



MUKTA ARTS LIMITED

ANNUAL REPORT | 2020

Entertainment
Education
Exhibition



Bhilai Cinema



Rahul Puri with Motion Picture Producers and Distributors of America Chairman and CEO- Charles Rivkin



BOARD OF DIRECTORS

Mr. Subhash Ghai
Executive Chairman
DIN: 00019803

Mr. Rahul Puri
Managing Director
DIN: 01925045

Mr. Parvez A. Farooqui
Non-Executive Director
DIN: 00019853

Mr. Kewal Handa
Independent Director
DIN: 00056826

Ms. Paulomi Dhawan
Independent Director
DIN: 01574580

Mr. Manmohan Shetty
Independent Director
DIN: 00013961

Chief Financial Officer
Mr. Prabuddha Dasgupta

Company Secretary & Compliance Officer
Ms. Monika Mrugank Shah

Statutory Auditors
M/s. Uttam Abuwala Ghosh & Associates

Internal Auditors
M/s Garg Devendra & Associates

Secretarial Auditors
K. C. Nevatia & Associates, Company Secretaries

Bankers
YES Bank Limited
Kotak Mahindra Bank

Registrar & Transfer Agents
Link Intime India Private Limited
C 101, 247 Park,
L B S Marg, Vikhroli West,
Mumbai 400 083
Tel No: +91 22 49186000 Fax: +91 22 49186060

Registered Office
Mukta House, 3rd Floor,
Behind Whistling Woods Institute,
Filmcity Complex, Goregaon (East),
Mumbai- 400065

CONTENTS	
Performance at a glance	2
Chairman's Statement	3
Management Discussion & Analysis	5
Notice	7
Board's Report	20
Corporate Governance Report	44
FINANCIALS	
Mukta Arts Limited	57
Consolidated Financials of Mukta Arts Limited & its Subsidiaries	106

MUKTA ARTS LIMITED

PERFORMANCE

Performance at a glance

Rupees in millions

	Year ended 31st March 2020	Year ended 31st March 2019	Year ended 31st March 2018	Year ended 31st March 2017	Year ended 31st March 2016
Revenue from operations	216.08	196.72	115.00	593.29	561.35
Other Income	109.76	112.70	144.75	120.83	57.05
TOTAL INCOME	325.84	309.42	259.75	714.12	618.40
Profit/(Loss) before Interest,					
Depreciation and Tax	137.40	140.38	113.16	157.53	102.81
Depreciation	23.16	24.66	27.15	70.48	61.69
Interest	68.93	59.70	68.49	63.41	58.65
Profit/(Loss) before Tax	45.31	56.02	17.52	23.64	(17.53)
Profit/(Loss) after Tax	51.73	38.81	14.92	12.42	(19.05)
Dividend	28.23	-	-	-	-
Dividend Rate	25%	-	-	-	-
Gross Fixed Assets	767.55	743.21	749.23	1,740.31	1,926.81
Net Fixed Assets	301.68	300.51	329.78	395.54	515.73
Total Assets	2,193.32	2,130.25	2,064.32	2,036.67	1,913.92
Equity Share Capital	112.93	112.93	112.93	112.93	112.92
Reserves and Surplus	1,295.61	1,301.69	1,265.20	1,250.28	986.95
Net Worth	1,408.54	1,414.62	1,378.13	1,363.22	1,099.87
Earnings per Share (EPS)					
<i>In Rupees</i>					
EPS Basic	2.23	1.62	0.66	0.52	(0.84)
EPS Adjusted to Rs. 5	2.23	1.62	0.66	0.52	(0.84)



Chairman's Statement 2020

The last few months has seen the whole world go through something completely unprecedented. Never in human history have we seen entire cities, countries and the global economy closed down for a period of time to seemingly send the world into recession. While at a time like this, it is rational to think about the performance of companies and the health of your business, we must pause and spare a thought for all those people affected by this crisis and think for a while about the people who have lost so much more than notional things like profit.



We must also have huge gratitude for the first responders - doctors, nurses and emergency services fighting this terrible virus and constantly thank them for their unflinching dedication during these times where many of us have had the luxury of staying safe at home. On behalf of Mukta Arts and all our stakeholders, I would like to thank our front line workers for everything they have done for us in this time. The world will recover from this and businesses will return to a sense of normality, but the sacrifice of these people must never be underestimated.

With that said, it has been a challenging situation for the company and the entire economy but the effects of COVID 19 will be seen in the next financial year as our cinema operations were only affected by it in the last fifteen days of this financial year. Clearly 2020-21 will be an extra-ordinary year for all companies and we will certainly not escape being in two sectors - education and exhibition, that have still not reopened. Perhaps at this stage, quoting the latest FICCI report on the health of the industry doesn't make a-lot of sense as the pandemic will have changed so many of those assumptions about how the industry as a whole and individual sectors will grow. Needless to say that a strong new normal will emerge, led by digital first entertainment which can target customers in a specific and focussed way.

For the company in the year gone by, Mukta A2 Cinemas continued to open properties, even in challenging circumstances. We opened two theatres in Mumbai - Roxy and Orion and added another in Bhilai. Our performance in the exhibition space struggled overall because of many one-time maintenance costs that were expensed to ensure that the longevity of some of the properties was stretched out. Mukta A2 Cinemas is now almost a decade old and some of the older properties need constant renovation to keep pace with the competition. This is something to factor into the years ahead. To offset this, our new advertising deal with UFO has helped to bring additional value to the business in the form of highly profitable advertising revenues. All in all, the theatrical space had a mixed year overall, improving toward the end of the year before the virus left all theatres closed.

In Bahrain, Mukta A2 has rolled out two new initiatives. Partnering with the Dana Mall, Mukta A2 has taken a management contract for their 10 screens' renovation and management once the theatre becomes operational which will add significantly to the profitability of that business. Mukta A2 also partnered Pico on the roll out of Bahrain's first Drive-in Theatre as a response to the pandemic. The theatre opened in July and has started extremely well.

Mukta Arts completed its production of the Marathi film 'Vijeta'. Sadly the film released the very day that cinemas in Maharashtra were closed due to the pandemic. The film received some stellar reviews and we remain confident of it striking at the box office when cinemas are allowed to reopen. Of course we have been approached by OTT services for a digital release but as yet, we want to test the theatrical waters for a film that was created for viewing on the big screen.

Additionally the company did a good deal for its Marathi film catalogue with Sony. Cash flows and revenues from the Hindi library deal with Zee and the Tips Music library deal came in to boost the numbers. In a significant saving, the company shifted its long term borrowing from India Bulls to LICHF. This will bring an interest saving of over 3% annually for us which helps the cash flow in these difficult times.

Whistling Woods International has continued its solid recent success. In July of 2019 we took in over 450 new students across all programs and rolled out our first set of students in the Virtual Academy course - the

MUKTA ARTS LIMITED

online learning platform of WWI. The institute saw many significant achievements but hugely important was our Head of Screenwriting - Mr Anjum Rajabali - winning the CILECT Teaching Prize for his work as a teacher of screenwriting. This most prestigious award is an example of how WWI FICCI Higher Education Award in the Creative and Performing Arts category.



The institute also reacted extremely quickly to the COVID situation and where other institutions have struggled with online classes and examinations, WWI held its classes, completed its curriculum and held the exams without any significant hiccup. Additionally, where many other institutes struggled with online admission, WWI has seen its admission numbers be more or less similar to last year even in these unprecedented times.

The Government of India has approved the new National Educational policy based on the recommendations of the Kasturirangan Committee. We expect that this would create a more favourable environment for Higher Technical Institutes like ours. Whistling Woods can hope in due course to be able to award degrees as an independent Institute or even move into a University status probably under the State Governments proposed legislation for Private Skills University. The NEP also allows leading international Educational Brands to set base in India. We are hoping that in due course this may throw up opportunities for Centres of Excellence like ours and allow synergetic collaborations.



Our WWI alumni continue to do us so proud. WWI graduated over 350 new students into the industry in the January convocation and many were already working gainfully in the industry with our older alumni. That network is now extremely strong - over 2500 - with WWI students insisting on building their teams and projects around other WWI students.

The WWI legal case continues to look highly favourable for us. Given the whole machinery of the country is now starting to move slowly again, we can hope for a resolution to this to emerge at the soonest but until then, WWI is sufficiently protected and has continued to thrive in this environment.

I am thankful to all of you, our shareholders for continuing your belief in the company. That belief will be tested in the next year I have no doubt as the company, the industry and the entire economy recovers from going 12 rounds in the boxing ring with the Coronavirus. However, I have faith that things will improve and Mukta Arts and its businesses will be there to take advantage of any 'new normal' that emerges.

Thanking you,

Subhash Ghai
Chairman

Mukta Arts Limited



MANAGEMENTS DISCUSSION AND ANALYSIS - 2020

Industry performance

During 2019, the Indian Media and Entertainment sector's growth continued to outpace the GDP. Until the Covid-19 pandemic drastically impacted the entire sector, the growth of 9% during this year was expected to continue and even improve at least till 2022.

Television held on to the top spot in revenues followed by Print though Digital media overtook Filmed Entertainment, with huge growth in subscription revenues while continuing to attract 24% of total ad spend.

With mobile access growing exponentially coupled with the quality of mobile internet, India has become one of the fastest growing app markets today. Further aided by the current climate of uncertainty, the Indian Telecom industry has the potential of becoming the primary platform for delivery and consumption of content. The Online gaming continued to be the fastest growing segment of this sector.

The film sector grew by 10% compared to 12.8% in the previous year and reached Rs 19,100 crores in revenues in 2019. Domestic exhibition revenues grew with the Hindi box office reaching record collection figures of Rs 4,950 crores, while overseas theatrical revenues fell to Rs 2,700 crores. Hollywood releases along with their dubbed versions grew 33% to Rs 1,600 crores. The growth in the Digital and OTT segment resulted in increase in the value of their telecast rights. However, screen count fell from 9,601 to 9,527 with single screens closing down.

New trends observed included shortening of the digital release window with some OTT releases preceding the TV release.

While the immediate future of the film sector is uncertain with the need of social distancing in the current Covid-19 affected world, the mid-term future suggests many developments. With hindi movies continuing to perform well even without the old formula of an established star cast, in the future such low budget Hindi movies are expected to develop into a separate genre catering to a large population.

Company performance

The Mukta Group has a presence in film education, production, distribution, and exhibition businesses, with a focus on the education and exhibition businesses. During the year, Mukta had resumed its production activity with the release of a Marathi Feature Film, Vijeta. However, the Coronavirus pandemic outbreak forced the closure of Cinema theatres and the screening of the movie was stalled after just a single day run. The Company is now looking at the most profitable option to monetise the movie which had been received positively.



Whistling Woods International (WWI) continues to grow crossing the Rs 50 crore mark with a topline of Rs 55.8 crore with a repeat of the 17% growth seen the year before. Its strong performance was reflected in a healthy bottom line of Rs 3.55 crores. WWI was awarded the Best Institute in Creative & Performing Arts education in India at the FICCI Higher Education Excellence awards 2019. WWI has also continued widening its repertoire of education, with the setting up of the Whistling Woods School of Events, which will herald premium education in the fields of Event Management, Experiential Marketing and IP Creation.

WWI is now also making its presence felt in the field of technology based innovation on an international level. Working closely with leading individuals / institutions in the fields of Digital Cinematography, Cinematic as

MUKTA ARTS LIMITED

well as Live Virtual Reality, Content Creation for Digital Platforms, Cognitive Science, Artificial Intelligence and Machine Learning, it continues to remain at the forefront of Media and Entertainment education. The innovative use of technology as well as the quality of training hones the skill of the students who as media professionals are now making a mark in their respective fields in India and beyond.



The exhibition business of the Subsidiary in India had during the year added 3 properties while converting an underperforming 3 screen property to a management fee based model. It had also started work on new properties in West Bengal, Odisha, Karnataka and Assam. The pandemic has halted these activities of the business, but the Management team has been working out strategies to relaunch with renewed vigour when the lockdown is lifted. The Management has proactively worked on reduction of

costs including staff costs. The Subsidiary in Bahrain has received approval to launch a drive-in cinema that will provide its patrons with the movie watching experience without compromising on Social distancing requirements. The Cinema is expected to open in July. It has also executed an agreement with the owners of the Dana Mall Theatre in Bahrain for providing them with guidance for operating a Multiplex that is about to open soon. This activity shall provide a steady stream of revenue.

The programming business, Mukta VN Films had been performing steadily during the year. The pandemic has put a temporary stop in revenues. Its business depends on the functioning of the exhibition sector and numbers are expected to drop in the next financial year, but since the long term outlook of the exhibition sector is positive, the long term trajectory of this business is expected to remain steady.

Connect 1, is the digital content creation and distribution arm of Mukta Arts. Its main focus remains on creating contemporary fiction content for OTT Platforms and TV. The company is negotiating with multiple studios for partnerships including co-production in this area as well as leveraging the brand and library of Mukta Arts and of Whistling Woods.

The film library of Mukta Arts was monetised last year with a path breaking deal with Zee Entertainment. The deal is such that it will yield revenues over a number of years. During the year, revenue of Rs 7 Crore was recognised based on this deal.

In the film business, the company continues to develop its script library with a number of scripts being developed for production with key talent being hired. The company has identified the regional space as the key focus area of development. The Marathi feature film 'Vijeta' was produced and released on 12th March 2020. However, the pandemic led to all Cinemas in Maharashtra being closed down the very next day.

In the TV business, the Company was entrusted by Doordarshan to produce a reality show, "Shining Star", for its Arunprabha Channel. The production of all 26 episodes has been completed and the telecast material has been delivered to Doordarshan. However, due to the pandemic, the telecast has been kept on hold.



NOTICE

Notice is hereby given that the **38th Annual General Meeting (AGM)** of Mukta Arts Limited will be held on **Friday, the 25th day of September, 2020 at 3.00 p.m. IST** through Video Conferencing (“VC”) or Other Audio Visual Means (“OAVM”) to transact the following business. The venue of the meeting shall be deemed to be Whistling Woods Institute’s Auditorium, Dada Saheb Phalke Chitra Nagari, Goregaon (East) Mumbai – 400 065.

Ordinary Business:

1. To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2020, together with the Reports of the Board of Directors and the Auditors thereon;
2. To re-appoint Mr. Rahul Puri (DIN 01925045), Managing Director who retires by rotation and being eligible, offers himself for re-appointment;

Special Business:

3. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:
“**RESOLVED THAT** pursuant to the provisions of Section 149,152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mrs. Paulomi Dhawan (DIN 01574580), Independent Director of the Company whose present term expires on 28th September, 2020 and who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company to hold office for a term of 5(five) consecutive years from 28th September, 2020 to 27th September, 2025 (“Both days inclusive”) and who shall not be liable to retire by rotation.”
4. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:
“**RESOLVED THAT** pursuant to the provisions of Section 149,152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Manmohan Shetty (DIN 00013961), Independent Director of the Company whose present term expires on 28th September, 2020 and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company to hold office for a term of 5(five) consecutive years from 28th September, 2020 to 27th September, 2025 (“Both days inclusive”) and who shall not be liable to retire by rotation.”
5. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:
“**RESOLVED THAT** pursuant to the recommendation made by Nomination and Remuneration Committee and provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 including any statutory modifications or re-enactment thereof for the time being in force, read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including Schedule V to the said Act, consent and approval of the Company be and is hereby accorded to the re-appointment of Mr. Subhash Ghai (DIN 00019803) as the Executive Chairman of the Company for a period of three years with effect from 30th May 2020 on such remuneration and terms and conditions as are contained in the agreement entered into between the Company and Mr. Subhash Ghai, and details of remuneration as set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any year, Mr. Subhash Ghai be paid minimum remuneration as specified in Section II of Part II of Schedule V to the Companies Act, 2013 as in force in each financial year.

RESOLVED FURTHER THAT the terms and conditions of this appointment may be altered or varied from time to time by the Board (which term shall be deemed to include Nomination & Remuneration Committee of the Board) as it may in its discretion deem fit within the maximum amount payable to each Whole-time Director in accordance with Schedule V to the Act including any amendments thereto.”

6. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:
“**RESOLVED THAT** pursuant to the recommendation made by Nomination and Remuneration Committee and provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 including any statutory modifications or re-enactment thereof for the time being in force, read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including Schedule V to the said Act, consent and approval of the Company be and is hereby accorded to the re-appointment of Mr. Rahul Puri (DIN 01925045) as Managing

MUKTA ARTS LIMITED

Director of the Company for a period of three years with effect from 30th May, 2020 on such remuneration and terms and conditions as are contained in the agreement entered into between the Company and Mr. Rahul Puri, and details of remuneration as set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any year, Mr. Rahul Puri be paid minimum remuneration as specified in Section II of Part II of Schedule V to the Companies Act, 2013 as in force in each financial year.

RESOLVED FURTHER THAT the terms and conditions of this appointment may be altered or varied from time to time by the Board (which term shall be deemed to include Nomination & Remuneration Committee of the Board) as it may in its discretion deem fit within the maximum amount payable to each Whole-time Director in accordance with Schedule V to the Act including any amendments thereto."

Registered Office:

Mukta House,
Behind Whistling Woods Institute
Filmcity Complex
Goregaon (East), Mumbai- 400 065

Place: Mumbai

Date: 29th June, 2020

By Order of the Board

Monika Shah
Company Secretary
Membership No: FCS 7964

NOTES

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking re-appointment at this AGM is annexed.
3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
4. The Register of Members and Share Transfer Books of the Company will remain closed **from Saturday, the 19th September, 2020 to Saturday, the 26th September, 2020 (both days inclusive)**.
5. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of Item No. 3, 4, 5 and 6 of this Notice, is annexed hereto.
6. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email to prerana.cs@gmail.com with a copy marked to evoting@nsdl.co.in
7. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, Link Intime India Private Limited having its office at C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083. Tel No: +91 22 49186000 Fax: +91 22 49186060 for assistance in this regard.
8. In case the shareholder's email ID is already registered with the Company/its Registrar & Share Transfer Agent "RTA"/ Depositories, log in details for e-voting are being sent on the registered email address.

In case the shareholder has not registered his/her/their email addresses with the Company/its RTA/Depositories and or not updated the Bank Account mandate for receipt of dividend, the following instructions to be followed:

- i. Kindly log in to the website of our RTA, Link Intime India Private Ltd., www.linkintime.co.in under Investor Services > Email/Bank detail Registration - fill in the details and upload the required documents and submit.

OR



ii) In the case of Shares held in Demat mode:

The shareholder may please contact the Depository Participant (“DP”) and register the email address and bank account details in the demat account as per the process followed and advised by the DP.

Simultaneously request to share an email for the same details at monika@muktaarts.com.

9. Members are requested to intimate changes, if any, pertaining to their name, postal address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to Link Intime India Private Limited in case the shares are held by them in physical form.
10. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
11. As the AGM is being conducted through VC / OAVM, for the smooth conduct of proceedings of the AGM, Members are encouraged to express their views / send their queries in advance mentioning their name, demat account number / folio number, email id, mobile number at monika@muktaarts.com **Questions / queries received by the Company till 5.00 p.m. on Wednesday, 23rd September, 2020** shall only be considered and responded during the AGM. The Company reserves the right to restrict the number of questions while we are not allowing the speakers to speak at the AGM, as appropriate for smooth conduct of the AGM.
12. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund (“IEPF”). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 available on www.iepf.gov.in. For details, please refer to corporate governance report which is a part of this Annual Report.
13. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company’s website www.muktaarts.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL <https://www.evoting.nsdl.com>
14. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
15. Instructions for e-voting and joining the AGM are as follows:

A. VOTING THROUGH ELECTRONIC MEANS

- (i) In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the SEBI Listing Regulations, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below.
- (ii) The remote e-voting period commences on Tuesday, 22nd September, 2020 (9:00 a.m. IST) and ends on Thursday, 24th September, 2020 (5:00 p.m. IST). During this period, Members holding shares either in physical form or in dematerialized form, as on Friday, 18th September, 2020 i.e. cut-off date, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.
- (iii) The Board of Directors has appointed Ms. Prerana Gupta from AAS & Associates, Company Secretaries (Membership No. FCS 8612) as the Scrutinizer to scrutinize the voting during the AGM and remote e-voting process in a fair and transparent manner.
- (iv) The Members who have cast their vote by remote e-voting prior to the AGM may also attend/participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.
- (v) The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
- (vi) Any person, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.

MUKTA ARTS LIMITED

(vii) The details of the process and manner for remote e-voting are explained herein below:

Step 1: Log-in to NSDL e-voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-voting system.

Details on Step 1 are mentioned below:

How to Log-in to NSDL e-voting website?

1. Visit the e-voting website of NSDL.

Open web browser by typing the following URL:

<https://www.evoting.nsdl.com/> either on a personal computer or on a mobile.

2. Once the home page of e-voting system is launched, click on the icon "Login" which is available under "Shareholders" section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-voting and you can proceed to Step 2 i.e. cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical

Your User ID is:

a) For Members who hold shares in demat account with NSDL.

8 Character DP ID followed by 8 Digit Client ID

For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.

b) For Members who hold shares in demat account with CDSL.

16 Digit Beneficiary ID

For example if your Beneficiary ID is 12***** then your user ID is 12*****.

c) For Members holding shares in Physical Form.

EVEN Number followed by Folio Number registered with the company

For example if EVEN is 123456 and folio number is 001*** and then user ID is 123456001***

5. Your password details are given below:

a) If you are already registered for e-voting, then you can use your existing password to login and cast your vote.

b) If you are using NSDL e-voting system for the first time, you will need to retrieve the

'initial password' which was communicated to you by NSDL. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

c) How to retrieve your 'initial password'?

i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL in your mailbox from evoting@nsdl.com. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

ii) In case you have not registered your email address with the Company/Depository, please follow instructions mentioned below in process for those shareholders whose email ids are not registered.

6. If you are unable to retrieve or have not received the 'initial password' or have forgotten your password:

a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

b) "Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.



- d) Members can also use the one-time password (OTP) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, click on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-voting will open.

Details on Step 2 are mentioned below:

How to cast your vote electronically on NSDL e-voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-voting. Click on e-voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of the Company, which is **113573**.
4. Now you are ready for e-voting as the Voting page opens
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional / Corporate shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc., with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by email to prerana.cs@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on <https://www.evoting.nsdl.com> to reset the password.
3. In case of any queries relating to e-voting you may refer to the FAQs for Shareholders and e-voting user manual for Shareholders available at the download section of <https://www.evoting.nsdl.com> or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in.

In case of any grievances connected with facility for e-voting, please contact Ms. Pallavi Mhatre, Manager, NSDL, 4th Floor, ‘A’ Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013. Email: evoting@nsdl.co.in / pallavid@nsdl.co.in, Tel: 91 22 2499 4545/ 1800-222-990

Process for registration of email id for obtaining Annual Report and user id/password for e-voting and updation of bank account details:

Physical Holding

Send a request to the Registrar and Transfer Agents of the Company, Link Intime India Private Limited at nayna.wakle@linkintime.co.in providing Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) for registering email address.

Following additional details need to be provided in case of updating Bank Account Details:

- a) Name and Branch of the Bank,
- b) the Bank Account type,
- c) Bank Account Number allotted by their banks after implementation of Core Banking Solutions
- d) 9 digit MICR Code Number, and
- e) 11 digit IFSC Code
- f) a scanned copy of the cancelled cheque bearing the name of the first shareholder.

Alternatively, Member could use the link https://linkintime.co.in/EmailReg/Email_Register.html for updating their PAN and other details online.

MUKTA ARTS LIMITED

Demat Holding

Please contact your Depository Participant (DP) and register your email address and bank account details in your demat account, as per the process advised by your DP and simultaneously request to share an email for the same details at monika@muktaarts.com.

B. THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

C. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC / OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed.

Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.

2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. For convenience of the Members and proper conduct of AGM, Members can login and join at least 30 (thirty) minutes before the time scheduled for the AGM and shall be kept open throughout the proceedings of AGM.
6. Members who need assistance before or during the AGM with use of technology, can:
 - Send a request at evoting@nsdl.co.in or use Toll free no.: 1800-222-990; or
 - Contact Ms. Sarita Mote, Assistant Manager, NSDL at the designated email ID: evoting@nsdl.co.in or SaritaM@nsdl.co.in or at telephone number + 91 22 24994890; or
 - Contact Ms. Soni Singh, Assistant Manager, NSDL at the designated email ID: evoting@nsdl.co.in or SoniS@nsdl.co.in or at telephone number + 91 22 24994559.

Other Instructions

1. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.
2. The result declared along with the Scrutinizer's Report shall be placed on the Company's website www.muktaarts.com and on the website of NSDL <https://www.evoting.nsdl.com> immediately. The Company shall simultaneously forward the results to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

Registered Office:

Mukta House,
Behind Whistling Woods Institute
Filmcity Complex
Goregaon (East), Mumbai- 400 065

Place: Mumbai
Date: 29th June, 2020

By Order of the Board

Monika Shah
Company Secretary
Membership No: FCS 7964



Annexure - 1 to Notice

Additional Information to Item No. 2 and 3.

Name of Director	Mr. Rahul Puri	Mrs. Paulomi Dhawan
Date of Birth	19/09/1977	11/05/1957
Date of first appointment	23/10/2007	13/11/2014
Qualifications	Graduate of Kings College London	B.Com, Diploma in Business Management
Expertise in specific functional areas	<p>He started his career as an investment banker at UBS Warburg.</p> <p>Worked in the sector of Corporate Finance & Strategy. He joined Mukta Arts as Vice President- Finance and Strategy and later got promoted as Executive Director. He is now involved in all aspects of the company including financing, distribution, production, exhibition, and marketing. He was keenly involved in the setup of Whistling Woods International and now is setting up and building out a chain of Cinemas under the brand name of Mukta A2 Cinemas. Currently he is holding the position of Managing director of the Company and is also Head of Academics of India's finest creative education Institute, Whistling Woods International.</p>	<p>Over 40 years of media, marketing and brand communications experience, she has played an integral role in shaping the brand equity of many leading Indian lifestyle brands like Parle, Raymond, Park Avenue, Eenadu and Star TV among others. She started her career as a Media Planner at Everest Advertising.</p> <p>Consequently, under her leadership as President, Media Supermarket (the media division of iB&W Communications), she established the first independent media business.</p> <p>Then, she worked in Raymond Ltd. as Head of Media and Corporate Communications, playing a key role in positioning the brand as the leading luxury lifestyle textile player on a global level. She continues as Strategic Advisor to the CMD on perception management and key initiatives.</p> <p>Later, she went entrepreneurial with First Row, her family venture in the fashion and lifestyle space. She then identified and launched two emerging sectors –Wellness and Media & Entertainment for a listed company as its Managing Director.</p>
Directorships held in other public companies (excluding foreign companies and Section 8 companies)	<ol style="list-style-type: none"> 1. Mukta Creative Ventures Limited (Formerly known as Coruscant Tec Limited) 2. Mukta V N Films Limited 3. Whistling Woods International Foundation 4. Whistling Woods International Education Foundation 5. Mukta A2 Cinemas Limited 	<ol style="list-style-type: none"> 1. The Indian Society of Advertisers 2. Mukta A2 Cinemas Limited 3. Whistling Woods International Limited
Memberships / Chairmanships of committees of other public companies	Nil	Member of Audit Committee and Nomination and Remuneration Committee of: Whistling Woods International Limited
Number of shares held in the Company	Nil	Nil

Additional Information to Item No. 4 and 5.

Name of Director	Mr. Manmohan Shetty	Mr. Subhash Ghai
Date of Birth	24/02/1948	24-01-1943
Date of first appointment	13/11/2014	07-09-1982
Qualifications	B.A.	B.Com, Diploma in Cinema from Film & Television Institute of India

MUKTA ARTS LIMITED

Expertise in specific functional areas	He has more than three decades of experience in the media and entertainment business which includes running a film processing laboratory, theatrical exhibition business, film production and digital cinema. He is responsible for conceptualising and launching "Adlabs Imagica". He was also the founder of Adlabs Films Limited and also instrumental in introducing the 'IMAX' exhibition format by setting up India's first IMAX theatre in Mumbai. He was also the former Chairman of the National Film Development Corporation set up by the Government of India and the former President of the Film and Television Producers Guild of India.	He is writer, Director, Producer and one of the most renowned names among Indians and south Asians for his excellent record as an Indian filmmaker in mainstream cinema for the last 35 plus years and his contribution to Film & Media education. As Chairman & Founder of Whistling Woods International, he has been overseeing the setup, academic staffing, smooth functioning of the first-ever privately setup world-class media institute in India and ensuring imparting of quality education to the next generation of film-makers. Under his leadership and vision, within a short span of time since its inception, Whistling Woods International has established itself as a leading internationally recognized film and media international institute.
Directorships held in other public companies (excluding foreign companies and Section 8 companies)	<ol style="list-style-type: none"> 1. Centrum Capital Limited 2. P&M Infrastructures Limited 3. Thrill Park Limited 4. Imagicaaworld Entertainment Limited 	<ol style="list-style-type: none"> 1. Whistling Woods International Limited 2. Mukta V N Films Limited 3. Mukta A2 Cinemas Limited 4. Whistling Woods International Foundation 5. CHL Limited 6. Mukta Tele Arts Private Limited 7. Mukta Creative Ventures Limited (Formerly known as Coruscant Tec Limited) 8. The Film & Television Producers Guild of India Ltd. 9. Attitude India Media Private Limited 10. Whistling Woods International Education Foundation
Memberships / Chairmanships of committees of other public companies	<p>Member of Nomination and Remuneration Committee, Stakeholders' Relationship Committee of:</p> <p>Imagicaaworld Entertainment Limited</p> <p>Chairman of CSR Committee and Risk Management Committee of:</p> <p>Imagicaaworld Entertainment Limited</p>	Nil
Number of shares held in the Company	800	12421990

*Chairman of the Committee

For other details such as number of meetings of the board attended during the year, remuneration drawn and relationship with other directors and key managerial personnel in respect of above directors, please refer to the Corporate Governance Report which is a part of this Annual Report.



ANNEXURE - 2 TO NOTICE

Explanatory Statement Under Section 102(1) of The Companies Act, 2013

Item No. 3 and 4:

Re-appointment of Mrs. Paulomi Dhawan (DIN 01574580) & Mr. Manmohan Shetty (DIN 00013961) as Independent Directors of the Company:

The Company had appointed Mrs. Paulomi Dhawan and Mr. Manmohan Shetty as Independent Director of the Company for a term of five consecutive years from 28th September, 2015 to 27th September, 2020.

The above Directors have given declarations to the Board that they meet the criteria of Independence as provided under Section 149(6) of the Companies Act, 2013 and declaration in Form DIR-8 pursuant to Companies (Appointment and Qualification of Directors) Rules, 2014 to the effect that they are not disqualified to be appointed as a Director under section 164(2) of the said Act.

In the opinion of the Board abovesaid Independent Directors fulfill the conditions specified in the Act and the Rules made thereunder for being re-appointment as Independent Directors and they are Independent of the management.

A copy of the draft Letter of Re-appointment for Independent Directors is available for inspection through electronic mode, basis the request being sent on monika@muktaarts.com.

The brief profile of the Independent Directors to be appointed is given below:

Mrs. Paulomi Dhawan:

Mrs. Paulomi Dhawan has 40 years of media, marketing and brand communications experience, she has played an integral role in shaping the brand equity of many leading Indian lifestyle brands like Parle, Raymond, Park Avenue, Eenadu and Star TV among others.

She started her career as a Media Planner at Everest Advertising. Consequently, under her leadership as President, Media Supermarket (the media division of i B&W Communications), she established the first independent media business.

Following her career in advertising, she took on a senior managerial role at Raymond Ltd. as Head of Media and Corporate Communications, where she played a key role in positioning the brand as the leading luxury lifestyle textile player on a global level. She continues as Strategic Advisor to the CMD on perception management and key initiatives.

Later, she went entrepreneurial with First Row, her family venture in the fashion and lifestyle space. She then identified and launched two emerging sectors –Wellness and Media & Entertainment for a listed company as its Managing Director.

She was on the University of Bombay advisory group for the formulation of the BMM degree. She continues to be on the Executive Council of the Indian Society of Advertisers (ISA), serving as Treasurer of the organisation.

Mr. Manmohan Shetty:

Mr. Manmohan Shetty has more than three decades of experience in the media and entertainment business which includes running a film processing laboratory, theatrical exhibition business, film production and digital cinema. He is responsible for conceptualising and launching “Adlabs Imagica”. He was also the founder of Adlabs Films Limited and also instrumental in introducing the ‘IMAX’ exhibition format by setting up India’s first IMAX theatre in Mumbai. He was also the former Chairman of the National Film Development Corporation set up by the Government of India and the former President of the Film and Television Producers Guild of India.

Further details and current directorships of the above Director is provided in the Annexure-1 to this Notice.

In compliance with the provisions of Section 149, read with Schedule IV of the Act and Regulation 17 of SEBI Listing Regulations and other applicable Regulations, the re-appointment of Mrs. Paulomi Dhawan and Mr. Manmohan Shetty as Independent Directors of the Company for a term of five consecutive years from 28th September, 2020 to 27th September, 2025 is now being placed before the Members for their approval.

The Board recommends the Special Resolutions set out at Item No. 3 and 4 of this Notice for approval by the Members.

The above Directors are interested in the Resolutions mentioned at Item Nos. 3 and 4 of the Notice with regard to their respective re-appointments. Other than the above Directors, no other Director, Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested, in the Resolutions mentioned at Items Nos. 3 and 4 of this Notice.

MUKTA ARTS LIMITED

Item No. 5:

Re-appointment of Mr. Subhash Ghai (DIN 00019803) as Executive Chairman for a period of 3 years and fixation of remuneration payable to him:

Mr. Subhash Ghai is the Executive Chairman and Director in the Company. He is a commerce graduate and holds Diploma in Cinema from FTII, Pune. Mr. Subhash Ghai was re-appointed as Executive Chairman of the Company with effect from 30th May, 2017 for a term of 3 years which has expired on 29th May, 2020.

In accordance with the provisions of Section 196, 203 and Schedule V of the Companies Act, 2013 (the Act) (a) a person who has attained the age of 70 years can be appointed as whole-time director only by passing a special resolution, in which case, the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such person; and (b) where a person is managerial person in more than one companies, he shall draw remuneration from one or both the Companies provided that the total remuneration drawn from the companies does not exceed the higher maximum limit admissible from any of the companies of which he is the managerial person.

Mr. Subhash Ghai is also a Whole-time Director designated as Executive Chairman of Whistling Woods International Limited, a subsidiary of your Company.

Since Mr. Subhash Ghai has attained the age of 70 years, a special resolution is included in this Notice seeking approval of the shareholders for the re-appointment of Mr. Subhash Ghai as Whole-time Director designated as Executive Chairman of the Company with remuneration as approved by the Board and mentioned below.

As per recommendation of the Nomination and Remuneration Committee, the Board of Directors at its Meeting held on 29th June, 2020 passed a resolution for re-appointment of Mr. Subhash Ghai as Whole-time Director designated as Executive Chairman of the Company for a period of three years with effect from 30th May, 2020 subject to approval of members and on such remuneration and terms and conditions as are contained in the agreement dated 29th June, 2020 entered between the Company and Mr. Subhash Ghai.

The Main terms of the said agreement are as under: -

SALARY:

Basic Salary of Rs. 4,50,000/- per month with the liberty to the Board to review and increase the same during the tenure of his contract of three years at a ceiling limit of total remuneration not exceeding Rs. 7,00,000/- per month including perquisites. The annual increment which will be effective from 1st April each year, will be decided by the Board based on the recommendation of the Nomination and Remuneration Committee in consonance with the individual performance and the performance of the Company, within the aforementioned total remuneration limit.

PERQUISITES:

In addition to the aforesaid salary, the Executive Chairman shall be entitled to the following perquisites:

- a) Fully furnished residential accommodation. Where no accommodation is provided by the Company, suitable house rent allowance in lieu thereof may be paid. The expenses on furnishings, gas, electricity, water and other utilities shall be borne by the Company.
- b) Reimbursement of all medical expenses incurred for self and family.
- c) Leave Travel assistance for self and family as per Company rules.
- d) Fees of maximum of two clubs, which will include admission and life membership fees.
- e) Personal accident insurance, premium whereof does not exceed Rs. 25,000/- per annum.
- f) A car with driver for official purpose.
- g) Telephones (including Mobile phones), fax and other communication facilities at residence for official purpose. All personal usage will be charged to his account.
- h) Gratuity at rate not exceeding half a month's salary for each completed year of service, and
- i) Leave at the rate of one month for every eleven month's of service. Leave not availed of may be encashed.
- j) Other allowances will be paid as decided by the Board and as per the terms of the agreement.
- k) Ex-gratia – One month basic per annum

Family for the above purpose means wife, dependent children and dependent parents of the Executive Chairman.

For the purpose of computation of the ceiling on remuneration, the following perquisites shall not be included.

Gratuity at the rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of the tenure.



The copy of agreement entered into between the Company and Mr. Subhash Ghai is available for inspection through electronic mode, basis the request being sent on monika@muktaarts.com.

The other information as required under Schedule V (B) (iv) is as follows.

I GENERAL INFORMATION

1.	Nature of Industry	:	Production and entertainment
2.	Date of Commencement	:	07/09/1982
3.	In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	:	Not applicable
4.	Financial Performance based on Given indicators	:	As per Financial Statements annexed
5.	Foreign investments of Collaborations, if any	:	Nil

II INFORMATION ABOUT THE APPOINTEE

1.	Background details	:	B. Com, Diploma in cinema from FTII, Pune
2.	Past Remuneration	:	Rs. 83,87,400/- for 2019-2020
3.	Recognition or awards	:	Has won many awards as Film Director and Producer
4.	Job Profile	:	Filmmaker (Writer, Director and Producer) He earned accolades from the guiding and making of 37 films in 34 years of his career, out of which 18 films proved to be the blockbusters of their times and got him laurels from the critics as well as the audiences. Looking at the reputation and vast experience Mr. Subhash Ghai is ideally suited for the position
5.	Remuneration Proposed	:	Necessary information given in the Explanatory Statement
6.	Comparative remuneration profile with respect to Industry etc.	:	Not applicable
7.	Pecuniary Relationship directly or indirectly with the Company	:	Nil
8.	Relationship with managerial Personnel, if any	:	Father-in-law of Mr. Rahul Puri, Managing Director of the Company

III OTHER INFORMATION

1.	The Company has made profits during the year ended 31 st March, 2020.		
2.	Steps Taken or proposed to be Taken for improvement	:	Budgets for future films rationalized. Additional Sources of income streamlined
3.	Expected increase in Productivity and profits in measurable terms	:	Not quantifiable

IV DISCLOSURE

1.	Remuneration package	:	Necessary information given in explanatory statement
2.	Disclosure in Corporate Governance if any	:	Necessary information given.

Your Directors recommend the resolution for your approval by way of Special Resolution.

None of the Directors, Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested, in the Resolution No. 5 except, Mr. Subhash Ghai and Mr. Rahul Puri, who may be deemed to be concerned or interested in this resolution.

Item No. 6:

Re-appointment of Mr. Rahul Puri (DIN 01925045) as Managing Director for a period of 3 years and fixation of remuneration payable to him:

Mr. Rahul Puri is the Managing Director. He is Graduate from Kings College, London. Mr. Rahul Puri was re-appointed as Managing Director of the Company with effect from 30th May, 2017 for a term of 3 years which has expired on 29th May, 2020.

MUKTA ARTS LIMITED

As per recommendation of the Nomination and Remuneration Committee, the Board of Directors at its Meeting held on 29th June, 2020 passed a resolution for re-appointment of Mr. Rahul Puri as Managing Director of the Company for a period of three years with effect from 30th May, 2020 subject to approval of members and on such remuneration and terms and conditions as are contained in the agreement dated 29th June, 2020 entered between the Company and Mr. Rahul Puri.

The Main terms of the said agreement are as under: -

SALARY:

Basic Salary of Rs. 2,56,608/- per month with the liberty to the Board to review and increase the same during the tenure of his contract of three years at a ceiling limit of total remuneration not exceeding Rs. 5,00,000/- per month including perquisites. The annual increment which will be effective from 1st April each year, will be decided by the Board based on the recommendation of the Nomination and Remuneration Committee in consonance with the individual performance and the performance of the Company, within the aforementioned total remuneration limit.

PERQUISITES:

In addition to the aforesaid salary, the Managing Director shall be entitled to the following perquisites:

- a) Fully furnished residential accommodation. Where no accommodation is provided by the Company, suitable house rent allowance in lieu thereof may be paid. The expenses on furnishings, gas, electricity, water and other utilities shall be borne by the Company.
- b) Reimbursement of all medical expenses incurred for self and family.
- c) Leave Travel assistance for self and family as per Company rules.
- d) Fees of maximum of two clubs, which will include admission and life membership fees.
- e) Personal accident insurance, premium whereof does not exceed Rs. 25,000/- per annum.
- f) A car with driver for official purpose.
- g) Telephones (including Mobile phones), fax and other communication facilities at residence for official purpose. All personal usage will be charged to his account.
- h) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- i) Gratuity at rate not exceeding half a month's salary for each completed year of service, and
- j) Leave at the rate of one month for every eleven month's of service. Leave not availed of may be encashed.
- k) Other allowances will be paid as decided by the Board and as per the terms of the agreement.
- l) Exgratia – One month basic per annum

Family for the above purpose means wife, dependent children and dependent parents of the Managing Director

For the purpose of computation of the ceiling on remuneration, the following perquisites shall not be included.

Gratuity at the rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of the tenure.

The copy of agreement entered into between the Company and Mr. Rahul Puri is available for inspection through electronic mode, basis the request being sent on monika@muktaarts.com.



The other information as required under Schedule V (B) (iv) is as follows.

I GENERAL INFORMATION

1.	Nature of Industry	:	Production and Exhibition of Films
2.	Date of Commencement	:	07/09/1982
3.	In case of new Companies, expected date of commencement of activities as per project approved by financial institutions in the prospectus	:	Not applicable
4.	Financial Performance based on Given indicators	:	As per financial statements annexed
5.	Foreign investments of Collaborations, if any	:	Nil

II INFORMATION ABOUT THE APPOINTEE

1.	Background details	:	Graduate from Kings College, London
2.	Past Remuneration	:	Rs. 51,29,592/- for 2019-2020
3.	Recognition or awards	:	Nil
4.	Job Profile	:	Incharge of overall Business Development and Administration Worked with UBS Warburg in London in corporate finance on international transactions and has several years of rich experience in India & abroad. Looking at the overall exposure and experience Mr. Rahul Puri is ideally suited for the position
5.	Remuneration Proposed	:	Necessary information given in the Explanatory Statement
6.	Comparative remuneration profile with respect to Industry etc.	:	Not applicable
7.	Pecuniary Relationship directly or indirectly with the Company	:	Nil
8.	Relationship with managerial	:	Son-in-law of Executive Chairman, Mr. Subhash Ghai Personnel, if any

III OTHER INFORMATION

1.	The Company has made profits during the year ended 31 st March, 2020.		
2.	Steps Taken or proposed to be Taken for improvement	:	Budgets for future films rationalized. Additional Sources of income streamlined
3.	Expected increase in productivity and profits in measurable terms	:	Not quantifiable

IV DISCLOSURE

1.	Remuneration package	:	Necessary information given in explanatory statement
2.	Disclosure in Corporate Governance if any	:	Necessary information given

Your Directors recommend the resolution for your approval by way of Special Resolution.

None of the Directors, Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested, in the Resolution No. 6 except, Mr. Rahul Puri and Mr. Subhash Ghai, who may be deemed to be concerned or interested in this resolution.

Registered Office:
Mukta House,
Behind Whistling Woods Institute
Filmcity Complex
Goregaon (East), Mumbai- 400 065

Place: Mumbai
Date: 29th June, 2020

By Order of the Board

Monika Shah
Company Secretary
Membership No: FCS 7964

MUKTA ARTS LIMITED

BOARD'S REPORT

To

The Members,

Your Directors take pleasure in presenting the Thirty Eighth Annual Report of your Company along with the Audited Statement of Accounts of the Company for the financial year ended 31st March, 2020.

The financial performance of the Company for the year ended 31st March, 2020 is summarized hereunder:

Particulars	Year ending 31.03.2020	Year ending 31.03.2019
	(Rs. In millions)	(Rs. In millions)
Profit/(Loss) before interest, depreciation & tax	137.4	140.38
Less: Interest	68.93	59.7
Profit/(Loss) after interest, before depreciation & tax	68.47	80.68
Less: Depreciation	23.17	24.66
Profit/(Loss) before tax	45.3	56.02
Less: Provision for taxation	2.6	10.1
Deferred Tax Liability /(Asset)	-9.02	7.11
Profit/(Loss) after Tax	51.73	38.81
Less: Interim / Final Dividend	28.23	-
Tax on Interim / Final Dividend	5.8	-
Profit/(Loss) for the year	17.7	38.81
Other comprehensive income	-1.38	-2.32
Ind As 116 adjustment	-22.39	-
Add: Balance brought forward	244.93	208.44
Less: Transfer to general reserve	-	-
Profit/(Loss) Carried forward to Balance Sheet	238.85	244.93

Operations:

During the year, the Company recorded an income of 325.84 million an EBIDTA of 137.40 million and Profit After Tax of 51.73 million after finance cost of 68.93 million and depreciation and amortization of 23.17 million.

The Company's performance and outlook has been discussed in detail in the Management Discussion and Analysis.

As at March 31, 2020, the company's investment in its subsidiary (including deemed investment), Whistling Woods International Limited (WWIL) a joint venture between the company and Maharashtra Film, Stage and Cultural Development Corporation Limited (MFSCDCL), aggregates to Rs. 199.51 million and loans and advances, deposits, interest receivable and rent receivable aggregate to Rs. 410.70 million recoverable from WWIL. The Hon'ble High Court of Judicature at Bombay ('High Court') through its Order of February 9, 2012 had quashed the Joint Venture Agreement ('JVA') between the Company's shareholders and had passed consequential orders. The petition for Special Leave to Appeal had been dismissed by the Supreme Court of India in April 2012.

Pursuant to the High Court's aforesaid Order, the allotment of land to the Company, pursuant to the JVA (in lieu of which equity shares of corresponding value were issued to Maharashtra Film, Stage and Cultural Development Corporation Limited ('MFSCDCL')), recorded in the books of the Company as land rights at a cost of Rs. 30,000,000 had been cancelled and the Company had been ordered to return the land to MFSCDCL (of the total land admeasuring 20 acres, 14.5 acres vacant unused land had been handed over to MFSCDCL on April 18, 2012 and the balance was to be handed over on or before July 31, 2014). Pending discussion and/or agreement with MFSCDCL and/or clarifications to be sought from the concerned parties, no adjustments have been made to the share capital structure of the Company and the carrying value of the land rights in the books of account.

Further, MFSCDCL had demanded Rs. 832,062,611 towards arrears of rent and interest thereon by letter dated December 3, 2012. Also, as per the High Court's Order which is under challenge from the Company, there is an option to set-off the arrears of rent and interest thereon against the value of the building with net excess or shortfall to be refunded to/ claimed from Mukta Arts Limited, the Holding Company/Company, as applicable. During the year 2012-13, the Public Works Department (PWD) Engineer had given his valuation report of Institute building based on the Balance sheet of the Company as at March 31, 2011. MFSCDCL vide letter dated July 14, 2014, demanded Rs. 591,966,210 towards arrears of rent and interest thereon, up to July 31, 2014, net of value of building determined as above.



The Company and WWIL had filed application to review the said order with the High Court and an Interim stay was granted on July 30, 2014 which required deposit of Rs. 100.03 million by January 2015 against payment of arrears of rent for the year 2000-01 to 2013-14 and payment of Rs. 4.5 million per annum from Financial Year 2014-15 till the settlement of the case, to MFSCDCL. The State Govt. of Maharashtra and MFSCDCL challenged the order of the High Court in the Supreme Court which was dismissed by the Supreme Court on September 22, 2014. As per the terms of the said Order, till financial year 2016-17, Rs. 113.54 million has been paid by the Parent Company and for financial year 2017-18, 2018-19 and 2019-20 Rs. 4.5 million per annum has been paid by WWIL. The amount so paid / being paid by the Company have been accounted under Non - Current Other Financial Assets in the Standalone Financial Statements to be adjusted on the final settlement of the case.

Additionally, without giving effect to the matter as stated above, WWIL's net worth stands fully eroded as at 31 March, 2020. Having regard to the circumstances explained above and pending final outcome of the matter under litigation, the Company has not made any adjustment to the carrying value of investment in and amounts due from WWIL and the deposit paid consequent to the High Court's Orders. Accordingly, the impact on the carrying value of investments, recoverability of loans and advances and consequential impact on profit / loss for the year and reserves is not determinable. However the matter is sub-judice and is subject to final disposal by the Honorable Bombay High Court. The Company is hopeful of reliefs based on the issues involved and on merits of the case, as also of a high valuation of the building.

Impact of the COVID-19 pandemic on the business:

The COVID-19 pandemic is spreading throughout the world, including India, which led to nation-wide lockdown from March 25, 2020. Consequently, revenues and the profitability have been adversely affected. However, the Company adopted the Work From Home (WFH) technique, and is trying to function as smoothly as possible.

The business of the Company and its subsidiaries ("Group Companies") have been affected by the ongoing COVID-19 pandemic, initially, because of the closure of Cinemas by the Government and subsequently, because of the lockdown that has been imposed. During the time the lockdown is in effect and social distancing norms are in place, the Entertainment Industry shall be adversely impacted. The Company and its Group Companies has assessed the impact on its operations including revenue and the carrying value of its assets. For all our Group Companies, wherever applicable, steps have been taken to mitigate future losses by cutting operational costs, including by reduction of employee costs and by invoking force majeure for rental payments. The short term impact on financials of the Company is expected to be severe, however, the long term impact is not expected to be substantial.

The employees of the Company have resumed office from June 8, 2020 as per directives of Government with only 10% of its total staff while following all the safety guidelines.

Dividend

Even though the Company has earned profit during the year, the Directors have not recommended any dividend with a view to conserve the Cash looking at the difficult situation created by the pandemic.

Particulars of loans, guarantees or investments by company

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to Financial Statements.

Deposits

The Company has not accepted any fixed deposits from the public, within the meaning of section 73 of the Companies Act, 2013 read with the Companies (Acceptance of deposits) Rules, 2014. Therefore, as on 31.03.2020 there were no deposits which were unpaid or unclaimed and due for repayment.

Particulars of Contracts or arrangements made with related party (ies)

All transactions entered with Related Parties during the year under review were:

- on arm's length basis and
- in the ordinary course of business and
- there were no material transactions with any related party

as per the provisions of sections 188 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 and therefore, disclosure in Form AOC-2 is not required.

The Company has developed a Related Party Transactions framework through Standard Operating Procedures for the purpose of identification and monitoring of such transactions.

All Related Party Transactions are placed before the Audit Committee as also before the Board for approval. The Policy on Related Party Transactions as approved by the Board of Directors has been uploaded on the website of the Company. The web link of the same has been provided in the Corporate Governance Report. None of the Directors vis-à-vis the Company had any pecuniary relationship or transactions.

MUKTA ARTS LIMITED

Material changes and commitment, if any, affecting the financial position of the company occurred between the end of the financial year to which this financial statements relate and the date of this report.

Except as disclosed elsewhere in this report, no material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and date of this report.

Share Capital

During the year under review, the company has not issued any Equity shares or any other securities.

1. BUSINESS OVERVIEW

For the company in the year gone by, Mukta Arts completed its production of the Marathi film 'Vijeta'. Sadly the film could not pick up at the Box Office as the cinemas in Maharashtra were closed due to the pandemic. The Movie shall release upon theatres being opened for the patrons as the movie is created for viewing on the big screen. Additionally, the company did a good deal for its Marathi film catalogue with Sony. Cash flows and revenues from the Hindi library deal with Zee and the Tips Music library deal came in to boost the numbers. In a significant saving, the company shifted its long term borrowing from India Bulls to LIC.

Subsidiary and Joint Venture Companies

As on 31.03.2020 the Company has **six subsidiary Companies** namely, Whistling Woods International Limited, Connect.1 Limited, Mukta Tele Media Limited, Mukta Creative Ventures Limited (formerly known as Coruscant Tec Limited), Mukta A2 Multiplex SPC and Mukta A2 Cinemas Limited. The Company also has one Joint Venture Company namely, Mukta V N Films Limited. Whistling Woods International Limited and Mukta A2 Cinemas Limited are material subsidiaries of the company within the meaning of Regulation 16(1)(c) of SEBI (Listing Disclosure and Obligation Requirements) Regulation, 2015.

The most notable has been **Whistling Woods International Limited ('WWI')** that has continued to solidify its reputation as India's premier Film & Creative Arts institute. Financially WWI continues its robust growth with a 20% increase in revenues and a 45% increase in EBITDA over prior year. WWI has also continued widening its repertoire of education, with the setting up of the Whistling Woods School of Events, which will herald premium education in the fields of Event Management, Experiential Marketing and IP Creation.

Mukta A2 Cinemas Limited (MA2) continued to open properties, even in challenging circumstances. We opened two theatres in Mumbai - Roxy and Orion and added another in Bhilai. Our performance in the exhibition space struggled overall because of many one-time maintenance costs that were expensed to ensure that the longevity of some of the properties was stretched out. Our new advertising deal with UFO has helped to bring additional value to the business in the form of highly profitable advertising revenues. All in all, the theatrical space had a mixed year overall, improving toward the end of the year before the virus left all theatres closed.

Mukta A2 Multiplex SPC. in Bahrain has rolled out two new initiatives. Partnering with the Dana Mall, Mukta A2 has taken a management contract for their 10 screen cinema renovation and management once the theatre becomes operational which will add significantly to the profitability of that business. Mukta A2 also received approval to start a Drive In theatre in Bahrain and for that purpose partnered Pico on the roll out of Bahrain's first Drive-in Theatre as a response to the pandemic. The theatre is expected to be operational in July, 2020.

Another subsidiary of the Company, **Connect.1 Limited** is monetising all of Whistling Woods' content catalog on all digital platforms since 2012. While YouTube remained the primary platform on which this content was monetised in FY20, in the month of April 2020, Connect.1 entered into a partnership with India's largest OTT platform - Diney+ Hotstar and became the key content partner to it, for its newly set up AVoD business. As of July 2020, the first batch of 25 WWI Student films have crossed a cumulative 50 million views on D+H. Connect.1 is also in conversation with other OTT platforms like Hungama Play and EpicOn for similar syndication agreements.

Mukta Tele Media Limited is another subsidiary of the Company. The main objects of the Company are to take up production of TV-serials, management of event shows and entertainment software.

Another subsidiary of the Company, **Mukta Creative Ventures Limited (formerly known as Coruscant Tec Limited)** is a based mobile solutions company with a focus on content, applications and commerce, having office in Mumbai.

The programming business, **Mukta VN Films Limited** had been performing steadily during the year. The pandemic has put a temporary stop in revenues. Its business depends on the functioning of the exhibition sector and numbers are expected to drop in the next financial year, but since the long term outlook of the exhibition sector is positive, the long term trajectory of this business is expected to remain steady.

During the year, the Board of Directors reviewed the affairs of its subsidiary Companies. Further, pursuant to provisions of Section 129(3) of the Act, a statement containing salient features of the financial statements of the Company's subsidiaries in Form AOC-1 is attached as **Annexure 'A'** to this Report.



Pursuant to Section 136 of the Companies Act, 2013 companies are exempted from attaching the Annual Reports and other particulars of its subsidiary companies alongwith Annual Report of the Company. Therefore, the Annual Report of the subsidiary companies are not attached with this Annual Report.

Any member desirous of obtaining a copy of the said financial statements may write to the Company Secretary at the registered office address of the Company.

2. CORPORATE GOVERNANCE

The principles of Corporate Governance are based on transparency, accountability and focus on the sustainable success of the Company over the long-term. We have been following the principles of good Corporate Governance over the years and lay strong emphasis on transparency, accountability and integrity. As per Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on Corporate Governance alongwith the Certificate from Practicing Company Secretary confirming the compliance, is attached as **Annexure 'F'** to this Report

The Board of Directors ('the Board') are responsible for and committed to sound principles of Corporate Governance in the Company. The Board plays a crucial role in overseeing how the management serves the short and long-term interests of shareholders and other stakeholders. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board. We keep our governance practices under continuous review and benchmark ourselves to best practices across the globe.

Number of meetings of the board

The details of the number of meetings of the Board held during the financial year 2019-20 forms part of the Corporate Governance Report. The Company had 4 meetings of the Board during the year. The intervening gap between any two meetings was within the period prescribed by Regulation-17(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013.

Committees of the Board

Currently the Board has four Committees namely Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Share Transfer Committee.

A detailed note on Board and its committees is provided under the corporate governance section to this annual report. The composition of Committees, as per the applicable provisions of the Act and Rules, are as follows:

S.No.	Name of the Committee	Composition of the Committee
1.	Audit Committee	1. Mr. Kewal Handa 2. Mr. Parvez A. Farooqui 3. Mr. Manmohan Shetty
2.	Nomination and Remuneration Committee	1. Mr. Kewal Handa 2. Mrs. Paulomi Dhawan 3. Mr. Manmohan Shetty
3.	Stakeholders Relationship Committee	1. Mr. Kewal Handa 2. Mr. Parvez A. Farooqui 3. Mrs. Paulomi Dhawan
4.	Share Transfer Committee	1. Mr. Parvez A. Farooqui 2. Mr. Kewal Handa 3. Mr. Manmohan Shetty

Board Diversity

The Company recognizes and embraces the importance of a diverse board in its success. We believe that a truly diverse board will leverage difference in thought, perspectives, knowledge, skill, regional and industry experience, cultural and geographical background. The Board has adopted the Policy on Board Diversity which sets out the approach to diversity of the Board of Directors and the same is available on our website.

Remuneration and Nomination Policy

The Board of Directors of the Company has Independent Directors, who have in depth knowledge of the business and industry as the members of Nomination and Remuneration Committee. The composition of the Board is in conformity with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013.

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Policy Personnel and Senior Management of the Company. This Policy also lays down criteria for selection and appointment of Board Members. The policy attached as **Annexure 'B'** to this Board's Report.

MUKTA ARTS LIMITED

Declaration by Independent Directors

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

Board evaluation

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a structured questionnaire was prepared after taking into consideration of the various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance.

The evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The performance evaluation of the Chairman and the Non- Independent Director(s) was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

Directors

As per the provisions of Section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and in terms of the Articles of Association of the Company, Mr. Rahul Puri (DIN 01925045), Managing Director of the Company, retires by rotation at the forthcoming Annual General Meeting and, being eligible offer himself for re-appointment.

The Company has received declarations from Mrs. Paulomi Dhawan and Mr. Manmohan Shetty, Independent Directors of the Company confirming that they meet with the criteria of Independence as prescribed under Sub-Section (6) of Section 149 of the Companies Act, 2013.

In accordance with the provisions of Section 149 of the Companies Act, 2013, members' approval is being sought at the ensuing Annual General Meeting for re-appointment of Mrs. Paulomi Dhawan (DIN 01574580) and Mr. Manmohan Shetty (DIN 00013961) as Independent Directors for 5(five) consecutive years from 28th September, 2020 to 27th September, 2025.

Mr. Subhash Ghai (DIN 00019803) being re-appointed as Executive Chairman of the Company for the period of 3 years w.e.f. 30th May 2020.

Mr. Rahul Puri (DIN 01925045) being re-appointed as Managing Director of the Company for the period of 3 years w.e.f. 30th May 2020.

Key Managerial Personnel

The Company has following Key Managerial Personnel:

Sr. No.	Name of the Person	Designation
1	Mr. Subhash Ghai	Executive Chairman
2	Mr. Rahul Puri	Managing Director
3	Mr. Prabuddha Dasgupta	Chief Financial Officer
4	Ms. Monika Shah	Company Secretary

Certificate on Corporate Governance

AAS & Associates, Company Secretaries has certified the Company's Compliance of the requirements of Corporate Governance in terms of Regulation 27 (2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended 31st March, 2020 and the same is enclosed as an **Annexure D** to this Report.

Director's responsibility statement

To the best of knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134(3)(c) of the Companies Act, 2013:

- The financial statements have been prepared in conformity with Indian Accounting Standards (Ind As) and requirements of the Act and that of guidelines issued by SEBI, to the extent applicable to Company;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent 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 the year ended on that date;
- the directors have taken proper and sufficient care 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;
- the annual accounts have been prepared on a going concern basis;



- v. that the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi. that the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.
- vii. the financial statements have been audited by Uttam Abuwala Ghosh & Associates (formerly known as Uttam Abuwala & Co.), Chartered Accountants, the Company's Auditors
- viii. the Audit Committee meets periodically with the Internal Auditors and the Statutory Auditors to review the manner in which the Auditors are discharging their responsibilities and to discuss audit, internal control and financial reporting issues.

3. AUDIT AND AUDITORS

Statutory Auditors

At the 34th Annual General Meeting ("AGM") of the Company held on 9th September, 2016, M/s. Uttam Abuwala Ghosh & Associates (formerly known as Uttam Abuwala & Co.), Chartered Accountants bearing Firm Registration No. 111184W, were appointed as Statutory Auditors of the Company to hold office till the conclusion of the 38th Annual General Meeting.

The Company has received a certificate from the said Auditors to the effect that if they are re-appointed, the re-appointment would be in accordance with the provisions of Section 141 of the Companies Act, 2013. Accordingly, approval of the members for the re-appointment of M/s. Uttam Abuwala Ghosh & Associates, Chartered Accountants as Statutory Auditors of the Company for another term of 5 years is being sought at the ensuing Annual General Meeting of the Company. The Members are requested to consider the re-appointment of Statutory Auditors of the Company for another term of five years from the conclusion of this Annual General Meeting until the conclusion of the 43rd Annual General Meeting to be held in the year 2025 and authorise the Board of Directors to fix their remuneration.

Auditors' Report

The Company's explanation to the Auditors' observation in their Report have been detailed in Note No's 43 in the notes forming part of accounts which forms part of the Annual Report.

Secretarial Audit

Pursuant to provisions of Section 204(1) of the Companies Act, 2013 read with rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed K. C. Nevatia & Associates, Company Secretaries in Practice (C. P. No. 2348) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report of the Company for the year ended is attached as '**Annexure - C**'.

The Secretarial Auditors observations in their report are self-explanatory. No further explanation is required from the Management.

Significant and material orders passed by the regulators or courts

There are no significant and material orders passed by the Regulators/Courts that would impact the going concern status of the Company and its future operations.

Internal Financial control systems and their adequacy

Your Company has a proper and adequate system of internal controls. These controls ensure transactions are authorized, recorded and reported correctly and assets are safeguarded and protected against loss from unauthorized use or disposition. In addition, there are operational controls and fraud risk controls, covering the entire spectrum of internal financial controls within the meaning of the Act.

The internal and operational audit is entrusted to M/s. Garg Devendra & Associates, a reputed firm of Chartered Accountants. The main thrust of internal audit is to test and review controls, appraisal of risks and business processes, besides benchmarking controls with best practices in the industry.

Based on the report of Internal Auditor, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and the necessary corrective actions are presented to the Audit Committee. The Audit Committee actively reviews the adequacy and effectiveness of the internal financial control systems and suggests improvements to strengthen the same.

The Audit Committee and the Board are of the opinion that the Company has sound Internal Financial Control commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist during the financial year 2019-20.

MUKTA ARTS LIMITED

Extract of Annual Return

The details forming part of the extract of Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and administration) Rules, 2014, is attached as '**Annexure E**' and forms an integral part of this Report.

4. Human Resources

Human Resource is considered as one of the most critical resources in the business which can be continuously smoothened to maximize the effectiveness of the Organization. Human Resources build the Enterprise and the sense of belonging would inculcate the spirit of dedication and loyalty amongst them towards strengthening the Company's Policies and Systems. All personnel continue to have healthy, cordial and harmonious approach thereby enhancing the contributory value of the Company.

Further statutory disclosures w.r.t. Human Resources are as under:

- i) Your Company has in place a Prevention of Sexual Harassment (POSH) policy in accordance with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The essence of the policy is communicated to all employees of the group companies as well at regular intervals through assimilation and awareness programs.
- ii) During the year under review, no complaints were reported to the Board. Your company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Name	Designation	Ratio
Mr. Subhash Ghai	Executive Chairman	26:1
Mr. Rahul Puri	Managing Director	17:1

b. The percentage increase in remuneration of each director, chief executive officer, chief financial officer, company secretary in the financial year:

Name	Designation	%increase / decrease
Mr. Subhash Ghai	Executive Chairman	-3.5%
Mr. Rahul Puri	Managing Director	8%
Mr. Prabuddha Dasgupta	Chief Financial Officer	8%
Mrs. Monika Shah	Company Secretary	13%

c. The percentage increase in the median remuneration of employees in the financial year:- 10%

d. The number of permanent employees on the rolls of Company: - 72

e. Average percentage 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:

- 2%

f. Affirmation that the remuneration is as per the remuneration policy of the Company:

The Company affirms remuneration made is as per the remuneration policy of the Company



g. Particulars of Employees

Information as per Rule 5(2) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Top Ten Employees in terms of remuneration drawn during the year –

Sr. No.	Name	Designation / Nature of Duties	Remuneration	Qualification	Experience (in years)	Date of Commencement of Employment	Age (in years)	Last Employment Held	Relative of any Director and Manger of the Company
1	SUBHASH KRISHANDAYAL GHAI	EXECUTIVE CHAIRMAN	80,50,000	B.Com	50	09.07.1982	77	Mukta Arts Since inception	* Yes
2	RAHUL V PURI	MANAGING DIRECTOR	51,29,592	Bsc- Business Management	21	01.04.2004	42	Nimbus Communications Ltd.	* Yes
3	PRABUDDHA DASGUPTA	CHIEF FINANCIAL OFFICER	44,45,501	CA	28	07.07.2014	52	Neo Sports broadcast Pvt. Ltd.	No
4	SIRAJ FAROOQUI	STUDIO CHIEF EXECUTIVE	41,78,338	Inter Arts	44	01.11.1.2015	65	Mukta Arts Since inception	*Yes
5	SANJAY GHAI	CHIEF OPERATING OFFICER	30,54,000	Graduate	37	09.01.2008	54	Mukta Shakti Combine	No
6	ASHISH GHARDE	GROUP CHIEF OPERATING OFFICER	40,00,002	MBA (SIBM)	23	06.02.2017	47	Larsen & Toubro and Balaji Telefilms Limited	No
7	PREM TAPARIA	MANAGER-FINANCE	28,38,389	CA		25.07.2007	41	Simplex Mills Co. Ltd.	No
8	SAMEER FAROOQUI	SR. MANAGER	11,87,579	B Com	28	17.09.97	49	Cinerad Communication	*Yes
9	CORNELIA THALLINGER	EA TO CHAIRMAN	11,95,620	MBA in communications	10	16.02.2016	32	DSB international school, Mumbai	No
10	MONIKA SHAH	COMPANY SECRETARY	11,75,000	CS , LLB	14	25.01.2016	40	B. Raheja Builders	No

Details of Employees who were :

- (A) Employed throughout the Financial Year under review and in receipt of remuneration for the Financial Year in the aggregate of not less than Rs.1,02,00,000 per annum: **NIL**
- (B) Employed for the part of the Financial Year under review and in receipt of remuneration at the rate of not less than Rs. 8,50,000/- per month : **NIL**

There was no employee either throughout the financial year or part thereof who was in receipt of remuneration which in the aggregate was in excess of that drawn by the Managing Director or Whole-time Director and who held by himself or alongwith his spouse or dependent children two percent or more of the Equity Shares of the Company.

* Mr. Rahul Puri is relative of Mr. Subhash Ghai, Executive Chairman of the Company.

* Mr. Siraj Farooqui and Mr. Sameer Farooqui are relatives of Mr. Parvez A. Farooqui, Director of the Company.

5. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is presented in a separate section forming part of the Annual Report.

6. VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The Vigil Mechanism of the Company, which also incorporates a whistle blower policy in terms of the Listing Agreement to report genuine concerns or grievances. The Vigil Mechanism/ Whistle Blower Policy may be accessed on the Company's website <http://muktaarts.com/Aboutus/investorrelations.php>

7. RISK MANAGEMENT

Your Company is well aware of risks associated with its business. The Company manages risk through a detailed Risk Management Policy framework which lays down guidelines in identifying, assessing and managing risks that the businesses are exposed to.

MUKTA ARTS LIMITED

8. HEALTH, SAFETY AND ENVIRONMENT

As a responsible corporate citizen, your Company lays considerable emphasis on health, safety aspects of its human capital, operations and overall working conditions. Thus being constantly aware of its obligation towards maintaining and improving the environment, all possible steps are being taken to meet the toughest environmental standards on pollution, effluents, etc. across various spheres of its business activities.

9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company is not engaged in manufacturing activities and as such the particulars relating to conservation of energy and technology absorption are not applicable. The Company makes every effort to conserve energy as far as possible in its post-production facilities, Studios, Offices, etc. In particular the Company has taken specific measures to ensure conservation of energy in places where Mukta A2 Cinemas are located.

Particulars regarding Foreign Exchange earnings and outgo required under the provisions of Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 are given in the notes forming part of accounts which forms part of the Annual Report.

10. GREEN INITIATIVE

Section 136 of the Act and the Rules framed there under allows the Company to send its Financial Statements by electronic mode to such Members whose shareholding is in dematerialized format and whose email addresses are registered with the Depositories for communication purposes. As a responsible corporate citizen, the Company proposes to effect electronic delivery of the Annual Report of the Company in lieu of the paper form to the Members who have registered their email IDs with the Depositories. A physical copy of the Annual Report will be sent to those Members who have not registered their email addresses with the Depositories for receiving electronic communication. A physical copy of this Annual Report can also be obtained free of cost by any Member from the Registered Office of the Company on any working day during business hours.

A copy of this Annual Report is also available on the website of the Company at www.muktaarts.com.

11. STATUTORY INFORMATION

The Business Responsibility Reporting as required by Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is not applicable to your Company for the financial year ended March 31, 2020.

12. ACKNOWLEDGEMENTS

Your Directors express their deep sense of gratitude to the Artistes, Technicians, film distributors, exhibitors, Bankers, stakeholders and business associates for their co-operation and support and look forward to their continued support in future.

Your Directors also place on record, their appreciation for the contribution, commitment and dedication to your Company's performance by the employees of the Company at all levels.

For and on behalf of the Board of Directors of
Mukta Arts Limited

Subhash Ghai
Executive Chairman
DIN: 00019803

Place: Mumbai
Date: 29th June, 2020



Annexure – A

Form AOC – 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures.

Part “A”: Subsidiaries

(Currency: Indian Rupees)

Sr. No.	Particulars	Whistling Woods International Ltd	Connect.1 Limited	Mukta Tele Media Limited	Mukta Creative Ventures Limited (formerly known as Coruscant Tec Limited)	Mukta A2 Cinemas Limited	Mukta A2 Multiplex SPC
a)	Share Capital	20,00,00,000	6,00,000	5,00,000	75,00,000	1,50,00,000	1,00,81,300
b)	Reserves & Surplus	(88,96,20,187)	(1,75,86,041)	(1,30,77,378)	(60,75,727)	(211,207,369)	(18,33,28,037)
c)	Total Assets	49,09,33,173	30,20,970	40,89,609	14,36,073	(840,059,163)	10,28,45,592
d)	Total Liabilities	1,15,23,59,553	2,00,07,011	1,66,66,986	11,800	643,851,794	27,56,60,244
e)	Investments	5,00,000	250	250	NIL	45,000	NIL
f)	Turnover	55,83,20,995	20,46,098	8,91,266	72,827	838,801,250	15,05,25,048
g)	Profit /(Loss) before taxation	3,97,43,851	(20,35,248)	(2,46,473)	56,473	(106,882,279)	(5,40,59,644)
h)	Provision for taxation	15,00,000	NIL	NIL	14,683	10,430,837	NIL
i)	Profit /(Loss) after taxation	3,82,43,851	(20,35,248)	(2,46,473)	41,790	(117,313,116)	(5,40,59,644)
j)	Proposed dividend	Nil	NIL	NIL	NIL	Nil	NIL

Part “B”: Joint Venture

(Currency: Indian Rupees)

Sr. No.	Particulars	Mukta V N Films Limited
a)	Share Capital	6,36,00,000
b)	Reserves & Surplus	26,51,698

Nomination and Remuneration Policy

The Nomination and Remuneration Policy (the “Policy”) applies to the Board of Directors (the “Board”), Key Managerial Personnel (the “KMP”) and the Senior Management Personnel of Mukta Arts Limited.

1. OBJECTIVE

The Key Objectives of the Committee would be:

- a) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.
- c) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

2. DEFINITIONS

“**Board**” means Board of Directors of the Company.

“**Company**” means Mukta Arts Limited

“**Employees’ Stock Option**” means the option given to the directors, officers or employees of a company or of its subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price.

“**Independent Director**” means a director referred to in Section 149 (6) of the Companies Act, 2013.

“**Key Managerial Personnel**” (KMP) means

- (i) Chief Executive Officer or the Managing Director or the Manager,
- (ii) Company Secretary,
- (iii) Whole-time Director,
- (iv) Chief Financial Officer and
- (v) Such other officer as may be prescribed.

“**Nomination and Remuneration Committee**” shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the Listing Agreement.

“**Remuneration**” means any money or its equivalent given or passed to any person for services rendered by him and includes prerequisites as defined under the Income-tax Act, 1961.

“**Senior Management**” means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the executive directors, including all the functional heads.

3. ROLE OF THE COMMITTEE

The following shall be the role of the Committee:

- a) Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- b) Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- c) To recommend to the Board the appointment and removal of Directors and Senior Management.
- d) To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- e) Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- f) To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- g) To perform such other functions as may be necessary or appropriate for the performance of its duties.



4. MEMBERSHIP

- a) The Committee shall comprise of at least three (3) Directors, all of whom shall be non-executive Directors and at least half shall be Independent.
- b) The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and applicable statutory requirement.
- c) Minimum two members shall constitute a quorum for the Committee meeting.
- d) Membership of the Committee shall be disclosed in the Annual Report.
- e) Term of the Committee shall be continued unless terminated by the Board of Directors.

5. CHAIRMAN

- a) Chairman of the Committee shall be an Independent Director.
- b) Chairperson of the Company may be appointed as a member of the Committee but shall not Chair the Committee.
- c) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- d) Chairman of the Nomination and Remuneration Committee could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

6. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such intervals as may be required.

7. APPOINTMENT OF DIRECTOR, KMP AND SENIOR MANAGEMENT

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

8. REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

- a) The remuneration / compensation / commission etc. to Managerial Person, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- b) The remuneration and commission to be paid to Managerial Person shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force and shall
 - (i) take into account, financial position of the company, trend in the industry, appointee's qualification, experience, past performance, past remuneration, etc.;
 - (ii) be in a position to bring about objectivity in determining the remuneration package while striking a balance between the interest of the company and the shareholders.
- c) Managerial Person, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
- d) If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Section 197 read with Schedule V of the Companies Act, 2013 and the remunerations in excess of the limits prescribed under Section 197 read with Schedule V of the Companies Act, 2013 as amended from time to time shall be subject to prior approval of the Central Government.
- e) The Non- Executive / Independent Director may receive remuneration by way of sitting fees for attending Board Meetings of the Company, provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013.

9. SECRETARY

The Company Secretary of the Company shall act as Secretary of the Committee.

10. DEVIATIONS FROM THIS POLICY

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interest of the Company, will be made if there are specific reasons to do so in an individual case.

Form No. MR-3 SECRETARIAL AUDIT REPORT

For the Company's Financial Year from **1st April, 2019 to 31st March, 2020**

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

To,
The Members,
Mukta Arts Limited
Mumbai

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **Mukta Arts Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct / statutory compliances and expressing our opinion thereon.

Based on our verification of **Mukta Arts Limited's** books, papers, minute books, forms and returns filed and other records as maintained by the Company and also the information as provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended **March 31, 2020**, 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.

We 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, 2020** according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder.
2. 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, which were not applicable to the Company during the financial year under report.
3. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
4. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
5. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder
6. Employees Provident Fund and Miscellaneous Provisions Act, 1952
7. Employees State Insurance Act, 1948
8. Employers Liability Act, 1938
9. Equal Remuneration Act, 1976
10. Indian Contract Act, 1872
11. Income Tax Act, 1961 (our checking to the extent of Tax Deducted at Source under various Sections, payments made and T.D.S. Returns filed).
12. Indirect Tax Laws relating to collections, deductions, wherever applicable, payments made and returns filed (Our checking to the extent of GST payments made and Returns filed).
13. Indian Stamp Act, 1899
14. Maharashtra Stamp Act, 1958
15. Industrial Dispute Act, 1947
16. Maternity Benefits Act, 1961



17. Minimum Wages Act, 1948
18. Negotiable Instruments Act, 1881
19. Payment of Bonus Act, 1965
20. Payment of Gratuity Act, 1972
21. Payment of Wages Act, 1936
22. Contract Labour (Regulations & Abolition) Act, 1970
23. The Sexual Harassment of women at work place (Prevention, Prohibition and Redressal) Act, 2013
24. The Copyright Act, 1957
25. Trade Marks Act, 1999
26. The Patents Act, 1970
27. Shops and establishments Act
28. Cinematograph Act, 1952
29. Environment Protection Act, 1986 and other environmental laws
30. The Companies (Indian Accounting Standards) Rules, 2015

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (iii) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- (iv) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Secretarial Standards, etc. mentioned above to the extent applicable **except our comments and observations as stated in Annexure to this report and forms part of this report.**

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Director and Independent Directors. There is no change in the composition of the Board of Directors during the financial year under review.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and notes on agenda 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 the Board/Committee decisions are taken unanimously.

We 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.

We further report that during the audit period, there were no instances of:

- (i) Public / Rights / Preferential issue of shares / debentures / sweat equity.
- (ii) Redemption / buy-back of securities.
- (iii) Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013
- (iv) Merger / amalgamation / reconstruction etc.
- (v) Foreign technical collaborations.

**For K.C. NEVATIA & ASSOCIATES
COMPANY SECRETARIES**

**K.C. NEVATIA
Proprietor
FCS No.: 3963
C.P. No. 2348
UDIN: F003963B000392637**

**Place : Mumbai
Date : 29th June, 2020**

This Report is to be read with our letter of even date which is annexed and forms an integral part of this report.

Annexure to our Secretarial Audit Report dated 29th June, 2020

1. Delisting from Calcutta Stock Exchange Limited

The Company had voluntarily applied for delisting from the Calcutta Stock Exchange Limited (CSE) w.e.f. 31st March, 2014. However on not receiving any official confirmation of being delisted, the company paid the listing fees for the financial year 2014-2015 and requested for delisting w.e.f. 31st March, 2015. On account of non-receipt of any response from Calcutta Stock Exchange, the Company has not paid listing fee to the said stock exchange and stopped filling any statement, returns and forms with it from the financial year 2015-16. However, the Company has not yet received any confirmation from CSE for delisting. Further, the trading in scrip of the Company remains suspended by CSE. The Company had filed with SEBI a written complaint in this regard and the matter of delisting is still being followed up by the Company with SEBI and with CSE and their response is awaited.

2. Litigation at Bombay High Court

The High Court of Judicature at Bombay had quashed the Joint Venture Agreement between Mukta Arts Limited (MAL) and Maharashtra Film, Stage and Cultural Development Corporation Limited ('MFSCDCL') vide its order of 9th February 2012. In terms of the said order dated 9.02.2012 passed by the High Court of Judicature at Bombay, MFSCDCL raised net demand of Rs. 832,062,611/- and asked Whistling Woods International Limited (WWIL), a subsidiary company of MAL to vacate the premises. The MAL and WWIL filed Review Petitions before the High Court and the said Review Petitions were heard by High Court and a stay was granted on 30 July 2014. However, the High Court has ordered MAL/WWIL to pay against arrears of rent for the years 2000-01 to 2013-14 aggregating to Rs 100,038,000/- by January 2015 and pay rent of Rs 4,500,000/- per annum from the financial year 2014-15. As per the terms of the said order, MAL has paid an aggregate amount of Rs 113,538,000/- to MFSCDCL by 31st March, 2017 pending final hearing. The rent amount for the financial year 2017-18 to 2019-20 has been paid by WWIL to MFSCDCL. The State Government of Maharashtra and MFSCDCL challenged the order of the Bombay High Court in the Supreme Court which was dismissed by the Supreme Court on 22nd September, 2014 with recourse to the State Government of Maharashtra to make an application to Bombay High Court. Having regard to the circumstances explained above and pending final outcome of the matter under litigation, Mukta Arts Limited has not made any adjustment to the carrying value of investments in and amounts due from WWIL.

3. Provident Fund - Impact of Supreme Court Judgment and ensuing circular for non-exclusion of certain allowances

In the Secretarial Audit Report for the previous year ended on 31st March, 2019 the previous Secretarial Auditor had mentioned about the Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner(II) West Bengal" and the related circular (Circular No. C-II/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees. The applicability and impact of the said judgement of Supreme Court is yet to be ascertained by the Company.

**For K.C. NEVATIA & ASSOCIATES
COMPANY SECRETARIES**

**K.C.NEVATIA
Proprietor
FCS No.: 3963
C.P. No. 2348**

UDIN: F003963B000392637

**Place : Mumbai
Date : 29th June, 2020**



To,
The Members
Mukta Arts Limited
Mumbai

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express as opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For K.C. NEVATIA & ASSOCIATES
COMPANY SECRETARIES

K.C.NEVATIA
Proprietor
FCS No.: 3963
C.P. No. 2348

UDIN: F003963B000392637

Place : Mumbai
Date : 29th June, 2020

MUKTA ARTS LIMITED

Annexure - D

PRACTICING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Mukta Arts Limited

We have examined the compliance of the conditions of Corporate Governance by Mukta Arts Limited ('the Company') for the year ended on March 31, 2020, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

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

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2020.

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

**For M/s AAS & Associates
Company Secretaries**

CS Prerana Gupta
Partner
(FCS: 8612, CP: 17264)
UDIN: F008612B000393031

Date: June 29, 2020

Place: Mumbai



Annexure – E

FORM NO. MGT – 9 EXTRACT OF ANNUAL RETURN

As on the financial year ended 31.03.2020

[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:

CIN	L92110MH1982PLC028180
Registration Date	07-09-1982
Name of the Company	Mukta Arts Limited
Category / Sub-Category of the Company	Company Limited by shares/ Indian non-government Company
Address of the Registered Office and contact details	Mukta House, Behind Whistling Woods Institute, Filmcity Complex, Goregaon (East), Mumbai -400065 Telephone No. - (022) 33649400 Fax No. - (022) 33649401 Website: www.muktaarts.com
Whether listed Company	Yes
Name, address and contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C 101, 247 Park L B S Marg, Vikhroli West Mumbai – 400 083. (PH- 22 49186000, Fax- 22 49186060)

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)

Sr. No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Rent and amenities charges	68100	31%
2	Own Film/ Content production	92100	32%
3	Interest income	65910	22%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No	Name and Address of the Company	CIN	Holding/ Subsidiary/ Associate	% of Equity shares held	Applicable Section
1	Whistling Woods International Limited Whistling Woods Institute, Dada Saheb Phalke Chitra Nagari, Goregaon (East) Mumbai - 400065	U92141MH2001PLC130394	Subsidiary	84.99%	Section 2(87)(ii)
2	Connect.1 Limited 11 Bait-Ush-Sharaf 29th Road TPS III Bandra, Mumbai – 400050	U92110MH2000PLC124018	Wholly Owned Subsidiary	100%	Section 2(87)(ii)
3	Mukta Telemedia Limited 6 Bashiron, 28th Road, TPS-III, Bandra (West) Mumbai – 400050	U92100MH2002PLC137312	Subsidiary	99.92%	Section 2(87)(ii)
4	Mukta Creative ventures Limited (Formerly known as Coruscant Tec Limited) Mukta House, Behind Whistling Woods Institute Filmcity Complex, Goregaon (East) Mumbai – 400065	U72200MH2003PTC193963	Wholly Owned Subsidiary	100%	Section 2(87)(ii)

MUKTA ARTS LIMITED

Sr. No	Name and Address of the Company	CIN	Holding/ Subsidiary/ Associate	% of Equity shares held	Applicable Section
5	Mukta V N Films Limited Mukta House, Behind Whistling Woods Institute, Filmcity Complex, Goregaon East Mumbai – 400065	U74120MH2013PLC244220	Joint Venture Company	55%	Section 2(87)(ii)
6	Mukta A2 Cinemas Limited Mukta House, Behind Whistling Woods Institute, Filmcity Complex, Goregaon East Mumbai – 400065	U74999MH2016PLC287694	Subsidiary	70%	Section 2(87)(ii)
7	Mukta A2 Multiplex S.P.C. (Bahrain) 4 th Floor, Juffair Mall, Block 324, Juffair Manama, Kingdom of Bahrain	99524-1	Wholly Owned Subsidiary	100%	Section 2(87)(ii)
8	Whistling Woods International Education Foundation Mukta House, 3 rd Floor, Filmcity Complex, Goregaon (East), Mumbai- 400 065	U74999MH2016NPL285799	*Subsidiary	100%	Section 2(87)(ii)

* Whistling Woods International Education Foundation is a wholly-owned subsidiary of Whistling Woods International Limited which is a subsidiary of Mukta Arts Limited

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

(i) Category wise shareholding

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2019				No. of Shares held at the end of the year 31.03.2020				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.PROMOTERS									
(1) Indian									
a) Individual/ HUF	15893290	0	15893290	70.37	15893290	0	15893290	70.37	0.00
b) Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
c) Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
d) Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (1):-	15893290	0	15893290	70.37	15893290	0	15893290	70.37	0.00
(2) Foreign									
a) Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
b) Government	0	0	0	0.00	0	0	0	0.00	0.00
c) Institutions	0	0	0	0.00	0	0	0	0.00	0.00
d) Foreign Portfolio Investor	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (2):-	0	0	0	0.00	0	0	0	0.00	0.00
Total Shareholding of Promoter And Promoter Group (A) = (A)(1)+(A)(2)	15893290	0	15893290	70.37	15893290	0	15893290	70.37	0.00
B. PUBLIC SHAREHOLDING									
1. Institutions									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00



Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2019				No. of Shares held at the end of the year 31.03.2020				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
c) Alternate Investment Funds	0	0	0	0.00	0	0	0	0.00	0.00
d) Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
e) Foreign Portfolio Investor	0	0	0	0.00	0	0	0	0.00	0.00
f) Financial Institutions / Banks	0	0	0	0.00	100	0	100	0.0004	0.0004
g) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0
h) Provident Funds/ Pension Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Any Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(1):-	0	0	0	0.00	100	0	100	0.0004	0.0004
2. Central Government/ State Government(s)/ President of India	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(2)	0	0	0	0.00	0	0	0	0.00	0
3. Non-Institutions									
a) Individuals									
i) Individual Shareholders holding nominal share capital upto Rs.2 lakhs	3324220	14032	3338252	14.78	3323372	12930	3336302	14.77	(0.01)
ii) Individual Shareholders holding nominal share capital in excess of Rs.2 lakh	2255664	0	2255664	9.99	2429064	0	2429064	10.76	0.77
b) NBFCs registered with RBI									
c) Trust Employee									
d) Overseas Depositories(holding DRs) (balancing figure)									
e) Others	1097394	0	1097394	4.86	926444	0	926444	4.10	(0.76)
i) IEPF	25181	0	25181	0.11	25181	0	25181	0.11	0
ii) Trusts	24950	0	24950	0.11	24950	0	24950	0.11	0
iii) Hindu Undivided Family	381827	0	381827	1.69	337685	0	337685	1.50	(0.19)
iv) Non Resident Indians	103812	0	103812	0.46	126665	0	126665	0.56	0.10
v) Clearing Members	134222	0	134222	0.59	15931	0	15931	0.07	(0.52)
vi) Bodies Corporate	427402	0	427402	1.89	396032	0	396032	1.75	(0.14)
Sub-Total (B)(3):	6677278	14032	6691910	29.63	6678880	12930	6691810	29.63	0
Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3)	6677878	14032	6691910	29.63	6678980	12930	6691910	29.63	0
TOTAL (A)+(B)	22571168	14032	22585200	100	22572270	12930	22585200	100	0
C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	22571168	14032	22585200	100	22572270	12930	22585200	100	0

MUKTA ARTS LIMITED

(ii) Shareholding of Promoters

Shareholder's Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change 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	
SUBHASH GHAI	12421990	55.0006	0.0000	12421990	55.0006	0.0000	0.0000
MEGHNA GHAI PURI	1650000	7.3057	0.0000	1650000	7.3057	0.0000	0.0000
MUKTA SUBHASH GHAI	1650000	7.3057	0.0000	1650000	7.3057	0.0000	0.0000
PARVEZ A. FAROOQUI	77300	0.3423	0.0000	77300	0.3423	0.0000	0.0000
SIRAJ AKHTAR FAROOQUI	44000	0.1948	0.0000	44000	0.1948	0.0000	0.0000
ASHOK K. GHAI	37000	0.1638	0.0000	37000	0.1638	0.0000	0.0000
SUNITA BAHRY	8700	0.0385	0.0000	8700	0.0385	0.0000	0.0000
NARGIS P FAROOQUI	4300	0.0190	0.0000	4300	0.0190	0.0000	0.0000
Total	15893290	70.3704	0.0000	15893290	70.3704	0.0000	0.0000

(iii) Change in Promoters' Shareholding -

There is no change in the shareholding of the Promoter Group.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): -

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2019		Transactions during the year		Cumulative Shareholding at the end of the year - 2020	
		No. of Shares Held	% of Total Shares of The Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of The Company
1	RAJU NANWANI	820800	3.6342			820800	3.6342
	Transfer			26 Apr 2019	4400	825200	3.6537
	Transfer			24 May 2019	14500	839700	3.7179
	Transfer			31 May 2019	3300	843000	3.7325
	Transfer			29 Jun 2019	3000	846000	3.7458
	Transfer			02 Aug 2019	7700	853700	3.7799
	Transfer			15 Nov 2019	7000	860700	3.8109
	Transfer			20 Dec 2019	-7000	853700	3.7799
	AT THE END OF THE YEAR					853700	3.7799
2	SAKSHI NANWANI	109100	0.4831			109100	0.4831
	Transfer			26 Jul 2019	40000	149100	0.6602
	Transfer			02 Aug 2019	27900	177000	0.7837
	Transfer			09 Aug 2019	33000	210000	0.9298
	Transfer			23 Aug 2019	2000	212000	0.9387
	Transfer			30 Aug 2019	1325	213325	0.9445
	AT THE END OF THE YEAR					213325	0.9445
3	BIJOOO U RAMRAKHIANI	179000	0.7926			179000	0.7926
	AT THE END OF THE YEAR					179000	0.7926
4	JYOTI CHARUL SHAH	119500	0.5291			119500	0.5291
	Transfer			07 Jun 2019	75	119575	0.5294
	Transfer			14 Jun 2019	2925	122500	0.5424



Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2019		Transactions during the year		Cumulative Shareholding at the end of the year - 2020	
		No. of Shares Held	% of Total Shares of The Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of The Company
	Transfer			21 Jun 2019	1000	123500	0.5468
	Transfer			12 Jul 2019	1500	125000	0.5535
	Transfer			19 Jul 2019	500	125500	0.5557
	Transfer			20 Sep 2019	2000	127500	0.5645
	Transfer			08 Nov 2019	1000	128500	0.569
	Transfer			28 Feb 2020	1000	129500	0.5734
	Transfer			06 Mar 2020	1000	130500	0.5778
	Transfer			13 Mar 2020	1000	131500	0.5822
	Transfer			20 Mar 2020	2000	133500	0.5911
	Transfer			27 Mar 2020	407	133907	0.5929
	Transfer			31 Mar 2020	593	134500	0.5955
	AT THE END OF THE YEAR					134500	0.5955
5	NILESH TALAK DEDHIA	131175	0.5808			131175	0.5808
	Transfer			24 May 2019	-1175	130000	0.5756
	Transfer			31 May 2019	-800	129200	0.5721
	Transfer			07 Jun 2019	-200	129000	0.5712
	Transfer			21 Jun 2019	1600	130600	0.5783
	Transfer			29 Jun 2019	500	131100	0.5805
	Transfer			05 Jul 2019	-600	130500	0.5778
	Transfer			27 Sep 2019	5000	135500	0.6
	Transfer			18 Oct 2019	-6500	129000	0.5712
	Transfer			08 Nov 2019	-3000	126000	0.5579
	Transfer			15 Nov 2019	-400	125600	0.5561
	Transfer			29 Nov 2019	-400	125200	0.5543
	Transfer			06 Dec 2019	-2305	122895	0.5441
	Transfer			13 Dec 2019	780	123675	0.5476
	Transfer			20 Mar 2020	-1000	122675	0.5432
	AT THE END OF THE YEAR					122675	0.5432
6	USHABEN DHANVANTBHAI SHAH	115500	0.5114			115500	0.5114
	Transfer			03 May 2019	500	116000	0.5136
	Transfer			14 Jun 2019	1000	117000	0.518
	Transfer			21 Jun 2019	2500	119500	0.5291
	Transfer			16 Aug 2019	500	120000	0.5313
	Transfer			20 Mar 2020	2500	122500	0.5424
	AT THE END OF THE YEAR					122500	0.5424
7	RASIKLAL SHANKARLAL SHUKLA	118456	0.5245			118456	0.5245
	Transfer			05 Apr 2019	-112	118344	0.524
	AT THE END OF THE YEAR					118446	0.5244
8	JEENALEE HIREN GANDHI	71561	0.3168			71561	0.3168
	Transfer			26 Apr 2019	10000	81561	0.3611
	Transfer			30 Aug 2019	1671	83232	0.3685
	Transfer			06 Sep 2019	6768	90000	0.3985
	Transfer			17 Jan 2020	11000	101000	0.4472
	Transfer			24 Jan 2020	5000	106000	0.4693

MUKTA ARTS LIMITED

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2019		Transactions during the year		Cumulative Shareholding at the end of the year - 2020	
		No. of Shares Held	% of Total Shares of The Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of The Company
	Transfer			31 Jan 2020	3000	109000	0.4826
	Transfer			07 Feb 2020	1000	110000	0.487
	AT THE END OF THE YEAR					110000	0.487
9	HASMU KH PAREKH	106154	0.47			106154	0.47
	AT THE END OF THE YEAR					106154	0.47
10	PINAK DHIRAJ GALA	86000	0.3808			86000	0.3808
	Transfer			27 Mar 2020	20	86020	0.3809
	Transfer			31 Mar 2020	13980	100000	0.4428
	AT THE END OF THE YEAR					100000	0.4428
11	MIND FACTORY ENTERTAINMENT PRIVATE LIMITED	100000	0.4428			100000	0.4428
	AT THE END OF THE YEAR					100000	0.4428

Note:

1. Paid up Share Capital of the Company (Face Value Rs. 5.00) at the end of the year is 22585200 Shares.
2. The details of holding has been clubbed based on PAN.
3. Percentage of total Shares of the Company is based on the paid-up Capital of the Company at the end of the Year.

(v) Shareholding of Directors and Key Managerial Personnel: -

Sr. No	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year		Date of change in shareholding	Reason for change
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company		
	Directors						
1	Subhash Ghai	12421990	55.00	12421990	55.00	--	--
2.	Parvez A. Farooqui	77300	0.34	77300	0.34	--	--
3.	Manmohan Shetty	800	0.00	800	0.00	--	--

(v) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment. -

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	45,21,67,617	8,20,00,000	-	53,41,67,617
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	54,67,858	-	54,67,858
Total (i+ii+iii)	45,21,67,617	8,74,67,858	-	53,96,35,475
Change in Indebtedness during the financial year				
* Addition	46,41,89,792	-	-	46,41,89,792
* Reduction	43,14,98,615	-	-	43,14,98,615
Net Change	3,26,91,177	-	-	3,26,91,177
Indebtedness at the end of the financial year				
i) Principal Amount	48,48,58,794	8,74,67,858	-	57,23,26,652
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	48,48,58,794	8,74,67,858	-	57,23,26,652



VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL –

A. Remuneration to Managing Director / Whole Time Director and/or Manager:

Sr No.	Particulars of Remuneration	Names of MD/WTD (Rs.)		Total Amount (Rs.)
		Subhash Ghai	Rahul Puri	
1	Gross Salary			
(a)	Salary as per provisions contained in section 17 (1) of the Income Tax Act, 1961	80,50,000	51,29,592	1,31,79,592
(b)	Value of Perquisites u/sec 17 (2) Income Tax Act, 1961	3,37,400	47,400	3,84,800
(c)	Profits in lieu of salary under section 17 (3) of Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
(a)	as a % of profit	-	-	-
(b)	others, specify	-	-	-
5	Others	-	-	-
	Total	83,87,400	51,76,992	1,35,64,392

B. Remuneration to other Directors: -

Sr No.	Particulars of Remuneration	Name of Directors			
		Kewal Handa	Paulomi Dhawan	Manmohan Shetty	Parvez A. Farooqui
	Non-Executive Directors				
1.	Sitting Fees for attending board meetings	45,000	60,000	60,000	60,000
2.	Salary & perquisites	NIL	NIL	NIL	NIL
	Total	45,000	60,000	60,000	60,000

C. Remuneration to key managerial personnel other than MD/Manager/WTD –

Sr No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount (Rs.)
		Total Amount (Rs.)		
		Prabuddha Dasgupta	Monika Shah	
1	Gross Salary			
(a)	Salary as per provisions contained in section 17 (1) of the Income Tax Act, 1961	44,45,501	11,75,000	56,20,501
(b)	Value of Perquisites u/sec 17 (2) Income Tax Act, 1961	-	-	-
(c)	Profits in lieu of salary under section 17 (3) of Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
(a)	as a % of profit	-	-	-
(b)	others, specify	-	-	-
5	Others	-	-	-
	Total	44,45,501	11,75,000	56,20,501

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES (Under the Companies Act):

There were no penalties, punishment or compounding of offences during the year ended March 31, 2020.

For and on behalf of the Board of Directors

(Subhash Ghai)
Chairman
DIN: 00019803

Place: Mumbai
Date: 29th June, 2020

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Mukta Arts Limited considers Corporate Governance as an instrument to maximize value for all Stakeholders, i.e. investors, employees, shareholders, customers, suppliers, environment and the community at large. Good governance practices emerge from the culture and mind-set of the organization. The Company emanates its values from the rich governance and disclosure practices followed by the group.

Integrity and transparency are key to our corporate governance practices to ensure that we gain and retain the trust of our stakeholders at all times. We are in compliance of all the applicable provisions of the Listing Regulations. Corporate Governance is one of the essential pillars for building an efficient and sustainable environment. Your Company follows the best governance practices with highest integrity, transparency and accountability. Company's Corporate Governance Philosophy is further strengthened by its adoption of Policies, Code of Conduct for the Board members and Senior Management, the Board process, Code of Conduct for Prevention of Insider Trading in Mukta Arts Securities.

Further, the Listing Regulation guidelines allow the Board to make independent decisions to bring objectivity and transparency in the management and in the dealings of the Company. The Governance Guidelines related to composition and role of the Board, Chairman and Directors, Board diversity, definition of independence, Director's term, retirement age and Committees of the Board are adhered to. These guidelines ensure that the Board will have the necessary authority and processes to review and evaluate our operations when required.

A Report on compliance with the Corporate Governance provisions as prescribed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is given below.

1. Board of Directors

A. Size and Composition of the Board

The composition of the Board is in conformity with Regulation 17(1) of the Listing Regulations read with Section 149 of the Companies Act, 2013.

As on March 31, 2020, the Board of the Company has an optimum combination of Executive Chairman, Managing Director, Non-Executive Director and Independent Directors and 50% of the Board of Directors comprises of independent directors including one woman director.

B. Attendance at Board Meetings

During the year under consideration four meetings of the Board were held on 21st May, 2019; 12th August, 2019, 12th November, 2019 and 13th February, 2020.

The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the year and the number of Directorships and Committee Chairmanships/Memberships held by them in other companies are given herein below other Directorships do not include directorships in Private Limited Companies, Section 8 Companies and Companies incorporated outside India.

Chairmanships / Memberships of Board Committees include only Audit Committee and Stakeholders Relationship Committee.

Sr. No.	Name of the Director	Category	Number of Board meeting during the Yr. 2019 - 2020		Number of Director ships in other Public Companies	Membership / Chairmanship of Committees in other Public Companies		Attendance at the A.G.M Held on 28 th August, 2019
			Held	Attended		Chairman	Membership	
1	Mr. Subhash Ghai	EC	4	3	2	Nil	Nil	Present
2	Mr. Rahul Puri	ED	4	4	1	Nil	Nil	Present
3	Mr. Parvez A Farooqui	NED	4	4	1	Nil	Nil	Present
4	Mr. Kewal Handa	ID	4	3	6	Nil	1	Present
5	Mr. Manmohan Shetty	ID	4	4	3	Nil	1	Absent
6	Mrs. Paulomi Dhawan	ID	4	4	1	Nil	Nil	Present

EC: Executive Chairman, ED: Executive Director, NED: Non-Executive Director, ID: Independent Director

C. Inter-se relationships among Directors:

Mr. Rahul Puri is son-in-law of Mr. Subhash Ghai and Mr. Parvez A Farooqui is brother-in-law of Mr. Subhash Ghai. Except for this, there are no inter-se relationships among the Directors.



D. Number of shares and convertible instruments held by Non-Executive Directors:

Mr. Manmohan Shetty, Non-Executive Independent Director of the Company holds 800 Equity Shares of the Company and Mr. Parvez Farooqui, Non- Executive Director of the Company holds 77300 Equity Shares of the Company. None of the other Non Executive Independent Directors hold any shares in the Company. Further, the Company has not issued any convertible instruments hence disclosure in this respect is not applicable.

E. Independent Directors:

The Independent Directors on the Board of the Company, upon appointment are given formal appointment letter inter alia containing the term of appointment, role, duties and responsibilities, time commitment, remuneration, insurance, code of conduct, training and development, performance evaluation process, disclosure, confidentiality, etc. The Company has received necessary declarations from all the independent directors under Section 149 (7) of the Companies Act, 2013 that he/she meets the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013 and Listing Regulations.

The terms and conditions of appointment of the Independent Directors and familiarisation programme of the Independent Directors both are disclosed on the website of the Company at <http://muktaarts.com/Aboutus/investorrelations.php>.

Performance Evaluation:

One of the Key functions of the Board is to monitor and review the board evaluation framework. The Board works with the Nomination and Remuneration Committee to lay down the evaluation criteria for the performance of executive/ non-executive/ independent directors through a peer- evaluation excluding the director being evaluated through a survey. The questionnaire of the survey is a key part of the process of reviewing the functioning and effectiveness of the Board and for identifying possible paths for improvement.

To improve the effectiveness of the Board and its committees, as well as that of each individual director, a formal and rigorous Board review is internally undertaken on an annual basis. Further, the evaluation process was based on the affirmation received from the independent directors that they met the independence criteria as required under the Companies Act, 2013 and Listing Regulations.

Separate Meeting of the Independent Directors:

The Independent Directors of the Company generally meet among themselves after every quarterly Board meeting, without the presence of the Executive Directors/Non-Executive Directors and members of the Management of the Company.

The purpose of these meetings is to promote open and candid discussion among the Independent Directors. During the financial year 2019-20, Independent Directors met twice among themselves, i.e. on 12th August, 2019 and 12th November, 2019. In the said meetings, the Independent Directors reviewed the matters as required under the LODR Regulations and that of Companies Act, 2013. Items that needs action, if any, were communicated to the Executive management and tracked to closure to the satisfaction of Independent Directors. In the above said meetings the following issues were discussed in detail:

- Reviewed the performance of non-independent directors and the Board as a whole;
- Reviewed the performance of the Chairman of the Company, taking into account the views of Non-Executive Directors;
- 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;
- Discussion on the observance of the Corporate Governance by the Company;
- Reviewed the performance of the Company and risks faced by it.

2. COMMITTEES OF THE BOARD

(A) AUDIT COMMITTEE

The Company has an Audit Committee in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of Listing Regulations.

The Audit Committee comprises of

- | | |
|------------------------|-------------------------------------|
| Mr. Kewal Handa | - Chairman and Independent Director |
| Mr. Parvez A. Farooqui | - Member and Non-Executive Director |
| Mr. Manmohan Shetty | - Member and Independent Director |

MUKTA ARTS LIMITED

The meetings of audit committee are also attended by the Statutory Auditors and Chief Financial Officer of the company as special invitees. The committee also invites the Internal Auditors and such other Executives as it considers appropriate to be present at the meeting. The Company Secretary acts as the secretary to the audit committee. Minutes of each audit committee meeting are placed before, and when considered appropriate, are discussed in the meeting of the Board. All the members of the committee possess strong accounting and financial management knowledge. The primary objective of the audit committee is to monitor and provide an effective supervision of the Management's financial reporting process to ensure accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting. The Audit Committee reports to the Board. The Chairperson and the members of Audit Committee are financially literate and have the required accounting and financial management expertise. The committee is responsible for recommending selection, evaluation and where appropriate, replacing the Independent auditors in accordance with the law.

Four meetings of the Audit Committee were held during the year on 21st May, 2019; 12th August, 2019, 12th November, 2019 and 13th February, 2020.

Details of meetings attended by its members till 31st March, 2020 are given below:

Name of the Director	No. of Meetings held	No. of meetings attended
Mr. Kewal Handa	4	3
Mr. Manmohan Shetty	4	4
Mr. Parvez A. Farooqui	4	4

The Chairman of the Audit Committee was present at the Annual General Meeting held on 28th August 2019 to address the shareholders' queries pertaining to the Annual Accounts of the Company.

Powers and Terms of Reference of the Committee:

The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting process of the Company, the audit of the Company's financial statements, the appointment, independence, performance and remuneration of the statutory auditors, the performance of internal auditors and the Company's risk management policies. The Committee, inter-alia, performs the following functions:

1	Overseeing of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2	Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees.
3	Approval of payment to statutory auditors for any other services rendered by them.
4	Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to: <ol style="list-style-type: none"> Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Section 134 (5) of the Companies Act, 2013. Changes, if any, in accounting policies and practices and reasons for the same. Major accounting entries involving estimates based on the exercise of judgment by management. Significant adjustments made in the financial statements arising out of audit findings. Compliance with listing and other legal requirements relating to financial statements. Disclosure of any related party transactions. Qualifications in the draft audit report.
5	Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6	Reviewing, with the management, the statement of uses / application of funds as and when raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7	Reviewing with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
8	Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
9	Discussion with internal auditors on any significant findings and follow up thereon.



10	Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
11	Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12	To look into the reasons for substantial defaults if any in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
13	To review the functioning of the Whistle Blower mechanism, in case the same is existing.
14	Carrying out any other function as is assigned to the Audit Committee.
15	Such other powers and duties as may be required to be included in terms of Listing Regulations amended from time to time and as referred to the Audit Committee by the Board of Directors of the Company;

(B) NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises of

Mr. Kewal Handa	-	Chairman and Independent Director
Mr. Manmohan Shetty	-	Member and Independent Director
Mrs. Paulomi Dhawan	-	Member and Independent Director

Two members are the quorum for the meeting of the said Committee. The Company Secretary is the Secretary of the Nomination and Remuneration Committee. The minutes of the Meeting of the Committee are placed at the meeting of Board of Directors.

During the year under review, the Nomination and Remuneration Committee met twice during the year at the meetings which were held on 21st May 2019 and 12th August 2019.

Name of the Director	Meetings held during the tenure of the Directors	Meetings Attended
Mr. Kewal Handa	3	3
Mr. Manmohan Shetty	3	3
Mrs. Paulomi Dhawan	3	3

The broad terms of reference of the Nomination and Remuneration Committee are as under:

- To nominate persons who are qualified to become Directors and who may be appointed in a senior Management in accordance with the criteria laid down;
- Recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;
- To determine the Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment, including recommendation for fixation and periodic revision of compensation policy (including performance bonus, incentives, perquisites and benefits) for senior management personnel.

Nomination and Remuneration Policy

The Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 and provisions of Regulation 19 of SEBI Listing Regulations. The policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

The Nomination and Remuneration policy is available on the website of the Company at <http://muktaarts.com/Aboutus/investorrelations.php>.

The Nomination and Remuneration Policy of the Company is also attached as Annexure to the Board's Report.

Criteria for performance evaluation of Directors

Performance evaluation of each Director was carried out based on the criteria as laid down by the Nomination and Remuneration Committee.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, promotion of participation by all directors and developing consensus amongst the directors for all decisions.

MUKTA ARTS LIMITED

Remuneration paid to Directors

Your Company benefits from the professional expertise and invaluable experience of the Independent Directors in their individual capacity as competent professionals/business executives in achieving corporate excellence. The remuneration Policy is focused on ensuring that level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully. During the period, there were no pecuniary relationships or transactions between the Company and any of its Non-Executive Directors. The Company has not granted any stock options to any of its Non-Executive and/or Independent Directors.

Details of Sitting Fees/Remuneration paid to Non-executive Independent Directors and Executive Directors for the year ended March 31, 2020 are given below:

i) Executive Chairman and Managing Director

The Agreements with the Executive Chairman and Managing Director are for a period of Three Years.

The total remuneration paid to the Executive Chairman, Managing Director and Executive Director during the year 2019-20 was as under:

Particulars	Mr. Subhash Ghai Executive Chairman	Mr. Rahul Puri Managing Director
Salary	8.05	5.13
Perquisites	0.34	0.05
Total	8.39	5.18

Details of Service Contract

Names	Period of Contract	Dates of Appointment
Mr. Subhash Ghai	3 Years	30 th May, 2020
Mr. Rahul Puri	3 Years	30 th May, 2020

ii) The Non-Executive Independent Directors are not entitled to any remuneration except payment of sitting fees for attending the meetings of Board of Directors of the Company. During the year 2019-20, the Company has paid total sitting fee of Rs. 225,000 to Non-Executive Director and Non-Executive Independent Directors as under:

Names	Sitting fees (Rs.)	Salary & Perqui- sites (Rs.)	Commission (Rs.)	Total (Rs.)
Mr. Kewal Handa	45,000	Nil	Nil	45,000
Mrs. Paulomi Dhawan	60,000	Nil	Nil	60,000
Mr. Manmohan Shetty	60,000	Nil	Nil	60,000
Parvez A. Farooqui	60,000	Nil	Nil	60,000
TOTAL				225,000

(C) STAKEHOLDERS RELATIONSHIP COMMITTEE

The Committee assists the Board and the Company to oversee the various aspects of the interests of stakeholders.

Stakeholders Relationship Committee comprises of:

1. Mr. Kewal Handa – Chairman and Independent Director
2. Mr. Parvez A. Farooqui – Member and Non-Executive Director
3. Mrs. Paulomi Dhawan – Member and Independent Director

The Company promptly redresses the complaints of the shareholders. Stakeholders Relationship Committee met thrice during the year on three meetings of the Board which were held on 12th August 2019, 21st May 2019 and 12th November 2019.

Name of the Director	Meetings held during the tenure of the Directors	Meetings Attended
Mr. Kewal Handa	3	2
Mr. Parvez A. Farooqui	3	3
Mrs. Paulomi Dhawan	3	3



ROLE

The Committee is entrusted with the responsibility to resolve the grievances of security holders. The Committee monitors and reviews the performance and service standards of the Registrar and Share Transfer Agents of the Company and provides continuous guidance to improve the service levels for investors. The broad terms of reference of the Committee are as under:

- to deal and approve shares/securities transfers, request for split, issue of duplicate Shares certificate;
- to delegate Authority to the Senior Executives for approval of transfer and transmission of securities issued by the Company;
- to deal with the Investors complaints;
- to maintain, develop and improve relations with the investors;
- to fix record date/book closure of share transfer book of the Company from time to time;
- to appoint representatives to attend the General Meeting of other companies in which the Company is holding shares.

Details of investor complaints received and redressed during the year 2019- 20 are as follows:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
0	0	0	0

The "SCORES" website of SEBI for redressing of Grievances of the investors is being visited at regular intervals by the Company Secretary and there are no pending complaints registered with SCORES for the Financial Year ended on 31st March, 2020.

The Board has appointed Ms. Monika Shah, Company Secretary as Compliance Officer, as required under the Listing Regulations. The Board has also appointed Ms. Monika Shah, Company Secretary as Nodal officer effective May 24, 2018 to ensure compliance with the IEPF Rules.

Name, designation and address of Compliance Officer:

Ms. Monika Shah,
Company Secretary & Compliance Officer
Mukta House, Behind Whistling Woods Institute,
Filmcity Complex, Goregaon (East),
Mumbai- 400 065
Telephone No. - 022.336.49444
Email: monika@muktaarts.com

(D) Share Transfer Committee

Share Transfer Committee provides assistance to the Board of Directors in ensuring that the transfer of shares takes place within the stipulated period of thirty days from the date they are lodged with the Company or its Registrar and Share Transfer Agents. The Committee frames the policy for ensuring timely transfer of shares including transmission, splitting of shares, consolidation, changing joint holding into single holding and vice versa and also for issuing duplicate share certificates in lieu of those torn/destroyed, lost or defaced.

Share Transfer Committee comprises of:

1. Mr. Parvez A. Farooqui - Chairman and Non- Executive Director
2. Mr. Kewal Handa - Member and Independent Director.
3. Mr. Manmohan Shetty - Member and Independent Director

The Share Transfer Committee Meeting was not held during the year.

In view of 99.95% of the shares being held by the shareholders in demat form, the services of this Committee are sparingly required.

MUKTA ARTS LIMITED

3. General Body Meetings

Details of General meetings and special resolutions passed:

Annual General Meetings ("AGM") held during the past 3 years and the Special Resolutions passed therein:

Financial Year ended	Date of AGMs	Time	Venue	Details of Special Resolutions
31.03.2019	28.08.2019	4.00 P.M.	Whistling Woods Institution's Auditorium Dada Saheb Phalke Chitra Nagari Goregaon (East), Mumbai-400 065	Special Resolution for re-appointment of Mr. Kewal Handa (DIN 00056826), Independent Director of the Company to hold office for a second term of 5 (five) consecutive years from 27 th September, 2019 to 26 th September, 2024 ("Both days inclusive") and who shall not be liable to retire by rotation.
31.03.2018	30.08.2018	4.00 P.M.	Whistling Woods Institution's Auditorium Dada Saheb Phalke Chitra Nagari Goregaon (East), Mumbai-400 065	Special Resolution to discontinue the ratification of the appointment of Uttam Abuwala & Co., Chartered Accountants(Firm registration no. 111184W) as the Statutory Auditors of the Company at every Annual General Meeting.
31.03.2017	13.09.2017	4.00 P.M.	Whistling Woods Institution's Auditorium Dada Saheb Phalke Chitra Nagari Goregaon (East), Mumbai-400 065	NIL

No Extra Ordinary General Meeting was held during the past 3 years.

Postal Ballot:

During the previous three years the Company approached the shareholders through postal ballot. The details of the postal ballot for the last three years are as follows:

Date of Postal Ballot Notice – 2nd November, 2018

Voting period – 19th November, 2018 to 18th December, 2018

Date of declaration of result – 19th December, 2018

Date of approval - 18th December, 2018

Name of resolution	Type of resolution	No. of votes polled	Votes cast in favour	Votes cast against
Alteration of Object Clause 17 of Memorandum of Association of the Company	Special	17118732	17057681 99.64%	61051 0.36%
Waiver of the recovery of excess amount paid as managerial remuneration and professional fees to Mr. Subhash Ghai as the erstwhile Managing Director of the Company	Special	1271242	1214461 95.53%	56781 4.47%
Approval for giving loan or guarantee or providing security in connection with loan availed by any of Company's subsidiary or any other person specified under section 185 of the Companies Act, 2013	Special	1271242	1209312 95.13%	61930 4.87%

1. Disclosures

(i) Related Party Transactions

During the year under review, besides the transactions reported elsewhere in the Annual Report, there were no materially significant transactions or arrangements entered into between the Company and the promoters, directors and management that may have potential conflict with the interest of the Company at large.

The Board of Directors has adopted the policy on materiality of and the manner of dealing with related party transactions. The copy of the same has been uploaded and is available at the website of the Company at <http://muktaarts.com/Aboutus/investorrelations.php>

(ii) Compliances by the Company

There have been no instances of non-compliance on any matter with the rules and regulations prescribed by the Stock Exchanges, Securities and Exchange Board of India or any other statutory authority relating to the capital market during the last three years.



(iii) **Whistle Blower Policy**

The Company has adopted Whistle Blower Policy (vigil mechanism) and employees are encouraged to report any contravention or suggestion for improved working of the Company.

The details of the policy has been uploaded at the website of the Company viz. <http://muktaarts.com/Aboutus/investorrelations.php>.

(iv) **Policy for determining 'material' subsidiaries**

Your company has formulated a policy for determining 'Material Subsidiaries' as defined in Regulation 16 of the Listing Regulations. This policy has also been posted on the website of the Company at <http://muktaarts.com/Aboutus/investorrelations.php>.

(v) **Compliance with Mandatory Items**

The Company has complied with the mandatory requirements regarding the Board of Directors, Audit Committees and other Board Committees and other disclosures as required under the provisions of SEBI (LODR) Regulations, 2015.

(vi) A certificate has been received from K. C. Nevatia & Associates, Practising Company Secretaries, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

(vii) M/s. Uttam Abuwala Ghosh & Associates (formerly known as Uttam Abuwala & Co.), Chartered Accountants bearing Firm Registration No. 111184W have been appointed as the Statutory Auditors of the Company. The particulars of payment of Statutory Auditors fees, on consolidated basis is given below :

Particulars	Amount in Rupees (INR)
Payment to Statutory Auditors (including out of pocket expenses)	15,38,839/-
Oher matters	10,000/-
Total	15,48,839/-

2. **Subsidiary Companies:** The Audit Committee reviews the consolidated financial statements of the Company and the investments made by its unlisted subsidiary companies.

3. **Means of Communication:**

(i) **Quarterly/Half-yearly and Yearly Financial Results**

The quarterly/half-yearly and annual results along with the Segment Report of the Company are published in the newspapers and posted on the website of the Company at www.muktaarts.com. The quarterly and annual results are generally published in The Business Standard and Mumbai Lakshdeep which are national and local dailies respectively. The Company's financial results are sent in time to Stock Exchanges so that they may be posted on the Stock Exchanges' website.

(ii) **Company's Corporate Website**

The Company's website is www.muktaarts.com. The said website serves to inform the shareholders, by giving complete financial details, corporate governance, Composition of Board, contact information, etc.

(i) **Release of official news**

Your Company from time to time and as may be required, communicates with its shareholders through multiple channels of communications such as dissemination of information on the website of the Stock Exchanges, press releases, the Annual Reports and uploading relevant information on its websites also. Your company discloses to the stock exchanges, all the information required to be disclosed as per regulation 30 of the Listing Regulations including material information having a bearing on the performance/operations of the Company and other price sensitive information.

4. **General Shareholders Information**

A. **Annual General Meeting**

Date : September 25, 2020
Time : 3.00 p.m.
Venue : Whistling Woods Institute's Auditorium
Dada Saheb Phalke Chitra Nagari
Goregaon (East), Mumbai- 400 065.

B. **Financial Calendar**

For the year ending 31st March, 2020 the Financial Results will be announced on:

1st Quarter : Within 45 days from the end of the quarter
2nd Quarter : Within 45 days from the end of the quarter
3rd Quarter : Within 45 days from the end of the quarter
4th Quarter (Audited yearly results): Within 60 days after the end of March, 2020

MUKTA ARTS LIMITED

- C. Date of Book Closure** : Saturday, the 19th September, 2020 to Saturday, the 26th September, 2020 (both days inclusive)
- D. Listing** : National Stock Exchange of India Limited (NSE)
Exchange Plaza, C-1, Block G
Bandra Kurla Complex, Bandra(East), Mumbai 400 051
BSE Limited (BSE)
25th Floor, P. J. Towers, Dalal Street
Mumbai 400 001
- E. Corporate Identity Number** : L92110MH1982PLC028180
- F. ISIN NO.** : INE374B01019
SCRIP CODE:
BSE : 532357
NSE : MUKTA ARTS –EQ

*Calcutta Stock Exchange Association Limited – 23922

*The Company had voluntarily applied for delisting from the Calcutta Stock Exchange Limited (CSE) w.e.f. 31st March, 2014. The trading in script of the Company remains suspended by CSE. The confirmation on the delisting has not still being received by the Company. We have been informed that the matter of delisting is still being followed up by the Company with CSE and a written complaint has been filed with the SEBI in this regard. Response from SEBI as well as CSE is still awaited.

The Listing fees for the year 2019–20 have already been paid to all the Stock Exchanges where the Company's shares are listed except the Calcutta Stock Exchange Association Limited.

- G. Market Price Data:** the monthly high and low prices and volumes of shares of the Company at BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) for the year ended 31st March, 2020 are as under:

- i) Market Price Data and Performance in comparison to BSE SENSEX

Month	Company		No of equity shares Traded	BSE SENSEX	
	High	Low		High	Low
April 2019	54.40	44.00	165135	39487.45	0.00
May 2019	50.85	0.00	93652	40124.96	36956.10
June 2019	48.40	34.50	43027	40312.07	38870.96
July 2019	40.00	31.95	42808	40032.41	37128.26
August 2019	40.95	32.65	11128	37807.55	36102.35
September 2019	43.50	0.00	88790	39441.12	35987.80
October 2019	44.95	0.00	80828	40392.22	37415.83
November 2019	42.65	0.00	34521	41163.79	40165.03
December 2019	42.00	0.00	25776	41809.96	40135.37
January 2020	44.60	36.00	114007	42273.87	40476.55
February 2020	39.40	31.75	38596	41709.30	38219.97
March 2020	33.05	0.00	35682	39083.17	25638.90

- ii) Market Price Data and Performance in comparison to NSE NIFTY

Month	Company		No of shares Traded	NSE NIFTY	
	High	Low		High	Low
April 2019	58.30	47.10	1907409	11856.15	11549.10
May 2019	51.25	38.00	980238	11281.55	11108.30
June 2019	47.50	34.00	319903	12103.05	11625.10
July 2019	39.90	31.70	346503.00	11981.75	10999.40
August 2019	40.40	32.60	267418	11181.45	10637.15
September 2019	44.00	34.45	714462	11694.85	10670.25
October 2019	46.10	34	926726	11945.00	11090.15
November 2019	42.50	37.15	656503	12158.80	11802.65
December 2019	38.95	35.05	291167	12293.90	11832.30
January 2020	44.70	36.15	1263595	12430.50	11929.60
February 2020	39.70	0.00	307739	12231.75	0.00
March 2020	34.45	0.00	620215	11433.00	0.00



H. Name and Address of the Registrar and Share Transfer Agent

Link Intime India Private Limited
C 101, 247 Park
L B S Marg, Vikhroli West
Mumbai – 400 083.
(PH- 22 49186000, Fax- 22 49186060)
Email Id- Nayna Wakle [nayna.wakle@linkintime.co.in]

I. Share Transfer System

The Company has entrusted the administrative work of share transfers, transmissions, issuance of duplicate certificates, sub-division, demat and re-mat requisite etc., and all tasks related to shareholdings to Link Intime India Private Limited, the Registrars and Share Transfer Agents.

If the relevant documents are complete and in order in all respects, the transfer of shares is effected within 30 days and certificates are dispatched to the transferees within 30 days from the date of receipt.

The requests for dematerialization of shares are processed by the Registrar and Share Transfer Agents and if all the documents are found to be in order, the same are approved by them within a period of 30 days.

J. (1) Distribution of Share Holding as on 31st March, 2020

DISTRIBUTION SCHEDULE AS ON 31/03/2020					
Sr. No	Shareholding of Shares	No. of Shareholders	% of Total Shareholders	Shares held	% of Share held
1	1 - 500	7278	85.7648	940608	4.1647
2	501 - 1000	595	7.0115	494410	2.1891
3	1001 - 2000	270	3.1817	418245	1.8519
4	2001 - 3000	100	1.1784	253817	1.1238
5	3001 - 4000	48	0.5656	170861	0.7565
6	4001 - 5000	49	0.5774	229693	1.0170
7	5001 - 10000	63	0.7424	477266	2.1132
8	10001 and above	83	0.9781	19600300	86.7838
	Total	8870	100.00	22585200	100.00

(2) Distribution of shareholding according to categories of shareholders as on 31st March, 2020

SHARE HOLDING PATTERN AS ON 31/03/2020				
Sr. no.	Description	Number of Shareholders	Total number of shares	% of Total shares
1	Clearing Member	29	15931	0.07
2	Other Bodies Corporate	124	396032	1.75
3	Promoter & Promoter Group	8	15893290	70.37
4	Financial Institutions / Banks	1	100	0.00
5	Hindu Undivided Family	240	337685	1.50
6	Non Resident Indians	86	126665	0.56
7	Public	7821	5765366	25.53
8	Trusts	3	50131	0.22
	Total:	8312	22585200	100.00

K. UNCLAIMED DIVIDEND

Pursuant to the provisions of the Companies Act, 2013 read with Investor Education Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended (the 'Rules'), the shares pertaining to which dividend remains unclaimed/ unpaid for a period of seven years from the date of transfer to the unpaid dividend account is mandatorily required to be transferred to the Investor Education and Protection Fund ('IEPF') established by the Central Government.

Any person whose unclaimed dividend has been transferred to the IEPF Fund can claim their due amount from the IEPF Authority by making an electronic application in e-form IEPF-5. Upon submitting duly completed form, shareholders are required to take print of the same and send physical copy duly signed along with requisite documents as specified in the form to the attention of the Ms. Monika Shah, Company Secretary and Nodal Officer, at the Registered Office of the Company. The e-form can be downloaded from our website at www.muktaarts.com and simultaneously from the website of Ministry of Corporate Affairs at www.iepf.gov.in.

MUKTA ARTS LIMITED

Information in respect of each unclaimed dividend when due for transfer to the IEP Fund is given below:

Dividend Reference	Date of Declaration	Due Date for transfer to IEPF
Final Dividend 2013	21-09-2013	24-10-2020

Shareholders are requested to get in touch with the Company or its Registrar and Transfer Agents, Link Intime India Private Limited for encashing the unclaimed dividend, if any, standing to the credit of their account.

Details of unclaimed dividend and shareholders whose shares are liable to be transferred to IEPF authority are uploaded on company's website www.muktaarts.com.

During the year, the Company has transferred an amount of Rs. 77,878 and 25,181 shares to the IEPF in accordance with IEPF rules due to dividends unclaimed for seven consecutive years.

L. Details of Dematerialization and its liquidity

Since the Company's shares are traded in dematerialised form, the Company has entered into agreement with both the depositories i.e., National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). Shareholders can open account with any of the depository participants registered with any of these depositories.

As on 31st March, 2020, 22,565,758 shares were held in dematerialized form, which is 99.95% of total paid up capital.

CONTROL REPORT AS ON 31/03/2020			
Sr. No.	Name of Depository	No. of Shares	% of Total issued Capital
1	NSDL	2,06,50,939	91.44
2	CDSL	19,21,331	8.51
3	PHYSICAL	12,930	0.05
	Total:	22585200	100

M. The Company has not issued any GDR's/ ADR's, Warrants or any other convertible instruments.

N. Company's Branches/Locations

Registered and Corporate Office
Mukta House, Behind Whistling Woods Institute,
Filmcity Complex, Goregaon (East), Mumbai- 400 065.
Telephone No. - 022.336.49400
Fax No. - 022.336.49401
Email ID: monika@muktaarts.com
Website: www.muktaarts.com

Premises Owned and Leased

Bait-Ush-Sharaf
29th Road, Bandra, Mumbai- 400 050
"Audeus" Plot No. A – 18, Opp. Laxmi Industrial Estate,
Off Link Road, Andheri (West), Mumbai – 400 053

Other Locations

Bashiron, 28th Road, TPS- III, Bandra (West) Mumbai- 400 050	1/A, Naaz Building, Lamington Road, Mumbai- 400004
607, Anushka Tower, Garg Tade Centre, Near G3s Multiplex, Sector - 11, Rohini, Delhi – 110085 Delhi- 110 006.	Bhagirath Palace, 3rd Floor, Main Road, Chandni Chowk,
Dhupar Bldg, 1st Floor, Near Standard Hotel, Railway Road, Jalandar City- 144001	



O. Address for Correspondence:

Shareholders can address their correspondence to the Registered Office of the Company at Mumbai and/or to Company's Registrar and Transfer Agents:

	Company	Registrar and Transfer Agents
Contact Person	Ms. Monika Shah	Ms. Nayna Wakle
Address	Mr. Parvez A. Farooqui	Link Intime India Private Limited
Telephone No.	Mukta House,	C 101, 247 Park
Fax No.	Behind Whistling Woods Institute,	L B S Marg, Vikhroli West
Email:	Filmcity Complex, Goregaon (East),	Mumbai – 400 083.
	Mumbai- 400065.	022.491.86000
	022.336.49400	022.491.86060
	022.336.49401	nayna.wakle@linkintime.co.in
	monika@muktaarts.com	

SEBI toll-free helpline service for investors: 1800 22 7575/1800.266.7575 (available on all days from 9.30 a.m. to 5.30 p.m.)

P. Code of Conduct

The Company has laid down a code of conduct for all its Board Members and Senior Management Personnel of the Company which is posted on the Company's website <http://muktaarts.com/Aboutus/investorrelations.php>. All the Board Members and Senior Management Personnel have affirmed compliance with the said Code of Conduct. Affirmation with compliance of the Code of Conduct is enclosed as Annexure - 1.

Q. Prevention of Insider Trading

The Company has framed and implemented a Code on Prevention of Insider Trading in accordance with the Code prescribed by SEBI (Prohibition of Insider Trading) Regulations, 2015 and disclosed on the website of the Company viz. <http://muktaarts.com/Aboutus/investorrelations.php>.

R. Reconciliation of Share Capital Audit

As stipulated by SEBI, a qualified Practicing Company Secretary carries out the Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and paid-up capital. This audit is carried out every quarter and the Report thereon is submitted to the stock exchanges and is placed before the board of directors of the Company. The Audit, inter alia, confirms that the listed and paid up capital of the company is in agreement with the aggregate of the total number of shares in dematerialized form held with NSDL and CDSL and the total number of shares in physical form.

S. CFO certification

The Certificate from CFO as required under Part D of Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 containing declaration as to affirming compliance with the Code of Conduct, under SECC Regulations, 2012 for the financial year 2019-20 is attached as Annexure – 2 to this Report.

T. Green initiative in the corporate governance:

As part of the green initiative process, the company has taken an initiative of sending documents like notice calling Annual General meeting, Corporate Governance Report, Board's Report, Audited Financial Statements, Auditors Report, Dividend intimations etc., by email. Physical copies are sent only to those shareholders whose email addresses are not registered with the company and for the bounced-mail cases. Shareholders are requested to register their email id with Registrar and Share Transfer Agent / concerned depository to enable the company to send the documents in electronic form or inform the company in case they wish to receive the above documents in paper mode.

For and on behalf of the Board of Directors

Place: Mumbai
Date: 29 June, 2020

Subhash Ghai
Executive Chairman
DIN: 00019803

MUKTA ARTS LIMITED

Annexure - 1

DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT

I, Rahul Puri, Managing Director of Mukta Arts Limited hereby declare that all Board members and Senior Management personnel have confirmed compliance with Code of Conduct as laid down by the Company during Financial Year 2019-2020.

For and on behalf of
Mukta Arts Limited

Rahul Puri
Managing Director
DIN: 01925045

Place: Mumbai
Date: 29th June, 2020

Annexure – 2

CFO CERTIFICATION

I Prabuddha Dasgupta, Chief Financial Officer of the Company certify that:

- (a) I have reviewed the Standalone and Consolidated Financial Results and the Cash Flow Statement of Mukta Arts Limited (the Company) for the year and that to the best of my knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain 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) There are, to the best of my knowledge and belief, no transactions entered into by the company during the year ended 31st March, 2020, which are fraudulent, illegal or violative of the company's code of conduct.
- (c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
- (d) I have indicated to the auditors and the Audit committee.
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which I become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For and on behalf of
Mukta Arts Limited

Prabuddha Dasgupta
Chief Financial Officer

Place: Mumbai
Date: 29th June, 2020



Independent Auditors' Report

To the Members of Mukta Arts Limited

Report on audit of the Standalone Indian Accounting Standard (Ind AS) Financial Statements

Qualified Opinion

We have audited the accompanying Standalone Ind AS financial statements of **Mukta Arts Limited** ("the Company"), which comprise the Standalone Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the standalone financial statements').

*In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis of Qualified Opinion paragraph below, the aforesaid Standalone financial statements give the information required by the Companies Act, 2013 ('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, 2020, its **profit** (including other comprehensive income), the changes in equity and its cash flows for the year ended on that date.*

Basis of Qualified Opinion

As at March 31, 2020, the company's investment in its subsidiary (including deemed investment), Whistling woods International Limited (WWIL) a joint venture between the company and Maharashtra Film, Stage and Cultural Development Corporation Limited (MFSCDCL), aggregates to Rs. 19,95,11,218/- and loans and advances, deposits, interest receivable and rent receivable aggregate to Rs. 41,07,03,570/- recoverable from WWIL. As fully explained in Note 43 to the accompanying audited financial statements, the Order of February 9, 2012 passed by the High Court of judicature at Bombay ('High Court'), had quashed the joint Venture Agreement ('JVA') between the company and Maharashtra Film Stage Cultural Development Corporation ('MFSCDCL'). Maharashtra Film Stage and Cultural Development Corporation ('MFSCDC') raised net demand of Rs. 59,19,66,210/- and asked WWIL to vacate the premises. WWIL's petition for special leave to appeal filed with the Supreme Court of India had also been dismissed. The Company and WWIL had filed application to review the said order with the High Court and an Interim stay was granted on July 30, 2014 which required deposit of Rs.10,00,38,000/- by January 2015 against payment of arrears of rent for the year 2000-01 to 2013-14 and payment of Rs.45,00,000/- per annum from Financial Year 2014-15 till the settlement of the case, to MFSCDCL. As per the terms of the said Order, till financial year 2016-17, Rs. 11,35,38,000/- has been paid by the Parent Company and for financial year 2017-18 to 2019-20 Rs. 45,00,000/- per annum has been paid by WWIL. The State Govt. of Maharashtra and MFSCDCL challenged the order of the High Court in the Supreme Court which was dismissed by the Supreme Court on September 22, 2014. The amount so paid / being paid by the Company have been accounted under Non - Current Other Financial Assets in the Standalone Financial Statements to be adjusted on the settlement of the case. Management of WWIL informs that these will be accounted as an expense, if required, on the settlement of the case.

Additionally, without giving effect to the matter as stated above, WWIL's net worth stands fully eroded as at March 31, 2020. Management of WWIL believes that it is appropriate to prepare the Ind AS financial statements on a going concern basis based on its assessment of the merits of the case, plans for the future and support provided by its holding company.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report for the year ended 31 March 2020.

Responsibilities of Management for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of 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, (changes in equity)⁵ and cash flows of the Company in accordance with⁶ the accounting principles generally

MUKTA ARTS LIMITED

Independent Auditors' Report (Continued)

accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



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 A**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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 purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Standalone Balance Sheet, Standalone Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Standalone Cash Flow Statement and the Standalone Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act;
 - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the Internal Financial Controls over Financial Reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **Annexure B**, and
 - (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
 - (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 as at March 31, 2020 on its financial position in its standalone Ind AS financial statements – Refer Notes No. 39 to the standalone financial statements.
 - ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note No. 44 to the standalone financial statements.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020 – Refer Note No. 45 to the standalone financial statements.

For Uttam Abuwala Ghosh & Associates

Chartered Accountants
Firm No. 111184W

CA. Prerak Agarwal

(Partner)
Membership No. 158844
UDIN: 20158844AAAABG9913

Date: June 29, 2020

Place: Mumbai

MUKTA ARTS LIMITED

Annexure A referred to in Report on Other Legal and Regulatory Requirements Paragraph of Independent Auditor's report of even date to the members of Mukta Arts Limited on the accounts for the year ended March 31, 2020

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant & Equipment except that tagging of certain fixed assets is yet to be completed.
- (b) As explained by the Management, fixed assets have been physically verified by the management at regular intervals, which in our opinion is reasonable having regard to the size of the company and nature of its business. In our opinion, there were no material discrepancies between book records and physical fixed assets that were noticed during the period.
- (c) According to the information and explanation given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company.
- ii) As explained by the Management, Company does not have any inventory. Accordingly, paragraph 3(ii) of the Order is not applicable to the Company.
- iii) According to the information and explanations given to us, the company has not granted any loans secured or unsecured to the firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. the provisions of paragraph 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans and investments made.
- v) In our opinion and according to the information and explanation given to us, the Company has not accepted any deposit from public within the provision of section 73 to 76 and other relevant provisions of the Companies Act, 2013 and the rules framed there under.
- vi) As informed to us by management, the Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013 for any of services rendered by the company.
- vii) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Goods and Services Tax ('GST') and any other statutory dues with the appropriate authorities except that there have been few delay in depositing dues pertaining to Income Tax.

According to information and explanations given to us, there are no undisputed statutory dues payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Value Added Tax, GST and other material statutory dues, were in arrears as on March 31, 2020 for a period of more than 6 months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues payable in respect of value added tax, GST, customs duty and excise duty which have not been deposited with appropriate authorities on account of any disputes. The following dues of Service Tax & Income Tax have not been deposited by the company on account of dispute:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Chapter V of the Finance Act, 1994	Service Tax	8,75,000/-*	November 1996 – November 2001	Customs, Excise & Service Tax Appellate Tribunal
	Service Tax	67,98,000/-	September 2014 to March 2015	
Income Tax Act, 1961	Income Tax	19,53,900/-	Asst year 2015-16	Commissioner of Income Tax (Appeals)
		1,55,77,380/-	Asst year 2014-15	
		88,08,700/-	Asst Year 2013-14	
		15,08,440/-	Asst Year 2012-13	
		5,24,938/-	Asst year 2011-12	Income Tax Appellate Tribunal (Appeals)

*Excludes Amount deposited under protest Rs. 8,00,000/-



- viii) On the basis of verification of records and according to the information and explanations given to us and based on the records made available to us, the Company has not defaulted in repayment of any loans from Financial Institutions or from the Bank and has not issued Debentures.
- ix) On the basis of verification of records and according to the information and explanations given to us and based on the records made available to us, the company has utilized the money raised by way of Term loan for the purpose for which they were raised. The Company did not raise any moneys by way of public issue/ follow-on offer including debt instruments.
- x) Based upon the audit procedures performed and the information and explanations given to us, we report that no fraud by the Company or any fraud on the company by its officers or employees has been noticed or reported during the year.
- xi) According to the information and explanations given to us and based on the examinations of the records of the company, the managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii) In our opinion, the company is not a Nidhi Company. Accordingly, the provisions of clause (xii) of Para 3 of the order are not applicable to the company.
- xiii) According to the information and explanations given to us, all transactions with the related parties are in compliance with Section 188 and 177 of Companies Act, 2013 and the details of such transactions have been disclosed in the Financial Statements as required by the accounting standards and Companies Act, 2013.
- xiv) On the basis of verification of records and according to the information and explanations given to us and based on the records made available to us, the company has not made any preferential allotment / private placement of shares or fully or partly convertible debentures during the year under review.
- xv) In our opinion and according to the information and explanations given to us, the company has not entered into non-cash transactions with directors or persons connected with him.
- xvi) The company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

For Uttam Abuwala Ghosh & Associates

Chartered Accountants
Firm No. 111184W

CA. Prerak Agarwal

(Partner)
Membership No. 158844
UDIN: 20158844AAAABG9913

Date: June 29, 2020
Place: Mumbai

MUKTA ARTS LIMITED

Annexure B to the Independent Auditor's Report of even date on the Standalone Financial Statements of Mukta Arts Limited

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

(Referred to in paragraph 1(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

We have audited the internal financial controls over financial reporting of **Mukta Arts Limited** ("the Company") for the year ended on March 31, 2020 in conjunction with our audit of the standalone Ind AS 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.

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, issued by the Institute of Chartered Accountants of India and specified under sub-section 10 of Section 143 of the Companies Act, to the extent applicable to an audit of internal financial controls, both 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls 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 authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Uttam Abuwala Ghosh & Associates

Chartered Accountants

Firm No. 111184W

CA. Prerak Agarwal

(Partner)

Membership No. 158844

UDIN: 20158844AAAABG9913

Date: June 29, 2020

Place: Mumbai

MUKTA ARTS LIMITED

STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2020

(Amount in Rs.)

Particulars	Note No.	As at 31 March 2020	As at 31 March 2019
I. ASSETS			
Non-current assets			
(a) Property, plant and equipment	6 (a)	150,662,982	156,103,578
(b) Right-of-use assets	6 (a)	10,339,988	-
(c) Capital work-in-progress	6(b)	1,287,210	1,287,210
(d) Investment property	7	140,678,580	144,401,884
(e) Intangible assets	6 (c)	44,487,161	39,202,042
(f) Intangible Assets under Development	6 (d)	58,963,757	43,388,617
(g) Financial assets			
(i) Investments	8 (a)	267,828,087	267,828,087
(ii) Loans	8 (b)	349,406,193	370,406,193
(iii) Others financial assets	8 (c)	357,675,451	375,881,922
(h) Deferred tax assets (net)	9	29,431,595	20,408,814
(i) Other non-current assets	10	117,411,420	113,621,571
Total Non-current assets		1,528,172,424	1,532,529,918
Current assets			
(a) Financial assets			
(i) Trade receivables	11 (a)	113,338,462	129,711,697
(ii) Cash and cash equivalents	11 (b)	17,007,780	6,910,295
(iii) Bank balances other than (ii) above	11 (c)	46,153,936	20,670,238
(iv) Loans	11 (d)	379,924,256	328,368,229
(v) Others financial assets	11 (e)	70,086,791	70,836,083
(b) Other current assets	12	38,638,816	41,221,002
Total Current assets		665,150,041	597,717,544
Total Assets		2,193,322,465	2,130,247,462
II. EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	13	112,926,000	112,926,000
(b) Other Equity	14	1,295,612,292	1,301,693,244
Total Equity		1,408,538,292	1,414,619,244
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	15 (a)	462,704,918	438,578,602
(ii) Other financial liabilities	15 (b)	42,697,664	40,560,780
(b) Long Term Provisions	16	12,681,321	10,198,498
(c) Other non-current liabilities	17	50,300,186	17,432,707
Total Non-Current Liabilities		568,384,089	506,770,587
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	18 (a)	82,000,000	82,000,000
(ii) Trade payables	18 (b)	25,898,192	22,610,733
(iii) Other financial liabilities	18 (c)	59,163,060	38,733,821
(b) Short Term Provisions	19	26,750,926	43,745,500
(c) Other current liabilities	20	22,587,906	21,767,577
Total Current liabilities		216,400,084	208,857,631
Total Equity and Liabilities		2,193,322,465	2,130,247,462

The above standalone balance sheet should be read in conjunction with the accompanying notes.

As per our report of even date.

For **Uttam Abuwala Ghosh & Associates**
Chartered Accountants
Firm's Registration No: 111184W

For and on behalf of the Board of Directors of
Mukta Arts Limited
CIN: L92110MH1982PLC028180

CA Prerak Agarwal
Partner
Membership No: 158844

Subhash Ghai **Rahul Puri**
Chairman Director Managing Director
DIN: 00019803 DIN: 01925045

Parvez A. Farooqui
Director
DIN: 00019853

Place : Mumbai
Date: 29 June 2020

Prabuddha Dasgupta
Chief Financial Officer

Monika Shah
Company Secretary
Membership No: FCS7964



STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2020

(Amount in Rs.)

Particulars	Note No.	Year ended 31 March 2020	Year ended 31 March 2019
(I) Revenue from operations	21	216,080,975	196,718,158
(II) Other income	22	109,762,395	112,700,163
(III) Total Income (I+II)		325,843,370	309,418,321
(IV) Expenses			
(a) Cost of production, distribution and exhibition	23	37,259,087	29,600
(b) Employee benefits expense	24	55,714,904	55,127,087
(c) Finance costs (net)	25	68,929,077	59,703,100
(d) Depreciation and amortisation expenses	26	23,166,660	24,662,628
(e) Other expenses	27	95,465,671	113,884,433
Total Expenses		280,535,399	253,406,848
(V) Profit before tax (III - IV)		45,307,971	56,011,473
Tax expense			
Current tax		2,600,000	10,100,000
Deferred tax		(9,022,781)	7,105,947
(VI) Profit for the period after tax (VI+VII)		51,730,752	38,805,526
(VII) Other comprehensive income			
Items that will not be reclassified to profit or loss			
Less : Remeasurement gain on defined benefit plan		(1,380,035)	(2,317,482)
Other comprehensive income for the year		(1,380,035)	(2,317,482)
(VIII) Total comprehensive income for the year (IX+X)		50,350,717	36,488,044
(IX) Earnings per share	31		
Basic (in ₹) (nominal value ₹ 5)		2.23	1.62
Diluted (in ₹) (nominal value ₹ 5)		2.23	1.62

The above standalone profit and loss account should be read in conjunction with the accompanying notes.
As per our report of even date.

For **Uttam Abuwala Ghosh & Associates**
Chartered Accountants
Firm's Registration No: 111184W

CA Prerak Agarwal
Partner
Membership No: 158844

Place : Mumbai
Date: 29 June 2020

For and on behalf of the Board of Directors of
Mukta Arts Limited
CIN: L92110MH1982PLC028180

Subhash Ghai **Rahul Puri**
Chairman Director Managing Director
DIN: 00019803 DIN: 01925045

Prabuddha Dasgupta
Chief Financial Officer

Parvez A. Farooqui
Director
DIN: 00019853

Monika Shah
Company Secretary
Membership No: FCS7964

MUKTA ARTS LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2020

	Number	Amount
Balance as at 1 April 2018	22,585,200	112,926,000
Add: Changes in equity share capital	-	-
Balance as at 31 March 2019	22,585,200	112,926,000
Add: Changes in equity share capital	-	-
Balance as at 31 March 2020	22,585,200	112,926,000

	Securities Premium	General Reserve	Capital Reserve	Retained Earnings	Total other equity
Balance as at 1 April 2018	973,604,960	83,144,791	11,500	208,443,949	1,265,205,200
Profit/(loss) for the year	-	-	-	38,805,526	38,805,526
Transfer during the year	-	-	-	-	-
Other comprehensive income for the year	-	-	-	(2,317,482)	(2,317,482)
Total Comprehensive income for the year	-	-	-	36,488,044	36,488,044
Dividend and dividend tax	-	-	-	-	-
Employee stock option compensation expense	-	-	-	-	-
Balance as at 31 March 2019	973,604,960	83,144,791	11,500	244,931,993	1,301,693,244
Net profit after tax for the year	-	-	-	51,730,752	51,730,752
Ind As 116 adjustments	-	-	-	(22,396,956)	-
Dividend and dividend tax	-	-	-	(34,034,713)	-
Other comprehensive income for the year	-	-	-	(1,380,035)	(1,380,035)
Total Comprehensive income for the year	-	-	-	(6,080,952)	(6,080,952)
Transfer from/to share option outstanding account	-	-	-	-	-
Employee stock option compensation expense	-	-	-	-	-
Balance as at 31 March 2020	973,604,960	83,144,791	11,500	238,851,041	1,295,612,292

The above standalone statement of changes in equity account should be read in conjunction with the accompanying notes.

As per our report of even date.

For **Uttam Abuwala Ghosh & Associates**
Chartered Accountants
Firm's Registration No: 111184W

For and on behalf of the Board of Directors of
Mukta Arts Limited
CIN: L92110MH1982PLC028180

CA Prerak Agarwal
Partner
Membership No: 158844

Subhash Ghai
Chairman Director
DIN: 00019803

Rahul Puri
Managing Director
DIN: 01925045

Parvez A. Farooqui
Director
DIN: 00019853

Place : Mumbai
Date: 29 June 2020

Prabuddha Dasgupta
Chief Financial Officer

Monika Shah
Company Secretary
Membership No: FCS7964



STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Cash flow from operating activities		
Profit before tax	45,307,971	56,011,473
Non-cash adjustments to reconcile Profit before tax to net cash flows		
Depreciation and amortisation	23,166,660	24,662,628
Bad debts/ advances/ intangible assets under development written-off	4,797,952	15,720,155
Finance costs	68,929,077	59,703,100
Interest income	(72,482,976)	(74,585,734)
(Gain) on sale of tangible assets (net)	(546,736)	-
Operating profit before working capital changes	114,479,919	137,523,095
Movements in working capital:		
Increase/(Decrease) in other current liabilities	820,329	9,845,782
Increase/(Decrease) in other financial liabilities	20,429,239	(20,413,149)
Increase/(Decrease) in other non current liabilities	32,867,479	6,173,686
Increase/(Decrease) in trade payables	3,287,459	6,640,943
Increase/(Decrease) in Current Provisions	(16,994,574)	18,386,191
(Increase)/Decrease in trade receivables	16,373,235	(80,192,580)
(Increase) /Decrease in other non- current assets	(15,955,169)	(35,450,209)
(Increase)/Decrease in short-term loans and advances	(51,556,027)	14,882,427
(Increase)/Decrease in other financial assets	(18,206,471)	24,639,200
(Increase) /Decrease in other current assets	(15,624,285)	(67,129,043)
(Increase)/Decrease in other current financial assets	749,292	5,398,046
Cash generated from (used in) operations	70,670,426	20,304,390
Taxes paid (net)	(39,151,205)	(23,590,994)
Net cash generated from (used in) operating activities (A)	31,519,221	(3,286,604)
Cash flow from investing activities		
Investments in equity shares of subsidiaries	-	(10,675,000)
Purchase of fixed assets (tangible and intangible)	(26,168,895)	(1,481,559)
Proceeds from maturity/ (reinvestment) of fixed deposits, net	(24,759,202)	(32,787)
Proceeds from sale of fixed assets	1,826,146	-
Interest income	72,482,976	74,585,734
Net cash used in investing activities (B)	23,381,025	62,396,388

MUKTA ARTS LIMITED

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Cash flow from financing activities		
Secured loan (repaid)/taken, net	24,126,316	(3,520,479)
Unsecured loan (repaid)/taken , net	-	4,220,216
Finance charges (net)	(68,929,077)	(59,703,100)
Net cash flow from / (used in) financing activities (C)	(44,802,761)	(59,003,363)
Net increase /(decrease) in cash and cash equivalents (A + B + C)	10,097,485	106,421
Cash and cash equivalents at the beginning of the year	6,872,081	6,765,660
Cash and cash equivalents at the end of the year (Refer note (b) below)	16,969,566	6,872,081

Reconciliation of cash and cash equivalents as per the cash flow statement

	31 March 2020	31 March 2019
Notes:		
(a) 'The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard - 7 prescribed in the Companies (Accounting Standards) Rules, 2006, which continue to apply under Section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules 2014.		
(b) 'Cash and cash equivalents at year-end comprises:		
(i) Cash on hand	246,327	879,697
(ii) Balances with scheduled banks in		
- in current accounts	16,723,239	5,992,384
Balances per statement of cash flows	16,969,566	6,872,081

The above standalone cash flow statement should be read in conjunction with the accompanying notes.
As per our report of even date.

For **Uttam Abuwala Ghosh & Associates**
Chartered Accountants
Firm's Registration No: 111184W

For and on behalf of the Board of Directors of
Mukta Arts Limited
CIN: L92110MH1982PLC028180

CA Prerak Agarwal
Partner
Membership No: 158844

Subhash Ghai
Chairman Director
DIN: 00019803

Rahul Puri
Managing Director
DIN: 01925045

Parvez A. Farooqui
Director
DIN: 00019853

Place : Mumbai
Date: 29 June 2020

Prabuddha Dasgupta
Chief Financial Officer

Monika Shah
Company Secretary
Membership No: FCS7964



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Amount in ₹)

1 Corporate information

Mukta Arts Limited ('Mukta' or 'the Company') is a company incorporated in India under the Companies Act, 1956. The Company was incorporated on 7 September 1982 as Mukta Arts Private Limited and was converted to a public limited company on 30 September 2000 and renamed as Mukta Arts Limited. The Company is promoted by Mr. Subhash Ghai who holds 54.99% of the outstanding equity share capital as at 31 March 2020.

The Company is primarily engaged in the business of film production, distribution and exhibition (wherein it provides film content to multiplexes and single screen theatres across India). The Company also provides production equipment to other production houses and independent producers.

The shares of the Company are listed on Bombay Stock Exchange Limited, National Stock Exchange of India Limited and Calcutta Stock Exchange Association Limited.

2 Summary of significant accounting policies

2.1 Basis of preparation

(i) Compliance with Indian Accounting Standard (Ind AS)

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. The Company adopted Ind AS from April 1, 2016.

(ii) Historical Cost Convention

The financial statements have been prepared on an accrual basis and under the historical cost convention, except for certain financial assets and liabilities and defined benefit plan assets which have been measured at fair value.

2.2 Current versus non-current classification

The assets and liabilities reported in the balance sheet are classified as current or non-current. Current assets, which include cash and cash equivalents, are assets that are intended to be realised during the normal operating cycle of the Company or within 12 months of the balance sheet date; current liabilities are expected to be settled during the normal operating cycle of the Company or within 12 months of balance sheet date. The deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.3 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

the chief operating decision maker of the Company assesses the financial performance and position of the Company and makes strategic decisions on the advice of the Managing Director of the Company.

2.4 Foreign Currency Transactions

The financial statements are presented in Indian rupee (INR), which is the functional and presentation currency of the Company.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss. In case of Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

2.5 Revenue Recognition

Ind AS 115 Revenue from Contracts with Customers, mandatory for reporting periods beginning on or after April 1, 2018, replaced the existing revenue recognition requirements. Under the modified retrospective approach there were no adjustments required to the retained earnings at April 1, 2018. The application of Ind AS 115 has been considered and transactions entered into during the current year have been recorded accordingly.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company, revenue can be reliably measured and recoverability is reasonably certain and the goods or services have been transferred to the Customer. The amount recognised as income is exclusive of goods and services tax and net of trade discounts. Revenue from fixed rate contracts is recognised over the period as per the contractual agreement. Unbilled revenue represents costs incurred and revenues recognised on contracts to be billed in subsequent periods as per the terms of the contract.

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(Amount in ₹)

Film/content production and related income

Revenue from sale of content/ motion pictures is recognised on assignment/sale of the rights in the concerned content/ motion picture from the date of their availability for exploitation or on the date of release of the content/ movie, as applicable.

Revenue from other rights in motion pictures such as satellite rights, overseas rights, music rights, video rights, etc., is recognised on assignment/ sale of the rights in the concerned motion picture from the date of their availability for exploitation.

Income from distribution and exhibition

Distribution/ sub-distribution commission is recognised as it is earned based on intimation by the theatre owners/ distributors.

Revenue from management of theatres is recognised on an accrual basis as per the contractual arrangement entered into with the theatre owners.

Revenue from equipment hire/ facility rental

Income from equipment hire/ facility rental is recognised on a straight-line basis over the period of the relevant agreement/ arrangement.

Revenue from business support service

Revenue from business support service is recognised on rendering of service as per the terms and conditions of the agreement.

Dividend & Interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably). Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. Interest income is recorded using the Effective Interest rate.

2.6 Employee benefits

Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include salaries and wages, bonus, Compensated absences such as paid annual leave and sickness leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is charged to the Statement of profit and loss in the period in which such services are rendered.

Post-employment benefits

Defined contribution plan:

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity/fund and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards Provident Fund. The Company's contribution is recognised as an expense in the Statement of profit and loss during the period in which employee renders the related service.

Defined benefit plan:

The Company has calculated the gratuity liability for fifteen days per month based on the last basic salary drawn by the employee for every completed year of service or part thereof in excess of six months. The gratuity liability recognised in the Balance sheet represents the gratuity liability and as reduced by the fair value of the said assets. The scheme is funded with an insurance company in form of qualify insurance policy.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(Amount in ₹)

Contributions are made to LIC in respect of gratuity based upon actuarial valuation done at the end of every financial year using 'Projected Unit Credit Method'. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. Gains and losses on changes in actuarial assumptions are accounted in the statement of profit and loss.

Other long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability. The Company calculates the liability based on the total leave hour balance as at the year end restricted to forty two days and the last salary drawn by the employees.

2.7 Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.8 Leases

Assets taken on operating lease

The Company has various operating leases, principally for office space, with various renewal options. Rental expense in agreements with scheduled rent increases is recorded on a straight-line basis over the lease term.

In case of certain cinema properties, rent is accounted as a certain percentage of revenue generated from the cinema property or fixed minimum guarantee amount, whichever is higher, as provided for in the lease agreements.

Assets given on operating lease

Lease rentals in respect of assets given on operating lease are recognised on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit received.

2.9 Taxation

Income-tax expense comprises current tax expense and deferred tax charge or credit.

Current tax

Provision for current tax is recognised in accordance with the provisions of the Income-tax Act, 1961 and is made based on the tax liability after taking credit for tax allowances and exemptions.

Minimum Alternative Tax Credit entitlement

Minimum Alternative Tax ('MAT') credit is recognised only to the extent there is convincing evidence that the Company will pay normal income tax in excess of MAT during the specified period.

MAT credit entitlement is reviewed as at each Balance sheet date and written down to the extent there is no longer convincing evidence that the Company will pay normal income tax during the specified period.

Deferred tax

Deferred tax liability or asset is recognised for timing differences between the profits or losses offered for income taxes and profits/losses as per the financial statements. Deferred tax assets and liabilities and the corresponding deferred tax credit or charge are measured using the tax rates and tax laws that have been enacted or substantively enacted as at the Balance sheet date.

Deferred tax asset is recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each Balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain to be realised.

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(Amount in ₹)

2.10 Property, plant and equipment (PPE)

Items of Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes freight, duties, taxes (other than those recoverable from tax authorities) and other expenses directly attributable to the acquisition/ construction and installation of the fixed assets for bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of PPE which take 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.

Cost incurred on fixed assets not ready for their intended use is disclosed under capital work-in-progress. Capital work-in-progress includes estimates of work completed, as certified by the management.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of its property, plant and equipment recognised as at 1 April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment, except for certain properties, the fair market value of which had appreciated substantially and the increase in their carrying amounts, supported by reports of independent valuers, was therefore recognised in profit and loss account and accumulated in reserves in shareholders' equity.

Depreciation methods, estimated useful lives and residual value

The Company applies depreciation rates as per the useful lives of the assets as specified in Part 'C' of Schedule II to the Companies Act 2013, except for the following class of assets where the useful life is higher than the useful life prescribed in Schedule II based on management estimates which is supported by assessment carried out by technical experts. The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Asset class	Useful life
Plant and equipment	10-14 years
Furniture and fixtures	5 years

Leasehold improvements/ premises are depreciated at the lower of the estimated useful lives of the assets and the lease term, on a straight-line basis.

2.11 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, is classified as investment property. Investment property is measured initially at cost, including related transaction costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the entity and the cost of the item can be measured reliably.

Investment properties are depreciated using the written down value method over their estimated useful lives. Investment properties generally have a useful life of 30 years. The useful life has been determined based on technical evaluation performed by technical experts.

Transition to Ind AS

On transition to Ind AS, the entity has elected to continue with the carrying value of all of its investment properties recognised as at 1 April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties, the fair value of investment property is disclosed in notes.

2.12 Intangible assets

Film rights comprising negative rights and distribution rights

Negative film rights are generally exploited through media such as theatrical exhibition, television/ satellite, cable, etc. Negative film rights in respect of films produced are recorded at cost, which is determined on specific identification basis. Acquired negative rights are recorded at the purchase price paid to acquire the rights plus any additional cost incurred which is determined on specific identification basis. Cost incurred on films-in-progress is reported as Intangible assets under development.

Distribution rights in films are for a contractually specified mode of exploitation, period and territory and are stated at cost. Cost of distribution comprises original purchase price/ minimum guarantee, which is ascertained on specific identification basis. In case multiple films/ rights are acquired for a consolidated amount, cost is allocated to each film/ right based on the agreement or where it is not specified in the agreement, based on management's best estimates. In respect of unreleased films, payments towards distribution rights are classified under capital advances as the amounts are refundable in the event of non-release of the film.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(Amount in ₹)

Costs are amortised in the proportion that gross revenue realised bears to management's estimate of total gross revenue expected to be received. If estimates of the total revenue and other events or changes in circumstances indicate that the realisable value of a right is less than its unamortised cost, a loss is recognised for the excess of unamortised cost over the film rights' realisable value.

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2.13 Impairment of Non Financial Asset

In accordance with Ind AS 36 – intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of the assets (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. An impairment loss is recognised whenever the carrying amount of an asset or the cash generating unit to which it belongs exceeds its recoverable amount. Impairment loss is recognised in the Statement of profit and loss or against revaluation surplus, where applicable.

If at the Balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is re-assessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciated historical cost.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

2.14 Inventory

Inventories of food and beverages are valued at the lower of cost and net realisable value. Cost of inventories comprises all cost of purchases, cost of conversion and other cost incurred in bringing the inventories to their present location and condition. Cost is determined on First-In, First-Out ('FIFO') basis.

2.15 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.16 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Asset

The entity classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Initial recognition and measurement

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument. At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, and transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets that are carried at fair value through profit or loss are expensed in profit or loss.

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(Amount in ₹)

Subsequent measurement

Subsequent measurement of financial asset depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its financial assets as below:

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

Financial Assets measured at amortised cost

A 'financial asset' is measured at the amortised cost if both the following conditions are met.

- Asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. EIR amortisation is included in finance income in the Statement of Profit and Loss. Losses arising from impairment are recognised in the Statement of Profit and Loss.

Financial Assets measured at fair value through other comprehensive income (FVTOCI)

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The contractual cash flows of the assets represent SPPI: Financial assets included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI financial asset is reported as interest income using the EIR method.

Financial Assets measured at fair value through profit and loss (FVTPL)

A financial asset not classified as either amortised cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind-AS 109, "Financial Instruments" are measured at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition which is irrevocable. If the company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the Other Comprehensive Income.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss. The Company has elected to measure its investment in subsidiaries at its previous GAAP carrying value which shall be the deemed cost as at the date of transition.

Derecognition of Financial Assets

A financial asset is primarily derecognised when: a) Rights to receive cash flows from the asset have expired, or b) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset, where the entity retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(Amount in ₹)

Impairment of financial assets :

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 36 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables, only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Trade receivables

The company evaluates the concentration of risk with respect to trade receivables as low, as its customers operate in largely independent markets and their credit worthiness is monitored at periodical intervals. The company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days for which the receivables are due and is rated as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

Ageing	Expected Credit loss(%)
0 - 1 years	0%
1 - 2 years	25%
2 - 3 years	40%
More than 3 years	100%

Financial Liabilities

(i) Initial recognition and measurement

All financial liabilities are recognised initially at fair value, in the case of loans, borrowings and payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described herein:

Financial liabilities at fair value through Profit or Loss:

Financial liabilities at fair value through Profit or Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial Liabilities measured at amortised cost:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of Profit and Loss.

Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting :

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

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(Amount in ₹)

2.17 Measurement of fair values

The Company measures financial instruments, such as derivatives, at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates.

The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes on financial instruments.

2.18 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of funds will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.19 Contingent Liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

3 Earnings per share ('EPS')

The basic earnings per equity share is computed by dividing the net profit or loss attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting year. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which may be issued on the conversion of all dilutive potential shares, unless the results would be anti-dilutive.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(Amount in ₹)

4 Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, may not equal the actual results. Management also needs to exercise judgement in applying the entity's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Recognition and measurement of defined benefit obligations:

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

Estimation of useful life:

Useful lives of PPE and intangible assets are based on the estimation by the management. The useful lives as estimated are the same as prescribed in Schedule II of the Companies Act, 2013. In such cases, where the useful lives are different from that prescribed in Schedule II, they are based on management estimates, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset and past history of replacement. Assumptions also need to be made, when the Company assesses, whether an asset may be capitalised and which components of the cost of the asset may be capitalised.

The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets.

5 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA" through Companies Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2019:

Ind AS 116 – Leases

The Company has adopted Ind AS 116 retrospectively from 1 April 2019 using the modified retrospective method. The standard has been applied to leases with the cumulative impact being recognised on 1 April 2019. The comparative information for the previous period had therefore not been restated. This had resulted in recognising a right of use asset of Rs. 117.13 lacs and a corresponding liability of Rs. 341.10 lacs. The difference of Rs. 223.96 lacs (net of deferred tax asset/liability created of Rs. 77.51 lacs) had been adjusted to retained earnings as of April 1, 2019.

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(Amount in ₹)

6(a) - Property, plant and equipment

	Ownership Premises	Leasehold Premises	Plant & Machinery	Motor Vehicles	Fixtures & Fittings	ROU	Computers	Total
Cost or deemed cost (Gross Carrying Amount)								
As at 1 April 2018	106,072,381	127,766,752	197,483,038	73,770,555	32,436,070	-	13,635,666	551,164,461
Additions	-	-	535,004	106,373	631,682	-	208,500	1,481,559
Disposals	-	-	-	-	-	-	-	-
Other adjustment	-	-	-	-	-	-	-	-
As at 31 March 2019	106,072,381	127,766,752	198,018,042	73,876,928	33,067,752	-	13,844,166	552,646,020
As at 1 April 2019	106,072,381	127,766,752	198,018,042	73,876,928	33,067,752	-	13,844,166	552,646,020
Additions	-	-	415,676	12,350,872	1,459,547	11,713,150	229,650	26,168,895
Disposals	-	-	-	1,826,146	-	-	-	1,826,146
Other adjustment	-	-	-	-	-	-	-	-
As at 31 March 2020	106,072,381	127,766,752	198,433,718	84,401,654	34,527,299	11,713,150	14,073,816	576,988,769
Accumulated Depreciation/Amortisation								
As at 1 April 2018	40,205,652	54,802,437	181,621,163	57,656,777	29,837,255	-	12,067,204	376,190,489
Charge for the year	5,385,608	6,968,072	2,137,712	4,629,677	547,311	-	683,572	20,351,952
Deduction	-	-	-	-	-	-	-	-
Other adjustment	-	-	-	-	-	-	-	-
As at 31 March 2019	45,591,261	61,770,509	183,758,875	62,286,454	30,384,566	-	12,750,776	396,542,441
As at 1 April 2019	45,591,261	61,770,509	183,758,875	62,286,454	30,384,566	-	12,750,776	396,542,441
Charge for the year	2,575,102	6,302,624	1,915,241	5,944,683	857,515	1,373,162	475,029	19,443,356
Deduction	-	-	-	-	-	-	-	-
Other adjustment	-	-	-	-	-	-	-	-
As at 31 March 2020	48,166,363	68,073,132	185,674,116	68,231,137	31,242,081	1,373,162	13,225,805	415,985,797
Carrying amounts (Net)								
At 1 April 2018	65,866,729	72,964,315	15,861,875	16,113,777	2,598,814	-	1,568,462	174,973,973
At 31 March 2019	60,481,121	65,996,243	14,259,167	11,590,473	2,683,185	-	1,093,390	156,103,578
At 31 March 2020	57,906,019	59,693,619	12,759,602	16,170,516	3,285,217	10,339,988	848,011	161,002,971

6(b) Capital Work in Progress

	Amount
As at 1 April 2018	1,287,210
Additions	-
Disposals	-
As at 31 March 2019	1,287,210
As at 1 April 2019	1,287,210
Additions	-
Disposals	-
As at 31 March 2020	1,287,210



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(Amount in ₹)

6(c) - Intangible Assets

	Distribution Rights	Negative Rights	Exhibition Rights	Total
Cost or deemed cost				
As at 1 April 2018	240,000,320	753,631,055	2,500,000	996,131,375
Additions	-	-	-	-
Disposals	-	-	-	-
Other adjustment	-	-	-	-
As at 31 March 2019	240,000,320	753,631,055	2,500,000	996,131,375
As at 1 April 2019	240,000,320	753,631,055	2,500,000	996,131,375
Additions	-	35,521,819	-	35,521,819
Disposals	-	-	-	-
Other adjustment	-	-	-	-
As at 31 March 2020	240,000,320	789,152,874	2,500,000	1,031,653,194
Accumulated amortisation and impairment losses				
As at 1 April 2018	240,000,320	714,429,013	2,500,000	956,929,333
Charge for the year	-	-	-	-
Deduction	-	-	-	-
Other adjustment	-	-	-	-
As at 31 March 2019	240,000,320	714,429,013	2,500,000	956,929,333
As at 1 April 2019	240,000,320	714,429,013	2,500,000	956,929,333
Charge for the year	-	30,236,700	-	30,236,700
Deduction	-	-	-	-
Other adjustment	-	-	-	-
As at 31 March 2020	240,000,320	744,665,713	2,500,000	987,166,033
Carrying amount (Net)				
At 1 April 2018	-	39,202,042	-	39,202,042
At 31 March 2019	-	39,202,042	-	39,202,042
At 31 March 2020	-	44,487,161	-	44,487,161

Note : 1. During the year ended on 31 March 2020 and 31 March 2019, there is no impairment loss determined at each level of CGU. The recoverable amount was based on value in use and was determined at the level of CGU.

Note : 2. Refer Note - 13(a) for information on moveable property, plant and equipment pledged as security by the Company.

Note : 3. The Company has availed the deemed cost exemption and used the previous GAAP net carrying amount of property, plant and equipment as deemed cost except few PPE which is measured at fair value.

Note : 4. Tangible/Intangible assets are subject to first charge to secure the Company's term loan and cash credit loans (refer note 16(a) and 19(a))

6(d) Intangible assets under development

	Amount
As at 1 April 2018	41,395,242
Additions	1,993,375
Disposals	-
Other adjustment	-
As at 31 March 2019	43,388,617
As at 1 April 2019	43,388,617
Additions	51,096,959
Disposals	35,521,819
Other adjustment	-
As at 31 March 2020	58,963,757

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(Amount in ₹)

7 Investment property

Particular	Building	Land	Total
As at 1 April 2018	131,676,271	66,389,104	198,065,375
Additions	-	-	-
Disposals	7,500,000	-	7,500,000
Other adjustment	-	-	-
As at 31 March 2019	124,176,271	66,389,104	190,565,375
As at 1 April 2019	124,176,271	66,389,104	190,565,375
Additions	-	-	-
Disposals	-	-	-
Other adjustment	-	-	-
As at 31 March 2020	124,176,271	66,389,104	190,565,375
Accumulated Depreciation/Amortisation			
As at 1 April 2018	43,262,509	-	43,262,509
Charge for the year	4,310,676	-	4,310,676
Deduction	1,409,694	-	1,409,694
Other adjustment	-	-	-
As at 31 March 2019	46,163,491	-	46,163,491
As at 1 April 2019	46,163,491	-	46,163,491
Charge for the year	3,723,304	-	3,723,304
Deduction	-	-	-
Other adjustment	-	-	-
As at 31 March 2020	49,886,795	-	49,886,795
Carrying amounts (Net)			
At 1 April 2018	88,413,762	66,389,104	154,802,866
At 31 March 2019	78,012,780	66,389,104	144,401,884
At 31 March 2020	74,289,476	66,389,104	140,678,580

(i) Information regarding Income and expenditure of Investment properties

	As at 31/Mar/2020	As at 31/Mar/2019
Rental income derived from Investment properties	60,951,083	56,341,862
Direct operating expenses	4,580,542	3,629,838
Profit arising from investment properties before depreciation and indirect expenses	56,370,541	52,712,024
Less: Depreciation	3,723,304	4,310,676
Profit arising from investment properties before indirect expenses	52,647,237	48,401,348

(ii) Fair Value

Particulars	Valuation Techniques (See note below)	Fair Value Hierarchy (See note below)	As at 31 March 2020	As at 31 March 2019
Investment properties	Stamp duty Reckoner rate	Level 2	1,301,375,050	1,301,375,050



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(Amount in ₹)

Estimation of fair value

The Company has obtained independent valuation of its flats located at Bandra West based on current prices in an active market for properties of similar nature. The fair values of such investment flats have been determined by an independent valuer as on 1st April 2016. The main inputs used are the rental growth rates and a study of the micro market in discussion with industry experts. Resulting fair value estimate for investment property are included in level 2. Rest all investment properties are in accordance with the Ready Reckoner rates prescribed by the Government of Maharashtra for the purpose of levying stamp duty. The Independent Valuer has referred to the publications and government website for Ready Reckoner rates. Suitable adjustments have been made to account for availability of FSI in land parcels in Mumbai in accordance with the guidelines prescribed by the Department of Registrations and Stamps. Since the valuation is based on the published Ready Reckoner rates, the company has classified the same under Level 2.

8 Non Current Financial Asset

8(a) Investments

	As at 31 March 2020	As at 31 March 2019
A Non current investments		
Unquoted equity shares		
i) Investment in equity shares of subsidiaries at FVTPL		
Connect 1 Limited		
600 (31 March 2019 : 600) equity shares of ₹ 1000 each, fully paid-up (6 shares are jointly held with individuals)	600,000	600,000
Whistling Woods International Limited		
169,997 (31 March 2019 : 169,997) equity shares of ₹ 1000 each, fully paid-up	169,997,000	169,997,000
Mukta Tele Media Limited		
4,996 (31 March 2019 : 4,996) equity shares of ₹ 100 each, fully paid-up	499,600	499,600
Coruscant Tec Private Limited		
750,000 (31 March 2019 : 750,000) equity shares of ₹ 10 each, fully paid-up	9,900,000	9,900,000
Mukta A2 Multiplex SPC		
500 (31 March 2019 : 500) equity shares of BHD 100 each, fully paid-up	8,630,540	8,630,540
Mukta A2 Cinemas Ltd		
10,50,000 (31 March 2019 : 50,000) equity shares of ₹ 10 each 'fully paid-up	10,500,000	10,500,000
Deemed Investment in Subsidiary		
Whistling Woods International Ltd	1,320,411	1,320,411
Preference Share - Interest	28,193,807	28,193,807
ii) Investment in equity shares of joint venture at FVTPL		
Mukta VN Films Limited		
27,500 (31 March 2019 : 27,500) equity shares of '₹ 10 each, fully paid-up	33,000,000	33,000,000
Deemed Investment in Joint Venture		
Mukta VN Films Limited	5,185,479	5,185,479
Total (i+ii)	267,826,837	267,826,837
iii) Investment in equity instruments-others at FVTPL (un-quoted)		
Bashiron Co. Op. Housing Society Limited 10 Shares (2019: 10) of Rs 50 each	500	500
Bait-Ush-Sharaf Co. Op. Housing Society Limited 15 Shares (2019: 15) of Rs 50 each	750	750
Total (iii)	1,250	1,250
Total (i+ii+iii)	267,828,087	267,828,087

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(Amount in ₹)

8(b) Loans

	As at 31 March 2020	As at 31 March 2019
Unsecured		
Amounts due from related parties Whistling Woods International Limited	177,600,000	198,600,000
ii) Investment in preference shares of subsidiary (un-quoted)		
200,000 (2019: 200,000) 8% Redeemable cumulative preference shares of Whistling Woods International Limited of Rs 1,000 each, fully paid-up (note 3.41). These preference shares were issued on 27 August 2007 and are redeemable at par at any time on or after 21 June 2012 and before 21 June 2027.	171,806,193	171,806,193
Total	349,406,193	370,406,193

8(c) Other financial assets

	As at 31 March 2020	As at 31 March 2019
- Related parties	2,250,000	31,802,250
- Others	4,415,251	4,664,122
Other advances	139,795,899	145,641,005
Interest receivables Account (Preference Dividend)	211,214,301	193,774,545
Total	357,675,451	375,881,922

9 Deferred tax assets (net)

	As at 31 March 2020	As at 31 March 2019
Deferred tax liability on		
Arising on account of timing differences in:	-	-
Deferred tax asset on		
Provision for leave encashment and gratuity	4,199,228	3,580,511
Provision for doubtful debts and advances	672,221	658,385
Rent straightlining	2,509,788	2,508,868
Property, Plant and Equipment and intangible assets	10,397,572	9,906,695
Others	11,652,787	3,754,355
Total	29,431,595	20,408,814
Deferred tax assets (net)	29,431,595	20,408,814

Movement in deferred tax assets	Employee Benefits Obligations	Allowance for doubtful debts – trade receivables	Property, Plant and Equipment and intangible assets	Others	Total
At April 1, 2019	3,065,652	394,647	7,311,774	16,742,687	27,514,760
(Charged)/credited:					
- to profit or loss	514,859	263,738	2,594,921	(10,479,464)	(7,105,946)
- to other comprehensive income	-				
At March 31, 2020	3,580,511	658,385	9,906,695	6,263,223	20,408,814
(Charged)/credited:					
- to profit or loss	618,717	13,836	490,877	7,899,352	9,022,781
- to other comprehensive income					
At March 31, 2020	4,199,228	672,221	10,397,572	14,162,575	29,431,595



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(Amount in ₹)

10 Other non- current assets

	As at 31 March 2020	As at 31 March 2019
Advance tax (including TDS)	116,467,934	110,402,431
Service tax Input Credit	322,164	2,333,636
Deferred Income Account	621,322	885,504
Total	117,411,420	113,621,571

11 Current Financial Assets

11(a) Trade receivables

	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good	119,238,887	130,966,771
Doubtful	1,277,174	1,277,174
Total	120,516,061	132,243,945
Less: Loss allowance		
Unsecured, considered good	5,900,425	1,255,074
Doubtful	1,277,174	1,277,174
	7,177,599	2,532,248
Net trade receivable	113,338,462	129,711,697

11(b) Cash and cash equivalents

	As at 31 March 2020	As at 31 March 2019
a. Cash on hand	246,327	879,697
b. Balances with banks		
In current account	16,723,239	5,992,384
Balance in dividend account	38,214	38,214
Total	17,007,780	6,910,295

11(c) Bank balances other than Cash and cash equivalents

	As at 31 March 2020	As at 31 March 2019
Interest accrued on FD	2,155,154	1,430,658
Deposits with original maturity of more than 3 months and less than 12 months	43,998,782	19,239,580
Total	46,153,936	20,670,238

11(d) Loans

	As at 31 March 2020	As at 31 March 2019
Amounts due from related parties	3,513,527	1,991,757
Staff Advances	685,765	597,503
Inter-corporate deposit:		
- Related parties	326,917,869	277,040,439
- Others	48,807,095	48,738,530
Total	379,924,256	328,368,229

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(Amount in ₹)

11(e) Other financial assets

	As at 31 March 2020	As at 31 March 2019
Interest receivables Account (Preference Dividend)	17,578,036	17,439,756
Security deposits	40,542,655	40,750,504
Interest Accrued on Investments:		
Related Parties	2,691,143	3,445,866
Others	6,776,532	7,376,532
Other receivable from related parties	2,498,425	1,823,425
Total	70,086,791	70,836,083

12 Other current assets

	As at 31 March 2020	As at 31 March 2019
Prepaid expenses	11,050,384	15,281,246
Advances	7,803,604	7,724,446
Deferred Income Account	264,182	264,182
VAT input	17,951,128	17,951,128
GST input	1,569,518	-
Total	38,638,816	41,221,002

13 Equity share capital

	As at 31 March 2020		As at 31 March 2019	
	Number	Amount	Number	Amount
Authorised share capital				
Equity shares of ₹ 5 each	24,000,000	120,000,000	24,000,000	120,000,000
	24,000,000	120,000,000	24,000,000	120,000,000
Issued, subscribed and fully paid- up				
Equity shares of ₹ 5 each	22,585,200	112,926,000	22,585,200	112,906,000
Total	22,585,200	112,926,000	22,585,200	112,906,000

Terms and rights attached to equity shares

The Company has one class of equity shares having a par value of Rs. 5 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to shareholding.

Reconciliation of paid- up share capital (Equity Shares)

	As at 31 March 2020		As at 31 March 2019	
	Number	Amount	Number	Amount
Balance at the beginning of the year	22,585,200	112,926,000	22,585,200	112,926,000
Add: Issued during the year	-	-	-	-
Add: Acquisition of a subsidiary	-	-	-	-
Balance at the end of the year	22,585,200	112,926,000	22,585,200	112,926,000



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(Amount in ₹)

Details of Shareholders holding more than 5% of the shares in the Company

	As at 31 March 2020		As at 31 March 2019	
	Number	% holding in the class	Number	% holding in the class
Equity shares of ₹ 5 each				
1. Mr. Subhash Ghai	12,421,990	55.00%	12,421,990	55.00%
2. Ms. Meghna Ghai Puri	1,650,000	7.31%	1,650,000	7.31%
3. Ms. Mukta Ghai	1,650,000	7.31%	1,650,000	7.31%

14 Other equity

	As at 31 March 2020	As at 31 March 2019
Securities premium		
Balance at the beginning of the year	973,604,960	973,604,960
Add: Transfer during the year	-	-
Balance at the end of the year	973,604,960	973,604,960
General reserve		
Balance at the beginning of the year	83,144,791	83,144,791
Add: Transfer during the year	-	-
Balance at the end of the year	83,144,791	83,144,791
Capital reserve		
Balance at the beginning of the year	11,500	11,500
Add: Transfer during the year	-	-
Balance at the end of the year	11,500	11,500
Retained earnings		
Balance at the beginning of the year	244,931,993	208,443,949
Add: Net profit after tax for the year	51,730,752	38,805,526
Less : Ind As 116 adjustments	(22,396,956)	-
Less : Dividend and dividend tax	(34,034,713)	-
Other comprehensive income	(1,380,035)	(2,317,482)
Balance at the end of the year	238,851,041	244,931,993
	1,295,612,292	1,301,693,244

Nature and purpose of other reserves

Securities premium reserve :

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

Capital reserve :

Capital Reserve is the part of the profit or surplus, maintained as an account in the Balance Sheet that can be used only for special purposes.

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(Amount in ₹)

15 Non Current Financial Liabilities

15(a) Long-term borrowings

	As at 31 March 2020	As at 31 March 2019
Secured		
Term loan from banks and others		
LIC Housing Finance Ltd*	431,881,112	397,665,434
Hero Fincorp Ltd**	32,639,011	34,536,153
Motor vehicle finance loans***	20,338,671	19,966,030
Less: current maturity of term loan	(22,153,876)	(13,589,015)
Total	462,704,918	438,578,602

* Loan against property is secured against entire Commercial Property located at Sharyans Audeus, Survey No.41, Fun Republic Cinema, Off Veera Desai Road, Oshiwara Village, Andheri West, Mumbai 400053. Repayable in 180 monthly installments of Rs. 48,63,756.

** Term loan against property is secured against two flats of the Company by way mortgage of the property located in Bandra West. Repayable in 120 monthly installments of Rs. 5,37,225/- (June 2017 to July 2018) and Rs. 5,47,276/- (Aug-2018 to May 2027)

*** The motor vehicle finance loans taken by the Company are secured against the related vehicles. Repayment schedule is as detailed below:

Lendor	Repayment schedule and other terms
Axis Bank Ltd	Outstanding amount of loan Rs. 18,37,968/- (2019: Rs 27,94,886/-) is repayable in 60 equated monthly installments of Rs 112,321 till October 2021. Interest rate 16.50%.
ICICI Bank Limited	Outstanding amount of loan Rs. 56,20,793/- (2019:Rs 1,45,36,178) is repayable in 36 monthly installments of Rs 672,774/- till July 2019 and Rs. 4,72,624/- there after. Interest rate 14.50%
BMW India Financial Services Pvt Ltd	Outstanding amount of loan Rs. 1,10,89,964/- (2019:Rs Nil) is repayable in 48 monthly installments of Rs 2,20,997/- May 2023. Interest rate 10.20%
HDFC Bank Limited	Outstanding amount of loan Rs. 17,89,946 (2019: Rs 23,92,403) is repayable in 60 equated monthly installments of Rs 63,900 till October 2022.

15(b) Other financial liabilities

	As at 31 March 2020	As at 31 March 2019
Security deposits	42,697,664	40,560,780
Total	42,697,664	40,560,780

16 Long Term Provisions

	As at 31 March 2020	As at 31 March 2019
Provision for Leave Salary	2,729,967	2,346,289
Provision for gratuity	9,951,354	7,852,209
Total	12,681,321	10,198,498



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(Amount in ₹)

17 Other non-current liabilities

	As at 31 March 2020	As at 31 March 2019
Rent straight lining	9,398,704	9,635,330
Income Received in advance	7,176,974	7,176,974
Lease Liability	32,698,153	-
Deferred Expense Account	1,026,355	620,403
Total	50,300,186	17,432,707

18 Current Financial Liabilities

18(a) Short-term borrowings

	As at 31 March 2020	As at 31 March 2019
Repayable on demand Unsecured		
Inter corporate deposits - Others	82,000,000	82,000,000
Total	82,000,000	82,000,000

Deposit of Rs. 82,000,000 accepted at interest rate of 4% p.a. repayable on demand.

18(b) Trade payable

	As at 31 March 2020	As at 31 March 2019
Other than micro and small enterprises	25,898,192	22,610,733
Micro and small enterprises	-	-
Total	25,898,192	22,610,733

18(c) Other financial liabilities

	As at 31 March 2020	As at 31 March 2019
Current maturities of long term borrowings	22,153,876	13,589,015
Interest accrued but not due on borrowings		
Interest on loan taken	5,607,658	5,586,689
Employee benefits expense payable		
Bonus Payable	318,312	250,000
Sundry advances received		
From related party	645,000	645,000
Others	29,800,000	16,400,000
Unclaimed dividend	38,214	38,214
Security deposits received	600,000	2,224,903
Total	59,163,060	38,733,821

19 Short Term Provisions

	As at 31 March 2020	As at 31 March 2019
Provision For Taxation	22,711,386	40,172,803
Provision For Employee benefit:		
Provision for leave salary	1,303,519	966,231
Provision for gratuity	2,736,021	2,606,466
Total	26,750,926	43,745,500

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(Amount in ₹)

20 Other current liabilities

	Year ended 31 March 2020	Year ended 31 March 2019
Advances from customers- others	14,272,381	5,939,846
Deferred Expense Account	794,430	1,994,812
Income Received in advance	800,000	9,854,950
Rent straight lining	264,947	14,161
Statutory dues payable		
Provident fund	156,721	136,583
ESIC	2,715	7,404
TDS payable	2,254,992	2,237,278
Profession tax	9,950	10,350
VAT / GST	4,031,770	1,572,193
Total	22,587,906	21,767,577

21 Revenue from operations (net)

	Year ended 31 March 2020	Year ended 31 March 2019
(a) Sale of products/ film rights		
Own Film/ Content production	102,722,360	80,831,870
	102,722,360	80,831,870
(b) Distribution, Exhibition, Theatrical and Film Production Income		
Distribution and exhibition	47,528	-
Equipment hire income	1,516,000	3,956,500
	1,563,528	3,956,500
(c) Other operating revenue		
Rent and amenities charges	100,528,611	99,109,996
Sundry balances written back	16,476	819,792
Business support services	11,250,000	12,000,000
	111,795,087	111,929,788
	216,080,975	196,718,158

22 Other income

	Year ended 31 March 2020	Year ended 31 March 2019
Interest income on bank deposits	2,350,363	1,515,881
Interest income on others	70,132,613	73,069,853
Other Non Operating Income		
Profit on sale of assets, (net)	546,736	-
Corporate guarantee Commission income	2,651,020	2,651,019
Miscellaneous income (net)	34,081,663	35,463,410
Total other income	109,762,395	112,700,163



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(Amount in ₹)

23 Cost of production, distribution, exhibition and theatrical operation

	Year ended 31 March 2020	Year ended 31 March 2019
Distribution Expenses	3,721,387	-
Expenses for old Films	33,537,700	29,600
Total Distributor and producer's share	37,259,087	29,600

24 Employee benefits expense

	Year ended 31 March 2020	Year ended 31 March 2019
Salaries and bonus	52,532,082	51,902,489
Contribution to provident and other funds	2,021,492	2,036,713
Gratuity expense	1,123,665	1,095,835
Staff welfare expenses	37,665	92,050
Total employee benefit expense	55,714,904	55,127,087

(i) Defined Contribution Plan

The Company's contributions to Defined Contribution Plans namely Employees Provident Fund and Employee's State Insurance Fund (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952), which are Defined Contribution Plans, are charged to Statement of Profit and Loss on accrual basis. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

Amount of Rs. 2,021,492 (Previous year : Rs. 2,036,713) is recognised as expense and included in the above Note 24

(ii) Post Employment Obligations:

Gratuity : The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and it is recognised by the Income-tax authorities and administered through LIC. Liability for Gratuity is provided on the basis of Valuations, as at Balance Sheet date, carried out by an independent actuary.

The assumptions used for the actuarial valuation are as under:

Particulars

	Gratuity	
	31 March 2020	31 March 2019
Discount Rate (per annum)	6.25%	7.45%
Salary growth rate	8.00%	8.00%

(A) Present Value of Obligation as at Balance Sheet date

Particulars

	Gratuity	
	31 March 2020	31 March 2019
Present Value of Obligation as at the beginning	11,935,718	8,985,480
Interest cost	737,100	618,847
Current Service Cost	656,739	519,601
Past Service cost	-	-
Total amount recognised in statement of profit and loss	1,393,839	1,138,448
Re-measurement (or Actuarial) (gain) / loss arising from:		
change in demographic assumption	-	(4,283)
change in financial assumption	1,174,581	289,008
experience changes	(160,967)	2,033,629
Total amount recognised in Other Comprehensive Income	1,013,614	2,318,354
Benefits Paid	-	(506,564)
Liabilities assumed / (settled)	-	-
Present Value of Obligation as at the end	14,343,171	11,935,718

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(Amount in ₹)

(B) Changes in the Fair value of Plan Assets

Particulars	Gratuity	
	31 March 2020	31 March 2019
Fair Value of Plan Assets as the beginning	1,477,043	1,765,122
Interest on plan assets	13,804	114,159
Total amount recognised in statement of profit and loss	13,804	114,159
Re-measurement (or Actuarial) gain / (loss) arising from:		
Actual return on plan assets less interest on plan assets	(7,858)	872
Total amount recognised in Other Comprehensive Income	(7,858)	872
Employer's contribution	172,807	103,454
Benefits Paid	-	(506,564)
Transfer In / (Out)	-	-
Fair value of plan assets at the end	1,655,796	1,477,043

(C) Amount recognised in the Balance sheet

Particulars	Gratuity	
	31 March 2020	31 March 2019
Present Value of obligations as at Balance Sheet date	14,343,171	11,935,718
Fair Value of Plan Assets as at the end of the period	1,655,796	1,477,043
Net (asset)/ liability recognised as at year end	12,687,375	10,458,675

(D) Constitution of Plan Assets

Particulars	Gratuity	
	31 March 2020	31 March 2019
Administered by Life insurance Corporation of India	100%	100%
Total of the Plan Assets	100%	100%

(E) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	Gratuity	
	Decrease	Increase
Defined benefit obligation (base)		
As on March 31, 2020		
Discount Rate (- / + 0.5%)	555,081	(514,920)
(% change compared to base due to sensitivity)	3.87%	-3.59%
Salary Growth Rate (- / + 0.5%)	(375,791)	401,609
(% change compared to base due to sensitivity)	-2.62%	2.80%

Particulars	Gratuity	
	Decrease	Increase
Defined benefit obligation (base)		
As on March 31, 2019		
Discount Rate (- / + 0.5%)	439,234	(408,202)
(% change compared to base due to sensitivity)	3.68%	-3.42%
Salary Growth Rate (- / + 0.5%)	(297,199)	316,297
(% change compared to base due to sensitivity)	-2.49%	2.65%



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(Amount in ₹)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Expected contributions to post employment benefit plan for the year ending March 31, 2020 is Rs. 15 Lakhs (March 31, 2019 : Rs. 15 Lakhs)

(F) Defined benefit liability and employer contributions

The weighted average duration of the Benefit Obligation is 7.10 years

Particulars	Gratuity	
	31 March 2020	31 March 2019
Weighted average duration (based on discounted cashflows)		
Year 1	4,391,817	4,083,509
Year 2	204,849	227,061
Year 3	1,003,714	183,512
Year 4	188,424	926,652
Year 5	1,932,402	176,813
Thereafter	18,215,989	18,521,216

(iii) Other Long Term Benefit Plans:

Compensated absences : The leave obligations cover the Company's liability for earned leave. The amount of provision of Rs. 7,50,980 (March 31, 2019: Rs. (6,45,219))

Liability for Leave Obligation is provided on the basis of Valuations, as at Balance Sheet date, carried out by an independent actuary.

(G) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility - The plan liabilities are calculated on the basis of the market yields at the valuation date on government bonds for the expected term. If plan assets underperform this yield, this will create a deficit.

Changes in bond yields - A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's assets.

25 Finance costs

	Year ended 31 March 2020	Year ended 31 March 2019
Interest cost on:		
Car loan	2,771,500	3,109,630
Inter corporate deposits	72,000	66,179
Others	2,634,517	478,519
Term loan	53,433,282	53,411,949
Corporate Guarantee Commission expenses	644,436	644,436
Lease Liability	4,154,400	-
Processing cost and other charges	5,218,942	1,992,387
Total Finance Cost	68,929,077	59,703,100

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(Amount in ₹)

26 Depreciation and amortisation expense

	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation of property, plant and equipment	19,443,356	20,047,168
Depreciation on investment property	3,723,304	4,615,460
Total Finance Cost	23,166,660	24,662,628

27 Other expenses

	Year ended 31 March 2020	Year ended 31 March 2019
Power and fuel	31,782,936	34,295,959
Rent	8,136,839	15,491,147
Repairs and maintenance	2,325,402	2,722,732
Insurance	2,695,256	3,033,933
Rates and taxes	8,469,445	7,455,197
Legal and professional	21,626,294	20,295,960
Communication expenses	576,891	818,092
Travelling and conveyance	896,893	1,965,230
Bad debts/ advances/ intangibles under development written-off	4,797,952	15,720,155
Security charges	965,459	867,686
Business promotion	1,009,372	788,026
Motor vehicle expenses	1,133,416	1,788,325
Printing and stationery	496,405	662,041
Bank charges	322,006	752,778
Payment to auditor (Refer details below)	513,554	510,997
Miscellaneous expenses	9,717,551	6,716,174
Total	95,465,671	113,884,433

27 a - Payment to auditor

	Year ended 31 March 2020	Year ended 31 March 2019
Audit Fees	500,000	500,000
Reimbursement of Expenses	13,554	10,997
	513,554	510,997

28 Income Tax

(A) Income Tax Expense

This note provides an analysis of the Company's income tax expense and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Company's tax positions



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(Amount in ₹)

	31 March 2020	31 March 2019
Income Tax Expense		
Current tax		
Current tax on profits for the year	2,600,000	10,100,000
Total Current Tax Expense	2,600,000	10,100,000
Deferred Tax		
Decrease (increase) in deferred tax assets	(9,022,781)	7,105,947
(Decrease) increase in deferred tax liabilities	-	-
Total Deferred Tax Expense	(9,022,781)	7,105,947
Income Tax Expense	(6,422,781)	17,205,947

(B) Reconciliation of tax expense:

	31 March 2020	31 March 2019
Profit before income tax expense	45,307,971	56,011,473
Add: Net Disallowances		
Permanent Disallowances	-	-
Temporary Disallowances	2,988,453	2,081,941
Total Taxable Income	48,296,424	58,093,414
Income Tax Expense	2,600,000	10,100,000

(C) Amounts Recognised directly in Equity - Nil (31 March 2019 - Nil)

29 Lease disclosure under AS 19 – ‘Leases’

Operating lease : Company as lessee

The Company is obligated under non-cancellable leases primarily for office and residential premises which is renewable thereafter as per the terms of the respective agreement.

Lease rent expenses of Rs 8,136,839 (2019: Rs 15,491,147) have been included under 'Rent' in the Statement of profit and loss.

Future minimum rental payable under non-cancellable operating leases are as follows :

Particulars	31 March 2020	31 March 2019
Amounts due within one year	5,861,269	5,582,161
Amounts due after one year but not later than five years	26,525,944	25,262,804
Amounts due later than five years	19,015,671	26,140,081
	51,402,884	56,985,046

Operating lease : Company as lessor

The Company has given office premises on lease which is renewable thereafter as per the terms of the respective agreement

Lease rent income of Rs 60,951,083 (2019: Rs 56,341,862) has been included under 'Rent and amenities charges' in the Statement of profit and loss.

Future minimum rental receivable under non-cancellable operating leases are as follows :

Particulars	31 March 2020	31 March 2019
Amounts due within one year	-	-
Amounts due after one year but not later than five years	-	-
	-	-

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(Amount in ₹)

The carrying amount of assets is as follows :

Particulars	31 March 2020	31 March 2019
Gross block	172,280,521	172,280,521
Accumulated depreciation	50,179,521	46,456,217
Net block	122,101,000	125,824,304
Depreciation for the year	3,723,304	4,310,676

Operating lease : Company as sub-lessor

The Company has subleased part of the office premises taken on lease which is renewable thereafter as per the terms of the respective agreement

Sublease rent income of Rs 39,577,528 (2019: Rs 38,680,226) has been included under 'Rent and amenities charges' in the Statement of profit and loss.

The carrying amount of assets is as follows :

Particulars	31 March 2020	31 March 2019
Gross block	85,535,753	85,535,753
Accumulated depreciation	57,399,866	50,431,793
Net block	28,135,887	35,103,960
Depreciation for the year	6,968,073	6,968,073

30 Capitalisation of expenditure

During the year, the Company has capitalised the salaries, wages and bonus amounting to Rs Nil (2019: Rs Nil) to the cost of Fixed asset/ Capital work in progress (CWIP). Consequently, expenses disclosed under note no. 30 are net of amount capitalised by the Company.

31 Earnings per equity share:

	Year ended 31 March 2019	Year ended 31 March 2018
Net (loss)/ profit after tax attributable to shareholders	50,350,717	36,488,044
Weighted average number of equity shares outstanding during the year for basic EPS	22,581,200	22,581,200
Weighted average number of equity shares outstanding during the year for dilutive EPS	22,581,200	22,581,200
Basic EPS	2.23	1.62
Dilutive EPS	2.23	1.62
Nominal value per share	5	5

32 Fair value measurement

The carrying value/ Fair value of the Financial instruments by category

	31 March 2020			31 March 2019		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Other Financial Assets	-	-	427,762,242	-	-	446,718,005
Trade Receivables	-	-	113,338,462	-	-	129,711,697
Cash and cash equivalents	-	-	17,007,780	-	-	6,910,295
Loans	-	-	729,330,449	-	-	698,774,422
Investment	267,828,087	-	-	267,828,087	-	-
Othe bank balance	-	-	46,153,936	-	-	20,670,238
Total financial assets	267,828,087	-	1,333,592,868	267,828,087	-	1,302,784,657



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(Amount in ₹)

	31 March 2020			31 March 2019		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial liabilities						
Borrowings	-	-	544,704,918	-	-	520,578,602
Trade Payables	-	-	25,898,192	-	-	22,610,733
Other Financial Liabilities	-	-	101,860,724	-	-	79,294,601
Total financial liabilities	-	-	672,463,833	-	-	622,483,936

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair value of financial instruments that are (a) recognised and measured at fair value (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three level prescribed under the accounting standard. An explanation each level follows underneath the table.

Financial instruments measured at Fair value

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices, for example listed equity instruments, traded bonds and mutual funds that have quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There are no recurring fair value measurements for any financial instruments as at March 31, 2019 and March 31, 2020.

(ii) Fair value of financial assets measured at amortised cost

	Level	31 March 2020		31 March 2019	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets					
Other Financial Assets	Level 2	173,506,861	427,762,242	210,369,531	446,718,005
Trade Receivables	Level 2	113,338,462	113,338,462	129,711,697	129,711,697
Cash and cash equivalents	Level 2	17,007,780	17,007,780	6,910,295	6,910,295
Loans	Level 2	398,830,488	729,330,449	419,742,226	698,774,422
Investments	Level 2	233,128,390	267,828,087	233,128,390	267,828,087
Financial liabilities					
Borrowings	Level 2	544,704,918	544,704,918	520,578,602	520,578,602
Trade Payables	Level 2	25,898,192	25,898,192	22,610,733	22,610,733
Other Financial Liabilities	Level 2	101,860,724	101,860,724	79,294,601	79,294,601

The carrying amounts of trade receivables, cash and cash equivalents, loan to employees, interest accrued on fixed deposits, receivables from related party, unbilled revenue, other receivables, current maturity of borrowing, bank overdraft, book overdraft, interest accrued on borrowings, payable to related parties, capital creditors, trade payables and other financial liabilities are considered to be the same as fair values, due to their short term nature.

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(Amount in ₹)

33 Financial risk management

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the Company is exposed to and how it manages those risks.

(A) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including cash and cash equivalents and deposits with banks.

(i) Credit risk management

(a) Trade receivable related credit risk

The Company evaluates the concentration of risk with respect to trade receivables as low. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company provides for expected credit loss on trade receivables based on expected credit loss method. Each outstanding customer receivables are regularly monitored and if outstanding is above due date the further shipments are controlled and can only be released if there is a proper justification.

Reconciliation of loss allowance provision

	Amount
Loss allowance on April 1, 2018	2,916,998
Written-off	-
Provision for allowances	(384,750)
Loss allowance on March 31, 2019	2,532,248
Written-off	-
Provision for allowances	4,645,351
Loss allowance on March 31, 2020	7,177,599

(b) Others Financial Asset

Credit risk from balances with banks is managed by Company in accordance with the Company policy. The other financial assets are from various forum of Government authorities and are released by Government authorities on completion of relevant terms and conditions for the release of outstanding.

(B) Liquidity risk

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows on daily, monthly and yearly basis. The Company ensures that there is a free credit limit available at the start of the year which is sufficient for repayments getting due in the ensuing year. Loan arrangements, credit limits with various banks including working capital and monitoring of operational and working capital issues are always kept in mind for better liquidity management

(i) Financing arrangements

The Company did not had any undrawn borrowing facilities at the end of the reporting period:

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

The amounts disclosed in the table are the contractual cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Less than 1 year	More than 1 year	Total
as at March 31, 2020			
Borrowings	82,000,000	462,704,918	544,704,918
Trade payables	25,898,192	-	25,898,192
Other financial liabilities	59,163,060	42,697,664	101,860,724
Total liabilities	167,061,252	505,402,582	672,463,834



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(Amount in ₹)

Contractual maturities of financial liabilities	Less than 1 year	More than 1 year	Total
as at March 31, 2019			
Borrowings	82,000,000	438,578,602	520,578,602
Trade payables	22,610,733	-	22,610,733
Other financial liabilities	38,733,821	40,560,780	79,294,601
Total liabilities	143,344,554	479,139,382	622,483,936

Contractual maturities of financial Assets	Less than 1 year	More than 1 year	Total
as at March 31, 2020			
Trade Receivables	113,338,462	-	113,338,462
Cash & bank balance	17,007,780	-	17,007,780
Other bank Balance	46,153,936	-	46,153,936
Loans	379,924,256	349,406,193	729,330,449
Investments	-	267,828,087	267,828,087
Other financial assets	70,086,791	357,675,451	427,762,242
Total Assets	626,511,224	974,909,731	1,601,420,955

Contractual maturities of financial Assets	Less than 1 year	More than 1 year	Total
as at March 31, 2019			
Trade Receivables	129,711,697	-	129,711,697
Cash & bank balance	6,910,295	-	6,910,295
Other bank Balance	20,670,238	-	20,670,238
Loans	328,368,229	370,406,193	698,774,422
Investments	-	267,828,087	267,828,087
Other financial assets	70,836,083	375,881,922	446,718,005
Total Assets	556,496,542	1,014,116,202	1,570,612,744

(C) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of two types of risks – interest rate risk & currency risk. Financial instrument affected by market risks includes loans and borrowings, deposits and other financials assets.

The Company has designed risk management frame work to control various risks effectively to achieve the business objectives. This includes identification of risk, its assessment, control and monitoring at timely intervals.

(i) Foreign currency risk

The Indian Rupee is the Company's functional and reporting currency. The Company has limited foreign currency exposure which are mainly in cash. Foreign currency transaction exposures arising on internal and external trade flows are not material and therefore not hedged. Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. This is the risk that the Company may suffer losses as a result of adverse exchange rate movement during the relevant period.

The carrying amounts of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the year, which are not hedged are as follows:

	31 March 2020	31 March 2019
Financial Assets	(BHD)	(BHD)
Investment in shares	50,000	50,000
Loans	545,143	412,564
Receivable	143,370	152,700

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(Amount in ₹)

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in BHD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Currency	Change in rate	Net effect on profit before tax (Incremental amount)
31 March 2020	BHD	+5%	36,926
	BHD	-5%	(36,926)
31 March 2019	BHD	+5%	30,763
	BHD	-5%	(30,763)

(ii) Interest rate risk exposure

The Company manages interest rate risk by having a balanced portfolio of fixed and variable rate of interest on loans and borrowings. To manage this, Company has issued fixed rate bonds and loans taken from banks are linked to MCLR rate of the bank, which are variable. The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows

Below are borrowings excluding debt component of compound financial instruments and including current maturity of non current borrowings:

	31 March 2020	31 March 2019
Variable rate borrowings	-	-
Fixed rate borrowings	566,858,794	534,167,617
Total Borrowing	566,858,794	534,167,617

As at the end of the reporting period, the entity did not had any variable rate borrowings.

Interest rate sensitivity

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

Particulars	Currency	Increase / decrease in basis points	Effect on profit before tax
31 March 2020	INR	+50	281,024
	INR	-50	(281,024)
31 March 2019	INR	+50	282,608
	INR	-50	(282,608)

The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of borrowings.

34 Capital management

For the purpose of the Company's capital management, equity includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value. The Company's Capital Management objectives are to maintain equity including all reserves to protect economic viability and to finance any growth opportunities that may be available in future so as to maximize shareholders' value. The Company is monitoring capital using debt equity ratio as its base, which is debt to equity. The company's policy is to keep debt equity ratio below three and infuse capital if and when required through issue of new shares and/or better operational results and efficient working capital management. In order to achieve the aforesaid objectives, the Company has not sanctioned any major capex on new expansion projects in last two to three years There is constant endeavour to reduce debt as much as feasible and practical by improving operational and working capital management.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(Amount in ₹)

Particulars	31-Mar-20	31-Mar-19
Net debt	544,704,918	520,578,602
Total equity attributable to owners	1,408,538,292	1,414,619,244
Net Debt to equity ratio	38.67%	36.80%

Risk management

The Company's objective when managing capital are to:

- (i) Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- (ii) Maintain an optimal capital structure to reduce the cost of capital

The Company currently has loans from holding company and banks.

(i) Loan covenants:

Under the terms of its major borrowing facilities, the Company is required to comply with the following financial covenants:

- all collections should be routed through the bank of the provider of the facility.

The Company has complied with the covenants throughout the reporting period. As at 31 March 2020.

35 Segment information

As per Indian Accounting Standard (Ind AS) 108 on "Operating Segment", segment information has been provided in the Notes to consolidated financial statements.

36 Related party disclosures

Details of related parties including summary of transactions entered into by the Company during the year ended 31 March 2020 are summarized below:

A) Parties where control exists

(i) Shareholders holding more than 20%

- Subhash Ghai

(ii) Subsidiary companies

- Whistling Woods International Limited
- Connect.1 Limited
- Mukta Tele Media Limited
- Mukta Creative Venture Ltd (Formerly known as Coruscant Tec Private Limited)
- Mukta A2 Cinemas Limited
- Mukta A2 Multiplex SPC

(iii) Joint Venture

- Mukta VN Films Limited

(iv) Step Down Subsidiary Company

- Whistling Woods International Education Foundation

(v) Key management personnel and relatives of such personnel

- Subhash Ghai - Chairman Director (and shareholder)
- Parvez Farooqui - Executive Director (and shareholder)
- Rahul Puri - Managing Director
- Mukta Ghai - Wife of Subhash Ghai (and shareholder)
- Ashok Ghai - Brother of Subhash Ghai
- Siraj Farooqui - Brother of Parvez Farooqui
- Sameer Farooqui - Brother of Parvez Farooqui
- Sajid Farooqui - Brother of Parvez Farooqui
- Meghna Ghai Puri - Daughter of Subhash Ghai (and shareholder)

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(Amount in ₹)

(v) *Enterprise over which key management personnel have control/ substantial interest/ significant influence*

- Mukta Arts – Proprietary concern of Subhash Ghai
- Mukta Tele Arts Private Limited – Enterprise in which Subhash Ghai exercises significant influence

B Transactions with related parties for the year ended 31 March 2020 are as follows:-

Transactions	Subsidiary companies		Key Management Personnel and relatives of such personnel		Enterprises over which key management personnel have control/ substantial interest/ significant influence	
	2020	2019	2020	2019	2020	2019
Rendering of services - Sale of products						
Mukta A2 Cinemas Ltd - Rent & Maintenance Charges	1,409,400	1,409,400	-	-	-	-
Whistling Woods International Ltd - Rent & Maintenance Charges	7,972,896	7,972,896	-	-	-	-
Receiving of services						
Ashok Ghai - Professional fees paid	-	-	3,528,360	3,564,000	-	-
Connect. 1 Limited - Rent	240,000	240,000	-	-	-	-
Mukta Tele Media Ltd	300,000	300,000	-	-	-	-
Mukta Arts - Rent	-	-	-	-	-	60,000
Interest income						
Whistling Woods International Limited	25,205,078	25,511,606	-	-	-	-
Mukta Tele Media Limited	912,320	1,491,225	-	-	-	-
Connect.1 Limited	1,778,823	2,182,719	-	-	-	-
Mukta A2 Multiplex SPC	5,025,984	4,198,825	-	-	-	-
Mukta A2 Cinemas Ltd	18,819,926	17,399,103	-	-	-	-
Corporate Gurantee Commision income						
Mukta A2 Cinemas Ltd	1,301,020	1,301,019				
Interest expenses						
Mukta Creative Venture Ltd	72,000	66,179	-	-	-	-
Rent expenses						
Subhash Ghai	-	-	2,400,000	-	-	-
Salaries and other benefit						
Siraj Farooqui	-	-	4,217,738	3,908,236	-	-
Sameer Farooqui	-	-	1,115,055	1,060,338	-	-
Sajid Farooqui	-	-	95,659	1,024,920	-	-
Managerial remuneration						
Subhash Ghai	-	-	8,387,400	8,347,400	-	-
Rahul Puri	-	-	5,176,992	4,797,024	-	-
Reimbursement of expenses received by the Company						
Whistling Woods International Limited	1,322,840	1,087,852	-	-	-	-
Mukta VN Films Limited	11,250,000	12,000,000	-	-	-	-
Mukta A2 Cinemas Ltd	973,145	180,669				
Reimbursement of expenses paid by the Company						
Mukta A2 Cinemas Ltd	160,301	32,764	-	-	-	-



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(Amount in ₹)

Transactions	Subsidiary companies		Key Management Personnel and relatives of such personnel		Enterprises over which key management personnel have control/ substantial interest/ significant influence	
	2020	2019	2020	2019	2020	2019
Loan given during the year						
Mukta A2 Multiplex SPC	24,794,680	8,060,872	-	-	-	-
Mukta A2 Cinemas Ltd	44,035,000	2,000,000	-	-	-	-
Whistling Woods International Limited	12,500,000	-	-	-	-	-
Loan repaid during the year						
Whistling Woods International Limited	33,500,000	17,500,000	-	-	-	-
Mukta A2 Cinemas Limited	-	10,000,000				
Advances given during the year						
Mukta Creative Venture Ltd	43,832	70,000	-	-	-	-
Mukta Tele Media Ltd	-	166,317				
Connect.1 Ltd	774,000	3,115,000	-	-	-	-
Advances repaid during the year						
Mukta Creative Venture Ltd	-	30,000	-	-	-	-
Mukta Tele Media Ltd	12,720,000	270,000	-	-	-	-
Connect.1 Ltd	9,454,788	898,597	-	-	-	-
Loan receivable						
Whistling Woods International Limited	177,600,000	198,600,000	-	-	-	-
Mukta A2 Multiplex SPC	96,559,993	71,765,313	-	-	-	-
Mukta A2 Cinemas Ltd	214,700,000	170,665,000	-	-	-	-
Amount receivable						
Whistling Woods International Limited	797,706	75,826	-	-	-	-
Mukta A2 Cinemas Ltd	16,865,565	6,197,343	-	-	-	-
Mukta VN Films Ltd	2,068,188	-				
Interest receivable						
Whistling Woods International Limited	3,513,527	-	-	-	-	-
Payables						
Siraj Farooqui	-	-	848,761	778,989	-	-
Sameer Farooqui	-	-	81,480	71,422	-	-
Sajid Farooqui	-	-	-	67,410	-	-
Subhash Ghai	-	-	2,164,000	1,245,000	-	-
Rahul Puri	-	-	785,540	732,034	-	-

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(Amount in ₹)

Transactions	Subsidiary Companies		Key Management Personnel and relatives of such personnel		Enterprises over which key management personnel have control / substantial interest / significant influence	
	2020	2019	2020	2019	2020	2019
Advances receivable						
Mukta Tele Media Ltd	3,651,753	15,550,665	-	-	-	-
Connect. 1 Limited	14,697,266	23,149,763	-	-	-	-
Advances payable						
Mukta Creative Venture Ltd	784,799	763,831	-	-	-	-
Deposit receivable						
Whistling Woods International Limited (pursuant to mutual sharing arrangement)	-	30,000,000	-	-	-	-
Connect. 1 Limited	1,950,000	1,950,000	-	-	-	-
Mukta Arts	-	-	-	-	300,000	300,000
Security given towards loan (Mortgage of immovable property)						
Mukta VN Films Limited	40,000,000	60,000,000	-	-	-	-
Letter of support to Whistling Woods International Limited						

37 Disclosure as per Clause 32 of the Listing agreement

Name of the Company	Balance as at		Maximum outstanding during the year	
	2020	2019	2020	2019
(a) Particulars in respect of loans and advances in the nature of loans to subsidiary/ associate companies				
- Whistling Woods International Limited	177,600,000	198,600,000	198,600,000	211,600,000
- Mukta Tele Media Ltd	3,651,753	15,550,665	15,550,665	15,550,665
- Mukta A2 Multiplex SPC	96,559,993	71,765,313	96,559,993	71,765,313
- Mukta A2 Cinemas Ltd	214,700,000	170,665,000	214,700,000	178,665,000
(b) Particulars of Loans and advances to Companies in which director (s) is a Director or member:				
None	-	-	-	-
(c) Particulars in respect of loans and deposits to subsidiary companies where there is no repayment schedule				
- Whistling Woods International Limited	177,600,000	198,600,000	198,600,000	211,600,000
- Mukta Tele Media Limited	3,651,753	15,550,665	15,550,665	15,550,665
-Mukta A2 Multiplex SPC	96,559,993	71,765,313	96,559,993	71,765,313
- Mukta A2 Cinemas Ltd	214,700,000	170,665,000	214,700,000	170,665,000

38 Commitments

Estimated amounts of contracts remaining to be executed on capital account and not provided for aggregate to Rs Nil (31 March 2019: Rs Nil).



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(Amount in ₹)

39 Contingent liabilities

	31 March 2020	31 March 2019
a) Service tax liability in appeal (note 1)	1,675,000	1,675,000
b) Corporate guarantee given by the Company on behalf of its subsidiary	40,000,000	60,000,000
c) Support letter provided to Whistling Woods International Limited, a subsidiary of the Company.		

Notes

- 1) Unless specified, the amounts are excluding penalty and interest, if any, that would be levied at the time of final conclusion.
- 2) The Company is party to various legal proceedings in the normal course of business and does not expect the outcome of these proceedings to have any adverse effect on the financial conditions, results of operations or cash flows.
- 3) In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liability, where applicable in its financial statements. The Company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect of the Company's results of operations or financial condition.
- 4) The Company has availed the benefit of payment of customs duty and other duties at a concessional rate on import of capital goods, under the Export Promotion Capital Goods ('EPCG') Scheme, against fulfillment of export commitment over eight years from the date of issue of the license. The Company's bankers have provided guarantees amounting to Rs 18,858,905 (31 March 2019: Rs 18,905,371) to the Customs and other statutory authorities, on behalf of the Company, towards fulfilment of these commitments. The Company believes that the export commitment obligations will be fulfilled and accordingly does not expect any custom and other duties, penalty or interest to be levied with respect to non-fulfillment of the terms and conditions of the EPCG scheme.

40 Expenditure in foreign currency (on accrual basis)

During the year, no expenditure incurred in foreign currency.

41 Earnings in foreign exchange (on accrual basis)

Earnings in foreign currency for the year ended 31 March 2020 is Rs. Nil (31 March 2019 Rs 10,07,133).

- 42 Public Interest Litigations ('PIL') had been filed alleging that the Maharashtra Film, Stage and Cultural Development Corporation Limited ('MFSCDCL') had not followed proper procedure while entering into a Joint Venture Agreement ('JVA') with the Company and in the subsequent allotment of 20 acres of land to the said joint venture, Whistling Woods International Limited ('WWI'), a subsidiary of the Company. During the year 2011-2012, pursuant to the Order of the Hon'ble High Court of Judicature at Bombay ('High Court') dated 9 February 2012, inter-alia, the JVA with MFSCDCL was quashed / rendered cancelled, WWI was ordered to return the land to MFSCDCL and pay rent (and interest on arrears) retrospectively on the entire land since the date of the JVA. Of the total land admeasuring 20 acres, 14.5 acres vacant unused land was handed over to MFSCDCL on 18 April 2012 and the balance was to be handed over on or before 31 July 2014. Pending discussion and / or agreement with MFSCDCL and / or clarifications to be sought from the concerned parties, no adjustments have been made to the Share Capital structure of WWI and the carrying value of the land rights in its books of account. However, in terms of the Order of the High Court, the said amount together with future rent till the date of vacation of the premises is adjustable against the market price of the Institute building of WWI on the said land. The valuation is to be carried out by an expert valuer to be appointed by the Government. During the year 2013-2014, the PWD Engineer has given his valuation report based on the Balance Sheet of WWI as at 31 March 2011. Further, the Company made an application to the Government of Maharashtra in February 2013 to appoint expert valuers to determine the market price. WWI's petition for special leave to file appeal with the Supreme Court of India was dismissed. However, the Company and WWI filed review petitions with the High Court. In terms of Order dated 9 February 2012 passed by the High Court, MFSCDC raised net demand of Rs. 591,966,210 and asked WWI to vacate the premises. The Company's and WWI's Review Petitions were heard by High Court and a stay was granted on 30 July 2014. The High Court ordered the Company / WWI to pay arrears of rent for the years 2000-2001 to 2013-2014 aggregating to Rs 100,038,000 by January 2015 and to pay rent of Rs 4,500,000 per annum from the financial year 2014-2015. As per the terms of the said Order, till 31 March 2019 Rs 113,538,000 has been paid by the Company and Rs 13,500,000 has been paid by WWI. The State Government of Maharashtra and MFSCDCL challenged the Order of the Bombay High Court in the Supreme Court which was dismissed by the

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(Amount in ₹)

court on 22nd September 2014 with recourse to the State Government of Maharashtra to make an application to the High Court. Pending final disposal of the review petitions and valuation of the building, and in view of the future plans for WWI which are being evaluated, management believes that the Company's investments in WWI aggregating Rs 399,511,218 and amounts due therefrom aggregating Rs 246,116,550 are good and recoverable as management is hopeful of reliefs based on the issues involved and on merits of the case, as also of a high valuation of the building. The amounts so paid/ being paid by the Company have been treated as Deposits in the standalone financial statements to be adjusted on the settlement of the case.

43 Disclosure pursuant to Section 186 of the Companies Act, 2013

a) Details of loan given:

Name of the the entity and relation with the Company, if applicable	Terms and conditions of the loan and purpose for which it will be utilised
Whistling Woods International Limited, subsidiary of the Company	Unsecured loan given @13% for the purpose of financial support to subsidiary which is repayable on mutual consent.
Mukta Tele Media Ltd, subsidiary of the Company	Unsecured loan given @11% for the purpose of financial support to subsidiary which is repayable on mutual consent
Connect. Ltd, subsidiary of the Company	Unsecured loan given @11% for the purpose of financial support to subsidiary which is repayable on mutual consent
Mukta A2 Multiplex SPC, subsidiary of the Company	Unsecured loan given @6% for the purpose of financial support to subsidiary which is repayable on mutual consent.
Mukta A2 Cinemas Limited, subsidiary of the Company	Unsecured loan given @10% for the purpose of financial support to subsidiary which is repayable on mutual consent

Movement of loan during the financial years ended 31 March 2020 and 31 March 2019 is given below:

Name of Party	Financial year	Opening balance(excluding accrued interest)	Loan given	Loan repaid/ Adjustment	Closing balance(excluding accrued interest)
Whistling Woods International Limited, subsidiary of the Company	Year ended 31 March 2020	198,600,000	12,500,000	33,500,000	177,600,000
	Year ended 31 March 2019	216,100,000	-	17,500,000	198,600,000
Mukta Tele Media Ltd	Year ended 31 March 2020	12,001,317	-	12,720,000	(718,683)
	Year ended 31 March 2019	12,105,000	166,317	270,000	12,001,317
Mukta A2 Cinemas Ltd, subsidiary of the Company	Year ended 31 March 2020	170,665,000	44,035,000	-	214,700,000
	Year ended 31 March 2019	178,665,000	2,000,000	10,000,000	170,665,000
Mukta A2 Multiplex SPC, subsidiary of the Company	Year ended 31 March 2020	71,765,313	24,794,680	-	96,559,993
	Year ended 31 March 2019	63,704,441	8,060,872	-	71,765,313
Neelmudra Entertainment Limited	Year ended 31 March 2020	-	-	-	-
	Year ended 31 March 2019	12,838,015	-	12,838,015	-
Om Films Private Limited	Year ended 31 March 2020	17,600,000	-	-	17,600,000
	Year ended 31 March 2019	17,600,000	-	-	17,600,000



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(Amount in ₹)

b) Details of guarantee/security given:

The Company has provided security during the year by way of exclusive charge on mortgage of immovable property of the Company (WDV as on 31 March 2020: Rs 1,259,361) for the overdraft facility availed by Mukta V N Films Limited, a joint venture company, as at 31 March 2020. The overdraft limit as per the arrangement is Rs 40,000,000 (31 March 2019: Rs 60,000,000). The subsidiary has accounted for book overdraft amounting to Rs 34,241,931 as on 31 March 2020. The overdraft facility is being utilised by the subsidiary for its business.

44 The Company has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed that there are no long-term contracts including derivative contracts for which there were any material foreseeable losses.

45 Pursuant to the provisions of the Companies Act, 2013 read with Investor Education Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended, the shares pertaining to which dividend remains unclaimed/ unpaid for a period of seven years from the date of transfer to unpaid dividend account are mandatorily required to be transferred to the Investor Education and Protection Fund ('IEPF') established by the Central Government.

Accordingly, during the year, the Company has transferred to the IEPF an amount of Rs. Nil (2019 : Rs. 77,878) on account of unclaimed dividend and (2019 : 25,181 shares) to which this dividend relates.

46 Other information

Information with regard to other matters specified in Schedule III to the Act is either nil or not applicable to the Company for the year/period.

47 Prior period comparatives

The figures for the previous year have been reentitled/ rearranged as necessary to conform to the current year's presentation.

As per our report of even date.

For **Uttam Abuwala Ghosh & Associates**
Chartered Accountants
Firm's Registration No: 111184W

For and on behalf of the Board of Directors of
Mukta Arts Limited
CIN: L92110MH1982PLC028180

CA Prerak Agarwal
Partner
Membership No: 158844

Subhash Ghai
Chairman Director
DIN: 00019803

Rahul Puri
Managing Director
DIN: 01925045

Parvez A. Farooqui
Director
DIN: 00019853

Place : Mumbai
Date: 29 June 2020

Prabuddha Dasgupta
Chief Financial Officer

Monika Shah
Company Secretary
Membership No: FCS7964

MUKTA ARTS LIMITED

INDEPENDENT AUDITORS' REPORT

To the Members of Mukta Arts Limited

Report on audit of the Consolidated Indian Accounting Standard (Ind AS) Financial Statements

Qualified Opinion

We have audited the accompanying Consolidated Financial Statements of Mukta Arts Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint ventures which comprise the consolidated Balance sheet as at March 31, 2020, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis of Qualified Opinion paragraph below, the aforesaid consolidated Ind AS financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its joint venture as at March 31, 2020, and their consolidated Net Loss (including consolidated total comprehensive loss), their consolidated statement of changes in equity and consolidated cash flow statement for the year ended on that date.

Basis of Qualified Opinion

As at March 31, 2020, the company's investment in its subsidiary (including deemed investment), Whistling woods International Limited (WWIL) a joint venture between the company and Maharashtra Film, Stage and Cultural Development Corporation Limited (MFSCDCL), aggregates to Rs. 19,95,11,218/- and loans and advances, deposits, interest receivable and rent receivable aggregate to Rs. 41,07,03,570/- recoverable from WWIL. As fully explained in Note 44 to the accompanying audited financial statements, the Order of February 9, 2012 passed by the High Court of judicature at Bombay ('High Court'), had quashed the joint Venture Agreement ('JVA') between the company and Maharashtra Film Stage Cultural Development Corporation ('MFSCDCL'). Maharashtra Film Stage and Cultural Development Corporation ('MFSCDCL') raised net demand of Rs. 59,19,66,210/- and asked WWIL to vacate the premises. WWIL's petition for special leave to appeal filed with the Supreme Court of India had also been dismissed. The Company and WWIL had filed application to review the said order with the High Court and an Interim stay was granted on July 30, 2014 which required deposit of Rs.10,00,38,000/- by January 2015 against payment of arrears of rent for the year 2000-01 to 2013-14 and payment of Rs.45,00,000/- per annum from Financial Year 2014-15 till the settlement of the case, to MFSCDCL. As per the terms of the said Order, till financial year 2016-17, Rs. 11,35,38,000/- has been paid by the Holding Company and for financial year 2017-18 to 2019-20 Rs. 45,00,000/- per annum has been paid by WWIL. The State Govt. of Maharashtra and MFSCDCL challenged the order of the High Court in the Supreme Court which was dismissed by the Supreme Court on September 22, 2014. The amount so paid / being paid by the Company have been accounted under Non - Current Other Financial Assets in the Consolidated Financial Statements to be adjusted on the settlement of the case. Management of WWIL informs that these will be accounted as an expense, if required, on the settlement of the case.

Additionally, without giving effect to the matter as stated above, WWIL's net worth stands fully eroded as at March 31, 2020. Management of WWIL believes that it is appropriate to prepare the Ind AS financial statements on a going concern basis based on its assessment of the merits of the case, plans for the future and support provided by its holding company.

The Ministry of Corporate Affairs (MCA) on March 30, 2019 notified Ind AS 116 "Leases" as part of Companies (Indian Accounting Standards) Amendment Rules, 2019. The new standard is effective from reporting periods beginning on or after April 1, 2019. Pending final outcome of the matter under litigation as mentioned above, no adjustment has been made in WWIL's Financial Statements with respect to Ind AS 116 on the land rights.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters ('KAM') are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report for the year ended March 31, 2020.



Independent Auditors' Report (Continued)

Emphasis of Matter

We draw attention to note no. 42 of the consolidated financial statements of Mukta Arts Limited for the year ended 31st March, 2020 wherein the management of the Mukta A2 Cinemas Ltd. has reported on the impact of COVID – 19 Pandemic on the business. However, the actual financial impact may be different than estimated as on the date of approval of the statement.

There is an emphasis of matter with regards to the financial statements of Mukta A2 Multiplex S.P.C. on account of deficit in the Shareholder's Equity and the company's current liability exceeding its current assets as on 31st March, 2020 These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/loss (including other comprehensive income), consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective management and Board of Directors of the entities included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each entity 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated 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 management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the entities included in the Group are responsible for assessing the ability of each entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective management and Board of Directors either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and its joint venture are responsible for overseeing the financial reporting process of the Group and its joint venture.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up

MUKTA ARTS LIMITED

Independent Auditors' Report (Continued)

to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

1. The accompanying Consolidated Financial Statements include the financial statements and other financial information of 1 subsidiary which reflect total assets of Rs. 84,00,59,163/- as at March 31, 2020, total revenues of Rs. 83,88,01,250 and net cash outflows of Rs. 41,29,372 /- for the year ended on that date which have been audited by us.
2. We did not audit the financial statements and other financial information, in respect of 5 subsidiaries, whose Ind AS financial statements include total assets of Rs. 60,22,43,067/- as at March 31, 2020, and total revenues of Rs. 72,19,18,379/- and net cash inflows of Rs. 3,50,61,138/- for the year ended on that date and financial statements and other financial information of 1 joint venture which reflects Group's Share of net loss after tax of Rs. 11,99,000 for the year ended March 31, 2020. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditors' 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, joint ventures and associates, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint ventures and associates, is based solely on the report(s) of such other auditors.

Our opinion above on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, 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 Ind AS financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

(A) As required by Section 143 (3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and reports of other auditors.
- (c) The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act;
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2020 and taken on record by the Board of Directors of the Holding Company and on the basis of written representations received by the management from directors of its subsidiaries which are incorporated in India, as on 31 March 2020, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2020 from being appointed as a director in terms of section 164(2) of the Act.



Independent Auditors' Report (Continued)

- (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'.
- (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Holding Company and its subsidiaries incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act.
- (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 consolidated Ind AS financial statements disclose the impact of pending litigations as at March 31, 2020 on its financial position in its Consolidated Ind AS financial statements – Refer Notes No. 41 to the Consolidated financial statements.
 - ii. The Holding Company and its subsidiary companies did not have any long term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note 46 to the consolidated Ind AS financial Statements.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries during the year ended March 31, 2020 – Refer Note No. 47 to the standalone financial statements.

For Uttam Abuwala Ghosh & Associates
Chartered Accountants
Firm No. 111184W

CA. Prerak Agarwal
(Partner)
Membership No. 158844
UDIN: 20158844AAAABH7630

Place: Mumbai
Date: June 29, 2020

MUKTA ARTS LIMITED

Annexure A to the Independent Auditor's Report of even date on the Consolidated Financial Statements of Mukta Arts Limited

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

(Referred to in paragraph 1(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of **Mukta Arts Limited** ("the Holding Company") as of 31 March 2020, we have audited the internal financial controls with reference to the consolidated financial statements of the Holding Company and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Companies Act, 2013 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 consolidated 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 with reference to consolidated financial statements.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements 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 consolidated 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 consolidated financial statements.



Inherent Limitations of Internal Financial Controls over Financial Reporting

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

For Uttam Abuwala Ghosh & Associates

Chartered Accountants

Firm No. 111184W

CA. Prerak Agarwal

(Partner)

Membership No. 158844

UDIN: 20158844AAAABH7630

Place: Mumbai

Date: June 29, 2020

MUKTA ARTS LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2020

(Amount in Rs.)

Particulars	Note No.	As at 31 March 2020	As at 31 March 2019
I. ASSETS			
Non-current assets			
(a) Property, plant and equipment	6 (a)	768,752,440	786,057,143
(a) Right of use Asset	6 (a)	312,545,548	-
(b) Capital work-in-progress	6(b)	37,369,488	21,984,482
(c) Investment property	7	143,471,937	147,449,956
(d) Intangible assets	6 (c)	96,985,364	46,095,346
(e) Intangible Assets under Development	6 (d)	85,814,447	88,811,543
(f) Financial assets			
(i) Investments	8 (a)	39,433,229	39,506,450
(ii) Loans	8 (b)	-	10,123,000
(iii) Others financial assets	8 (c)	217,175,526	194,203,893
(g) Deferred tax assets (net)	9	19,000,758	20,408,814
(h) Other non-current assets	10	136,406,197	141,896,436
Total Non-current assets		1,856,954,934	1,496,537,063
Current assets			
(a) Inventories	11	11,606,931	10,184,450
(b) Financial assets			
(i) Trade receivables	12 (a)	158,345,745	215,008,551
(ii) Cash and cash equivalents	12 (b)	32,131,577	61,224,602
(iii) Bank balances other than (ii) above	12 (c)	46,153,936	20,670,238
(iv) Loans	12 (d)	121,345,037	117,430,790
(v) Others financial assets	12 (e)	85,353,375	71,291,223
(c) Other current assets	13	142,131,954	103,174,461
Total Current assets		597,068,556	598,984,315
Total Assets		2,454,023,490	2,095,521,378
II. EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	14	112,926,000	112,926,000
(b) Other Equity	15	(26,168,713)	162,672,430
Equity attributable to the owner of the Company		86,757,287	275,598,430
Non Controlling Interest		39,163,397	34,915,130
Total Equity		125,920,684	310,513,560
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	16 (a)	619,517,084	623,261,029
(ii) Other financial liabilities	16 (b)	418,061,058	132,225,552
(b) Long Term Provisions	17	49,511,001	31,872,797
(c) Other non-current liabilities	18	24,160,155	24,106,099
Total Non-Current Liabilities		1,111,249,298	811,465,477
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19 (a)	133,526,721	110,088,730
(ii) Trade payables	19 (b)	341,254,039	303,549,202
(iii) Other financial liabilities	19 (c)	304,680,512	169,896,994
(b) Short Term Provisions	21	332,413,808	308,335,853
(c) Other current liabilities	20	104,978,427	81,671,562
Total Current liabilities		1,216,853,507	973,542,341
Total Equity and Liabilities		2,454,023,490	2,095,521,378

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

As per our report of even date.

For Uttam Abuwala Ghosh & Associates
Chartered Accountants
Firm's Registration No: 111184W

For and on behalf of the Board of Directors of
Mukta Arts Limited
CIN: L92110MH1982PLC028180

CA Prerak Agarwal
Partner
Membership No: 158844

Subhash Ghai
Chairman Director
DIN: 00019803

Rahul Puri
Managing Director
DIN: 01925045

Parvez A. Farooqui
Director
DIN: 00019853

Place : Mumbai
Date: 29 June 2020

Prabuddha Dasgupta
Chief Financial Officer

Monika Shah
Company Secretary
Membership No: FCS7964



Consolidated Statement of Profit and Loss for the year ended 31st March, 2020

(Amount in Rs.)

	Notes	As at 31-Mar-2020	As at 31-Mar-2019
(I) Revenue from operations	22	1,716,889,514	1,618,861,109
(II) Other income	23	85,746,921	117,374,011
(III) Total Income (I+II)		1,802,636,435	1,736,235,118
(IV) Expenses			
(a) Changes in inventory of food & beverages	24	(1,910,683)	(1,198,313)
(b) Purchase of food & beverages		55,495,510	60,396,033
(c) Cost of production, distribution, exhibition and theatrical operation	25	376,476,763	347,715,528
(d) Other direct operation expenses	26	22,087,261	19,905,278
(e) Employee benefits expense	27	329,803,083	275,594,097
(f) Finance costs (net)	28	156,434,251	101,834,419
(g) Depreciation and amortisation expenses	29	191,633,192	121,952,492
(h) Other expenses	30	750,758,007	766,952,296
Total Expenses		1,880,777,382	1,693,151,830
(V) Profit/(Loss) before share in joint venture and tax (III - IV)		(78,140,947)	43,083,288
(VI) Share in Joint Venture		(1,199,000)	1,125,779
(VII) Profit/(Loss) before tax (V + VI)		(76,941,947)	41,957,509
Tax expense			
Current tax		4,114,683	10,100,000
Deferred tax		1,408,056	5,755,224
(VIII) Profit/(Loss) for the year		(82,464,686)	26,102,285
(IX) Other comprehensive income			
Items that will not be reclassified to profit or loss			
Less : Remeasurement gain on defined benefit plan		(5,665,244)	(5,764,414)
Other comprehensive income for the year		(5,665,244)	(5,764,414)
(X) Total comprehensive income for the year (VII+VIII)		(88,129,930)	20,337,871
Profit/(Loss) is attributable to :			
Owners		(87,127,683)	25,687,556
Non Controlling Interest		4,662,997	414,730
		(82,464,686)	26,102,286
Other comprehensive income is attributable to :			
Owners		(5,665,244)	(5,764,414)
Non Controlling Interest		-	-
		(5,665,244)	(5,764,414)
Total comprehensive income is attributable to :			
Owners		(92,792,927)	19,923,142
Non Controlling Interest		4,662,997	414,730
		(88,129,930)	20,337,872
(X) Earnings per share	34		
Basic (nominal value Rs. 5)		(3.90)	0.90
Diluted (nominal value Rs. 5)		(3.90)	0.90

The above consolidated profit and loss account should be read in conjunction with the accompanying notes.

This is the profit and loss account referred to in our report of even date.

For Uttam Abuwala Ghosh & Associates
Chartered Accountants
Firm's Registration No: 111184W

For and on behalf of the Board of Directors of
Mukta Arts Limited
CIN: L92110MH1982PLC028180

CA Prerak Agarwal
Partner
Membership No: 158844

Subhash Ghai
Chairman Director
DIN: 00019803

Rahul Puri
Managing Director
DIN: 01925045

Parvez A. Farooqui
Director
DIN: 00019853

Place : Mumbai
Date: 29 June 2020

Prabuddha Dasgupta
Chief Financial Officer

Monika Shah
Company Secretary
Membership No: FCS7964

MUKTA ARTS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2020

	Number	Amount
Balance as at 1 April 2018	22,585,200	112,926,000
Add: Changes in equity share capital	-	-
Balance as at 31 March 2019	22,585,200	112,926,000
Add: Changes in equity share capital	-	-
Balance as at 31 March 2020	22,585,200	112,926,000

	Reserves & Surplus					Total other equity
	Securities Premium	General Reserve	Capital Reserve	Foreign Currency Reserve	Retained Earnings	
Balance as at 1 April 2018	973,604,960	83,144,791	11,500	1,292,304	(831,800,096)	226,253,459
Profit/(loss) for the year	-	-	-	-	26,102,285	26,102,285
Transfer during the year	-	-	-	20,738	-	20,738
Other comprehensive income for the year	-	-	-	-	(5,764,414)	(5,764,414)
Other adjustment	-	-	-	-	-	-
Total Comprehensive income for the year	-	-	-	20,738	(63,601,767)	(63,581,029)
Dividend and dividend tax	-	-	-	-	-	-
Employee stock option compensation expense	-	-	-	-	-	-
Balance as at 31 March 2019	973,604,960	83,144,791	11,500	1,313,042	(895,401,862)	162,672,430
Profit for the year	-	-	-	-	(84,862,688)	(84,862,688)
Transfer during the year	-	-	-	411,347	-	411,347
Other comprehensive income for the year	-	-	-	-	(5,665,244)	(5,665,244)
Other adjustment	-	-	-	-	(98,724,559)	(98,724,559)
Total Comprehensive income for the year	-	-	-	411,347	(189,252,491)	(188,841,144)
Transfer from/to share option outstanding account	-	-	-	-	-	-
Employee stock option compensation expense	-	-	-	-	-	-
Balance as at 31 March 2020	973,604,960	83,144,791	11,500	1,724,389	(1,084,654,353)	(26,168,713)

The above consolidated statement of changes in equity account should be read in conjunction with the accompanying notes.

As per our report of even date.

For Uttam Abuwala Ghosh & Associates
Chartered Accountants
Firm's Registration No: 111184W

For and on behalf of the Board of Directors of
Mukta Arts Limited
CIN: L92110MH1982PLC028180

CA Prerak Agarwal
Partner
Membership No: 158844

Subhash Ghai
Chairman Director
DIN: 00019803

Rahul Puri
Managing Director
DIN: 01925045

Parvez A. Farooqui
Director
DIN: 00019853

Place : Mumbai
Date: 29 June 2020

Prabuddha Dasgupta
Chief Financial Officer

Monika Shah
Company Secretary
Membership No: FCS7964



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Cash flow from operating activities		
Loss before tax	(78,140,947)	43,083,288
Non-cash adjustments to reconcile Profit before tax to net cash flows		
Depreciation and amortisation	191,633,192	121,952,492
Bad debts/ advances/ intangible assets under development written-off	40,658,605	32,971,049
Finance costs	156,434,251	101,834,419
Interest income	(7,890,633)	(11,398,492)
Interest on income tax refund	(607,058)	-
(Gain) on sale of tangible assets (net)	(546,736)	-
Operating profit before working capital changes	301,540,674	288,442,757
Movements in working capital:		
Increase/(Decrease) in other current liabilities	23,306,865	39,379,765
Increase/(Decrease) in other financial liabilities	420,619,025	8,368,085
Increase/(Decrease) in other non current liabilities	54,056	4,096,603
Increase/(Decrease) in trade payables	37,704,837	68,539,931
Increase/(Decrease) in Current Provisions	24,077,955	102,677,416
(Increase)/Decrease in inventories	(1,422,481)	(2,666,010)
(Increase)/Decrease in trade receivables	56,662,806	(96,991,443)
(Increase) /Decrease in other non- current assets	5,490,239	(42,671,044)
(Increase)/Decrease in short-term loans and advances	(3,914,247)	2,873,739
(Increase)/Decrease in other financial assets	(22,971,633)	(17,372,553)
(Increase) /Decrease in other current assets	(38,957,493)	10,773,845
(Increase)/Decrease in other current financial assets	(14,062,152)	11,531,601
Cash generated from (used in) operations	661,128,452	249,982,694
Taxes paid (net)	(8,998,545)	(13,089,370)
Net cash generated from (used in) operating activities (A)	652,129,907	236,893,324
Cash flow from investing activities		
Investments in equity shares of subsidiaries	(73,221)	(186,994)
Purchase of fixed assets (tangible and intangible)	(529,490,084)	(89,182,545)
Proceeds from maturity/ (reinvestment) of fixed deposits, net	(24,759,202)	(32,787)
Proceeds from sale of fixed assets	1,949,146	-
Interest income	7,890,633	11,398,492
Net cash used in investing activities (B)	(544,482,728)	(78,003,834)

MUKTA ARTS LIMITED

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Cash flow from financing activities		
Secured loan (repaid)/taken, net	13,756,055	7,818,797
Unsecured loan (repaid)/taken , net	5,937,991	(29,057,498)
Finance charges (net)	(156,434,251)	(101,834,419)
Net cash flow from / (used in) financing activities (C)	(136,740,204)	(123,073,121)
Net increase /(decrease) in cash and cash equivalents (A + B + C)	(29,093,025)	35,816,369
Cash and cash equivalents at the beginning of the year	61,186,388	25,370,019
Cash and cash equivalents at the end of the year (Refer note (b) below)	32,093,363	61,186,388

Reconciliation of cash and cash equivalents as per the cash flow statement

	31 March 2020	31 March 2019
Notes:		
(a) The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard - 7 prescribed in the Companies (Accounting Standards) Rules, 2006, which continue to apply under Section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules 2014.		
(b) Cash and cash equivalents at year-end comprises:		
(i) Cash on hand	1,242,973	5,688,716
(ii) Balances with scheduled banks in - in current accounts	30,850,390	55,497,672
Balances per statement of cash flows	32,093,363	61,186,388

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

As per our report of even date.

For Uttam Abuwala Ghosh & Associates
Chartered Accountants
Firm's Registration No: 111184W

For and on behalf of the Board of Directors of
Mukta Arts Limited
CIN: L92110MH1982PLC028180

CA Prerak Agarwal
Partner
Membership No: 158844

Subhash Ghai
Chairman Director
DIN: 00019803

Rahul Puri
Managing Director
DIN: 01925045

Parvez A. Farooqui
Director
DIN: 00019853

Place : Mumbai
Date: 29 June 2020

Prabuddha Dasgupta
Chief Financial Officer

Monika Shah
Company Secretary
Membership No: FCS7964



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1 Corporate information

Mukta Arts Limited ('Mukta' or 'the Company') is a company incorporated in India under the Companies Act, 1956. The Company was incorporated on 7 September 1982 as Mukta Arts Private Limited and was converted to a public limited company on 30 September 2000 and renamed as Mukta Arts Limited. The Company is promoted by Mr. Subhash Ghai who holds 54.99% of the outstanding equity share capital as at 31 March 2020.

The Company is primarily engaged in the business of film production, distribution and film exhibition (wherein it provides film content to multiplexes and single screens across India and also manages/ runs theatres). The Company also provides production facilities to other production houses and independent producers. The Company has six subsidiaries, Whistling Woods International Limited (which is an education institute which imparts training in various skills related to films, television and media industry), Mukta Creative Ventures Ltd (Formerly known as Coruscant Tec Limited) (which is a wireless solutions company with a focus on wireless content), Connect1 Limited (which is involved in marketing of film content), Mukta Tele Media Limited (which is involved in production of television serials) and one Joint venture, Mukta V N Films Limited (which is involved in the business of distribution and exhibition of films), Mukta A2 Cinemas Limited (which is involved in business of exhibition of films) and Mukta A2 Multiplex SPC (which is involved in business of exhibition of films).

The shares of the Company are listed on Bombay Stock Exchange Limited, National Stock Exchange of India Limited and Calcutta Stock Exchange Association Limited.

2 Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements relate to Mukta Arts Limited ('the Company/ Parent Company') and its subsidiary companies. The Company along with its subsidiaries constitute 'the Group'.

The audited financial statements of the subsidiaries used for the purpose of consolidation are drawn upto the same reporting period as that of the parent Company, i.e. 31 March 2019. These financial statements are audited by the auditors of the respective entities.

The consolidated financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ('Indian GAAP') and comply with the Accounting Standards ('AS') prescribed in the Companies (Accounting Standards) Rules, 2006 which continue to apply under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of the Act, to the extent notified and applicable and guidelines issued by the Securities and Exchange Board of India ('SEBI'). The consolidated financial statements are presented in Indian Rupees, except where mentioned otherwise. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

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

(i) Compliance with Indian Accounting Standard (Ind AS)

The financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. The group adopted Ind AS from April 1, 2016.

(ii) Historical Cost Convention

The financial statements have been prepared on an accrual basis and under the historical cost convention, except for certain financial assets and liabilities and defined benefit plan assets which have been measured at fair value.

2.2 Current versus non-current classification

The assets and liabilities reported in the balance sheet are classified as current or non-current. Current assets, which include cash and cash equivalents, are assets that are intended to be realised during the normal operating cycle of the Group or within 12 months of the balance sheet date; current liabilities are expected to be settled during the normal operating cycle of the Group or within 12 months of balance sheet date. The deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.3 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The chief operating decision maker of the Group assesses the financial performance and position of the Group and makes strategic decisions on the advice of the Managing Director of the Group.

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Amount in ₹)

2.4 Foreign Currency Transactions

The financial statements are presented in Indian rupee (INR), which is the functional and presentation currency of the Group.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss. In case of Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

2.5 Revenue Recognition

Ind AS 115 Revenue from Contracts with Customers, mandatory for reporting periods beginning on or after April 1, 2018, replaced the existing revenue recognition requirements. Under the modified retrospective approach there were no adjustments required to the retained earnings at April 1, 2018. The application of Ind AS 115 has been considered and transactions entered into during the current year have been recorded accordingly.

Film/content production and related income

Revenue from sale of content/ motion pictures is recognised on assignment/sale of the rights in the concerned content/ motion picture from the date of their availability for exploitation or on the date of release of the content/ movie, as applicable.

Revenue from other rights in motion pictures such as satellite rights, overseas rights, music rights, video rights, etc., is recognised on assignment/ sale of the rights in the concerned motion picture from the date of their availability for exploitation.

Income from distribution and exhibition

Distribution/ sub-distribution commission is recognised as it is earned based on intimation by the theatre owners/ distributors.

Revenue from management of theatres is recognised on an accrual basis as per the contractual arrangement entered into with the theatre owners.

Theatrical exhibition and related income

Sale of tickets

Revenue from theatrical exhibition is recognised on the date of the exhibition of the films and comprises proceeds from sale of tickets, net of entertainment tax. As the Group is the primary obligor with respect to exhibition activities, the share of distributors in these proceeds is separately disclosed as distributors' share.

Sale of food and beverages

Revenue from sale of food and beverages is recognised upon sale and delivery at the counter.

Advertisement/ sponsorship revenue

Revenue from advertisements, sponsorship and events is recognised on the date of the exhibition of the advertisement/ event, over the period of the contract or on completion of the Group's obligations, as applicable.

Revenue from equipment hire/ facility rental

Income from equipment hire/ facility rental is recognised on a straight-line basis over the period of the relevant agreement/ arrangement.

Revenue from business support service

Revenue from business support service is recognised on rendering of service as per the terms and conditions of the agreement.

Consultancy fees/ tuition fees income/ infrastructure fees/ facilitation charges

- (a) Revenue from Non-refundable acceptance fees is recognised equally over the period of services rendered (i.e. course duration).
- (b) Revenue from tuition fees and infrastructure fees are recognised equally over the period of services rendered (i.e. course duration)
- (c) Revenue from institutional affiliation is recognised over the period of the course as per the contractual agreement.
- (d) Revenue from Business Support Services is recognised over the period as per the contractual agreement.
- (e) Revenue from sale of prospectus and application forms is recognised on delivery to the student.
- (f) Royalty fees from content usage is recognised as per the terms of the agreement.
- (g) Revenue from hire of premises and equipment is recognised over the period of hire.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Amount in ₹)

The student pays the fees based on a payment schedule. If the services rendered by the Company exceeds the payment, balance is disclosed as Contract Assets. If the payments exceed the services rendered, balance is disclosed as Deferred Revenue/ Advance fees received from students under Contract Liabilities.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The Company does not expect to have any contracts where the period between the transfer of the promised services to the customer/ student and payment by the customer/ student exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money

Dividend & Interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably). Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. Interest income is recorded using the Effective Interest rate.

2.6 Employee benefits

Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include salaries and wages, bonus, Compensated absences such as paid annual leave and sickness leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is charged to the Statement of profit and loss in the period in which such services are rendered.

Post-employment benefits

Defined contribution plan:

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity/fund and has no obligation to pay any further amounts. The Group makes specified monthly contributions towards Provident Fund. The Group's contribution is recognised as an expense in the Statement of profit and loss during the period in which employee renders the related service.

Defined benefit plan:

The Group has calculated the gratuity liability for fifteen days per month based on the last basic salary drawn by the employee for every completed year of service or part thereof in excess of six months. The gratuity liability recognised in the Balance sheet represents the gratuity liability and as reduced by the fair value of the said assets. The scheme is funded with an insurance Group in form of qualify insurance policy.

Contributions are made to LIC in respect of gratuity based upon actuarial valuation done at the end of every financial year using 'Projected Unit Credit Method'. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. Gains and losses on changes in actuarial assumptions are accounted in the statement of profit and loss.

Other long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability. The Group calculates the liability based on the total leave hour balance as at the year end restricted to forty two days and the last salary drawn by the employees.

2.7 Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Amount in ₹)

2.8 Leases

Assets taken on operating lease

The Group has various operating leases, principally for office space, with various renewal options. Rental expense in agreements with scheduled rent increases is recorded on a straight-line basis over the lease term.

In case of certain cinema properties, rent is accounted as a certain percentage of revenue generated from the cinema property or fixed minimum guarantee amount, whichever is higher, as provided for in the lease agreements.

Assets given on operating lease

Lease rentals in respect of assets given on operating lease are recognised on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit received.

2.9 Taxation

Income-tax expense comprises current tax expense and deferred tax charge or credit.

Current tax

Provision for current tax is recognised in accordance with the provisions of the Income-tax Act, 1961 and is made based on the tax liability after taking credit for tax allowances and exemptions.

Minimum Alternative Tax Credit entitlement

Minimum Alternative Tax ('MAT') credit is recognised only to the extent there is convincing evidence that the Group will pay normal income tax in excess of MAT during the specified period.

MAT credit entitlement is reviewed as at each Balance sheet date and written down to the extent there is no longer convincing evidence that the Group will pay normal income tax during the specified period.

Deferred tax

Deferred tax liability or asset is recognised for timing differences between the profits or losses offered for income taxes and profits/losses as per the financial statements. Deferred tax assets and liabilities and the corresponding deferred tax credit or charge are measured using the tax rates and tax laws that have been enacted or substantively enacted as at the Balance sheet date.

Deferred tax asset is recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each Balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain to be realised.

2.10 Property, plant and equipment (PPE)

Items of Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes freight, duties, taxes (other than those recoverable from tax authorities) and other expenses directly attributable to the acquisition/ construction and installation of the fixed assets for bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of PPE which take 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.

Cost incurred on fixed assets not ready for their intended use is disclosed under capital work-in-progress. Capital work-in-progress includes estimates of work completed, as certified by the management.

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of its property, plant and equipment recognised as at 1 April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment, except for certain properties, the fair market value of which had appreciated substantially and the increase in their carrying amounts, supported by reports of independent valuers, was therefore recognised in profit and loss account and accumulated in reserves in shareholders' equity.

Depreciation methods, estimated useful lives and residual value

The Group applies depreciation rates as per the useful lives of the assets as specified in Part 'C' of Schedule II to the Companies Act 2013, except for the following class of assets where the useful life is higher than the useful life prescribed in Schedule II based on management estimates which is supported by assessment carried out by technical experts. The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Amount in ₹)

Asset class	Useful life
Plant and equipment	10-14 years
Furniture and fixtures	5 years
Cinematography equipment	10 years
Computers and IT equipment	6 years

Leasehold improvements/ premises are depreciated at the lower of the estimated useful lives of the assets and the lease term, on a straight-line basis.

2.11 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, is classified as investment property. Investment property is measured initially at cost, including related transaction costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the entity and the cost of the item can be measured reliably.

Investment properties are depreciated using the written down value method over their estimated useful lives. Investment properties generally have a useful life of 30 years. The useful life has been determined based on technical evaluation performed by technical experts.

Transition to Ind AS

On transition to Ind AS, the entity has elected to continue with the carrying value of all of its investment properties recognised as at 1 April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties, the fair value of investment property is disclosed in notes.

2.12 Intangible assets

Film rights comprising negative rights and distribution rights

Negative film rights are generally exploited through media such as theatrical exhibition, television/ satellite, cable, etc. Negative film rights in respect of films produced are recorded at cost, which is determined on specific identification basis. Acquired negative rights are recorded at the purchase price paid to acquire the rights plus any additional cost incurred which is determined on specific identification basis. Cost incurred on films-in-progress is reported as Intangible assets under development.

Distribution rights in films are for a contractually specified mode of exploitation, period and territory and are stated at cost. Cost of distribution comprises original purchase price/ minimum guarantee, which is ascertained on specific identification basis. In case multiple films/ rights are acquired for a consolidated amount, cost is allocated to each film/ right based on the agreement or where it is not specified in the agreement, based on management's best estimates. In respect of unreleased films, payments towards distribution rights are classified under capital advances as the amounts are refundable in the event of non-release of the film.

Costs are amortised in the proportion that gross revenue realised bears to management's estimate of total gross revenue expected to be received. If estimates of the total revenue and other events or changes in circumstances indicate that the realisable value of a right is less than its unamortised cost, a loss is recognised for the excess of unamortised cost over the film rights' realisable value.

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2.13 Impairment of Non Financial Asset

In accordance with Ind AS 36 – intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of the assets (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. An impairment loss is recognised whenever the carrying amount of an asset or the cash generating unit to which it belongs exceeds its recoverable amount. Impairment loss is recognised in the Statement of profit and loss or against revaluation surplus, where applicable.

If at the Balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is re-assessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciated historical cost.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Amount in ₹)

2.14 Inventory

Inventories of food and beverages are valued at the lower of cost and net realisable value. Cost of inventories comprises all cost of purchases, cost of conversion and other cost incurred in bringing the inventories to their present location and condition. Cost is determined on First-In, First-Out ('FIFO') basis.

2.15 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.16 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Asset

The entity classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Initial recognition and measurement

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, and transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets that are carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement

Subsequent measurement of financial asset depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its financial assets as below:

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

Financial Assets measured at amortised cost

A 'financial asset' is measured at the amortised cost if both the following conditions are met.

- a) Asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. EIR amortisation is included in finance income in the Statement of Profit and Loss. Losses arising from impairment are recognised in the Statement of Profit and Loss.

Financial Assets measured at fair value through other comprehensive income (FVTOCI)

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The contractual cash flows of the assets represent SPPI: Financial assets included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI financial asset is reported as interest income using the EIR method.

Financial Assets measured at fair value through profit and loss (FVTPL)

A financial asset not classified as either amortised cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Profit and Loss.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Amount in ₹)

Equity investments

All equity investments in scope of Ind-AS 109, "Financial Instruments" are measured at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition which is irrevocable. If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the Other Comprehensive Income.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss. The Group has elected to measure its investment in subsidiaries at its previous GAAP carrying value which shall be the deemed cost as at the date of transition.

Derecognition of Financial Assets

A financial asset is primarily derecognised when: a) Rights to receive cash flows from the asset have expired, or b) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset, where the entity retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Impairment of financial assets :

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 36 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Trade receivables

The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers operate in largely independent markets and their credit worthiness is monitored at periodical intervals. The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days for which the receivables are due and is rated as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

Ageing	Expected Credit loss(%)
0 - 1 years	0%
1 - 2 years	25%
2 - 3 years	40%
More than 3 years	100%

Financial Liabilities

(i) Initial recognition and measurement

All financial liabilities are recognised initially at fair value, in the case of loans, borrowings and payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described herein:

Financial liabilities at fair value through Profit or Loss:

Financial liabilities at fair value through Profit or Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Amount in ₹)

Financial Liabilities measured at amortised cost:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of Profit and Loss.

Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting :

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

2.17 Measurement of fair values

The Group measures financial instruments, such as derivatives, at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates.

The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes on financial instruments.

2.18 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of funds will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Amount in ₹)

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.19 Contingent Liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

2.20 Earnings per share ('EPS')

The basic earnings per equity share is computed by dividing the net profit or loss attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting year. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which may be issued on the conversion of all dilutive potential shares, unless the results would be anti-dilutive.

3 Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, may not equal the actual results. Management also needs to exercise judgement in applying the entity's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Recognition and measurement of defined benefit obligations:

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

Estimation of useful life:

Useful lives of PPE and intangible assets are based on the estimation by the management. The useful lives as estimated are the same as prescribed in Schedule II of the Companies Act, 2013. In such cases, where the useful lives are different from that prescribed in Schedule II, they are based on management estimates, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset and past history of replacement. Assumptions also need to be made, when the Group assesses, whether an asset may be capitalised and which components of the cost of the asset may be capitalised.

The useful lives and residual values of Group's assets are determined by the management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets.

4 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2019:

5 Ind AS 116 – Leases

The Group has adopted Ind AS 116 retrospectively from 1 April 2019 using the modified retrospective method. The standard has been applied to leases with the cumulative impact being recognised on 1 April 2019. The comparative information for the previous period had therefore not been restated. This had resulted in recognising a right-of-use asset of Rs. 117.13 lacs and a corresponding liability of Rs. 341.10 lacs. The difference of Rs. 223.96 lacs (net of deferred tax asset/liability created of Rs. 77.51 lacs) had been adjusted to retained earnings as of April 1, 2019.

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Amount in ₹)

6 (a) Property, plant and equipment

	Tangible assets										
	Land rights	Ownership premises	Institute building	Leasehold premises	Plant and machinery	Motor vehicles	Furniture fixtures and office equipment	ROU	Library books	Computers	Total
Gross block											
As at 1 April 2018	30,000,000	114,264,144	174,269,170	394,418,202	373,957,526	81,831,990	92,469,286	-	1,679,008	74,574,018	1,337,463,345
Additions		-	4,617,907	13,931,669	11,896,356	13,146,585	12,691,720	-	686,358	13,971,348	70,941,943
Disposals		-	-	-	-	-	-	-	-	-	-
Other adjustment		-	-	2,812,676	(343,160)	-	(271,774)	-	-	(455,225)	1,742,517
As at 31 March 2019	30,000,000	114,264,144	178,887,077	411,162,547	385,510,722	94,978,575	104,889,232	-	2,365,366	88,090,142	1,410,147,805
Additions		-	2,126,374	20,786,470	9,350,285	12,350,872	22,019,691	377,896,332	1,115,214	26,019,877	471,665,115
Disposals		-	-	-	123,000	1,826,146	-	-	-	-	1,949,146
Other adjustment		-	-	(385,083)	(623,775)	-	(21,764)	-	-	(39,480)	(1,070,102)
As at 31 March 2020	30,000,000	114,264,144	181,013,451	431,563,934	394,114,232	105,503,301	126,887,159	377,896,332	3,480,580	114,070,539	1,878,793,672
Accumulated Depreciation/ Amortisation											
As at 1 April 2018	-	45,071,405	16,404,124	75,322,015	229,545,234	60,764,496	45,392,147	-	1,277,650	40,096,041	513,873,112
Charge for the year	-	5,385,608	7,834,137	27,921,946	31,727,326	7,985,273	12,119,630	-	474,711	16,858,775	110,307,404
Deduction	-	-	-	-	-	-	-	-	-	-	-
Other adjustment	-	-	-	(54,808)	(34,297)	-	(750)	-	-	-	(89,855)
As at 31 March 2019	-	50,457,013	24,238,261	103,189,152	261,238,263	68,749,769	57,511,027	-	1,752,361	56,954,816	624,090,662
Charge for the year (refer note 5)	-	2,575,102	7,689,523	24,601,542	18,645,402	9,665,581	14,189,879	65,350,784	1,104,065	16,919,390	160,741,268
Deduction	-	-	-	-	-	-	-	-	-	-	-
Other adjustment	-	-	-	-	-	-	-	-	-	(32,578)	(32,578)
As at 31 March 2020	-	53,032,115	31,927,784	127,790,694	279,883,665	78,415,350	71,700,906	65,350,784	2,856,426	73,841,628	784,799,352
Net block											
As at 1 April 2017	30,000,000	69,192,740	157,865,046	319,096,187	144,412,292	21,067,494	47,077,139	-	401,358	34,477,977	823,590,233
As at 31 March 2018	30,000,000	63,807,131	154,648,816	307,973,395	124,272,458	26,228,806	47,378,205	-	613,006	31,135,326	786,057,143
As at 31 March 2019	30,000,000	61,232,029	149,085,667	303,773,240	114,230,566	27,087,951	55,186,253	312,545,548	624,155	40,228,911	1,093,994,320

6 (b) Capital Work-in-progress

	Amount
As at 1 April 2018	9,263,672
Additions (net)	12,720,810
As at 31 March 2019	21,984,482
As at 1 April 2019	21,984,482
Additions (net)	15,385,006
As at 31 March 2020	37,369,488



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Amount in ₹)

6 (c) Intangible assets

	Intangible assets					Total
	Distribution rights	Negative rights	Exhibition rights	Intellectual property rights (Course curriculum)	Computer software	
Gross block						
As at 1 April 2018	243,348,815	753,631,055	2,500,000	13,652,034	11,979,038	1,025,110,942
Additions	-	-	-	-	684,841	684,841
Disposals	-	-	-	-	-	-
Other adjustment					(462,558)	(462,558)
As at 31 March 2019	243,348,815	753,631,055	2,500,000	13,652,034	12,201,321	1,025,333,225
Additions	-	35,521,819	-	50,996,837	650,438	87,169,094
Disposals	-	-	-	-	-	-
Other adjustment					-	-
As at 31 March 2020	243,348,815	789,152,874	2,500,000	64,648,871	12,851,759	1,112,502,319
Accumulated Depreciation/ Amortisation						
As at 1 April 2018	243,348,815	714,429,013	2,500,000	8,390,321	4,153,837	972,821,986
Charge for the year	-	-	-	2,229,530	4,186,273	6,415,803
Deduction	-	-	-	-	-	-
Other adjustment	-	-	-	-	-	-
As at 31 March 2019	243,348,815	714,429,013	2,500,000	10,619,851	8,340,110	979,237,788
Charge for the year (refer note 4)	-	30,236,700	-	4,859,065	1,796,227	36,891,992
Deduction	-	-	-	-	-	-
Other adjustment	-	-	-	-	(612,826)	(612,826)
As at 31 March 2020	243,348,815	744,665,713	2,500,000	15,478,916	9,523,511	1,015,516,954
Net block						
As at 31 March 2019	(0)	39,202,042	-	3,032,183	3,861,211	46,095,436
As at 31 March 2020	(0)	44,487,161	-	49,169,955	3,328,248	96,985,364

6 (d) Intangible assets under development

	Amount
As at 1 April 2018	61,752,395
Additions (net)	27,789,673
Other Adjustments	(730,525)
As at 31 March 2019	88,811,543
As at 1 April 2019	88,811,543
Additions (net)	83,521,470
Disposals	86,518,566
Other Adjustments	-
As at 31 March 2020	85,814,447

- During the year ended on 31 March 2020 and 31 March 2019, there is no impairment loss determined at each level of CGU. The recoverable amount was based on value in use and was determined at the level of CGU.
- Refer Note - 13(a) for information on moveable property, plant and equipment pledged as security by the Company
- The Company has availed the deemed cost exemption and used the previous GAAP net carrying amount of property, plant and equipment as deemed cost.
- Tangible/Intangible assets are subject to first charge to secure the Company's term loan and cash credit loans (refer note 16(a) and 19(a)).

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Amount in ₹)

7 Investment property

Particular	Building	Land	Total
As at 1 April 2018	135,607,971	66,389,104	201,997,075
Additions			-
Disposals	7,500,000		7,500,000
Other adjustment			-
As at 31 March 2019	128,107,971	66,389,104	194,497,075
As at 1 April 2019	128,107,971	66,389,104	194,497,075
Additions	-	-	-
Disposals	-	-	-
Other adjustment	1,734,244	-	1,734,244
As at 31 March 2020	129,842,215	66,389,104	196,231,319
Accumulated Depreciation/Amortisation			
As at 1 April 2018	45,602,443	-	40,842,047
Charge for the year	4,588,615	-	4,588,615
Deduction	1,409,694	-	1,409,694
Other adjustment	-	-	-
As at 31 March 2019	48,781,364	-	48,781,364
As at 1 April 2019	48,781,364	-	48,781,364
Charge for the year	3,978,018	-	3,978,018
Deduction	-	-	-
Other adjustment	-	-	-
As at 31 March 2020	52,759,382	-	52,759,382
Carrying amounts (Net)			
At 1 April 2018	90,005,528	66,389,104	161,155,027
At 31 March 2019	79,326,607	66,389,104	145,715,711
At 31 March 2020	77,082,833	66,389,104	143,471,937

(i) Information regarding Income and expenditure of Investment properties

	As at 31-Mar-2020	As at 31-Mar-2019
Rental income derived from Investment properties	61,491,083	56,341,862
Direct operating expenses	4,580,542	3,629,838
Profit arising from investment properties before depreciation and indirect expenses	56,910,541	52,712,024
Less: Depreciation	3,978,018	4,588,615
Profit arising from investment properties before indirect expenses	52,932,523	48,123,409

(ii) Fair Value

Particulars	Valuation Techniques (See note below)	Fair Value Hierarchy (See note below)	As at 31 March 2020	As at 31 March 2019
Investment properties	Stamp duty Reckoner rate	Level 2	1,301,375,050	1,301,375,050



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Amount in ₹)

Estimation of fair value

The Company has obtained independent valuation of its flats located at Bandra West based on current prices in an active market for properties of similar nature. The fair values of such investment flats have been determined by an independent valuer as on 1st April 2016. The main inputs used are the rental growth rates and a study of the micro market in discussion with industry experts. Resulting fair value estimate for investment property are included in level 2. Rest all investment properties are in accordance with the Ready Reckoner rates prescribed by the Government of Maharashtra for the purpose of levying stamp duty. The Independent Valuer has referred to the publications and government website for Ready Reckoner rates. Suitable adjustments have been made to account for availability of FSI in land parcels in Mumbai in accordance with the guidelines prescribed by the Department of Registrations and Stamps. Since the valuation is based on the published Ready Reckoner rates, the company has classified the same under Level 2.

8 Non Current Financial Asset

8(a) Investments

	As at 31-Mar-2020	As at 31-Mar-2019
A Non current investments		
Unquoted equity shares		
i) Investment in equity shares of joint venture accounted at FVTPL		
Mukta VN Films Limited		
27,500 (31 March 2019: 27,500) equity shares of ₹ 10 each, fully paid-up	31,801,000	31,874,221
Deemed Investment in Joint venture	5,185,479	5,185,479
Total (i)	36,986,479	37,059,700
ii) Investment in equity instruments-others at FVTPL (un-quoted)		
Bashiron Co. Op. Housing Society Limited 10 Shares (2019: 10) of Rs 50 each	500	500
Bait-Ush-Sharaf Co. Op. Housing Society Limited 25 Shares (2019: 25) of Rs 50 each	1,250	1,250
Others	2,445,000	2,445,000
Total (ii)	2,446,750	2,446,750
Total (i+ii)	39,433,229	39,506,450

8(b) Loans

	As at 31-Mar-2020	As at 31-Mar-2019
Unsecured		
Inter-corporate deposit to others	-	10,123,000
Total	-	10,123,000

8(c) Other financial assets

	As at 31-Mar-2020	As at 31-Mar-2019
Security deposits to		
- Related parties	300,000	300,000
- Others	74,288,985	46,932,522
Other advances	142,272,710	146,657,541
Bank deposits with more than 12 months maturity.	313,831	313,831
Total	217,175,526	194,203,893

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Amount in ₹)

9 Deferred tax assets (net)

	As at 31-Mar-2020	As at 31-Mar-2019
Deferred tax liability on		
Arising on account of timing differences in:	-	-
Total	-	-
Deferred tax asset on		
Provision for leave encashment and gratuity	3,788,541	3,580,511
Provision for doubtful debts and advances	553,221	658,385
Rent straightlining	2,351,108	2,508,868
Property, Plant and Equipment and intangible assets	8,822,652	9,906,695
Others	3,485,236	3,754,355
Total	19,000,758	20,408,814
Deferred tax assets (net)	19,000,758	20,408,814

Movement in deferred tax assets	Employee Benefits Obligations	Allowance for doubtful debts – trade receivables	Property, Plant and Equipment and intangible assets	Others	Total
At April 1, 2018	-	-	-	-	-
(Charged)/credited:					
- to profit or loss	3,580,511	658,385	9,906,695	6,263,223	20,408,814
- to other comprehensive income	-				
At March 31, 2019	3,580,511	658,385	9,906,695	6,263,223	20,408,814
(Charged)/credited:					
- to profit or loss	208,030	(105,164)	(1,084,043)	(426,879)	(1,408,056)
- to other comprehensive income					
At March 31, 2020	3,788,541	553,221	8,822,652	5,836,344	19,000,758

10 Other non-current assets

	As at 31-Mar-2020	As at 31-Mar-2019
Capital advances	4,103,242	4,280,408
Advance tax (including TDS)	131,136,307	129,659,215
Service tax Input Credit	322,164	2,333,636
Deferred Income Account	621,322	5,260,177
Prepaid Expenses	223,162	363,000
Total	136,406,197	141,896,436

11 Inventories

	As at 31-Mar-2020	As at 31-Mar-2019
Food & Beverages	11,606,931	10,184,450
Total	11,606,931	10,184,450



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Amount in ₹)

12 Current Financial Assets

12(a) Trade receivables

	As at 31-Mar-2020	As at 31-Mar-2019
Unsecured, considered good	164,246,170	2,179,538,764
Doubtful	42,481,578	20,472,015
Total	206,727,748	238,425,889
Less: Loss allowance		
Unsecured, considered good	5,900,425	2,945,323
Doubtful	42,481,578	20,472,015
	48,382,003	23,417,338
Net trade receivable	158,345,745	215,008,551

12(b) Cash and cash equivalents

	As at 31-Mar-2020	As at 31-Mar-2019
a. Cash on hand	1,242,973	5,688,716
b. Balances with banks		
In current account	30,850,390	55,497,672
Balance in dividend account	38,214	38,214
Total cash and cash equivalents in balance sheet	32,131,577	61,224,602

12(c) Bank balances other than 'Cash and cash equivalents

	As at 31-Mar-2020	As at 31-Mar-2019
Interest accrued on FD	2,155,154	1,430,658
Deposits with original maturity of more than 3 months and less than 12 months	43,998,782	19,239,580
Total Bank balances other than above	46,153,936	20,670,238

12(d) Loans and advances

	As at 31-Mar-2020	As at 31-Mar-2019
Staff Advances	6,585,751	7,492,181
Inter-corporate deposit to others	114,759,287	109,938,609
Total	121,345,037	117,430,790

12(e) Other financial assets

	As at 31-Mar-2020	As at 31-Mar-2019
Security deposits	42,437,953	46,325,681
Interest Accrued on Investments:	19,507,506	11,146,152
Unbilled revenue	11,030,148	7,614,580
Other receivable	12,377,768	6,204,811
Total	85,353,375	71,291,223

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Amount in ₹)

13 Other current assets

	As at 31-Mar-2020	As at 31-Mar-2019
Prepaid expenses	17,786,406	21,910,952
Advances	76,387,239	37,604,736
Deferred Income Account	264,182	2,103,779
Balance with Government Authorities	28,132,650	23,603,866
Service Tax / GST input	1,610,349	-
VAT input	17,951,128	17,951,128
Total	142,131,954	103,174,461

14 Equity share capital

	As at 31 March 2020		As at 31 March 2019	
	Number	Amount	Number	Amount
Authorised share capital				
Equity shares of ₹ 5 each	24,000,000	120,000,000	24,000,000	120,000,000
	24,000,000	120,000,000	24,000,000	120,000,000
Issued, subscribed and fully paid- up				
Equity shares of ₹ 5 each	22,585,200	112,926,000	22,585,200	112,926,000
Total	22,585,200	112,926,000	22,585,200	112,926,000

Terms and rights attached to equity shares

The Company has one class of equity shares having a par value of Rs. 5 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to shareholding.

Reconciliation of paid- up share capital (Equity Shares)

	As at 31 March 2020		As at 31 March 2019	
	Number	Amount	Number	Amount
Balance at the beginning of the year	22,585,200	112,926,000	22,585,200	112,926,000
Add: Issued during the year	-	-	-	-
Add: Acquisition of a subsidiary	-	-	-	-
Balance at the end of the year	22,585,200	112,926,000	22,585,200	112,926,000

Details of Shareholders holding more than 5% of the shares in the Company

	As at 31 March 2020		As at 31 March 2019	
	Number	% holding in the class	Number	% holding in the class
Equity shares of ₹ 5 each				
1. Mr. Subhash Ghai	12,421,990	55.00%	12,421,990	55.00%
2. Ms. Meghna Ghai Puri	1,650,000	7.31%	1,650,000	7.31%
3. Ms. Mukta Ghai	1,650,000	7.31%	1,650,000	7.31%



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Amount in ₹)

15 Other equity

	As at 31-Mar-2020	As at 31-Mar-2019
Securities premium		
Balance at the beginning of the year	973,604,960	973,604,960
Add: Transfer during the year	-	-
Balance at the end of the year	973,604,960	973,604,960
General reserve		
Balance at the beginning of the year	83,144,791	83,144,791
Add: Transfer during the year	-	-
Balance at the end of the year	83,144,791	83,144,791
Capital reserve		
Balance at the beginning of the year	11,500	11,500
Add: Transfer during the year	-	-
Balance at the end of the year	11,500	11,500
Foreign Currency Reserve		
Balance at the beginning of the year	1,313,042	1,292,304
Add: Transfer during the year	411,347	20,738
Balance at the end of the year	1,724,389	1,313,042
Retained earnings		
Balance at the beginning of the year	(895,401,862)	(831,800,095)
Add: Net profit/(Loss) after tax for the year	(84,862,688)	26,102,285
Less : Dividend and dividend tax	(34,034,713)	-
Other comprehensive income	(5,665,244)	(5,764,414)
Retained earnings(IND AS)	(50,263,415)	-
Balance at the end of the year	(1,084,654,353)	(895,401,862)
Total	(26,168,713)	162,672,430

16 Non Current Financial Liabilities

16(a) Long-term borrowings

	As at 31-Mar-2020	As at 31-Mar-2019
Secured		
Term loan from banks and others		
Indiabulls Housing Finance Ltd*	426,515,542	402,173,389
Yes Bank Ltd**	103,551,285	112,774,167
Hero Fincorp Ltd***	32,314,857	34,248,937
Motor vehicle finance loans****	32,204,883	31,634,017
Loan from related parties#	76,800,000	94,300,000
Less : Current maturities of long term borrowings	51,869,482	65,307,398
Total	619,517,084	623,261,029

* Loan against property is secured against entire Commercial Property located at Sharyans Audeus, Survey No.41, Fun Republic Cinema, Off Veera Desai Road, Oshiwara Village, Andheri West, Mumbai 400053. Repayable in 180 monthly installments of Rs. 48,63,756.

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Amount in ₹)

** Term loan against property is secured against current and movable fixed assets (including assets and lease hold rights of the cinemas division) and exclusive charge by way of mortgage of the property located in Bandra West. Repayable in 60 monthly installments after 12 months moratorium.

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.27,12,933/- during April 2019 to March 2020, Rs 29,63,225/- during April 2020 to March 2021 ,Rs.27,03,525/- during April 2021 to March 2022, Rs. 24,43,825/- during April 2022 to March 2023, Rs. 21,84,362/- during April 2023 to March 2024 and Rs. 5,06,839/- during April 2024 to 26th June 2024

Maturity date of Term loan is 9 September 2021. Repayment has to be made by way of monthly instalments totalling Rs.2,34,12,522/- during April 2019 to March 2020, Rs 2,07,10,495/- during April 2020 to March 2021 and Rs.82,76,237/- during April 2021 to 9th September 2021.

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.76,241/- during April 2019 to March 2020, Rs 83,273/- during April 2020 to March 2021 ,Rs.75,975/- during April 2021 to March 2022, Rs.68,676/- during April 2022 to March 2023, Rs.61,385/- during April 2023 to March 2024 and Rs.14,243/- during April 2024 to 26th June 2024

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.11,07,344/- during April 2019 to March 2020, Rs. 12,09,479/- during April 2020 to March 2021 ,Rs.11,03,479/- during April 2021 to March 2022, Rs.9,97,479/- during April 2022 to March 2023, Rs.8,91,576/- during April 2023 to March 2024 and Rs.2,06,873/- during April 2024 to 26th June 2024

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.13,42,655/- during April 2019 to March 2020, Rs.14,66,494/- during April 2020 to March 2021 ,Rs.13,37,969/- during April 2021 to March 2022, Rs.12,09,444/- during April 2022 to March 2023, Rs.10,81,036/- during April 2023 to March 2024 and Rs.2,50,834/- during April 2024 to 26th June 2024

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.14,67,231/- during April 2019 to March 2020, Rs.16,02,560/- during April 2020 to March 2021 ,Rs.14,62,110/- during April 2021 to March 2022, Rs.13,21,660/- during April 2022 to March 2023, Rs.11,81,339/- during April 2023 to March 2024 and Rs.2,74,107/- during April 2024 to 26th June 2024

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.16,33,333/- during April 2019 to March 2020, Rs.17,83,982/- during April 2020 to March 2021 ,Rs.16,27,632/- during April 2021 to March 2022, Rs. 14,71,282/- during April 2022 to March 2023, Rs.13,15,075/- during April 2023 to March 2024 and Rs.3,05,138/- during April 2024 to 26th June 2024

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.3,59,887/- during April 2019 to March 2020, Rs.3,93,081/- during April 2020 to March 2021 ,Rs.3,58,631/- during April 2021 to March 2022, Rs.3,24,181/- during April 2022 to March 2023, Rs.2,89,762/- during April 2023 to March 2024 and Rs.67,234/- during April 2024 to 26th June 2024

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.11,35,028/- during April 2019 to March 2020, Rs.12,39,717/- during April 2020 to March 2021 ,Rs.11,31,066/- during April 2021 to March 2022, Rs.10,22,416/- during April 2022 to March 2023, Rs.9,13,866/- during April 2023 to March 2024 and Rs.2,12,044/- during April 2024 to 26th June 2024

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.6,09,039/- during April 2019 to March 2020, Rs.6,65,214/- during April 2020 to March 2021 ,Rs.6,06,914/- during April 2021 to March 2022, Rs.5,48,614/- during April 2022 to March 2023, Rs.4,90,367/- during April 2023 to March 2024 and Rs.1,13,780/- during April 2024 to 26th June 2024

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.2,76,836/- during April 2019 to March 2020, Rs.3,02,370/- during April 2020 to March 2021 ,Rs.2,75,870/- during April 2021 to March 2022, Rs.2,49,370/- during April 2022 to March 2023, Rs.2,22,894/- during April 2023 to March 2024 and Rs.51,718/- during April 2024 to 26th June 2024

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.3,32,203/- during April 2019 to March 2020, Rs.3,62,844/- during April 2020 to March 2021 ,Rs.3,31,044/- during April 2021 to March 2022, Rs.2,99,244/- during April 2022 to March 2023, Rs.2,67,473/- during April 2023 to March 2024 and Rs.62,062/- during April 2024 to 26th June 2024

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.26,59,540/- during April 2019 to March 2020, Rs.33,16,885/- during April 2020 to March 2021 ,Rs.30,22,505/- during April 2021 to March 2022, Rs.27,28,285/- during April 2022 to March 2023, Rs.24,34,245/- during April 2023 to March 2024 and Rs.5,64,082/- during April 2024 to 26th June 2024

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.6,23,808/- during April 2019 to March 2020, Rs.7,91,184/- during April 2020 to March 2021 ,Rs.7,20,984/- during April 2021 to March 2022, Rs.6,50,784/- during April 2022 to March 2023, Rs.5,80,648/- during April 2023 to March 2024 and Rs.1,34,552/- during April 2024 to 26th June 2024



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Amount in ₹)

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.5,20,514/- during April 2019 to March 2020, Rs.6,69,463/- during April 2020 to March 2021, Rs.6,10,063/- during April 2021 to March 2022, Rs.5,50,663/- during April 2022 to March 2023, Rs.4,91,317/- during April 2023 to March 2024 and Rs.1,13,851/- during April 2024 to 26th June 2024

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.26,68,906/- during April 2019 to March 2020, Rs.35,60,326/- during April 2020 to March 2021, Rs.32,44,426/- during April 2021 to March 2022, Rs.29,28,526/- during April 2022 to March 2023, Rs.26,12,915/- during April 2023 to March 2024 and Rs.6,05,483/- during April 2024 to 26th June 2024

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.6,99,491/- during April 2019 to March 2020, Rs.9,73,764/- during April 2020 to March 2021, Rs.8,87,364/- during April 2021 to March 2022, Rs.8,00,964/- during April 2022 to March 2023, Rs.7,14,643/- during April 2023 to March 2024 and Rs.1,65,602/- during April 2024 to 26th June 2024

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.5,24,885/- during April 2019 to March 2020, Rs.7,45,538/- during April 2020 to March 2021, Rs.6,79,388/- during April 2021 to March 2022, Rs.6,13,238/- during April 2022 to March 2023, Rs.5,47,149/- during April 2023 to March 2024 and Rs.1,26,789/- during April 2024 to 26th June 2024

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.7,67,681/- during April 2019 to March 2020, Rs.11,10,675/- during April 2020 to March 2021, Rs.10,12,125/- during April 2021 to March 2022, Rs.9,13,575/- during April 2022 to March 2023, Rs.8,15,115/- during April 2023 to March 2024 and Rs.1,88,882/- during April 2024 to 26th June 2024

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.6,90,111/- during April 2019 to March 2020, Rs.10,19,410/- during April 2020 to March 2021, Rs.9,28,960/- during April 2021 to March 2022, Rs.8,38,510/- during April 2022 to March 2023, Rs.7,48,142/- during April 2023 to March 2024 and Rs.1,73,365/- during April 2024 to 26th June 2024

*** Term loan against property is secured against two flats of the Company by way mortgage of the property located in Bandra West. Repayable in 120 monthly installments of Rs. 5,37,225/- (June 2017 to July 2018) and Rs. 5,47,276/- (Aug-2018 to May 2027)

Lendor	Repayment schedule and other terms
Axis Bank Ltd	Outstanding amount of loan Rs. 18,37,968/- (2019: Rs 27,94,886/-) is repayable in 60 equated monthly installments of Rs 112,321 till October 2021. Interest rate 16.50%.
ICICI Bank Limited	Outstanding amount of loan Rs. 56,20,793/- (2019:Rs 1,45,36,178) is repayable in 36 monthly installments of Rs 672,774/- till July 2019 and Rs. 4,72,624/- there after. Interest rate 14.50%
BMW India Financial Services Pvt Ltd	Outstanding amount of loan Rs. 1,10,89,964/- (2019:Rs Nil) is repayable in 48 monthly installments of Rs 2,20,997/- May 2023. Interest rate 10.20%
HDFC Bank Limited	Outstanding amount of loan Rs. 17,89,946 (2019: Rs 23,92,403) is repayable in 60 equated monthly installments of Rs 63,900 till October 2022.

16(b) Other financial liabilities

	As at 31-Mar-2020	As at 31-Mar-2019
Security deposits	418,061,058	132,225,552
Total	418,061,058	132,225,552

17 Long Term Provisions

	As at 31-Mar-2020	As at 31-Mar-2019
Provision for Leave Salary	16,170,268	8,637,875
Provision for gratuity	33,340,733	23,234,922
Total	49,511,001	31,872,797

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Amount in ₹)

18 Other non-current liabilities

	As at 31-Mar-2020	As at 31-Mar-2019
Rent straight lining	9,398,704	9,635,330
Income Received in advance	7,176,974	7,176,974
Deferred Expense Account	7,584,477	7,293,795
Total	24,160,155	24,106,099

19 Current Financial Liabilities

19(a) Short-term borrowings

	As at 31-Mar-2020	As at 31-Mar-2019
Secured		
Yes Bank - Bank Overdraft	51,526,721	28,088,730
Unsecured		
Inter corporate deposits*		
Others	82,000,000	82,000,000
Total	133,526,721	110,088,730

*Deposit of Rs. 82,000,000 accepted at interest rate of 4% p.a. repayable on demand.

19(b) Trade payable

	As at 31-Mar-2020	As at 31-Mar-2019
Trade payable - Other than micro and small enterprises	341,254,039	303,549,202
Trade payable - Micro and small enterprises	-	-
Total	341,254,039	303,549,202

19(c) Other financial liabilities

	As at 31-Mar-2020	As at 31-Mar-2019
Current maturities of long term borrowings	84,573,108	65,307,398
Interest accrued but not due on borrowings		
Interest on loan taken	6,889,549	6,368,101
Employee benefits expense payable		
Employee benefits expense	1,980,559	-
Bonus Payable	318,312	2,339,442
Creditors for fixed assets	570,649	119,116
Lease Liability	91,175,132	-
Sundry advances received	78,136,735	59,616,760
Unclaimed dividend	38,214	38,214
Security deposits received	40,998,254	36,107,962
Total	304,680,512	169,896,994



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Amount in ₹)

20 Other current liabilities

	As at 31-Mar-2020	As at 31-Mar-2019
Advances from customers- others	266,275,168	264,728,567
Deferred Expense Account	9,493,090	9,283,710
Rent straight lining	264,947	4,371,222
Advance billing	36,355,680	12,333,700
Employee benefits expense	140,493	136,410
Others payable	4,857,542	53,885
Statutory dues payable*		
Provident fund	2,612,025	1,203,821
ESIC	2,715	7,404
TDS payable	5,415,964	5,904,281
Profession tax	14,950	10,350
ET/INR/Show tax	6,981,235	10,302,503
Total	332,413,808	308,335,853

21 Short Term Provisions

	As at 31-Mar-2020	As at 31-Mar-2019
Provision For Taxation	22,711,384	40,172,801
Provision For Expenses	69,653,468	31,999,008
Provision For Employee benefit:		
Provision for leave salary	9,877,554	6,893,287
Provision for gratuity	2,736,021	2,606,466
Total	104,978,427	81,671,562

22 Revenue from operations (net)

	Year ended 31-Mar-2020	Year ended 31-Mar-2019
(a) Sale of products/ film rights /Services		
Own Film/ Content production	103,372,535	81,839,280
Food and beverages	190,862,282	207,421,333
Acceptance fees	90,713,380	81,842,046
Tuition fees	152,284,971	119,042,268
Infrastructure fees	284,048,552	229,082,691
Income from institutional affiliations	2,129,936	3,363,069
	823,411,655	722,590,687
(b) Distribution, Exhibition, Theatrical and Film Production Income		
Distribution and exhibition	47,528	-
Equipment hire income	1,516,000	3,956,500
Box office collection		
Sale of tickets, net	727,976,728	739,143,724
	729,540,256	743,100,224

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Amount in ₹)

	Year ended 31-Mar-2020	Year ended 31-Mar-2019
(c) Other operating revenue		
Rent and amenities charges	91,146,315	85,774,420
Sundry balances written back	442,305	819,792
Business support services	11,250,000	12,000,000
Other income from theatrical operations	46,069,916	42,646,732
Sale of prospectus/application forms	2,847,898	2,536,368
Re-examination fees	-	160,900
Amortisation of deferred security	8,819,958	4,751,726
Business support services	2,455,755	4,216,790
Other income	905,455	263,469
	163,937,602	153,170,197
Total	1,716,889,514	1,618,861,109
23 Other income		
Other income		
Interest income on bank deposits	2,572,750	1,956,016
Interest income on others	7,890,633	11,398,492
Other Non Operating Income		
Interest on income tax refund	607,058	-
Profit on sale of assets, (net)	546,736	-
Corporate guarantee Commission income	963,186	675,000
Miscellaneous income (net)	72,773,019	94,322,660
Sundry balances written back	393,538	6,104,849
Insurance claim received	-	2,916,993
Total other income	85,746,921	117,374,011
24 Changes in Inventories of food and beverages		
Opening stock		
Food and Beverages	10,184,450	7,518,440
Closing stock		
Finished goods	11,606,931	10,184,450
Total changes in inventories of food and beverages	(1,910,683)	(1,198,313)
25 Distributor and producer's share		
Distribution Expenses	3,721,387	-
Films Distributor's Share	339,172,099	347,685,928
Expenses for old Films	33,583,277	29,600
Total Distributor and producer's share	376,476,763	347,715,528
26 Other direct operation expenses		
Other direct cost of theatrical operations	22,087,261	19,905,278
Total Other direct operation expenses	22,087,261	19,905,278



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Amount in ₹)

27 Employee benefits expense

	Year ended 31-Mar-2020	Year ended 31-Mar-2019
Salaries and bonus	289,308,260	248,489,411
Contribution to provident and other funds	16,516,396	12,345,778
Gratuity and Leave expense	14,062,515	6,513,348
Staff welfare expenses	9,915,911	8,245,561
Total employee benefit expense	329,803,083	275,594,097

(i) Defined Contribution Plan

The Company's contributions to Defined Contribution Plans namely Employees Provident Fund and Employee's State Insurance Fund (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952), which are Defined Contribution Plans, are charged to Statement of Profit and Loss on accrual basis. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

Amount of Rs. 16,516,396 (Previous year : Rs. 12,345,778) is recognised as expense and included in the above Note 27

(ii) Post Employment Obligations:

Gratuity : The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and it is recognised by the Income-tax authorities and administered through LIC. Liability for Gratuity is provided on the basis of Valuations, as at Balance Sheet date, carried out by an independent actuary.

The assumptions used for the actuarial valuation are as under:

	Gratuity	
	31-Mar-20	31-Mar-19
Discount Rate (per annum)	6.25% to 6.80%	7.65% to 7.80%
Salary growth rate	8% to 9.50%	7.75% to 9.50%

(A) Present Value of Obligation as at Balance Sheet date

	Gratuity	
	31-Mar-19	31-Mar-18
Present Value of Obligation as at the beginning	29,432,421	20,669,088
Interest cost	2,074,244	2,329,496
Current Service Cost	3,639,282	1,747,585
Past Service cost	-	214,493
Total amount recognised in statement of profit and loss	5,713,526	4,291,574
Re-measurement (or Actuarial) (gain) / loss arising from:		
change in demographic assumption	7,409	244,279
change in financial assumption	4,232,849	2,732,882
experience changes	554,830	2,083,578
Total amount recognised in Other Comprehensive Income	4,795,088	5,060,739
Benefits Paid	(455,604)	-588,980
Liabilities assumed / (settled)	-	-
Present Value of Obligation as at the end	39,485,431	29,432,421

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Amount in ₹)

(B) Changes in the Fair value of Plan Assets

	Gratuity	
	31-Mar-20	31-Mar-19
Fair Value of Plan Assets as the beginning	3,591,033	4,151,303
Interest on plan assets	184,940	313,520
Total amount recognised in statement of profit and loss	184,940	313,520
Re-measurement (or Actuarial) gain / (loss) arising from:		
Actual return on plan assets less interest on plan assets	-141,684	-1,236,995
Total amount recognised in Other Comprehensive Income	-141,684	-1,236,995
Employer's contribution	229,992	952,185
Benefits Paid	(455,604)	-588,980
Transfer In / (Out)	-	-
Fair value of plan assets at the end	3,408,677	3,591,033

(C) Amount recognised in the Balance sheet

	Gratuity	
	31-Mar-20	31-Mar-19
Present Value of obligations as at Balance Sheet date	39,485,431	29,432,421
Fair Value of Plan Assets as at the end of the period	3,408,677	3,591,033
Net (asset)/ liability recognised as at year end	36,076,754	25,841,388

(D) Constitution of Plan Assets

	Gratuity	
	31-Mar-20	31-Mar-19
Administered by Life insurance Corporation of India	100%	100%
Total of the Plan Assets	100%	100%

(E) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Gratuity	
	Decrease	Increase
Defined benefit obligation (base)		
As on March 31, 2020		
Discount Rate (- / + 0.5%)	1,528,086	-1,417,527
(% change compared to base due to sensitivity)	3.87%	-3.59%
Salary Growth Rate (- / + 0.5%)	-1,034,518	1,105,592
(% change compared to base due to sensitivity)	-2.62%	2.80%
Defined benefit obligation (base)		
As on March 31, 2019		
Discount Rate (- / + 0.5%)	1,083,113	-1,006,589
(% change compared to base due to sensitivity)	3.68%	-3.42%
Salary Growth Rate (- / + 0.5%)	-732,867	779,959
(% change compared to base due to sensitivity)	-2.49%	2.65%

The above sensitivity analyses is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Amount in ₹)

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Expected contributions to post employment benefit plan for the year ending March 31, 2020 is Rs. 220 Lakhs (March 31, 2019 : Rs. 160 Lakhs)

(F) Defined benefit liability and employer contributions

The weighted average duration of the Benefit Obligation is 9.78 to 16 years

	Gratuity	
	31-Mar-20	31-Mar-19
Weighted average duration (based on discounted cashflows)		
Year 1	5,501,107	4,886,336
Year 2	1,798,290	1,108,144
Year 3	2,140,320	1,501,598
Year 4	1,509,598	1,819,521
Year 5	3,140,558	1,202,005
Thereafter	94,405,167	81,103,667

(iii) Other Long Term Benefit Plans:

Compensated absences : The leave obligations cover the Company's liability for earned leave. The amount of provision of Rs. 17,867,417 (March 31, 2019: Rs. 10,591,596/-)

Liability for Leave Obligation is provided on the basis of Valuations, as at Balance Sheet date, carried out by an independent actuary.

(G) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility - The plan liabilities are calculated on the basis of the market yields at the valuation date on government bonds for the expected term. If plan assets underperform this yield, this will create a deficit.

Changes in bond yields - A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's assets.

28 Finance costs

	Year ended 31-Mar-2020	Year ended 31-Mar-2019
Interest cost on:		
Car loan	3,591,287	3,613,186
Term loan	79,783,915	71,392,987
Cash credit \ demand loan facilities	3,874,666	3,631,779
Inter corporate deposits	2,087,287	10,573,582
Lease Liability	6,821,016	-
Others	55,057,138	10,630,498
Processing cost and other charges	5,218,942	1,992,387
Total Finance Cost	156,434,251	101,834,419

29 Depreciation and amortisation expense

	Year ended 31-Mar-2020	Year ended 31-Mar-2019
Depreciation of property, plant and equipment	181,254,596	110,190,705
Depreciation on investment property	3,723,304	4,615,460
Amortisation of intangible assets	6,655,292	7,146,328
Total Finance Cost	191,633,192	121,952,492

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Amount in ₹)

30 Other expenses

	Year ended 31-Mar-2020	Year ended 31-Mar-2019
Power and fuel	161,019,652	149,642,899
Rent	90,340,869	165,109,625
Repairs and maintenance	80,500,645	73,464,411
Insurance	9,819,223	8,944,817
Rates and taxes	26,534,825	25,201,489
Legal and professional	59,751,644	51,488,733
Communication expenses	6,320,936	6,181,974
Faculty Fees	94,272,790	90,093,886
Travelling and conveyance	17,204,678	14,503,500
Bad debts/ advances/ intangibles under development written-off	40,658,605	32,971,049
Security charges	37,294,225	30,106,441
Digital Equipment Hire Charges	12,780,052	8,443,709
Business promotion	54,210,332	53,960,816
Motor vehicle expenses	4,147,049	4,903,677
Sets/ student practicals	6,484,235	8,145,792
Printing and stationery	7,206,850	8,830,907
Bank charges	323,870	757,417
Payment to auditor (Refer details below)	4,284,369	3,982,343
Miscellaneous expenses	37,603,158	30,218,812
Total	750,758,007	766,952,296

30 a - Payment to auditor

	Year ended 31-Mar-2020	Year ended 31-Mar-2019
Audit Fees	3,700,000	3,700,000
Reimbursement of Expenses	584,369	282,343
	4,284,369	3,982,343

31 Income Tax

(A) Income Tax Expense

This note provides an analysis of the Company's income tax expense and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Company's tax positions

	31-Mar-2020	31-Mar-2019
Income Tax Expense		
Current tax		
Current tax on profits for the year	4,114,683	10,100,000
Total Current Tax Expense	4,114,683	10,100,000
Deferred Tax		
Decrease (increase) in deferred tax assets	1,408,056	5,755,224
(Decrease) increase in deferred tax liabilities	-	-
Total Deferred Tax Expense	1,408,056	5,755,224
Income Tax Expense	5,522,739	15,855,224



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Amount in ₹)

32 Lease disclosure under AS 19 – ‘Leases’

Operating lease : Company as lessee

The Company is obligated under non-cancellable leases primarily for office and residential premises which is renewable thereafter as per the terms of the respective agreement.

Lease rent expenses of Rs 76,409,813 (2019: Rs 142,054,211) have been included under ‘Rent’ in the Statement of profit and loss.

Future minimum rental payable under non-cancellable operating leases are as follows :

	31-Mar-2020	31-Mar-2019
Amounts due within one year	82,587,508	8,766,776
Amounts due after one year but not later than five years	262,524,593	36,120,296
Amounts due later than five years	106,378,848	32,925,233
	451,490,949	77,812,305

Operating lease : Company as lessor

The Company has given office premises on lease which is renewable thereafter as per the terms of the respective agreement

Lease rent income of Rs 60,951,083 (2019: Rs 62,887,520) has been included under ‘Rent and amenities charges’ in the Statement of profit and loss.

Future minimum rental receivable under non-cancellable operating leases are as follows :

	31-Mar-2020	31-Mar-2019
Amounts due within one year	-	8,875,509
Amounts due after one year but not later than five years	-	10,317,111
	-	19,192,620

The carrying amount of assets is as follows :

	31-Mar-2020	31-Mar-2019
Gross block	172,280,521	172,280,521
Accumulated depreciation	50,484,305	46,761,001
Net block	121,796,216	125,519,520
Depreciation for the year	3,723,304	4,615,460

Operating lease : Company as sub-lessor

The Company has subleased part of the office premises taken on lease which is renewable thereafter as per the terms of the respective agreement.

Sublease rent income of Rs 39,577,528 (2019: Rs 38,680,226) has been included under ‘Rent and amenities charges’ in the Statement of profit and loss.

The carrying amount of assets is as follows :

	31-Mar-2020	31-Mar-2019
Gross block	85,535,753	85,535,753
Accumulated depreciation	57,399,866	50,431,793
Net block	28,135,887	35,103,960
Depreciation for the year	6,968,073	6,968,073

33 Capitalisation of expenditure

During the year, the Company has capitalised the salaries, wages and bonus amounting to Rs 5,19,714/- (2019: Rs Nil) to the cost of Fixed asset/ Capital work in progress (CWIP). Consequently, expenses disclosed under note no. 33 are net of amount capitalised by the Company.

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Amount in ₹)

34 Earnings per equity share:

	Year ended 31-Mar-2020	Year ended 31-Mar-2019
Net (loss)/ profit after tax attributable to shareholders	(88,129,930)	20,337,871
Weighted average number of equity shares outstanding during the year for basic EPS	22,581,200	22,581,200
Weighted average number of equity shares outstanding during the year for dilutive EPS	22,581,200	22,581,200
Basic EPS	(3.90)	0.90
Dilutive EPS	(3.90)	0.90
Nominal value per share	5	5

35 Fair value measurement

The carrying value/ Fair value of the Financial instruments by category

	31 March 2020			31 March 2019		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Other Financial Assets	-	-	302,528,901	-	-	265,495,117
Trade Receivables	-	-	158,345,745	-	-	215,008,551
Cash and cash equivalents	-	-	32,131,577	-	-	61,224,602
Loans	-	-	121,345,037	-	-	127,553,790
Investment	39,433,229	-	-	39,506,450	-	-
Other bank balance	-	-	46,153,936	-	-	20,670,238
Total financial assets	39,433,229	-	660,505,196	39,506,450	-	689,952,297
Financial liabilities						
Borrowings	-	-	753,043,806	-	-	733,349,759
Trade Payables	-	-	341,254,039	-	-	303,549,202
Other Financial Liabilities	-	-	722,741,571	-	-	302,122,546
Total financial liabilities	-	-	1,817,039,415	-	-	1,339,021,507

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair value of financial instruments that are (a) recognised and measured at fair value (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three level prescribed under the accounting standard. An explanation each level follows underneath the table.

Financial instruments measured at Fair value

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices, for example listed equity instruments, traded bonds and mutual funds that have quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There are no recurring fair value measurements for any financial instruments as at March 31, 2019 and March 31, 2020.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Amount in ₹)

36 Financial risk management

The group's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the group is exposed to and how it manages those risks.

(A) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument leading to a financial loss. The group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including cash and cash equivalents and deposits with banks.

(i) Credit risk management

(a) Trade receivable related credit risk

The group evaluates the concentration of risk with respect to trade receivables as low. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The group provides for expected credit loss on trade receivables based on expected credit loss method. Each outstanding customer receivables are regularly monitored and if outstanding is above due date the further shipments are controlled and can only be released if there is a proper justification.

Reconciliation of loss allowance provision

	Amount
Loss allowance on April 1, 2019	23,417,338
Provision for allowances & Written-off	24,964,665
Loss allowance on March 31, 2020	48,382,003

(b) Others Financial Asset

Credit risk from balances with banks is managed by group in accordance with the group policy. The other financial assets are from various forum of Government authorities and are released by Government authorities on completion of relevant terms and conditions for the release of outstanding.

(B) Liquidity risk

The group manages liquidity risk by continuously monitoring forecast and actual cash flows on daily, monthly and yearly basis. The group ensures that there is a free credit limit available at the start of the year which is sufficient for repayments getting due in the ensuing year. Loan arrangements, credit limits with various banks including working capital and monitoring of operational and working capital issues are always kept in mind for better liquidity management

(i) Financing arrangements

The group had access to the following undrawn borrowing facilities at the end of the reporting period:

	31 March 2020	31 March 2019
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	51,526,721	28,088,730
	51,526,721	28,088,730

(i) Maturities of financial liabilities

The following tables detail the group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to pay. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the group may be required to pay.

The amounts disclosed in the table are the undiscounted contractual cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities as at March 31, 2020	Less than 1 year	More than 1 year	Total
Borrowings	133,526,721	619,517,084	753,043,806
Trade payables	341,254,039	-	341,254,039
Other financial liabilities	304,680,512	418,061,058	722,741,571
Total liabilities	779,461,272	1,037,578,143	1,817,039,415

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Amount in ₹)

Contractual maturities of financial liabilities as at March 31, 2019	Less than 1 year	More than 1 year	Total
Borrowings	110,088,730	623,261,029	733,349,759
Trade payables	303,549,202	-	303,549,202
Other financial liabilities	169,896,994	132,225,552	302,122,546
Total liabilities	583,534,926	755,486,581	1,339,021,507

Contractual maturities of financial Assets as at March 31, 2020	Less than 1 year	More than 1 year	Total
Trade Receivables	158,345,745	-	158,345,745
Cash & bank balance	32,131,577	-	32,131,577
Other bank Balance	46,153,936	-	46,153,936
Loans	121,345,037	-	121,345,037
Investments	-	39,433,229	39,433,229
Other financial assets	85,353,375	217,175,526	302,528,901
Total Assets	443,329,670	256,608,755	699,938,425

Contractual maturities of financial Assets as at March 31, 2019	Less than 1 year	More than 1 year	Total
Trade Receivables	215,008,551	-	215,008,551
Cash & bank balance	61,224,602	-	61,224,602
Other bank Balance	20,670,238	-	20,670,238
Loans	117,430,790	10,123,000	127,553,790
Investments	-	39,506,450	39,506,450
Other financial assets	71,291,223	194,203,893	265,495,117
Total Assets	485,625,404	243,833,343	729,458,747

(C) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of two types of risks – interest rate risk & currency risk. Financial instrument affected by market risks includes loans and borrowings, deposits and other financials assets.

The group has designed risk management frame work to control various risks effectively to achieve the business objectives. This includes identification of risk, its assessment, control and monitoring at timely intervals.

(i) Foreign currency risk

The Indian Rupee is the group's functional and reporting currency. The group has limited foreign currency exposure which are mainly in cash. Foreign currency transaction exposures arising on internal and external trade flows are not material and therefore not hedged. Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. This is the risk that the group may suffer losses as a result of adverse exchange rate movement during the relevant period.

(ii) Interest rate risk exposure

The group manages interest rate risk by having a balanced portfolio of fixed and variable rate of interest on loans and borrowings. To manage this, group has issued fixed rate bonds and loans taken from banks are linked to MCLR rate of the bank, which are variable. The exposure of the group's borrowing to interest rate changes at the end of the reporting period are as follows.

Below are borrowings excluding debt component of compound financial instruments and including current maturity of non current borrowings:

	31 March 2020	31 March 2019
Variable rate borrowings	51,526,721	28,088,730
Fixed rate borrowings	671,386,566	688,568,427
Total Borrowing	722,913,287	716,657,158



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Amount in ₹)

As at the end of the reporting period, the entity had the following variable rate borrowings outstanding:

	31 March 2020			31 March 2019		
	Weighted Average Interest Rate	Balance	% of Total Loans	Weighted Average Interest Rate	Balance	% of Total Loans
Bank Overdraft	100%	51,526,721	7.13%	100%	28,088,730	3.92%

Interest rate sensitivity

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

Particulars	Currency	Increase / decrease in basis points	Net effect on profit before tax (Incremental amount)
31 March 2020	INR	+50	782,171
	INR	-50	(782,171)
31 March 2019	INR	+50	509,172
	INR	-50	(509,172)

The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of borrowings.

37 Capital management

For the purpose of the group's capital management, equity includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the group. The primary objective of the group's capital management is to maximise the shareholder value. The group's Capital Management objectives are to maintain equity including all reserves to protect economic viability and to finance any growth opportunities that may be available in future so as to maximize shareholders' value. The group is monitoring capital using debt equity ratio as its base, which is debt to equity. The group's policy is to keep debt equity ratio below three and infuse capital if and when required through issue of new shares and/or better operational results and efficient working capital management. In order to achieve the aforesaid objectives, the group has not sanctioned any major capex on new expansion projects in last two to three years There is constant endeavour to reduce debt as much as feasible and practical by improving operational and working capital management.

Particulars	31-Mar-20	31-Mar-19
Net debt	753,043,806	733,349,759
Total equity attributable to owners	86,757,287	275,598,430
Net Debt to equity ratio	867.99%	266.09%

Risk management

The group's objective when managing capital are to:

- (i) Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- (ii) Maintain an optimal capital structure to reduce the cost of capital

The group currently has loans from holding group and banks.

- (i) Loan covenants:

Under the terms of its major borrowing facilities, the group is required to comply with the following financial covenants:

- all collections should be routed through the bank of the provider of the facility.

The group has complied with the covenants throughout the reporting period. As at 31 March 2020.

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Amount in ₹)

38 Segment information

Particulars	31 March 2020	31 March 2019
Segment revenue		
Software division	117,312,529	88,251,662
Equipment division	1,516,000	3,956,500
Education	557,846,433	467,823,662
Theatrical exhibition	999,388,442	1,041,288,340
Others	130,180,826	129,768,368
Total	1,806,244,230	1,731,088,532
Less : Inter segment revenue	-	-
Net sales/ Income from operations	1,806,244,230	1,731,088,532
Segment results		
(Loss)/ profit before tax, interest and exceptional items from each segment		
Software division	20,483,513	19,032,242
Equipment division	(3,635,261)	(1,398,535)
Education	79,631,989	47,566,914
Theatrical exhibition	(92,714,888)	5,108,226
Others	84,601,998	83,127,949
Total	88,367,350	153,436,797
Less: Finance costs	156,434,251	101,834,419
Unallocated expenses, net of unallocable income	10,074,047	8,519,089
Total (loss) before tax	(78,140,948)	43,083,288
Depreciation and amortization		
Software division	6,959,409	9,578,918
Equipment division	2,173,713	2,762,423
Education	53,439,230	39,290,853
Theatrical exhibition	113,568,108	55,148,374
Others	6,990,202	6,968,073
Unallocable	8,502,530	7,837,297
Capital employed		
(Segment assets - Segment liabilities)		
Software division	157,646,384	164,471,552
Equipment division	2,515,990	43,989,451
Education	73,905,701	98,859,671
Theatrical exhibition division	335,216,485	262,865,178
Others	183,514,790	175,179,251
Unallocable (includes minority interest)	(666,042,064)	(469,766,669)

Segment Reporting:

The Management has identified business segments by taking into account the nature of the business, the differing risks and returns, the organisation structure and internal reporting system. The Management monitors performance of these segments on a periodic basis.

On this basis the Management has identified five business segments:-

- 1 Software division
- 2 Equipment division
- 3 Education
- 4 Theatrical exhibition division and
- 5 Others



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Amount in ₹)

Software division :

This primarily comprises film/ TV production and distribution operations. Production operations represent production/ co-production of movies, Television content and allied services. Distribution operations represent acquisition of movie rights for overseas as well as Indian distribution for a fixed period and exploitation thereof.

Equipment division :

This comprises of the activity of providing equipment on hire to outsiders.

Education :

This comprises of the operations of an education, research and training institute imparting training in various skills related to films, television and the media industry in general.

Theatrical exhibition division :

These comprise of various services offered at theatres including sale of tickets, catering of food and beverages, providing advertising services at theatres and related services.

Others :

This comprises mainly rental income.

The Group caters mainly to the domestic market and since the risks and rewards are similar across the market, it is treated as one reportable geographical segment

Segment revenue, Segment results, Segment assets and Segment liabilities include the respective amounts identifiable to each segment as also amounts allocable on a reasonable basis. Income and expenses which are not directly attributable to any business segment are shown as unallocated corporate income and expenses respectively. Assets and liabilities that cannot be allocated between the segments are shown as a part of unallocated assets and liabilities respectively

39 Related party disclosures

Details of related parties including summary of transactions entered into by the Company during the year ended 31 March 2020 are summarized below:

A) Parties where control exists

(i) Shareholders holding more than 50%

- Subhash Ghai

(ii) Key management personnel and relatives of such personnel

- Subhash Ghai - Chairman (and shareholder)
- Parvez Farooqui - Executive Director (and shareholder)
- Rahul Puri - Managing Director
- Mukta Ghai - Wife of Subhash Ghai (and shareholder)
- Ashok Ghai - Brother of Subhash Ghai
- Siraj Farooqui - Brother of Parvez Farooqui
- Sameer Farooqui - Brother of Parvez Farooqui
- Sajid Farooqui - Brother of Parvez Farooqui
- Meghna Ghai Puri - Daughter of Subhash Ghai, wife of Rahul Puri (and shareholder)

(iii) Enterprise over which key management personnel have control/ substantial interest/ significant influence

- Mukta Arts – Proprietary concern of Subhash Ghai
- Mukta Tele Arts Private Limited – Enterprise in which Subhash Ghai exercises significant influence

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Amount in ₹)

B Transactions with related parties for the year ended 31 March 2020 are as follows:-

Transactions	Key Management Personnel and relatives of such personnel		Enterprises over which key management personnel have control/ substantial interest/ significant influence	
	2020	2019	2020	2019
Receiving of services				
Ashok Ghai - Professional fees paid	3,528,360	3,564,000	-	-
Mukta Arts - Rent	-	-	-	60,000
Rent expenses				
Subhash Ghai	2,400,000	-	-	-
Lease rentals of subsidiary company				
Subhash Ghai	2,250,000	-	-	-
Salaries and other benefit				
Siraj Farooqui	4,217,738	3,908,236	-	-
Sameer Farooqui	1,115,055	1,060,338	-	-
Sajid Farooqui	95,659	1,024,920	-	-
Managerial remuneration				
Subhash Ghai	8,387,400	8,347,400	-	-
Rahul Puri	5,176,992	4,797,024	-	-
Remuneration/Faculty fees to director of subsidiary company				
Subhash Ghai	2,250,000	-	-	-
Rahul Puri	2,999,966	2,737,575	-	-
Meghna Ghai Puri	5,935,115	5,651,089	-	-
Parvez A. Farooqui	5,205,549	4,766,364	-	-
Loan taken by subsidiary company during the year				
Subhash Ghai	37,500,000	-	-	-
Loan repaid by subsidiary company during the year				
Subhash Ghai	55,000,000	20,000,000	-	-
Interest on Loan during the year				
Subhash Ghai	6,889,396	11,558,236	-	-
Deposit receivable				
Mukta Arts	-	-	300,000	300,000

40 Commitments

Estimated amounts of contracts remaining to be executed on capital account and not provided for aggregate to Rs Nil (31 March 2019: Rs Nil).

41 Contingent liabilities

Claims not acknowledged as debt
-Service tax matters (note 1)
-Local levies

	31 March 2020	31 March 2019
	1,675,000	1,675,000
	18,245,277	25,943,908

* Notes

- 1) Unless specified, the amounts are excluding penalty and interest, if any, that would be levied at the time of final conclusion.
- 2) The companies in the group are party to various legal proceedings in the normal course of business and do not expect the outcome of these proceedings to have any adverse effect on the financial conditions, results of operations or cash flows.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Amount in ₹)

- 3) In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liability, where applicable in its financial statements. The Company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect of the Company's results of operations or financial condition.
- 4) The Company has availed the benefit of payment of customs duty and other duties at a concessional rate on import of capital goods, under the Export Promotion Capital Goods ('EPCG') Scheme, against fulfillment of export commitment over eight years from the date of issue of the license. The Company's bankers have provided guarantees amounting to Rs 18,858,905 (31 March 2019: Rs 18,905,371) to the Customs and other statutory authorities, on behalf of the Company, towards fulfilment of these commitments. The Company believes that the export commitment obligations will be fulfilled and accordingly does not expect any custom and other duties, penalty or interest to be levied with respect to non-fulfillment of the terms and conditions of the EPCG scheme.
- 42 Impact of the CoVID-19 pandemic on the business of Mukta A2 Cinemas Limited :** The business of the Company was first affected by the ongoing CoVID-19 pandemic when the Cinemas were forced by the local authorities to shutdown to minimise spread of the infection. The most direct impact of this pandemic on the business has been the immediate stoppage of all direct forms of revenue except for interest income. The cinemas were closed between March 14, 2020 and March 19, 2020. The revenues of the business shall be severely affected during the time the lockdown remains in force. A key element of this business is that of a large number of people gathering in an auditorium. Social distancing being a challenge and therefore a risk in terms of spread of the CoVID-19 infection, there is a likelihood of this business being forced to remain closed for longer durations as compared to various other forms of business. The business depends on availability of movies for exhibition at Cinemas. Producers and Distributors of movies may consider alternative channels of reaching the audiences on the OTT platforms, thereby reducing the marketability of movies through the Cinema medium. However, at present, it is not possible to evaluate the impact of such behaviour on the business of the Company.

	31-Mar-20	31-Mar-19
Claims against the company not acknowledged as debt pertaining to local levies in case of WWIL	18,245,277	25,943,908

43 Dues to Micro and Small Enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro and Small Enterprises (MSE). On the basis of the information and records available with the Management, none of the Group's suppliers are covered.

	31 March 2020	31 March 2019
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
-Principal	3,829,703	3,702,993
-Interest	387,730	150,732
The amount of interest paid by the Company as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	13,791,404	13,699,141
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	236,998	150,732
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	-	-

- 44 Public Interest Litigations ('PIL')** had been filed alleging that the Maharashtra Film, Stage and Cultural Development Corporation Limited ('MFSCDCL') had not followed proper procedure while entering into a Joint Venture Agreement ('JVA') with the Company and in the subsequent allotment of 20 acres of land to the said joint venture, Whistling Woods International Limited ('WWI'), a subsidiary of the Company. During the year 2011-2012, pursuant to the Order of the Hon'ble High Court of Judicature at Bombay ('High Court') dated 9 February 2012, inter-alia, the JVA with MFSCDCL was quashed / rendered cancelled, WWI was ordered to return the land to MFSCDCL and pay rent (and interest on arrears) retrospectively on the entire land since the date of the JVA. Of the total land admeasuring 20 acres, 14.5 acres vacant unused land was handed over to MFSCDCL on 18 April 2012 and the balance was to be

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Amount in ₹)

handed over on or before 31 July 2014. Pending discussion and / or agreement with MFSCDCL and / or clarifications to be sought from the concerned parties, no adjustments have been made to the Share Capital structure of WWI and the carrying value of the land rights in its books of account. However, in terms of the Order of the High Court, the said amount together with future rent till the date of vacation of the premises is adjustable against the market price of the Institute building of WWI on the said land. The valuation is to be carried out by an expert valuer to be appointed by the Government. During the year 2013-2014, the PWD Engineer has given his valuation report based on the Balance Sheet of WWI as at 31 March 2011. Further, the Company made an application to the Government of Maharashtra in February 2013 to appoint expert valuers to determine the market price. WWI's petition for special leave to file appeal with the Supreme Court of India was dismissed. However, the Company and WWI filed review petitions with the High Court. In terms of Order dated 9 February 2012 passed by the High Court, MFSCDC raised net demand of Rs. 591,966,210 and asked WWI to vacate the premises. The Company's and WWI's Review Petitions were heard by High Court and a stay was granted on 30 July 2014. The High Court ordered the Company / WWI to pay arrears of rent for the years 2000-2001 to 2013-2014 aggregating to Rs 100,038,000 by January 2015 and to pay rent of Rs 4,500,000 per annum from the financial year 2014-2015. As per the terms of the said Order, till 31 March 2019 Rs 113,538,000 has been paid by the Company and Rs 13,500,000 has been paid by WWI. The State Government of Maharashtra and MFSCDCL challenged the Order of the Bombay High Court in the Supreme Court which was dismissed by the court on 22nd September 2014 with recourse to the State Government of Maharashtra to make an application to the High Court. Pending final disposal of the review petitions and valuation of the building, and in view of the future plans for WWI which are being evaluated, management believes that the Company's investments in WWI aggregating Rs 399,511,218 and amounts due therefrom aggregating Rs 246,116,550 are good and recoverable as management is hopeful of reliefs based on the issues involved and on merits of the case, as also of a high valuation of the building. The amounts so paid/ being paid by the Company have been treated as Deposits in the standalone financial statements to be adjusted on the settlement of the case.

45 Disclosure pursuant to Section 186 of the Companies Act, 2013

a) Details of loan given:

Name of the the entity and relation with the Company, if applicable	Terms and conditions of the loan and purpose for which it will be utilised
Neelmudra Entertainment Limited	Unsecured loan given for the purpose of production of a film which will be repayable on demand.
Om Films Private Limited	Unsecured loan given for the purpose of financial assistance in connection with the release of a feature film which is repayable on demand.

Movement of loan during the financial years ended 31 March 2019 and 31 March 2018 is given below:

Name of Party	Financial year	Opening balance(excluding accrued interest)	Loan given	Loan repaid/ Adjustment	Closing balance (excluding accrued interest)
Neelmudra Entertainment Limited	Year ended 31 March 2020	-	-	-	-
	Year ended 31 March 2019	12,838,015	-	12,838,015	-
Om Films Private Limited	Year ended 31 March 2020	17,600,000	-	-	17,600,000
	Year ended 31 March 2019	17,600,000	-	-	17,600,000

46 The Company has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed that there are no long-term contracts including derivative contracts for which there were any material foreseeable losses.

47 Pursuant to the provisions of the Companies Act, 2013 read with Investor Education Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended, the shares pertaining to which dividend remains unclaimed/ unpaid for a period of seven years from the date of transfer to unpaid dividend account are mandatorily required to be transferred to the Investor Education and Protection Fund ('IEPF') established by the Central Government.

Accordingly, during the year, the Company has transferred to the IEPF an amount of Rs. Nil (2019 : Rs. 77,878) on account of unclaimed dividend and (2019 : 25,181 shares) to which this dividend relates.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Amount in ₹)

48 Prior period comparatives

Previous year's figures have been regrouped/ reclassified, wherever necessary.

As per our report of even date.

For Uttam Abuwala Ghosh & Associates
Chartered Accountants
Firm's Registration No: 111184W

For and on behalf of the Board of Directors of
Mukta Arts Limited
CIN: L92110MH1982PLC028180

CA Prerak Agarwal
Partner
Membership No: 158844

Subhash Ghai
Chairman Director
DIN: 00019803

Rahul Puri
Managing Director
DIN: 01925045

Parvez A. Farooqui
Director
DIN: 00019853

Place : Mumbai
Date: 29 June 2020

Prabuddha Dasgupta
Chief Financial Officer

Monika Shah
Company Secretary
Membership No: FCS7964





MUKTA ARTS LIMITED

Registered Office

3rd Floor, Mukta House, Behind Whistling Woods Institute, Filmcity, Goregaon (E), Mumbai - 400 065.

Tel.: +91 22 3364 9400 Fax: +91 22 3364 9401

www.muktaarts.com