eligible for re-appointment. The details of Mr. Ameya Hete, Director seeking re-appointment are disclosed in the notice of the AGM.

\$ Mr. Biswajit Subramanian ceased to be a director of the Company with effect from March 2, 2017.

During the year under review, the Board met 7 times on the following dates: May 26, 2016; July 26, 2016; August 2, 2016; September 1, 2016; November 8, 2016 and twice on February 2, 2017. The gap between any two consecutive meetings did not exceed 120 days.

## BOARD PROCEDURE

The agenda along with the notice of the Board Meetings is circulated well in advance to the Board members, along with comprehensive background information on the items in the agenda to enable the Board to arrive at appropriate decisions. The information as required under Part A of Schedule II of the Listing Regulations is made available to the Board. The Board also reviews the declarations made by the Company Secretary regarding compliance with applicable laws, on a quarterly basis.

## CODE OF CONDUCT

The Company has adopted a Code of Conduct for all the employees of the Company, including the Managing Director and the Joint Managing Director. The Board has also approved a Code of Conduct for Directors and Senior Management of the Company, which also incorporates the duties of Independent Directors as laid down in the Companies Act, 2013. The Code of Conduct for the Directors and Senior Management is posted on the Company's website under the web link: [http://www.ufomoviez.com/IR\\_Corporate\\_Governance.aspx](http://www.ufomoviez.com/IR_Corporate_Governance.aspx)

All the Board members and Senior Management personnel have affirmed their compliance with the Code of Conduct for Directors and Senior Management. A declaration to this effect, signed by the Chief Executive Officer, forms part of this Report.

Apart from receiving remuneration that they are entitled to under the Companies Act, 2013 as Non-Executive Directors and reimbursement of expenses incurred in the discharge of their duties, none of the Non-Executive Directors has any other material pecuniary relationship or transactions with the Company, its promoters, its Directors, its senior management or its subsidiaries and associates. None of the Directors are *inter-se* related to each other.

The Directors and Senior Management of the Company have made disclosures to the Board confirming that there are no material financial and/or commercial transactions between them and the Company that could have potential conflict of interest with the Company at large.

**REMUNERATION TO NON-EXECUTIVE DIRECTORS**

During the year under review, the non-executive independent directors were paid sitting fees at the rate of ₹ 100,000/- for attending each of the board meetings and ₹ 50,000/- for attending each of the committee meetings.

The non-executive independent directors were appointed at a fixed remuneration consisting of sitting fees and commission on net profits of the Company. The total remuneration agreed with Mr. Sanjeev Aga, Chairman and Independent Director is ₹ 3,500,000/- p.a. and the total remuneration agreed with each of Ms. Lynn de Souza and Mr. S. Madhavan, both independent directors is ₹ 2,000,000/- p.a. as approved by the shareholders at their Extra-ordinary General Meeting held on November 20, 2014. The total remuneration payable to Independent Directors for the financial year ended March 31, 2017 is as below:

Name of Director	Sitting Fees (₹)	Commission (₹)	Total (₹)
Mr. Sanjeev Aga	950,000	2,550,000	3,500,000
Ms. Lynn de Souza	900,000	1,100,000	2,000,000
Mr. S. Madhavan	1,000,000	1,000,000	2,000,000
<b>Total</b>	<b>2,850,000</b>	<b>4,650,000</b>	<b>7,500,000</b>

The terms and conditions of the appointment of aforesaid independent directors and criteria for making payments to non-executive directors are disclosed on the Company's website [www.ufomoviez.com](http://www.ufomoviez.com)

No sitting fees is payable to non-executive non-independent directors as they have waived their entitlement for the same.

As on March 31, 2017, except Mr. Ameya Hete and Mr. S. Madhavan who hold 217,797 and 1,500 equity shares of the Company respectively (as on date Mr. Ameya Hete and Mr. S. Madhavan holding 217,797 and 2,500 equity shares of the Company respectively), none of the non-executive directors was holding any equity shares of the Company on March 31, 2017 or as on date.

**REMUNERATION TO THE EXECUTIVE DIRECTORS**

Mr. Sanjay Gaikwad, Managing Director of Company had been appointed for a period of five years from October 17, 2013 to October 16, 2018. Mr. Kapil Agarwal, Joint Managing Director of Company had been appointed for a period of five years from March 1, 2014 to February 28, 2019. During the year under review, the Company had paid ₹ 32,500,000/- each to Mr. Sanjay Gaikwad, Managing Director and Mr. Kapil Agarwal, Joint Managing Director of the Company. The remuneration drawn was within the limits of managerial remuneration prescribed under Section 198 of the Companies Act, 1956 (at the time of appointment) and during the financial year 2016-17 under Section 197 of the Companies Act, 2013 considering the profits of the Company for the financial year 2016-17.

All elements of remuneration package of executive directors given herein below:

Particulars	Mr. Sanjay Gaikwad	Mr. Kapil Agarwal
1. Salary	₹ 1,100,000 per month.	₹ 1,100,000 per month.
2. Perquisites	The total remuneration as per para 1 and 2 i.e. Salary and Perquisites shall be restricted to an amount of ₹ 27,500,000/- p.a.	The total remuneration as per para 1 and 2 i.e. Salary and Perquisites shall be restricted to an amount of ₹ 2,750,000/- p.a.
3. One time performance incentive	Mr. Sanjay Gaikwad was paid a one time performance incentive of ₹ 5,000,000/- for the performance of the Company for past periods, in the financial year 2016-17.	Mr. Kapil Agarwal was paid one time performance incentive of ₹ 5,000,000/- for the performance of the Company for past periods, in the financial year 2016-17.
4. Yearly performance incentive	In addition to above, and subject to the Nomination and Remuneration Committee's final determination based on certain defined parameters, with effect from April 1, 2016, Mr. Sanjay Gaikwad will also be entitled for yearly performance incentive of an amount not exceeding ₹ 12,500,000/-. Accordingly, Mr. Sanjay Gaikwad was paid performance incentive of ₹ 5,000,000/-, for the financial year 2016-17.	In addition to above, and subject to the Nomination and Remuneration Committee's final determination based on certain defined parameters, with effect from April 1, 2016, Mr. Kapil Agarwal will also be entitled for yearly performance incentive of an amount not exceeding ₹ 12,500,000/-. Accordingly, Mr. Kapil Agarwal was paid performance incentive of ₹ 5,000,000/-, for the financial year 2016-17.
5. Employees Stock Options (ESOPs) as on March 31, 2017 and as on date.	Nil	212,500 ESOPs convertible into 212,500 equity shares of the Company.  As on date 50% of above ESOPs are vested.

As on March 31, 2017 and as on date Mr. Sanjay Gaikwad and Mr. Kapil Agarwal were holding 263,797 and 462,394 equity shares of the Company respectively.

The appointment of the Executive Directors may be terminated earlier than the term of 5 years by either party by giving to the other party three months' notice of such termination or the Company paying three month's remuneration in lieu of such notice. The Executive Directors may be entitled to severance benefits depending on the circumstances of their termination of employment.

#### **SEPARATE MEETING OF INDEPENDENT DIRECTORS**

Separate meetings of Independent Directors of the Company, without the attendance of Non-Independent Directors and members of the Management, were held on July 26, 2016, May 17, 2017 and July 11, 2017 as required under Schedule IV to the Companies Act, 2013 (Code for Independent Directors) and Regulation 25 of the Listing Regulations At the said meetings, the Independent Directors:

- a) reviewed the performance of Non-Independent Directors and the Board as a whole;
- b) reviewed the performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors; and
- c) assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Mr. Sanjeev Aga and Mr. S. Madhavan attended the Meeting of Independent Directors held on July 26, 2016. All the Independent Directors attended the meeting of Independent Directors held on May 17, 2017 and July 11, 2017. Mr. Sanjeev Aga chaired all the three Meetings.

#### **BOARD AND DIRECTORS' EVALUATION AND CRITERIA FOR EVALUATION**

For the year under review, the Board has carried out an evaluation of its own performance, performance of the Directors, as well as the evaluation of the working of its Committees. The Nomination and Remuneration Committee has defined the evaluation criteria and procedure for the performance evaluation process of the Board members. The criteria for evaluation include inter alia, knowledge to perform the role, time and level of participation, performance of duties and level of oversight, professional conduct and independence.

#### **BOARD TRAINING, INDUCTION AND FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS**

The Company familiarizes its Directors including independent directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various programmes. These include orientation programme upon induction of new Directors, as well as other initiatives to update the Directors on a continuing basis.

The familiarization programme for Independent Directors is disclosed on the Company's website under the web link: [http://www.ufomoviez.com/IR\\_Corporate\\_Governance.aspx](http://www.ufomoviez.com/IR_Corporate_Governance.aspx)

The Managing Director and the Joint Managing Director also have one-on-one discussion with the Directors on a regular basis. In addition, the Senior Management of the Company interacts regularly with the Directors both individually and collectively. The above initiatives help the Directors to understand and keep themselves updated about the Company, its business and the regulatory framework in which the Company operates and equip themselves to effectively fulfill their role as Directors of the Company.

#### **COMMITTEES OF THE BOARD**

With a view to have a more focused attention on various facets of business and for better accountability, the Board has constituted various committees viz, Audit and Risk Management Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Compensation Committee, Corporate Social Responsibility Committee and Finance Committee.

Each of these Committees has been mandated to operate within a given framework. The terms of reference of these Committees are determined by the Board and their relevance reviewed from time to time. Meetings of each of these Committees are headed by the respective Chairmen, who also inform the Board about the summary of discussions held in those Meetings. The minutes of the Committee Meetings are sent to all the respective Committee Members individually and tabled at the Board Meetings.

#### **A. AUDIT AND RISK MANAGEMENT COMMITTEE:**

The Audit and Risk Management Committee acts as a link between the statutory / internal auditors and the Board of Directors. Its purpose is to assist the Board in fulfilling its oversight responsibilities of monitoring financial reporting processes, reviewing the Company's established systems and processes for internal financial controls, governance and reviewing the Company's statutory and internal audit activities.

The scope and function of the Audit and Risk Management Committee is in accordance with the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

The powers of the Audit and Risk Management Committee include the power to (i) investigate any activity within its terms of reference; (ii) seek information from any employee; (iii) obtain outside legal or other professional advice; and (iv) secure attendance of outsiders with relevant expertise, if it considers the attendance of such outsiders necessary.

The Audit and Risk Management Committee is mandatorily review amongst others, (i) the management discussion and analysis of financial condition and results of operations; (ii) the statement of significant related party transactions submitted by the management; (iii) the

management letters / letters of internal control weaknesses issued by the statutory auditors; (iv) the internal audit reports relating to internal control weaknesses; and (v) the appointment, removal and terms of remuneration of the chief internal auditor/ internal auditor.

The role of the Audit and Risk Management Committee includes the scope as specified in Part C of Schedule II Committee as at March 31, 2017 and the details of Members participation at the meetings of the Committee are as under:

of the Listing Regulations in addition to the requirements of Section 177 of the Companies Act, 2013. Also the Audit and Risk Management Committee is responsible for monitoring and reviewing the risk management plan of the Company.

The composition of the Audit and Risk Management

Name of the member	Position in the committee	Designation	No. of meetings attended during the year 2016-17 / (No. of meetings held during the tenure)
Mr. Sanjeev Aga	Chairman	Non-Executive, Independent Director	5 (6)
Mr. S. Madhavan	Member	Non-Executive, Independent Director	5 (6)
Mr. Varun Laul	Member	Non-Executive Director	5 (6)
Ms. Lynn de Souza	Member	Non-Executive, Independent Director	5 (6)

Necessary quorum was present at the above Committee Meetings. All the Members on the Audit and Risk Management Committee have the requisite qualifications for appointment on the Committee and possess sound knowledge of finance, accounting practices and internal controls.

The representatives of the Statutory Auditors are invited to attend the Meeting of the Audit and Risk Management Committee. They have attended all the meetings where their Audit Reports were tabled for discussion. The Managing Director, Joint Managing Director, Chief Executive Officer and Chief Financial Officer usually attend all the Audit and Risk Management Committee Meetings. The Company Secretary is the Secretary to the Committee.

During the year under review, 6 meetings of the Audit and Risk Management Committee were held on May 26, 2016; July 26, 2016; August 2, 2016; September 1, 2016; November 8, 2016 and February 02, 2017.

**B. NOMINATION AND REMUNERATION COMMITTEE:**

The scope and terms of reference of the Nomination and Remuneration Committee includes recommending to the Board from time to time the remuneration of Directors, Key Managerial Personnel and Senior Management Personnel as more specifically detailed in Part D of Schedule II of the Listing Regulations in addition to the requirements of Section 178 of the Companies Act, 2013. The Nomination and Remuneration Policy is part of the Directors Report.

The composition of the Nomination and Remuneration Committee as at March 31, 2017 and the details of Members participation at the meetings of the Committee are as under:

Name of the member	Position in the Committee	Designation	No. of meetings attended during the year 2016-17 / (No. of meetings held during the tenure)
Mr. S. Madhavan	Chairman	Non-Executive, Independent Director	3 (3)
Mr. Sanjeev Aga	Member	Non-Executive, Independent Director	2 (3)
Mr. Biswajit Subramanian (Ceased to be a member with effect from March 2, 2017.)	Member	Non-Executive Director	0 (3)
Mr. Ameya Hete	Member	Non-Executive Director	2 (3)

During the year under review, 3 meetings of the Nomination and Remuneration Committee were held on May 26, 2016; July 26, 2016 and November 8, 2016.



### C. STAKEHOLDERS' RELATIONSHIP COMMITTEE:

The terms of reference of the Stakeholders' Relationship Committee of the Company are in accordance with Section 178 of the Companies Act, 2013 and Regulation 20 of the the Listing Regulations which *inter alia* include:

- a) Redressal of grievances of shareholders, debenture holders and other security holders.
- b) Consider and resolve the grievances of the security holders of the company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc.

The composition of the Stakeholders' Relationship Committee as at March 31, 2017 and the details of Members participation at the meetings of the Committee are as under:

Name of the member	Position in the Committee	Designation	No. of meetings attended during the year 2016-17 / (No. of meetings held during the tenure)
Mr. Varun Laul	Chairman	Non-Executive, Non-Independent Director	3 (4)
Mr. Sanjay Gaikwad	Member	Executive Director	4 (4)
Mr. Kapil Agarwal	Member	Executive Director	4 (4)

During the year under review, 4 meetings of the Stakeholders' Relationship Committee were held on May 26, 2016; August 2, 2016; November 8, 2016 and February 2, 2017.

Mr. Sameer Chavan, Company Secretary of the Company is the Compliance Officer of the Company.

The number of complaints received, resolved to the satisfaction of shareholders and numbers of complaints pending during the financial year ended March 31, 2017 are as under.

Particulars	Received	Resolved	Pending
No. of Complaints	42	42	Nil

### D. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

The terms of reference of the Corporate Social Responsibility Committee broadly comprises:

- a) Formulation and recommendation to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- b) Recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- c) Monitor the Corporate Social Responsibility Policy of the Company from time to time.

The composition of the Corporate Social Responsibility Committee as at March 31, 2017 and the details of Members participation at the meetings of the Committee are as under:

Name of the member	Position in the Committee	Designation	No. of meetings attended during the year 2016-17 (No. of meetings held during the tenure)
Mr. Sanjay Gaikwad	Chairman	Executive Director	1 (1)
Ms. Lynn de Souza	Member	Non-Executive, Independent Director	1 (1)
Mr. Kapil Agarwal	Member	Executive Director	1 (1)

During the year under review, the Corporate Social Responsibility Committee met once on May 26, 2016.

The policy on Corporate Social Responsibility is available on the Company's website under the web link: [http://www.ufomoviez.com/IR\\_Corporate\\_Governance.aspx](http://www.ufomoviez.com/IR_Corporate_Governance.aspx)

### E. COMPENSATION COMMITTEE:

The scope and terms of reference of Compensation Committee is in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 which *inter alia* includes:

- a) Administration and superintendence of the employee stock options schemes.



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- b) Formulate the detailed terms and conditions of the schemes which shall include the provisions as specified by Board in this regard.
- c) Frame suitable policies and procedures to ensure that there is no violation of securities laws, as amended from time to time, including Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003 by the trust, the Company and its employees, as applicable.

The Members of the Compensation Committee are as below:

Name of the member	Position in the Committee	Designation
Mr. S. Madhavan	Chairman	Non-Executive, Independent Director
Mr. Sanjeev Aga	Member	Non-Executive, Independent Director
Mr. Biswajit Subramanian (Ceased to be a member with effect from March 2, 2017.)	Member	Non-Executive Director
Ms. Lynn de Souza	Member	Non-Executive, Independent Director
Mr. Sanjay Gaikwad	Member	Executive Director

During the year under review, no meeting of Compensation committee took place.

### F. FINANCE COMMITTEE:

The Finance Committee comprises of four members Mr. Ameya Hete, Mr. Kapil Agarwal, Mr. Sanjay Gaikwad and Mr. Varun Lau.

The terms of reference of Finance Committee includes matters related to Share Allotment, Share Transfer, Banking & Finance and merger related activities.

### SUBSIDIARY COMPANIES

The Company has a material subsidiary namely Scrabble Entertainment Limited who has generated more than 20% of the consolidated income of the Company during the year under review. The Board of Directors of the Company has approved a policy for determining material subsidiaries of the Company and the same is disclosed on the website of the Company under the web link: [http://www.ufomoviez.com/IR\\_Corporate\\_Governance.aspx](http://www.ufomoviez.com/IR_Corporate_Governance.aspx)

The audited annual financial statements of the subsidiary companies are tabled at the Audit and Risk Management Committee and Board Meetings. Copies of the Minutes of the Board Meetings of subsidiary companies are tabled at the subsequent Board Meetings.

### GENERAL BODY MEETINGS

#### A. Annual General Meetings:

Details of the Annual General Meetings of the Company during the preceding three years are as follows:

Financial Year	Venue	Date	Time
2015-16	Sivaswamy Auditorium of Fine Arts Cultural Centre, Fine Arts Chowk, R. C. Marg, Chembur, Mumbai – 400071.	September 14, 2016	10:30 a.m.
2014-15	FICCI K.K. Birla Auditorium, Tansen Marg, Near Mandi House, New Delhi – 100 001	September 15, 2015	12.00 Noon
2013-14	1-B, Sagar Apartments, 6 Tilak Marg, New Delhi – 100 001	September 4, 2014	11.00 a.m.

During the three preceding Annual General Meetings of the Company, no special resolutions were passed.

**B. Special resolution passed through Postal Ballot**

During the financial year 2016-17, pursuant to Section 110 of the Companies Act, 2013 read with Rules made thereunder and other applicable provisions, if any, (including any amendment thereto or re-enactment thereof), the Company has passed special resolutions through Postal Ballot as per details mentioned below:

Date of Postal Ballot Notice	Voting Period	Date of Report by Scrutinizer	Date of declaration of Results / Date of Approval of Members	Name of the Scrutinizer	Description of Special Resolution passed through Postal Ballot
November 8, 2016	From December 27, 2016 at 9.00 a.m. to January 25, 2017 at 5.00 p.m.	January 28, 2017	January 30, 2017	Mr. Dharmesh Zaveri, Practicing Company Secretary of D.M. Zaveri & Co.	1. Revision in the remuneration of Mr. Sanjay Gaikwad, Managing Director of the Company.  2. Revision in the remuneration of Mr. Kapil Agarwal, Joint Managing Director of the Company.

The details of voting pattern on aforesaid resolutions are mentioned below:

Details of resolution	No. of outstanding shares	No. of votes polled			% of Votes polled on outstanding shares	No. of Votes – in favour	No. of Votes – against
		Physical ballot	e-voting	Total			
Revision in the remuneration of Mr. Sanjay Gaikwad, Managing Director of the Company.	27,600,801	2,157	20,788,958	20,791,115	75.33%	19,763,697	1,027,418
Revision in the remuneration of Mr. Kapil Agarwal, Joint Managing Director of the Company.	27,600,801	2,157	20,788,938	20,791,095	75.33%	19,763,666	1,027,429

As of now, no Special resolution is proposed to be conducted through Postal Ballot.

Procedure of Postal Ballot followed by the Company is mentioned below:

In addition to the physical voting, the Company transacts the business of Postal Ballot through electronic voting. The Company in compliance with Regulation 44 of the SEBI (LODR) Regulations, 2015 and the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014, provides facility to the Members (whether holding shares in physical or in dematerialized form) to exercise their right to vote on the matters included in the notice of the postal ballot by electronic means i.e. through e-voting services. The Company engages the services of M/s. Karvy Computershare Private Limited for the purpose of providing e-voting facility to all its members. The members have an option to vote either by physical ballot or by e-voting. The Company dispatches the postal ballot notices and postal ballot form along with self-addressed, postage pre-paid business reply envelopes by permissible mode to its members whose names appear on the register of members / list of beneficial owners as on the cut-off date. The postal ballot notice along with postal ballot form is sent to members in electronic form to the e-mail addresses registered with their

depository participants or the Company. The Company also publishes notice in the newspapers declaring the details of completion of dispatch of notice and other requirements as mandated under the Companies Act, 2013 read with the Rules framed thereunder. Voting is reckoned in proportion to the Member's share of voting rights on the paid-up share capital of the Company as on the record date. Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms duly completed and signed, to the scrutinizer on or before the close of voting period. Members desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last date of e-voting. The scrutinizer submits his report to the Chairman, after completion of scrutiny and the consolidated results of the voting by postal ballot are then announced by the Chairman / authorised persons. The results are also displayed on the website of the Company i.e. www.ufomoviez.com, besides being communicated to the stock exchanges, agency providing e-voting facility and registrar and share transfer agent of the Company.

**C. Resolutions passed at Court Convened Meeting**

During the financial year 2016-17 the Company has passed following resolutions at Court Convened Meeting (CCM) of shareholders held on January 16, 2017 at 11:00 a.m. at Emerald Hall, Kohinoor Continental, Andheri-Kurla Road, JB Nagar, Andheri (East), Mumbai- 400 059 as per details mentioned below:

Date of CCM notice	Voting period	Date of report by Scrutinizer	Date of declaration of results / Date of Approval of members	Name of the Scrutinizer	Description of resolutions passed
November 8, 2016	From January 13, 2017 at 09:00 a.m. to January 15, 2017 at 5:00 p.m.	January 16, 2017	January 16, 2017	Mr. Dharmesh Zaveri, Practicing Company Secretary of D.M. Zaveri & Co.	<ol style="list-style-type: none"> <li>1. Approval of with or without modification(s), the Scheme of Arrangement between Southern Digital Screenz India Private Limited, V N Films Private Limited, Edridge Limited, UFO International Limited and UFO Moviez India Limited and their respective shareholders ("Scheme") which inter-alia provides for amalgamation of Southern Digital Screenz India Private Limited, V N Films Private Limited, Edridge Limited, UFO International Limited with UFO Moviez India Limited.</li> <li>2. Approval of the reduction of securities premium of UFO Moviez India Limited.</li> </ol>

The details of voting pattern on aforesaid resolution are mentioned below:

Details of resolution	No. of outstanding shares	No. of votes polled			% of Votes polled on outstanding shares	No. of Votes – in favour	No. of Votes – against
		Physical ballot	e-voting	Total			
Approval of with or without modification(s), the Scheme of Arrangement between Southern Digital Screenz India Private Limited, V N Films Private Limited, Edridge Limited, UFO International Limited and UFO Moviez India Limited and their respective shareholders (“Scheme”) which inter-alia provides for amalgamation of Southern Digital Screenz India Private Limited, V N Films Private Limited, Edridge Limited, UFO International Limited with UFO Moviez India Limited.	27,600,801	257,168	20,626,536	20,883,704	75.66	20,883,348	356
Approval of the reduction of securities premium of UFO Moviez India Limited.	27,600,801	257,167	20,626,536	20,883,703	75.66	20,883,347	356

## MEANS OF COMMUNICATION

### Communication with the Members / Shareholders

As per the requirements of the the Listing Regulations the unaudited quarterly / half yearly results are announced within forty-five days of the close of the quarter and the audited annual results are announced within sixty days from the close of the financial year.

The aforesaid financial results are sent to BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) where the Company’s securities are listed, immediately after they are approved by the Board. The results thereafter are given by way of a press release to various news agencies/analysts. Further, the results were published within forty-eight hours in leading English daily newspaper i.e. ‘The Financial Express’ and Marathi daily newspaper i.e. ‘Loksatta’. Prior shifting of the registered office of the Company from New Delhi to Maharashtra, the same were published in a Hindi daily newspaper i.e. ‘Jansatta’ alongwith English daily newspaper i.e. ‘The Financial Express’. The audited financial statements form part of the Annual Report which are sent to the Members well in advance of the AGM.

The Company also informs by way of intimation to BSE and NSE all price sensitive matters or such other matters, which in its opinion are material and of relevance to the members/ investors and subsequently issues a press release in regard to the same.

The Annual Report of the Company, the quarterly / half yearly and the annual results and the press releases of the Company are placed on the Company’s website under the web link: [http://www.ufomoviez.com/IR\\_Finance.aspx](http://www.ufomoviez.com/IR_Finance.aspx) and can be downloaded. Also, all the official news releases, intimation of analyst meets, presentations made to the investors, etc. are displayed on the website of the Company under the section ‘Events & Updates.’

In compliance with Regulation 10 of the the Listing Regulations the quarterly results, shareholding pattern, quarterly compliances and all other corporate communications are filed electronically with BSE on its Listing Centre portal and with NSE on its NEAPS portal.

## DISCLOSURES

### Related party transactions

All transactions entered in to with the related parties as defined under the Companies Act, 2013 and under Regulation 23 of the the Listing Regulations during the year under review were in the ordinary course of business and on arm’s length basis. All the transactions with the related parties are in the normal course of business and do not conflict with the interest of the Company.

## UFO Moviez India Limited

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Except as disclosed in “Annexure-1” to the Directors’ Report, there were no materially significant transactions with related parties during the year under review. Related party transactions have been disclosed in the notes to the financial statements in accordance with Accounting Standards 18.

As required under Regulation 23 of the Listing Regulations the Company has formulated a policy on related party transactions. The Policy is available on the Company’s website under the web link: [http://www.ufomoviez.com/IR\\_Corporate\\_Governance.aspx](http://www.ufomoviez.com/IR_Corporate_Governance.aspx)

### **Strictures and penalties**

During the year under review, no strictures or penalties have been imposed on the Company by the Stock Exchanges or by the Securities and Exchange Board of India (SEBI) or by any statutory authority on any matters related to capital markets.

### **Whistle Blower policy**

Pursuant to Section 177(9) and (10) of the Companies Act, 2013 and Regulation 4(2)(d) of Chapter II of the Listing Regulations the Company has formulated a Whistle Blower Policy for establishing a vigil mechanism for Directors and Employees to report concerns about unethical behavior, actual or suspected fraud, or violation of Company’s code of conduct or ethics policy. The mechanism provides for adequate safeguards against victimization of Employees and Directors who may use such mechanism and makes provision for direct access to the Chairman of the Audit and Risk Management Committee. None of the personnel of the Company has been denied access to the Chairman of the Audit and Risk Management Committee. The details of the Whistle Blower policy are available on the Company’s website under the web link: [http://www.ufomoviez.com/IR\\_Corporate\\_Governance.aspx](http://www.ufomoviez.com/IR_Corporate_Governance.aspx)

### **Details of compliance with mandatory requirements and adoption of the non-mandatory requirements under the SEBI (LODR) Regulations, 2015**

The Company has to the extent applicable complied with all the mandatory requirements of the Listing Regulations. As to non-mandatory requirements, the company has appointed separate persons to the posts of Chairman, Managing Director(s), and Chief Executive Officer.

### **Commodity price risk and Hedging Activities**

As the Company is not dealing in commodities, there are no commodity price risk and hedging activities undertaken by the Company during the year under review.

### **Disclosure of the compliance with Corporate Governance**

The Company has complied with all the corporate governance requirements as specified in Regulation 17 to 27 and clauses (b) to (i) of Sub Regulation (2) of Regulation 46 of the Listing Regulations.

### **Disclosure with respect to demat suspense account / unclaimed suspense account**

As on April 1, 2016, total 48 shares of 2 shareholders were lying in the suspense account.

During the year under review, the Company has received request from these shareholders to transferred said shares to their demat accounts and accordingly the Company has transferred said shares to respective shareholders demat account. As on March 31, 2017, there were no outstanding shares which were lying in the suspense account. The voting rights on aggregate of 48 outstanding shares were frozen till the shares were in suspense account.

### **Prevention of Insider trading**

The Company has adopted an Insider Trading Policy to regulate, monitor and report trading by insiders under the SEBI (Prohibition of Insider Trading) Regulations, 2015. The policy also includes practices and procedures for fair disclosure of unpublished price sensitive information, initial and continual disclosure. The Company has automated the declarations and disclosure to identified designated employees and the Board reviews the policy on a need basis. The policy on Code of practices and procedures for fair disclosure of unpublished price sensitive information is available on the Company’s website under the web link: [http://www.ufomoviez.com/IR\\_Corporate\\_Governance.aspx](http://www.ufomoviez.com/IR_Corporate_Governance.aspx)

### **Policy for determination for materiality of event or information**

In accordance of Regulation 30 of the Listing Regulations the Company has framed the Policy for determination for materiality of event or information for the purpose of making disclosures of event or information to the Stock Exchanges under Listing Regulations. The Policy includes criteria for determination of materiality of event and information and the manner for making disclosure of such events and information to the Stock Exchanges. The policy is available on the Company’s website under the web link: [http://www.ufomoviez.com/IR\\_Corporate\\_Governance.aspx](http://www.ufomoviez.com/IR_Corporate_Governance.aspx)

### **GENERAL SHAREHOLDER INFORMATION**

The Company is registered with the Registrar of Companies, Mumbai. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L22120MH2004PLC285453.

## Financial Calendar for the Financial Year 2017-18

Financial Year	April to March
Board Meeting for consideration of Accounts for the financial year ended March 31, 2017	May 17, 2017
Book Closure Dates	Tuesday, September 19, 2017 to Tuesday, September 26, 2017 (both days inclusive)
Last date for receipt of Proxy Forms	Dividend payment Date after Wednesday, September 27, 2017 Sunday, September 24, 2017
Day, Date, Time & Venue of the 13 <sup>th</sup> Annual General Meeting	Tuesday, September 26, 2017 at 11.00 a.m. at Emerald Hall, Kohinoor Continental, Andheri-Kurla Road, JB Nagar, Andheri - East, Mumbai - 400059.
Board Meeting for consideration of unaudited quarterly results for three quarters i.e. June, 2017; September, 2017 and December, 2017 of the financial year 2017-18.	Within forty-five days from the end of the quarter or within such other time as stipulated under the SEBI (LODR) Regulations, 2015.
Annual audited results for the financial year ending March 31, 2018	Within sixty days from the end of the last quarter or within such other time as stipulated under the SEBI (LODR) Regulations, 2015.

## Listing on Stock Exchanges

The Company's shares are listed on the following Stock Exchanges:

Name & Address of the Stock Exchanges	Stock Code / Scrip Code	Name & Address of the Stock exchanges
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	UFO / 539141	INE527H01019
The National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051	UFO	

The Company has paid the listing fees to these Stock Exchanges for the financial year 2017-18.

## Market Price Data: High, low during each month in last financial year and performance in comparison to broad-based indices such as BSE Sensex, CRISIL index etc.

The performance of the Equity Shares of the Company i.e. the high, low and number of Equity Shares traded during each month in the financial year 2016-17 on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) depicting the liquidity of the Company's Equity Shares for the financial year ended March 31, 2017, on the said exchanges is given below:

Month	BSE Share Price Month's High (₹)	BSE Share Price Month's Low (₹)	Total Turnover (₹ In lacs)	NSE Share Price Month's High (₹)	NSE Share Price Month's Low (₹)	Total Turnover (₹ In lacs)
Apr-16	545.00	420.10	1,162.15	546.25	411.00	4,540.67
May-16	548.00	502.00	456.25	549.00	495.15	2,293.34
Jun-16	583.00	504.00	971.77	583.65	486.00	2,383.56
Jul-16	625.00	536.00	18,315.00	623.75	536.90	8,409.49
Aug-16	606.00	465.00	1,429.33	606.00	464.20	6,662.20
Sep-16	501.50	425.00	2,044.26	500.80	421.00	6,050.58
Oct-16	501.90	435.55	394.34	503.00	437.00	2,362.75
Nov-16	503.00	405.40	557.36	505.00	405.00	4,658.98
Dec-16	450.90	397.00	1,332.33	448.75	396.00	3,046.54
Jan-17	473.00	405.00	833.72	474.00	401.00	3,841.84
Feb-17	463.50	403.00	800.86	464.00	402.00	4,652.20
Mar-17	457.00	389.90	2,657.68	456.65	389.85	9,574.52

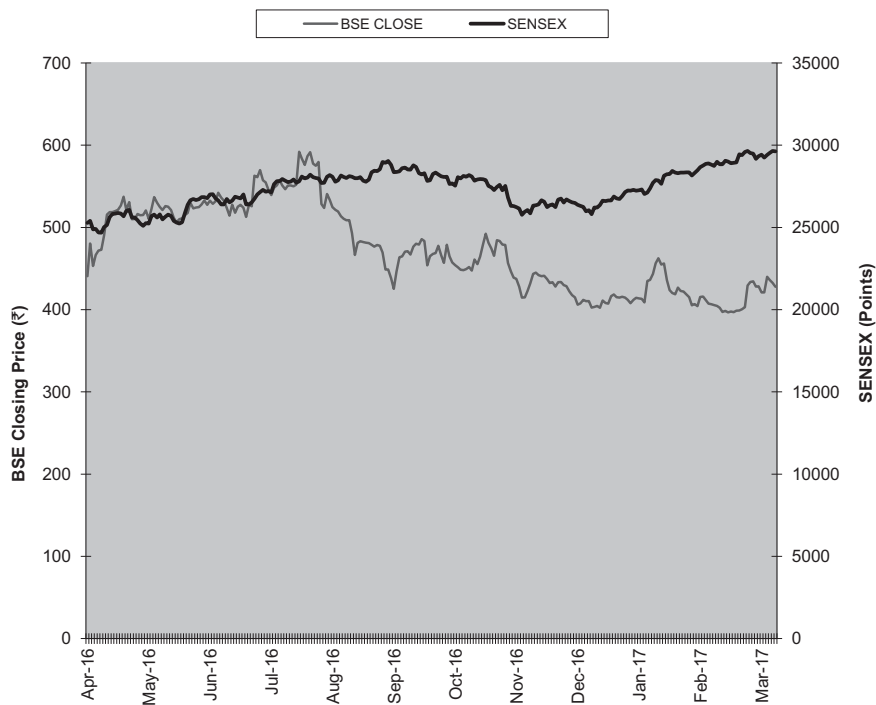


# UFO Moviez India Limited

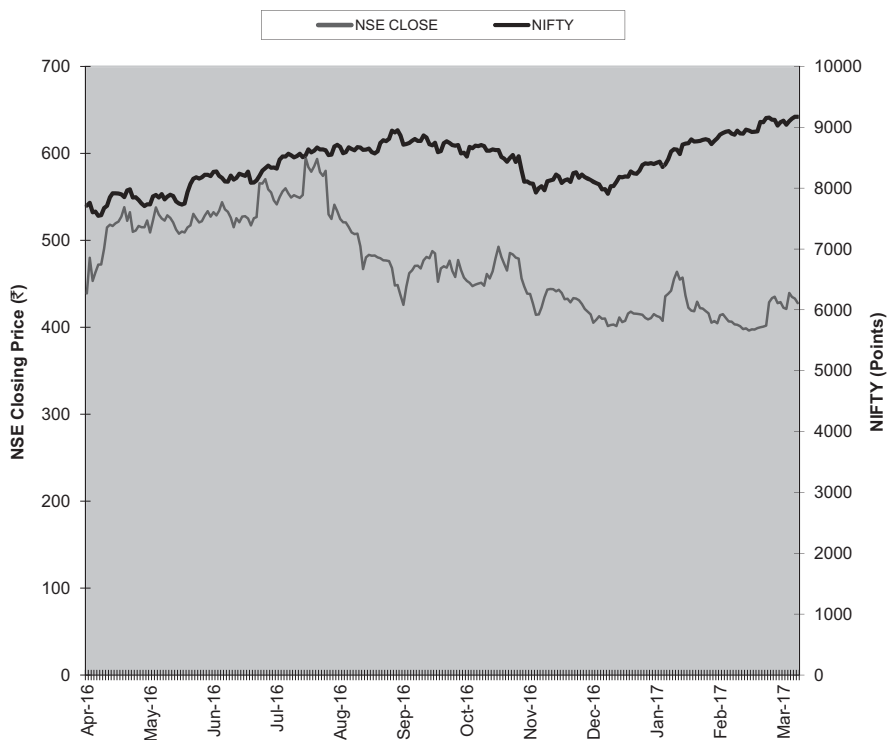
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## Performance of UFO Share price in Comparison to:

### BSE SENSEX:



### NSE Nifty:



### Share Transfer System and other related matters

Share transfers in physical form are processed and the share certificates are generally returned to the transferees within a period of fifteen days from the date of receipt of transfer provided the transfer documents lodged with the Company are complete in all respects.

### Nomination facility for shareholding

As per the provisions of the Companies Act, 2013, facility for making nomination is available for Members in respect of shares held by them. Members holding shares in physical form may obtain nomination form, from the Registrar & Share Transfer Agent of the Company i.e. M/s. Karvy Computershare Private Limited or download the same from their website. Members holding shares in dematerialized form should contact their Depository Participants (DP) in this regard.

### Permanent Account Number (PAN)

Members who hold shares in physical form are advised that SEBI has made it mandatory that a copy of the PAN card of the transferee/s, members, surviving joint holders / legal heirs be furnished to the Company while obtaining the services of transfer, transposition, transmission and issue of duplicate share certificates.

### Distribution of shareholding as on March 31, 2017

Range (In ₹) *	No. of Equity Shares	Amount (₹)	% to capital	No. of shareholders	% to total shareholder
up to 5000	1,477,297	1,477,297	5.35	27849	99.46
5001-10000	294,950	2,949,500	1.07	48	0.17
10001-20000	288,688	2,886,880	1.05	36	0.13
20001-30000	183,929	1,839,290	0.67	16	0.06
30001-40000	131,919	1,319,190	0.48	5	0.02
40001-50000	105,810	1,058,100	0.38	7	0.02
50001-100000	362,081	3,620,810	1.31	6	0.02
100001 & Above	24,756,127	247,561,270	89.69	34	0.12
<b>Total</b>	<b>27,600,801</b>	<b>276,008,010</b>	<b>100</b>	<b>28001</b>	<b>100</b>

\* The amount is calculated considering nominal value of per equity share i.e. ₹ 10/- per share

### Shareholding Pattern as on March 31, 2017

Category	No. of shares held	Percentage
Promoter and Promoter Group	7,765,352	28.13
FII/FVCI/Foreign Bodies Corporates, NRI, etc.	7,854,472	28.47
Individuals	4,927,364	17.85
Others	7,053,613	25.55
<b>Total</b>	<b>27,600,801</b>	<b>100.00</b>

### Dematerialization of shares

The Company's shares are tradable compulsorily in the electronic form. Through Karvy Computershare Private Limited, Registrars and Share Transfer Agents, the Company has established connectivity with both the depositories, that is, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The International Securities Identification Number (ISIN) allotted to the Company's shares under the Depository System is INE527H01019.

### Percentage of shares held in physical and dematerialization form as on March 31, 2017 are as mentioned below:

Physical form	: 0.11%
Dematerialization form	: 99.89%

## UFO Moviez India Limited

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### Investor Correspondence

For any assistance regarding share transfers, transmissions, change of address, duplicate share certificates and other relevant matters, please write to the Registrar & Share Transfer Agent of the Company at the address given below:

Karvy Computershare Private Limited

Karvy Selenium Tower B, Plot 31-32, Financial District, Nanakramguda, Gachibowli, Hyderabad – 500 032.

Tel No.: 040 6716 2222; Fax No.: 040 2300 1153

Toll Free No.: 1800 345 4001

Email: einward.ris@karvy.com

For Investor correspondence and queries relating to financial statements:

Mr. Ashish Malushte

Chief Financial Officer

Tel: +91 22 40305060

Email: ashish.malushte@ufomoviez.com

Mr. Ashwin Chhugani

Sr. Manager - Investor Relations

Tel: +91 22 40305060

Email: ashwin.chhugani@ufomoviez.com

For queries relating to shares / compliance

Mr. Sameer Chavan

Company Secretary and Compliance Officer

Tel : +91 22 40305060

Email: investors@ufomoviez.com

### Outstanding GDRS/ADRS/Warrants or any Convertible instruments, conversion date and likely impact on equity

There are no outstanding GDRs/ADRs/Warrants or any Convertible instruments issued by the Company except employees stock options, the details of which are disclosed in the Annual Report.

### Plant Locations

As the Company is not a manufacturing Company, it has no plant. The regional / sales offices of the Company are situated at Ahmadabad, Amravati, Bengaluru, Bhusawal, Chennai, Cochin, Cuttack, Delhi, Ghaziabad, Gorakhpur, Guwahati, Hyderabad, Indore, Jaipur, Jalandhar, Kolkata, Lucknow, Nagpur, Patna, Ranchi, Raipur, Silliguri and Vijaywada with corporate and registered office at Mumbai.

For and on behalf of the Board of Directors

Place : Mumbai

Date : July 11, 2017

**Sanjay Gaikwad**

Managing Director

DIN: 01001173

**Kapil Agarwal**

Joint Managing Director

DIN: 00024378

## DECLARATION BY CHIEF EXECUTIVE OFFICER

This is to declare that as provided under Part D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the Directors and Senior Management for the year ended March 31, 2017.

**For UFO Moviez India Limited**

Place: Mumbai  
Date: May 17, 2017

**Rajesh Mishra**  
Chief Executive Officer – Indian Operations

## CEO & CFO CERTIFICATION

To  
The Board of Directors of  
UFO Moviez India Limited

We the undersigned, in our respective capacities as Chief Executive Officer and Chief Financial Officer of UFO Moviez India Limited (“the Company”) to the best of our knowledge and belief certify that:

- A We have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2017 and that to the best of our knowledge and belief, we state that:
- i. these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company’s affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company’s Code of Conduct.
- C We are responsible for establishing and maintaining internal controls over financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting of the Company and have disclosed to the Auditors and Audit and Risk Management Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- D We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and the Audit and Risk Management Committee:
- a. significant changes, if any, in internal control over financial reporting during the year;
  - b. significant changes, if any, in the accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
  - c. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company’s internal control system over the financial reporting.

**For UFO Moviez India Limited**

Place : Mumbai  
Date : May 17, 2017

**Rajesh Mishra**  
Chief Executive Officer – Indian  
Operations

**Ashish Malushte**  
Chief Financial Officer

## **CERTIFICATE ON CORPORATE GOVERNANCE**

I have examined the compliance of conditions of Corporate Governance by UFO Moviez India Limited ('the Company'), for the Financial Year ended 31<sup>st</sup> March 2017, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

In my opinion and to the best of my information and according to our examination of the relevant records and the explanations given to me and the representations made by the Directors and the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C, D, E of the Schedule V of the Listing regulations for the respective periods of applicability as specified under paragraph 1 above, during the period ended March 31, 2017.

I further state that such compliance is neither as assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Mumbai  
Dated : July 11, 2017

**Dharmesh M. Zaveri**  
Practicing Company Secretary  
FCS No: 5418  
CP No : 4363

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of UFO Moviez India Limited

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of UFO Moviez India Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associates, comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

### **Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associates and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and associates, the aforesaid consolidated 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 consolidated state of affairs of the Group and its associates as at March 31, 2017, their consolidated profit, and their consolidated cash flows for the year ended on that date.



**Emphasis of Matter**

We draw attention to note 34(d)(ii) to the consolidated financial statement for a demand of ₹ 220,111,033/- (excluding interest and penalty) received by the Holding Company during the year ended March 31, 2016 for disallowance of CENVAT credit on digital cinema equipments and which is more fully described therein. Based on legal opinion obtained, the Holding Company is of the view that it should be entitled to avail CENVAT credit and is contesting this demand. Hence, no provision has been considered by the management in these consolidated financial statements. Our opinion is not qualified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

As required by section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and associates as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We / the other auditors whose reports we have relied upon, 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 of the aforesaid consolidated financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016;
- (e) The matter described under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the group;
- (f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group's companies and its associates incorporated in India are disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company, its subsidiary companies and associate companies incorporated in India, refer to our separate report in "Annexure 1" to this report;
- (h) 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 and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associates as noted in the 'Other matter' paragraph:
  - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associates – Refer Note 34 to the consolidated financial statements;
  - ii. The Group and its associates did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2017.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and associates incorporated in India during the year ended March 31, 2017.
  - iv. The Holding Company, has, for itself and its subsidiaries incorporated in India, have provided requisite disclosures in Note 40 to these consolidated financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 by these companies. Based on our audit procedures and relying on the management representation of the Holding Company regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Group and as produced to us by the Management of the Holding Company.

**Other Matter**

- (a) We did not audit the financial statements and other financial information, in respect of seven subsidiaries, whose financial statements include total assets of ₹ 1,358,512,953/- and net assets of ₹ 344,952,916/- as at March 31, 2017, and total revenues of ₹ 1,258,118,683/- and net cash outflows of ₹ 160,592,942/- for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated financial statements also include the Company's share of net profit of ₹ 36,038,026/- for the year ended March 31, 2017, in respect of three associates, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates, is based solely on the reports of such other auditors. Our opinion is not qualified in respect of this matter.

Certain of these subsidiaries and associates are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries and associates located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries and associates located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

- (b) The accompanying consolidated financial statements include unaudited financial statements and other unaudited financial information in respect of five subsidiaries, whose financial statements and other financial information reflect total assets of ₹ 868,502,263/- and net assets of ₹ 802,601,341/- as at March 31, 2017, and total revenues of ₹ 1,734,690/- and net cash outflows of ₹ 10,953,438/- for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. The consolidated financial statements also include the Company's share of net profit of ₹ 32,921,878/- for the year ended March 31, 2017, in respect of two associates, whose financial statements, other financial information have not been audited and whose unaudited financial statements, other unaudited financial information have been furnished to us by the Management. Our opinion, in so far as it relates amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries and associates, is based solely on such unaudited financial statement and other unaudited financial information. Our opinion is not qualified in respect of this matter. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our above opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

**per Govind Ahuja**

Partner

Membership Number: 48966

Place of Signature: Mumbai

Date: May 17, 2017

**Annexure 1 to the Independent Auditor's Report of even date on the Consolidated Financial Statements of UFO Moviez 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")**

In conjunction with our audit of the consolidated financial statements of UFO Moviez India Limited as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of UFO Moviez India Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies and its associate companies, which are companies incorporated in India, as of that date.

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

The respective Board of Directors of the of the Holding Company, its subsidiary companies and its associate companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

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

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

In our opinion, the Holding Company, its subsidiary companies and its associate companies, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Holding 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.

**Other Matters**

The management has certified to us that in respect of one unaudited Indian Subsidiary, the internal financial controls over financial reporting are adequate and operating effectively. In our opinion and according to information and explanation given to us this subsidiary is not material to the Group.

Read with above paragraph, our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to two subsidiary companies and two associate companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary and associate incorporated in India.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

**per Govind Ahuja**

Partner

Membership Number: 48966

Place of Signature: Mumbai

Date: May 17, 2017

**Consolidated Balance Sheet as at 31 March 2017**

(In ₹)

Particulars	Notes	31 March 2017	31 March 2016
<b>Equity and liabilities</b>			
<b>Shareholder's Funds</b>			
Share capital	3	276,008,010	274,993,760
Reserves and surplus	4	5,507,492,445	4,889,664,662
		<b>5,783,500,455</b>	<b>5,164,658,422</b>
<b>Minority Interest</b>		<b>113,975,913</b>	<b>106,209,585</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	319,895,796	435,916,273
Other long-term liabilities	7	410,959,313	485,213,406
Deferred Tax liabilities (net)	11	236,753	236,753
Long-term provisions	6	28,014,482	8,165,006
		<b>759,106,344</b>	<b>929,531,438</b>
<b>Current liabilities</b>			
Short-term borrowings	8	107,300,204	108,502,827
Trade payables	7	954,526,672	893,213,018
Other current liabilities	7	1,154,275,361	1,135,836,050
Short-term provisions	6	51,214,523	145,709,759
		<b>2,267,316,760</b>	<b>2,283,261,654</b>
<b>TOTAL</b>		<b>8,923,899,472</b>	<b>8,483,661,099</b>
<b>Assets</b>			
<b>Non-current Assets</b>			
<b>Fixed Assets</b>			
Property, plant and equipment	9	2,584,823,433	2,881,305,709
Intangible assets	9	30,863,757	38,913,709
Capital work-in-progress		69,126,145	70,536,424
Goodwill on consolidation		1,832,824,477	1,720,744,312
Non-current investments	10	155,360,561	80,137,614
Deferred tax assets (net)	11	346,298,324	275,044,347
Long-term loan and advances	12	383,014,975	441,311,772
Other non-current assets	17	3,859,412	76,183,087
		<b>5,406,171,084</b>	<b>5,584,176,974</b>
<b>Current Assets</b>			
Current investments	13	597,394,492	280,771,132
Inventories	14	134,831,803	114,822,325
Trade receivables	15	1,482,390,601	1,515,045,644
Cash and bank balances	16	957,034,785	667,677,706
Short-term loan and advances	12	247,176,181	254,559,664
Other current assets	17	98,900,526	66,607,654
		<b>3,517,728,388</b>	<b>2,899,484,125</b>
<b>TOTAL</b>		<b>8,923,899,472</b>	<b>8,483,661,099</b>
<b>Summary of significant accounting policies</b>	<b>2.1</b>		

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

As per our report of even date.

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

ICAI Firm Registration No.:101049W/E300004

Chartered Accountants

**per Govind Ahuja**

Partner

Membership No.: 48966

Place of signature: Mumbai

Date: May 17, 2017

For and on behalf of the Board of Directors  
of UFO Moviez India Limited

**Sanjay Gaiwad**

Managing Director

DIN No.: 01001173

**Sameer Chavan**

Company Secretary

Place of signature: Mumbai

Date: May 17, 2017

**Kapil Agarwal**

Joint Managing Director

DIN No.: 00024378

**Ashish Malushte**

Chief Financial Officer

## Consolidated Statement of Profit and Loss for the year ended 31 March 2017

(In ₹)

Particulars	Notes	31 March 2017	31 March 2016
<b>Income</b>			
Revenue from operations	18	5,948,712,887	5,654,881,689
Other operating income	19	23,360,585	45,715,334
Other income	20	16,578,867	20,527,794
<b>Total Income (I)</b>		<b>5,988,652,339</b>	<b>5,721,124,817</b>
<b>Expenses</b>			
Operating direct costs	21	2,478,995,006	2,425,221,240
Employee benefit expenses	22	814,635,147	688,222,432
Other expenses	23	850,506,333	759,709,196
<b>Total Expenses (II)</b>		<b>4,144,136,486</b>	<b>3,873,152,868</b>
<b>Earnings before interest,tax,depreciation and amortisation (EBITDA) (I) - (II)</b>		<b>1,844,515,853</b>	<b>1,847,971,949</b>
Depreciation and amortisation expenses	9	837,071,955	773,904,962
Finance cost	24	102,327,895	140,395,788
Finance income	25	(53,653,136)	(46,856,438)
<b>Profit before tax</b>		<b>958,769,139</b>	<b>980,527,637</b>
<b>Tax expenses</b>			
Current tax		433,507,953	406,423,549
Deferred tax		(71,741,330)	(60,585,142)
<b>Total tax expenses</b>		<b>361,766,623</b>	<b>345,838,407</b>
<b>Profit for the year before share of profit from associates</b>		<b>597,002,516</b>	<b>634,689,230</b>
Share of profit from associates (net)		68,959,905	39,368,902
<b>Profit for the year</b>		<b>665,962,421</b>	<b>674,058,132</b>
<b>Minority Interest</b>		<b>(34,402,503)</b>	<b>(39,428,642)</b>
<b>Profit for the year attributable to equity shareholders</b>		<b>631,559,918</b>	<b>634,629,490</b>
<b>Earnings per equity share [nominal value of share of ₹ 10/- (31 March 2016: 10/-)]</b>	26		
Basic		22.89	24.22
Diluted		22.88	23.33
<b>Summary of significant accounting policies</b>	<b>2.1</b>		

The accompanying notes are an integral part of the consolidated financial statements.  
 As per our report of even date.

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

**per Govind Ahuja**  
 Partner  
 Membership No.: 48966  
 Place of signature: Mumbai  
 Date: May 17, 2017

For and on behalf of the Board of Directors  
 of UFO Moviez India Limited

**Sanjay Gaikwad**  
 Managing Director  
 DIN No.: 01001173

**Sameer Chavan**  
 Company Secretary  
 Place of signature: Mumbai  
 Date: May 17, 2017

**Kapil Agarwal**  
 Joint Managing Director  
 DIN No.: 00024378

**Ashish Malushte**  
 Chief Financial Officer



**Consolidated Cash flow statement for the year ended 31 March 2017**

(In ₹)

	31 March 2017	31 March 2016
<b>Cash flow from / (used in) operating activities</b>		
<b>Profit before tax</b>	<b>958,769,139</b>	<b>980,527,637</b>
<b>Adjustment to reconcile profit before tax to net cash flows</b>		
Depreciation	837,071,955	773,904,963
Unrealised Foreign exchange gain (net)	(2,793,027)	(683,299)
Loss on sale/ discarding of fixed assets	2,033,111	1,247,283
Bad debt written off	12,313,325	8,425,377
Provision for doubtful debts	26,464,417	33,134,577
Provision for doubtful advances	-	5,885,107
Utilisation of provision for warranty (net)	-	(3,018,278)
Provision for compensated absences	8,079,093	5,203,935
Provision for gratuity	20,823,672	10,613,541
Provision for diminution in value of fixed assets	-	701,928
Sundry credit balances written back	(22,601,178)	(10,428,047)
Profit on sale of current investments (net)	(6,663,879)	(6,234,251)
Dividend income	(4,495,270)	(3,045,943)
Interest income	(42,493,987)	(37,576,245)
Interest expense	96,220,985	132,748,023
<b>Operating profit before working capital changes</b>	<b>1,882,728,356</b>	<b>1,891,406,308</b>
<b>Movements in working capital:</b>		
(Decrease)/ Increase in trade payables	179,601,911	202,224,169
(Decrease)/ Increase in long-term provisions	17,781,634	(684,628)
(Decrease)/ Increase in short-term provisions	(23,970,188)	(342,530)
(Decrease)/ Increase in other current liabilities	187,408,644	65,598,014
(Decrease)/ Increase in other non current liabilities	(102,794,032)	(9,911,261)
Decrease/ (Increase) in trade receivables	(166,145,910)	(452,308,326)
Decrease/ (Increase) in inventories	(21,463,187)	(2,586,918)
Decrease/ (Increase) in long-term loans and advances	72,056,976	17,538,296
Decrease/ (Increase) in short-term loans and advances	(109,209,204)	(151,822,271)
Decrease/ (Increase) in other current assets	(1,573,880)	108,273,215
Decrease/ (Increase) in other non-current assets	-	(100,001)
<b>Cash generated from operations</b>	<b>1,914,421,120</b>	<b>1,667,284,068</b>
Direct tax paid (net of refunds)	(349,098,704)	(419,266,472)
<b>Net cash flow from operating activities (A)</b>	<b>1,565,322,416</b>	<b>1,248,017,596</b>
<b>Cash flow from/(used in) investing activities</b>		
Purchase of fixed assets including intangible, Capital-work-in-progress and capital advances	(592,253,090)	(624,819,220)
Payment of purchase consideration for purchase of subsidiary shares (from minority)	(190,000,000)	(151,498,117)
Purchase of current investment including dividend reinvestment	(2,054,495,274)	(1,942,545,948)
Redemption of current investments	1,744,535,793	1,735,101,433
Proceeds from sale of fixed assets	21,636,279	23,289,546
Interest received	37,482,018	42,309,971
Dividend received	30,539,894	21,572,227
Maturity/(Placement) of bank deposits (having original maturity of more than three months) (net)	(241,089,234)	83,837,934
<b>Net cash flow (used in) investing activities (B)</b>	<b>(1,243,643,614)</b>	<b>(812,752,175)</b>

## Consolidated Cash flow statement for the year ended 31 March 2017

(In ₹)

	31 March 2017	31 March 2016
<b>Cash flow from/(used in) financing activities</b>		
Proceeds from issuance of share capital (including premium)	16,485,240	248,946,423
Proceeds from long- term borrowings	622,840,886	397,387,850
Repayment of long-term borrowings	(821,421,556)	(641,045,939)
Proceeds from short-term borrowings	92,307,899	43,420,319
Repayment of short term borrowings (net)	(117,122)	(23,173,439)
Dividend paid on equity shares	(94,976,400)	(147,737,545)
Tax on dividend paid on equity shares	(16,856,621)	(27,991,130)
Interest and finance cost paid	(121,486,485)	(147,077,851)
<b>Net cash flow from/(used in) financing activities (C)</b>	<b>(323,224,159)</b>	<b>(297,271,312)</b>
<b>Net (decrease)/increase in cash and cash equivalent (A + B + C)</b>	<b>(1,545,357)</b>	<b>137,994,109</b>
Cash and cash equivalents at the beginning of the year	413,490,217	288,561,624
Unrealised Gain on Foreign Currency Cash and Cash equivalents	(9,900,949)	(12,317,734)
<b>Cash and cash equivalents at the end of the year</b>	<b>402,043,911</b>	<b>414,237,999</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	588,264	938,782
Balance with banks:		
- on current accounts	401,273,206	411,582,526
- unpaid dividend account*	182,441	233,600
- On EEFC Account	-	1,373,091
- on fixed deposits account with original maturity of less than three months	-	110,000
<b>Cash &amp; cash equivalents [refer note 16]</b>	<b>402,043,911</b>	<b>414,237,999</b>
<b>Summary of significant accounting policies</b>	<b>2.1</b>	

Notes:

- The above Cash flow statement has been prepared under the " Indirect Method" set out in Accounting Standard (AS-3) "Cash Flow Statements"

\* The company can utilize these balances only toward settlement of the respective unpaid dividend.

The accompanying notes are an integral Part of the Consolidated Financial Statements.  
 As per our report of even date.

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

For and on behalf of the Board of Directors  
 of UFO Moviez India Limited

**per Govind Ahuja**  
 Partner  
 Membership No.: 48966  
 Place of signature: Mumbai  
 Date: May 17, 2017

**Sanjay Gaikwad**  
 Managing Director  
 DIN No.: 01001173

**Kapil Agarwal**  
 Joint Managing Director  
 DIN No.: 00024378

**Sameer Chavan**  
 Company Secretary  
 Place of signature: Mumbai  
 Date: May 17, 2017

**Ashish Malushte**  
 Chief Financial Officer

## Notes to Consolidated financial statements as at and for the year ended 31 March 2017

### 1. Corporate information

UFO Moviez India Limited ('UFO' or 'the Parent Company' or 'the Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company and its subsidiaries, associates and joint ventures (collectively referred to as "the Group") is primarily engaged in the business of providing digital cinema services.

The equity shares of the Company are listed on the National Stock Exchange of India Limited and The BSE Limited.

#### Basis of preparation

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

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year except for change in accounting policy explained below:

#### Accounting for Proposed Dividend

Till March 31, 2016, as per the requirements of pre-revised AS 4, the Company used to create a liability for dividend proposed/ declared after the balance sheet date if dividend related to periods covered by the financial statements. For the current year, as per AS 4(R), provision for dividend proposed/ declared after the balance sheet date is not created and is disclosed in notes to the financial statements.

Accordingly, the company has not recorded provision for dividend and disclosed dividend proposed by board of directors after the balance sheet date in Note 41.

Had the company continued with creation of provision for proposed dividend, its surplus in the statement of profit and loss account would have been lower by ₹ 332,196,747/- and short term provision would have been higher by ₹ 332,196,747/- (including dividend distribution tax of ₹ 56,188,737/-).

### 2. Principles of Consolidation

- (i) The financial statements of the Parent Company and its subsidiaries have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expense after eliminating intra-group balances and transactions as per Accounting Standard (AS) 21 "Consolidated Financial Statements"
- (ii) The excess of cost to the Parent Company of its investments in the subsidiaries over its portion of equity in the subsidiaries, as at the date on which investment was made, is recognized as goodwill in the consolidated financial statements. The Parent Company's portion of equity in the subsidiaries is determined on the basis of the book value of assets and liabilities as per the financial statement of the subsidiary companies as on the date of investment.
- (iii) **Minority Interest:**

Minority interest share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the Group in order to arrive at the net income attributable to shareholders of the Company. In case where losses applicable to minority interest exceed the minority interest in the equity of the subsidiary, the excess of, any further losses applicable to minority interest are adjusted against the Parent Company's portion of equity in the subsidiary, until all previous losses absorbed by parent are recovered.
- (iv) The financial statement of the Group includes the share of profit / loss of associate companies in which the Group has significant influence and which is neither a subsidiary nor a joint venture, which are accounted under "Equity Method" in accordance with Accounting standard (AS) 23 on Accounting for Investment in Associates, as per which the share of profit/(loss) of associate company has been added and restricted to the cost of investment.

## Notes to Consolidated financial statements as at and for the year ended 31 March 2017

- (v) The financial statements of the Company and its Joint venture entities have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expense after eliminating intra-group balances and transactions, by applying “Proportionate consolidation” Method, as per Accounting Standard (AS) 27 “Financial Reporting of Interest in Joint Venture.”
- (vi) The CFS has been prepared using uniform accounting policies for like transactions and other events in similar circumstances to the extent possible across the group and are presented, to the extent possible, in the same manner as per the parent’s separate financial statement.
- (vii) The list of Subsidiaries included in consolidation are mentioned below:

Subsidiary Name	Country of Incorporation	Proportion of ownership interest of the Company/ Subsidiary as on March 31, 2017	Proportion of ownership interest of the Company/ Subsidiary as on March 31, 2016
<b>Subsidiaries of UFO</b>			
Scrabble Entertainment Limited (SEL)	India	91.33%	91.33%
V N Films Private Limited (Refer Note 39)	India	100%	100%
Southern Digital Screenz India Private Limited (Refer Note 39)	India	100%	84.18%
Valuable Digital Screen Private Limited	India	80%	80%
Edridge Limited (Refer Note 39)	Cyprus	100%	100%
United Film Organisers Nepal Private Limited	Nepal	100%	100%
<b>Subsidiary of Edridge Limited &amp; stepdown subsidiary of UFO</b>			
UFO International Limited (Refer Note 39)	Cyprus	100%	100%
<b>Subsidiaries of UFO International Limited &amp; stepdown subsidiaries of UFO</b>			
United Film Organisers (UFO) (Mauritius) Private Limited.	Mauritius	100%	100%
UFO Lanka Private Limited.	Sri Lanka	100%	100%
UFO Software Technologies Private Limited.	India	100%	100%
<b>Subsidiaries of SEL &amp; stepdown subsidiaries of UFO</b>			
Scrabble Entertainment DMCC	UAE	100%	100%
Scrabble Entertainment Mauritius Limited	Mauritius	100%	100%
Scrabble Entertainment Lebanon SARL	Lebanon	100%	100%
Scrabble Digital Inc	USA	100%	100%

**Notes to Consolidated financial statements as at and for the year ended 31 March 2017**

(viii) The list of associates of SEL included in consolidation are mentioned below:

Associate Name	Country of Incorporation	Proportion of ownership interest as on March 31, 2017	Proportion of ownership interest as on March 31, 2016
Scrabble Digital Limited	India	33.33%	33.33%
Scrabble Digital DMCC	UAE	33.33%	33.33%
Scrabble Ventures LLC	USA	30%	30%
Scrabble Ventures, S. de R.L. de C.V, Mexico	Mexico	30%	30%
Mukta V N Films Limited (refer note 36)	India	45%	NA

(ix) The list of Joint venture entities of V N Films Private Limited included in consolidation are mentioned below:

Joint Venture Entity Name	Country of Incorporation	Proportion of ownership interest as on March 31, 2017	Proportion of ownership interest as on March 31, 2016
Mukta V N Films Limited (refer note 36)	India	NA	45%

(x) The list of Companies not included in consolidation as these are in the process of being liquidated are mentioned below:

Subsidiary Name	Country of Incorporation	Proportion of ownership interest as on March 31, 2017	Proportion of ownership interest as on March 31, 2016
Scrabble Entertainment Israel Limited	Israel	100%	100%
UFO Europe Limited	Cyprus	100%	100%

(xi) The financial statement of the subsidiary/associates are drawn upto the same reporting date of the Parent Company other than the following:

Entity Name	Relationship	For the year ended March 31, 2017	For the year ended March 31, 2016
Scrabble Digital DMCC	Associate	Year ended Dec-16	Year ended Dec-15
Scrabble Entertainment Lebanon SARL	Subsidiary	Year ended Dec-16	Year ended Dec-15

**2.1 Summary of significant accounting policies**
**(a) Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of 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.

## Notes to Consolidated financial statements as at and for the year ended 31 March 2017

### (b) Property, Plant and Equipment

Property Plant and equipment are stated at cost, net accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of Property Plant and equipment which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciate them separately based on their specific useful lives.

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.

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

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.

From April 1, 2015, based on the provisions of schedule II to the Companies Act 2013, relating to component accounting, the Company has identified and determined cost of each component of the asset separately, if the component has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

As per the transitional provisions of Schedule II, carrying amount of components having zero remaining useful life on April 1, 2015 of ₹ 41,519,692/- (after reducing deferred tax impact of ₹ 21,973,842/-) has been adjusted against the opening reserves in accordance with the requirement of Schedule II of the Act.

### (c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

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

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

	Useful lives as per management's estimate (years)
Computer Software	2 – 6



## Notes to Consolidated financial statements as at and for the year ended 31 March 2017

### (d) 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 equipments:

	Useful lives as per management's estimate (years)
Exhibition Equipment	7 – 10
Plant & Machinery	4 – 7
Computer Server	3
Furniture and Fixtures	6
Office Equipments	5-6
Vehicles	3-5

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

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

### (e) Goodwill on consolidation

Goodwill on consolidation is not amortised and is tested for impairment on an annual basis. Such evaluation determines impairment in value if any, taking into account the ability to recover the carrying amount of goodwill from discounted cash flows. The group also considers projected future operating results, trends and other circumstances in making such evaluations.

In addition to the annual impairment test, the Group performs an impairment test if an event occurs or circumstances change that would more likely than not reduce the fair value or the reporting unit below its carrying amount.

### (f) Impairment of fixed 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.

### (g) Leases

#### Where the Group 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 Group is the lessor

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

## Notes to Consolidated financial statements as at and for the year ended 31 March 2017

### (h) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current investments.

Current investments are carried at lower of cost and fair value determined on an individual investment basis. Non-current investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

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

### (i) 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.

### (j) Revenue recognition

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

#### Income from services

- 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.
- Advertisement income is recognised in the period during which advertisement is displayed.
- Income from digitization charges is recognized on rendering of services.
- Digitisation income is recognized in the period in which services are rendered.
- Registration fee is recognised in the period in which the services are rendered.
- Revenue from maintenance service fees is recognised on time proportion basis for the period falling in the reporting period
- Lease rental income on equipment is recognised as mentioned in note 2.1(h) above.
- Revenue from commission and technical service income is recognised in period in which services are rendered.

#### 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. Sales are recorded net of returns, trade discounts, and value added tax.

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

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

#### Interest

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

#### Dividends

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

## **Notes to Consolidated financial statements as at and for the year ended 31 March 2017**

### **(k) Foreign currency translation**

Foreign currency transactions and balances

#### **(i) Initial recognition**

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

#### **(ii) Conversion**

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

#### **(iii) Exchange differences**

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

### **(l) Translation of foreign operations**

Translation of foreign subsidiaries and associates are done in accordance with AS – 11 (Revised) “The Effects of Changes in Foreign Exchange Rates.” The financial statements of Integral operations are translated as if the transactions of foreign operations have been those of the Company.

In case of non-integral foreign operations, all assets and liabilities are converted at the closing rate at the end of the period and items of income and expenditure items have been translated at the average rate, which approximates the actual rates. All the resulting exchange differences are accumulated in the foreign currency translation reserves until the disposal of the net investment.

Any goodwill / Capital reserve arising on acquisition of a non–integral foreign operation is translated at the closing rate.

Exchange gain / loss arising on conversion are recognized under Foreign Currency Translation Reserve.

### **(m) Retirement and other employee benefits**

Retirement benefits in the form of provident fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when the 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. The actuarial valuation is done as per projected unit credit method. The Company has an Employees' Gratuity Fund managed by the Life Insurance Corporation of India.

Actuarial gains/losses are immediately taken to statement of profit and loss and are not deferred.

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

### **(n) Income taxes**

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

## Notes to Consolidated financial statements as at and for the year ended 31 March 2017

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

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

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

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

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

### (o) 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.

### (p) Contingent liabilities

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

**Notes to Consolidated financial statements as at and for the year ended 31 March 2017****(q) 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.

**(r) Employee stock compensation cost**

Measurement and disclosure of the employee share-based payment plans is done in accordance with the Securities and Exchange Board of India (Share based employee benefits) Regulation 2014 and Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Group measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

**(s) Provisions**

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources 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.

**(t) 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.

**(u) Segment reporting**

The Group's operations predominantly relate to providing digital cinema services to exhibitors and distributors of films under E-Cinema and D-Cinema. The Group's operating businesses are organized and managed according to the services and are identified as reportable segment based on the dominant source and nature of risks and returns as primary and secondary segments. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

**(v) Measurement of EBITDA**

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956 which is equally applicable to schedule III of the Companies Act, 2013, the Group 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 Group measures EBITDA on the basis of profit from continuing operations. In its measurement, the Group does not include depreciation and amortization expense, finance costs, finance income and tax expense.

**Notes to Consolidated financial statements as at and for the year ended 31 March 2017**
**3. Share capital**

(In ₹)

	31 March 2017	31 March 2016
<b>Authorised share capital</b>		
45,000,000 (March 31,2016: 45,000,000) equity shares of ₹ 10/- each	450,000,000	450,000,000
1,385,000 (March 31,2016: 1,385,000) preference shares of ₹ 1000/- each	1,385,000,000	1,385,000,000
	<b>1,835,000,000</b>	<b>1,835,000,000</b>
<b>Share capital</b>		
<b>Issued, subscribed and fully paid up shares</b>		
27,600,801 (March 31, 2016: 27,499,376) equity shares of ₹ 10/- each fully paid-up	276,008,010	274,993,760
<b>Total issued, subscribed and fully paid up share capital</b>	<b>276,008,010</b>	<b>274,993,760</b>

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

Equity shares	31 March 2017		31 March 2016	
	No.	₹	No.	₹
At the beginning of the year	27,499,376	274,993,760	25,897,669	258,976,690
Issued during the year - ESOP exercised	101,425	1,014,250	1,601,707	16,017,070
<b>Outstanding at the end of the year</b>	<b>27,600,801</b>	<b>276,008,010</b>	<b>27,499,376</b>	<b>274,993,760</b>

**(b) Terms/ rights attached to equity shares**
**Voting rights:**

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

**Rights 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. The Company declares and pays dividend in Indian Rupees. During the year ended March 31, 2017, the amount of per share dividend recognised as distributions to equity shareholders is ₹ Nil (March 31, 2016: 8/-) per share.

**Rights pertaining to repayment of capital**

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

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

Name of the shareholder	31 March 2017		31 March 2016	
	No.	% holding in the class	No.	% holding in the class
<b>Equity shares of ₹ 10/- each fully paid</b>				
P5 Asia Holding Investments (Mauritius) Limited	5,251,608	19.03	5,251,608	19.10
3i Research (Mauritius) Limited	-	-	2,664,879	9.69
SBI Magnum Global Fund	2,609,456	9.45	2,407,206	8.75
Valuable Technologies Limited	2,243,657	8.13	2,243,657	8.16
Apollo International Limited	2,266,417	8.21	2,266,417	8.24
Reliance Capital Trustee Co Limited A/c Reliance Media and Entertainment Fund	2,202,739	7.98	1,861,139	6.77
Valuable Media Limited	1,494,265	5.41	1,494,265	5.43

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



**Notes to Consolidated financial statements as at and for the year ended 31 March 2017**
**(d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:**

The Company has issued total 1,703,132 shares (March 31, 2016: 1,601,707) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee services.

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

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

**4. Reserves and surplus**

(In ₹)

	31 March 2017	31 March 2016
<b>Legal Reserve</b>		
Balance as per the last financial statements	18,291,284	18,291,284
<b>Closing Balance</b>	<b>18,291,284</b>	<b>18,291,284</b>
<b>Securities premium account</b>		
Balance as per the last financial statements	3,722,470,350	3,489,540,997
Add: Additions on ESOPs exercised	15,470,990	232,929,353
<b>Closing balance</b>	<b>3,737,941,340</b>	<b>3,722,470,350</b>
<b>Employee stock options outstanding</b>		
Balance as per the last financial statements	64,426	64,426
Less: Transfer to reserve & surplus on expiry of options	(32,213)	-
<b>Closing Balance</b>	<b>32,213</b>	<b>64,426</b>
<b>Foreign Currency Translation Reserve</b>		
Balance as per the last financial statements	261,494,789	201,416,409
Addition during the year (Net)	(25,748,948)	60,078,380
<b>Closing Balance</b>	<b>235,745,841</b>	<b>261,494,789</b>
<b>Surplus in the statement of profit and loss</b>		
Balance as per the last financial statements	887,343,813	564,348,819
Add: Transfer from Employee Stock options outstanding	32,213	-
Less: Depreciation adjustment (net of deferred tax) (refer note 2.1(b))	-	(41,519,692)
Prior period adjustment (refer note b)	-	(2,096,132)
Profit for the year	631,559,918	634,629,491
Less: Dividend on equity shares including dividend distribution tax [per share ₹ 5/- (March 31, 2016: 5/-)] (refer note a)	(3,454,177)	(168,725,867)
Less: Proposed final dividend on equity shares including dividend distribution tax [per share ₹ Nil (March 31, 2016: 3/-)] (refer note 41)	-	(99,292,806)
<b>Net Surplus in the statement of profit and loss</b>	<b>1,515,481,767</b>	<b>887,343,813</b>
<b>Total reserves and surplus</b>	<b>5,507,492,445</b>	<b>4,889,664,662</b>

Note:

- The dividend distribution tax includes dividend distribution tax of ₹ 3,381,052/- (March 31, 2016 ₹ 3,237,857/-) on dividend received from associate.
- The adjustment of ₹ 2,096,132/- to reserves for the year ended March 31, 2016, relates to share of minority interest, inadvertently not recorded in the previous year.

**Notes to Consolidated financial statements as at and for the year ended 31 March 2017**
**5. Long-term borrowings (Secured)**

(In ₹)

	Non-Current		Current	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
<b>Term loans</b>				
Rupee loan from banks				
Term loan 1 from HDFC Bank	-	-	-	4,492,508
Term loan 2 from HDFC Bank	189,589,956	127,924,850	162,505,630	59,042,238
Term loan 3 from Axis Bank	-	-	-	85,416,198
Term loan 4 from Axis Bank	-	102,810,900	-	124,992,000
Term loan 5 from Axis Bank	-	73,917,920	-	56,250,000
Term loan 6 from Axis Bank	60,058,871	99,719,594	49,620,040	51,102,052
Term loan 7 from Yes Bank	-	14,285,714	14,285,714	85,714,286
Term loan 8 from HDFC Bank	-	15,214,247	15,214,247	20,285,613
Term loan 9 from HDFC Bank	22,355,420	-	56,250,000	-
Term loan 10 from HDFC Bank	9,066,900	-	104,160,000	-
Term loan 11 from Yes Bank	38,824,649	-	8,959,534	-
<b>Sub Total (a)</b>	<b>319,895,796</b>	<b>433,873,225</b>	<b>410,995,165</b>	<b>487,294,895</b>
<b>Other loans</b>				
Vehicle finance from banks (secured against hypothecation of vehicles)				
Vehicle Loan from Axis Bank Limited	-	2,043,048	1,981,181	8,241,642
<b>Sub Total (b)</b>	<b>-</b>	<b>2,043,048</b>	<b>1,981,181</b>	<b>8,241,642</b>
Less: Amount disclosed under the head "Other Current Liabilities" (note 7)	-	-	(412,976,346)	(495,536,537)
<b>Net amount (a) + (b)</b>	<b>319,895,796</b>	<b>435,916,273</b>	<b>-</b>	<b>-</b>

Term loan 1 to 5 and 9 to 11 are secured by first charge on all fixed assets (except vehicles) and all current assets of the Parent Company.

Term loan 1 having interest of bank base rate plus 2.40% @ 11.70% (March 31, 2016: 11.70%) p.a. is repayable in 31 monthly installments of ₹ 9,000,000/- each along with interest from July 31, 2013.

Term loan 2 having interest of bank base rate plus 1.40% @ 10.70% (March 31, 2016: 10.70%) p.a. is repayable in 42 monthly installments on pro rata basis each along with interest from December 31, 2015

Term loan 3 having interest of bank base rate plus 1.75% @ 11.25% (March 31, 2016: 11.25%) p.a. is repayable in 48 monthly installments of ₹ 17,083,333/- each along with interest from September 30, 2012.

Term loan 4 having interest of bank base rate plus 1.75% @ 11.25% (March 31, 2016: 11.25%) p.a. is repayable in 48 monthly installments of ₹ 10,416,000/- each along with interest from April 30, 2014.

Term loan 5 having interest of bank base rate plus 1.75% @ 11.25% (March 31, 2016: 11.25%) p.a. is repayable in 48 monthly installments of ₹ 4,687,500/- each along with interest from December 31, 2014.

Term loan 6 from Axis Bank is secured against entire current and fixed assets both present and future of Valuable Digital Screens Private Limited. The loan carries interest of bank base rate plus 2% @ 11.50% (March 31, 2016: 11.50%) p.a. and is repayable in 20 quarterly unequal installments along with interest from September 30, 2015. The Parent company has provided corporate guarantee to the bank for this term loan.

Term loan 7 from Yes Bank Limited (YBL) is secured against the first pari passu charge with HDFC Bank over entire current and fixed assets both present and future of Scrabble Entertainment Limited. The loan carries a floating interest rate of YBL Base Rate plus 3% @ 10.25% (March 31, 2016: 11.75%) p.a. and is repayable in 42 monthly installments along with interest after 7 months from disbursement. The Parent company has provided a letter of comfort for term loan from YBL.

## Notes to Consolidated financial statements as at and for the year ended 31 March 2017

Term loan 8 from HDFC Bank Limited is secured against the First pari passu charge with YBL on all fixed assets and Second pari passu charge with YBL on all the current assets of Scrabble Entertainment Limited both present and future. The loan carries a floating interest rate of HDFC Base Rate plus 2.50 p.a. @ 11.50% p.a. (March 31, 2016: 11.80% p.a.) and is repayable in 42 monthly installments along with interest from July 31, 2014. The Parent company has provided a letter of comfort for term loan from HDFC Bank.

Term loan 9 from HDFC Bank Limited have interest of bank 1 year MCLR plus 40 bps i.e. 9.50% p.a. (March 31, 2016: Nil) is repayable in 26 monthly installments of ₹ 4,687,500/- each along with interest from October 31, 2016.

Term loan 10 from HDFC Bank Limited have interest of bank 1 year MCLR plus 40 bps i.e. 9.50% p.a. (March 31, 2016: Nil) is repayable in 26 monthly installments of ₹ 10,416,000/- each along with interest from October 31, 2016.

Term loan 11 from YBL have interest of bank 1 year MCLR i.e. 9.10% p.a. (March 31, 2016: Nil) is repayable in 48 monthly installments starting from July 15, 2017.

Vehicle Loan from Axis Bank is having interest rate ranges from 10.01% to 10.80%, repayable in 48 monthly installments and are secured against hypothecation of vehicles.

### 6. Provisions

(In ₹)

	Long term		Short term	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Provision for gratuity (refer note 27)	27,335,636	6,416,257	4,687,564	8,284,913
Provision for compensated absences	-	-	35,574,013	31,081,154
Provision for warranties (refer note A)	678,846	1,748,749	1,291,109	1,227,295
Provision for indirect taxes (refer note B)	-	-	1,017,025	1,017,025
Provision for income tax (net of advance tax)	-	-	8,644,812	4,806,566
Proposed dividend (including dividend distribution tax)	-	-	-	99,292,806
	<b>28,014,482</b>	<b>8,165,006</b>	<b>51,214,523</b>	<b>145,709,759</b>

#### A. Provision for warranties

A provision is recognized for expected warranty claims on products sold during the year, based on past experience of the cost of repairs and maintenance. The table below gives information about movement in warranty provisions.

(In ₹)

	31 March 2017	31 March 2016
At the beginning of the year	2,976,045	5,994,323
Arising during the year	300,000	50,000
Utilized during the year	(1,306,092)	(3,068,278)
<b>At the end of the year</b>	<b>1,969,953</b>	<b>2,976,045</b>
Current portion	1,291,109	1,227,295
Non-current portion	678,846	1,748,749

#### B. The table below gives information about movement in provision for indirect taxes

(In ₹)

	31 March 2017	31 March 2016
At the beginning of the year	1,017,025	1,017,025
Utilized during the year	-	-
<b>At the end of the year</b>	<b>1,017,025</b>	<b>1,017,025</b>

**Notes to Consolidated financial statements as at and for the year ended 31 March 2017**
**7. Trade Payable & Other Liabilities**

(In ₹)

	Non-Current		Current	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Trade payables (refer note 37 for details of dues to micro and small enterprises)	-	-	954,526,672	893,213,018
<b>Other liabilities</b>				
Current maturities of long-term borrowings (refer note 5)	-	-	412,976,346	495,536,537
Interest accrued but not due on borrowings	-	-	8,321,619	10,705,389
Deferred revenue	15,823,746	19,838,626	32,493,645	33,995,597
Advance from customers	-	-	296,733,912	203,308,257
<b>Investor Education and Protection Fund (refer note (i) below)</b>				
Unpaid dividend	-	-	182,441	233,600
<b>Others</b>				
Deposit from customers and employees	394,948,776	465,374,780	211,222,120	120,310,354
Deposit from related parties	186,791	-	-	-
Payables for purchase of fixed assets	-	-	37,091,249	75,213,154
Book overdraft	-	-	-	49,352
Payable for purchase of Investments	-	-	24,987,376	74,987,376
Salary & reimbursement payable	-	-	84,789,720	62,295,571
<b>Statutory dues payable</b>				
Employee related liabilities	-	-	5,690,832	11,142,487
Service tax payable	-	-	-	820,897
VAT payable	-	-	9,592,143	10,555,752
TDS payable	-	-	30,115,205	36,592,080
Other taxes payable	-	-	78,753	89,648
	<b>410,959,313</b>	<b>485,213,406</b>	<b>1,154,275,361</b>	<b>1,135,836,050</b>

(i) There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at March 31, 2017.

**8. Short-term borrowings**

(In ₹)

	31 March 2017	31 March 2016
<b>Unsecured</b>		
Interest bearing loan from Director of a subsidiary	-	22,500,000
<b>Secured</b>		
Cash credit from Axis and HDFC Bank	3,804	14,976,462
Overdraft facility from ICICI bank Limited	107,296,400	-
Overdraft facility from YES bank Limited	-	71,026,365
	<b>107,300,204</b>	<b>108,502,827</b>

Cash credit from HDFC bank was secured by first charge on current assets of the Parent Company, both present & future. Second Pari passu charge on all the fixed assets of the company except vehicles financed by other lenders. The cash credit was repayable on demand and carries interest @ 10% p.a (March 31, 2016: Nil).

Cash credit from Axis bank is secured by first charge on all the fixed assets of the Parent Company except vehicles and first charge on all the current assets. The cash credit is repayable on demand and carries interest @ 11.50% p.a. (March 31, 2016: 11.50% p.a.).

Cash credit from Axis bank is secured by first charge on all the current assets and fixed assets of Valuable Digital Screens Private Limited. The cash credit is repayable on demand and carries interest @ 11.50% p.a. (March 31, 2016: 11.50% p.a.).

Overdraft from ICICI bank is secured by first charge on specific current investments of Scrabble Entertainment Limited. The overdraft is repayable on demand and carries interest @ 9% p.a. (March 31, 2016: Nil).

Bank overdraft facility from Yes Bank Limited was obtained by the erstwhile Joint Venture company Mukta V N Films Limited at interest rate of base rate plus 2%. This facility was secured against four residential flats owned by the other Joint Venture Partner. Also, this loan facility was secured by corporate guarantee from the Holding company and other Joint Venture Partner.

**Notes to Consolidated financial statements as at and for the year ended 31 March 2017**

**9. Fixed Assets**

(In ₹)

	Property, plant and equipment							Intangible Assets			Grand Total	
	Leasehold Improvements	Plant & Machinery	Computer Systems	Office Equipments	Furniture & Fixtures	Electrical Equipments & Installations	Vehicles	Tangible Total Assets	Goodwill	Computer software		Intangible Total Assets
<b>Cost</b>												
At 1 April 2015	30,567,599	5,645,639,397	41,301,502	34,744,553	10,656,183	2,309,808	109,762,080	5,874,981,122	6,259,080	103,538,526	109,797,606	5,984,778,728
Additions	7,708,768	534,360,374	6,064,831	4,922,792	1,440,235	2,800,435	135,047,313	692,344,748	-	2,407,716	2,407,716	694,752,464
Disposals	-	67,994,699	30,950	-	-	-	2,885,150	70,910,799	-	-	-	70,910,799
Adjustment*	325,602	15,077,985	19,595	42,037	106,060	-	224,703	15,795,882	374,210	2,422,989	2,797,199	18,593,081
At 31 March 2016	38,601,969	6,127,082,957	47,354,978	39,709,382	12,202,478	5,110,243	242,148,946	6,512,210,953	6,633,290	108,369,231	115,002,521	6,627,213,474
Additions	46,193,545	446,803,668	6,931,477	7,985,137	1,327,803	872,190	40,526,746	550,640,566	-	2,669,017	2,669,017	553,309,583
Disposals	470,005	49,221,371	5,865,348	2,498,046	1,041,749	274,153	18,691,288	78,061,960	-	-	-	78,061,960
Adjustment*	(125,552)	(11,804,421)	(10,305)	(16,209)	63,593	-	(91,044)	(11,983,938)	(149,430)	(967,320)	(1,116,750)	(13,100,688)
At 31 March 2017	84,199,957	6,512,860,833	48,410,802	45,180,264	12,552,125	5,708,280	263,893,360	6,972,805,621	6,483,860	110,070,928	116,554,788	7,089,360,409
<b>Depreciation/Amortisation</b>												
At 1 April 2015	18,432,488	2,729,973,742	32,317,811	21,221,107	5,972,682	1,370,994	42,336,679	2,851,625,503	625,907	63,202,072	63,827,979	2,915,453,482
Charge for the year	7,269,393	712,676,245	6,533,535	6,828,343	1,959,897	491,800	27,918,047	763,679,260	-	10,225,702	10,225,702	773,904,962
Disposals	-	46,962,336	30,950	-	-	-	948,875	479,421,161	-	-	-	479,421,161
Adjustment*	255,765	64,515,355	71,201	(4,422)	49,550	-	(1,344,807)	63,542,642	37,421	1,997,710	2,035,131	65,577,773
At 31 March 2016	25,957,646	3,460,205,006	38,891,597	28,045,028	7,982,129	1,862,794	67,961,044	3,630,905,244	663,328	75,425,484	76,088,812	3,706,994,056
Charge for the year	13,958,915	744,748,171	6,235,898	5,753,009	2,177,290	817,745	52,747,794	826,438,822	-	10,633,133	10,633,133	837,071,955
Disposals	327,848	33,676,237	5,810,400	2,135,046	878,180	201,797	13,767,537	56,797,045	-	-	-	56,797,045
Adjustment*	(133,417)	(12,291,584)	(8,519)	(12,947)	(36,477)	-	(81,889)	(12,564,833)	(14,942)	(1,015,972)	(1,030,914)	(13,595,747)
At 31 March 2017	39,455,296	4,158,985,356	39,308,576	31,650,044	9,244,762	2,478,742	106,853,412	4,387,982,188	648,386	85,042,645	85,691,031	4,473,673,219
<b>Net Block</b>												
At 31 March 2016	12,644,323	2,666,877,951	8,463,381	11,664,354	4,220,349	3,247,449	174,187,902	2,881,305,709	5,969,962	32,943,747	38,913,709	2,920,219,418
At 31 March 2017	44,744,661	2,353,875,477	9,102,226	13,530,220	3,307,363	3,229,538	157,033,948	2,584,823,433	5,835,474	25,028,283	30,863,757	2,615,687,190

\* Represents exchange difference resulting from translation of fixed assets relating to non - integral foreign operations and impact on account of change in depreciation rates and component accounting as per Schedule II. (refer note 2.1 (b)).

**Notes to Consolidated financial statements as at and for the year ended 31 March 2017**
**10. Non-current Investments**

(In ₹)

	31 March 2017	31 March 2016
<b>Trade investments (valued at cost unless stated otherwise)</b>		
<b>Unquoted equity instruments</b>		
<b>Investment in subsidiaries (under liquidation)</b>		
1 (March 31, 2016: 1) Equity Shares of USD 1/- each fully paid up in UFO Europe Limited (At cost less provision for other than temporary diminution ₹ 65/- (March 31, 2016: 66/-)	-	-
1 (March 31, 2016: 1) Equity Shares of USD 1/- each fully paid up in Scrabble Entertainment Israel Limited	65	66
	<u>65</u>	<u>66</u>
<b>Investment in Associates</b>		
197,714 (March 31, 2016: 197,714) Equity Shares of ₹ 10/- each fully paid up in Scrabble Digital Limited (including post-acquisition share of profit or loss)	45,710,872	43,896,698
100 (March 31, 2016: 100) Ordinary shares of AED 1000/- each at par fully paid up in Scrabble Digital DMCC (including post-acquisition share of profit or loss)	13,484,374	9,433,677
1,500 (March 31, 2016: 1,500) Equity Shares of Mexican Pesos including post acquisition share of Profit or Loss each fully paid up in Scrabble Venture S.de R.L.De C.V, Mexico (refer note a) (At cost less provision for other than temporary diminution ₹ 7,487/- (March 31, 2016: 7,646/-)	-	-
3,000 (March 31, 2016: 3,000) Equity Shares in Scrabble Venture LLC of no par value (including post acquisition share of profit or loss) (refer note a)	61,145,060	23,507,173
2,700,000 Equity Shares of ₹ 10/- each at par fully paid up in Mukta VN Films Limited (refer note 36)	27,000,000	-
Add/(Less): Post - acquisition share of Profit/(Loss) till last year	1,272,711	-
Add/(Less): Post - acquisition share of Profit/(Loss) for the year	747,479	-
	<u>29,020,190</u>	<u>-</u>
Compulsorily Convertible Preference Shares in Mukta VN Films Limited	3,600,000	1,980,000
Share warrant in Mukta VN Films Limited	2,400,000	1,320,000
	<u>155,360,561</u>	<u>80,137,614</u>

**Note:**

- a) In addition to the investments listed above, the Group is holding 2,000 shares of Scrabble Ventures LLC and 1,000 shares of Scrabble Ventures S.de R. L. De C.V, Mexico. on behalf of others, where group is not a beneficial owner. The groups total investment in these entities is presented net of shares held on behalf of others, where the group is not a beneficial owner.

**11. Deferred tax assets / (liability)**

(In ₹)

	31 March 2017	31 March 2016
<b>A Deferred tax assets</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	281,468,482	219,044,772
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	27,065,794	18,249,540
Provision for doubtful debts and advances	37,764,048	37,750,035
<b>Gross deferred tax assets</b>	<u>346,298,324</u>	<u>275,044,347</u>
<b>B Deferred tax liabilities</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	236,753	236,753
<b>Gross deferred tax liabilities</b>	<u>236,753</u>	<u>236,753</u>



**Notes to Consolidated financial statements as at and for the year ended 31 March 2017**
**12. Loan and advances (Unsecured, considered good unless otherwise stated)**

(In ₹)

	Long-term		Short-term	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Capital advances	446,550	10,683,236	-	-
Security deposit to others	16,214,916	14,458,197	38,698,304	45,906,168
Security deposit to related parties (refer note 32)	35,771,540	35,771,540	-	-
Loan to related parties (refer note 32)	-	-	-	74,753
Loan and advances to others	-	-	7,837,448	-
<b>Advances recoverable in cash or kind</b>				
Considered good	-	-	14,111,368	8,216,778
Considered doubtful	16,193,889	22,079,008	2,396,394	2,396,394
	<b>16,193,889</b>	<b>22,079,008</b>	<b>16,507,762</b>	<b>10,613,172</b>
Provision for doubtful advances	(16,193,889)	(22,079,008)	(2,396,394)	(2,396,394)
	<b>-</b>	<b>-</b>	<b>14,111,368</b>	<b>8,216,778</b>
<b>Other loans and advances</b>				
Advance income-tax (net of provision for tax)	225,626,770	319,066,879	-	-
<b>Balance with statutory / government authorities</b>				
Considered good	48,147,360	48,127,949	65,774,128	42,750,568
Considered doubtful	1,465,752	1,465,752	-	-
Less: Provision for doubtful receivable	(1,465,752)	(1,465,752)	-	-
	<b>48,147,360</b>	<b>48,127,949</b>	<b>65,774,128</b>	<b>42,750,568</b>
Deposit with Government bodies and others	4,478,182	3,921,526	-	-
	<b>52,625,542</b>	<b>52,049,475</b>	<b>65,774,128</b>	<b>42,750,568</b>
Advances to supplier	-	-	47,989,452	73,993,909
Advance to employees	-	-	2,280,734	16,704,422
Prepaid expenses	52,329,657	9,282,445	54,373,571	61,311,466
Service tax credit receivable	-	-	13,694,268	4,172,194
Vat credit receivable	-	-	1,264,941	1,221,381
Others	-	-	1,151,967	208,025
	<b>383,014,975</b>	<b>441,311,772</b>	<b>247,176,181</b>	<b>254,559,664</b>

**Notes to Consolidated financial statements as at and for the year ended 31 March 2017**
**13. Current Investments (valued at lower of cost or market value)**

(In ₹)

	31 March 2017	31 March 2016
<b>Unquoted mutual funds</b>		
99,342.98 (March 31, 2016: 10,549.22) units of Axis Liquid Fund	99,408,153	10,548,908
302,260.15 (March 31, 2016: Nil) units of Birla Sun Life Floating Rate Fund (Long Term Plan - Direct Plan)	60,000,000	-
300,415.46 (March 31, 2016: Nil) units of Birla Sun Life Saving Fund	30,130,830	-
147,803.80 (March 31, 2016: Nil) units of Birla Sun Life Cash Plus (Growth - Direct Plan)	38,601,246	-
97,175.94 (March 31, 2016: Nil) units ICICI Prudential (Flexible Income Plan - Direct)	30,000,000	-
162,784.71 (March 31, 2016: Nil) units ICICI Prudential (Liquid Plan Direct Plan Growth)	39,137,633	-
Nil (March 31, 2016: 12,147.475) units of Axis Treasury Advantage Fund (Growth Option)	-	20,073,771
18,723.98 (March 31, 2016: 3,369.356) units of HDFC Liquid Fund (Direct Plan - Growth Option)	60,022,035	10,059,053
13,061,970.8 (March 31, 2016: 13,061,970.8) units of HDFC Corporate Debt Opportunities Fund (Growth Option)	160,000,000	160,000,000
3,873,923.18 (March 31, 2016: 3,873,923.18) units of Reliance Regular Savings Debt Fund (Growth Option)	80,000,000	80,000,000
9,326.299 (March 31, 2016: 8,911.487) units of HDFC Cash Management Fund	94,595	89,400
	<b>597,394,492</b>	<b>280,771,132</b>

Aggregate market value of investment in unquoted mutual funds units held by Company based on NAV declared on the balance sheet date by mutual fund is ₹ 623,411,588/- (March 31, 2016: 281,316,402/-)

**14. Inventories (valued at lower of cost or net realisable value)**

(In ₹)

	31 March 2017	31 March 2016
<b>Traded Goods</b>		
Lamps	94,664,550	97,701,431
Digital Cinema Equipment	21,474,829	1,831,191
Consumables and spares	18,692,424	15,289,703
	<b>134,831,803</b>	<b>114,822,325</b>

**Notes to Consolidated financial statements as at and for the year ended 31 March 2017**
**15. Trade receivables (unsecured)** (In ₹)

	31 March 2017	31 March 2016
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
- considered good	167,308,903	180,404,035
- considered doubtful	110,407,551	99,396,815
	<b>277,716,454</b>	<b>279,800,850</b>
Provision for doubtful receivables	(110,407,551)	(99,396,815)
	<b>(A) 167,308,903</b>	<b>180,404,035</b>
<b>Others trade receivables</b>		
- Considered good	1,315,081,698	1,334,641,609
- Considered doubtful	-	401,364
	<b>1,315,081,698</b>	<b>1,335,042,973</b>
Provision for doubtful receivables	-	(401,364)
	<b>(C) 1,315,081,698</b>	<b>1,334,641,609</b>
<b>TOTAL</b>	<b>(A+B+C) 1,482,390,601</b>	<b>1,515,045,644</b>

**16. Cash and bank balances** (In ₹)

	Non-Current		Current	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
<b>Cash and cash equivalents</b>				
<b>Balances with banks:</b>				
– On current accounts	-	-	401,273,206	411,582,526
– On unpaid dividend account*	-	-	182,441	233,600
– On EEFC Account	-	-	-	1,373,091
– Deposits with original maturity of less than three months	-	-	-	110,000
Cash on hand	-	-	588,264	938,782
	-	-	<b>402,043,911</b>	<b>414,237,999</b>
<b>Other bank balances</b>				
– Deposits with remaining maturity for less than 12 months	-	-	447,298,513	188,870,389
– Deposits with remaining maturity for more than 12 months	726,996	8,029,744	-	-
	<b>726,996</b>	<b>8,029,744</b>	<b>447,298,513</b>	<b>188,870,389</b>
– Margin money deposit with remaining maturity for less than 12 months	-	-	107,692,361	64,569,318
– Margin money deposit with remaining maturity for more than 12 months	2,829,048	59,012,673	-	-
	<b>2,829,048</b>	<b>59,012,673</b>	<b>107,692,361</b>	<b>64,569,318</b>
Amount disclosed under non - current assets (refer note 17)	(3,556,044)	(67,042,417)	-	-
	-	-	<b>957,034,785</b>	<b>667,677,706</b>

**Margin money deposits:**

Margin money deposits are kept under lien with bank for opening letter of credit, margin towards term loan and for issuing bank guarantees to various State Governments to comply with the Sales Tax / VAT Registration formalities.

\* The Parent company can utilize these balances only toward settlement of the respective unpaid dividend.

**Notes to Consolidated financial statements as at and for the year ended 31 March 2017**
**17. Other assets** (In ₹)

	Non-Current		Current	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Non-current bank balances (refer note 16)	3,556,044	67,042,417	-	-
Unbilled revenue	-	-	81,198,645	62,450,606
Interest accrued but not due on fixed deposit	303,368	9,140,670	17,701,881	1,447,884
Dividend receivable from associate	-	-	-	2,709,164
	<b>3,859,412</b>	<b>76,183,087</b>	<b>98,900,526</b>	<b>66,607,654</b>

**18. Revenue from operations** (In ₹)

	31 March 2017	31 March 2016
<b>Sale of Services</b>		
Advertisement revenue	1,789,953,493	1,578,344,315
Virtual Print Fees - E-Cinema	1,027,041,595	988,866,579
Virtual Print Fees - D-Cinema	1,486,573,131	1,540,444,846
Lease rental income - E-Cinema	450,596,668	396,441,650
Lease rental income - D-Cinema	138,968,673	158,593,665
Digitisation income	61,652,063	59,915,625
Maintenance service fee	80,913,343	82,879,844
Registration fees income	15,280,616	10,466,639
Commission income	72,291,981	14,537,035
Technical service income	4,463,600	5,732,136
Other (refer note 1)	57,450	25,029,050
	<b>(A) 5,127,792,613</b>	<b>4,861,251,384</b>
<b>Sales of Products</b>		
Lamp and spares sale	473,569,194	330,254,360
Sale of digital cinema equipments	347,351,080	463,375,945
	<b>(B) 820,920,274</b>	<b>793,630,305</b>
	<b>(A)+(B) 5,948,712,887</b>	<b>5,654,881,689</b>

Note 1: Other services include revenue from theatre programming activity.

**19. Other Operating Income** (In ₹)

	31 March 2017	31 March 2016
Sundry balance written back	22,601,178	39,264,580
License income	241,127	4,385,306
Freight income	518,280	2,065,448
	<b>23,360,585</b>	<b>45,715,334</b>

**20. Other income** (In ₹)

	31 March 2017	31 March 2016
Miscellaneous receipts	12,745,460	13,658,491
Foreign exchange gain (net)	3,833,407	6,869,303
	<b>16,578,867</b>	<b>20,527,794</b>

**Notes to Consolidated financial statements as at and for the year ended 31 March 2017**
**21. Operating direct costs**

(In ₹)

	31 March 2017	31 March 2016
Advertisement revenue share	515,793,127	471,481,533
Repair and maintenance - exhibition equipments	236,101,393	197,710,755
Van operation expenses	65,595,764	75,716,297
Technical service fees	82,274,780	72,499,746
Bandwidth charges	69,672,021	64,859,782
Purchase of digital cinema equipments	293,737,843	369,197,790
Purchase of lamps and spares	382,002,854	291,038,131
Rent on equipments	18,586,326	19,082,953
Delivery and distribution charges	-	42,651,411
Content download charges	1,678,196	3,262,925
Content processing charges	52,819,053	42,488,069
Virtual print fees sharing	731,242,898	733,617,381
Other expenses	7,238,977	17,152,362
<b>(Increase)/decrease in inventories of digital cinema equipments</b>		
Inventories at the beginning of the year	1,831,191	10,633,726
Inventories at the end of the year	21,474,829	1,831,191
	<b>(19,643,638)</b>	<b>8,802,535</b>
<b>(Increase)/decrease in inventories of lamps and spares</b>		
Inventories at the beginning of the year	93,731,707	79,140,086
Inventories at the end of the year	90,778,108	93,731,707
	<b>2,953,599</b>	<b>(14,591,621)</b>
<b>Consumables and spares</b>		
Inventories at the beginning of the year	19,259,426	20,750,148
Add: purchases	42,261,253	28,760,469
Less: Inventories at the end of the year	(22,578,866)	(19,259,426)
	<b>38,941,813</b>	<b>30,251,191</b>
	<b>2,478,995,006</b>	<b>2,425,221,240</b>

**22. Employee benefit expense**

(In ₹)

	31 March 2017	31 March 2016
Salaries & wages	696,614,250	591,583,665
Contribution to provident and other funds	31,301,652	27,697,651
Gratuity expenses (refer note 27)	20,823,672	13,830,864
Compensated absences	8,079,093	3,331,676
Staff welfare expenses	57,816,480	51,778,576
	<b>814,635,147</b>	<b>688,222,432</b>

**Notes to Consolidated financial statements as at and for the year ended 31 March 2017**
**23. Other expenses**

(In ₹)

	31 March 2017	31 March 2016
Rent	107,733,002	107,916,429
Freight and forwarding charges	58,260,593	58,920,650
Legal, professional and consultancy charges	131,864,644	123,648,541
Directors sitting fees including commission	8,100,000	8,050,000
Commission on advertisement revenue	156,384,383	118,797,930
Commission on other revenue	38,481,587	17,355,338
Corporate social responsibility expenses	15,000,000	-
Sales promotion expenses	39,515,358	33,713,197
Electricity charges	22,764,349	20,932,794
Rates and taxes	30,124,722	30,737,014
Auditor's remuneration	10,101,730	9,604,896
Repairs and maintenance		
-Plant and machinery	2,087,096	5,019,192
-Building	182,893	205,406
-Furniture and fixtures	885,502	469,179
-Others	21,257,083	20,433,707
Insurance	11,866,266	15,716,245
Travelling and conveyance expenses	69,745,217	58,896,645
Communication and courier expenses	26,200,835	23,852,997
Printing and stationery	6,865,205	6,311,172
Bad debts written-off	13,537,581	15,893,725
Less: Provision utilised	(1,224,256)	(7,468,348)
Provision for doubtful debts	26,464,417	33,134,577
Provision for doubtful advances	-	5,885,107
Loss on sale and write off of fixed assets (net)	2,033,111	1,247,283
Provision for diminution in value of fixed assets	-	701,928
Miscellaneous expenses	52,275,015	49,733,593
	<b>850,506,333</b>	<b>759,709,196</b>

**24. Interest and finance expense**

(In ₹)

	31 March 2017	31 March 2016
<b>Interest on</b>		
- Term loan	88,816,131	123,593,381
- Others	7,404,853	9,154,641
Bank charges	4,356,911	3,594,674
Other borrowing costs	1,750,000	4,053,092
	<b>102,327,895</b>	<b>140,395,788</b>



**Notes to Consolidated financial statements as at and for the year ended 31 March 2017**
**25. Finance income** (In ₹)

	31 March 2017	31 March 2016
<b>Interest received</b>		
- Bank deposits	30,746,761	37,504,711
- Others	11,747,226	71,533
Dividend income on current investments	4,495,270	3,045,943
Profit on sale of current investments (net)	6,663,879	6,234,251
	<b>53,653,136</b>	<b>46,856,438</b>

**26. Earnings per share (EPS)**

The following reflects the profit and share data used in the basic and diluted EPS computations: (In ₹)

	31 March 2017	31 March 2016
<b>Basic</b>		
Net profit after tax as per statement of profit and loss for calculation of basic EPS	631,559,918	634,629,490
Weighted average number of equity shares in calculating basic EPS	27,591,909	26,203,587
<b>Earning per share</b>	<b>22.89</b>	<b>24.22</b>
<b>Diluted</b>		
Net profit for calculation of diluted EPS	631,559,918	634,629,490
Weighted average number of equity shares in calculating basic EPS	27,591,909	26,203,587
Effect of dilutions on stock options granted under ESOP	5,929	1,000,959
Weighted average number of shares outstanding (including dilution)	27,597,838	27,204,545
<b>Earning per share</b>	<b>22.88</b>	<b>23.33</b>

**27. Gratuity and other post-employment benefit plans**

The Group 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 Group in the form of a qualifying insurance policy.

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

**Net employee benefit expense recognized in the employee cost** (In ₹)

	Gratuity	
	31 March 2017	31 March 2016
Current service cost	16,863,254	14,545,289
Interest cost on benefit obligation	4,014,384	3,435,242
Expected return on plan assets	(2,577,094)	(1,914,551)
Net actuarial (gain) / loss recognized in the year	2,523,128	(2,235,116)
<b>Net benefit expense</b>	<b>20,823,672</b>	<b>13,830,864</b>
<b>Actual return on plan assets</b>	<b>2,408,862</b>	<b>2,209,671</b>

**Balance sheet** (In ₹)

	31 March 2017	31 March 2016
<b>Benefit asset/ liability</b>		
Present value of defined benefit obligation	67,212,703	46,578,599
Fair value of plan assets	(35,423,038)	(31,877,429)
<b>Plan liability</b>	<b>31,789,665</b>	<b>14,701,170</b>

**Notes to Consolidated financial statements as at and for the year ended 31 March 2017**

(In ₹)

<b>Changes in the present value of the defined benefit obligation are as follows:</b>	<b>31 March 2017</b>	<b>31 March 2016</b>
Opening defined benefit obligation	46,578,598	32,499,294
Current service cost	16,711,482	14,000,826
Interest cost	3,977,110	3,435,242
Benefits paid	(2,936,712)	(1,702,691)
Actuarial (gain) / losses on obligation	2,882,225	(1,654,071)
<b>Closing defined benefit obligation</b>	<b>67,212,703</b>	<b>46,578,598</b>

(In ₹)

<b>Changes in the fair value of plan assets are as follows:</b>	<b>31 March 2017</b>	<b>31 March 2016</b>
Opening fair value of plan assets	<b>31,898,674</b>	24,213,898
Expected return	<b>3,551,163</b>	1,953,845
Contributions by employer	<b>3,240,381</b>	5,989,365
Benefits paid	<b>(2,885,929)</b>	(605,768)
Actuarial gain on plan assets	<b>(381,251)</b>	326,089
<b>Closing fair value of plan assets</b>	<b>35,423,038</b>	<b>31,877,429</b>

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

	<b>Gratuity</b>	
	<b>31 March 2017</b>	<b>31 March 2016</b>
Discount rate	6.70%	7.80%
Expected rate of return on assets	8%	8%
Employee turnover	15%	15%

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to change in the market scenario.

**Amounts for the current year and previous four years are as follows:**

(In ₹)

<b>Gratuity</b>	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>31 March 2015</b>	<b>31 March 2014</b>	<b>31 March 2013</b>
Defined benefit obligation	<b>67,212,703</b>	46,578,599	32,021,086	22,573,355	15,832,688
Plan assets	<b>(35,423,038)</b>	(31,877,429)	(24,213,898)	(16,308,310)	(9,746,594)
Surplus / (deficit)	<b>31,789,665</b>	14,701,170	7,807,187	6,265,045	6,086,094
Experience adjustments on plan liabilities	<b>2,882,225</b>	(1,654,071)	696,042	1,379,949	1,532,494
Experience adjustments on plan assets	<b>(381,251)</b>	326,089	147,871	-	-

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

<b>Gratuity</b>	<b>31 March 2017</b>	<b>31 March 2016</b>
Investments with insurer	100%	100%

## Notes to Consolidated financial statements as at and for the year ended 31 March 2017

### 28. Employee stock option plans

During the year ended March 31, 2017, the Parent company's three equity settled ESOP Schemes viz., ESOP Scheme 2006, ESOP Scheme 2010 and ESOP Scheme 2014 were in existence.

#### Employee Stock Option Scheme 2006 ('ESOP Scheme 2006')

All Options granted under ESOP Scheme 2006 are vested. The Exercise Period of the Options granted under ESOP Scheme 2006 are for the employees while in employment of the Company is within one year from the date on which the shares of the Company get listed on a recognized stock exchange and for the retired employees, termination due to permanent disability, death is within six months from the date of listing of Company's shares with a recognised stock exchange.

The details of activity under the Scheme 2006 are summarised below:

	31 March 2017		31 March 2016	
	Number of Options	Weighted Average Exercise Price (₹)	Number of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	2,736	100.18	211,051	100.18
Granted during the year	-	-	-	-
Exercised during the year	(2,736)	100.18	208,315	-
Forfeited during the year	-	-	-	100.18
Outstanding at the end of the year	-	-	2,736	100.18
Exercisable at the end of the year	-	-	2,736	100.18
Weighted average remaining contractual life (in month)	-	-	2	-

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

Out of the options granted, in respect of 82,157 options 25% vest equally over a period of 4 years from the date of grant and in respect of 92,000 options entire options vest at the end of one year from the date of grant.

The Board at its Extra Ordinary General Meeting held on October 24, 2014 approved the modification in vesting period of 82,157 options from being vested equally over a period of 4 years from the date of grant to one year from the date of grant.

The Board at its Extra Ordinary General Meeting held on October 24, 2014 approved the change in exercise period of all vested options under this scheme from two year to one year from the date on which the shares of the Company get listed on a Recognized Stock Exchange in case of the employees in employment of the Company. For the retired employees, termination due to permanent disability, death, all vested options may be exercised within six months from the date of listing of Company's shares with a recognised stock exchange.

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

	31 March 2017		31 March 2016	
	Number of Options	Weighted Average Exercise Price (₹)	Number of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	98,689	164.60	1,503,489	163.74
Granted during the year	-	-	-	-
Exercised during the year	(98,689)	164.26	1,393,392	163.71
Forfeited during the year	-	-	(11,408)	165.44
Outstanding at the end of the year	-	-	98,689	164.60
Exercisable at the end of the year	-	-	98,689	164.60
Weighted average remaining contractual life (in month)	-	-	2	-

## Notes to Consolidated financial statements as at and for the year ended 31 March 2017

### Employee Stock Option Scheme 2014 (ESOP 2014):

The Compensation Committee recommended the new ESOP Scheme 2014 and the Board approved the new ESOP Scheme 2014 at its meeting held on November 11, 2014 and Shareholders approved this ESOP Scheme 2014 at its meeting held on November 20, 2014.

As per the ESOP Scheme 2014, 25% of the options shall vest equally at the end of each year from the date of grant.

### The exercise period of these options is as follows:

- i) For the employees while in employment of the Parent company: Within a period of two years from the date of Vesting of the respective Employee Stock Options.
- ii) For the retired employees, termination due to permanent disability, death: Within six months from the date of retirement, termination due to physical disability and death respectively.

### The details of activity under the Scheme 2014 are summarised below:

	31 March 2017		31 March 2016	
	Number of Options	Weighted Average Exercise Price (₹)	Number of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	902,070	600	929,750	600
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Forfeited during the year	(48,551)	600	(27,680)	600
Outstanding at the end of the year	853,519	600	902,070	600
Exercisable at the end of the year	426,760	600	225,518	600
Weighted average remaining contractual life (in months)	27		39	

There is no effect of the employee share-based payment plans on the statement of profit and loss and on its financial position.

The Company measures the cost of ESOP using the intrinsic value method. Had the Company used the fair value model to determine compensation, its profit after tax and earning per share reported would have been same as follows:

(In ₹)

	31 March 2017	31 March 2016
Net profit for calculation of basic EPS	631,559,918	634,629,490
Proforma profit	631,559,918	634,629,490
<b>Earnings Per Share</b>		
<b>Basic</b>		
- As reported	22.89	24.22
- Proforma	22.89	24.22
<b>Diluted</b>		
- As reported	22.88	23.33
- Proforma	22.88	23.33

## 29. Investments during the year

### Investments by the Group

#### (a) Southern Digital Screenz India Private Limited (SDS)

During the year ended March 31, 2017, the Company acquired additional 15.82% stake 680,117 equity shares in Southern Digital Screenz India Private Limited (SDS) from the minority shareholders for ₹ 140,000,000/-. Post this investment, the Company holds 100% of equity share capital of SDS.

**Notes to Consolidated financial statements as at and for the year ended 31 March 2017**
**30. Leases**
**Operating lease: Group as lessee**

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

(In ₹)

	Office Premises & Digital Cinema Equipment	
	31 March 2017	31 March 2016
Lease payments for the period	126,319,328	121,633,462

**Operating lease commitments – Group as lessor**

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

(In ₹)

	Digital Cinema Equipment	
	31 March 2017	31 March 2016
Gross carrying amount	4,606,472,092	4,325,531,785
Accumulated depreciation	2,170,646,513	1,702,791,351
Depreciation recognized in the statement of Profit & Loss	553,479,094	526,198,159

**31. Segment reporting**

The Group is engaged primarily in the business of Digital Cinema Services and the financial statements reflect the result of this business segment, which is the primary segment in accordance with the requirement of Accounting Standard 17 on Segment Reporting. The Group's operations are based on the distribution of the group by geographical markets, based on the location of the assets.

(In ₹)

	For the year ended	
	31 March 2017	31 March 2016
<b>Revenue by Geographical Market</b>		
- Within India	4,724,850,901	4,419,713,796
- Middle east	1,132,084,885	1,151,156,462
- Rest of the world	91,777,101	84,011,431
	<b>5,948,712,887</b>	<b>5,654,881,689</b>
<b>Carrying Amount of Segment Assets</b>		
- Within India	7,297,109,253	6,953,232,999
- Middle east	756,811,869	488,797,585
- Rest of the world	298,290,009	447,756,043
	<b>8,352,211,131</b>	<b>7,889,786,627</b>
<b>Cost incurred to acquired Segment Fixed Assets</b>		
- Within India	552,535,543	688,241,771
- Middle east	774,040	6,510,693
- Rest of the world	-	-
	<b>553,309,583</b>	<b>694,752,464</b>

## Notes to Consolidated financial statements as at and for the year ended 31 March 2017

### 32. Related party disclosure

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

<b>Associate Enterprises</b>	Scrabble Digital DMCC Scrabble Digital Limited Scrabble Ventures LLC Scrabble Ventures, S. de R.L. de C.V. Mukta V N Films Limited (from April 1, 2016)
<b>Joint Venture entity</b>	Mukta V N Films Limited (till March 31, 2016)
<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>	
	Media Infotek Park Shree Enterprises Valuable Media Limited Valuable Technologies Limited Qwik Entertainment India Limited Impact Media Exchange Limited Nifty Portfolio Services Private Limited Advent Fiscal Private Limited
<b>Key management personnel</b>	Mr. Sanjay Gaikwad - Managing Director Mr. Kapil Agarwal - Joint Managing Director Mr. Rajesh Mishra - Chief Executive Officer Mr. Ashish Malushte - Chief Financial Officer Mr. Sameer Chavan - Company Secretary
<b>Relatives of Key management personnel</b>	Ms. Apeksha Agarwal

#### 2. Details of transaction with related parties during the year

(In ₹)

Sr. No.	Particulars Nature of Expenses/Name of the Parties	31 March 2017	31 March 2016
<b>1</b>	<b>Enterprises owned or significantly influenced by Key Management Personnel or their relatives</b>		
<b>A</b>	<b>Expenses reimbursed</b>		
i)	Media Infotek Park	9,301,839	9,513,840
<b>B</b>	<b>Technical services (expense)</b>		
i)	Valuable Technologies Limited	82,660,813	72,176,562
<b>C</b>	<b>Direct Expenses (License fees on 3D movie)</b>		
i)	Valuable Technologies Limited	506	46,229
<b>D</b>	<b>Direct Expenses (Licensee fees – Impact)</b>		
i)	Impact Media Exchange Limited	7,200,000	7,200,000



**Notes to Consolidated financial statements as at and for the year ended 31 March 2017**

Sr. No.	Particulars Nature of Expenses/Name of the Parties	31 March 2017	31 March 2016
<b>E</b>	<b>Licensee fee- Club X (income)</b>		
	i) Valuable Media Limited	873,227	1,467,106
<b>F</b>	<b>Rent paid (expense)</b>		
	i) Media Infotek Park	49,005,996	46,198,944
<b>G</b>	<b>Rent income (Miscellaneous receipts)</b>		
	i) Valuable Media Limited	341,465	-
	ii) Valuable Edutainment Private Limited	116,412	-
	iii) Valuable Infotainment Private Limited	24,420	-
<b>H</b>	<b>Consultancy &amp; reimbursement expenses</b>		
	i) Shree Enterprises	569,033	631,600
<b>I</b>	<b>Security Deposit received</b>		
	i) Valuable Media Limited	147,706	-
	ii) Valuable Edutainment Private Limited	32,935	-
	iii) Valuable Infotainment Private Limited	6,150	-
<b>J</b>	<b>Sale of equipments</b>		
	i) Valuable Media Limited	-	5,884,320
<b>K</b>	<b>Dividend Paid</b>		
	i) Valuable Media Limited	4,482,795	7,471,325
	ii) Valuable Technologies Limited	6,730,971	11,218,285
	iii) Nifty Portfolio Services Private Limited	1,626,408	2,710,680
	iv) Advent Fiscal Private Limited	2,211,546	3,685,910
<b>L</b>	<b>Purchase of spares</b>		
	i) Valuable Media Limited	107,657	-
<b>2</b>	<b>Associate Enterprises</b>		
<b>A</b>	<b>Sale of goods</b>		
	i) Scrabble Digital Limited	352,800	991,352
	ii) Scrabble Digital DMCC	-	1,100,176
<b>B</b>	<b>Digital Conversion Expenses &amp; Content Processing Charges</b>		
	i) Scrabble Digital Limited	41,243,276	27,244,212
<b>C</b>	<b>Delivery Distribution Income</b>		
	i) Scrabble Digital Limited	-	26,947,000
<b>D</b>	<b>Recovery of expenses</b>		
	i) Scrabble Digital Limited	105,941	480,058

**Notes to Consolidated financial statements as at and for the year ended 31 March 2017**

Sr. No.	Particulars Nature of Expenses/Name of the Parties	31 March 2017	31 March 2016
<b>E</b>	<b>Rent</b>		
	i) Scrabble Digital Limited	375,000	732,338
<b>F</b>	<b>Miscellaneous income</b>		
	i) Scrabble Ventures LLC	-	-
	ii) Scrabble Digital Limited	14,504	449,075
<b>G</b>	<b>Dividend received</b>		
	i) Scrabble Digital Limited	16,607,976	15,817,120
	ii) Scrabble Digital DMCC	9,436,648	2,709,164
<b>H</b>	<b>AMC Income</b>		
	i) Scrabble Digital Limited	200,000	300,000
<b>3</b>	<b>Remuneration to key managerial personnel</b>		
	i) Mr. Sanjay Gaikwad	32,528,792	25,000,000
	ii) Mr. Kapil Agarwal	32,528,792	25,000,000
	iii) Mr. Ashish Malushte	10,514,570	7,676,512
	iv) Mr. Rajesh Mishra	13,622,049	7,744,896
	v) Mr. Sameer Chavan	1,795,203	2,424,986
<b>4</b>	<b>Remuneration to relative of key managerial personnel</b>		
	i) Ms. Apeksha Agarwal	-	768,576
<b>5</b>	<b>Salary advance to key managerial personnel</b>		
	i) Mr. Ashish Malushte	-	1,600,000
	ii) Mr. Rajesh Mishra	-	2,650,000
<b>6</b>	<b>Dividend Paid to key managerial personnel</b>		
	i) Mr. Sanjay Gaikwad	791,391	1,318,985
	ii) Mr. Kapil Agarwal	1,118,082	1,863,470
	iii) Mr. Ashish Malushte	55,272	217,120
	iv) Mr. Rajesh Mishra	85,947	285,745

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 Group as a whole.

**3. Balance outstanding at the year end**

(In ₹)

Sr. No.	Particulars	31 March 2017	31 March 2016
<b>1</b>	<b>Enterprises owned or significantly influenced by Key Management Personnel or their relatives</b>		
<b>A</b>	<b>Trade Receivables</b>		
	i) Valuable Media Limited	677,856	123,249
	ii) Valuable Infotainment Private Limited	34,233	-
	iii) Valuable Edutainment Private Limited	166,810	-
	iv) Qwik Entertainment India Limited	496,397	496,397

**Notes to Consolidated financial statements as at and for the year ended 31 March 2017**

Sr. No.	Particulars	31 March 2017	31 March 2016
<b>B</b>	<b>Deposit receivable</b>		
	i) Media Infotek Park	35,771,540	35,771,540
<b>C</b>	<b>Deposit payable</b>		
	i) Valuable Media Limited	147,706	-
	ii) Valuable Infotainment Private Limited	6,150	-
	iii) Valuable Edutainment Private Limited	32,935	-
<b>D</b>	<b>Bank Guarantee given (refer note 34 (c))</b>		
	i) Impact Media Exchange Private Limited	10,000,000	10,000,000
<b>E</b>	<b>Amount payable</b>		
	i) Valuable Technologies Limited	2,023,750	-
<b>2</b>	<b>Associate enterprise</b>		
<b>A</b>	<b>Amount receivable</b>		
	i) Scrabble Digital Limited	9,576,779	8,838,271
<b>B</b>	<b>Provision for expenses</b>		
	i) Scrabble Digital Limited	1,413,000	-
<b>C</b>	<b>Loan and advance given</b>		
	i) Scrabble Digital DMCC (Including interest receivable)	-	74,753
<b>D</b>	<b>Guarantee Given</b>		
	a) Performance Guarantee given on behalf of associate		
	i) Scrabble Ventures LLC	324,193,000	331,664,500
<b>E</b>	<b>Corporate Guarantee given on borrowing (refer note 34 (b))</b>		
	i) Mukta V N Films Limited	30,000,000	70,000,000
<b>3</b>	<b>Key managerial personnel</b>		
	Salary advance receivable		
	i) Mr. Ashish Malushte	-	1,600,000
	ii) Mr. Rajesh Mishra	-	2,650,000

**33. Capital and other commitments**

(In ₹)

	31 March 2017	31 March 2016
Capital commitments	65,522,907	92,222,205
(estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances))		
Other Commitments	38,095,086	29,237,282
	<b>103,617,993</b>	<b>121,459,487</b>

- a) As at March 31, 2017, the Company holds 11,580 equity shares representing 80% of equity share capital of Valuable Digital Screens Private Limited (VDSPL) for a consideration of ₹ 44,006,316/-. The Company also incurred ₹ 5,926,990/- towards acquisition cost of this Investment. The Company will acquire the remaining 20% equity of VDSPL from Valuable Technologies Limited in the financial year 2017-18 for a further consideration to be calculated in accordance with the terms of the investment agreement.

**Notes to Consolidated financial statements as at and for the year ended 31 March 2017**
**34. Contingent liabilities**

(In ₹)

	31 March 2017	31 March 2016
Performance guarantees issued by the Group on behalf of Subsidiaries and associates to two studios for the performance of obligation relating to distribution of their digital content by its subsidiaries, step down subsidiaries and associates of subsidiary in certain overseas market. (refer note a) (USD 35,000,000/- (March 31, 2016 USD 35,000,000/-)	2,269,351,000	2,321,651,500
Corporate Guarantee (refer note b)	30,000,000	70,000,000
Corporate Guarantee (refer note c)	10,000,000	10,000,000
Labour Guarantee	739,931	755,630
Letter of credit	-	7,628,269
<b>Pending litigations/matters (refer note e)</b>		
<b>(i) In respect of income tax matters</b>		
Income Tax matters	76,545,439	76,998,453
<b>(ii) In respect of Indirect tax matters</b>		
Service Tax matters (refer note d)	220,111,033	220,111,033
VAT matters	4,775,215	4,775,215
	<b>2,611,522,618</b>	<b>2,711,920,100</b>

**Notes:**

- a) The following performance guarantees are outstanding at March 31, 2017 and March 31, 2016:
- USD 20 Mn each to a studio on behalf of Scrabble Entertainment Mauritius Ltd and Scrabble Entertainment DMCC. The aggregate liability under the aforesaid two guarantees has been capped at an overall ceiling of USD 20 Mn.
  - USD 5 Mn to a studio on behalf of Scrabble Entertainment DMCC.
  - USD 5 Mn to a studio on behalf of Scrabble Entertainment Mauritius Limited.
  - USD 5 Mn to a studio on behalf of Scrabble Ventures LLC.
- b) As at March 31, 2017, the Parent company has provided Corporate guarantee to bank for Overdraft facility of ₹ 70,000,000/- taken by associates of subsidiary (March 31, 2016: Joint venture). Subsequently to the year ended March 31, 2017 the corporate guarantee has been reduced to ₹ 30,000,000/-. The outstanding balance of this facility is ₹ 27,654,435/- at March 31, 2017 (March 31, 2016: 71,026,365/-) assuring that it will take all necessary steps so that the repayment of the loan is honored as and when due and payable.
- c) As at March 31, 2017, the Parent company has provided bank guarantee of ₹ 10,000,000/- to Chief Secretary, Revenue Department, Government of Maharashtra on behalf of Impact Exchange Media Private Limited, for declaring it as approved satellite based computer ticketing system provider in Maharashtra in connection with the business of operating satellite based ticketing system managed by the Parent company.
- d) During the year ended March 31, 2016, the Company has received an order from the Commissioner of Service Tax Mumbai ('the Order') which includes demand for following matters aggregating to ₹ 466,543,240/-, excluding interest and penalty, which was subject matter of show cause notice from service tax authorities in the year ended March 31, 2016.
- i) ₹ 246,432,207/-, excluding interest and penalty, for service tax on rentals from leasing of Digital Cinema Equipments for the period April 2008 to March 2014. Based on legal opinion obtained, the Company believes that the lease rental revenues are subject to state-wise Value Added Tax which the Company is paying since the beginning of operations. Accordingly, the Company believes that its position will likely be upheld in the appellate process and that it is unlikely that the liability will arise to the Company out of this matter.
  - ii) ₹ 220,111,033/-, excluding interest and penalty, on account of disallowance of CENVAT Credit on Capital Goods (Digital Cinema Equipments) claimed by the Company for the period April 2008 to March 2014 as the possession of the equipments is not with the Company. Based on legal opinion obtained, the Company is of the view that these equipments are used for providing taxable output services and hence should be entitled to avail CENVAT credit and is therefore contesting this demand. The Company believes that its position is likely to be upheld in the appellate process and accordingly no provision has been considered necessary in these financial Statements."

## Notes to Consolidated financial statements as at and for the year ended 31 March 2017

- e) The Group is contesting the demand/matter relating to pending litigations listed above and the management, including its tax advisors, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the company's financial position and results of operations.

### 35. Particulars of unhedged foreign currency exposure at the reporting date

(In ₹)

Particulars of un-hedged exposure	31 March 2017	31 March 2016
Trade Receivable	₹ 346,279/- (USD 5,341/- @ Closing rate of 1 USD = ₹ 64.8386)	₹ 1,291,103/- (USD 19,464/- @ Closing rate of 1 USD = ₹ 66.3329)
Trade Payable (credit balance)	₹ 46,976,706/- (USD 724,518/- @ Closing rate of 1 USD = ₹ 64.8386)	₹ 83,909,565/- (USD 1,246,976/- @ Closing rate of 1 USD = ₹ 66.3329)
Advance Recoverable in cash or Kind	₹ 30,091,534/- (USD 464,099.07/- @ Closing rate of 1 USD = ₹ 64.8386)	₹ 23,110,901/- (USD 348,407.82/- @ Closing rate of 1 USD = ₹ 66.3329)
Import creditors (debit Balance)	₹ 5,971,311/- (USD 92,095/- @ Closing rate of 1 USD = ₹ 64.8386)	₹ 1,409,176/- (USD 21,244/- @ Closing rate of 1 USD = ₹ 66.3329)
Cash Balances	₹ 59,562.6/- (Currency notes 5,718.40/- @ Closing rate for particular Currency)	₹ 60,550/- (Currency notes 5,718.40 @ Closing rate for particular Currency)
Bank Balances	-	₹ 2,051,219/- (USD 23,103.94/- @ Closing rate of 1 USD = ₹ 66.3329 & AED 28,809.76/- @ Closing rate of 1 AED = ₹ 18.0032 )
Performance guarantees given for subsidiary/associate	₹ 2,269,351,000/- (USD 35,000,000/- @ Closing rate of 1 USD = ₹ 64.8386)	₹ 2,321,651,500/- (USD 35,000,000/- @ Closing rate of 1 USD = ₹ 66.3329)

### 36. Details of Joint venture entity

V N Films Private Limited (V N Films), a subsidiary of the Company has modified the terms of its shareholders agreement with Mukta Arts Limited in connection with its Joint venture company Mukta VN Films Limited (Mukta VN) with effect from April 1, 2016 whereby Mukta VN has become an associate from April 1, 2016. Accordingly, Mukta VN has been consolidated as an associate for the year ended March 31, 2017.

The Group's share of assets, liabilities, income and expenses of the jointly controlled entity as at 31 March 2016 are as follows:

Particulars	In ₹
<b>EQUITY AND LIABILITIES</b>	
Shareholders' funds	30,972,711
Non-current liabilities	225,000
Current - liabilities	180,892,270
<b>Total</b>	<b>212,089,981</b>
Non-current assets	7,029,223
Current assets	205,060,758
<b>Total</b>	<b>212,089,980</b>
Total revenue from operations and other income considered in the consolidated financial statements	24,268,520
Total expenses considered in the consolidated financial statements	24,548,336
<b>Net Profit considered in consolidated financial statements</b>	<b>(279,816)</b>

## Notes to Consolidated financial statements as at and for the year ended 31 March 2017

### 37. 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.

38. In June 2016, the Company had filed applications with the Central Government for the waiver of excess managerial remuneration of ₹ 1,583 lakhs determined to be in excess of the limits specified under section 197 read with schedule V of the Companies Act, 2013 for the year ended March 31, 2016, resulting due to the inclusion of perquisite value of employees stock options (ESOPs) as determined as per Income Tax Act, 1961 (difference between the exercise price of the employee stock options and the market price of the shares on the date of exercise of the options) in managerial remuneration. These ESOPs were exercised by the managing and joint managing director during the year ended March 31, 2016.

Based on legal opinion obtained by the management in May 2017, the Company believes that granting of ESOPs (and exercise thereof) did not involve a cash payment by the Company to the managing directors and no expense was required to be provided in the Company's profit and loss account in any financial year relating to the period of vesting. Since, IT value of perquisites is not paid or payable by the Company, it cannot be considered as managerial remuneration as per the provisions of section 197 read with schedule V of the Companies Act, 2013. Accordingly, the Company is in compliance with section 197 of the Companies Act, 2013 for the year ended March 31, 2016. Subsequent to year end, the Company withdrew the application filed with the Central Government. Accordingly, no adjustments have been made to the financial statements for the year ended March 31, 2017.

39. On July 26, 2016, the Board of Directors of the Company approved the Composite Scheme of Arrangement for the amalgamation of its wholly owned subsidiaries including step down subsidiaries namely Southern Digital Screenz India Private Limited (SDS), V N Films Private Limited (VNFPL), Edridge Limited (EL) and UFO International Limited (UIL) with the Company, subject to all the necessary statutory / regulatory approvals ('the Scheme'). The appointed date for the amalgamation for VNFPL, EL and UIL is April 1, 2016 and for SDS, the appointed date is July 1, 2016. The Company 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, the Company filed the Scheme with National Company Law Tribunal (NCLT) on January 19, 2017.

The shareholders of the Company 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.

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



**Notes to Consolidated financial statements as at and for the year ended 31 March 2017**
**40. Disclosure on Specified Bank Notes (SBNs):**

The Company and its Indian subsidiaries had specified Bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017. The details of Specified Bank Notes (SBN) and other notes held and transacted during the period from November 8, 2016 to December 30, 2016 is given below:

(In ₹)

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	1,077,500	134,865	1,212,365
(+) Permitted receipts	-	3,931,523	3,931,523
(-) Permitted payments	-	(1,082,049)	(1,082,049)
(-) Amount deposited in Bank	(1,077,500)	(2,573,318)	(3,650,818)
<b>Closing cash in hand as on December 30, 2016</b>	<b>-</b>	<b>411,021</b>	<b>411,021</b>

**41. Events subsequent to balance sheet date**
**(a) Proposed dividend**

The Board proposed dividend on equity shares as follows, subject to approval by the members in Annual General Meeting.

(In ₹)

Particulars	31 March 2017	31 March 2016
Proposed dividend on equity shares for the year ended on 31 March 2017: ₹ 10/- per share (31 March 2016: 3/- per share)	276,008,010	82,498,128
Dividend distribution tax on proposed dividend	56,188,737	16,794,678
	<b>332,196,747</b>	<b>99,292,806</b>

(b) On May 17, 2017, the Board of Directors have approved the acquisition of 66,609 equity shares of Scrabble Entertainment Limited (SEL), a subsidiary of the Company, from the other equity shareholders of SEL for a total consideration of ₹ 145,340,838/-. This acquisition is likely to be completed in the quarter ended June 30, 2017, consequent to which SEL will become a wholly owned subsidiary.

42. The list of subsidiaries, associates and joint venture entities included in consolidation and their share of Net Assets and Share in profit and loss after elimination of inter-company balances is as follows:

	Net Assets, i.e., total assets minus total liabilities			
	31 March 2017		31 March 2016	
	As % of consolidated net assets	₹	As % of consolidated net assets	₹
1	2	3	4	5
<b>A. UFO Moviez India Limited</b>	84.63%	4,991,282,097	84.25%	4,440,900,962
<b>B. Subsidiaries and step down subsidiaries</b>				
<b>I. Indian</b>				
(i) Scrabble Entertainment Limited	6.29%	370,661,490	3.61%	190,095,366
(ii) V N Films Private Limited	-0.27%	(15,911,714)	-0.20%	(10,291,544)
(iii) Southern Digital Screenz India Private Limited	2.33%	137,540,353	1.54%	81,208,883
(iv) Valuable Digital Screen Private Limited	-4.52%	(266,491,157)	-1.81%	(95,456,297)

**Notes to Consolidated financial statements as at and for the year ended 31 March 2017**

	Net Assets, i.e., total assets minus total liabilities			
	31 March 2017		31 March 2016	
	As % of consolidated net assets	₹	As % of consolidated net assets	₹
<b>II. Foreign</b>				
(i) Edridge Limited	2.72%	160,497,003	3.34%	176,165,717
(ii) United Film Organisers Nepal Private Limited	-0.08%	(4,923,089)	-0.09%	(4,914,833)
(iii) UFO International Limited	-1.06%	(62,232,989)	-1.09%	(57,417,714)
(iv) United Film Organisers (UFO) (Mauritius) Private Limited.	0.00%	(212,327)	0.00%	(106,145)
(v) UFO Lanka Private Limited.	-0.13%	(7,539,645)	-0.11%	(5,847,921)
(vi) UFO Software Technologies Private Limited.	0.01%	745,401	0.01%	636,258
(vii) Scrabble Entertainment DMCC	7.10%	418,565,554	4.42%	232,871,285
(viii) Scrabble Entertainment Mauritius Limited	1.54%	90,597,988	4.45%	234,543,128
(ix) Scrabble Entertainment Lebanon Sarl	-0.07%	(3,844,830)	-0.07%	(3,622,043)
(x) Scrabble Digital Inc	-0.30%	(17,958,800)	-0.29%	(15,203,967)
<b>C. Minority Interest in all subsidiaries</b>	1.93%	113,975,913	2.02%	106,209,585
<b>D. Associates (Investment as per equity method)</b>				
<b>I. Indian</b>				
(i) Scrabble Digital Limited	-0.09%	(5,271,390)	0.03%	1,699,500
(ii) Mukta V N Films Limited	0.03%	2,020,190	0.02%	1,272,715
<b>II. Foreign</b>				
(i) Scrabble Digital DMCC	-0.02%	(1,169,353)	-0.01%	(530,804)
(ii) Scrabble Ventures LLC	-0.05%	(2,854,327)	-0.03%	(1,344,123)
<b>Total</b>	<b>100%</b>	<b>5,897,476,368</b>	<b>100%</b>	<b>5,270,868,007</b>

	Share in profit and loss after elimination of inter-company balances			
	31 March 2017		31 March 2016	
	As % of consolidated profit and loss	₹	As % of consolidated profit and loss	₹
1	2	3	4	5
<b>A. UFO Moviez India Limited</b>	65.92%	416,294,875	62.95%	399,498,173
<b>B. Subsidiaries and step down subsidiaries</b>				
<b>I. Indian</b>				
(i) Scrabble Entertainment Limited	18.03%	113,854,585	10.49%	66,588,065
(ii) V N Films Private Limited	-0.89%	(5,620,170)	-0.83%	(5,278,937)
(iii) Southern Digital Screenz India Private Limited	9.22%	58,199,904	13.11%	83,188,510
(iv) Valuable Digital Screen Private Limited	-27.08%	(171,034,860)	-15.98%	(101,401,626)
<b>II. Foreign</b>				
(i) Edridge Limited	-0.11%	(707,594)	-0.08%	(479,699)
(ii) United Film Organisers Nepal Private Limited	0.00%	12,385	-0.01%	(71,455)

**Notes to Consolidated financial statements as at and for the year ended 31 March 2017**

	Share in profit and loss after elimination of inter-company balances			
	31 March 2017		31 March 2016	
	As % of consolidated profit and loss	₹	As % of consolidated profit and loss	₹
<b>Subsidiary of Edridge Limited &amp; stepdown subsidiary of UFO</b>				
(iii) UFO International Limited	-0.73%	(4,623,270)	-0.47%	(2,978,218)
<b>Subsidiaries of UFO International Limited &amp; stepdown subsidiaries of UFO</b>				
(iv) United Film Organisers (UFO) (Mauritius) Private Limited	-0.02%	(111,891)	-0.02%	(118,224)
(v) UFO Lanka Private Limited	-0.26%	(1,648,330)	-0.27%	(1,690,392)
(vi) UFO Software Technologies Private Limited	0.02%	109,144	0.01%	94,646
<b>Subsidiaries of SEL &amp; stepdown subsidiaries of UFO</b>				
(vii) Scrabble Entertainment DMCC	30.77%	194,318,861	32.24%	204,602,578
(viii) Scrabble Entertainment Mauritius Limited	0.10%	647,261	-0.45%	(2,865,848)
(ix) Scrabble Entertainment Lebanon Sarl	-0.07%	(415,104)	-0.02%	(143,951)
(x) Scrabble Digital Inc	-0.36%	(2,273,279)	-0.63%	(3,974,576)
<b>C. Minority Interest in all subsidiaries</b>	-5.45%	(34,402,503)	-6.21%	(39,428,642)
<b>D. Associates (Investment as per equity method)</b>				
<b>I. Indian</b>				
(i) Scrabble Digital Limited	3.45%	21,803,202	2.80%	17,743,447
(ii) Mukta V N Films Limited	0.12%	747,479	-0.04%	(279,816)
<b>II. Foreign</b>				
(i) Scrabble Digital DMCC	2.14%	13,487,345	0.96%	6,122,308
(ii) Scrabble Ventures LLC	5.21%	32,921,878	2.44%	15,503,146
<b>Total</b>	<b>100%</b>	<b>631,559,918</b>	<b>100%</b>	<b>634,629,490</b>

**43. Previous year figures**

Due to reasons given in note 36, previous years figures are not comparable with current year. Further, previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

As per our report of even date.

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

**per Govind Ahuja**  
Partner  
Membership No.: 48966  
Place of signature: Mumbai  
Date: May 17, 2017

For and on behalf of the Board of Directors  
of UFO Moviez India Limited

**Sanjay Gaiwad**  
Managing Director  
DIN No.: 01001173

**Sameer Chavan**  
Company Secretary  
Place of signature: Mumbai  
Date: May 17, 2017

**Kapil Agarwal**  
Joint Managing Director  
DIN No.: 00024378

**Ashish Malushte**  
Chief Financial Officer

**FORM NO. AOC-1**  
**Statement contenting salient features of the financial statement of Subsidiaries / Associate companies / Joint Ventures**

[Pursuant to first proviso to sub-section (3) of Section 129 with Rule 5 of Companies (Accounts) Rules, 2014]

**Part A: Subsidiaries**

Sr. No.	Name of the subsidiary	The date since when subsidiary was acquired	Reporting period for subsidiary concerned, if different from holding company's reporting period	Exchange rate as on the last date of the relevant financial year in case of foreign subsidiaries	Reporting Currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of Shareholding	Country
1	Scrabble Entertainment Limited	15-02-2011	-	1	INR	7683,870	74,70,95,431	1,519,586,779	764,806,478	249,633,578	1,151,913,295	381,873,375	99,986,920	281,886,455	-	91.33	India
2	Southern Digital Screenz India Private Limited	30-03-2011	-	1	INR	215,488,330	94,67,77,841	383,121,071	82,954,900	120,000,000	568,510,704	91,253,194	33,053,288	58,199,906	-	100	India
3	Scrabble Entertainment DMCC	16-02-2011	31-12-2016	176174	AED	52,852,200	430,377,350	798,826,050	315,596,500	228,427	1,072,658,795	191,053,392	-	191,053,392	-	100	U.A.E
4	Scrabble Entertainment Mauritius Limited	11-07-2011	-	64,8386	USD	48,629,015	82,033,926	261,143,816	130,480,874	47,688,466	87,076,813	3,074,711	4,374,655	(1,300,144)	-	100	Mauritius
5	Scrabble Digital Inc	22-03-2013	-	64,8386	USD	35,661,230	(20,058,123)	29,047,853	13,444,746	24,615,879	-	(2,197,005)	-	(2,197,005)	-	100	U.S.A.
6	Scrabble Entertainment Lebanon Sarl	13-03-2012	31-12-2016	0.042	LBP	210,000	(93,281,134)	113,684,143	206,755,277	-	-	(7593,213)	-	(7593,213)	-	100	Lebanon
7	Scrabble Entertainment Israel Limited	17-05-2012	-	178151	ILS	18	-	18	-	-	-	-	-	-	-	100	Israel
8	Edridge Limited	05-07-2006	-	64,8386	USD	75,340,638	692,536,463	769,545,159	1,688,038	789,542,824	-	(683,853)	-	(683,853)	-	100	Cyprus
9	UFO International Limited	24-07-2006	-	64,8386	USD	65,397,574	(35,510,407)	29,888,714	1,548	19,787,120	1,620,965	(4,468,149)	-	(4,468,149)	-	100	Cyprus
10	UFO Software Technologies Private Limited	20-02-2007	-	1	INR	2,482,190	746,401	3,463,091	235,500	-	224,546	159,144	50,000	109,144	-	100	India
11	Valuable Digital Screens Private Limited	06-01-2015	-	1	INR	144,750	(270,920,534)	229,066,568	499,842,342	-	39,381,987	(171,034,860)	-	(171,034,860)	-	80	India
12	V N Films Private Limited	11-04-2007	-	1	INR	100,000	(15,911,714)	35,084,216	50,895,930	-	147,860	(5,620,170)	-	(5,620,170)	-	100	India
13	United Film Organizers (UFO) (Mauritius) Private Limited	15-06-2007	-	1,2831	MUR	1,283	(154,662)	407,328	560,707	-	2,351	(78,879)	-	(78,879)	-	100	Mauritius
14	UFO Lanka Private Limited	31-01-2008	-	0.3557	LKR	9,874,054	(7729,209)	2,275,777	130,831	-	-	(1,316,666)	-	(1,316,666)	-	100	Sri Lanka
15	United Film Organizers Nepal Private Limited	23-03-2008	-	0.6116	NPR	9,755,020	(4,711,831)	5,063,830	20,642	-	137,827	(12,304)	-	(12,304)	-	100	Nepal

**Notes:**

- The reporting period for Scrabble Entertainment Lebanon Sarl and Scrabble Entertainment DMCC is December 31, 2016
- The exchange rates considered are as at March 31, 2017.
- The accounts of Scrabble Digital Inc, United Films Organizers Nepal Private Limited, UFO International Limited, Edridge Limited and V N Films Private Limited as at March 31, 2017 are not audited and are Management accounts.
- Scrabble Entertainment Israel Ltd is under the process of being Liquidated, hence not consolidated.

## UFO Moviez India Limited

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### Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

#### PART B - Associates and Joint Ventures

Sr. no.	Name of the Associates/Joint Ventures	Mukta VN Films Limited	Scrabble Digital Limited	Scrabble Digital DMCC	Scrabble Ventures LLC	Scrabble Ventures, S. de R.L. de C.V, Mexico
1	Latest Audited Balance Sheet	31-Mar-17	31-Mar-17	31-Dec-16	31-Mar-17	31-Mar-17
2	"Date on which the Associate or Joint Venture was associated or acquired"	10-Jun-13	8-Feb-11	16-Feb-11	1-Apr-13	16-Aug-13
3	Shares of Associate or Joint Venture held by the Company on the year end					
	Number of shares held	2,699,950	197,714	100	3,000	1,500
	Amount of Investment in Associate or Joint Venture	27,000,000	39,899,900	1,273,000	19,899,870	7,646
	Extent of Holding (in percentage)	45.00%	33.33%	33.33%	30%	30%
4	Description of how there is significant influence					
5	Reason why the associate / joint venture is not consolidated	Equity method of accounting is applicable to Associate and hence it is not consolidated in the Consolidated financials	Equity method of accounting is applicable to Associate and hence it is not consolidated in the Consolidated financials	Equity method of accounting is applicable to Associate and hence it is not consolidated in the Consolidated financials	Equity method of accounting is applicable to Associate and hence it is not consolidated in the Consolidated financials	Equity method of accounting is applicable to Associate and hence it is not consolidated in the Consolidated financials
6	Networth attributable to shareholding as per last audited Balance Sheet	29,020,190	41,756,515	51,143,312	3,065,772	(34,028,192)
7	Profit or Loss for the year	1,661,064	65,416,149	40,466,082	114,664,760	31,295,009
	i. Considered in Consolidation	747,479	21,803,202	13,487,345	32,921,878	-
	ii. Not Considered in Consolidation	913,585	43,612,946	26,978,737	81,742,882	31,295,009

#### Notes:

1. The exchange rates considered are at 31st March 2017
2. The management accounts of Scrabble Ventures LLC have been considered as at 31st March 2017
3. The management accounts of Scrabble Ventures, S. de R.L. de C.V, Mexico have been considered as at 31st March 2017.
4. The number of shares held include shares held directly or indirectly through subsidiaries.

For and on behalf of the Board of Directors  
of UFO Moviez India Limited

**Sanjay Gaiwad**  
Managing Director  
DIN No.: 01001173

**Kapil Agarwal**  
Joint Managing Director  
DIN No.: 00024378

**Sameer Chavan**  
Company Secretary

**Ashish Malushte**  
Chief Financial Officer

Place of signature: Mumbai  
Date: May 17, 2017

## INDEPENDENT AUDITOR'S REPORT

To the Members of UFO Moviez India Limited

### Report on the Standalone Financial Statements

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

### Management's Responsibility for the Standalone Financial Statements

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

### Auditor's Responsibility

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

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

### Opinion

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

### Emphasis of Matter

We draw attention to note 34(e)(ii) to the financial statements for a demand of ₹ 220,111,033/- (excluding interest and penalty) received by the Company during the year ended March 31, 2016 for disallowance of CENVAT credit on digital cinema equipments and which is more fully described therein. Based on legal opinion obtained, the Company is of the view that CENVAT credit should be available to it and is contesting this demand. Hence, no provision has been considered by the management in these standalone financial statements. Our opinion is not qualified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

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



## UFO Moviez India Limited

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2. As required by section 143 (3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016;
  - (e) In our opinion, the matter described under the Emphasis of Matter para above may have an adverse effect on the functioning of the Company.
  - (f) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;
  - (g) 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;
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 34 to the standalone financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
    - iv. The Company has provided requisite disclosures in Note 45 to these standalone financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

### Per Govind Ahuja

Partner

Membership Number: 48966

Place of Signature: Mumbai

Date: May 17, 2017

## Annexure 1 to the Independent Auditors' Report

Re: UFO Moviez India Limited ('the Company')

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

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

Nature of Statute	Nature of Dues	Amount (₹)	Period to which the amount relates	Forum where the dispute is pending
West Bengal VAT Act, 2003	Value Added Tax	4,195,703	2007-2008	Tribunal
West Bengal VAT Act, 2003	Value Added Tax	579,512	2007-2008 and 2008-2009	Commercial Tax Officer
Finance Act, 1994	Service Tax	499,411	2008-2009 to 2011-2012	Commissioner of Central Excise (Appeals)
Finance Act, 1994	Service Tax*	466,543,240	2008-2009 to 2013-2014	Custom, Excise and Service Tax Appellate Tribunal
	Penalty on Service Tax	466,553,240		

\*In addition, interest is payable under the relevant provisions and rules.

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

## UFO Moviez India Limited

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- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution and banks. The Company does not have any dues to debenture holders or government.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised. The Company has not raised money by way of initial public offer or further public offer (including debt instruments).
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act, where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Act.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

Chartered Accountants

ICAI Firm's Registration Number: 101049W/E300004

### per Govind Ahuja

Partner

Membership Number: 48966

Place: Mumbai

Date: May 17, 2017

## **Annexure 2 to the Independent Auditor's Report of even date on the standalone financial statements of UFO Moviez 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 UFO Moviez India Limited**

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

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

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

### **Auditor's Responsibility**

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

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

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

### **Meaning of Internal Financial Controls Over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

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

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

**per Govind Ahuja**

Partner

Membership Number: 48966

Place of Signature: Mumbai

Date: May 17, 2017

**Balance Sheet as at 31 March 2017**

(In ₹)

	Notes	31 March 2017	31 March 2016
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	276,008,010	274,993,760
Reserves and surplus	4	4,697,939,970	4,139,727,162
		<b>4,973,947,980</b>	<b>4,414,720,922</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	259,836,924	306,458,088
Other long-term liabilities	6	420,758,250	427,147,353
Long-term provisions	8	19,427,516	-
		<b>700,022,690</b>	<b>733,605,441</b>
<b>Current liabilities</b>			
Short-term borrowing	7	3,803	120,925
Trade payables	6	221,670,812	145,690,324
Other current liabilities	6	780,659,283	829,866,542
Short-term provisions	8	33,792,573	133,312,895
		<b>1,036,126,471</b>	<b>1,108,990,686</b>
<b>TOTAL</b>		<b>6,710,097,141</b>	<b>6,257,317,049</b>
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Property, plant and equipment	9	2,041,042,892	2,167,548,928
Intangible assets	9	4,858,807	3,578,973
Capital work-in-progress		67,401,073	69,141,048
Non-current investments	10	2,263,394,019	2,123,394,019
Deferred tax assets (net)	11	275,756,745	217,459,710
Long-term loans and advances	12	294,862,820	346,573,963
Other non-current assets	13	119,000	23,921,898
		<b>4,947,435,356</b>	<b>4,951,618,539</b>
<b>Current assets</b>			
Current investments	14	227,760,914	30,132,824
Inventories	15	62,931,836	77,454,256
Trade receivables	16	1,016,250,060	769,165,257
Cash and bank balances	17	261,196,318	264,975,617
Short-term loans and advances	12	97,983,765	89,226,683
Other current assets	13	96,538,892	74,743,873
		<b>1,762,661,785</b>	<b>1,305,698,510</b>
<b>TOTAL</b>		<b>6,710,097,141</b>	<b>6,257,317,049</b>
<b>Summary of significant accounting policies</b>	<b>2.1</b>		

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

As per our report of even date

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

ICAI Firm Registration No.:101049W / E300004

Chartered Accountants

**per Govind Ahuja**

Partner

Membership No.: 48966

Place of signature: Mumbai

Date: May 17, 2017

For and on behalf of the Board of Directors  
of UFO Moviez India Limited

**Sanjay Gaiwad**

Managing Director

DIN No.: 01001173

**Sameer Chavan**

Company Secretary

Place of signature: Mumbai

Date: May 17, 2017

**Kapil Agarwal**

Joint Managing Director

DIN No.: 00024378

**Ashish Malushte**

Chief Financial Officer

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

(In ₹)

	Notes	31 March 2017	31 March 2016
<b>Income</b>			
Revenue from operations	18	3,861,419,901	3,490,075,255
Other operating Income	19	4,538,724	5,681,461
Other income	20	6,306,681	11,941,564
<b>Total Income (I)</b>		<b>3,872,265,306</b>	<b>3,507,698,280</b>
<b>Expenses</b>			
Operating direct cost	21	1,270,531,830	1,144,918,692
Employee benefit expenses	22	657,049,638	535,147,166
Other expenses	23	659,120,880	555,084,167
<b>Total Expenses (II)</b>		<b>2,586,702,348</b>	<b>2,235,150,025</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA) (I) -(II)</b>		<b>1,285,562,958</b>	<b>1,272,548,255</b>
Depreciation & amortisation expenses	9	614,863,245	587,658,432
Finance cost	24	68,419,105	97,696,319
Finance income	25	(164,977,076)	(137,024,793)
<b>Profit Before Tax</b>		<b>767,257,684</b>	<b>724,218,297</b>
<b>Tax expenses</b>			
Current tax		282,446,682	260,932,643
Deferred Tax		(58,297,034)	(46,567,109)
<b>Total tax expenses</b>		<b>224,149,648</b>	<b>214,365,534</b>
<b>Profit for the year</b>		<b>543,108,036</b>	<b>509,852,763</b>
<b>Earnings per equity share [nominal value of share of ₹ 10/- (31 March 2016: 10/-)]</b>	26		
Basic		<b>19.68</b>	19.46
Diluted		<b>19.67</b>	18.74
<b>Summary of significant accounting policies</b>	<b>2.1</b>		

The accompanying notes are an integral part of the financial statements.  
 As per our report of even date

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

**per Govind Ahuja**  
 Partner  
 Membership No.: 48966

Place of signature: Mumbai  
 Date: May 17, 2017

For and on behalf of the Board of Directors  
 of UFO Moviez India Limited

**Sanjay Gaikwad**  
 Managing Director  
 DIN No.: 01001173

**Sameer Chavan**  
 Company Secretary  
 Place of signature: Mumbai  
 Date: May 17, 2017

**Kapil Agarwal**  
 Joint Managing Director  
 DIN No.: 00024378

**Ashish Malushte**  
 Chief Financial Officer



**Cash flow statement for the year ended 31 March 2017**

(In ₹)

	31 March 2017	31 March 2016
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>767,257,684</b>	<b>724,218,297</b>
<b>Adjustments to reconcile profit before tax to net cash flows</b>		
Depreciation	614,863,245	587,658,432
Unrealised foreign exchange loss (net)	(890,081)	(608,409)
Loss on sale and write off of fixed assets	2,824,551	5,406,825
Bad debts written-off	11,932,881	8,330,603
Provision for doubtful debts	11,034,306	9,523,572
Provision for compensated absences	6,517,234	2,755,729
Provision for gratuity	17,172,234	9,841,431
Sundry credit balances written back	(4,538,724)	(5,681,461)
Profit on sale of current investments (net)	(6,663,879)	(6,234,251)
Dividend income	(127,723,596)	(110,354,591)
Interest income	(30,589,601)	(20,435,951)
Interest expense	64,203,336	93,006,819
<b>Operating profit before working capital changes</b>	<b>1,325,399,590</b>	<b>1,297,427,045</b>
<b>Movements in working capital:</b>		
(Decrease) / Increase in trade payables	75,980,488	(8,948,009)
(Decrease) / Increase in short-term provisions	(23,916,984)	(5,197,567)
(Decrease) / Increase in long-term provisions	19,427,516	-
(Decrease) / Increase in other current liabilities	56,977,678	43,724,941
(Decrease) / Increase in other long-term liabilities	(6,389,103)	(17,720,206)
Decrease / (Increase) in trade receivables	(270,051,990)	(283,467,769)
Decrease / (Increase) in inventories	14,522,420	(14,179,428)
Decrease / (Increase) in short-term loans and advances	(8,757,082)	(72,603,811)
Decrease / (Increase) in other current assets	(17,123,784)	120,716,942
Decrease / (Increase) in long term loans and advances	(47,771,721)	(1,388,997)
<b>Cash generated from operations</b>	<b>1,118,297,028</b>	<b>1,058,363,141</b>
Direct taxes paid (net of refunds)	(189,718,027)	(285,558,188)
<b>Net cash flow from operating activities (A)</b>	<b>928,579,001</b>	<b>772,804,953</b>
<b>Cash flow from / (used in) investing activities</b>		
Purchase of fixed assets including intangible, CWIP and capital advances	(543,644,076)	(428,843,249)
Payment of purchase consideration for purchase of subsidiary shares	(50,000,000)	(151,498,117)
Purchase of shares in subsidiary	(140,000,000)	-
Purchase of current investments	(1,331,500,000)	(1,324,000,000)
Sale/redemption of current investments	1,140,535,789	1,300,101,427
Proceeds from sale of fixed assets	14,285,182	11,026,899
Interest received	25,918,366	18,377,004
Dividend received from Subsidiary	127,723,596	110,354,591
Maturity of bank deposits having original maturity more than 3 months (net)	41,064,424	5,614,376
<b>Net cash flow used in investing activities (B)</b>	<b>(715,616,719)</b>	<b>(458,867,069)</b>

## Cash flow statement for the year ended 31 March 2017

(In ₹)

	31 March 2017	31 March 2016
<b>Cash flow from / (used in) financing activities</b>		
Proceeds from issuance of share capital (including premium)	16,485,240	248,946,423
Proceeds from long term borrowings	607,140,450	240,623,216
Repayment of long term borrowings	(657,975,501)	(526,790,741)
Availment / (repayment) of short term borrowings (net)	(117,122)	110,611
Dividend paid on equity shares	(82,853,562)	(137,263,280)
Tax on dividend paid on equity shares	(16,856,621)	(27,991,130)
Interest paid	(65,302,939)	(96,303,728)
<b>Net cash flow used in financing activities</b>	<b>(199,480,055)</b>	<b>(298,668,629)</b>
<b>Net increase / (decrease) in cash and cash equivalent</b>	<b>(A + B + C)</b>	<b>15,269,255</b>
Cash and cash equivalents at the beginning of the year	78,953,022	63,683,767
<b>Cash and cash equivalents at the end of the year</b>	<b>92,435,249</b>	<b>78,953,022</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	188,207	316,841
Balance with banks:		
- on current accounts	92,064,601	78,402,581
- unpaid dividend account*	182,441	233,600
<b>Cash and cash equivalents [refer note 17]</b>	<b>92,435,249</b>	<b>78,953,022</b>
<b>Summary of significant accounting policies</b>	<b>2.1</b>	

### Notes:

- The above Cash flow statement has been prepared under the "Indirect Method" set out in Accounting Standard (AS-3) "Cash Flow Statements"

\*The company can utilize these balances only toward settlement of the respective unpaid dividend.

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

As per our report of even date

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

**per Govind Ahuja**  
 Partner  
 Membership No.: 48966  
 Place of signature: Mumbai  
 Date: May 17, 2017

For and on behalf of the Board of Directors  
 of UFO Moviez India Limited

**Sanjay Gaikwad**  
 Managing Director  
 DIN No.: 01001173

**Sameer Chavan**  
 Company Secretary

Place of signature: Mumbai  
 Date: May 17, 2017

**Kapil Agarwal**  
 Joint Managing Director  
 DIN No.: 00024378

**Ashish Malushte**  
 Chief Financial Officer

## Notes to financial statements as at and for the year ended 31 March 2017

### 1. Corporate information

UFO Moviez India Limited (the Company) is a public Company domiciled in India and incorporated on June 14, 2004 under the provisions of the Companies Act, 1956. The Company is into the business of providing digital cinema services.

The equity shares of the Company are listed on the National Stock Exchange of India Limited and The BSE Limited.

### 2. Basis of preparation

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

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year except for change in accounting policy explained below:

#### Accounting for Proposed Dividend

Till March 31, 2016, as per the requirements of pre-revised AS 4, the Company used to create a liability for dividend proposed/ declared after the balance sheet date if dividend related to periods covered by the financial statements. For the current year, as per AS 4(R), provision for dividend proposed/ declared after the balance sheet date is not created and is disclosed in notes to the financial statements.

Accordingly, the company has not recorded provision for dividend and disclosed dividend proposed by board of directors after the balance sheet date in Note 41.

Had the company continued with creation of provision for proposed dividend, its surplus in the statement of profit and loss account would have been lower by ₹ 332,196,747/- and short-term provision would have been higher by ₹ 332,196,747/- (including dividend distribution tax of ₹ 56,188,737/-).

### 2.1 Summary of significant accounting policies

#### (a) Use of estimates

The preparation of financial statements in conformity with Indian GAAP 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 accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of Property Plant and equipment which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciate them separately based on their specific useful lives.

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.

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

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.

## Notes to financial statements as at and for the year ended 31 March 2017

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.

From April 01, 2015, based on the provisions of schedule II to the Companies Act 2013, relating to component accounting, the Company has identified and determined cost of each component of the asset separately, if the component has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

As per the transitional provisions of Schedule II, carrying amount of components having zero remaining useful life on 1 April 2015 of ₹ 41,519,692/- (after reducing deferred tax impact of ₹ 21,973,842/-) has been adjusted against the opening reserves as at April 1, 2015 in accordance with the requirement of Schedule II of the Act.

### (c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

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

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

	Useful lives as per management's estimate
Computer Software	6

### (d) 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
Exhibition Equipments	7-10
Plant and Machinery	4-6
Computer	3
Furniture and Fixtures	6
Office Equipment	5
Vehicles	5

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

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

### (e) Impairment of fixed 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.

## Notes to financial statements as at and for the year ended 31 March 2017

### (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 on an operating 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) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

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

### (h) Inventories

Inventories comprise of traded goods, stores and spares 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.

### (i) Revenue recognition

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

#### Income from services

- Virtual print 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.
- Advertisement income is recognized in the period during which advertisement is displayed.
- Income from digitization charges is recognized on rendering of services.
- Digitisation income is recognized in the period in which services are rendered.
- Registration fee is recognized in the period in which services are rendered.
- Lease rental income on equipment is recognised as mentioned in note 2.1(f) above.

#### 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. Sales are recorded net of returns, trade discounts, and value added tax.

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

#### Interest

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

## Notes to financial statements as at and for the year ended 31 March 2017

### Dividends

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

### (j) Foreign currency translation

Foreign currency transactions and balances

#### (i) Initial recognition

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

#### (ii) Conversion

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

#### (iii) Exchange differences

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

### (k) Retirement and other employee benefits

Retirement benefits in the form of provident fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when the 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.

The actuarial valuation is done as per projected unit credit method. The Company has an Employees' Gratuity Fund managed by the Life Insurance Corporation of India.

Actuarial gains/losses are immediately taken to statement of profit and loss and are not deferred.

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

### (l) Income taxes

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

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

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

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



## Notes to financial statements as at and for the year ended 31 March 2017

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

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

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

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

### **(n) Cash and cash equivalents**

Cash and cash equivalents for the 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.

### **(o) Employee stock compensation cost**

Measurement and disclosure of the employee share-based payment plans is done in accordance with the Securities and Exchange Board of India (Share based employee benefits) Regulation 2014 and Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India and in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis. The cumulative expense recognized 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 recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

### **(p) Provisions**

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.

### **(q) Contingent liabilities**

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

## Notes to financial statements as at and for the year ended 31 March 2017

### (r) Borrowing cost

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

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

### (s) Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956 which is equally applicable to schedule III of 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.

### 3. Share capital

(In ₹)

	31 March 2017	31 March 2016
<b>Authorised share capital</b>		
45,000,000 (31 March 2016: 45,000,000) equity shares of ₹ 10/- each	450,000,000	450,000,000
1,385,000 (31 March 2016: 1,385,000) preference shares of ₹ 1,000/- each	1,385,000,000	1,385,000,000
	<b>1,835,000,000</b>	<b>1,835,000,000</b>
<b>Share capital</b>		
<b>Issued, subscribed and fully paid up shares</b>		
27,600,801 (31 March 2016: 27,499,376) equity shares of ₹ 10/- each fully paid-up	276,008,010	274,993,760
<b>Total issued, subscribed and fully paid up share capital</b>	<b>276,008,010</b>	<b>274,993,760</b>

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

Equity shares	31 March 2017		31 March 2016	
	No.	₹	No.	₹
At the beginning of the year	27,499,376	274,993,760	25,897,669	258,976,690
Issued during the year - ESOP exercised	101,425	1,014,250	1,601,707	16,017,070
<b>Outstanding at the end of the year</b>	<b>27,600,801</b>	<b>276,008,010</b>	<b>27,499,376</b>	<b>274,993,760</b>

### (b) Terms/rights attached to equity shares

#### Voting rights:

The Company has only one class of equity shares having per value of ₹ 10/- per share. Each holder of equity shares having a par value of ₹ 10/- per equity share 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. The Company declares and pays dividend in Indian Rupees. During the year ended March 31, 2017, the amount of per share dividend recognised as distributions to equity shareholders is ₹ 10/- (March 31, 2016: 8/-) per share.

## Notes to financial statements as at and for the year ended 31 March 2017

### Rights pertaining to repayment of capital:

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

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

Name of the shareholder	31 March 2017		31 March 2016	
	No.	% holding in the class	No.	% holding in the class
<b>Equity shares of ₹ 10/- each fully paid</b>				
P5 Asia Holding Investments (Mauritius) Limited	5,251,608	19.03	5,251,608	19.10
3i Research (Mauritius) Limited	-	-	2,664,879	9.69
SBI Magnum Global Fund	2,609,456	9.45	2,407,206	8.75
Valuable Technologies Limited	2,243,657	8.13	2,243,657	8.16
Apollo International Limited	2,266,417	8.21	2,266,417	8.24
Reliance Capital Trustee Co Ltd A/c Reliance Media and Entertainment Fund	2,202,739	7.98	1,861,139	6.77
Valuable Media Limited	1,494,265	5.41	1,494,265	5.43

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

### (d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

The Company has issued total 1,703,132 shares (31 March 2016: 1,601,707) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee services.

### (e) Shares reserved for issue under options:

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

## 4. Reserves and surplus

(In ₹)

	31 March 2017	31 March 2016
<b>Securities premium account</b>		
Balance as per last financial statements	3,673,280,224	3,440,350,871
Add: Additions on ESOPs exercised	15,470,990	232,929,353
<b>Closing balance</b>	<b>3,688,751,214</b>	<b>3,673,280,224</b>
<b>Surplus in the statement of profit and loss</b>		
Balance as per last financial statements	466,446,938	262,894,683
Profit for the year	543,108,036	509,852,763
Less: Depreciation adjustment (net of deferred tax) (refer note 2.1(b))	-	(41,519,692)
Less: Appropriation	-	-
Interim dividend on equity shares [per share ₹ Nil (31 March 2016: ₹ 5/-)]	-	(137,496,880)
Dividend distribution tax on interim dividend	-	(27,991,130)
Final dividend on equity shares [per share ₹ Nil (31 March 2016: ₹ 3/-)]	(304,275)	(82,498,128)
Dividend distribution tax on proposed dividend	(61,943)	(16,794,678)
<b>Net surplus in the statement of profit and loss</b>	<b>1,009,188,756</b>	<b>466,446,938</b>
<b>Total reserves and surplus</b>	<b>4,697,939,970</b>	<b>4,139,727,162</b>

## Notes to financial statements as at and for the year ended 31 March 2017

### 5. Long-term borrowings (Secured)

(In ₹)

	Non-Current portion		Current Maturities	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
<b>Term loans</b>				
Rupee loan from banks (secured by first charge on all fixed assets (except vehicles) and all current assets of the Company)				
Term loan 1 from HDFC Bank	-	-	-	4,492,508
Term loan 2 from HDFC Bank	189,589,956	127,924,850	162,505,630	59,042,238
Term loan 3 from Axis Bank	-	-	-	85,416,198
Term loan 4 from Axis Bank	-	102,810,901	-	124,992,000
Term loan 5 from Axis Bank	-	73,917,920	-	56,250,000
Term loan 6 from HDFC Bank	22,355,420	-	56,250,000	-
Term loan 7 from HDFC Bank	9,066,900	-	104,160,000	-
Term loan 8 from Yes Bank	38,824,649	-	8,959,534	-
<b>Sub Total</b>	<b>259,836,924</b>	<b>304,653,671</b>	<b>331,875,164</b>	<b>330,192,944</b>
<b>Other Loans</b>				
Vehicle finance from banks (secured against hypothecation of vehicles)				
Vehicle Loan 1 from Axis Bank Ltd.	-	1,804,417	1,730,107	7,626,214
<b>Sub Total</b>	<b>-</b>	<b>1,804,417</b>	<b>1,730,107</b>	<b>7,626,214</b>
Amount disclosed under the head "other current liabilities" (refer note 6)	-	-	(333,605,271)	(337,819,158)
<b>Net amount</b>	<b>259,836,924</b>	<b>306,458,088</b>	<b>-</b>	<b>-</b>

Term loan 1 having interest of bank base rate plus 2.40% @ 11.70% (March 31, 2016: 11.70%) p.a. is repayable in 31 monthly installments of ₹ 9,000,000/- each along with interest from July 31, 2013.

Term loan 2 having interest of bank base rate plus 1.40% @ 10.70% (March 31, 2016: 10.70%) p.a. is repayable in 42 monthly installments on pro rata basis each along with interest from December 31, 2015.

Term loan 3 having interest of bank base rate plus 1.75% @ 11.25% (March 31, 2016: 11.25%) p.a. is repayable in 48 monthly installments of ₹ 17,083,333/- each along with interest from September 30, 2012.

Term loan 4 having interest of bank base rate plus 1.75% @ 11.25% (March 31, 2016: 11.25%) p.a. is repayable in 48 monthly installments of ₹ 10,416,000/- each along with interest from April 30, 2014. The Company has transferred this loan balance to HDFC bank from October 31, 2016.

Term loan 5 having interest of bank base rate plus 1.75% @ 11.25% (March 31, 2016: 11.25%) p.a. is repayable in 48 monthly installments of ₹ 4,687,500/- each along with interest from December 31, 2014. The Company has transferred this loan balance to HDFC bank from October 31, 2016.

Term loan 6 have interest of bank 1 year MCLR plus 40 bps @ 9.50% (March 31, 2016: Nil) p.a is repayable in 26 monthly installments of ₹ 4,687,500/- each along with interest from October 31, 2016

Term loan 7 have interest of bank 1 year MCLR plus 40 bps @ 9.50% (March 31, 2016: Nil) p.a is repayable in 26 monthly installments of ₹ 10,416,000/- each along with interest from October 31, 2016

Term loan 8 have interest of bank 1 year MCLR i.e. 9.10% (March 31, 2016: Nil) p.a is repayable in 48 monthly installments starting from July 15, 2017

Vehicle Loan 1 having fixed interest rate from 10.15% to 11.80% p.a is repayable in 48 monthly installments.

**Notes to financial statements as at and for the year ended 31 March 2017**
**6. Trade payables and other liabilities**

(In ₹)

	Long-term		Short-term	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Trade payables (refer note 36 for details of dues to micro and small enterprises)	-	-	<b>221,670,812</b>	<b>145,690,324</b>
<b>Other liabilities</b>				
Current maturities of long-term borrowings (refer note 5)	-	-	333,605,271	337,819,158
Interest accrued but not due on borrowings	-	-	5,225,134	6,324,737
Deferred lease rental income	29,022,913	51,861,537	25,177,772	25,256,751
Deferred advertisement income	-	-	8,922,071	13,777,831
Advance from customers	-	-	168,273,712	142,349,923
<b>Investor Education and Protection Fund (refer note (i) below)</b>				
Unpaid dividend	-	-	182,441	233,600
<b>Others</b>				
Deposit from customers and employees	265,141,440	238,733,102	72,091,698	66,060,128
Deposit from related parties (refer note 32)	126,593,897	136,552,714	-	-
Payables for purchase of fixed assets	-	-	27,601,775	72,993,258
Payables for purchase of investments	-	-	24,987,376	74,987,376
Salary and reimbursement payable	-	-	84,554,405	62,171,912
<b>Statutory dues payable</b>				
Employee related liabilities	-	-	5,022,833	4,287,298
VAT payable	-	-	7,746,255	8,768,261
TDS payable	-	-	17,268,541	14,836,309
	<b>420,758,250</b>	<b>427,147,353</b>	<b>780,659,283</b>	<b>829,866,542</b>

(i) There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at March 31, 2017.

**7. Short-term borrowings (secured)**

(In ₹)

	31 March 2017	31 March 2016
Cash credit from Axis bank and HDFC Bank Limited	3,804	120,925
	<b>3,804</b>	<b>120,925</b>

Cash credit from HDFC bank Limited was secured by first charge on current assets of the Company, both present & future. Second Pari passu charge on all the fixed assets of the company except vehicles financed by other lenders. The cash credit was repayable on demand and carries interest @ 10% p.a (March 31, 2016: Nil).

Cash credit from Axis bank was secured by first charge on all the fixed assets of the Company except vehicles and first charge on all the current assets. The cash credit was repayable on demand and carried interest @ 11.50% p.a (March 31, 2016: 12.15% p.a).

**8. Provisions**

(In ₹)

	Long-term		Short-term	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Provision for gratuity (refer note 27)	19,427,516	-	3,262,167	8,269,514
Provision for compensated absences	-	-	30,530,406	25,750,575
Proposed dividend	-	-	-	82,498,128
Dividend distribution tax on proposed dividend	-	-	-	16,794,678
	<b>19,427,516</b>	-	<b>33,792,573</b>	<b>133,312,895</b>

## Notes to financial statements as at and for the year ended 31 March 2017

### 9. Fixed Assets (In ₹)

	Property, plant and equipment							Intangible Assets		
	Leasehold Improvements	Plant & Machinery (Refer Note 29 for Assets given on lease)	Computer Systems	Office Equipments	Furniture & Fixtures	Electrical Equipments & Installations	Vehicles	Total	Computer software	Grand Total
<b>Cost</b>										
<b>At 1 April 2015</b>	16,158,941	4,654,235,530	26,080,322	28,614,080	5,066,908	2,309,808	92,914,810	4,825,380,399	16,191,635	4,841,572,034
Adjustment (Refer note 2.1 (b))	-	124,988,411	-	-	-	-	-	124,988,411	-	124,988,411
Additions	6,088,126	455,718,353	4,782,965	3,645,488	940,752	2,800,435	10,020,767	483,996,886	2,407,716	486,404,602
Disposals	-	52,219,540	30,950	-	-	-	1,008,624	53,259,114	-	53,259,114
<b>At 31 March 2016</b>	<b>22,247,067</b>	<b>4,932,745,932</b>	<b>30,832,337</b>	<b>32,259,568</b>	<b>6,007,660</b>	<b>5,110,243</b>	<b>101,926,953</b>	<b>5,131,129,760</b>	<b>18,599,351</b>	<b>5,149,729,111</b>
Additions	20,686,081	433,741,570	5,641,390	4,472,436	488,950	872,190	38,257,693	504,160,310	2,586,467	506,746,777
Disposals	470,005	44,663,201	5,369,697	1,938,727	681,921	274,153	15,814,638	69,212,342	-	69,212,342
<b>At 31 March 2017</b>	<b>42,463,143</b>	<b>5,321,824,301</b>	<b>31,104,030</b>	<b>34,793,277</b>	<b>5,814,689</b>	<b>5,708,280</b>	<b>124,370,008</b>	<b>5,566,077,728</b>	<b>21,185,818</b>	<b>5,587,263,546</b>
<b>Depreciation/Amortisation</b>										
<b>At 1 April 2015</b>	8,913,627	2,388,686,571	19,593,670	18,672,131	3,036,765	1,370,994	34,857,360	2,475,131,118	14,131,927	2,489,263,045
Adjustment (Refer note 2.1 (b))	-	61,494,877	-	-	-	-	-	61,494,877	-	61,494,877
Charge for the year	4,274,908	551,983,230	4,770,594	5,479,122	1,137,316	491,800	18,633,011	586,769,981	888,451	587,658,432
Disposals	-	35,980,611	30,950	-	-	-	813,829	36,825,390	-	36,825,390
<b>At 31 March 2016</b>	<b>13,188,535</b>	<b>2,843,194,313</b>	<b>24,333,314</b>	<b>24,151,253</b>	<b>4,174,081</b>	<b>1,862,794</b>	<b>52,676,542</b>	<b>2,963,580,832</b>	<b>15,020,378</b>	<b>2,978,601,210</b>
Charge for the year	6,589,315	576,225,605	4,882,466	3,878,500	1,061,163	817,745	20,101,818	613,556,612	1,306,633	614,863,245
Disposals	327,848	31,019,080	5,366,178	1,729,859	659,849	201,797	12,797,997	52,102,608	-	52,102,608
<b>At 31 March 2017</b>	<b>19,450,002</b>	<b>3,388,400,837</b>	<b>23,849,602</b>	<b>26,299,894</b>	<b>4,575,395</b>	<b>2,478,742</b>	<b>59,980,363</b>	<b>3,525,034,835</b>	<b>16,327,011</b>	<b>3,541,361,846</b>
<b>Net Block</b>										
<b>At 31 March 2016</b>	<b>9,058,532</b>	<b>2,089,551,619</b>	<b>6,499,023</b>	<b>8,108,315</b>	<b>1,833,579</b>	<b>3,247,449</b>	<b>49,250,411</b>	<b>2,167,548,928</b>	<b>3,578,973</b>	<b>2,171,127,901</b>
<b>At 31 March 2017</b>	<b>23,013,141</b>	<b>1,933,423,463</b>	<b>7,254,428</b>	<b>8,493,383</b>	<b>1,239,294</b>	<b>3,229,538</b>	<b>64,389,645</b>	<b>2,041,042,892</b>	<b>4,858,807</b>	<b>2,045,901,699</b>



**Notes to financial statements as at and for the year ended 31 March 2017**
**10. Non-current Investments**

(In ₹)

	31 March 2017	31 March 2016
<b>Trade investments (valued at cost unless stated otherwise)</b>		
<b>Unquoted equity instruments</b>		
<b>Investment in subsidiaries</b>		
1,161,972 (March 31, 2016: 1,161,972) ordinary shares of USD 1/- each fully paid, in Edridge Limited, Cyprus (refer note 42 )	573,879,423	573,879,423
10,000 (March 31, 2016: 10,000) ordinary shares of ₹ 10/- each at par, fully paid, in V N Films Private Limited, India. (refer note 42)	100,000	100,000
11,580 (March 31, 2016: 11,580) ordinary shares of ₹ 10/- each fully paid in Valuable Digital Screens Private Limited, India.	49,933,306	49,933,306
701,708 (March 31, 2016: 701,708) ordinary shares of ₹ 10/- each fully paid in Scrabble Entertainment Limited, India	891,851,923	891,851,923
4,298,833 (March 31, 2016: 3,618,716) ordinary shares of ₹ 10/- each fully paid in Southern Digital Screenz India Private Limited, India (refer note 42)	570,160,617	430,160,617
99,600 (March 31, 2016: 99,600) ordinary shares of Nepali Rupee (NPR) 100/- each fully paid, in United Film Organizers Nepal (Private) Limited, Nepal (At cost less provision for other than temporary diminution ₹ 5,000,000/- (March 31, 2016: 5,000,000/-)	1,225,000	1,225,000
<b>Unquoted Preference shares</b>		
<b>Investment in subsidiaries</b>		
59,900 (March 31, 2016: 59,900) ordinary preference shares of NPR 100/- each fully paid, in United Film Organizers Nepal (Private) Limited, Nepal	3,743,750	3,743,750
1,725,000 (March 31, 2016: 1,725,000) 10% optionally convertible preference shares of ₹ 100/- each fully paid, in Southern Digital Screenz India Private Limited, India	172,500,000	172,500,000
	<b>2,263,394,019</b>	<b>2,123,394,019</b>
Aggregate amount of unquoted investments	2,268,394,019	2,128,394,019
Aggregate provision for diminution in value of investments	5,000,000	5,000,000

**11. Deferred tax assets (net)**

(In ₹)

	31 March 2017	31 March 2016
<b>Deferred tax asset</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	241,654,643	193,584,744
Provision for doubtful debts	15,683,694	12,101,294
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	18,418,408	11,773,672
<b>Net deferred tax assets</b>	<b>275,756,745</b>	<b>217,459,710</b>

## Notes to financial statements as at and for the year ended 31 March 2017

### 12. Loan and advances (Unsecured, considered good, unless otherwise stated) (In ₹)

	Long-term		Short-term	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Capital advances	446,550	7,200,759	-	-
Security deposit	7,231,500	6,655,763	35,785,223	35,246,690
Security deposit to related parties (refer note 32)	36,633,230	36,477,049	-	-
Loan to related party (refer note 32 and 44)	36,250,000	36,250,000	-	-
Advances recoverable in cash or kind	-	-	5,350,270	3,352,325
<b>Other loans and advances</b>				
Advance income-tax (net of provision for taxation ₹ 795,335,006/- (March 31, 2016: 512,888,324/-))	117,498,418	210,227,072	-	-
Balance with statutory / government authorities	41,827,329	43,667,071	34,267,735	23,489,568
Deposit with Government bodies and others	4,478,182	3,921,526	-	-
Loans and advances to employees (refer note below)	-	-	2,005,520	13,761,661
Prepaid expenses	50,497,612	2,174,723	19,423,050	13,168,414
Others	-	-	1,151,967	208,025
	<b>294,862,820</b>	<b>346,573,963</b>	<b>97,983,765</b>	<b>89,226,683</b>

### Loans and advances due by officers (In ₹)

	Non- current		Current	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
<b>Loans to employees include</b>				
Dues from officers	-	-	-	4,250,000

### 13. Other assets (unsecured, considered good unless otherwise stated) (In ₹)

	Non-Current		Current	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Non-current bank balances (refer note 17)	119,000	23,921,898	-	-
Unbilled revenue	-	-	84,754,940	67,631,156
Interest accrued on loan to related party (refer note 32)	-	-	11,495,577	6,928,077
Interest accrued but not due on fixed deposit	-	-	288,375	184,640
	<b>119,000</b>	<b>23,921,898</b>	<b>96,538,892</b>	<b>74,743,873</b>

**Notes to financial statements as at and for the year ended 31 March 2017**
**14. Current investments**

(In ₹)

	31 March 2017	31 March 2016
<b>Unquoted mutual funds</b>		
Nil units (March 31, 2016: 12,147.475 units) of Axis treasury advantage fund - (growth option)	-	20,073,771
302,260.15 units (March 31, 2016: Nil units) of Birla Sun Life Floating Rate Fund - (long term plan - direct plan)	60,000,000	-
147,803.801 units (March 31, 2016: Nil units) of Birla Sun Life cash Plus - (growth - direct plan)	38,601,246	-
18,723.98 units (March 31, 2016: 3,369.36 units) of HDFC liquid fund - (direct plan - growth option)	60,022,035	10,059,053
97,175.938 units (March 31, 2016: Nil units) of ICICI Prudential Flexible Income Plan - (direct)	30,000,000	-
162,784.711 units (March 31, 2016: Nil units) of ICICI Prudential Liquid Plan Direct Plan - (growth)	39,137,633	-
	<b>227,760,914</b>	<b>30,132,824</b>

Aggregate market value of investment in unquoted mutual funds units held by Company based on NAV declared on the balance sheet date by mutual fund is ₹ 228,913,628/- (March 31, 2016: 30,531,147/-).

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

(In ₹)

	31 March 2017	31 March 2016
Traded goods (Lamps)	49,709,338	62,164,553
Consumables and spares	13,222,498	15,289,703
	<b>62,931,836</b>	<b>77,454,256</b>

**16. Trade receivables (Unsecured)**

(In ₹)

	31 March 2017	31 March 2016
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
- considered good	142,841,823	142,251,730
- considered doubtful	45,318,116	34,966,753
Provision for doubtful receivables	(45,318,116)	(34,966,753)
	<b>(A) 142,841,823</b>	<b>142,251,730</b>
<b>Others receivables</b>		
- considered good	873,408,237	626,913,527
	<b>(B) 873,408,237</b>	<b>626,913,527</b>
<b>TOTAL</b>	<b>(A + B) 1,016,250,060</b>	<b>769,165,257</b>

**Notes to financial statements as at and for the year ended 31 March 2017**
**17. Cash and bank balances**

(In ₹)

	Non-Current		Current	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
<b>Cash and cash equivalents</b>				
<b>Balances with banks:</b>				
– On current accounts	-	-	92,064,601	78,402,581
– On unpaid dividend account*	-	-	182,441	233,600
Cash on hand	-	-	188,207	316,841
	-	-	<b>92,435,249</b>	<b>78,953,022</b>
<b>Other bank balances</b>				
– Deposits with remaining maturity for less than 12 months	-	-	98,899,137	156,253,689
– Deposits with remaining maturity for more than 12 months	-	5,509,655	-	-
	-	<b>5,509,655</b>	<b>98,899,137</b>	<b>156,253,689</b>
– Margin money deposit with remaining maturity for less than 12 months	-	-	69,861,931	29,768,906
– Margin money deposit with remaining maturity for more than 12 months	119,000	18,412,243	-	-
	<b>119,000</b>	<b>18,412,243</b>	<b>69,861,931</b>	<b>29,768,906</b>
Amount disclosed under non - current assets (refer note 13)	(119,000)	(23,921,898)		
	-	-	<b>261,196,318</b>	<b>264,975,617</b>

**Margin money deposits:**

Margin money deposits are against guarantees given to statutory authorities and are kept under lien with bank for opening of Letter of Credit.

\* The Company can utilize these balances only towards settlement of the respective unpaid dividend.

**18. Revenue from operations**

(In ₹)

	31 March 2017	31 March 2016
<b>Revenue from operations</b>		
<b>Sale of services</b>		
Advertisement revenue	1,769,771,266	1,537,916,626
Virtual Print Fees - E-Cinema	784,729,901	700,970,982
Virtual Print Fees - D-Cinema	257,382,263	237,363,791
Lease rental income - E-Cinema	657,019,479	617,911,136
Lease rental income - D-Cinema	100,895,188	114,259,418
Digitisation income	61,652,063	59,915,625
Registration fees income	6,796,578	6,712,000
	<b>3,638,246,738</b>	<b>3,275,049,578</b>
<b>Sales of products</b>		
Lamp and spares sale	182,058,620	173,887,083
Sale of digital cinema equipments	41,114,543	41,138,594
	<b>223,173,163</b>	<b>215,025,677</b>
	<b>3,861,419,901</b>	<b>3,490,075,255</b>

**Notes to financial statements as at and for the year ended 31 March 2017**
**19. Other operating income** (In ₹)

	31 March 2017	31 March 2016
Sundry balance written back	4,538,724	5,681,461
	<b>4,538,724</b>	<b>5,681,461</b>

**20. Other income** (In ₹)

	31 March 2017	31 March 2016
Miscellaneous income	6,306,681	11,941,564
	<b>6,306,681</b>	<b>11,941,564</b>

**21. Operating direct cost** (In ₹)

	31 March 2017	31 March 2016
Advertisement revenue share	661,655,777	624,978,264
Repair and maintenance - exhibition equipments	119,087,827	76,417,679
Technical service fees	80,745,220	72,176,562
Bandwidth charges	69,672,021	64,859,782
Purchase of digital cinema equipments	23,060,906	28,814,762
Purchase of lamps	152,519,879	174,170,091
Rent on equipments	-	5,170,967
Content processing charges	19,916,823	11,601,988
Virtual print fees sharing	85,000,105	64,164,204
Other expenses	16,255,227	12,674,081
<b>(Increase) / decrease in inventories of traded goods (lamps)</b>		
Inventories at the beginning of the year	62,164,553	46,492,341
Less: Inventories at the end of the year	(49,709,338)	(62,164,553)
	<b>12,455,215</b>	<b>(15,672,212)</b>
<b>Consumables and spares</b>		
Opening stock	15,289,703	16,782,487
Add: purchases	28,095,625	24,069,740
Less: closing stock	(13,222,498)	(15,289,703)
	<b>30,162,830</b>	<b>25,562,524</b>
	<b>1,270,531,830</b>	<b>1,144,918,692</b>

**Details of components and spares consumed** (In ₹)

	31 March 2017	31 March 2016
Projector spares	9,063,196	2,053,060
UPS battery	10,087,535	9,517,573
VSAT spares	7,860,852	9,759,410
Others (individually less than 10%)	3,151,247	4,232,481
	<b>30,162,830</b>	<b>25,562,524</b>

## Notes to financial statements as at and for the year ended 31 March 2017

### Details of inventory

(In ₹)

	31 March 2017	31 March 2016
<b>Consumable and spares</b>		
Paper rolls	2,694,526	2,796,200
VSAT spares	1,320,413	2,468,995
Sigma chip	3,775,742	5,628,368
Others	5,431,817	4,396,140
	<b>13,222,498</b>	<b>15,289,703</b>

### 22. Employee benefit expense

(In ₹)

	31 March 2017	31 March 2016
Salaries and wages	563,163,537	461,507,762
Contribution to provident and other funds	28,256,191	24,408,425
Gratuity expenses (refer note 27)	17,172,234	9,841,431
Compensated absences	6,517,234	2,755,729
Staff welfare expenses	41,940,442	36,633,819
	<b>657,049,638</b>	<b>535,147,166</b>

### 23. Other expenses

(In ₹)

	31 March 2017	31 March 2016
Rent	82,537,993	80,394,831
Freight and forwarding charges	42,852,682	43,067,822
Legal, professional and consultancy charges	89,967,909	67,725,924
Directors sitting fees	7,500,000	7,500,000
Commission on advertisement revenue	156,384,383	118,797,930
Commission on other revenue	15,506,006	17,268,423
Corporate social responsibility expenses (refer note 43)	15,000,000	-
Sales promotion expenses	32,794,325	21,761,364
Electricity charges	17,673,545	15,407,910
Rates and taxes	18,277,693	18,858,820
Payment to auditor (please refer (i) below)	6,943,499	5,897,901
Repairs and maintenance		
- Plant and machinery	132,800	1,575,118
- Furniture and fixtures	885,502	469,179
- Others	17,656,063	17,580,156
Insurance	8,700,039	11,556,381
Travelling and conveyance expenses	51,749,765	39,601,701
Communication and courier expenses	19,462,147	16,693,061
Printing and stationery	5,738,286	5,251,404
Bad debts written-off	12,615,824	
Less: Provision utilised	(682,943)	
Loss on sale and write off of fixed assets (net)	2,824,551	5,406,825
Provision for doubtful debts	11,034,306	9,523,572
Miscellaneous expenses	43,566,505	40,167,973
Foreign exchange loss (net)	-	2,247,269
	<b>659,120,880</b>	<b>555,084,167</b>



**Notes to financial statements as at and for the year ended 31 March 2017**
**(i) Payment to auditor** (In ₹)

	31 March 2017	31 March 2016
<b>As Auditor</b>		
Audit fee	3,600,000	3,500,000
Tax audit fee	350,000	350,000
Limited review	2,400,000	1,500,000
Reimbursement of expenses	143,499	7,900
<b>In other capacity</b>		
Other services (certification fees)	450,000	540,001
	<b>6,943,499</b>	<b>5,897,901</b>

**24. Interest and finance expense** (In ₹)

	31 March 2017	31 March 2016
<b>Interest on</b>		
Term loan	62,961,335	90,956,507
Others	1,242,001	2,050,312
Bank charges	2,465,769	2,189,500
Other borrowing costs	1,750,000	2,500,000
	<b>68,419,105</b>	<b>97,696,319</b>

**25. Finance income** (In ₹)

	31 March 2017	31 March 2016
<b>Interest received</b>		
Bank deposits	16,383,993	15,347,047
Others	14,205,608	5,088,904
Dividend income		
From non-current investments	127,723,596	110,354,591
Profit on sale of current investments (net)	6,663,879	6,234,251
	<b>164,977,076</b>	<b>137,024,793</b>

## Notes to financial statements as at and for the year ended 31 March 2017

### 26. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations: (In ₹)

	31 March 2017	31 March 2016
<b>Basic</b>		
Net profit after tax as per statement of profit and loss for calculation of basic EPS	543,108,036	509,852,763
Weighted average number of equity shares in calculating basic EPS	27,591,909	26,203,587
<b>Earning per share</b>	<b>19.68</b>	<b>19.46</b>
<b>Diluted</b>		
Net profit for calculation of basic EPS	543,108,036	509,852,763
Weighted average number of equity shares in calculating basic EPS	27,591,909	26,203,587
Effect of dilutions on stock options granted under ESOP	5,929	1,000,959
Weighted average number of shares outstanding (including dilution)	27,597,838	27,204,545
<b>Earning per share</b>	<b>19.67</b>	<b>18.74</b>

### 27. Gratuity and other post-employment benefit plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure 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.

#### Net employee benefit expense recognized in the employee cost (In ₹)

	Gratuity	
	31 March 2017	31 March 2016
Current service cost	13,469,548	10,761,092
Interest cost on benefit obligation	3,595,591	3,165,892
Expected return on plan assets	(2,203,405)	(1,686,384)
Net actuarial (gain) / loss recognized in the year	2,310,500	(2,399,169)
<b>Net benefit expense</b>	<b>17,172,234</b>	<b>9,841,431</b>
<b>Actual return on plan assets</b>	<b>1,984,390</b>	<b>1,981,504</b>

#### Balance sheet (In ₹)

Benefit asset/ liability	31 March 2017	31 March 2016
Present value of defined benefit obligation	52,766,816	35,493,761
Fair value of plan assets	30,077,133	27,224,247
<b>Plan liability</b>	<b>22,689,683</b>	<b>8,269,514</b>

**Notes to financial statements as at and for the year ended 31 March 2017**

(In ₹)

<b>Changes in the present value of the defined benefit obligation are as follows:</b>	<b>31 March 2017</b>	<b>31 March 2016</b>
Opening defined benefit obligation	35,493,761	24,228,825
Current service cost	13,469,548	10,761,092
Interest cost	3,595,591	3,165,892
Benefits paid	(2,583,637)	(557,999)
Actuarial (gain) / losses on obligation	2,791,552	(2,104,049)
<b>Closing defined benefit obligation</b>	<b>52,766,815</b>	<b>35,493,761</b>

(In ₹)

<b>Changes in the fair value of plan assets are as follows:</b>	<b>31 March 2017</b>	<b>31 March 2016</b>
Opening fair value of plan assets	27,224,247	21,328,200
Expected return	2,521,320	1,686,384
Contributions by employer	3,114,218	4,472,542
Benefits paid	(2,583,637)	(557,999)
Actuarial gain on plan assets	(199,015)	295,120
<b>Closing fair value of plan assets</b>	<b>30,077,133</b>	<b>27,224,247</b>

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

	<b>Gratuity</b>	
	<b>31 March 2017</b>	<b>31 March 2016</b>
Discount rate	6.70%	7.80%
Expected rate of return on assets	8%	8%
Employee turnover	15%	15%

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to change in the market scenario.

**Amounts for the current year and four years are as follows:**

(In ₹)

<b>Gratuity</b>	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>31 March 2015</b>	<b>31 March 2014</b>	<b>31 March 2013</b>
Defined benefit obligation	52,766,816	35,493,761	22,711,964	17,583,653	13,171,256
Plan assets	30,077,133	27,224,247	21,328,200	16,308,310	9,746,594
Deficit	22,689,683	8,269,514	2,900,625	1,275,343	3,424,662
Experience adjustments on plan liabilities	1,847,833	(2,324,946)	1,312,235	1,379,949	1,532,494
Experience adjustments on plan assets	(219,015)	295,120	-	-	-

The Company expects to contribute ₹ 3,262,167/- to the gratuity fund in the next year (March 31, 2016: 3,116,860/-)

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

<b>Gratuity</b>	<b>31 March 2017</b>	<b>31 March 2016</b>
Investments with insurer	100%	100%

## Notes to financial statements as at and for the year ended 31 March 2017

### 28. Employee stock option plans

During the year ended March 31, 2017, the Company's three equity settled ESOP Schemes viz., ESOP Scheme 2006, ESOP Scheme 2010 and ESOP Scheme 2014 were in existence.

#### Employee Stock Option Scheme 2006 ('ESOP Scheme 2006')

All Options granted under ESOP Scheme 2006 are vested. The Exercise Period of the Options granted under ESOP Scheme 2006 are for the employees while in employment of the Company is within one year from the date on which the shares of the Company get listed on a recognized stock exchange and for the retired employees, termination due to permanent disability, death is within six months from the date of listing of Company's shares with a recognised stock exchange.

The details of activity under the Scheme 2006 are summarised below:

	31 March 2017		31 March 2016	
	Number of Options	Weighted Average Exercise Price (₹)	Number of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	2,736	100.18	211,051	100.18
Granted during the year	-	-	-	-
Exercised during the year	(2,736)	100.18	(208,315)	100.18
Forfeited during the year	-	-	-	-
Outstanding at the end of the year	-	-	2,736	100.18
Exercisable at the end of the year	-	-	2,736	100.18
Weighted average remaining contractual life (in months)	-	-	2	-

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

Out of the options granted, in respect of 82,157 options 25% vest equally over a period of 4 years from the date of grant and in respect of 92,000 options entire options vest at the end of one year from the date of grant.

The Board at its Extra Ordinary General Meeting held on October 24, 2014 approved the modification in vesting period of 82,157 options from being vested equally over a period of 4 years from the date of grant to one year from the date of grant.

The Board at its Extra Ordinary General Meeting held on October 24, 2014 approved the change in exercise period of all vested options under this scheme from two year to one year from the date on which the shares of the Company get listed on a Recognized Stock Exchange in case of the employees in employment of the Company. For the retired employees, termination due to permanent disability, death, all vested options may be exercised within six months from the date of listing of Company's shares with a recognised stock exchange.

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

	31 March 2017		31 March 2016	
	Number of Options	Weighted Average Exercise Price (₹)	Number of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	98,689	164.60	1,503,489	163.74
Granted during the year	-	-	-	-
Exercised during the year	(98,689)	164.26	(1,393,392)	163.71
Forfeited during the year	-	-	(11,408)	165.44
Outstanding at the end of the year	-	-	98,689	164.60
Exercisable at the end of the year	-	-	98,689	164.60
Weighted average remaining contractual life (in months)	-	-	2	-

## Notes to financial statements as at and for the year ended 31 March 2017

### Employee Stock Option Scheme 2014 ('ESOP Scheme 2014'):

The Compensation Committee recommended the new ESOP Scheme 2014 and the Board approved the new ESOP Scheme 2014 at its meeting held on November 11, 2014 and Shareholders approved this ESOP Scheme 2014 at its meeting held on November 20, 2014.

As per the ESOP Scheme 2014, 25% of the options shall vest equally at the end of each year from the date of grant.

### The exercise period of these options is as follows:

- i) For the employees while in employment of the Company: Within a period of two years from the date of Vesting of the respective Employee Stock Options.
- ii) For the retired employees, termination due to permanent disability, death: Within six months from the date of retirement, termination due to physical disability and death respectively.

### The details of activity under the Scheme 2014 are summarised below:

	31 March 2017		31 March 2016	
	Number of Options	Weighted Average Exercise Price (₹)	Number of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	902,070	600	929,750	600
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Forfeited during the year	(48,551)	600	(27,680)	600
Outstanding at the end of the year	853,519	600	902,070	600
Exercisable at the end of the year	426,760	600	225,518	-
Weighted average remaining contractual life (in months)	27		39	

There is no effect of the employee share-based payment plans on the statement of profit and loss and on its financial position.

The Company measures the cost of ESOP using the intrinsic value method. Had the Company used the fair value model to determine compensation, its profit after tax and earning per share reported would have been same as follows:

(In ₹)

	31 March 2017	31 March 2016
Net profit for calculation of basic EPS	543,108,036	509,852,763
Less: Employee stock compensation under fair value method	-	-
<b>Proforma profit</b>	<b>543,108,036</b>	<b>509,852,762</b>
<b>Earnings per share</b>		
<b>Basic</b>		
- As reported	19.68	19.46
- Proforma	19.68	19.46
<b>Diluted</b>		
- As reported	19.68	18.74
- Proforma	19.68	18.74

## Notes to financial statements as at and for the year ended 31 March 2017

### 29. Investments during the previous year

#### (a) Southern Digital Screenz India Private Limited (SDS)

During the year ended March 31, 2017, the Company acquired additional 15.82% stake 680,117 equity shares in Southern Digital Screenz India Private Limited (SDS) from the minority shareholders for ₹ 140,000,000/-. Post this investment, the Company holds 100% of equity share capital of SDS.

### 30. Leases

#### Operating lease: Company as lessee

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

(In ₹)

	31 March 2017	31 March 2016
Lease payments for the year	82,537,993	85,565,798

#### Operating lease commitments – Company as lessor

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

(In ₹)

	31 March 2017	31 March 2016
Gross carrying amount	3,956,443,859	3,669,235,685
Accumulated depreciation	1,781,215,589	1,404,368,301
Depreciation recognized in the statement of profit and loss	457,290,699	429,269,838

### 31. Segment reporting

The Company is engaged in the business of Digital Cinema Services and sale of digital cinema equipments ancillary to sale of services, which are subject to same risk and rewards and the financial statements reflect the result of this business segment, which is the primary segment in accordance with the requirement of Accounting Standard 17 on Segment Reporting. The Company's operations are based in same geographical segment, India.

### 32. Related party disclosure

#### Names of related parties where control exists irrespective of whether transactions have occurred or not

<b>Subsidiaries</b>	Edridge Limited, Cyprus (refer note 42) V N Films Private Limited (refer note 42) Scrabble Entertainment Limited Valuable Digital Screens Private Limited Southern Digital Screenz India Private Limited (refer note 42) United Film Organisers Nepal Private Limited, Nepal
<b>Step-down Subsidiaries</b>	UFO International Limited, Cyprus (refer note 42) Scrabble Entertainment DMCC, UAE UFO Lanka Private Limited, Sri Lanka Scrabble Entertainment (Lebanon) Sarl, Lebanon UFO Software Technologies Private Limited Scrabble Digital Inc., USA



**Notes to financial statements as at and for the year ended 31 March 2017**

	Scrabble Entertainment Mauritius Limited, Mauritius Scrabble Entertainment Israel Limited, Israel* United Film Organisers (UFO) (Mauritius) Private Limited, Mauritius
<b>*Under voluntary liquidation</b>	
<b>Names of other related parties with whom transactions have taken place during the year</b>	
<b>Key management personnel</b>	Mr. Sanjay Gaikwad - Managing Director Mr. Kapil Agarwal - Joint Managing Director Mr. Ashish Malushte - Chief Financial Officer Mr. Rajesh Mishra - Chief Executive Officer Mr. Sameer Chavan - Company Secretary
<b>Relatives of Key management personnel</b>	Ms. Apeksha Agarwal
<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>	
	Media Infotek Park Shree Enterprises Valuable Media Limited Valuable Technologies Limited Valuable Edutainment Private Limited Valuable Infotainment Private Limited Qwik Entertainment India Limited Impact Media Exchange Limited Nifty Portfolio Services Private Limited Advent Fiscal Private Limited
<b>Associate of Subsidiary</b>	Scrabble Digital Limited Mukta VN Films Limited (from April 1, 2016)
<b>Joint venture of Subsidiary</b>	Mukta VN Films Limited (till March 31, 2016)

(In ₹)

Sr. No.	Particulars Nature of Expenses/Name of the Parties	31 March 2017	31 March 2016
<b>1</b>	<b>Subsidiaries Companies</b>		
<b>A</b>	<b>Virtual print fees (Income)</b>		
	i) Southern Digital Screenz India Private Limited	124,462,110	140,828,415
	ii) VN Films Private Limited	8,035	12,548
	iii) Scrabble Entertainment Limited	219,093,322	237,363,790
<b>B</b>	<b>Lease rental income</b>		
	i) Southern Digital Screenz India Private Limited	198,803,712	210,656,210
	ii) Scrabble Entertainment Limited	91,265,928	101,495,378
<b>C</b>	<b>Interest income on loans</b>		
	i) V N Films Private Limited	5,075,000	5,088,904
<b>D</b>	<b>Rent income (Miscellaneous receipts)</b>		
	i) Scrabble Entertainment Limited	444,391	467,527
	ii) Southern Digital Screenz India Private Limited	915,780	345,842

**Notes to financial statements as at and for the year ended 31 March 2017**

(In ₹)

Sr. No.	Particulars Nature of Expenses/Name of the Parties	31 March 2017	31 March 2016
<b>E</b>	<b>Advertisement revenue share (expense)</b>		
i)	Southern Digital Screenz India Private Limited	190,084,796	199,991,649
<b>F</b>	<b>Recovery of expenses</b>		
i)	Southern Digital Screenz India Private Limited	535,054	1,833,734
ii)	Scrabble Entertainment Limited	852,432	413,836
<b>G</b>	<b>Rent paid</b>		
i)	Southern Digital Screenz India Private Limited	1,385,966	1,163,640
ii)	Scrabble Entertainment Limited	835,926	687,520
<b>H</b>	<b>Virtual print fee sharing (expenses)</b>		
i)	Scrabble Entertainment Limited	27,943,883	30,653,558
<b>I</b>	<b>Lease rental expenses</b>		
i)	Scrabble Entertainment Limited	9,054,721	5,427,852
<b>J</b>	<b>Security Deposit received back</b>		
i)	Scrabble Entertainment Limited	10,300,000	14,350,000
<b>K</b>	<b>Security Deposit paid</b>		
i)	Southern Digital Screenz India Private Limited	Nil	497,692
ii)	Scrabble Entertainment Limited	154,392	207,817
<b>L</b>	<b>Security Deposit received</b>		
i)	Southern Digital Screenz India Private Limited	Nil	652,714
ii)	Scrabble Entertainment Limited	156,181	Nil
<b>M</b>	<b>Security Deposit paid back</b>		
i)	Scrabble Entertainment Limited	Nil	200,000
<b>N</b>	<b>Reimbursement of expenses</b>		
i)	Southern Digital Screenz India Private Limited	465,000	Nil
ii)	Scrabble Entertainment Limited	553,000	62,211
<b>O</b>	<b>Sale of equipments and Lamps</b>		
i)	Scrabble Entertainment Limited	8,527	Nil
ii)	Valuable Digital Screens Private Limited	4,521,291	976,054
<b>P</b>	<b>Dividend Income</b>		
i)	Scrabble Entertainment Limited	127,723,596	110,354,591
<b>Q</b>	<b>Corporate Guarantee given on borrowing (Refer Note 34(c))</b>		
i)	Valuable Digital Screens Private Limited	Nil	238,400,000
<b>2</b>	<b>Step-down Subsidiaries</b>		
<b>A</b>	<b>Sale of assets</b>		
i)	Scrabble Entertainment DMCC, UAE	3,591,592	6,822,704
<b>3</b>	<b>Enterprises owned or significantly influenced by Key Management Personnel or their relatives</b>		
<b>A</b>	<b>Expenses reimbursed</b>		
i)	Media Infotek Park	9,301,839	9,513,840
<b>B</b>	<b>Technical services fees (expense)</b>		
i)	Valuable Technologies Limited	80,745,220	72,176,562
<b>C</b>	<b>Operating direct expenses (License fees on 3D movie)</b>		
i)	Valuable Technologies Limited	506	46,229

**Notes to financial statements as at and for the year ended 31 March 2017**

(In ₹)

Sr. No.	Particulars Nature of Expenses/Name of the Parties	31 March 2017	31 March 2016
<b>D</b>	<b>Operating direct expenses (Licensee fees – Impact)</b>		
i)	Impact Media Exchange Limited	7,200,000	7,200,000
<b>E</b>	<b>Licensee fee- (Other income Club X)</b>		
i)	Valuable Media Limited	873,227	1,467,106
<b>F</b>	<b>Rent paid (expense)</b>		
i)	Media Infotek Park	49,005,996	46,198,944
<b>G</b>	<b>Rent income (Miscellaneous receipts)</b>		
i)	Valuable Media Limited	341,465	Nil
ii)	Valuable Edutainment Private Limited	116,412	Nil
iii)	Valuable Infotainment Private Limited	24,420	Nil
<b>H</b>	<b>Consultancy &amp; reimbursement expenses</b>		
i)	Shree Enterprises	569,033	631,600
<b>I</b>	<b>Security Deposit received</b>		
i)	Valuable Media Limited	147,706	Nil
ii)	Valuable Edutainment Private Limited	32,935	Nil
iii)	Valuable Infotainment Private Limited	6,150	Nil
<b>J</b>	<b>Sale of equipments</b>		
i)	Valuable Media Limited	Nil	5,027,180
<b>K</b>	<b>Dividend Paid</b>		
i)	Valuable Media Limited	4,482,795	7,471,325
ii)	Valuable Technologies Limited	6,730,971	11,218,285
iii)	Nifty Portfolio Services Private Limited	1,626,408	2,710,680
iv)	Advent Fiscal Private Limited	2,211,546	3,685,910
<b>4</b>	<b>Associates of Subsidiary</b>		
<b>A</b>	<b>Content processing charges (expenses)</b>		
i)	Scrabble Digital Limited	12,858,000	5,895,000
<b>5</b>	<b>Key managerial personnel and their relatives</b>		
<b>A</b>	<b>Remuneration to key managerial personnel</b>		
i)	Mr. Sanjay Gaikwad	32,500,000	25,000,000
ii)	Mr. Kapil Agarwal	32,500,000	25,000,000
iii)	Mr. Ashish Malushte	10,514,570	7,676,512
iv)	Mr. Rajesh Mishra	13,622,049	7,744,896
v)	Mr. Sameer Chavan	1,795,203	2,424,986
<b>B</b>	<b>Remuneration to relatives of key managerial personnel</b>		
i)	Ms. Apeksha Agarwal	Nil	768,576
<b>C</b>	<b>Salary advance to key managerial personnel</b>		
i)	Mr. Ashish Malushte	Nil	1,600,000
ii)	Mr. Rajesh Mishra	Nil	2,650,000

**Notes to financial statements as at and for the year ended 31 March 2017**

(In ₹)

Sr. No.	Particulars Nature of Expenses/Name of the Parties	31 March 2017	31 March 2016
<b>D</b>	<b>Dividend paid to key managerial personnel</b>		
i)	Mr. Sanjay Gaikwad	791,391	1,318,985
ii)	Mr. Kapil Agarwal	1,118,082	1,863,470
iii)	Mr. Ashish Malushte	55,272	217,120
iv)	Mr. Rajesh Mishra	85,947	285,745

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

**Balance outstanding at the year end.**

(In ₹)

Sr. No.	Particulars	31 March 2017	31 March 2016
<b>1</b>	<b>Subsidiaries Companies</b>		
<b>A</b>	<b>Loan given</b>		
i)	V N Films Private Limited	36,250,000	36,250,000
<b>B</b>	<b>Trade receivables</b>		
i)	Southern Digital Screenz India Private Limited	10,527,474	Nil
ii)	Valuable Digital Screens Private Limited	6,067,543	1,005,717
iii)	Scrabble Entertainment Limited	13,946,279	Nil
<b>C</b>	<b>Advance from Customers</b>		
i)	Southern Digital Screenz India Private Limited	Nil	10,411,433
ii)	V N Films Private Limited	Nil	4,689
iii)	Scrabble Entertainment Limited	Nil	8,636,220
<b>D</b>	<b>Deposit receivable</b>		
i)	Southern Digital Screenz India Private Limited	497,692	497,692
ii)	Scrabble Entertainment Limited	363,998	207,817
<b>E</b>	<b>Deposit payable</b>		
i)	Scrabble Entertainment Limited	125,754,392	135,900,000
ii)	Southern Digital Screenz India Private Limited	652,714	652,714
<b>F</b>	<b>Interest accrued on loans</b>		
i)	V N Film Private Limited	11,495,577	6,928,077
<b>G</b>	<b>Unbilled revenue</b>		
i)	Scrabble Entertainment Limited	44,412,012	51,155,898
ii)	Southern Digital Screenz India Private Limited	330,007	Nil
<b>H</b>	<b>Provision for expenses</b>		
i)	Southern Digital Screenz India Private Limited	Nil	Nil
<b>I</b>	<b>Corporate guarantee given to bank for borrowing (Refer Note 34(c))</b>		
i)	Valuable Digital Screens Private Limited	238,400,000	238,400,000

**Notes to financial statements as at and for the year ended 31 March 2017**

Sr. No.	Particulars	31 March 2017	31 March 2016
<b>2</b>	<b>Enterprises owned or significantly influenced by Key Management Personnel or their relatives</b>		
<b>A</b>	<b>Amount receivable</b>		
i)	Valuable Media Limited	677,856	123,249
ii)	Valuable Infotainment Private Limited	34,233	Nil
iii)	Valuable Edutainment Private Limited	166,810	Nil
<b>B</b>	<b>Deposit receivable</b>		
i)	Media infotek Park	35,771,540	35,771,540
<b>C</b>	<b>Deposit payable</b>		
i)	Valuable Media Limited	147,706	Nil
ii)	Valuable Infotainment Private Limited	6,150	Nil
iii)	Valuable Edutainment Private Limited	32,935	Nil
<b>D</b>	<b>Trade Receivables</b>		
i)	Qwik Entertainment India Limited	496,397	496,397
<b>E</b>	<b>Bank guarantee given (Refer Note 34 (b))</b>		
i)	Impact Media Exchange Limited	10,000,000	10,000,000
<b>3</b>	<b>Key management personnel</b>		
<b>A</b>	<b>Salary advance receivable</b>		
i)	Mr. Ashish Malushte	Nil	1,600,000
ii)	Mr. Rajesh Mishra	Nil	2,650,000
<b>4</b>	<b>Associates of Subsidiary</b>		
<b>A</b>	<b>Corporate guarantee given to bank for borrowing (Refer Note 34 (a))</b>		
i)	Mukta V N Films Limited	30,000,000	70,000,000
<b>B</b>	<b>Amount Payable</b>		
i)	Scrabble Digital Limited	6,936,300	Nil
<b>C</b>	<b>Provision for expenses</b>		
i)	Scrabble Digital Limited	1,413,000	Nil

**33. Capital and other commitments**

(In ₹)

	31 March 2017	31 March 2016
Capital commitments (estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances))	65,522,907	92,222,205
Other commitments	37,143,726	19,961,481
	<b>102,666,634</b>	<b>112,183,686</b>

- a) As at March 31, 2017, the Company holds 11,580 equity shares representing 80% of equity share capital of VDSPL for a consideration of ₹ 44,006,316/-. The Company also incurred ₹ 5,926,990/- towards acquisition cost of this Investment. The Company will acquire the remaining 20% equity of VDSPL from Valuable Technologies Limited in the financial year 2017-18 for a further consideration to be calculated in accordance with the terms of the investment agreement.

## Notes to financial statements as at and for the year ended 31 March 2017

### 34. Contingent liabilities

(In ₹)

	31 March 2017	31 March 2016
Corporate Guarantee (refer note a)	30,000,000	70,000,000
Corporate Guarantee (refer note b)	10,000,000	10,000,000
Corporate Guarantee (refer note c)	109,678,911	150,821,646
<b>Pending litigations / matters (refer note f)</b>		
<b>(i) In respect of Income Tax matters</b>		
Income Tax matters	5,787,019	6,240,033
<b>(ii) In respect of Indirect Tax matters</b>		
Service Tax matters (refer note e)	220,111,033	220,111,033
VAT matters	4,775,215	4,775,215
	<b>380,352,178</b>	<b>461,947,927</b>

#### Notes:

- a) As at March 31, 2017, the Company has provided Corporate guarantee to bank for Overdraft facility of ₹ 70,000,000/- taken by Mukta VN Films Limited, associate of subsidiary (March 31, 2016: Mukta VN Films Limited, Joint venture). Subsequently to the year ended March 31, 2017 the corporate guarantee has been reduced to ₹ 30,000,000/-. The outstanding balance of this facility is ₹ 61,454,301/- at March 31, 2017 (March 31, 2016: 70,000,000/-) assuring that it will take all necessary steps so that the repayment of the loan is honored as and when due and payable.
- b) As at March 31, 2017, the Company has provided bank guarantee of ₹ 10,000,000/- to Chief Secretary, Revenue Department, Government of Maharashtra on behalf of Impact Exchange Media Private Limited, for declaring it as approved satellite based computer ticketing system provider in Maharashtra in connection with the business of operating satellite based ticketing system managed by the Company.
- c) The Company has provided Corporate guarantee to bank for Term Loan and Cash Credit facility of ₹ 238,400,000/- taken by subsidiary assuring that it will take all necessary steps so that the repayment of the loan is honored as and when due and payable. The outstanding term loan of the subsidiary Company as on March 31, 2017 is ₹ 109,678,911/- (March 31, 2016: 165,677,182/-)
- d) The Company has issued a letter of comfort to a bank for term loan of ₹ 300,000,000/- (March 31, 2016: 300,000,000/-) and cash credit facility of ₹ 30,000,000/- (March 31, 2016: 30,000,000/-) taken by subsidiary company, assuring that it will take all necessary steps so that the repayment of the loan by the subsidiary is honored as and when due and payable. The outstanding term loan of subsidiary company as on March 31, 2017 is ₹ 29,499,961/- (March 31, 2016: 135,499,860/-)
- e) During the year ended March 31, 2016, the Company has received an order from the Commissioner of Service Tax Mumbai ('the Order') which includes demand for following matters aggregating to ₹ 466,543,240/-, excluding interest and penalty, which was subject matter of show cause notice from service tax authorities in the year ended March 31, 2016.
  - i) ₹ 246,432,207/-, excluding interest and penalty, for service tax on rentals from leasing of Digital Cinema Equipments for the period April 2008 to March 2014. Based on legal opinion obtained, the Company believes that the lease rental revenues are subject to state-wise Value Added Tax which the Company is paying since the beginning of operations. Accordingly, the Company believes that its position will likely be upheld in the appellate process and that it is unlikely that the liability will arise to the Company out of this matter.
  - ii) ₹ 220,111,033/-, excluding interest and penalty, on account of disallowance of CENVAT Credit on Capital Goods (Digital Cinema Equipments) claimed by the Company for the period April 2008 to March 2014 as the possession of the equipments is not with the Company. Based on legal opinion obtained, the Company is of the view that these equipments are used for providing taxable output services and hence should be entitled to avail CENVAT credit and is therefore contesting this demand. The Company believes that its position is likely to be upheld in the appellate process and accordingly no provision has been considered necessary in these financial Statements.



## Notes to financial statements as at and for the year ended 31 March 2017

- f) The Company is contesting the demand/matter relating to pending litigations listed above and the management, including its tax advisors, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

### 35. Particulars of unhedged foreign currency exposure at the reporting date (In ₹)

Particulars of un-hedged exposure	31 March 2017	31 March 2016
Import trade payable (USD)	₹ 32,158,033 (USD 495,960 @ Closing rate of 1 USD = ₹ 64.84)	₹ 63,444,553 (USD 956,457 @ Closing rate of 1 USD = ₹ 66.33)
Advance to suppliers(USD)	₹ 34,689 (USD 535 @ Closing rate of 1 USD = ₹ 64.84)	₹ 522,040 (USD 7,870 @ Closing rate of 1 USD = ₹ 66.33)
Import trade receivables(USD)	Nil	₹ 2,322 (USD 35 @ Closing rate of 1 USD = ₹ 66.33)

### 36. 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.

### 37. Value of imports calculated on CIF basis (In ₹)

	31 March 2017	31 March 2016
Traded goods (lamp)	161,954,745	170,077,765
Consumable, stores and spares	18,660,759	2,857,010
Capital goods	372,269,444	371,262,353
	<b>552,884,948</b>	<b>544,197,128</b>

### 38. Expenditure in foreign currency (accrual basis) (In ₹)

	31 March 2017	31 March 2016
Equipment maintenace charges	20,535,600	9,112,426
Foreign travel expenses	7,276,204	2,698,561
Others	1,578,620	Nil
	<b>29,390,424</b>	<b>11,810,987</b>

### 39. Imported and indigenous raw materials, components and spare parts consumed

	31 March 2017		31 March 2016	
	% of total consumption	Value (In ₹)	% of total consumption	Value (In ₹)
<b>Components</b>				
Imported	89	174,038,293	87	160,270,996
Indigenously obtained	11	21,099,631	13	23,789,407
	<b>100</b>	<b>195,137,924</b>	<b>100</b>	<b>184,060,403</b>

## Notes to financial statements as at and for the year ended 31 March 2017

### 40. Earnings in foreign currency (accrual basis)

(In ₹)

	31 March 2017	31 March 2016
Exports at C.I.F. value	3,591,592	6,822,704
	<b>3,591,592</b>	<b>6,822,704</b>

41. In June 2016, the Company had filed applications with the Central Government for the waiver of excess managerial remuneration of ₹ 1,583 lakhs determined to be in excess of the limits specified under section 197 read with schedule V of the Companies Act, 2013 for the year ended March 31, 2016, resulting due to the inclusion of perquisite value of employees stock options (ESOPs) as determined as per Income Tax Act, 1961 (difference between the exercise price of the employee stock options and the market price of the shares on the date of exercise of the options) in managerial remuneration. These ESOPs were exercised by the managing and joint managing director during the year ended March 31, 2016.

Based on legal opinion obtained by the management in May 2017, the Company believes that granting of ESOPs (and exercise thereof) did not involve a cash payment by the Company to the managing directors and no expense was required to be provided in the Company's profit and loss account in any financial year relating to the period of vesting. Since, IT value of perquisites is not paid or payable by the Company, it cannot be considered as managerial remuneration as per the provisions of section 197 read with schedule V of the Companies Act, 2013. Accordingly, the Company is in compliance with section 197 of the Companies Act, 2013 for the year ended March 31, 2016. Subsequent to year end, the Company withdrew the application filed with the Central Government. Accordingly, no adjustments have been made to the financial statements for the year ended March 31, 2017.

42. On July 26, 2016, the Board of Directors of the Company approved the Composite Scheme of Arrangement for the amalgamation of its wholly owned subsidiaries including step down subsidiaries namely Southern Digital Screenz India Private Limited (SDS), V N Films Private Limited (VNFPL), Edridge Limited (EL) and UFO International Limited (UIL) with the Company, subject to all the necessary statutory / regulatory approvals ('the Scheme'). The appointed date for the amalgamation for VNFPL, EL and UIL is April 01, 2016 and for SDS, the appointed date is July 01, 2016. The Company 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, the Company filed the Scheme with National Company Law Tribunal (NCLT) on January 19, 2017. The shareholders of the Company approved the Scheme at the court convened meeting held on January 16, 2017.

The Scheme is conditional upon and subject to the following:

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

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

### 43. 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:

Particulars	31 March 2017	31 March 2016
Gross amount required to be spent	9,609,582	7,582,823
Spent during the year towards advertisement activity, (towards Swatch Bharat Abhiyan)	15,000,000	-
Balance unspent during the year	-	7,582,823

## Notes to financial statements as at and for the year ended 31 March 2017

### 44. Loans and advances in the nature of loans given to subsidiaries in which directors are interested

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

(In ₹)						
Sr. No.	Name of the loanee	Purpose	Rate of Interest	Terms	31 March 2017	31 March 2016
1	V N Films Private Limited	Working capital and / or capital expenditure and / or general corporate purpose	14%	Repayable on demand	36,250,000	36,250,000
					<b>36,250,000</b>	<b>36,250,000</b>

### 45. Disclosure on Specified Bank Notes (SBNs):

As per requirement of the MCA notification G.S.R. 308(E) dated 31st March, 2017 on the details of Specified Bank Notes (SBN) and other notes held and transacted during the period from November 8, 2016 to December 30, 2016, is given below:

(In ₹)

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	405,500	2,508	408,008
(+) Permitted receipts	-	711,587	711,587
(-) Permitted payments	-	562,567	562,567
(-) Amount deposited in Bank	405,500	2,550	408,050
<b>Closing cash in hand as on December 30, 2016</b>	-	148,978	148,978

### 46. Events subsequent to balance sheet date

#### (a) Proposed dividend

The Board proposed dividend on equity shares as follows, subject to approval by the members in Annual General Meeting.

(In ₹)

Particulars	31 March 2017	31 March 2016
Proposed dividend on equity shares for the year ended on 31 March 2017: ₹ 10/- per share (31 March 2016: 3/- per share)	276,008,010	82,498,128
Dividend distribution tax on proposed dividend	56,188,737	16,794,678
	<b>332,196,747</b>	<b>99,292,806</b>

- (b) On May 17, 2017, the Board of Directors have approved the acquisition of 66,609 equity shares of Scrabble Entertainment Limited (SEL), a subsidiary of the Company, from the other equity shareholders of SEL for a total consideration of ₹ 145,340,838/-. This acquisition is likely to be completed in the quarter ended June 30, 2017, consequent to which SEL will become a wholly owned subsidiary.

### 47. Previous year figures have been regrouped / reclassified, where necessary, to conform to current year classification.

As per our report of even date

**For S.R. Batliboi & Associates LLP**  
ICAI Firm Registration No.:101049W / E300004  
Chartered Accountants  
**per Govind Ahuja**  
Partner  
Membership No.: 48966

For and on behalf of the Board of Directors  
of UFO Moviez India Limited

**Sanjay Gaikwad**  
Managing Director  
DIN No.: 01001173

**Kapil Agarwal**  
Joint Managing Director  
DIN No.: 00024378

**Sameer Chavan**  
Company Secretary

**Ashish Malushte**  
Chief Financial Officer

Place of signature: Mumbai  
Date: May 17, 2017



## UFO MOVIEZ INDIA LIMITED

(CIN: L22120MH2004PLC285453)

**Registered and Corporate Office:** Valuable Techno Park, Plot No. 53/1, Road No. 7, MIDC, Marol, Andheri (East),  
Mumbai – 400 093, India

**Phone:** +91 (22) 4030 5060 **Fax:** +91 (22) 4030 5110

**Email:** investors@ufomoviez.com **Website:** www.ufomoviez.com

### ATTENDANCE SLIP

**13<sup>TH</sup> ANNUAL GENERAL MEETING ON SEPTEMBER 26, 2017**

(To be signed and handed over at the entrance of the meeting venue)

I / We hereby record my / our presence at the 13<sup>th</sup> Annual General Meeting of the Company on Tuesday, September 26, 2017 at 11.00 a.m. at Emerald Hall, Kohinoor Continental, Andheri-Kurla Road, JB Nagar, Andheri (East), Mumbai- 400 059.

\_\_\_\_\_  
Signature of 1<sup>st</sup> Holder

\_\_\_\_\_  
Signature of 2<sup>nd</sup> Holder

\_\_\_\_\_  
Signature of 3<sup>rd</sup> Holder

**Note:**

1. Please complete the Folio / DP ID-Client ID No. and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the entrance of the Meeting Venue. Attendance Slips shall also be issued at the Venue.
2. Electronic copy of the Annual Report for the year ended March 31, 2017 and Notice of the Annual General Meeting (AGM) alongwith Attendance Slip and Proxy Form is being sent to all the members whose email address is registered with the Company / Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
3. Physical copy of the Annual Report for the year ended March 31, 2017 and Notice of the Annual General Meeting alongwith Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose e-mail Id is not registered

#### ELECTRONIC VOTING PARTICULARS

EVEN (Electronic Voting Event Number)	User ID	Password / PIN

Note: Please read the instructions for remote e-voting given alongwith Annual Report. The remote e-voting period starts from September 21, 2017 (9.00 a.m.) and ends on September 25, 2017 (5.00 p.m.). The e-voting module shall be disabled by Karvy upon expiry of aforesaid period.





## UFO MOVIEZ INDIA LIMITED

(CIN: L22120MH2004PLC285453)

**Registered and Corporate Office:** Valuable Techno Park, Plot No. 53/1, Road No. 7, MIDC, Marol, Andheri (East),  
Mumbai – 400 093, India

**Phone:** +91 (22) 4030 5060 **Fax:** +91 (22) 4030 5110

**Email:** investors@ufomoviez.com **Website:** www.ufomoviez.com

### PROXY FORM

[Pursuant to Section 105(6) of Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s): .....

Registered address: .....

E-mail Id: .....

Folio No./ DP ID No.: ..... Client Id No.: .....

I / We, being the member(s) of ..... Equity Shares of UFO Moviez India Limited, hereby appoint.

- (1) Name ..... Address .....  
Email Id: ..... Signature .....or failing him/her;
- (2) Name ..... Address .....  
Email Id: ..... Signature .....or failing him/her;
- (3) Name ..... Address .....  
Email Id: ..... Signature .....

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the Annual General Meeting of the Company, to be held on Tuesday, September 26, 2017 at 11.00 a.m. at Emerald Hall, Kohinoor Continental, Andheri-Kurla Road, JB Nagar, Andheri (East), Mumbai- 400 059 and at any adjournment thereof, in respect of such resolutions set out in the Notice convening the meeting, as are indicated below:

Sr. No.	Resolutions
1.	To consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2017 and the Reports of the Board of Directors and Auditors thereon.
2.	To declare a dividend of ₹ 10 per equity share.
3.	To appoint a Director in place of Mr. Ameya Hete (DIN No. 01645102), who retires by rotation, and being eligible, offers himself for re-appointment.
4.	To appoint S.R. Batliboi & Associates LLP, Chartered Accountants, Mumbai (Firm Registration No. 101049W) as Statutory Auditors of the Company for the Company's financial year ending March 31, 2018 to hold office from the conclusion of ensuing Annual General Meeting (AGM) until the conclusion of next AGM of the Company subject to the provisions of the Companies Act, 2013 and to authorise the Board to fix their remuneration.
5.	Re-appointment of Mr. Sanjeev Aga (DIN: 00022065) as an Independent Director.
6.	Re-appointment of Ms. Lynn de Souza (DIN: 01419138) as an Independent Director
7.	Re-appointment of Mr. S. Madhavan (DIN: 06451889) as an Independent Director
8.	Approval of the fees for delivery of documents through specific mode of delivery on request of the member(s).

Signed this .....day of ..... 2017

Signature of shareholder .....

Signature of Proxy holder(s) .....

Affix  
₹1/-  
Revenue  
stamp

#### Note:

This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the Meeting.















*If undelivered, please return to:*

**UFO MOVIEZ INDIA LIMITED**

Valuable Techno Park

Plot No.53/1, Road No.7,

MIDC, Marol, Andheri (East),

Mumbai - 400093

Tel: +91 22 4030 5060