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Uttam Abuwala & Co.

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INDEPENDENT AUDITORS' REPORT

To the Members of,
Mukta A2 Cinema Limited
Mumbai

Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

We have audited the accompanying standalone Indian Accounting Standard (Ind AS) financial statements of **Mukta A2 Cinema Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS 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 of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 Ind AS financial statements.

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

Opinion

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, 2018, its **loss** (including other comprehensive income), its cash flows and the changes in equity 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, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and 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 as specified under Section 133 of the Act ;

(e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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.

ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses - Refer Note No. 41

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

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

CA. Prerak Agarwal
(Partner)
Membership No. 158844

Date: May 23, 2018
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 Cinema Limited on the accounts for the year ended March 31, 2018

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, 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 the company does not have any immovable propert. Thus, paragragh 3(i)(c) of the Order is not applicable to the company.

ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification. The closing inventory of the Company for the year ended March 31, 2018 is Rs. 48,90,613/-.

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) 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, Service Tax, Value added Tax, Cess and any other statutory dues with the appropriate authorities except that there have been few delays in depositing Professional Tax, Show Tax, Income Tax and Employees' State Insurance. As explained to us, the company did not have any dues on account of Custom Duty, Excise Duty.

According to the information and explanations given to us, the following undisputed statutory dues are outstanding as on March 31, 2018 for a period of more than six months from the date they became payable.

Name of the statute	Nature of dues	Amount (Rs.)	Period to which it relates	Due Date
Profession Tax	Professional Tax	8,100	April 2017-September 2017	30th of next month

Except for the above, there are no undisputed statutory dues payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Value Added Tax, Sales Tax and other material statutory dues, which were in arrears as on March 31, 2018 for a period of more than 6 months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues payable in respect of Value Added Tax, 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.

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, if applicable and the details of such transactions have been disclosed in the Financial Statements as required by the accounting standards and Companies Act, 2013.

xiv) On the basis of verification of records and according to the information and explanations given to us and based on the records made available to us, the company has not made any preferential allotment / private placement of shares or fully or partly convertible debentures during the year under review.

xv) In our opinion and according to the information and explanations given to us, the company has not entered into non-cash transactions with directors or persons connected with him.

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

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

CA. Prerak Agarwal
(Partner)
Membership No. 158844

Date: May 23, 2018
Place: Mumbai

Annexure B to the Independent Auditor's Report of even date on the Financial Statements of Mukta A2 Cinema 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 Cinema Limited** ("the Company") for the year ended on March 31, 2018 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 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, 2018, 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, 2018
Place: Mumbai

Mukta A2 Cinemas Limited
Balance Sheet as at 31 March 2018
(Currency - Indian Rupees)

	Particulars	Notes	As at 31 Mar 2018	As at 31 Mar 2017
I	**ASSETS**			
	1 Non-current assets			
	(a) Property, plant and equipment	6 (a)	276,916,966	314,832,800
	(b) Capital work-in-progress	6 (b)	7,976,462	1,784,952
	(c) Other intangible assets	6(c)	3,400,137	7,186,726
	(d) Financial Assets			
	(i) Investments	7(a)	45,000	45,000
	(ii) Loans	7(b)	10,000,000	-
	(iii) Others	7(c)	24,816,618	33,113,225
	(e) Other non-current assets	8	2,394,882	3,738,258
	Total Non-current assets		**325,550,065**	**360,700,961**
	2 Current assets			
	(a) Inventories	9	4,890,613	5,083,324
	(b) Financial assets			
	(i) Trade receivables	10(a)	66,799,712	36,957,337
	(ii) Cash and cash equivalents	10(b)	9,659,496	4,981,960
	(iii) Loans	10(c)	49,921,177	29,662,323
	(iv) Others	10(d)	8,728,389	2,779,900
	(c) Other current assets	11	31,025,326	13,952,967
	Total Current assets		**171,024,713**	**93,417,811**
	TOTAL ASSETS		**496,574,778**	**454,118,772**
II.	**EQUITY AND LIABILITIES**			
	1 Equity			
	(a) Equity share capital	12	500,000	500,000
	(b) Other equity	13	(45,296,807)	(6,841,258)
	Total Equity		**(44,796,807)**	**(6,341,258)**
	2 Non-current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	14(a)	41,375,563	67,756,694
	(ii) Other financial liabilities	14(b)	3,965,732	153,383,622
	(b) Long-term provisions	15	5,029,006	-
	(c) Deferred tax liabilities (Net)	16	1,350,722	1,490,581
	(d) Other non-current liabilities	17	1,117,350	228,215
	Total Non-current liabilities		**52,838,373**	**222,859,112**
	3 Current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	18(a)	29,472,933	30,815,117
	(ii) Trade payables	18(b)	135,679,946	128,526,302
	(iii) Other financial liability	18(c)	283,648,927	25,104,189
	(b) Other current liabilities	19	28,726,612	18,027,847
	(c) Current provisions	20	11,004,794	35,127,463
	Total Current liabilities		**488,533,212**	**237,600,918**
	TOTAL EQUITY AND LIABILITIES		**496,574,778**	**454,118,772**

Summary of significant accounting policies 2

The accompanying notes from 1 to 43 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

CA Prerak Agarwal
Partner
Membership No: 158844

Place : Mumbai
Date: 23 May 2018

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

Subhash Ghai
Director
DIN: 00019803

Parvez A. Farooqui
Director
DIN: 00019853

Rahul Puri
Director
DIN: 01925045

Mukta A2 Cinemas Limited
Statement of Profit and Loss for the year ended 31 March 2018
(Currency - Indian Rupees)

	Particulars	Notes	Year ended 31 Mar 2018	Period from 16 Nov 2016 to 31 Mar 2017
I	**Income**			
	Revenue from operations	21	596,331,734	3,562,729
	Other income	22	2,820,013	34,500
	Total Revenue		**599,151,747**	**3,597,229**
II	**Expenditure**			
	Changes in inventory of food and beverages	23	192,711	-
	Purchase of food and beverages		33,372,987	-
	Distributor's share	24	190,049,283	1,336,657
	Other direct operation expenses	25	1,919,113	17,596
	Employee benefits expense	26	90,922,528	-
	Finance costs	27	29,606,855	68,230
	Depreciation and amortisation	28	43,284,855	169,767
	Other expenses	29	248,932,143	7,355,656
	Total Expenses		**638,280,475**	**8,947,906**
III	**Profit from ordinary activities before tax**		**(39,128,728)**	**(5,350,677)**
VI	**Tax expense**			
	Current tax		-	-
	Deferred tax		(139,859)	1,490,581
V	**Profit for the year / period**		**(38,988,869)**	**(6,841,258)**
	Items that will not be reclassified to profit or loss			
	Remeasurements of net defined benefit plans		533,320	-
VI	**Other comprehensive income for the year / period**		**533,320**	**-**
VII	**Total Comprehensive income for the year / period**		**(38,455,549)**	**(6,841,258)**
	Earnings per share			
	Basic and diluted		**(769.11)**	**(136.83)**

Summary of significant accounting policies 2

The accompanying notes from 1 to 43 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

CA Prerak Agarwal
Partner
Membership No: 158844

Place : Mumbai
Date: 23 May 2018

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

Subhash Ghai
Director
DIN: 00019803

Parvez A. Farooqui
Director
DIN: 00019853

Rahul Puri
Director
DIN: 01925045

Mukta A2 Cinemas Limited
Statement of Changes in Equity for the year ended 31 March 2018
(Currency - Indian Rupees)

A Equity Share Capital

	Number	Amount
Balance at 16 November 2016	50,000	500,000
Add: Issued during the year	-	-
Balance as at 31 March 2017	50,000	500,000
Add: Issued during the year	-	-
Balance as at 31 March 2018	50,000	500,000

B Other Equity

Particulars	Reserve and surplus	
	Retained Earning	**Total**
Balance at 16 November 2016	**NIL**	**NIL**
Addition during the year :		
Profit for the period	(6,841,259)	(6,841,259)
Other Comprehensive income for the period, net of taxes	-	-
Total comprehensive income for the year	(6,841,259)	(6,841,259)
Balance at 31 March 2017	**(6,841,259)**	**(6,841,259)**
Addition during the year :		
Profit for the year	(38,988,869)	(38,988,869)
Other Comprehensive income for the year , net of taxes (*)	533,320	533,320
Total comprehensive income for the year	(38,455,549)	(38,455,549)
Balance at 31 March 2018	**(45,296,808)**	**(45,296,808)**

(*) 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
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Subhash Ghai
Director
DIN: 00019803

Parvez A. Farooqui
Director
DIN: 00019853

Rahul Puri
Director
DIN: 01925045

Place : Mumbai
Date: 23 May 2018

Mukta A2 Cinemas Limited
Statement of Cash flows for the year ended 31 March 2018
(Currency - Indian Rupees)

Particulars	Year ended 31 Mar 2018	Period from 16 Nov 2016 to 31 Mar 2017
Cash flow from operations		
Profit (loss) before tax	**(39,128,729)**	**(5,350,677)**
Non-cash adjustments to reconcile Profit before tax to net cash flows		
Depreciation and amortisation	43,284,855	169,767
Finance cost	29,606,855	68,230
Provision for gratuity / leave encashment	5,029,006	-
Operating profit before working capital changes	**38,791,987**	**(5,112,680)**
Movements in working capital:		
(Increase) in trade receivables	(29,842,375)	(36,957,337)
(Increase) / decrease in inventories	192,711	(5,083,324)
(Increase) in loans and advances	(20,258,853)	(40,909,764)
Decrease in other financial assets	(2,148,196)	(35,893,125)
(Increase) in other assets	(17,072,359)	(6,443,783)
Increase in trade payables	7,153,644	163,653,765
(Decrease) in provisions	(23,589,349)	-
Increase in other financial liability	92,856,839	205,377,144
Increase in other liabilities	11,587,900	22,960,730
Cash generated from operations	**57,671,949**	**261,591,626**
Taxes paid (net)	(2,575,000)	-
Net cash generated from operating activities (A)	**55,096,949**	**261,591,626**
Cash flow from investing activities		
Investment in firm	-	(45,000)
Purchase of property, plant and equipment and intangible assets	(7,773,942)	(323,974,246)
Inter-corporate deposit given	(10,000,000)	-
Net cash used in investing activities (B)	**(17,773,942)**	**(324,019,246)**
Cash flow from financing activities		
Proceeds from issue of equity shares (net)	-	500,000
Secured loan (repaid)	(19,308,625)	-
Secured loan received	-	66,977,810
Interest (paid)	(13,336,846)	(68,230)
Net cash flow from / (used in) financing activities (C)	**(32,645,471)**	**67,409,580**
Net increase / (decrease) in cash and cash equivalents (A + B + C)	**4,677,536**	**4,981,960**
Cash and cash equivalents at the beginning of the year	**4,981,960**	**-**
Cash and cash equivalents at the end of the year (Refer note (b) below)	**9,659,496**	**4,981,960**

1. The above statement of cash flow has been prepared under the indirect method
2. Component of cash and cash equivalent are as Note 10b.
3.The accompanying notes from 1 to 43 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

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 2018

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 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 2018 was Rs. 58,526,427/- (31 March 2017 - Rs.84,777,810/-) and a Cash Credit facility for which amount appearing in the books as on 31 March 2018 was Rs. 29,472,933/-(31 March 2017 - Rs 30,815,117/-). The transferred assets include current assets, movable assets and leasehold rights of the Cinema division which are hypothecated against the said loan facilities.

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

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.

For the period up to and including the year ended March 31, 2017, the entity prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read with paragraph 7 of the Companies (Accounts) Rules 2014 (Indian GAAP). These financial statements for the year ended March 31, 2018 are the first financial statements of the Company prepared in accordance with Ind AS. The date of transition to Ind AS is 16 November 2016. Refer Note 5 for details of mandatory exceptions and optional exemptions on first-time adoption availed by the Company.

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.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised since 16 November 2016 till 31 March 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

(Currency - Indian Rupees)

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.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised at November 16 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

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 (Standards Issued but not yet Effective)

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 (the 'Rules') on March 28, 2018. The rules shall be effective from reporting periods beginning on or after April 1, 2018. Amendments to Ind AS as per these rules are mentioned below:

(a) Ind AS 115 – Revenue from Contracts from Customers

On March 28, 2018, the Ministry of Corporate Affairs issued Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Ind AS 115 – Revenue from Contracts with Customers. The accounting standard is applicable to the Company from April 1, 2018.

This will replace (i) Ind AS 18 which covers contracts for goods and services, (ii) Ind AS 11 which covers construction contracts, and (iii) Guidance Note on Accounting for Real Estate Transactions which covers revenue recognition for property development projects. The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

(b) Ind AS 40 - Investment property - Transfers of investment property

The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. The list of evidence for a change of use in the standard was re-characterised as a non-exhaustive list of examples and scope of these examples have been expanded to include assets under construction/development and not only transfer of completed properties.

There are no investment property, hence this standard is not applicable.

5 First-time adoption of Ind AS

Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The financial statements for the year ended March 31, 2018 and the comparative information presented in these financial statements for the year ended March 31, 2017 have been prepared according to the accounting policies set out in note 2. In preparing these financial statements the Company has adjusted the amounts reported Indianly in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2016 (as amended) and other relevant provisions of the Act (Indian GAAP). The impact of the transition from the Indian GAAP to Ind AS on the Company's financial position, performance and cash flows is set out in the following notes.

5.1 Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from Indian GAAP to Ind AS.

A.1 Ind AS optional exemptions

A.1.2 Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the Indian GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 - Intangible Assets.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their Indian GAAP carrying value.

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

An entity's estimates in accordance with Ind AS at the date of transition shall be consistent with estimates made for the same date in accordance with Indian GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at November 16, 2016 are consistent with the estimates as at the same date made in conformity with Indian GAAP.

The company has made estimates for Impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under Indian GAAP.

A.2.2 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Consequently, the company has applied the above assessment based on facts and circumstances existing at the transition date.An entity’s estimates in accordance with Ind AS's at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with the Indian GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

A.2.3 Impairment of financial assets

Ind AS 101 requires an entity to follow the expected credit loss method for financial assets prospectively from the date of transition to Ind AS.

(Currency - Indian Rupees)

5 First-time adoption of Ind AS (Contd…)

B. Reconciliation between Indian GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from Indian GAAP to Ind AS.

Reconciliation of total equity as at March 31, 2017

Particulars	Notes to first-time adoption	March, 31 2017
Total equity (shareholder's fund) as per Indian GAAP		(180,608)
Adjustments:		
Fair value adjustments on financial instruments	C.1	(546,711)
Expected Credit Loss provisioning	C.2	(4,159,668)
Deferred tax impact on above adjustments	C.3	(1,454,270)
Total adjustments		**(6,160,650)**
Total equity as per Ind AS		**(6,341,258)**

Reconciliation of total comprehensive income for the year ended March 31, 2017

Particulars	Notes to first-time adoption	March, 31 2017
Profit after tax as per Indian GAAP		(680,608)
Adjustments:		
Fair value adjustments on financial instruments	C.1	(546,711)
Expected Credit Loss provisioning	C.2	(4,159,668)
Deferred tax impact on above adjustments	C.3	(1,454,270)
Total adjustment		**(6,160,649)**
Profit after tax as per Ind AS		**(6,841,258)**
Other comprehensive income		-
Total comprehensive income as per Ind AS		**(6,841,258)**

(Currency - Indian Rupees)

Reconciliation of equity as at March 31, 2017

Particulars	Notes to first-time adoption	Indian GAAP *	Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		314,832,800	-	314,832,800
Capital work-in-progress		1,784,952	-	1,784,952
Intangible assets		7,186,726	-	7,186,726
Financial assets:				
Investments		45,000	-	45,000
Others	C.4	43,207,959	(10,094,734)	33,113,225
Other non-current assets	C.4	-	3,738,258	3,738,258
				-
Total non-current assets		**367,057,437**	**(6,356,476)**	**360,700,961**
Current assets				
Inventories		5,083,324	-	5,083,324
Financial assets:				
Trade receivables	C.2	41,117,004	(4,159,667)	36,957,337
Cash and cash equivalents		4,981,960	-	4,981,960
Loans		29,662,323	-	29,662,323
Others	C.4	-	2,779,900	2,779,900
Other current assets	C.6	12,656,210	1,296,757	13,952,967
Total current assets		**93,500,821**	**(83,010)**	**93,417,811**
Total assets		**460,558,258**	**(6,439,486)**	**454,118,772**
EQUITY AND LIABILITIES				
Equity				
Equity share capital		500,000	-	500,000
Other equity	C.1, C.2, C.3	(680,608)	(6,160,650)	(6,841,258)
Total equity		**(180,608)**	**(6,160,650)**	**(6,341,258)**
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Borrowings	C.6	69,716,667	(1,959,973)	67,756,694
Other financial liabilities	C.4	153,803,263	(419,641)	153,383,622
Deferred tax liabilities (net)	C.3	36,310	1,454,271	1,490,581
Other non-current liabilities	C.4	-	228,215	228,215
Total non-current liabilities		**223,556,240**	**(697,128)**	**222,859,112**
Current liabilities				
Financial liabilities				
Borrowings		30,815,117	-	30,815,117
Trade payables		128,526,302	-	128,526,302
Other financial liabilities	C.5,C.6	24,849,875	254,314	25,104,189
Other current liabilities	C.4	17,863,869	163,978	18,027,847
Current provisions		35,127,463	-	35,127,463
Total current liabilities		**237,182,626**	**418,292**	**237,600,918**
Total liabilities		**460,738,866**	**(278,836)**	**460,460,030**
Total equity and liabilities		**460,558,258**	**(6,439,486)**	**454,118,772**

*** Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.**

(Currency - Indian Rupees)

Reconciliation of total comprehensive income for the year ended March 31, 2017

Particulars	Notes to first-time adoption	Indian GAAP *	Adjustments	Ind AS
Revenue from operations		3,562,729	-	3,562,729
Other income		34,500	-	34,500
Total income		**3,597,229**	**-**	**3,597,229**
Expenses				
Distributor's share		1,336,657	-	1,336,657
Other direct operation expenses		17,596	-	17,596
Finance costs		68,230	-	68,230
Depreciation and amortisation expense		169,767	-	169,767
Other expenses	C.1, C.2	2,649,278	4,706,379	7,355,656
Total expenses		**4,241,528**	**4,706,379**	**8,947,906**
Profit/(Loss) for the year before tax		**(644,299)**	**(4,706,379)**	**(5,350,677)**
Tax Expenses				
Current tax		-	-	-
Deferred tax	C.3	36,310	1,454,271	1,490,581
Loss for the year (A)		**(680,608)**	**(6,160,650)**	**(6,841,258)**
Other comprehensive income for the year, net of tax (B)		-	-	-
Total comprehensive loss for the year (A+B)		**(680,608)**	**(6,160,650)**	**(6,841,258)**

*** The Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.**

C. Notes for the first time adoption

C.1. Fair value adjustments on financial instruments

On March 31, 2017 the company acquired all the assets and liabilities of the exhibition business from Mukta Arts Limited its holding company by way of a slump sale. Subsequently IND AS Reporting became applicable to Mukta arts Limited from March 31, 2018. Mukta arts Limited restated its Assets and liabilities according to IND AS with effect from April 1, 2016, its transition date. As a result, the assets and liabilities that had been transferred from Mukta arts limited to the company were also restated on the date of the slump sale.

C.2. Trade Receivables

IND as 109 requires the Company to provide an allowance for doubtful debts that is based on the expected credit loss model. As a result of this, the provision for doubtful debts increased and the loss for the year ended March 31 2017 and the total equity as on March 31 2017 reduced by Rs.4,159,668/-.

C.3. Deferred tax

Deferred taxes impact of the adjustments made on account of restatements on account of IND AS, wherever applicable has been recognised on transition to Ind AS.

C.4. Financial Instruments: Deposits placed and deposits received

The company has placed security deposits for theatres taken on lease and also against projectors taken on lease for certain theatres. The company has also accepted security deposits from some vendors. These deposits are refundable at the end of their respective tenures. As required by IND as 109 these deposits have been disclosed at fair value.

The difference between fair value and transaction value of security deposits placed has been recognised as deferred income. Consequent to this change, the amount of security deposits placed decreased by Rs. 7,314,834 as at March 31, 2017 and the deferred income increased by Rs. 6,443,783 as at March 31, 2017. The difference between fair value and transaction value of security deposits received has been recognised as deferred expense. Consequent to this change, the amount of security deposits received reduced by Rs 419,641 and deferred expenses increased by Rs 392,192.

C.5. Financial Instruments: Financial Guarantee received

As required by Ind AS, the Company has recognised the cost of the financial guarantee provided by related parties against the term loan and cash credit facilities received by the Company from a bank. As a result of this, the Guarantee Commission payable has increased by Rs 1,033,198.

C.6. Borrowings

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method. Under the previous GAAP, these transaction costs had been booked as prepaid expenses and were being charged to the profit and loss account over the tenure of the loan. Accordingly, borrowings as at March 31, 2017 have been decreased by Rs.1,408,768 with a corresponding adjustment to prepaid expenses. Further the impact of amortisation of the borrowings is Rs 2,738,857/-

(Currency - Indian Rupees)

6 (a) Property, plant and equipment

	Leasehold Premises	Plant & Machinery	Fixtures & Fittings	Computers	Total
Cost or deemed cost (Gross Carrying Amount) *					
As at 16 November 2016	-	-	-	-	-
Additions	228,891,743	45,478,583	31,405,994	9,226,247	315,002,567
Disposals	-	-	-	-	-
Other adjustment	-	-	-	-	-
As at 31 March 2017	**228,891,743**	**45,478,583**	**31,405,994**	**9,226,247**	**315,002,567**
Additions	11,169,971	1,143,697	2,376,102	800,997	15,490,767
Disposals	11,806,425	379,910	1,216,492	505,508	13,908,335
Other adjustment	-	-	-	-	-
As at 31 March 2018	**228,255,289**	**46,242,370**	**32,565,604**	**9,521,736**	**316,584,999**
Accumulated Depreciation					
As at 16 November 2016	-	-	-	-	-
Charge for the period	22,564	7,206	130,096	9,901	**169,767**
Deduction	-	-	-	-	-
Other adjustment	-	-	-	-	-
As at 31 March 2017	**22,564**	**7,206**	**130,096**	**9,901**	**169,767**
As at 1 April 2017	**22,564**	**7,206**	**130,096**	**9,901**	**169,767**
Charge for the year 2017	17,444,565	8,760,813	8,610,732	4,682,156	**39,498,266**
Deduction	-	-	-	-	-
Other adjustment	-	-	-	-	-
As at 31 March 2018	**17,467,129**	**8,768,019**	**8,740,828**	**4,692,057**	**39,668,033**
Carrying amounts (Net)					
At 31 March 2017	**228,869,179**	**45,471,377**	**31,275,898**	**9,216,346**	**314,832,800**
At 31 March 2018	**210,788,160**	**37,474,351**	**23,824,776**	**4,829,679**	**276,916,966**

6 (b) Capital Work in Progress

	Amount
Cost or deemed cost	
As at 16 November 2016	-
Additions	1,784,952
Disposals	-
Other adjustment	-
As at 31 March 2017	**1,784,952**
As at 1 April 2017	**1,784,952**
Additions	6,191,510
Disposals	-
Other adjustment	
As at 31 March 2018	**7,976,462**

(Currency - Indian Rupees)

6(c) Intangible Assets

	Amount
Cost or deemed cost	
As at 16 November 2016	-
Additions	7,186,726
Disposals	-
Other adjustment	-
As at 31 March 2017	**7,186,726**
As at 1 April 2017	7,186,726
Additions	-
Disposals	-
Other adjustment	-
As at 31 March 2018	**7,186,726**
Accumulated amortisation	
As at 16 November 2016	-
Charge for the year	-
Deduction	-
Other adjustment	-
As at 31 March 2017	**-**
As at 1 April 2017	-
Charge for the year	3,786,589
Deduction	-
Other adjustment	-
As at 31 March 2018	**3,786,589**
Carrying amount (Net)	
At 31 March 2017	**7,186,726**
At 31 March 2018	**3,400,137**

Note : 1. During the year ended on 31 March 2017 and 31 March 2016, 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 - 14(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.

(Currency - Indian Rupees)

7 Non-current financial assets

7(a)

Investments		**As at 31 Mar 2018**	**As at 31 Mar 2017**
Investment in Limited Liability Partnership Firm			
Asian Mukta A2 Cinemas LLP		45,000	45,000
	Total	**45,000**	**45,000**

7(b)

Loans		**As at 31 Mar 2018**	**As at 31 Mar 2017**
Unsecured loans considered good			
Others		10,000,000	-
	Total	**10,000,000**	**-**

7(c)

Other financial assets		**As at 31 Mar 2018**	**As at 31 Mar 2017**
Fixed Deposits with maturity exceeding 12 months		355,267	8,015,703
Security deposits		24,461,351	25,097,522
	Total	**24,816,618**	**33,113,225**

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Other non-current financial assets		**As at 31 Mar 2018**	**As at 31 Mar 2017**
Deferred income		2,394,882	3,738,258
	Total	**2,394,882**	**3,738,258**

9

Inventories		**As at 31 Mar 2018**	**As at 31 Mar 2017**
Food & beverages		4,890,613	5,083,324
	Total	**4,890,613**	**5,083,324**

10 Current financial assets

10(a)

Trade receivables		**As at 31 Mar 2018**	**As at 31 Mar 2017**
Trade receivables			
Secured, considered good		-	-
Unsecured, considered good		66,799,712	36,957,337
Doubtful		6,023,329	4,159,667
		72,823,041	**41,117,004**
Less: Loss allowance			
Unsecured, considered good		-	-
Doubtful		(6,023,329)	(4,159,667)
		(6,023,329)	**(4,159,667)**
	Total	**66,799,712**	**36,957,337**

10(b)

Cash and cash equivalents		**As at 31 Mar 2018**	**As at 31 Mar 2017**
Cash on hand		3,306,007	4,098,756
Balances with banks in current accounts		6,353,489	883,204
	Total	**9,659,496**	**4,981,960**

(Currency - Indian Rupees)

10(c)

Loans		**As at 31 Mar 2018**	**As at 31 Mar 2017**
Sundry advances			
Related parties		40,475,712	12,430,852
Others		2,500,000	-
Staff advances		6,945,465	17,231,471
	Total	**49,921,177**	**29,662,323**

10(d)

Other financial assets		**As at 31 Mar 2018**	**As at 31 Mar 2017**
Accured interest			
From related parties		1,884,037	-
Others		264,452	-
Security deposits		6,579,900	2,779,900
	Total	**8,728,389**	**2,779,900**

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Other current assets		**As at 31 Mar 2018**	**As at 31 Mar 2017**
Prepaid expenses		2,482,180	10,931,098
Advances to suppliers		13,606,162	-
Deferred income		2,640,463	2,705,525
Advance tax & other payments		2,626,520	-
Excess Entertainment tax paid		-	36,162
Service tax credit receivable		-	6,750
Goods and services tax credit available		8,120,147	-
Tax deducted at source receivable		1,549,854	3,010
Value added tax credit receivable		-	270,422
	Total	**31,025,326**	**13,952,967**

(Currency - Indian Rupees)

12

Equity share capital	**As at 31 March 2018**		**As at 31 March 2017**	
	Number	Amount	Number	Amount
Authorised share capital				
Equity shares of ₹ 10 each	5,000,000	50,000,000	100,000	1,000,000
Issued, subscribed and fully paid-up				
Equity shares of ₹ 10 each	50,000	500,000	50,000	500,000

Reconciliation of paid-up share capital (Equity shares)	**As at 31 March 2018**		**As at 31 March 2017**	
	Number	Amount	Number	Amount
Balance at the beginning of the year	50,000	500,000	50,000	500,000
Add: Issued during the year	-	-		
Balance at the end of the year	**50,000**	**500,000**	**50,000**	**500,000**

Details of shareholders holding more than 5% of the shares in the company	**As at 31 March 2018**		**As at 31 March 2017**	
	Number	% holding in the class	Number	% holding in the class
Equity shares of Rs.10 each				
Mukta Arts Limited	49,994	99.99%	49,994	99.99%

Terms and rights attached to equity shares: -

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

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

(Currency - Indian Rupees)

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Other equity	**As at 31 Mar 2018**	**As at 31 Mar 2017**
Retained earnings		
Balance at the beginning of the year	(6,841,258)	-
Add: Net profit/(Loss) after tax for the year	(38,988,869)	(6,841,258)
Other comprehensive income	533,320	-
Total	**(45,296,807)**	**(6,841,258)**

14 **Non-current financial liabilities**

14(a)

Non-current borrowing	**As at 31 Mar 2018**	**As at 31 Mar 2017**
Secured loans		
Term loan from bank	58,526,427	84,777,810
less: Current maturity of long term debt (Refer Note 18(c))	(17,150,864)	(17,021,116)
Total	**41,375,563**	**67,756,694**

* Mukta Arts Limited had obtained a term loan from Bank on 6 January 2016 along with a cash credit facility referred to in note 21. 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 given by Mukta Tele Media Limited and Connect.1 Limited and personal guarantees of Mr Subhash Ghai, Mrs. Mukta Ghai and Mr Rahul Puri. As part of the slump sale referred to in Note 1, the term loan and the cash credit facility have also been taken over by the Company.

Term loan carries a rate of interest of 3% over base rate, at an effective rate of 13.15%. Cash Credit facility carries a rate of interest of 2.60% over Base rate, at an effective rate of 12.85%.

Maturity date of Term loan is 9 September 2021. Repayment has to be made by way of monthly instalments totalling Rs. 24,899,957 during April 2018 to March 2019, Rs 22,551,326 during April 2019 to March 2020, Rs 20,182,957 during April 2020 to March 2021 and Rs.8,228,923 during April 2021 to September 2021.

Net debt reconciliation	**31 Mar 2018**	**31 Mar 2017**
Cash and cash euivalents	9,659,496	4,981,960
Current borrowings	(46,623,797)	(47,836,233)
Non-current borrowings	(41,375,563)	(67,756,694)
Net debt	**(78,339,864)**	**(110,610,967)**

	Cash and cash equivalents	**Current borrowings**	**Non-current borrowings**
Net debt as at 1 April 2017	**4,981,960**	**(47,836,233)**	**(67,756,694)**
Cash flows	22,691,918	1,342,184	17,836,693
Repayment of long-term borrowings	(4,677,536)	-	-
Proceeds from maturity of investment in bank deposit (net)	-	-	8,414,690
Interest expense		(3,041,755)	(10,295,091)
Interest paid	(13,336,846)	2,912,007	10,424,839
Net debt as at 31 March 2018	**9,659,496**	**(46,623,797)**	**(41,375,563)**

14(b)

Other financial liabilities	**As at 31 Mar 2018**	**As at 31 Mar 2017**
Payable to related parties (Consideration for slump sale - Mukta Arts Ltd)	-	150,000,000
Security deposit	3,965,732	3,383,622
Total	**3,965,732**	**153,383,622**

(Currency - Indian Rupees)

15

Long-term provisions	**As at 31 Mar 2018**	**As at 31 Mar 2017**
Provision for gratuity	1,341,330	-
Provision for leave encashment	3,687,676	-
Total	**5,029,006**	**-**

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Deferred tax liabilities (net)	**As at 31 Mar 2018**	**As at 31 Mar 2017**
Deferred tax liability		
Arising on account of timing differences in:		
Depreciation/ amortisation	2,391,203	36,310
Provision for doubtful debts and advances	1,283,400	1,454,271
Total	**3,674,603**	**1,490,581**
Deferred tax asset on		
Provision for gratuity	403,606	-
Provision for bonus	340,387	-
Provision for leave encashment	1,319,342	-
Provision for rent straightlining	260,546	-
Total	**2,323,881**	**-**
Total	**1,350,722**	**1,490,581**

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, 2017	**-**	**1,454,271**	**36,310**	**-**
(Charged)/credited:				
- to profit or loss	(2,063,335)	(170,871)	2,354,893	(260,546)
- to other comprehensive income	-	-	-	-
At March 31, 2018	**(2,063,335)**	**1,283,400**	**2,391,203**	**(260,546)**

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Other non-current liabilities	**As at 31 Mar 2018**	**As at 31 Mar 2017**
Deferred expenses account	1,117,350	228,215
Total	**1,117,350**	**228,215**

18 **Current financial liabilities**

18(a)

Current borrowing	**As at 31 Mar 2018**	**As at 31 Mar 2017**
Secured loans from bank		
Cash credit facility from Bank	29,472,933	30,815,117
Total	**29,472,933**	**30,815,117**

18(b)

Trade payables	**As at 31 Mar 2018**	**As at 31 Mar 2017**
Trade payables		
Dues to micro and small suppliers	-	-
Others	135,679,946	128,526,302
Total	**135,679,946**	**128,526,302**

(Currency - Indian Rupees)

18(c)

Other Financial Liability	**As at 31 Mar 2018**	**As at 31 Mar 2017**
Current maturities of term loans (see note 14a)	17,150,864	17,021,116
Employee benefit expenses payable:		
Bonus payable	1,168,772	1,175,730
Inter corporate deposits from Holding company	178,665,000	5,874,145
Deposits received	83,784,347	-
Payable to related parties	2,879,944	1,033,198
Total	**283,648,927**	**25,104,189**

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Other current liabilities	**As at 31 Mar 2018**	**As at 31 Mar 2017**
Advance received for box office sales	546,469	-
Other advances	6,579,799	12,111,212
Rent straight lining	3,811,080	2,068,462
Other liabilitties	9,847,120	3,409,871
Deferred expenses	490,773	163,977
Statutory dues:		
Proident fund / Profession tax / ESIC	862,481	-
Entertainment tax / INR / Show tax	230,965	155,998
Goods and Services tax	4,042,307	-
Service tax	-	3,752
Tax deducted at source payable	2,315,618	114,575
Total	**28,726,612**	**18,027,847**

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Current provisions	**As at 31 Mar 2018**	**As at 31 Mar 2017**
Provision for expenses	10,307,818	35,127,463
Provision for employee benefit expenses:		
Leave encashment	696,976	-
Total	**11,004,794**	**35,127,463**

(Currency - Indian Rupees)

21

Revenue from operations		**Year ended 31 Mar 2018**	**Period from 16 Nov 2016 to 31 Mar 2017**
(a) Sale of tickets		527,424,990	4,233,770
Less - Entertainment tax / Goods & Services tax		(111,473,486)	(1,259,709)
(b) Food & Beverages revenue		139,683,116	-
(c) Other operating income			
Advertisement revenue		27,249,834	40,000
Other income from theatrical operations		13,447,280	548,668
	Total	**596,331,734**	**3,562,729**

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Other Income		**Year ended 31 Mar 2018**	**Period from 16 Nov 2016 to 31 Mar 2017**
Rent income		2,820,013	-
Other income		-	34,500
	Total	**2,820,013**	**34,500**

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(Increase) / decrease in stock-in-trade	**Year ended 31 Mar 2018**	**Period from 16 Nov 2016 to 31 Mar 2017**
Inventory at the beginning of the year	5,083,324	-
Inventory at the end of the year	4,890,613	-
Decrease in inventory of stock-in-trade	**192,711**	**-**

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Distributor's share		**Year ended 31 Mar 2018**	**Period from 16 Nov 2016 to 31 Mar 2017**
Film distributors' share		190,049,283	1,336,657
	Total	**190,049,283**	**1,336,657**

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Other direct operation expenses		**Year ended 31 Mar 2018**	**Period from 16 Nov 2016 to 31 Mar 2017**
Complimentary cost		1,223,707	-
Ticketing cost		695,406	-
Other exhibition costs		-	17,596
	Total	**1,919,113**	**17,596**

(Currency - Indian Rupees)

26

Employee benefit expenses	**Year ended 31 Mar 2018**	**Period from 16 Nov 2016 to 31 Mar 2017**
Salaries and other benefits	88,871,945	-
Staff welfare	2,050,583	-
Total	**90,922,528**	**-**

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 Mar 2018	**Period from 16 Nov 2016 to 31 Mar 2017**
Discount rate (per annum)	7.65%	7.45%
Salary growth rate	8.00%	8.00%

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

	Year ended 31 Mar 2018
Present Value of Obligation as at the beginning	-
Current service cost	995,318
Past service cost	21,075
Interest cost	163,860
Total amount recognised in Statement of profit and loss	**1,180,253**
Re-measurement or actuarial gain /(loss) arising from:	
Change in financial assumption	(54,321)
Change in demographic assumption	(224,515)
Experience changes	(197,624)
Total amount recognised in other comprehensive income	**(476,460)**
Benefits paid	(62,314)
Liabilities assumed on inter-group transfer	2,209,057
Present value of obligation as at the end	**2,850,536**

(b) Changes in the fair value of plan assets

	Year ended 31 Mar 2018
Fair value of plan assets as at the beginning	-
Interest on plan assets	-
Total amount recognised in Statement of profit and loss	-
Re-measurement or actuarial gain /(loss) arising from:	
Actual return on plan assets less interest on plan assets	56,860
Total amount recognised in other comprehensive income	**56,860**
Employer's contribution	49,899
Benefits paid	(62,314)
Assets acquited on inter-group transfer	1,464,761
Fair value of plan assets at the end	**1,509,206**

(Currency - Indian Rupees)

(c) Amount recognised in the Balance Sheet

	Year ended 31 Mar 2018
Present value of obligations as at Balance Sheet date	2,850,536
Fair value of plan assets as at the end of the period	1,509,206
Net (asset)/ liability recognised as at the year end	1,341,330

(d) Sensitivity analysis

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

	Year ended	31 Mar 2018
Defined benefit obligation (base)		**2,850,536**
As on 31 March 2018	**Decrease**	**Increase**
Discount rate (- / + 0.5%)	139,106	(128,844)
(% change compared to base due to sensitivity)	4.88%	-4.52%
Salary growth rate (- / + 0.5%)	(129,129)	137,966
(% change compared to base due to sensitivity)	-4.53%	4.84%

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

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

(e) Defined benefit liability and employer contribution

The weighted average duration of the benefit obligation is 9.38 years.

Weighted average duration (based on discounted cashflows)	31 Mar 2018
Year 1	93,408
Year 2	231,412
Year 3	279,657
Year 4	297,157
Year 5	311,661
Year 6	297,632
Year 7	298,413
Year 8	282,954
Year 9	270,078
Thereafter	4,783,237

(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. 4384,652.

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.

(Currency - Indian Rupees)

27

Finance Cost		**Year ended 31 Mar 2018**	**Period from 16 Nov 2016 to 31 Mar 2017**
a) Interest cost on:			
Term loan		10,422,326	-
Cash credit facilities		2,912,007	-
Inter corporate depoosits		11,510,913	66,130
Others		2,466,786	2,100
b) Processing fees and other charges		2,294,823	-
	Total	**29,606,855**	**68,230**

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Depreciation and amortisation		**Year ended 31 Mar 2018**	**Period from 16 Nov 2016 to 31 Mar 2017**
Depreciation of Property, plant and equipement		39,498,266	169,767
Amortisation of Intangible assets		3,786,589	-
	Total	**43,284,855**	**169,767**

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Other expenses		**Year ended 31 Mar 2018**	**Period from 16 Nov 2016 to 31 Mar 2017**
Rent expenses		98,824,030	1,258,929
Electricity and water charges		67,632,283	100,940
Security charges		13,575,569	133,689
Housekeeping charges		12,677,487	169,209
Repairs and maintenance		18,704,650	28,979
Advertisement and publicity		3,616,176	77,549
Payment to auditors (see note 29(a) below)		1,021,152	20,000
Provision for doubtful debts		1,863,662	4,159,667
Digital equipment hire charges		8,134,851	50,000
Other expenses		3,695,612	30,349
Packing, forwarding and postage		742,976	4,210
Printing and stationery		661,569	4,453
Legal and professional fees		10,531,877	631,517
Rates and taxes		15,510,184	24,356
Communication		3,082,335	10,774
Travelling expenses		2,372,764	103,049
Sundry balances written off		883,218	546,711
Hotel, lodging and boarding		512,115	-
Insurance		1,812,520	-
Bank charges		87,450	1,275
Loss on sale of property plant and equipment		2,691,336	-
less: Operator's share in operations		(19,701,673)	-
	Total	**248,932,143**	**7,355,656**

29(a)

Details of payment to auditors		**Year ended 31 Mar 2018**	**Period from 16 Nov 2016 to 31 Mar 2017**
Audit fees		1,000,000	20,000
Reimbursememnt of expenses		21,152	-
	Total	**1,021,152**	**20,000**

(Currency - Indian Rupees)

30 Lease disclosure under AS 19 – '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 9,88,240/- (2017: Rs 12,589/-) 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/2018	31/Mar/2017
Amounts due within one year	**3,427,621**	**3,427,621**
Amounts due after one year but not later than five years	**12,060,484**	**12,060,484**
Amounts due later than five years	**-**	-
	15,488,105	**15,488,105**

During the current year fixed lease rentals amounted to Rs. 15,488,105/- which is equal to 16% of total rent expenses and the variable lease rental which are based on the admits and occupancy amounted to 84% of the total rent expenses as on 31st March 2018.

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 Nil (2017: Rs 9,271,239) 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 Mar 2018**	**Period from 16 Nov 2016 to 31 Mar 2017**
Net (loss)/ profit after tax attributable to shareholders	(38,455,549)	(6,841,258)
Weighted average number of equity shares outstanding during the year for basic EPS	50,000	50,000
Weighted average number of equity shares outstanding during the year for dilutive EPS	50,000	50,000
Basic EPS	(769.11)	(136.83)
Dilutive EPS	(769.11)	(136.83)
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 2018			31 Mar 2017		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
Investments	45,000	-	-	45,000	-	-
Loans	-	-	59,921,177	-	-	29,662,323
Other financial assets	-	-	33,545,007	-	-	35,893,125
Trade receivables	-	-	66,799,712	-	-	36,957,337
Cash and cash equivalents	-	-	9,659,496	-	-	4,981,960
Total financial assets	**45,000**	**-**	**169,925,392**	**45,000**	**-**	**107,494,745**
Financial liabilities						
Borrowings	-	-	70,848,496	-	-	98,571,811
Trade payables	-	-	135,679,946	-	-	128,526,302
Other financial liabilities	-	-	287,614,659	-	-	178,487,811
Total financial liabilities	**-**	**-**	**494,143,101**	**-**	**-**	**405,585,924**

Fair value hierarchy

This section explains the judgements and estimates made in determining the fair value of financial instruments that are recognised and measured either at fair value or measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels as prescribed by the accounting standard. An explanation of each level follows below.

Financial instruments measured at fair value

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

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

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

There are no recurring fair value measurements for any financial instruments as at March 31, 2017 and March 31, 2018.

Fair value of financial assets measured at amortised cost

	Level	31 Mar 2018		31 Mar 2017	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets	**Level 3**				
Investments		45,000	45,000	45,000	45,000
Loans		59,921,177	59,921,177	29,662,323	29,662,323
Other financial assets		33,545,007	33,545,007	35,893,125	35,893,125
Trade receivables		66,799,712	66,799,712	36,957,337	36,957,337
Cash and cash equivalents		9,659,496	9,659,496	4,981,960	4,981,960
Financial liabilities	**Level 3**				
Borrowings		70,848,496	70,848,496	98,571,811	98,571,811
Trade payables		135,679,946	135,679,946	128,526,302	128,526,302
Other financial liabilities		287,614,659	287,614,659	178,487,811	178,487,811

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 (including Cash)	Regular review of working capital resulting in efficient working capital management. Availability of borrowing facilities. Support from Holding company, Transaction structuring with major vendor
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 November 16, 2016	-
	-
Written-off	-
Provision for allowances	(4,159,667)
Loss allowance on 31 March 2017	**(4,159,667)**
Written-off	-
Provision for allowances	(1,863,662)
Loss allowance on 31 March 2018	**(6,023,329)**

(b) Liquidity risk

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

Financing arrangements

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

	31 Mar 2018	31 Mar 2017
Cash credit facility	29,472,933	30,815,117

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.

(Currency - Indian Rupees)

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, 2018	Less than 1 year	1 to 5 years	Total
Borrowings	29,472,933	41,375,563	**70,848,496**
Trade payables	135,679,946	-	**135,679,946**
Other financial liabilities	283,648,927	3,965,732	**287,614,659**
Total liabilities	**448,801,806**	**45,341,295**	**494,143,101**

Contractual maturities of financial liabilities as at March 31, 2017	Less than 1 year	1 to 5 years	Total
Borrowings	30,815,117	67,756,694	**98,571,811**
Trade payables	128,526,302	-	**128,526,302**
Other financial liabilities	25,104,189	153,383,622	**178,487,811**
Total liabilities	**184,445,608**	**221,140,316**	**405,585,924**

(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 2018	31 Mar 2017
Variable rate borrowings	29,472,933	30,815,117
Fixed rate borrowings	58,526,427	84,777,810
Total Borrowing	87,999,360	115,592,927

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

Particulars	31 Mar 2018			31 Mar 2017		
	Weighted Average Interest Rate	Balance	% of Total Loans	Weighted Average Interest Rate	Balance	% of Total Loans
Term Loan	100%	29,472,933	33.49%	100%	30,815,117	26.66%

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 2018.

36 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief operating decission 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 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)

Name of the Director	Remuneration Paid
Subash Ghai	-
Parvez Farooqui	34,98,000
Rahul Puri	-

(Currency - Indian Rupees)

B Transactions with related parties for the year ended 31 March 2018 are as follows:-

Transactions	Entity in which Company exercises significant control		Key Managerial Person		Holding company	
	2018	2017	2018	2017	2018	2017
Interest income						
Asian Mukta A2 Cinemas LLP	20,93,376	30,100			-	-
Managerial Remuneration						
Subash Ghai	-	-			-	-
Parvez Farooqui		-	34,98,000		-	-
Rahul Puri	-	-			-	-
Interest expense						
Mukta Arts Limited	-	-			1,15,10,913	66,130
Purchase of business division						
Mukta Arts Limited	-	-			-	15,00,00,000
Payment of Purchase Consideration					15,00,00,000	
Issue of equity shares						
Mukta Arts Limited	-	-			-	5,00,000
Investment in shares						
Asian Mukta A2 Cinemas LLP	-	45,000			-	-
Loan taken during the year						
Mukta Arts Limited	-	-			20,45,15,483	58,08,015
Loan given during the year						
Asian Mukta A2 Cinemas LLP	2,80,74,960	1,24,00,752			-	-
Loan Repaid during the year						
Mukta Arts Limited	-	-			3,06,60,000	-
Corporate Gurantee Commission Expenses						
Connect.1 Ltd	6,44,436	-			-	-
Mukta Arts Ltd	6,75,000	-			-	-
Mukta Telemedia Ltd	5,88,981	-			-	-
Loan receivable						
Asian Mukta A2 Cinemas LLP	4,04,75,712	1,24,00,752			-	-
Loan repayable						
Mukta Arts Limited					17,86,65,000	58,08,015
Interest receivable						
Asian Mukta A2 Cinemas LLP	18,84,037	27,090				
Interest payable						
Mukta Arts Limited					1,03,59,821	59,517
Corporate Gurantee Commission Payable						
Connect.1 Ltd	11,84,262					
Mukta Arts Ltd	6,75,000	5,39,826				
Mukta Telemedia Ltd	5,88,981	4,93,372				

(Currency - Indian Rupees)

38 Commitments

The Company does not have any capital commitment as at 31 March 2018.

39 Contingent liabilities

The Company does not have any contingent liabilities as at 31 March 2018.

40 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 2018 and 31 March 2017 is given below:

Name of Party	Financial year ended	Opening balance (excluding accrued interest)	Loan given	Loan repaid
Asian Mukta A2 Cinema LLP	31 Mar 2018	12,400,752	28,074,960	-
	31 Mar 2017	-	12,400,752	-

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.

41 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.

42 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.

43 Prior period comparatives

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

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

CA Prerak Agarwal
Partner
Membership No: 158844

Place : Mumbai
Date: 23 May 2018

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