INDEPENDENT AUDITORS' REPORT

To the Members of
Mukta A2 Cinemas Limited

Report on audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Mukta A2 Cinemas Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2022, and the Statement of Profit and Loss (including Other Comprehensive loss), 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.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the 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, 2022, its loss (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis of Opinion

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 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 opinion on the standalone financial statement.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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, 2022.

Emphasis of Matter

We draw your attention to following matters:

a) As described in Note 40 (1) to the statement, the company has considered the effect of uncertainties due to Covid-19 pandemic on the operations of the company. However, the actual impact may be significantly different than estimated as it is not possible to completely evaluate and quantify the impact of Covid-19 on the future operations of the company.

b) During the year ended March 31, 2022, the company has incurred loss before tax (including other comprehensive income) of Rs 14,68,57,461/- and has accumulated losses of Rs. 54,21,50,313/- as on March 31, 2022. Further the company's net worth has been fully eroded and there is a deficit of Rs. 52,71,50,313/- in the shareholder's equity as on March 31, 2022. 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. However, the company's audited financial results have been prepared on a going concern basis on the reporting date. The management's statement in respect of going concern assessment is set out in Note 39 of the statement.

Our conclusion is not modified in respect of this matter.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) prescribed 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 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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.

That Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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

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.

(A) As required by Section 143 (3) of the Act, we report that:

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

(b) In our opinion, proper books of account as required by law have been kept 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 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, 2022 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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**'.

(g) In our opinion, the managerial remuneration for the year ended March 31, 2022 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, 2022 on its financial position in its Standalone financial statements.

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

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2022.

For Uttam Abuwala Ghosh & Associates
Chartered Accountants
Firm No. 111184W

CA. Subhash Jhunjhunwala
Partner
Membership No. 016331
UDIN: 22016331AIXDBH3627

Date: May 13, 2022
Place: Mumbai

Uttam Abuwala Ghosh & Associates
Mumbai

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 A2 Cinemas Limited on the accounts for the year ended March 31, 2022

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 are 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. During the year no physical verification was carried out by the management on account of extensive closure of offices. Hence, we are unable to comment on material discrepancies found, if any, in the book of accounts. However the company has appointed external party to carry out the verification process, once Covid related restriction were uplifted.

(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 plant and equipment are held in the name of the company.

ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The Company has maintained proper records of inventory. No material discrepancies were noticed on such physical verification.

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 is generally regular in depositing undisputed statutory dues except that there have been delays in depositing Goods and Services Tax, Professional Tax, Provident Fund, Show Tax, Income Tax and Employees' State Insurance with the appropriate authorities.

The extent of the arrears of statutory dues outstanding as at March 31, 2022, for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Due date	Date of Payment
The Employees' Provident Funds and Miscellaneous Provisions Act, 1952	Provident Fund	59,132/-	April 2021 to September 2021	15 May 2021 to October 2021	Not paid
The Employees' State Insurance Act, 1948	ESIC	19,234/-	April 2021 to September 2021	15 May 2021 to October 2021	Not paid
Professional Tax Act	Professional Tax	3,500/-	April 2021 to September 2021	10 April 2021 to 10 September 2020	Not paid

(b) According to the information and explanations given to us, there are no dues payable in respect of Income Tax, Value Added Tax, Goods and Services Tax and Service Tax which have not been deposited on account of any disputes.

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, nor have we been informed of any such case by the Management.

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) 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 Indian 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. Subhash Jhunjhunwala
Partner
Membership No. 016331
UDIN: 22016331AIXDBH3627

Date: May 13, 2022
Place: Mumbai

Annexure B to the Independent Auditor's Report of even date on the Financial Statements of Mukta A2 Cinemas 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

We have audited the internal financial controls over financial reporting of **Mukta A2 Cinemas Limited** ("the Company") for the year ended on March 31, 2022 in conjunction with our audit of 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.

Basis for Qualified Opinion

According to the information and explanations given to us and based on our audit, following material weakness has been identified in the operating effectiveness of the Company's internal financial controls with reference to financial statements as at March 31, 2022;

- Annual physical verification of property, plant and equipment was not conducted effectively which could potentially result in lack of effective internal control over company's assets.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial controls with reference to financial statements, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls system over financial reporting as of March 31, 2022, 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 except for the effects/possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as of March 31, 2022.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company for the year ended March 31, 2022, and the material weakness does not affect our opinion on the standalone financial statements of the Company.

For Uttam Abuwala Ghosh & Associates
Chartered Accountants
Firm No. 111184W

CA. Subhash Jhunjhunwala
Partner
Membership No. 016331
UDIN: 22016331AIXDBH3627

Date: May 13, 2022
Place: Mumbai

MUKTA A2 CINEMAS LTD (Rs. in '000)

BALANCE SHEET AS AT 31st MARCH, 2022

(Currency - Indian Rupees)

Particulars	Notes	As at 31 March 2022	As at 31 March 2021
I **ASSETS**			
1 Non-current assets			
(a) Property, plant and equipment	5 (a)	269,568	223,937
(b) Capital work in progress	5 (b)	17,526	44,784
(c) Other intangible assets	5 (c)	419	466
(d) Right of use assets	5(d)	420,930	215,036
(e) Intangible assets under development	-	-	-
(f) Financial assets	-	-	-
(i) Investments	6 (a)	45	45
(ii) Trade receivables		-	-
(iii) Loans		-	-
(iv) Others financial assets	6 (b)	57,722	54,189
(f) Deferred tax assets (net)	-	-	-
Non-current assets		**766,211**	**538,457**
2 Current assets			
(a) Inventories	7	6,874	5,212
(b) Financial assets	8	-	-
(i) Trade receivables	8 (a)	26,853	53,456
(ii) Cash and cash equivalents	8(b)	2,099	2,657
(iii) Short term loans and advances	8 (c)	80,173	76,392
(iv) Others	8d)	40,287	32,012
(c) Other current assets	9	54,911	41,454
Current assets		**211,197**	**211,184**
TOTAL ASSETS		**977,407**	**749,641**
II. **EQUITY AND LIABILITIES**			
1 Equity			
(a) Equity share capital	10	15,000	15,000
(b) Other equity	11	-542,150	-395,687
		-527,150	**-380,687**
2 Non-Current Liabilities			
(a) Financial liabilities			
(i) Long term borrowings	12(a)	17,041	31,631
(ii) Trade payables			
(iii) Lease liabilites	5(d)	416,861	197,627
(iv) Other financial liabilities	12(b)	6,865	9,237
(b) Long-term provisions	13	10,497	12,642
(c) Deferred tax liabilities (Net)		-2,703	-
(d) Other non-current liabilities	15	284	492
Total non current liabilities		**448,844**	**251,630**
3 Current liabilities			
(a) Financial liabilities			
(i) Short term borrowings	16 (a)	19,524	24,503
(ii) Trade payables	16(b)		
(a) Total outstanding dues of micro and small enterprises		1,169	2,010
(b) Total outstanding dues other than (ii) (a) above		208,300	186,329
		209,470	188,339
(iii) Lease Liabilites	5(d)	40,820	52,560
(iv) Other financial liabilities	16(c)	610,958	505,857
(b) Other current liabilities	17	77,345	57,235
(c) Short term provisions	18	97,596	50,205
(d) Liabilities for current tax (Net)		-	-
Total current liabilities		**1,055,713**	**878,698**
TOTAL EQUITY AND LIABILITIES		**977,407**	**749,641**

Summary of significant accounting policies 2

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

As per our report of even date attached.

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

For and on behalf of the Board of Directors of
Mukta A2 Cinemas Limited
CIN: U74999MH2016PLC287694

CA Subhash Jhunjhunwala
Partner
Membership No: 016331

Subhash Ghai
Director
DIN : 00019803

Parvez A. Farooqui
Director
DIN: 00019853

Rahul Puri
Director
DIN: 01925045

Place : Mumbai
Date: 13th, May 2022

(Rs. in '000)

MUKTA A2 CINEMAS LTD
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2022
(Currency - Indian Rupees)

	Particulars	Note No	Year ended 31 March 2022	Year ended 31 March 2021
I	**Income**			
	Revenue from operations	19	305,625	38,505
	Other income	20	100,194	100,192
	Total Income (I + II)		**405,819**	**138,697**
II	**Expenditure**			
	Changes in inventory of food and beverages	21	-1,662	3,213
	Purchase of food and beverages	22	18,000	4,316
	Distributor's share	23	110,003	16,317
	Other direct operation expenses	24	3,182	1,177
	Employee benefits expenses	25	71,871	58,150
	Finance costs (net)	26	94,692	85,734
	Depreciation and amortisation expenses	27	91,190	92,816
	Other expenses	28	166,794	71,534
	Total expenses		**554,071**	**333,257**
III	**Profit from ordinary activities before tax**		**-148,252**	**-194,561**
VI	**Tax expense**			
	Current tax		-	-
	Deferred tax	14	**-2,703**	**-10,431**
V	**Profit for the year (III-IV)**		**-145,549**	**-184,130**
VI	**Other comprehensive income**			
	Items that will not be reclassified to Profit and Loss			
	Remeasurements of net defined benefit plans		1,395	-236
	Equity instruments through other comprehensive income		-	-
VII	**Total comprehensive income for the period**		**-144,154**	**-184,366**
VIII	**Earnings per share**			
	Basic and diluted		-96.10	-122.91

Summary of significant accounting policies

The above standalone profit and loss account should be read in conjunction with the accompanying notes.

As per our report of even date attached.

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

CA Subhash Jhunjhunwala
Partner
Membership No: 016331

Place : Mumbai
Date: 13th, May 2022

For and on behalf of the Board of Directors of
Mukta A2 Cinemas Limited
CIN: U74999MH2016PLC287694

Subhash Ghai
Director
DIN : 00019803

Parvez A. Farooqui
Director
DIN: 00019853

Rahul Puri
Director
DIN: 01925045

MUKTA A2 CINEMAS LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED ON 31st MARCH 2022
(Currency - Indian Rupees)

(Rs. in '000)

Particulars	Year ended 31 Mar 2022	Year ended 31 Mar 2021
Cash flow from operations		
Profit (loss) before tax	**-176,469**	**-194,561**
Non-cash adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation	91,190	92,816
Finance cost	94,692	85,734
Provision for gratuity / leave encashment	-2,145	-1,216
Retained earnings (IND AS)	27,302	-350
Operating profit before working capital changes	**34,571**	**-17,577**
Movements in working capital:		
(Increase) in trade receivables	26,603	-903
(Increase) / decrease in inventories	-1,662	3,213
(Increase) in loans and advances	-3,780	-5,253
Decrease in other financial assets	-11,807	-3,612
(Increase) in other assets	-13,456	8,413
Increase in trade payables	21,131	26,111
(Decrease) in provisions	47,392	-21,195
Increase in other liabilities	19,901	-2,496
Increase in other financial liabilities	6,525	124,509
Non current financial liabilities reduced	216,861	-61,059
Cash generated from operations	**342,277**	**50,153**
Taxes paid (net)	-	-
Advance tax paid	-	-
Net cash generated from operating activities (A)	**342,277**	**50,153**
Cash flow from investing activities		
Fixed deposits, other non current financial assets	-	-404
Investment in firm	-	-
Purchase of property, plant and equipment and intangible assets	-315,411	-1,539
Inter-corporate deposits given	-	-
Net cash used in investing activities (B)	**-315,411**	**-1,943**
Cash flow from financing activities		
Increase in other financial liability	-	-
Other financial liablity long term - ICD, loans received, cash credit	-	-
Proceeds from issue of equity shares (net)	-	-
Secured loan (repaid)	-19,569	-27,846
Secured loan received	-	-
Interest (paid)	-7,856	-18,786
Net cash flow from / (used in) financing activities (C)	**-27,424**	**-46,632**
Net increase / (decrease) in cash and cash equivalents (A + B + C)	**-558**	**1,578**
Cash and cash equivalents at the beginning of the year	**2,657**	**1,079**
Cash and cash equivalents at the end of the year (Refer note 2 below)	**2,099**	**2,657**

1. The above statement of cash flow has been prepared under the indirect method.
2. Components of cash and cash equivalents are as Note 8b.
3.The accompanying notes from 1 to 44 are an integral part of these financial statements.

As per our report of even date attached.

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

For and on behalf of the Board of Directors of
Mukta A2 Cinemas Limited
CIN: U74999MH2016PLC287694

CA Subhash Jhunjhunwala
Partner
Membership No: 016331

Subhash Ghai
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DIN : 00019803

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Rahul Puri
Director
DIN: 01925045

Place : Mumbai
Date: 13th, May 2022

(Rs. in '000)

MUKTA A2 CINEMAS LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2022
(Currency - Indian Rupees)

A Equity Share Capital

	Number	Amount
Balance as at 31 March 2020	1,500	15,000
Changes in equity share capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting period	1,500	15,000
Add: Changes in equity share capital during the current year	-	-
Balance as at 31 March 2021	1,500	15,000
Changes in equity share capital due to prior period errors		
Restated balance at the beginning of the current reporting period		
Add: Changes in equity share capital during the current year	-	-
Balance as at 31 March 2022	1,500	15,000

B Other Equity

Reserves and surplus / **Retained Earnings**	**Amount**
Balance as at 31 March 2020	**-183,341**
Addition during the year :	
Profit for the year	-184,130
Retained earnings(INDAS)	-27,981
Other comprehensive income for the year , net of taxes (*)	-236
Total comprehensive income for the year	**-184,366**
Balance as at 31 March 2021	**-395,687**
Addition during the year :	
Profit for the year	-145,549
Retained earnings(INDAS)	-2,309
Other comprehensive income for the year , net of taxes (*)	1,395
Total comprehensive income for the year	**-144,154**
Balance as at 31 March 2022	**-542,150**

(*) Other Comprehensive income for the year is in respect of measurement of defined benefit plans.

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

As per our report of even date attached.

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

CA Subhash Jhunjhunwala
Partner
Membership No: 016331

Place : Mumbai
Date: 13th, May 2022

For and on behalf of the Board of Directors of
Mukta A2 Cinemas Limited
CIN: U74999MH2016PLC287694

Subhash Ghai
Director
DIN : 00019803

Parvez A. Farooqui
Director
DIN: 00019853

Rahul Puri
Director
DIN: 01925045

1 Corporate information

Mukta A2 Cinemas Limited ('the Company') is a company incorporated on 16 November 2016 and is a subsidiary of Mukta Arts Limited ('MAL' or 'the holding company').The Company is engaged in operation and management of cinemas. The Company commenced operations in February 2017.

The Company had on 31st March 2017 acquired all the assets & liabilities of the Cinema Division that was being operated by MAL.

2 Summary of significant accounting policies

2.1 Basis of preparation

2.1.1 Compliance with 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.

2.1.2 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: 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

The Company is engaged in operating Cinema theatres, which is the primary business segment. Thus, the Company has only one reportable business segment and only one reportable geographical segment, which is India. Accordingly, the segment information as required by the Ind AS 108 on Operating Segments has not been separately disclosed.

2.4 Revenue recognition

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. The amount recognised as income is exclusive of value added tax, service tax, goods and services tax and net of trade discounts. Unbilled revenue represents costs incurred and revenues recognised on contracts to be billed in subsequent periods as per the terms of the contract.

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 tax. As the Company 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 revenue

Revenue from advertisements is recognised on the date of the exhibition of the advertisement, over the period of the contract or on completion of the Company's obligations, as applicable.

Interest income

Interest income is accrued on a time basis, with 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.

2.5 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 employees' state insurance contribution. 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. Thus, the gains and losses are recognised in full in the Statement of profit and loss in the period in which they occur. The gratuity liability recognised in the Balance sheet represents the gratuity liability and as reduced by the fair value of the said assets.

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.

2.6 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition or 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.

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

2.7 Leases

Assets taken on operating lease

The Company has various operating leases, principally for projectors. 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.

2.8 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 where applicable, 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 using the liability method 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.

2.9 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 takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

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.

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
Building	10-30 years
Computers	3-6 years
Plant and equipment	5-10 years
Furniture and Office equipment	3-6 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.

2.10 Intangible assets

Application software purchased, which is not an integral part of the related hardware, is shown as intangible assets.

Items of Intangible assets are stated at historical cost less accumulated amortisation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. 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.

2.11 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.

2.12 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.

2.13 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.

2.14 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.

2.14.1 Financial asset

Financial assets are classified 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.

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.

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 recognised in the other comprehensive income (OCI). However, the Company recognises 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 recognised in the Other Comprehensive Income.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss. The Company has elected to measure its investment in firm as 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.

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 34 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%

2.14.2 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.

2.15 Measurement of fair values

The Company measures financial instruments 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.

2.16 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.

2.17 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.

2.18 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 group’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 plans 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.

4 New pronouncements

The Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2022 (the ‘Rules’) on March 23, 2022. The rules shall be effective from reporting periods beginning on or after April 1, 2022. Amendments to Ind AS as per these rules are summarised below:

(a) Ind AS 16 - Property, Plant and Equipment,
(b) Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets,
(c) Ind AS 103 - Business Combinations,
(d) Ind AS 109 - Financial Instruments.

(Rs. in '000)

MUKTA A2 CINEMAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
(Currency - Indian Rupees)

5 (a) Property, plant and equipment

	Leasehold Premises	Plant & Machinery	Fixtures & Fittings	Computers	Motor car	Electrical fittings	Total
Gross Block							
As at 1 April 2020	247,276	54,507	43,062	12,399	6,632	3,179	**367,055**
Additions	989	14	57	-	-	-	**1,059**
Disposals	-	-	-	-	-	-	**-**
Other adjustment	-	-	-	-	-	-	**-**
As at 31 March 2021	**248,264**	**54,520**	**43,119**	**12,399**	**6,632**	**3,179**	**368,114**
							0
As at 1 April 2021	248,264	54,520	43,119	12,399	6,632	3,179	**368,114**
Additions	36,722	16,967	15,806	2,979		12,064	**84,538**
Disposals	-	-	-	-	-	-	**0**
Other adjustment	5,239	1,745	621	6	-	-	**7,611**
As at 31 March 2022	**279,748**	**69,742**	**58,303**	**15,372**	**6,632**	**15,243**	**445,041**
Accumulated Depreciation							
As at 1 April 2020	52,725	23,438	23,070	9,890	2,685	469	**112,277**
Charge for the year 2020	15,045	6,646	6,515	1,520	1,436	738	**31,900**
Deduction	-	-	-	-	-	-	**-**
Other adjustment	-	-	-	-	-	-	**-**
As at 31 March 2021	**67,770**	**30,084**	**29,585**	**11,410**	**4,121**	**1,207**	**144,177**
As at 1 April 2021	**67,770**	**30,084**	**29,585**	**11,410**	**4,121**	**1,207**	**144,177**
Charge for the year 2021	15,423	6,411	6,063	1,190	1,037	1,172	**31,296**
Deduction							**-**
Other adjustment	-	-	-	-	-	-	**-**
As at 31 March 2022	**83,193**	**36,495**	**35,648**	**12,600**	**5,159**	**2,379**	**175,473**
Carrying amounts (Net)							
As at 31 March 2021	**180,494**	**24,436**	**13,534**	**989**	**2,511**	**1,973**	**223,937**
As at 31 March 2022	**196,555**	**33,248**	**22,655**	**2,772**	**1,474**	**12,864**	**269,568**

5 (b) Capital Work in Progress

	Amount
Cost or deemed cost	
As at 1 April 2020	36,082
Additions	8,701
Disposals	-
Other adjustment	-
At 31 March 2021	**44,784**
As at 1 April 2021	**44,784**
Additions	56,953
Disposals	-
Other adjustment	84,210
As at 31 March 2022	**17,526**

a) **Capital Work in Progress Aging**

	Amounts in capital work-in-progress At 31 March 2021				
	Less than one year	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
i) Projects in progress					
Ahmedabad Gulmohar Park		10,947			10,947
Banglore Vaishnavi-Vaibhavi	6,622	7,410			14,032
Roxy		15,869			15,869
Dibrugarh	107	42			150
Qed Mall Kharagpur	1,776				1,776

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Mysore -Chitranjan Mahal	-	65			65
Head Office	-	1,755			1,755
Total (A)	**8,505**	**36,088**	**-**	**-**	**44,594**
ii) Projects temporarily suspended					
Pune			100		100
North Plaza (Ahmedabad)		90			90
Total (B)	**-**	**90**	**100**	**-**	**190**
Total (A+B)	**8,505**	**36,178**	**100**	**-**	**44,784**

	Amounts in capital work-in-progress At 31 March 2022				
	Less than one year	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
i) Projects in progress					
Ahmedabad Gulmohar Park			11,092		11,092
Ahmedabad Trp Bopal	155				155
Rajkot	52				52
Dibrugarh	136	190			326
Suncity-Vile Parle Mumbai (2nd Screen)	1,644				1,644
Chittorgarh	169				169
QED Mall Kharagpur	425	1,783			2,208
Mysore -Chitranjan Mahal	0		65		65
Head oddfice	0		1,627		1,627
Total (A)	**2,580**	**1,973**	**12,784**	**-**	**17,337**
ii) Projects temporarily suspended					
Pune				100	100
North Plaza (Ahmedabad)		90			90
Total (B)	**-**	**90**	**-**	**100**	**190**
Total (A+B)	**2,580**	**2,063**	**12,784**	**100**	**17,526**

(Rs. in '000)

MUKTA A2 CINEMAS LIMITED
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(Currency - Indian Rupees)

5 (c) Intangible Assets

	Amount
Cost or deemed cost	
As at 1 April 2020	8,066
Additions	
Disposals	-
Other adjustment	-
At 31 March 2021	**8,066**
As at 1 April 2021	8,066
Additions	319
Disposals	-
Other adjustment	-
As at 31 March 2022	**8,385**
Accumulated amortisation	
As at 1 April 2020	**6,824**
Charge for the year	775
Deduction	-
Other adjustment	-
At 31 March 2021	**7,600**
As at 1 April 2021	7,600
Charge for the year	366
Deduction	-
Other adjustment	-
As at 31 March 2022	**7,965**
Carrying amount (Net)	
At 31 March 2021	**466**
As at 31 March 2022	**419**

5 (d) i) Amounts recognised in balance sheet

(i)

Right of Use asset	As at 31 March 2022	As at 31 March 2021
Buildings	394,117	183,877
Furniture, fittings and equipment	26,813	31,159
Total	**420,930**	**215,036**

(ii)

Lease Liability	As at 31 March 2022	As at 31 March 2021
Current	40,820	52,560
Non-current	416,861	197,627
Total	**457,681**	**250,187**

Note : 1. During the year ended on 31 March 2022 and 31 March 2021, 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 - 12 (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.

(Rs. in '000)

MUKTA A2 CINEMAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
(Currency - Indian Rupees)

6 Non-current financial assets

6 (a)

Investments	**As at 31 March 2022**	**As at 31 March 2021**
Investments in partnership firms		
Asian Mukta A2 Cinemas LLP	45	45
Total	**45**	**45**

6 (b)

Other financial asset	**As at 31 March 2022**	**As at 31 March 2021**
Fixed Deposit more than 12 months	273	314
Security deposits	57,067	52,836
Others (LIC Gratuity)	382	1,040
Total	**57,722**	**54,189**

7

Inventories	**As at 31 March 2022**	**As at 31 March 2021**
Food & Beverages	6,874	5,212
Total	**6,874**	**5,212**

8 Current financial assets

8 (a)

Trade receivables	**As at 31 March 2022**	**As at 31 March 2021**
(a) Secured, considered good	-	-
(b) Unsecured, considered good	26,853	53,456
(c) Doubtful	71,723	43,311
Total	98,576	96,767
Less : Loss allowance		
Unsecured, considered good		
Doubtful receivables	-71,723	-43,311
Total	**26,853**	**53,456**

Aging of trade receivables:

			Outstanding for following peri	
	Unbilled	**Not due**	**Less than 6 months**	**6 months-1 yr**
As on 31st March 2021				
Undisputed trade receivables			**3,592**	**12,533**
Considered good			3,592	12,533
Which have significant increase in credit risk			-	-
Credit impaired			-	-
Disputed trade receivables			**-**	**-**
Considered good			-	-
Which have significant increase in credit risk			-	-
Credit impaired			-	-
As on 31st March 2022				
Undisputed trade receivables			**8,372**	**1,488**
Considered good			8,372	1,488
Which have significant increase in credit risk			-	-
Credit impaired			-	-
Disputed trade receivables			**-**	**-**

(Rs. in '000)
(Currency - Indian Rupees)

Considered good			-	-
Which have significant increase in credit risk			-	-
Credit impaired			-	-

8(b)

Cash and cash equivalents	As at 31 March 2022	As at 31 March 2021
Cash on hand	1,936	404
Balances with banks		
In Current a/c	164	2,253
Total	**2,099**	**2,657**

8 (c)

Loans and advances	As at 31 March 2022	As at 31 March 2021
Sundry Advances		
Related parties	72,452	68,952
(% to Total loans & advances)	90%	90%
Others	2,500	2,500
(% to Total loans & advances)	3%	3%
Staff advances	5,221	4,940
(% to Total loans & advances)	7%	6%
Total	**80,173**	**76,392**

(Rs. in '000)

MUKTA A2 CINEMAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
(Currency - Indian Rupees)

8d)

Other financial asset	As at 31 March 2022	As at 31 March 2021
Accured interest		
Related party	25,445	17,417
Others	1,668	1,501
Accrued revenue	974	-
Inter corporate deposit	10,123	10,123
Security deposit	2,076	2,971
Total	**40,287**	**32,012**

9

Other current asset	As at 31 March 2022	As at 31 March 2021
Prepaid Exp	1,826	1,515
Share issue cost	500	-
Advances	37,096	23,806
GST credit receivable	12,136	12,666
Advance tax & TDS	3,353	3,468
Total	**54,911**	**41,454**

10

Equity share capital	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
Authorised share capital				
Equity shares of ₹ 10 each	1,500	15,000	1,500	15,000
	1,500	**15,000**	**1,500**	**15,000**
Issued, subscribed and fully paid- up				
Equity shares of ₹ 10 each	1,500	15,000	1,500	15,000
Total	**1,500**	**15,000**	**1,500**	**15,000**

Reconciliation of paid- up share capital (Equity shares)	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
Balance at the beginning of the year	1,500	15,000	1,500	15,000
Add: Issued during the year	-	-	-	-
Add: Acquisition of a subsidiary	-	-	-	-
Balance at the end of the year	**1,500**	**15,000**	**1,500**	**15,000**

Shares held by shareholders at the end of the year	As at 31 March 2022		As at 31 March 2021	
	Number	%of total shares	Number	%of total shares
1. Mukta Arts Limited	1,050	69.99%	1,050	69.99%
2. Rajiv Malhotra	450	30%	450	30%
Total	1,500	100%	1,500	100%

Name of the promoter	Number of shares	Percentage of total number of shares	Percentage of change during the year
1. Mukta Arts Limited	1,050	69.99%	-

Terms and rights attached to equity shares: -

Equity shares have a par value of Rs. 10. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(Rs. in '000)

MUKTA A2 CINEMAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
(Currency - Indian Rupees)

11	Other Equity	As at 31 March 2022	As at 31 March 2021
	Retained earnings		
	Balance at the beginning of the year	-395,687	-183,341
	Add: Net profit/(Loss) after tax for the year	-145,549	-184,130
	Add : Retained earnings(IND AS)	-2,309	-27,981
	Total	**-543,545**	**-395,451**
	Other comprehensive income	1,395	-236
		-542,150	**-395,687**

12 Non Current Financial Liabilities

12(a)	Non Current Borrowing	As at 31 March 2022	As at 31 March 2021
	Secured Loans		
	HDFC car loan	2,950	4,158
	Term loan from Yes Bank	31,327	70,201
	less: Current maturity of long term debt	-17,236	-42,728
	Total	**17,041**	**31,631**

* Mukta A2 Cinemas Limited had obtained a Car loan from Bank on 7th December 2018 .This facility was secured against movable asset.

Car loan carries a rate of interest of 8.85% .

Maturity date of Car loan is 7 May 2024. Repayment has to be made by way of monthly instalments totalling Rs. 15,27,216/- during April 2022 to March 2023, Rs.15,27,216/- during April 2023 to March 2024, Rs. 1,93,153/- during April 2024 to May 2024.

* Mukta A2 Cinemas Limited has obtained on November 9 2020, term loans from Bank along with an overdraft facility and an additional term loan facility under the Guaranteed Emergency Credit Line. These facilities are secured against all current assets, Plant and machinery & exclusive charge by way of Mortgage on property located at Flat no 1207 and 1208,12th floor, F wing ,Bldg no 1, Oberoi Splendor , JVLR road, Jogeshwari (East), Mumbai-400 060 owned by Mukta Arts & Mukta Tele Arts Pvt Ltd respectively.

Term loans carry a rate of interest of 7.69% over base rate, at an effective rate of 11.94%. Cash Credit facility carries a rate of interest of 7.24% over base rate, at an effective rate of 11.49%. The facility under the Guaranteed Emergency Credit Line carry a rate of interest not more than 8.69%.

Maturity date of New Term loan is 26th December 2024. Repayment has to be made by way of monthly instalments totalling Rs.2,990,390/- during April 2022 to March 2023, Rs.27,34,557/- during April 2023 to March 2024 and Rs.18,62,349/- during April 2024 to 26th December 2024.

Maturity date of New Term loan is 26th December 2024. Repayment has to be made by way of monthly instalments totalling Rs.1,507,974/- during April 2022 to March 2023, Rs.1,378,965/- during April 2023 to March 2024 and Rs.939,133/- during April 2024 to 26th December 2024.

Maturity date of New Term loan is 18th December 2024. Repayment has to be made by way of monthly instalments totalling Rs.10,002,714/- during April 2022 to March 2023, Rs.9,319,393/- during April 2023 to March 2024 and Rs.6,541,138/- during April 2024 to 18th December 2024.

Net debt reconciliation	As at 31 March 2022	As at 31 March 2021

(Rs. in '000)
(Currency - Indian Rupees)

Cash and cash equivalents	2,099	2,657
Current borrowings	-36,759	-67,231
Non-current borrowings	-17,041	-31,631
Net debt	**-51,701**	**-96,205**

	Cash and cash equivalents	Current borrowings	Non-current borrowings
Net debt as at 1 April 2021	**2,657**	**-67,231**	**-31,631**
Cash flows	6,740	4,979	40,082
Repayment of long-term borrowings	558	-	-
Proceeds from maturity of investment in bank			
Principal received	-	-	-
Interest expense		22,952	-30,808
Interest paid	-7,856	2,540	5,315
Net debt as at 31 March 2022	**2,099**	**-36,759**	**-17,041**

(Rs. in '000)

MUKTA A2 CINEMAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
(Currency - Indian Rupees)

12(b)

Other non-current financial liabilities	As at 31 March 2022	As at 31 March 2021
Security deposit	6,865	9,237
Total	**6,865**	**9,237**

13

Long Term provisions	As at 31 March 2022	As at 31 March 2021
Provision for gratuity	6,411	7,766
Provision for leave encashment	4,086	4,876
Total	**10,497**	**12,642**

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Deferred tax asset (net)	As at 31 March 2022	As at 31 March 2021
Deferred tax Liability on		
Arising on account of timing differences in:		
Depreciation/ amortisation		
Provision for doubtful debts and advances		
Ind As Impact- DTA (DTL)	-	-
Total	**-**	**-**
Deferred tax asset on		
Depreciation/ amortisation	3,039	6,950
Provision for gratuity	1,760	1,749
Provision for bonus	1,497	1,187
Provision for leave encashment	1,391	1,629
Provision for rent straightlining	-	-
IND AS adjustemnt	822	820
Provision for dobtful debts	18,648	11,261
PF payable	-	691
Total	**27,157**	**24,287**
Shown to the extent of (liability)/asset	**2,703**	**10,431**
Deferred tax (liabilities)/Asset (net)	**29,860**	**13,856**

Movement in deferred tax assets	Employee benefits obligations	Allowance for doubtful debts - trade receivables	Property, plant and equipment and intangible assets	Others
At March 31, 2020	**-5,071**	**-10,713**	**15,347**	**-1,734**
(Charged)/credited:				
- to profit or loss	-5,256	-11,261	-6,950	-820
- to other comprehensive income				
At March 31, 2021	**-5,256**	**-11,261**	**-6,950**	**-820**
(Charged)/credited:				
- to profit or loss	-4,648	-18,648	-3,039	-822
- to other comprehensive income	-	-	-	-
At March 31, 2022	**-4,648**	**-18,648**	**-3,039**	**-822**

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Other Non -Current Liabilities	As at 31 March 2022	As at 31 March 2021
Deferred expenses account	284	492

MUKTA A2 CINEMAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
(Currency - Indian Rupees)

Total	**284**	**492**

(Rs. in '000)

MUKTA A2 CINEMAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
(Currency - Indian Rupees)

16 Current Financial Liabilities

16 (a)

Current Borrowing	As at 31 March 2022	As at 31 March 2021
Secured		
Cash credit from Yes Bank Limited	19,524	24,503
Total	**19,524**	**24,503**

16(b)

Trade Payables	As at 31 March 2022	As at 31 March 2021
Dues to micro and small suppliers	1,169	2,010
Others	208,300	186,329
Total	**209,470**	**188,339**

Aging of trade payables:

	Outstanding for following periods from the due date						
	Unbilled	Not due	Less than 1 yr	1-2 yrs	2-3 yrs	More than 3 yrs	Total
As on 31st March 2021							
Undisputed trade payables			**91,423**	**91,130**	**2,655**	**3,132**	**188,339**
Micro enterprises and small enterprises			947	974	6	83	**2,010**
Others			90,476	90,156	2,649	3,049	**186,329**
Disputed trade payables			-	-	-	-	-
Micro enterprises and small enterprises			-	-	-	-	-
Others			-	-	-	-	-
Total							
As on 31st March 2022							
Undisputed trade payables			**139,804**	**38,674**	**26,100**	**4,892**	**209,470**
Micro enterprises and small enterprises			1,169	0	0	0	**1,169**
Others			138,635	38,674	26,100	4,892	**208,300**
Disputed trade payables			-	-	-	-	-
Micro enterprises and small enterprises			-	-	-	-	-
Others			-	-	-	-	-
Total							

16(c)

Other financial liablity	As at 31 March 2022	As at 31 March 2021
Security deposit taken	3,152	3,408
Current maturities of term loans	17,236	42,728
Employee benefit expense payable		
Bonus payable	-	-
Advances received	25,292	43,462
Payable to related parties	12,779	8,058
Connect.1 Ltd	-	1,152
Mukta Arts Ltd	6,265	1,470
Mukta Telemedia Ltd	2,871	2,761
Mukta Tele Arts Pvt Ltd	169	-
Payable to Mukta Arts (propreitor)	2,974	2,284
Payable to Subhash Ghai	499	392
Inter corporate deposits from holding company	552,500	408,200
Total	**610,958**	**505,857**

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Other current liability	As at 31 March 2022	As at 31 March 2021
Advance received for box office sales	-	11
Other advances	65,714	50,275
Other	5,786	3,761
Deferred expenses account	209	353
Statutory dues		
P.F/P.T/ESIC	1,490	795
ET/INR/Show tax	413	297
GST	-	-
TDS payable	3,733	1,743
Total	**77,345**	**57,235**

18

Short Term Provisions	As at 31 March 2022	As at 31 March 2021
Provision for expense	95,591	48,814
Provision for employee benefit :		
Provision for gratuity	740	-
Provision for leave encashment	1,265	1,390
Total	**97,596**	**50,205**

(Rs. in '000)

	19 Revenue from operation	Year ended 31 March 2022	Year ended 31 March 2021
a)	Sale of tickets	231,038	28,928
b)	Food & beverage revenue	68,808	7,298
c)	**Other operating income**		
	Advertisement revenue	700	472
	Other income from theatrical operations	5,080	1,807
	Total	**305,625**	**38,505**

20 Other Income	Year ended 31 March 2022	Year ended 31 March 2021
Interest income	8,124	7,766
Other income	1,259	136
Rent income	1,764	1,278
Balances written back	1,022	1,647
Corporate guarantee commission income	563	563
Concessional lease income	79,830	82,703
Profit from disposed asset	7,632	1,497
Management fees	-	929
Leave encashment	-	3,672
Total	**100,194**	**100,192**

21 Changes in Inventory	Year ended 31 March 2022	Year ended 31 March 2021
Opening inventory	5,212	8,425
Closing inventory	6,874	5,212
Total	**-1,662**	**3,213**

22 Purchase of food & beverages	Year ended 31 March 2022	Year ended 31 March 2021
Food & beverages	18,000	4,316
Total	**18,000**	**4,316**

23 Distributor and producer's share	Year ended 31 March 2022	Year ended 31 March 2021
Film distributors' share	110,003	16,317
Total	**110,003**	**16,317**

24 Other direct operation expenses	Year ended 31 March 2022	Year ended 31 March 2021
Complementary cost	530	35
Ticketing costs	26	122
Other expenses	2,626	1,020
Total	**3,182**	**1,177**

(Rs. in '000)

25

Employee benefit expense	Year ended 31 March 2022	Year ended 31 March 2021
Salaries and other benefits	66,363	52,477
Staff welfare	818	151
Gratuity and leave encashment	2,069	2,215
ESIC contribution	759	905
Uniform allowance	527	-
Contribution to Provident and other fund	1,337	2,402
Total	**71,871**	**58,150**

The Company has classified the various benefits provided to employees as under:

(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), are charged to the 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.

(ii) Post employment obligations: Gratuity
The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who have been in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement / termination is the employee's 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 Life Insurance Corporation of India. Liability for gratuity is provided on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary.

The assumptions used for the actuarial valuation are as under:

	Year ended 31 March 2022	Year ended 31 March 2021
Discount rate (per annum)	6.90%	6.45%
Salary growth rate	8.00%	8.00%

(a) **Present value of obligation as at Balance Sheet date**

	Year ended 31 March 2022	Year ended 31 March 2021
Present value of obligation as at the beginning	8,450	6,408
Current service cost	1,927	1,891
Past service cost	-	-
Interest cost	524	395
Total amount recognised in Statement of Profit and Loss	2,451	2,286
Re-measurement or actuarial gain /(loss) arising from:		
Change in financial assumption	-274	-39
Change in demographic assumption		
Experience changes	-1,413	298
Total amount recognised in other comprehensive income	-1,687	259
Benefits paid	-2,063	-503
Liabilities assumed on inter-group transfer	-	-
Present value of obligation as at the end	7,151	8,450

(Rs. in '000)

(b) Changes in the fair value of plan assets

	Year ended 31 March 2022	Year ended 31 March 2021
Fair value of plan assets as at the beginning	1,184	1,093
Interest on plan assets	71	71
Total amount recognised in Statement of profit and loss	71	71
Re-measurement or actuarial gain /(loss) arising from:		
Actual return on plan assets less interest on plan assets	-292	23
Total amount recognised in other comprehensive income	-292	23
Employer's contribution	1,482	500
Benefits paid	-2,063	-503
Assets acquited on inter-group transfer	-	-
Fair value of plan assets at the end	382	1,184

(c) Amount recognised in the Balance Sheet

	Year ended 31 March 2022	Year ended 31 March 2021
Present value of obligations as at Balance Sheet date	7,151	8,450
Fair value of plan assets as at the end of the period	382	1,184
Net (asset)/ liability recognised as at the year end	6,769	7,266

(d) Sensitivity analysis

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

	Year ended 31 March 2022		Year ended 31 March 2021	
Defined benefit obligation (base)		**7,151,130**		**8,449,833**
	Decrease	**Increase**	**Decrease**	**Increase**
Discount rate (- / + 0.5%)	306	-284	409	-379
(% change compared to base due to sensitivity)	4.28%	-3.97%	4.84%	-4.48%
Salary growth rate (- / + 0.5%)	-282	301	-375	394
(% change compared to base due to sensitivity)	-3.94%	4.21%	-4.44%	4.66%

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.

Expected contributions to post employment benefit plan for the next year is Rs.500,000/-.

(e) Defined benefit liability and employer contribution

The weighted average duration of the benefit obligation is 8.23 years.

Weighted average duration (based on discounted cashflows)	**31 Mar 2022**	**31 Mar 2021**
Year 1	1,123	650
Year 2	619	714
Year 3	666	767
Year 4	618	815
Year 5	592	761
Year 6	618	721
Year 7	584	729
Year 8	541	695
Year 9	519	673
Thereafter	9,051	11,316

(Rs. in '000)

(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.5,350,930/- (March 2021 : 6,265,792/-)

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

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.

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Finance cost	**Year ended 31 March 2022**	**Year ended 31 March 2021**
a) Interest cost on		
Term loan	5,065	14,304
Cash credit / demand loan facilities	2,540	4,008
Car loan	251	474
Inter corporate depoosits	45,154	27,974
Others	39,512	36,161
b) Commission on financial guarantee	2,170	2,813
Total	**94,692**	**85,734**

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Depreciation & amortisation	**Year ended 31 March 2022**	**Year ended 31 March 2021**
Depreciation of Property, plant & equipment & Right of use assets	90,824	91,611
Amortisation of intangibles	366	1,204
Total	**91,190**	**92,816**

(Rs. in '000)

28

Other expenses	Year ended 31 March 2022	Year ended 31 March 2021
Advertisement & publicity expenses	1,738	566
Audit fees	1,000	1,000
Bad debts	28,412	2,107
Telephone & communication	1,708	1,495
Electricity & water charges	34,016	19,829
Digital equipment hire charges	1,426	658
Hotel, lodging & boarding	158	86
Housekeeping charges	8,134	1,475
Insurance	2,424	2,400
Miscellaneous expenses	695	515
Other expenses	443	267
Packing forwarding, postage, transportation	682	243
Printing & stationary	300	120
Legal & professional fees	4,760	6,675
Rates & taxes	6,755	11,177
Rent expenses	36,318	1,977
Repairs & maintenance	11,510	8,682
Security charges	5,351	7,733
Travelling expense	1,358	1,095
Share in profit	19,209	1,531
Credit card charges	8	23
Balances written off	390	1,880
Total	**166,794**	**71,534**

28(a)

Payment to auditors (Excluding taxes)	Year ended 31 March 2022	Year ended 31 March 2021
Audit fees	1,000	1,000
Re-imbursememnt of expenses	-	20
Total	**1,000**	**1,020**

(Rs. in '000)
(Currency - Indian Rupees)

29 Lease disclosure under AS 116 – 'Leases'

Operating lease : Company as lessee

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

Lease rent expenses of Rs 7,027,749.12/- (2021: Rs 1,252,800/-) have been included under 'Rent expenses' in the Statement of profit and loss and Rs.79,830,002/- have been shown as Concessional Lease Income under "Other Income"in the Statement of profit and loss.

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

	31/Mar/2022	31/Mar/2021
Amounts due within one year	88,439	71,826
Amounts due after one year but not later than five years	291,477	174,825
Amounts due later than five years	691,663	64,962
Total	**1,071,579**	**311,613**

Operating lease : Company as lessor

The Company has not given office premises on lease.

30 Capitalisation of expenditure

During the year, the Company has capitalised the salaries, wages and bonus amounting to Rs 3,36,894/- (2021: NIL/-) to the cost of fixed assets / capital work-in-progress (CWIP). Consequently, expenses disclosed under Note 32 are net of amount capitalised by the Company.

31

Earnings per equity share:	**Year ended 31 March 2022**	**Year ended 31 March 2021**
Net (loss)/ profit after tax attributable to shareholders	-144,154	-184,366
Weighted average number of equity shares outstanding during the year for basic EPS	1,500	1,500
Weighted average number of equity shares outstanding during the year for dilutive EPS	1,500	1,500
Basic EPS	(96.10)	(122.91)
Dilutive EPS	(96.10)	(122.91)
Nominal value per share	10	10

(Rs. in '000)

MUKTA A2 CINEMAS LIMITED
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32 Fair value measurement

The carrying value/ fair value of the financial instruments by category:

	31 Mar 2022			31 Mar 2021		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
Investments	45	-	-	45	-	-
Loans	-	-	80,173	-	-	76,392
Other financial assets	-	-	98,009	-	-	86,201
Trade receivables	-	-	26,853	-	-	53,456
Cash and cash equivalents	-	-	2,099	-	-	2,657
Total financial assets	**45**	**-**	**207,134**	**45**	**-**	**218,707**
Financial liabilities						
Borrowings	-	-	36,565	-	-	56,134
Trade payables	-	-	209,470	-	-	188,339
Other financial liabilities	-	-	617,823	-	-	515,094
Total financial liabilities	**-**	**-**	**863,858**	**-**	**-**	**759,567**

Fair value of financial assets measured at amortised cost

		31 Mar 2022		31 Mar 2021	
	Level	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets	**Level 3**				
Investments		45	45	45	45
Loans		80,173	80,173	76,392	76,392
Other financial assets		98,009	98,009	86,201	86,201
Trade receivables		26,853	26,853	53,456	53,456
Cash and cash equivalents		2,099	2,099	2,657	2,657
Financial liabilities	**Level 3**				
Borrowings		36,565	36,565	56,134	56,134
Trade payables		209,470	209,470	188,339	188,339
Other financial liabilities		617,823	617,823	515,094	515,094

The carrying amounts of trade receivables, cash and cash equivalents, deposits given, interest accrued on deposits, receivables from related parties, deferred revenue, other receivables, bank overdraft, interest accrued on borrowings, payable to related parties, trade payables and other financial liabilities are considered to be the same as fair values, due to their short term nature.

(Rs. in '000)
(Currency - Indian Rupees)

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.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables and financial assets measured at amortised cost	Ageing analysis	Diversification of bank deposits. Major proportion of revenues are on zero credit.
Liquidity risk	Borrowings and other liabilities	Rolling Working Capital forecasts	Regular review of working capital resulting in efficient working capital management. Availability of borrowing facilities. Support from Holding company, Transaction
Market risk - Interest	Long term borrowing at variable rate	Sensitivity analysis	Renegotiation of rates of interest.

The Company's Board of directors has overall responsibility for the establishment and monitoring of the Company's risk management framework.

(a) Credit risk

Credit risk is the risk that a 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.

Credit risk management

Trade receivable related credit risk

The Company's debtors are mainly on account of share of operating costs recovery and advertisement sales.The Company is exposed to credit risk in respect of unpaid debts. It could affect the Company's financial results. The Company provides for expected credit loss on trade receivables based on expected credit loss method.

Bank risk

There is no major amount kept in bank as deposits.

Reconciliation of loss allowance provision

	Amount
Loss allowance on 31 March 2020	**-41,204**
Written-off	-
Provision for allowances	-2,107
Loss allowance on 31 March 2021	**-43,311**
Written-off	
Provision for allowances	-28,412
Loss allowance on 31 March 2022	**-71,723**

(b) Liquidity risk

The Company maintains flexibility in funding by maintaining cash availability and committed credit lines. Management monitors rolling forecasts of the company's liquidity position and cash and cash equivalents on the basis of expected cash flows. This is maintained in accordance with general practice and limits set by the company. In addition, the company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these requirements.

Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	31 Mar 2022	31 Mar 2021
Cash credit facility	19,524	24,503

The Cash credit facility may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time.

(Rs. in '000)
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Maturities of financial liabilities

The table below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

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 as at March 31, 2022	Less than 1 year	1 to 5 years	Total
Borrowings	19,524	17,041	**36,565**
Trade payables	209,470	-	**209,470**
Other financial liabilities	651,778	423,726	**1,075,504**
Total liabilities	**880,772**	**440,767**	**1,321,539**

Contractual maturities of financial liabilities as at March 31, 2021	Less than 1 year	1 to 5 years	Total
Borrowings	24,503	31,631	**56,134**
Trade payables	188,339	-	**188,339**
Other financial liabilities	558,417	206,865	**765,282**
Total liabilities	**771,258**	**238,496**	**1,009,754**

(c) Market risk

(i) Foreign currency risk

The Indian Rupee is the Company's functional and reporting currency. The Company has no foreign currency exposure during the period.

(ii) Interest rate risk exposure

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 Mar 2022	31 Mar 2021
Variable rate borrowings	19,524	24,503
Fixed rate term loan borrowings	31,327	70,201
Total Term Loan Borrowing	50,850	94,704
Fixed rate Car Loan Borrowing	2,950	4,158
Total Borrowing	53,801	98,862

As at the end of the reporting period, the group had the following variable rate borrowings outstanding:

Particulars	31 Mar 2022			31 Mar 2021		
	Weighted Average Interest Rate	Balance	% of Total Loans	Weighted Average Interest Rate	Balance	% of Total Loans
Term Loan	100%	19,524	38.39%	100%	24,503	25.87%

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

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.

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 2022.

35 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief operating decision maker.The Company is engaged in operating Cinema theatres, which is the primary business segment. Thus, the Company has only one reportable business segment and only one reportable geographical segment, which is India. Accordingly, the segment information as required by the Ind AS 108 on Operating Segments has not been separately disclosed.

36 Related party disclosures

Details of related parties including summary of transactions entered into by the Company during the year ended 31 March 2022 are summarised below:

A Parties where control exists

(i) Holding company - Mukta Arts Limited

(ii) Entity in which the Company exercises significant control
Asian Mukta A2 Cinemas LLP

(iii) Key management personnel

- Subhash Ghai - Director (and shareholder)
- Parvez Farooqui - Executive Director (and shareholder)
- Rahul Puri - Director (and shareholder)

(iv) Enterprise over which key management personnel have control/ substantial interest /significant influence
Mukta Arts (Proprietory Concern of Subhash Ghai)

(Rs. in '000)

37 Commitments

The Company does not have any capital commitment as at 31 March 2022

38 Contingent liabilities

Due to the Covid-19 pandemic, the Company has invoked the Force Majeure clause and informed the Cinema landlords and equipment providers that no rent would accrue for the period of closure. The Force Majeure clause includes Acts of God and even circumstances beyond control of the parties as a valid Force Majeure. The clause also mentions that during this period, no rent would be payable.

With regard to locations and equipment where rental is fixed in nature, the Company has reversed the liability towards the landlords and equipment providers for the period of closure of Cinemas during the financial period by treating the same as Concessional lease income of Rs. 79,830,002/-. The Company shall continue to apply Depreciation on Right of Use assets and the associated finance charges for the period. The equipment providers and landlords at certain locations have confirmed the invocation of Force Majeure. The total amount of fixed payment to landlords of the remaining locations for the period was Rs.4,042,500/-. In the unlikely event of the landlord and equipment providers subsequently raising invoices for rent for past months, we may have to recognise Contingent liability for this period.

The Company has provided a Corporate Guarantee of Rs. 25,000,000/- against a loan facility taken by its joint venture Asian Mukta A2 Cinemas LLP.

39 Going Concern

The main operations of the Company have repeatedly been halted owing to the COVID-19 pandemic. Its Net Worth has been eroded, because of the small capital base and because it is funded mainly by shareholder's debt. In terms of operations, the Company is optimistic regarding the near term future of the film exhibition business in India. The projected operating plans also reflect the same. Financial support from its holding company, Mukta Arts Limited, is also expected. The financials have therefore been prepared on the Going Concern Concept.

40 Reporting on the impact of COVID-19

1 Impact of the CoVID-19 pandemic on the business:

The business of the company has been affected by the shutdown from March 2020 due to the Covid- 19 pandemic. The company has had no operational revenue during extended periods. To compensate for this reduction of revenue , cost control measures such as salary cuts and postponement of capital outflows have been taken. The company has evaluated the impact of covid-19 on the business for the next few quarters and has recorded the cost of impact that is quantifiable though it is not possible to completely quantify the impact.

(Rs. in '000)

41 Disclosure pursuant to Section 186 of the Companies Act, 2013

a) Details of loan given:

Name of the entity and relation with the Company	Terms and conditions of the loan and purpose for which it will be utilised
Asian Mukta A2 Cinema LLP	Unsecured loan given @ 10% for the purpose of financial support which is repayable on mutual consent

b) Movement of loan during the financial years ended 31 March 2022 and 31 March 2021 is given below:

Name of Party	Financial year ended	Opening balance (excluding accrued interest)	Loan given	Loan repaid	Closing Balance (excluding accrued interest)
Asian Mukta A2 Cinema LLP	31 Mar 2022	68,952,192	3,500,000	-	72,452,192
	31 Mar 2021	63,452,192	5,500,000	-	68,952,192

c) Details of investments made:

The Company has invested Rs. 45,000 in capital of Asian Mukta A2 Cinema LLP.

42 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.

43 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.

44 Prior period comparatives

The figures for the previous year have been regrouped/ rearranged as necessary to confirm to the current year's presentation.

(Rs. in '000)

MUKTA A2 CINEMAS LIMITED
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45 Ratios

S No.	Ratio	March 31, 2022		March 31, 2021		Ratio as on 31 March 2022	Ratio as on 31 March 2021	Variation	Reason (If variation is more than 25%)
		Numerator	Denominator	Numerator	Denominator				
(a)	Current Ratio	211,197	1,055,713	211,184	878,698	0.20	0.24	17%	Owing to increase in Current liabilities after restarting of business activity after extended Covid-19 related closure.
(b)	Debt-Equity Ratio	606,301	-527,150	507,062	-380,687	-1.15	-1.33	14%	Owing to receipt of ICD from Holding Company.
(c)	Debt Service Coverage Ratio	40,333	53,801	-5,580	98,862	0.75	-0.06	1428%	Owing to Net operating loss in FY 2021 and increase in outstanding long term debt in FY 2022.
(d)	Return on Equity Ratio	-145,549	15,000	-184,130	15,000	-9.70	-12.28	21%	Owing to reduced loss in FY 2022.
(e)	Inventory Turnover Ratio	16,338	6,043	7,530	6,818	2.70	1.10	-145%	Owing to restart of business operations after extended Covid-19 related closure which resulted in some cost of goods sold being recorded in FY 2022.
(f)	Trade Receivables Turnover Ratio	299,846	97,672	36,226	95,262	3.07	0.38	-707%	Owing to restart of business operations after extended Covid-19 related closure which resulted increased sales being recorded in FY 2022.
(g)	Trade Payables Turnover Ratio	18,000	198,904	4,316	175,283	0.09	0.02	-267%	Owing to restart of business operations after extended Covid-19 related closure which resulted increased purchases being recorded in FY 2022.
(h)	Net Capital Turnover Ratio	305,625	-756,016	38,505	-572,886	-0.40	-0.07	-501%	Owing to restart of business operations after extended Covid-19 related closure which resulted increased turnover being recorded in FY 2022.
(i)	Net Profit Ratio	-145,549	299,846	-184,130	36,226	-0.49	-5.08	90%	Owing to increased revenue and reduced losses in FY 2022.
(j)	Return on Capital Employed	-53,560	-78,306	-108,827	-129,057	0.68	0.84	19%	N.A.
(k)	Return on Investment	-145,549	-527,150	-184,130	-380,687	0.28	0.48	43%	Owing to reduced loss in FY 2022.

As per our report of even date attached.

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

For and on behalf of the Board of Directors of
Mukta A2 Cinemas Limited
CIN: U74999MH2016PLC287694

CA Subhash Jhunjhunwala
Partner
Membership No: 016331

Subhash Ghai
Director
DIN : 00019803

Parvez A. Farooqui
Director
DIN: 00019853

Rahul Puri
Director
DIN: 01925045

Place : Mumbai
Date: 13th, May 2022