

INDEPENDENT AUDITORS' REPORT

To the Members of
MUKTA A2 CINEMAS LIMITED
Mumbai

Report on the Financial Statements

We have audited the accompanying financial statements of MUKTA A2 CINEMAS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the accompanying 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,

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- b. in the case of the Profit and Loss Account, of the **Loss** for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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 Companies Act, 2013, we give in the **Annexure A**, a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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- (e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the Internal Financial Controls over Financial Reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **Annexure B**, and
- (g) 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 does not have any pending litigations which would impact its financial position.
 - i. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses- Refer Note No. 3.27 to the financial statements.
 - ii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iii. The Company was incorporated on November 16, 2016. Based on audit procedures and relying on the management representation, the Company did not have any holdings or dealings in Specified Bank Notes during the period from November 16, 2016 to December 30, 2016 and these are in accordance with the books of accounts maintained by the Company (refer note 3.15 to the financial statements).

For Uttam Abuwala & Co.
Chartered Accountants
Firm No. 111184W

CA. Prerak Agarwal
(Partner)
Membership No. 158844

Date: May 23, 2017
Place: Mumbai

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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, 2017

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 Fixed assets 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 company does not have any immovable property. Accordingly, the provisions of this clause are not applicable.
- ii) As explained by the Management, physical verification of Inventory of Food and Beverages has been conducted at reasonable intervals by the management. The company is maintaining proper records of inventory and no material discrepancies were noticed on such verification.
- iii) Based on the audit procedures applied by us and 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 Companies Act, 2013. Accordingly, the provisions of clause (iii) (a), (b) and (c) of Para 3 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 not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Companies Act, 2013.
- 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 the food and beverage item sold/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 of the company, the Company has been generally regular in depositing undisputed statutory dues including Sales tax, Service Tax, Value added Tax, Cess and any other statutory dues with the appropriate authorities. As explained to us, the company

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did not have any dues on account of Custom Duty, Excise Duty, Value added tax, Profession tax, etc.

According to the information and explanations given to us, there are no undisputed statutory dues outstanding as on March 31, 2017 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues payable in respect of Income Tax, Sales tax, Value Added Tax, Customs duty and Excise duty 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 loans or borrowings to any financial institutions, banks or government nor has it issued any Debentures as at balance sheet date.
- 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 not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, provisions of Clause 3(ix) of the Order are not applicable to the company.
- x)** Based upon the audit procedures performed and the information and explanations given to us, we report that no fraud by the Company or any fraud on the company by its officers or employees has been noticed or reported during the year.
- xi)** According to the information and explanations given to us and based on the examinations of the records of the company, the managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii)** The company is not a Nidhi Company. Accordingly, the provisions of clause (xii) of Para 3 of the order are not applicable to the company.
- xiii)** According to the information and explanations given to us, all transactions with the related parties are in compliance with Section 188 and 177 of Companies Act, 2013 and the details of such transactions have been disclosed in the Financial Statements as required by the accounting standards and Companies Act, 2013.
- xiv)** On the basis of verification of records and according to the information and explanations given to us and based on the records made available to us, the company has not made any preferential allotment / private placement of shares or fully or partly convertible debentures during the year under review.
- xv)** In our opinion and according to the information and explanations given to us, the company has not entered into non-cash transactions with directors or persons connected with him.

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xvi) The company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

For Uttam Abuwala & Co.
Chartered Accountants
Firm No. 111184W

CA. Prerak Agarwal
(Partner)
Membership No. 158844

Date: May 23, 2017
Place: Mumbai

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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 ("the Companies Act")

We have audited the internal financial controls over financial reporting of **Mukta A2 Cinemas Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

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 judgement, including the assessment of the risks of material

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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 authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Uttam Abuwala & Co.

Chartered Accountants

Firm No. 111184W

CA. Prerak Agarwal

(Partner)

Membership No.: 158844

Date: May 23, 2017

Place: Mumbai

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Mukta A2 Cinemas Limited**Balance sheet
as at 31 March 2017**

(Currency: Indian Rupees)

	<i>Note</i>	31 March 2017
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	3.1	500,000
Reserves and surplus	3.2	(680,608)
		<u>(180,608)</u>
Non-current liabilities		
Long-term borrowings	3.3	69,716,667
Deferred tax liabilities (net)	3.4	36,310
Other long term liabilities	3.5	150,000,000
Long-term provisions		-
		<u>219,752,977</u>
Current liabilities		
Short-term borrowings	3.6	36,689,262
Trade payables	3.7	163,653,765
Other current liabilities	3.8	40,642,863
Short-term provisions		-
		<u>240,985,890</u>
TOTAL		<u><u>460,558,258</u></u>
ASSETS		
Non-current assets		
Fixed assets	3.9	
Tangible assets		314,832,801
Intangible assets		7,186,726
Capital work-in-progress		1,784,952
Intangible assets under development		-
		<u>323,804,479</u>
Non-current investments	3.10	45,000
Long-term loans and advances	3.11	35,192,256
Other non-current assets	3.12	8,015,703
		<u>367,057,438</u>
Current assets		
Inventories	3.13	5,083,324
Trade receivables	3.14	41,117,004
Cash and bank balances	3.15	4,981,960
Short-term loans and advances	3.16	42,318,533
Other current assets		-
		<u>93,500,820</u>
TOTAL		<u><u>460,558,258</u></u>

Summary of significant accounting policies 2

The accompanying notes from 1 to 3.27 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: 23 May 2017

Mukta A2 Cinemas Limited**Statement of profit and loss**
for the period 16 November 2016 to 31 March 2017

(Currency: Indian Rupees)

	<i>Note</i>	31 March 2017
Revenue from operations	<i>3.17</i>	
Box office collection		2,974,061
Other operating revenue		588,668
Total		<u>3,562,729</u>
Other income		34,500
Total revenue		<u>3,597,229</u>
Expenses		
Cost of exhibition	<i>3.18</i>	1,354,253
Finance costs	<i>3.19</i>	68,230
Depreciation and amortisation expense	<i>3.9</i>	169,767
Other expenses	<i>3.20</i>	2,649,278
Total expenses		<u>4,241,528</u>
Profit/(Loss) for the year before tax		(644,299)
Tax expenses		
- Current tax		-
- Deferred tax		36,310
Profit/ Loss for the year after tax		<u>(680,608)</u>
Earnings per equity share	<i>3.21</i>	
Basic and diluted		<u>(13.61)</u>
Face value of shares (Rs)		10
Summary of significant accounting policies	<i>2</i>	

The accompanying notes from 1 to 3.27 are an integral part of these financial statements.

As per our report of even date attached.

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Director
DIN: 01925045

Place : Mumbai
Date: 23 May 2017

1. Company overview

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.

- 1.1 The Company has on 31 March 2017 acquired all the assets and liabilities of the Cinema division that was being operated by MAL. The transfer of all the assets and liabilities has been recorded by the Company in its books of accounts as on 31 March 2017. The transferred liabilities include a Term loan facility from Yes Bank Limited for which the amount outstanding as on 31 March 2017 was Rs.87,516,667/- and a Cash Credit facility for which amount appearing in the books as on 31 March 2017 was Rs 30,815,117/-. The transferred assets include current assets, movable assets and leasehold rights of the Cinema division which are hypothecated MAL was as a covenant to the sanction letter of Yes Bank Ltd required to hive off its Cinema division to a separate entity. In that relation, Yes Bank Ltd is in the process of completing documentation for transfer of the limits from the name of MAL to Mukta A2 Cinemas Limited.

Therefore, after the documentation of Yes Bank Ltd is complete, the records of the bank shall show the loans as issued in favour of the Company instead of MAL.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting, in accordance with the accounting principles generally accepted in India ('Indian GAAP') and comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 which continue to apply under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of the Act, to the extent notified and applicable. The financial statements are presented in Indian Rupees, except where mentioned otherwise.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Act. Based on the nature of the services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current non-current classification of assets and liabilities.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management believes that the estimates and assumptions made in the preparation of financial statements are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognised

2.3 Fixed assets

2.3.1 Tangible assets

Tangible fixed assets are stated at cost of acquisition less accumulated depreciation and any provision for impairment. 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. 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.

2.3.1 Intangible assets

Software

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

2.4 Depreciation

Tangible assets

Depreciation on fixed assets is provided as per the useful life specified in Part 'C' of Schedule II to the Act, 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 with the assessment carried out by the technical experts.

Asset class	Useful life
Building	10 Years to 30 Years
Computers	3 Years to 6 Years
Furniture fixtures and office equipment	3 Years to 6 Years
Plant and equipment	5 Years to 10 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.

2.4.2 Intangible assets

Application software purchased is amortised over its license period or on a straight-line basis over its useful life, not exceeding six years, as determined by management.

2.5 Impairment

In accordance with AS 28 – ‘Impairment of Assets’, where there is an indication of impairment of the Company’s assets, the carrying amount of the Company’s assets are reviewed at each Balance sheet date to determine whether there is any impairment. 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.

2.6 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 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.

2.6.1 Theatrical exhibition and related income

Sale of tickets

Revenue from theatrical exhibition is recognised on the date of the exhibition of the films and comprises proceeds from sale of tickets, net of entertainment tax. As the Company is the primary obligor with respect to exhibition activities, the share of distributors in these proceeds is separately disclosed as distributors’ share.

Advertisement revenue

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

2.7 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.

2.7 Investments

Long-term investments and current maturities of long term investments are stated at cost less any provision for diminution, which is other than temporary, in value.

Non-monetary items are carried at historical cost using the exchange rate at the date of the transaction.

2.8 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

2.12 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

Minimum Alternative Tax Credit entitlement

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

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

Deferred tax

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

Deferred tax asset is recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is

3.1 Share Capital

Authorised

100,000 equity shares of Rs 10 each

Issued, subscribed and paid-up

50,000 equity shares of Rs 10 each, fully paid-up

31 March 2017	
	1,000,000
	500,000
	500,000

3.1.1 Reconciliation of the shares outstanding at the beginning and at the end of the year :

Equity shares

Balance as at the beginning of the year

Add: Issued during the year

Less: Buyback/ forfeiture/ reduction during the year

Balance as at the end of the year

31 March 2017	
Number of shares	Amount
-	-
50,000	500,000
-	-
50,000	500,000

3.1.2 Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having par value of Rs 10 per share. Each equity shareholder is entitled to one vote per share. The voting rights of an equity shareholder are in proportion to its share of the paid-up equity capital of the Company.

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

3.1.3 Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Mukta Arts Limited

31 March 2017	
Number of shares	% holding
49,994	99.99%

3.2 Reserves and surplus

Surplus in the Statement of profit and loss At the commencement of the year

Add : (Loss)/ profit for the year

31 March 2017	
	-
	(680,608)
	(680,608)

3.3 Long-term borrowings

Term loans

Secured loans from Yes Bank (also refer note 1.1 and note 3.5)

Amount disclosed under other current liabilities (note 3.8)

31 March 2017	
	87,516,667
	(17,800,000)
	69,716,667

3.4 Deferred tax liabilities

Deferred tax liability

Arising on account of timing differences in:
Depreciation

Deferred tax assets

Arising on account of timing differences in:
Others

Net deferred tax (liability)

31 March 2017	
	36,310
	36,310
	-
	-
	36,310

3.5 Other long term liabilities

Payable to related parties (refer note No. 3.24)
Others

31 March 2017	
	150,000,000
	-
	150,000,000

3.6 Short-term borrowings

Secured :

Cash credit from Yes Bank Limited * (also refer note 1.1)

Unsecured :

Inter corporate deposits from Holding Company ***

31 March 2017	
	30,815,117
	5,874,145
	36,689,262

* Mukta Arts Limited had obtained a cash credit facility from Yes Bank Limited on 6 January 2016 at interest rate of 13% per annum. Along with the term loan mentioned above in note 3.3, which was also obtained by Mukta Arts Limited, this facility is secured against all current assets, movable assets and leasehold rights of the cinema division of Mukta Arts Limited that has been acquired by the Company on 31 March 2017, and residential flats of Mukta Arts Limited at Bandra. Personal guarantee of Mr Subhash Ghai, the Chairman of the Mukta Arts Limited and Mrs. Mukta Ghai, a relative of Mr Subhash Ghai, and of Mr Rahul Puri, Director of the Company has also been given in respect of this liability.

As mentioned in greater detail note 1.1 the above loan has been taken over by the Company and Yes Bank Limited is in the process of completing its documentation to transfer the loan from Mukta Arts Limited to the Company.

***Deposit of Rs. 5,808,015 accepted at interest rate of 10% p.a. repayable on demand.

3.7 Trade payables

Dues to micro and small suppliers
Others

31 March 2017	
	-
	163,653,765
	163,653,765

3.8 Other current liabilities

Current maturities of term loans (refer note 3.3)
Advance received for box office sales
Statutory dues payable*
Rent straight lining

31 March 2017	
	17,800,000
	20,500,076
	274,325
	2,068,462
	40,642,863

*Statutory dues payable includes

- Swach Bharat Cess Payable
- Service tax payable
- TDS payable
- ET/INR/Show tax

	868
	2,884
	114,575
	155,998
	274,325

3.10 Non - current investments

Non -Trade investments (valued at cost unless stated otherwise)

Name of the corporate bodies

Investments in partnership firms

Asian Mukta A2 Cinemas LLP

Aggregate value of unquoted investments

31 March 2017		
% holding		Amount
45%		45,000
		45,000

3.11 Long-term loans and advances

Security deposits

31 March 2017
35,192,256
35,192,256

3.12 Other non-current assets**Unsecured, considered good unless stated otherwise**

Other bank balances

(Deposits with original maturity of more than twelve months from the Balance sheet date)

31 March 2017
8,015,703
8,015,703

3.13 Inventories**(valued at lower of cost and net realisable**

Food and beverages

31 March 2017
5,083,324
5,083,324

3.14 Trade receivables

Receivables outstanding for a period exceeding six months from the date they became due for payment

Other receivables

(a) Secured, considered good

(b) Unsecured, considered good

(c) Doubtful

Less: Provision for doubtful receivables

31 March 2017
-
-
41,117,004
-
-
41,117,004

3.15 Cash and bank balances**Cash and cash equivalents**

Cash in hand

Balance with banks

-in current accounts

31 March 2017
4,098,756
883,204
4,981,960

Details of Specified Bank Notes (SBN) held and transacted during the period from 16 November 2016 to 30 December 2016, as provided in the table below:

Particulars	SBN*	Other denomination notes	Total
Closing cash in hand as on 16 November 201	-	-	-
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in banks	-	-	-
Closing cash in hand as on 30 December 201	-	-	-

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8 November 2016.

3.16 Short-term loans and advances**To parties other than related parties**

(Unsecured, considered good unless otherwise stated)

Sundry advance to parties

Considered good

Considered doubtful

Less : Provision for doubtful advances

TDS Receivable

Service tax credit receivable

VAT credit receivable

Excess Entertainment Tax paid

To related parties

- Asian Mukta A2 Cinemas LLP

31 March 2017
29,571,337
-
-
3,010
6,750
270,422
36,162
12,430,852
42,318,533

3.9 Fixed assets

	Tangible assets				Intangible assets	
	Building	Plant and machinery	Furniture fixtures and office	Computers	Total	Computer Software
Gross block						
<i>As at 16th Nov 2016</i>	-	-	-	-	-	-
Additions	228,891,743	45,478,583	31,405,994	9,226,247	315,002,568	7,186,726
Disposals	-	-	-	-	-	-
Other adjustment	-	-	-	-	-	-
<i>As at 31 March 2017</i>	228,891,743	45,478,583	31,405,994	9,226,247	315,002,568	7,186,726
Accumulated Depreciation /Amortisation						
<i>As at 16th Nov 2016</i>	-	-	-	-	-	-
Charge for the year	22,564	7,206	130,096	9,901	169,767	-
Deduction	-	-	-	-	-	-
Other adjustment	-	-	-	-	-	-
<i>As at 31 March 2017</i>	22,564	7,206	130,096	9,901	169,767	-
Net block						
<i>As at 31 March 2016</i>	-	-	-	-	-	-
<i>As at 31 March 2017</i>	228,869,179	45,471,377	31,275,898	9,216,346	314,832,801	7,186,726
Capital Work-in-progress						
Balance As at 16th Nov 2016						-
Additions (net)						1,784,952
<i>As at 31 March 2017</i>						1,784,952

1 Tangible/ Intangible assets include assets acquired from Mukta Arts Limited by way of a slump sale. Value and future life of individual assets has been determined by a Chartered Engineer.

2 Tangible/ Intangible assets given as security:

Tangible assets that have been acquired from Mukta Arts Limited are subject to first charge to secure the Company's term loan and cash credit loans that are in the process of being transferred to the Company from Mukta Arts Limited. (refer notes 1.1, 3.3 and 3.5)

3.17 Revenue from operations

- (a) **Box office collection**
 Sale of tickets
 Less: Entertainment tax
- (b) **Other operating revenue**
 Advertisement Revenue
 Other income from theatrical operations
- (c) **Other Income**
 Interest income

31 March 2017	
4,233,770	
(1,259,709)	2,974,061
40,000	
548,668	588,668
34,500	
	34,500
	3,597,229

3.18 Cost of exhibition

- Distributors' share
 Other exhibition costs

31 March 2017	
	1,336,657
	17,596
	1,354,253

3.19 Finance costs

- a) Interest cost on
 - Inter corporate deposits
 - Others

31 March 2017	
	-
	66,130
	2,100
	68,230

3.20 Other expenses

- Rent
 Legal and professional fees
 Electricity charges
 Housekeeping charges
 Equipment rental
 Repairs and maintenance
 Security charges
 Rates and taxes
 Advertisement and publicity
 Postage and Courier charges
 Printing and stationery
 Bank charges
 Communication
 Travelling expenses
 Payment to auditor (Refer details below)
 Miscellaneous expenses
- Payment to auditor (excluding service tax)**
As auditor:
 Audit fee
 Reimbursement of expenses

31 March 2017	
	1,258,929
	631,517
	100,940
	169,209
	50,000
	28,979
	133,689
	24,356
	77,549
	4,210
	4,453
	1,275
	10,774
	103,049
	20,000
	30,349
	2,649,278
	20,000
	-
	20,000

3.21 Earnings per equity share:

	31 March 2017
a) Net (loss)/ profit after tax attributable to shareholders	(680,608)
b) Weighted average number of equity shares outstanding during the year for basic EPS	50,000
c) Weighted average number of equity shares outstanding during the year for dilutive EPS	50,000
d) Basic EPS	(13.61)
e) Dilutive EPS	(13.61)
f) Nominal value per share	10

3.22 The provisions of the Employees' Provident Funds and Miscellaneous Provision Act, 1952 are not applicable to the Company as the Company has no employees on its payroll during the period from the date of incorporation till 31 March 2017.

3.23 Segment reporting

The Company has only one reportable business segment which is operating of cinemas and only one geographical segment, which is India. Accordingly, the segment information as required by AS 17 on Segment reporting has not been separately disclosed.

3.24 Related party disclosures

Details of related parties including summary of transactions entered into by the Company during the year ended 31 March 2017 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)

* The KMP do not draw any remuneration from the Company.

B Transactions with related parties for the year ended 31 March 2017 are as follows:-

Transactions	Entity in which Company exercises significant	Holding company
Interest income Asian Mukta A2 Cinemas LLP	30,100	
Interest expense Mukta Arts Limited		66,130
Purchase of business division Mukta Arts Limited		150,000,000
Issue of equity shares Mukta Arts Limited		500,000
Investment in shares Asian Mukta A2 Cinemas LLP	45,000	

Loan taken during the year		
Mukta Arts Limited		5,808,015
Loan given during the year		
Asian Mukta A2 Cinemas LLP	12,400,752	
Purchase Consideration for Mukta Cinema Division		
Mukta Arts Limited		150,000,000
Loan receivable		
Asian Mukta A2 Cinemas LLP	12,400,752	
Loan repayable		
Mukta Arts Limited		5,808,015
Interest receivable		
Asian Mukta A2 Cinemas LLP	27,090	
Interest payable		
Mukta Arts Limited		59,517

3.25 Contingent liabilities and commitments

- (a) The Company does not have any contingent liabilities as at 31 March 2017.
- (b) The Company does not have any long-term contract for which there are any material foreseeable losses.
- (c) The Company does not have any capital commitment as at 31 March 2017.

3.26 Dues to Micro and Small Enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro and Small Enterprises (MSE). On the basis of the information and records available with the Management, none of the Company's suppliers are

The amounts remaining unpaid to micro and small suppliers as at the end of the year

-Principal

-Interest

The amount of interest paid by the Company in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year

The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006

The amount of interest accrued and remaining unpaid at the end of the accounting year

The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the

31 March 2017

-

-

-

-

-

-

3.27 Other information

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.

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.

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: 23 May 2017

Mukta A2 Cinemas Limited**Cash flow statement***for the period 16 November 2016 to 31 March 2017*

(Currency: Indian Rupees)

	31-Mar-17
Cash flows from operating activities	
Net Profit / (loss) before tax	(644,299)
Adjustments:	
Depreciation/ amortisation	169,767
Finance costs	68,230
Sundry balances written back, net	-
Provision for doubtful debts	-
Loss /(Profit) on sale / discarding of assets (net)	-
Interest income	(30,100)
Operating profit before working capital changes	(436,402)
Working capital changes	
(Increase) /decrease in trade receivables	(41,117,004)
(Increase) / decrease in loans and advances	(77,510,789)
(Increase) / decrease in other assets	(8,015,703)
(Increase) / decrease in inventories	(5,083,324)
Increase in current liabilities and trade payables	204,296,628
Increase in provisions	
Increase in other long term liabilities	150,000,000
Cash generated from operations	222,133,406
Net taxes (paid)/ received	
Net cash generated from operating activities (A)	222,133,406
Cash flows from investing activities	
Purchase of fixed assets	(323,974,246)
Interest received	30,100
Investment in firm	(45,000)
Proceeds from sale of fixed assets	
Net cash (used in) investing activities (B)	(323,989,146)
Cash flows from financing activities	
Share Capital Issued	500,000
Loans from related parties	(17,800,000)
Secured Loans received / borrowings	124,205,929
Interest paid	(68,230)
Net cash (used in) financing activities (C)	106,837,699
Net increase in cash and cash equivalents (A+B+C)	4,981,959
Cash and cash equivalents at the beginning of the year	-
Cash and cash equivalents at the end of the year	4,981,959

Notes:

The cash flow statement has been prepared under the indirect method as set out in Accounting Standard - 3 prescribed in the Companies (Accounting Standards) Rules, 2006, which continue to apply under Section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules 2014.

Cash and cash equivalents at year-end comprises:

Cash on hand	4,098,756
Balances with scheduled banks in -in current accounts	883,204
	4,981,960

As per our report of even date attached.

For Uttam Abuwala & Co.

Chartered Accountants

Firm's Registration No: 111184W

CA Prerak Agarwal

Partner

Membership No: 158844

For and on behalf of the Board of Directors of

Mukta A2 Cinemas Limited

CIN: U74999MH2016PLC287694

Subhash Ghai

Director

DIN: 00019803

Parvez A. Farooqui

Director

DIN: 00019853

Rahul Puri

Director

DIN: 01925045

Place : Mumbai

Date: 23 May 2017