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Uttam Abuwala Ghosh & Associates

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INDEPENDENT AUDITORS' REPORT

To the Members of Mukta A2 Cinemas Limited

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

Opinion

We have audited the accompanying Ind AS financial statements of **Mukta A2 Cinemas Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, 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 (hereinafter referred to as 'the financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, 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 Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone Ind AS 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 Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Emphasis of Matter

We draw attention to Note 40, to the Standalone Annual Financial Results of the Company for the year ended 31st March, 2020 wherein the management of the company has reported on the impact of COVID – 19 Pandemic on the business. However, the actual financial impact maybe different than estimated as on the date of approval of the statement.

Our report is not modified in respect of this matter.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS 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 Ind AS 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 Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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 Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act;

(e) On the basis of the written representations received from the directorsas on 31 March 2020 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in '**Annexure B**'.

(g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

i. The Company has disclosed the impact of pending litigations as at March 31, 2020 on its financial position in its Standalone Ind AS financial statements – Refer Notes No. 39

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, 2020.

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

CA. Prerak Agarwal
(Partner)
Membership No. 158844
UDIN: 20158844AAAABL4046

Date: June 26, 2020
Place: 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, 2020

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

i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant & Equipment except that tagging of certain fixed assets is yet to be completed.

(b) As explained by the Management, fixed assets have been physically verified by the management at regular intervals, which in our opinion is reasonable having regard to the size of the company and nature of its business. In our opinion, there were no material discrepancies between book records and physical fixed assets that were noticed during the period.

(c) According to the information and explanation given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company.

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

The extent of the arrears of statutory dues outstanding as at March 31, 2020, 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	1,91,015/-	October 2018 to September 2019	15 November 2018 to 15 October 2019	Not paid
Professional Tax Act	Professional Tax	8,750/-	February 2019 to September 2019	15 March 2019to 15 October2019	Not paid

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 lndia Act, 1934.

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

CA. Prerak Agarwal
(Partner)
Membership No. 158844
UDIN: 20158844AAAABL4046

Date: June 26, 2020
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, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

CA. Prerak Agarwal
(Partner)
Membership No. 158844
UDIN: 20158844AAAABL4046

Date: June 26, 2020
Place: Mumbai

MUKTA A2 CINEMAS LTD
BALANCE SHEET AS AT 31st MARCH, 2020

(Amount in Rs.)

Particulars	Notes	As at 31 March 2020	As at 31 March 2019
I **ASSETS**			
1 Non-current assets			
(a) Property, plant and equipment	5 (a)	25,47,77,252	26,78,03,774
(b) Capital work in progress	5 (b)	3,60,82,278	2,06,97,272
(c) Other Intangible assets	5 (c)	12,41,790	17,95,832
(d) Right of use Asset	-	28,33,97,995	-
(e) Intangible assets under development	-	-	-
(f) Financial Assets			
(i) Investments	6 (a)	45,000	45,000
(iii) Loans	6 (b)	-	1,01,23,000
(iv) Others	6 (c)	5,37,85,478	2,95,06,094
(f) Deferred tax assets (net)	-	-	-
(g) Other non-current assets	7	-	43,74,673
Non-current assets		**62,93,29,793**	**33,43,45,645**
2 Current assets			
(a) Inventories	8	84,25,071	67,35,936
(b) Financial Assets			
(i) Trade receivables	9 (a)	5,25,53,222	8,28,92,329
(ii) Cash and Cash Equivalents	9 (b)	10,79,237	52,08,609
(iii) Short term loans and advances	9 (c)	7,11,39,767	5,93,18,824
(iv) Others	9 (d)	2,83,99,899	1,71,21,148
(c) Other Current Assets	10	4,91,32,174	3,72,44,320
Current assets		**21,07,29,369**	**20,85,21,167**
TOTAL ASSETS		**84,00,59,163**	**54,28,66,811**
II. **EQUITY AND LIABILITIES**			
1 Equity			
(a) Equity share capital	11	1,50,00,000	1,50,00,000
(b) Other Equity	12	(21,12,07,369)	(6,48,61,845)
		(19,62,07,369)	**(4,98,61,845)**
2 Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	13(a)	5,43,44,708	4,97,48,806
(ii) Other financial liabilities	13(b)	26,79,23,315	31,63,582
(b) Long-term provisions	14	1,38,58,017	68,20,476
(c) Deferred tax liabilities (Net)	15	1,04,30,837	-
(d) Other non-current liabilities	16	7,21,998	6,25,230
Total Non Current Liabilities		**34,72,78,875**	**6,03,58,094**
3 Current liabilities			
(a) Financial Liability			
(i) Borrowings	17 (a)	24,43,34,901	19,80,45,334
(ii) Trade payables	17 (b)	16,22,27,682	13,85,26,517
(iii) Other financial liability	17 (c)	15,22,59,377	8,44,44,344
(b) Other current liabilities	18	5,87,66,336	7,85,91,735
(c) Short term provisions	19	7,13,99,360	3,27,62,633
(d) Liabilities for current tax (Net)		-	-
Total Current Liabilities		**68,89,87,656**	**53,23,70,562**
TOTAL EQUITY AND LIABILITIES		**84,00,59,163**	**54,28,66,811**

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 & Co.**
Chartered Accountants
Firm's Registration No: 111184W

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

CA Prerak Agarwal
Partner
Membership No: 158844

Subhash Ghai
Director
DIN : 00019803

Parvez A. Farooqui
Director
DIN: 00019853

Rahul Puri
Director
DIN: 01925045

Place : Mumbai
Date: 26th, June 2020

MUKTA A2 CINEMAS LTD
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2020

(Amount in Rs.)

	Particulars	Note No	Year ended 31 March 2020	Year ended 31 March 2019
I	**Income**			
	Revenue From Operations	20	81,43,83,879	75,82,44,151
	Other Income	21	2,44,17,371	3,88,48,865
	Total Revenue (I + II)		**83,88,01,250**	**79,70,93,016**
II	**Expenditure**			
	Changes in inventory of food and beverages	22	(16,89,135)	(18,45,323)
	Purchase of food and beverages	23	4,74,11,172	4,95,03,119
	Distributor's share	24	27,67,75,512	25,42,68,054
	Other direct operation expenses	25	1,39,42,522	87,39,300
	Employee benefits expense	26	12,77,26,849	9,46,72,644
	Finance costs (net)	27	8,31,87,127	3,69,73,390
	Depreciation and amortisation expenses	28	9,41,36,591	3,81,22,709
	Other Expenses	29	30,41,92,891	33,66,71,656
	Total Expenses		**94,56,83,528**	**81,71,05,548**
III	**Profit from ordinary activities before tax**		**(10,68,82,279)**	**(2,00,12,533)**
VI	**Tax Expense**			
	Current Tax		-	-
	Deferred Tax	15	1,04,30,837	(13,50,723)
V	**Profit For The Year (III-IV)**		**(11,73,13,116)**	**(1,86,61,810)**
VI	**Other Comprehensive Income**			
	Items that will not be reclassified to Profit and Loss			
	Remeasurements of net defined benefit plans		(15,35,858)	(3,69,909)
	Equity instruments through Other Comprehensive Income		-	-
VII	**Total Comprehensive Income for the period**		**(11,88,48,974)**	**(1,90,31,719)**
VIII	**Earnings per share**			
	Basic and diluted		(79.23)	(12.69)

Summary of significant accounting policies

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

As per our report of even date attached.

For **Uttam Abuwala & Co.**
Chartered Accountants
Firm's Registration No: 111184W

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

CA Prerak Agarwal
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Subhash Ghai
Director
DIN : 00019803

Parvez A. Farooqui
Director
DIN: 00019853

Rahul Puri
Director
DIN: 01925045

Place : Mumbai
Date: 26th, June 2020

Mukta A2 Cinemas Limited
Statement of Cash flows for the year ended 31 March 2020
(Currency - Indian Rupees)

Particulars	Year ended 31 Mar 2020	Year ended 31 Mar 2019
Cash flow from operations		
Profit (loss) before tax	**(10,68,82,279)**	**(2,00,12,533)**
Non-cash adjustments to reconcile Profit before tax to net cash flows		
Depreciation and amortisation	9,41,36,591	3,81,22,709
Finance cost	8,31,87,127	3,69,73,390
Provision for gratuity / leave encashment	70,37,541	17,91,470
Retained earnings (IND AS)	(2,90,32,408)	
Operating profit before working capital changes	**4,84,46,572**	**5,68,75,036**
Movements in working capital:		
(Increase) in trade receivables	3,03,39,107	(1,60,92,617)
(Increase) / decrease in inventories	(16,89,135)	(18,45,323)
(Increase) in loans and advances	(1,18,20,943)	(93,97,647)
Decrease in other financial assets	(69,04,078)	(1,03,72,550)
(Increase) in other assets	(1,18,87,854)	(62,18,994)
Increase in trade payables	2,37,01,165	28,46,571
(Decrease) in provisions	3,86,36,727	2,31,08,561
Increase in other liabilities	(1,97,28,631)	4,93,73,004
Increase in other financial liability	32,25,014	(3,91,09,619)
Non current financial liability reduced	26,47,59,733	(8,02,150)
Cash generated from operations	**35,70,77,679**	**4,83,64,272**
Taxes paid (net)	-	-
Advance Tax paid	-	-
Net cash generated from operating activities (A)	**35,70,77,679**	**4,83,64,272**
Cash flow from investing activities		
Fixed deposits and security deposits non current financial assets others	(2,42,79,384)	(46,89,476)
Investment in firm	-	-
Purchase of property, plant and equipment and intangible assets	(37,93,39,028)	(4,01,26,022)
Inter-corporate deposit given	1,01,23,000	(1,23,000)
Net cash used in investing activities (B)	**(39,34,95,412)**	**(4,49,38,498)**
Cash flow from financing activities		
Secured loan (repaid)	5,08,85,469	44,03,341
Interest (paid)	(1,85,97,108)	(1,22,80,001)
Net cash flow from / (used in) financing activities (C)	**3,22,88,361**	**(78,76,661)**
Net increase / (decrease) in cash and cash equivalents (A + B + C)	**(41,29,372)**	**(44,50,887)**
Cash and cash equivalents at the beginning of the year	**52,08,609**	**96,59,497**
Cash and cash equivalents at the end of the year (Refer note (b) below)	**10,79,237**	**52,08,609**

1. The above statement of cash flow has been prepared under the indirect method
2. Component of cash and cash equivalent are as Note 9b.
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 & Co.**
Chartered Accountants
Firm's Registration No: 111184W

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

CA Prerak Agarwal
Partner
Membership No: 158844

Subhash Ghai
Director
DIN : 00019803

Parvez A. Farooqui
Director
DIN: 00019853

Rahul Puri
Director
DIN: 01925045

Place : Mumbai
Date: 26th, June 2020

Mukta A2 Cinemas Limited
Statement of Changes in Equity for the year ended 31 March 2020
(Currency - Indian Rupees)

A Equity Share Capital

	Number	Amount
Balance as at 31 March 2018	50,000	5,00,000
Add: Issued during the year	14,50,000	1,50,00,000
Balance as at 31 March 2019	15,00,000	1,55,00,000
Add: Issued during the year		
Balance as at 31 March 2020	15,00,000	1,55,00,000

B Other Equity

	Reserve and surplus	
Particulars	**Retained Earning**	**Total**
Balance at 31 March 2018	**(4,58,30,127)**	**(4,58,30,127)**
Addition during the year :		
Profit for the year	(1,86,61,810)	(1,86,61,810)
Other Comprehensive income for the year , net of taxes (*)	(3,69,909)	(3,69,909)
Total comprehensive income for the year	**(1,90,31,719)**	**(1,90,31,719)**
Balance at 31 March 2019	**(6,48,61,845)**	**(6,48,61,845)**
Addition during the year :		
Profit for the year	(14,51,79,574)	(14,51,79,574)
Other Comprehensive income for the year , net of taxes (*)	(11,65,949)	(11,65,949)
Total comprehensive income for the year	**(14,63,45,523)**	**(14,63,45,523)**
Balance at 31 March 2020	**(21,12,07,369)**	**(21,12,07,369)**

(*) 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 & Co.**
Chartered Accountants
Firm's Registration No: 111184W

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

CA Prerak Agarwal
Partner
Membership No: 158844

Subhash Ghai
Director
DIN : 00019803

Parvez A. Farooqui
Director
DIN: 00019853

Rahul Puri
Director
DIN: 01925045

Place : Mumbai
Date: 26th, June 2020

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. The liabilities thus transferred to the Company included a Term Loan facility and a Cash Credit facility from Yes Bank Limited.

Yes Bank Limited had not completed the process of documentation of such transfer as on 31st March 2018. This process is now complete and the records of the bank now show the loans as issued in favour of the Company instead of 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. The Company adopted Ind AS from April 1, 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, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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

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

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

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

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

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

Initial recognition and measurement

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

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

Estimation of useful life

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

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

4 New Pronouncements

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 (the 'Rules') on March 30, 2019. The rules shall be effective from reporting periods beginning on or after April 1, 2019. Amendments to Ind AS as per these rules are mentioned below:

(a) Ind AS 116 - Leases

On March 30, 2019, the Ministry of Corporate Affairs issued Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Ind AS 116 - Leases.

Ind AS 116 – Leases replaces Ind AS 17 'Leases' and will primarily change lease accounting for lessees; lessor accounting under Ind AS 116 is expected to be similar to lease accounting under Ind AS 17. Lessee accounting under Ind AS 116 will be similar in many respects to existing Ind AS 17 accounting for finance leases, but is expected to be substantively different to existing accounting for operating leases. Where a contract meets Ind AS 116's definition of a lease, lease agreements will give rise to the recognition of a non-current asset representing the right to use the leased item, and a loan obligation for future lease payables.

Lease costs will be recognised in the form of depreciation of the right to use asset and interest on the lease liability, which may impact the phasing of operating profit and profit before tax, compared to existing cost profiles and presentation in the income statement, and will also impact the classification of associated cash flows.

The Company has operating lease arrangement in the form of premises which is taken on lease from the Holding Company.

The Company has adopted Ind AS 116 effective 1 April 2019 using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognised on the date of the initial application, i.e. April 1, 2019. The previous period information has therefore not been restated. This has resulted in recognising a right-of-use asset of Rs. 3234.71 lacs and a corresponding liability of Rs. 3495.86 lacs. The difference of Rs. 261.15 lacs (net of deferred tax asset/liability created of Rs. 90.38 lacs) has been adjusted to retained earnings as of April 1, 2019.

In the statement of profit and loss, in respect of operating leases the nature of expenses has changed from rent to depreciation expense for the right -of-use assets and finance cost for interest accrued on lease liability. As a result of adoption of this standard while operating expenses are not comparable with previous year figures, the loss for the period and earning per share are not materially impacted

(b) Amendment to Ind AS 12 – Income Taxes

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the standalone Ind AS financial statements.

Based on the evaluation carried out, the net deferred tax Liability as at 31 March 2020 is remeasured on the basis of the tax rate prescribed in the said section and the impact of this remeasurement is charged to the Statement of Profit and Loss for the quarter and year ended 31 March 2020.

(c) Ind AS 12 Appendix C - Uncertainty over Income Tax Treatments

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the standalone Ind AS financial statements.

(d) Amendment to Ind AS 19 – Plan amendment, Curtailment or Settlement

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity: to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the standalone Ind AS financial statements.

Mukta A2 Cinemas Limited
Notes to the Financial Statements for the year ended 31 March 2020
(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 2018	22,82,55,289	4,62,42,370	3,25,65,604	95,21,736	-	-	31,65,84,999
Additions	1,32,31,623	30,56,272	54,38,816	18,81,025	66,32,422	-	3,02,40,158
Disposals						-	-
Other adjustment	(19,93,661)	(3,43,160)	(2,71,774)	(4,55,225)	-	-	(30,63,820)
As at 31 March 2019	**23,94,93,251**	**4,89,55,482**	**3,77,32,645**	**1,09,47,536**	**66,32,422**	**-**	34,37,61,336
							-
As at 1 April 2019	23,94,93,251	4,89,55,482	3,77,32,645	1,09,47,536	66,32,422	-	34,37,61,336
Additions	81,67,602	56,82,088	53,50,992	14,51,056		31,79,368	**2,38,31,106**
Disposals		1,23,000					**1,23,000**
Other adjustment	(3,85,083)	(8,047)	(21,764)				**(4,14,894)**
As at 31 March 2020	**24,72,75,770**	**5,45,06,523**	**4,30,61,873**	**1,23,98,592**	**66,32,422**	**31,79,368**	**36,70,54,548**
Accumulated Depreciation							
As at 1 April 2018	1,74,67,129	87,68,019	87,40,828	46,92,057	-	-	**3,96,68,033**
Charge for the year 2018	1,87,43,791	73,94,624	66,72,566	27,90,846	7,77,558	-	**3,63,79,385**
Deduction	-	-	-	-		-	**-**
Other adjustment	(54,809)	(34,297)	(750)	-		-	**(89,856)**
As at 31 March 2019	**3,61,56,111**	**1,61,28,346**	**1,54,12,644**	**74,82,903**	**7,77,558**	**-**	**7,59,57,562**
As at 1 April 2019	**3,61,56,111**	**1,61,28,346**	**1,54,12,644**	**74,82,903**	**7,77,558**	**-**	**7,59,57,562**
Charge for the year 2019	1,65,69,146	73,10,010	76,56,931	24,07,152	19,07,481	4,69,014	**3,63,19,734**
Deduction							**-**
Other adjustment							**-**
As at 31 March 2020	**5,27,25,257**	**2,34,38,356**	**2,30,69,575**	**98,90,055**	**26,85,039**	**4,69,014**	**11,22,77,296**
Carrying amounts (Net)							
As at 31 March 2019	**20,33,37,140**	**3,28,27,136**	**2,23,20,002**	**34,64,633**	**58,54,864**	**-**	**26,78,03,774**
As at 31 March 2020	**19,45,50,513**	**3,10,68,167**	**1,99,92,298**	**25,08,537**	**39,47,383**	**27,10,354**	**25,47,77,252**

5 (b) Capital Work in Progress

	Amount
Cost or deemed cost	
As at 1 April 2018	79,76,462
Additions	1,27,20,810
Disposals	
Other adjustment	
At 31 March 2019	**2,06,97,272**
As at 1 April 2019	**2,06,97,272**
Additions	1,53,85,006
Disposals	-
Other adjustment	
As at 31 March 2020	**3,60,82,278**

5 (c) **Intangible Assets**

	Amount
Cost or deemed cost	
As at 1 April 2018	71,86,726
Additions	4,79,875
Disposals	-
Other adjustment	(2,51,000)
At 31 March 2019	**74,15,601**
As at 1 April 2019	74,15,601
Additions	6,50,438
Disposals	
Other adjustment	
As at 31 March 2020	**80,66,039**
Accumulated amortisation	
As at 1 April 2018	**37,86,589**
Charge for the year	18,33,180
Deduction	-
Other adjustment	-
At 31 March 2019	**56,19,769**
As at 1 April 2020	56,19,769
Charge for the year	12,04,480
Deduction	-
Other adjustment	-
As at 31 March 2020	**68,24,249**
Carrying amount (Net)	
At 31 March 2019	**17,95,832**
As at 31 March 2020	**12,41,790**

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

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

Note : 3. The Company has availed the deemed cost exemption and used the previous GAAP net carrying amount of property, plant and equipment as deemed cost.

6 Non Current Financial assets

6 (a)

Investments	As at 31 March 2020	As at 31 March 2019
Investments in partnership firms		
Asian Mukta A2 Cinemas LLP	45,000	45,000
Total	**45,000**	**45,000**

6 (b)

Financial loan	As at 31 March 2020	As at 31 March 2019
Others		1,01,23,000
Total	**-**	**1,01,23,000**

6 (c)

Other Financial Asset	As at 31 March 2020	As at 31 March 2019
Fixed Deposit more than 12 months	3,13,831	3,13,831
Security deposits	5,23,78,871	2,81,75,727
Others (LIC Gratuity)	10,92,776	10,16,536
Total	**5,37,85,478**	**2,95,06,094**

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Other Non Current Financial Asset	As at 31 March 2020	As at 31 March 2019
Deffered Income Account	-	43,74,673
Total	**-**	**43,74,673**

8

Inventories	As at 31 March 2020	As at 31 March 2019
Food & Beverages	84,25,071	67,35,936
Total	**84,25,071**	**67,35,936**

9 Current Financial Assets

9 (a)

Trade receivables	As at 31 March 2020	As at 31 March 2019
(a) Secured, considered good	-	-
(b) Unsecured, considered good	5,25,53,222	8,28,92,329
(c) Doubtful	4,12,04,404	1,91,94,841
Total	9,37,57,627	10,20,87,170
Less : Loss Allowance		
Unsecured, considered good		
Doubtful receivables	(4,12,04,404)	(1,91,94,841)
Total	**5,25,53,222**	**8,28,92,329**

9(b) Cash and cash equivalents	As at 31 March 2020	As at 31 March 2019
Cash on hand	4,86,675	36,91,731
Balances with banks		
In Current a/c	5,92,562	15,16,878
Total	**10,79,237**	**52,08,609**

9 (c) Loans and advances	As at 31 March 2020	As at 31 March 2019
Sundry Advances		
Related Parties	6,34,52,192	5,09,52,192
Others	25,00,000	25,00,000
Staff Advances	51,87,575	58,66,632
Total	**7,11,39,767**	**5,93,18,824**

9(d) Other Financial Asset	As at 31 March 2020	As at 31 March 2019
Accured Interest		
Related Party	1,12,29,853	59,64,223
Others	15,01,121	12,51,263
Accrued Revenue	20,06,663	12,14,791
Rohini Café	1,01,23,000	-
Security Deposit	35,39,262	86,90,871
Total	**2,83,99,899**	**1,71,21,148**

10 Other Current Asset	As at 31 March 2020	As at 31 March 2019
Prepaid Exp	12,41,594	8,96,663
Advances	2,58,99,489	1,66,38,207
Deferred Income Account	-	18,39,597
Advance tax & other payments	25,75,000	25,75,000
Excess Entertainment Tax paid	-	-
GST credit receivable	1,38,68,258	1,15,46,245
TDS on Receiveable	55,47,833	37,48,607
Branch	-	-
Total	**4,91,32,174**	**3,72,44,320**

11 Equity Share Capital	As at 31 March 2020		As at 31 March 2019	
	Number	Amount	Number	Amount
Authorised share capital				
Equity shares of ₹ 10 each	15,00,000	1,50,00,000	15,00,000	1,50,00,000
	15,00,000	**1,50,00,000**	**15,00,000**	**1,50,00,000**
Issued, subscribed and fully paid- up				
Equity shares of ₹ 10 each	15,00,000	1,50,00,000	15,00,000	1,50,00,000
Total	**15,00,000**	**1,50,00,000**	**15,00,000**	**1,50,00,000**

Reconciliation of paid- up share capital (Equity Shares)	As at 31 March 2020		As at 31 March 2019	
	Number	Amount	Number	Amount

Balance at the beginning of the year	15,00,000	1,50,00,000	50,000	5,00,000
Add: Issued during the year			14,50,000	1,45,00,000
Add: Acquisition of a subsidiary	-	-	-	-
Balance at the end of the year	**15,00,000**	**1,50,00,000**	**15,00,000**	**1,50,00,000**

Details of Shareholders holding more than 5% of the shares in the Company	**As at 31 March 2020**		**As at 31 March 2019**	
	Number	**% holding in the class**	**Number**	**% holding in the class**
Equity shares of ₹ 10 each				
1. Mukta Arts Limited	10,49,994	69.99%	10,49,994	69.99%
2. Rajiv Malhotra	4,50,000	30.00%	4,50,000.00	30.00%

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.

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Other Equity	**As at 31 March 2020**	**As at 31 March 2019**
Retained earnings		
Balance at the beginning of the year	(6,44,91,936)	(4,58,30,127)
Add: Net profit/(Loss) after tax for the year	(11,73,13,116)	(1,86,61,810)
Add : Retained earnings(IND AS)	(2,78,66,459)	-
Total	**(20,96,71,511)**	**(6,44,91,936)**
Other comprehensive income	(15,35,858)	(3,69,909)
	(21,12,07,369)	**(6,48,61,845)**

13 **Non Current Financial Liabilities**

13(a)

Non Current Borrowing	**As at 31 March 2020**	**As at 31 March 2019**
Secured Loans		
HDFC car loan	47,67,163	57,92,151
Term loan from Yes Bank	9,42,10,466	7,96,94,105
less: Current maturity of long term debt	(4,46,32,921)	(3,57,37,450)
Total	**5,43,44,708**	**4,97,48,806**

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

Car loan carries a rate of interest of 8.85%

Due to on going COVID 19 pandemic Mukta A2 Cinemas Ltd have opted for moratorium as per the RBI guidelines on the Car loan taken from HDFC BANK . However,revised repayment schedule is not available so the below figures are as per Current Repayment schedule.

Maturity date of Car loan is 7 November 2023. Repayment has to be made by way of monthly instalments totalling Rs.15,27,240/- during April 2019 to March 2020, Rs.15,27,240/- during April 2020 to March 2021 and Rs.15,27,240/- during April 2021 to March 2022, Rs. 15,27,240/- during April 2022 to March 2023, Rs. 10,18,160/- during April 2023 to November 2023

* Mukta Arts Limited had obtained a term loan from Bank on 6 January 2016 along with a cash credit facility . This facility was secured against all current assets, movable assets and leasehold rights of the Cinema Division of Mukta Arts Limited as well as residential flats of Mukta Arts Limited at Bandra, Mumbai and against corporate guarantees on a) Flat No 2,Bait Ush Sharaf CHSL,29th Road, bandra West,Mumbai-400050.b) Flat no .3,Bait Ush Sharaf CHSL,29th Road, bandra West,Mumbai-400050.c) Flat No 1 Bait Ush Sharaf CHSL,29th Road, bandra West,Mumbai-400050.d) Ground floor room at Bashiron CHSL,28th Road, Bandra West , Mumbai-400050.e) Flat no 6,6th floor ,Bashiron CHSL,28th Road, Bandra West , Mumbai-400050

Term loan carries a rate of interest of 3.55% over base rate, at an effective rate of 13%. Cash Credit facility carries a rate of interest of 3.95% over Base rate, at an effective rate of 13.65%.

Due to on going COVID 19 pandemic Mukta A2 Cinemas Ltd have opted for moratorium as per the RBI guidelines on the term loan taken from YES BANK Ltd. However,revised repayment schedule is not available so the below figures are as per Current Repayment schedule.

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.27,12,933/- during April 2019 to March 2020, Rs 29,63,225/- during April 2020 to March 2021 ,Rs.27,03,525/- during April 2021 to March 2022, Rs. 24,43,825/- during April 2022 to March 2023, Rs. 21,84,362/- during April 2023 to March 2024 and Rs. 5,06,839/- during April 2024 to 26th June 2024

Maturity date of Term loan is 9 September 2021. Repayment has to be made by way of monthly instalments totalling Rs.2,34,12,522/- during April 2019 to March 2020, Rs 2,07,10,495/- during April 2020 to March 2021 and Rs.82,76,237/- during April 2021 to 9th September 2021.

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.76,241/- during April 2019 to March 2020, Rs 83,273/- during April 2020 to March 2021 ,Rs.75,975/- during April 2021 to March 2022, Rs.68,676/- during April 2022 to March 2023, Rs.61,385/- during April 2023 to March 2024 and Rs.14,243/- during April 2024 to 26th June 2024

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.11,07,344/- during April 2019 to March 2020, Rs. 12,09,479/- during April 2020 to March 2021 ,Rs.11,03,479/- during April 2021 to March 2022, Rs.9,97,479/- during April 2022 to March 2023, Rs.8,91,576/- during April 2023 to March 2024 and Rs.2,06,873/- during April 2024 to 26th June 2024

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.13,42,655/- during April 2019 to March 2020, Rs.14,66,494/- during April 2020 to March 2021 ,Rs.13,37,969/- during April 2021 to March 2022, Rs.12,09,444/- during April 2022 to March 2023, Rs.10,81,036/- during April 2023 to March 2024 and Rs.2,50,834/- during April 2024 to 26th June 2024

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.14,67,231/- during April 2019 to March 2020, Rs.16,02,560/- during April 2020 to March 2021 ,Rs.14,62,110/- during April 2021 to March 2022, Rs.13,21,660/- during April 2022 to March 2023, Rs.11,81,339/- during April 2023 to March 2024 and Rs.2,74,107/- during April 2024 to 26th June 2024

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.16,33,333/- during April 2019 to March 2020, Rs.17,83,982/- during April 2020 to March 2021 ,Rs.16,27,632/- during April 2021 to March 2022, Rs.14,71,282/- during April 2022 to March 2023, Rs.13,15,075/- during April 2023 to March 2024 and Rs.3,05,138/- during April 2024 to 26th June 2024

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.3,59,887/- during April 2019 to March 2020, Rs.3,93,081/- during April 2020 to March 2021 ,Rs.3,58,631/- during April 2021 to March 2022, Rs.3,24,181/- during April 2022 to March 2023, Rs.2,89,762/- during April 2023 to March 2024 and Rs.67,234/- during April 2024 to 26th June 2024

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.11,35,028/- during April 2019 to March 2020, Rs.12,39,717/- during April 2020 to March 2021 ,Rs.11,31,066/- during April 2021 to March 2022, Rs.10,22,416/- during April 2022 to March 2023, Rs.9,13,866/- during April 2023 to March 2024 and Rs.2,12,044/- during April 2024 to 26th June 2024

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.6,09,039/- during April 2019 to March 2020, Rs.6,65,214/- during April 2020 to March 2021 ,Rs.6,06,914/- during April 2021 to March 2022, Rs.5,48,614/- during April 2022 to March 2023, Rs.4,90,367/- during April 2023 to March 2024 and Rs.1,13,780/- during April 2024 to 26th June 2024

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.2,76,836/- during April 2019 to March 2020, Rs.3,02,370/- during April 2020 to March 2021 ,Rs.2,75,870/- during April 2021 to March 2022, Rs.2,49,370/- during April 2022 to March 2023, Rs.2,22,894/- during April 2023 to March 2024 and Rs.51,718/- during April 2024 to 26th June 2024

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.3,32,203/- during April 2019 to March 2020, Rs.3,62,844/- during April 2020 to March 2021 ,Rs.3,31,044/- during April 2021 to March 2022, Rs.2,99,244/- during April 2022 to March 2023, Rs.2,67,473/- during April 2023 to March 2024 and Rs.62,062/- during April 2024 to 26th June 2024

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.26,59,540/- during April 2019 to March 2020, Rs.33,16,885/- during April 2020 to March 2021 ,Rs.30,22,505/- during April 2021 to March 2022, Rs.27,28,285/- during April 2022 to March 2023, Rs.24,34,245/- during April 2023 to March 2024 and Rs.5,64,082/- during April 2024 to 26th June 2024

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.6,23,808/- during April 2019 to March 2020, Rs.7,91,184/- during April 2020 to March 2021 ,Rs.7,20,984/,- during April 2021 to March 2022, Rs.6,50,784/- during April 2022 to March 2023, Rs.5,80,648/- during April 2023 to March 2024 and Rs.1,34,552/- during April 2024 to 26th June 2024

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.5,20,514/- during April 2019 to March 2020, Rs.6,69,463/- during April 2020 to March 2021 ,Rs.6,10,063/- during April 2021 to March 2022, Rs.5,50,663/- during April 2022 to March 2023, Rs.4,91,317/- during April 2023 to March 2024 and Rs.1,13,851/- during April 2024 to 26th June 2024

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.26,68,906/- during April 2019 to March 2020, Rs.35,60,326/- during April 2020 to March 2021 ,Rs.32,44,426/- during April 2021 to March 2022, Rs.29,28,526/- during April 2022 to March 2023, Rs.26,12,915/- during April 2023 to March 2024 and Rs.6,05,483/- during April 2024 to 26th June 2024

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.6,99,491/- during April 2019 to March 2020, Rs.9,73,764/- during April 2020 to March 2021 ,Rs.8,87,364/- during April 2021 to March 2022, Rs.8,00,964/- during April 2022 to March 2023, Rs.7,14,643/- during April 2023 to March 2024 and Rs.1,65,602/- during April 2024 to 26th June 2024

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.5,24,885/- during April 2019 to March 2020, Rs.7,45,538/- during April 2020 to March 2021 ,Rs.6,79,388,/- during April 2021 to March 2022, Rs.6,13,238/- during April 2022 to March 2023, Rs.5,47,149/- during April 2023 to March 2024 and Rs.1,26,789/- during April 2024 to 26th June 2024

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.7,67,681/- during April 2019 to March 2020, Rs.11,10,675/- during April 2020 to March 2021 ,Rs.10,12,125/- during April 2021 to March 2022, Rs.9,13,575/- during April 2022 to March 2023, Rs.8,15,115/- during April 2023 to March 2024 and Rs.1,88,882/- during April 2024 to 26th June 2024

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.6,90,111/- during April 2019 to March 2020, Rs.10,19,410/- during April 2020 to March 2021,Rs. 9,28,960/- during April 2021 to March 2022, Rs. 8,38,510/-during April 2022 to March 2023, Rs.7,48,142/- during April 2023 to March 2024 and Rs.1,73,365/- during April 2024 to 26th June 2024

Net debt reconciliation	**As at31 March 2020**	**As at31 March 2019**
Cash and cash equivalents	10,79,237	52,08,609
Current borrowings	(7,42,67,822)	(6,31,17,784)
Non-current borrowings	(5,43,44,708)	(4,97,48,806)
Net debt	**(12,75,33,293)**	**(10,76,57,980)**

	Cash and cash equivalents	**Current borrowings**	**Non-current borrowings**
Net debt as at 1 April 2019	**52,08,609**	**(6,31,17,784)**	**(4,97,48,806)**
Cash flows	1,03,38,364	(22,54,567)	2,65,58,627
Repayment of long-term borrowings	41,29,372	-	-
Proceeds from maturity of investment in bank			
Principal received	-	-	(4,00,50,000)
Interest expense		(1,18,40,306)	(67,56,802)
Interest paid	(1,85,97,108)	29,44,835	1,56,52,273
Net debt as at 31 March 2020	**10,79,237**	**(7,42,67,822)**	**(5,43,44,708)**

13(b)

Other Non Current Financial Liabilities	**As at 31 March 2020**	**As at 31 March 2019**
Lease Liability	26,00,17,834	-
Security Deposit	79,05,481	31,63,582
Total	**26,79,23,315**	**31,63,582**

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Long Term provisions	**As at 31 March 2020**	**As at 31 March 2019**
Provision for Gratuity	53,15,615	28,01,155
Provision for Leave Encashment	85,42,402	40,19,321
Total	**1,38,58,017**	**68,20,476**

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Deferred tax Asset (net)	**As at 31 March 2020**	**As at 31 March 2019**

Deferred tax Liability on		
Arising on account of timing differences in:		
Depreciation/ amortisation	(1,53,46,732)	
Provision for doubtful debts and advances		
Ind As Impact- DTA (DTL)	-	-
Total	**(1,53,46,732)**	**-**
Deferred tax asset on		
Depreciation/ amortisation		15,27,910
Provision for Gratuity	10,97,938	4,64,001
Provision for Bonus	6,24,175	3,68,993
Provision for leave encashment	26,86,806	12,43,566
Provision for Rent straightlining	-	11,32,836
IND AS Adjustemnt	17,33,581	9,23,444
Provision for dobtful debts	1,07,13,145	49,90,659
PF Payable	6,61,963	44,132
Total	**1,75,17,609**	**1,06,95,541**
Shown to the extent of liability	**(1,26,01,714)**	**13,50,722**
Deferred tax (liabilities)/Asset (net)	**(1,04,30,837)**	**(93,44,819)**

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, 2018	(20,63,335)	12,83,400	23,91,203	(2,60,546)
(Charged)/credited:				
- to profit or loss				
- to other comprehensive income				
At March 31, 2019	**(20,63,335)**	**12,83,400**	**23,91,203**	**(2,60,546)**
(Charged)/credited:				
- to profit or loss	(50,70,883)	(1,07,13,145)	1,53,46,732	(17,33,581)
- to other comprehensive income	-	-	-	-
At March 31, 2020	**(50,70,883)**	**(1,07,13,145)**	**1,53,46,732**	**(17,33,581)**

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Other Non -Current Liabilities	**As at 31 March 2020**	**As at 31 March 2019**
Deferred Expenses Account	7,21,998	6,25,230
Total	**7,21,998**	**6,25,230**

17 Current Financial Liabilities

17 (a)

Current Borrowing	**As at 31 March 2020**	**As at 31 March 2019**
Secured		
Cash Credit from Yes Bank Limited	2,96,34,901	2,73,80,334
Inter corporate deposits from Holding Company	21,47,00,000	17,06,65,000
		-
Total	**24,43,34,901**	**19,80,45,334**

17(b)

Trade Payables	**As at 31 March 2020**	**As at 31 March 2019**
Dues to micro and small suppliers		
Others	16,22,27,682	13,85,26,517
Total	**16,22,27,682**	**13,85,26,517**

17(c)

Other Financial Liablity	As at 31 March 2020	As at 31 March 2019
Security Deposit Taken	37,76,392	40,11,250.00
Current maturities of term loans	4,46,32,921	3,57,37,450
Employee Benefit Expense Payable		
Bonus Payable	-	-
Advances Received	4,65,36,735	4,01,84,451
Payable to related parties	68,41,836	45,11,193
Lease Liability	5,04,71,493	
Total	**15,22,59,377**	**8,44,44,344**

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Other Current Liability	As at 31 March 2020	As at 31 March 2019
Advance received for box office sales	1,34,798	(2,073)
Other Advances	4,95,76,476	6,19,48,593
Rent straight lining	-	43,57,061
Other	30,35,632	21,10,408
Deferred Expenses Account	6,99,409	4,92,118
Statutory Dues		
P.F/P.T/ESIC	24,55,304	10,67,238.00
ET/INR/Show tax	5,30,313	2,27,480
GST	(7,35,336)	51,04,784.40
Service tax	-	-
TDS payable	30,69,740	32,86,126
Total	**5,87,66,336**	**7,85,91,736**

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Short Term Provisions	As at 31 March 2020	As at 31 March 2019
Provision for Expense	6,96,07,891	3,19,99,008
Provision for Employee Benefit :		
Provision for Leave encashment	17,91,469	7,63,625
Total	**7,13,99,360**	**3,27,62,633**

20	Revenue from Operation	Year ended 31 March 2020	Year ended 31 March 2019
a)	Sale of Tickets	61,02,03,196	55,62,10,342
b)	Food &Beverage Revenue	15,81,10,767	15,93,87,076
c)	**Other Operating Income**		
	Advertisement Revenue	2,89,14,529	2,56,95,059
	Other income from theatrical operations	1,71,55,387	1,69,51,673
	Total	**81,43,83,879**	**75,82,44,151**

21	Other Income	Year ended 31 March 2020	Year ended 31 March 2019
	Interest income others	68,16,522	56,41,586
	Interest income on FD	-	20,569
	Other Income	1,03,26,316	3,07,21,209
	Rent Income	10,23,634	24,59,324
	Balance write back	63,265	6,177
	Corporate Guarantee Commission income	2,88,185	
	Management fees	58,99,449	
	Total	**2,44,17,371**	**3,88,48,865**

22	Changes in Inventory	Year ended 31 March 2020	Year ended 31 March 2019
	Opening Inventory	67,35,936	48,90,613
	Closing Inventory	84,25,071	67,35,936
	Total	**(16,89,135)**	**(18,45,323)**

23	Purchase of Food & Beverages	Year ended 31 March 2020	Year ended 31 March 2019
	Food & Beverages	4,74,11,172	4,95,03,119
	Total	**4,74,11,172**	**4,95,03,119**

24	Distributor and producer's share	Year ended 31 March 2020	Year ended 31 March 2019
	Film Distributors' share	27,67,75,512	25,42,68,054
	Total	**27,67,75,512**	**25,42,68,054**

25	Other Direct Operation Expenses	Year ended 31 March 2020	Year ended 31 March 2019
	Complementary Cost	21,63,681	13,86,703
	Ticketing Costs	6,31,882	8,03,164
	Other expenses	1,11,46,959	65,49,433
	Total	**1,39,42,522**	**87,39,300**

26	Employee Benefit Expense	Year ended 31 March 2020	Year ended 31 March 2019

Salaries and Other Benefit	10,77,43,770	8,35,29,177
Staff Welfare	24,78,680	18,28,640
Gratuity and Leave Encashment	75,72,944	23,82,592
ESIC Contribution	22,16,771	22,55,991
Uniform Allowance	5,21,870	7,46,335
Contribution to Provident and other fund	71,92,814	39,29,909
Total	**12,77,26,849**	**9,46,72,644**

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 2020	**Year ended 31 March 2019**
Discount rate (per annum)	6.40%	7.65%
Salary growth rate	8.00%	8.00%

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

	Year ended 31 March 2020	**Year ended 31 March 2019**
Present Value of Obligation as at the beginning	38,17,691	28,50,536
Current service cost	12,10,533	10,22,159
Past service cost	-	-
Interest cost	2,81,616	2,14,493
Total amount recognised in Statement of profit and loss	14,92,149	12,36,652
Re-measurement or actuarial gain /(loss) arising from:		
Change in financial assumption	7,01,188	-
Change in demographic assumption		109
Experience changes	4,54,548	(2,69,606)
Total amount recognised in other comprehensive income	11,55,736	(2,69,497)
Benefits paid	(57,185)	
Liabilities assumed on inter-group transfer	-	
Present value of obligation as at the end	64,08,391	38,17,691

(b) Changes in the fair value of plan assets

	Year ended 31 March 2020	**Year ended 31 March 2019**
Fair value of plan assets as at the beginning	10,16,536	15,09,206
Interest on plan assets	86,453	1,31,006
Total amount recognised in Statement of profit and loss	86,453	1,31,006

Re-measurement or actuarial gain /(loss) arising from:		
Actual return on plan assets less interest on plan assets	(10,213)	(11,72,726)
Total amount recognised in other comprehensive income	(10,213)	(11,72,726)
Employer's contribution	57,185	5,49,050
Benefits paid	(57,185)	-
Assets acquited on inter-group transfer	-	-
Fair value of plan assets at the end	10,92,776	10,16,536

(c) Amount recognised in the Balance Sheet

	Year ended 31 March 2020	Year ended 31 March 2019
Present value of obligations as at Balance Sheet date	64,08,391	38,17,691
Fair value of plan assets as at the end of the period	10,92,776	10,16,536
Net (asset)/ liability recognised as at the year end	53,15,615	28,01,155

(d) Sensitivity analysis

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

	Year ended 31 March 2020		Year ended 31 March 2019	
Defined benefit obligation (base)		**64,08,391**		**38,17,691**
As on 31 March 2018	**Decrease**	**Increase**	**Decrease**	**Increase**
Discount rate (- / + 0.5%)	3,21,701	(2,97,349)	1,79,431	(1,66,070)
(% change compared to base due to sensitivity)	5.02%	-4.64%	4.70%	-4.35%
Salary growth rate (- / + 0.5%)	(2,94,145)	3,15,293	(1,66,451)	1,77,904
(% change compared to base due to sensitivity)	-4.59%	4.92%	-4.36%	4.66%

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this

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 9.78 years.

Weighted average duration (based on discounted cashflows)	**31 Mar 2020**	**31 Mar 2019**
Year 1	4,72,486	2,72,874
Year 2	4,83,685	3,33,843
Year 3	5,47,162	3,54,150
Year 4	5,84,115	3,92,455
Year 5	6,06,198	3,98,720
Year 6	5,63,394	3,97,043
Year 7	5,34,167	3,71,353
Year 8	5,36,491	3,50,067
Year 9	5,13,446	3,65,017
Thereafter	89,99,097	61,26,794

(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. 10,333,871/- (March 2019 : 47,82,946/-)

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.

27	**Finance Cost**	**Year ended 31 March 2020**	**Year ended 31 March 2019**
	a) Interest cost on		
	Term Loan	1,51,79,158	89,32,082
	Cash Credit / Demand Loan Facilities	29,44,835	31,70,048
	Car Loan	4,73,115	1,77,872
	Inter corporate depoosits	1,88,19,927	1,73,99,103
	Others	4,29,57,591	44,81,786
	b) Processing fees and other charges	-	-
	b) Commission on Financial Gurantee	28,12,500	28,12,500
	Total	**8,31,87,127**	**3,69,73,390**

28	**Depreciation & Amortisation**	**Year ended 31 March 2020**	**Year ended 31 March 2019**
	Depreciation of Property, Plant & equipment & Right of use Asset	9,29,32,111	3,62,89,529
	Amortisation of Intangibles	12,04,480	18,33,180
	Total	**9,41,36,591**	**3,81,22,709**

29	**Other Expense**	**Year ended 31 March 2020**	**Year ended 31 March 2019**
	Advt & Publicity Expense	34,37,109	48,53,400
	Audit fees	10,25,285	10,24,670
	Bank Charges	-	-
	Bad Debts	2,21,84,985	1,31,71,512
	Communication	19,93,245	21,51,180
	Balance written off		
	Electricity & Water Charges	9,18,69,697	8,00,09,770
	Digital Equipment hire charges	1,27,80,052	84,42,945
	Hotel, Lodging & Boarding	3,30,003	4,30,409
	Housekeeping Charges	1,87,90,410	1,49,19,540
	Insurance	30,84,844	16,76,616
	Misc. Expense & Sponsorship	16,87,966	16,84,515
	Other Expenses	10,79,961	12,89,724
	Packing forward/Postage/Trans.	6,72,865	6,48,712
	Printing & Stationary	7,66,725	6,74,201
	Legal & Professional Fees	1,76,40,808	1,44,73,684
	Rates & Taxes	1,59,14,176	1,53,53,828
	Rent Expenses	5,78,26,307	12,71,68,964
	Repair & Maintenance	2,29,13,145	2,77,02,099
	Security Charges	2,06,17,655	1,52,50,035
	Telephone Expenses		
	Travelling Expense	31,34,342	31,50,314
	credit card Charges	-	78,947
	Loss on Sale of Asset	-	-
	Balance written off	64,43,310	2516589.43
	Total	**30,41,92,891**	**33,66,71,656**

29(a) Payment to Auditors (Excluding taxes)	Year ended 31 March 2020	Year ended 31 March 2019
Audit fees	10,00,000	10,00,000
Re-imbursememnt of Exp	25,285	24,670
Total	**10,25,285**	**10,24,670**

(Currency - Indian Rupees)

30 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 68,272,974/- (2019: Rs 55,196,251/-) have been included under 'Rent expenses' in the Statement of profit and loss.

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

	31-Mar-2020	31-Mar-2019
Amounts due within one year	7,67,26,239	4,67,03,400
Amounts due after one year but not later than five years	23,59,98,649	10,16,03,400
Amounts due later than five years	8,73,63,177	-
Total	**40,00,88,065**	**14,83,06,800**

Operating lease : Company as lessor

The Company has not given office premises on lease.

31 Capitalisation of expenditure

During the year, the Company has capitalised the salaries, wages and bonus amounting to Rs 5,19,714/- (2019: Nil) to the cost of fixed assets / capital work-in-progress (CWIP). Consequently, expenses disclosed under Note 33 are net of amount capitalised by the Company.

32

Earnings per equity share:	**Year ended 31 March 2020**	**Year ended 31 March 2019**
Net (loss)/ profit after tax attributable to shareholders	(11,88,48,974)	(1,90,31,719)
Weighted average number of equity shares outstanding during the year for basic EPS	15,00,000	15,00,000
Weighted average number of equity shares outstanding during the year for dilutive EPS	15,00,000	15,00,000
Basic EPS	(79.23)	(12.69)
Dilutive EPS	(79.23)	(12.69)
Nominal value per share	10	10

(Currency - Indian Rupees)

33 Fair value measurement

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

	31 Mar 2020			31 Mar 2019		
	FVPL	**FVOCI**	**Amortised cost**	**FVPL**	**FVOCI**	**Amortised cost**
Financial assets						
Investments	45,000	-	-	45,000	-	-
Loans	-	-	7,11,39,767	-	-	6,94,41,824
Other financial assets	-	-	8,21,85,377	-	-	4,66,27,242
Trade receivables	-	-	5,25,53,222	-	-	8,28,92,329
Cash and cash equivalents	-	-	10,79,237	-	-	52,08,609
Total financial assets	**45,000**	**-**	**20,69,57,603**	**45,000**	**-**	**20,41,70,004**
Financial liabilities						
Borrowings	-	-	29,86,79,609	-	-	24,77,94,140
Trade payables	-	-	16,22,27,682	-	-	13,85,26,517
Other financial liabilities	-	-	42,01,82,692	-	-	8,76,07,926
Total financial liabilities	**-**	**-**	**88,10,89,983**	**-**	**-**	**47,39,28,582**

Fair value of financial assets measured at amortised cost

		31 Mar 2020		31 Mar 2019	
	Level	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
Financial assets	**Level 3**				
Investments		45,000	45,000	45,000	45,000
Loans		7,11,39,767	7,11,39,767	6,94,41,824	6,94,41,824
Other financial assets		8,21,85,377	8,21,85,377	4,66,27,242	4,66,27,242
Trade receivables		5,25,53,222	5,25,53,222	8,28,92,329	8,28,92,329
Cash and cash equivalents		10,79,237	10,79,237	52,08,609	52,08,609
Financial liabilities	**Level 3**				
Borrowings		29,86,79,609	29,86,79,609	24,77,94,140	24,77,94,140
Trade payables		16,22,27,682	16,22,27,682	13,85,26,517	13,85,26,517
Other financial liabilities		42,01,82,692	42,01,82,692	8,76,07,926	8,76,07,926

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.

(Currency - Indian Rupees)

34 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 2018	**(60,23,329)**
Written-off	-
Provision for allowances	(1,31,71,512)
Loss allowance on 31 March 2019	**(1,91,94,841)**
Written-off	
Provision for allowances	(2,20,09,563)
Loss allowance on 31 March 2020	**(4,12,04,404)**

(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.

(Currency - Indian Rupees)

Financing arrangements

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

	31 Mar 2020	31 Mar 2019
Cash credit facility	2,96,34,901	2,73,80,334

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.

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, 2020	**Less than 1 year**	**1 to 5 years**	**Total**
Borrowings	24,43,34,901	5,43,44,708	**29,86,79,609**
Trade payables	16,22,27,682	-	**16,22,27,682**
Other financial liabilities	15,22,59,377	26,79,23,315	**42,01,82,692**
Total liabilities	**55,88,21,960**	**32,22,68,023**	**88,10,89,983**

Contractual maturities of financial liabilities as at March 31, 2019	**Less than 1 year**	**1 to 5 years**	**Total**
Borrowings	19,80,45,334	4,97,48,806	**24,77,94,140**
Trade payables	13,85,26,517	-	**13,85,26,517**
Other financial liabilities	8,44,44,344	31,63,582	**8,76,07,926**
Total liabilities	**42,10,16,194**	**5,29,12,388**	**47,39,28,582**

(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 2020	31 Mar 2019
Variable rate borrowings	24,43,34,901	19,80,45,334
Fixed rate term loan borrowings	9,42,10,466	7,96,94,105
Total Term Loan Borrowing	33,85,45,367	27,77,39,439
Fixed rate Car Loan Borrowing	47,67,163	57,92,151
Total Borrowing	34,33,12,530	28,35,31,590

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

Particulars	**31 Mar 2020**			**31 Mar 2019**		
	Weighted Average Interest	**Balance**	**% of Total Loans**	**Weighted Average Interest Rate**	**Balance**	**% of Total Loans**
Term Loan	100%	24,43,34,901	72.17%	100%	19,80,45,334	71.31%

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

35 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 2020.

36 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.

37 Related party disclosures

Details of related parties including summary of transactions entered into by the Company during the year ended 31 March 2020 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)
• Rajiv Malhotra - Shareholder

(iv) Relatives of Key Management Personnel
Aarushi Malhotra (Daugher of Rajiv Malhotra)

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

Mukta A2 Cinemas Limited
Notes to the Financial Statements for the year ended 31 March 2020
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B Transactions with related parties for the year ended 31 March 2020 are as follows:-

Transactions	Entity in which Company exercises significant control		Key Managerial Person		Holding company		Enterprise over which key management personnel have control/ substantial interest /significant influence		Relatives of Key Management Personnel	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Interest income										
Asian Mukta A2 Cinemas LLP	58,50,700	45,03,440			-	-				
Managerial Remuneration										
Parvez Farooqui			52,05,549	47,66,364	-	-				
Interest expense										
Mukta Arts Limited	-	-	-	-	1,88,19,927	1,73,99,103				
Rent & Maintenance charges										
Mukta Arts Limited					14,09,400	14,09,400				
Rendering of Service										
Mukta Arts Limited					-	-				
Salaries & other benefits										
Aarushi Malhotra							-	-	4,73,616	4,15,452
Reimbursement of expense received by the Company										
Mukta Arts Limited					69,550	32,764				
Reimbursement of expense paid by the Company										
Mukta Arts Limited					9,83,556	1,80,669				
Payment of Purchase Consideration	-	-	-	-	-	-				
Loan taken during the year										
Mukta Arts Limited	-	-	-	-	4,40,35,000	20,00,000				
Loan given during the year										
Asian Mukta A2 Cinemas LLP	1,25,00,000	1,04,76,480	-	-	-	-				
Loan Repaid during the year										
Mukta Arts Limited	-	-	-	-	-	1,00,00,000				
Corporate Guarantee Commission Expenses										
Mukta Arts Ltd	-	-	-	-	13,01,020	13,01,019				
Mukta Arts (Proprietorship)	-	-	-	-	-	-	7,48,124	7,87,500		
Subhash Ghai	-	-	1,28,250	1,35,000	-	-				
Loan receivable										
Asian Mukta A2 Cinemas LLP	6,34,52,192	5,09,52,192	-	-	-	-				
Loan repayable										
Mukta Arts Limited	-	-	-	-	21,47,00,000	17,06,65,000				
Interest receivable										
Asian Mukta A2 Cinemas LLP	1,12,29,853	59,64,223	-	-	-	-				
Amount payable										
Mukta Arts Limited	-	-	-	-	1,24,39,967	61,97,342				
Corporate Gurantee Commission Payable										
Mukta Arts	-	-	-	-	-	-	14,96,249	7,87,500	-	-
Subhash Ghai	-	-	2,56,500	1,35,000	-	-	-	-	-	-
Corporate Guarantee Commission Income										
Asian Mukta A2 Cinemas LLP	2,88,185	-								
Corporate Guarantee Commission Receivable										
Asian Mukta A2 Cinemas LLP	2,88,185	-								

38 Commitments

The Company does not have any capital commitment as at 31 March 2020

39 Contingent liabilities

The Company does not have any contingent liabilities as at 31 March 2020

40 <u>Reporting on the impact of COVID-19</u>

1 <u>Impact of the CoVID-19 pandemic on the business:</u>

The business of the Company was first affected by the ongoing CoVID-19 pandemic when the Cinemas were forced by the local authorities to shutdown to minimise spread of the infection.

The most direct impact of this pandemic on the business has been the immediate stoppage of all direct forms

The revenues of the business shall be severely affected during the time the lockdown remains in force. A key element of this business is that of a large number of people gathering in an auditorium. Social distancing being a challenge and therefore a risk in terms of spread of the CoVID-19 infection, there is a likelihood of this business being forced to remain closed for longer durations as compared to various other forms of business.

The business depends on availability of movies for exhibition at Cinemas. Producers and Distributors of movies may consider alternative channels of reaching the audiences on the OTT platforms, thereby reducing the marketability of movies through the Cinema medium. However, at present, it is not possible to evaluate the impact of such behaviour on the business of the Company.

2 <u>Ability to maintain operations including the factories/units/office spaces functioning and closed down:</u>

The nature of the business of the Company is such that the earning of revenue is dependent on its Cinemas remaining open. Apart from these locations, the head office of the business is the administrative centre of the business.

During a state of lockdown, the head office can be adapted to allow for social distancing, cleaning and sanitising and regular health checks of employees and visitors. Further, a process note has been prepared for operating the Cinemas of the Company with suitable social distancing in seating and regular sanitising. The maximum seating capacity of the cinemas shall be reduced, but that would only affect the house-full shows.

Therefore, if the authorities permit operation of the Cinemas, the Company is prepared to operate its business even in a state of lockdown.

3 <u>Schedule, if any, for restarting the operations:</u>

As of now, there is no clarity regarding when each of our locations shall be in a position to resume operations. However, our teams are in a state of absolute readiness to launch operations at short notice.

4 <u>Steps taken to ensure smooth functioning of operations:</u>

The most important steps in resuming operations successfully are centred on gaining the confidence of the patrons of the Cinemas to feel safe in visiting the Cinemas. As mentioned, above, a process note has been prepared regarding operating cinemas in the post lockdown situation.

5 <u>Estimation of the future impact of CoVID-19 on its operations;</u>

The impact of CoVID-19 on the operations of the exhibition business is expected to last for as long as the infection is around and social distancing and its allied requirements remain in place. Since effective seating capacity would be impacted, the maximum collection from house-full shows would reduce substantially. With the need for frequent sanitisation and cleaning between movie shows, the number of shows run per day may be impacted. As a result, Box office revenues may be unfavourably impacted. Housekeeping costs and manpower costs are also expected to increase marginally. Further, if movie distributors choose to release movies on OTT platforms, then that would impact revenues substantially, for as long as distributors choose this route.

6 <u>Details of impact of CoVID-19 on entity's</u> -

6.01 ***<u>Capital and financial resources and liquidity position and ability to service debt and other financing arrangements:</u>***

The Company has loans from banks and from its holding company. The loans from banks are in the nature of term loans and cash credit facility. As a result of the lockdown, the Company has since March 19, 2020, had no revenues while costs such as staff costs and electricity charges continue to accrue. The term loan instalments are also accruing on a monthly basis. In these circumstances the Company is experiencing a sharp reduction in liquidity. However, the moratorium on loan repayment has alleviated the condition to some extent. The impact on the current year is however, minimal.

6.02 ***Profitability:***

With only about 12 to 16 days of business lost, the impact on the profitability of the current year has been small. However, the impact on the next financial year is expected to be substantial with the first quarter expected to show little or no revenue.

6.03 ***Assets:***

The business model of the Company is substantially a cash sale model and has little scope of receivables from debtors. As a result, the impact on its assets has been negligible.

6.04 ***Internal financial reporting and control:***

Owing to the fact that the Cinema locations as well as the head office were all closed on March 31 2020, the Company has been forced to rely on stock verification and cash verification completed on the date of closure of each individual location. While there has been no transaction between the two dates, this is a departure from the standard procedure.

6.05 ***Supply chain:***

There has been no impact on supply of movies and items of food and beverages during the current financial year. However, the possible impact has been mentioned above.

6.06 ***Demand for its products/services:***

Neither during the current financial year, nor in future is there any expectation of reduction in demand of for movies, due to the impact of CoVID-19.

7 **Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business:**

The Company has no contract where non-fulfilment of obligation would have a significant impact of its business.

8 **Other relevant material updates about the listed entity's business:**

Not applicable

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, if applicable	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 2020 and 31 March 2019 is

Name of Party	Financial year ended	Opening balance (excluding accrued interest)	Loan given	Loan repaid	Closing Balance (excluding accrued interest)
Asian Mukta A2 Cinema	31 Mar 2020	5,09,52,192	1,25,00,000	-	6,34,52,192
LLP	31 Mar 2019	4,04,75,712	1,04,76,480	-	5,09,52,192

c) **Details of investments made:**
The Company has invested in Rs. 45,000 in capital of Asian Mukta A2 Cinema LLP in the previous year.

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.

As per our report of even date attached.

For **Uttam Abuwala & Co.**
Chartered Accountants
Firm's Registration No: 111184W

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

CA Prerak Agarwal
Partner
Membership No: 158844

Subhash Ghai
Director
DIN : 00019803

Parvez A. Farooqui
Director
DIN: 00019853

Rahul Puri
Director
DIN: 01925045

Place : Mumbai
Date: 26th, June 2020