Independent Auditor's Report

To The Members of
Mukta V N Films Limited

Report on the audit of Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Mukta V N Films Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS financial statements").

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in sub-section (5) of Section 134 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 state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

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

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

Auditor's Responsibility

Our responsibility is to express an opinion on these 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.

Auditor's Responsibility *(Continued)*

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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 31 March 2018, its loss and other comprehensive income, its changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of sub-section 11 of Section 143 of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.

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

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

Report on Other Legal and Regulatory Requirements *(Continued)*

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

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows 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 prescribed under Section 133 of the Act.

   (e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of sub-section 2 of Section 164 of the Act.

   (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (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 did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

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

      iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Suhas Pai
Partner
Membership No: 119057

Mumbai
23 May 2018

Mukta V N Films Limited

Annexure A to the Independent Auditor's Report – 31 March 2018

(Referred to in our report of even date)

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified annually. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. During the year, the Company has performed physical verification of all assets. According to the information and explanations provided to us and records produced to us for our verification, there have been no discrepancies noticed on such verification.

(c) According to information and explanation given to us, the Company does not have any immovable property. Thus, paragraph 3(i)(c) of the Order is not applicable to the Company.

(ii) The Company is a service company, primarily rendering services of distribution and programming of cinematograph films, feature films and such other program or content. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) In our opinion and according to information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3(iii) (a), (b) and (c) of the Order is not applicable to the Company.

(iv) The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Sections 185 and 186 of the Act. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public as per the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the services rendered by the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts accrued/deducted in the books of account in respect of undisputed statutory dues including Income-tax, Service tax, Provident fund, Profession tax, Goods and Services Tax ('GST') and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Sales tax, Value added tax, duty of Customs, duty of Excise, and Employees' State Insurance.

According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Service tax, Provident fund, Profession Tax, GST and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable, except for the dues stated below:

Name of the Statute	Nature of dues	Amount (Rs)	Period to which the amount relates	Due date	Date of payment
Goods and Services Tax Act, 2016	GST under reverse charge mechanism	69,992	2017-18	Various dates	17 May 2018

(b) According to the information, explanations and representation given to us there are no dues of Income tax, Service tax and GST which have not been deposited with the appropriate authorities on account of any dispute.

(viii) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of borrowings to the bank. The Company did not have any loans or borrowings from any financial institution or Government, nor has it issued any debentures as at the balance sheet date.

(ix) The Company has not raised any money by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations give to us and based on our examination of the records, the Company has not paid/provided for managerial remuneration during the year. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company as prescribed under Section 406 of the Act. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the Ind AS financial statements as required under applicable accounting standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

Annexure A to the Independent Auditor's Report – 31 March 2018 *(Continued)*

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Suhas Pai
Partner
Membership No: 119057

Mumbai
23 May 2018

Mukta V N Films Limited

Annexure B to the Independent Auditor’s Report – 31 March 2018

(Referred to in our report of even date)

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

We have audited the internal financial controls over financial reporting of Mukta V N Films Limited (“the Company”) as of 31 March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management’s responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal controls 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 (hereafter referred as ‘the Guidance note’) issued by the Institute of Chartered Accountants of India (‘ICAI’). 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 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 Act.

Auditors’ 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 and the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the 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 ICAI. 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 were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls 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 Ind AS 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 qualified audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Suhas Pai
Partner
Membership No: 119057

Mumbai
23 May 2018

Mukta V N Films Limited

Balance sheet
as at 31 March 2018

Currency in Indian Rupees

Particulars	Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Assets				
Non-current assets				
Property, plant and equipment	4	**144,055**	166,055	-
Financial assets				
- Loan	5	**6,922,737**	6,124,712	5,420,499
Income tax assets (net)	6	**2,176,330**	-	4,537,496
Deferred income tax assets (net)	6	**1,943,136**	1,576,704	1,083,000
Other non-current assets	7	**1,834,310**	2,750,210	3,663,601
Total non-current assets		**13,020,568**	10,617,681	14,704,596
Current assets				
Financial assets				
- Trade receivables	8	**131,132,489**	162,729,457	385,264,270
- Unbilled revenue		**113,835**	30,802	305,896
- Cash and cash equivalents	9	**929,005**	120,995	1,661,744
Other current assets	10	**19,107,886**	21,435,936	69,374,562
Total current assets		**151,283,215**	184,317,190	456,606,472
Total assets		**164,303,783**	194,934,871	471,311,068
Equity and liabilities				
Equity				
Equity share capital	11 (a)	**60,000,000**	60,000,000	60,000,000
Other equity				
- Equity component of compulsorily convertible non-cumulative preference shares	11 (b)	**2,512,287**	2,512,287	2,512,287
- Money received against share warrants	11 (g)	**2,400,000**	2,400,000	2,400,000
- Others	12	**4,465,301**	3,642,873	2,734,062
Total equity		**69,377,588**	68,555,160	67,646,349
Non-current liabilities				
Financial liabilities				
- Borrowings	13	**305,670**	579,337	821,897
Long-term provisions	14	**112,394**	54,219	34,219
Total non-current liabilities		**418,064**	633,556	856,116
Current liabilities				
Financial liabilities				
- Borrowings	15	**37,197,819**	61,814,301	158,196,368
- Trade payables				
Dues to micro and small enterprises	16	**-**	-	-
Dues to others	16	**56,259,815**	61,854,695	234,328,212
- Other financial liabilities	17	**800,000**	1,000,000	5,500,000
Other current liabilities	18	**148,647**	724,119	4,698,629
Short-term provisions	19	**101,850**	353,040	85,394
Total current liabilities		**94,508,131**	125,746,155	402,808,603
Total equity and liabilities		**164,303,783**	194,934,871	471,311,068

Basis of preparation, measurement and significant accounting policies 2
The notes from 1 to 33 form an integral part of the Ind AS financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of
Mukta V N Films Limited
CIN: U74120MH2013PLC244220

Suhas Pai
Partner
Membership No: 119057

Subhash Ghai
Director
DIN: 00019803

Parvez A. Farooqui
Director
DIN: 00019853

Rahul Puri
Director
DIN: 01925045

Mumbai
Date: 23 May 2018

Rajesh Mishra
Director
DIN: 00103157

Sushil Agarwal
Director
DIN: 00003163

Ravi Poplai
Company Secretary
M No. : ACS 547

Mumbai
Date: 23 May 2018

Mukta V N Films Limited

Statement of profit and loss
for the year ended 31 March 2018

Currency in Indian Rupees

Particulars	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
Income			
Revenue from operations	20	**19,489,139**	40,591,954
Other income	21	**11,629,756**	10,333,960
Total income		**31,118,895**	50,925,914
Expenses			
Employee benefits expense	22	**4,885,317**	6,193,126
Finance costs	23	**5,387,932**	12,042,302
Depreciation expenses	4	**22,000**	9,945
Other expenses	24	**20,864,761**	34,375,340
Total expenses		**31,160,010**	52,620,713
Loss before tax		**(41,115)**	(1,694,799)
Tax expense			
Current tax	6	**852,889**	590,094
Deferred tax credit	6	**(366,432)**	(493,704)
Loss for the year		**(527,572)**	(1,791,189)
Other comprehensive income		**-**	-
Total comprehensive income for the year		**(527,572)**	(1,791,189)
Earnings per share	26		
Basic (Face value of Rs 10; 31 March 2017: Rs 10)		**(0.09)**	(0.30)
Diluted (Face value of Rs 10; 31 March 2017: Rs 10)		**(0.09)**	(0.30)

Basis of preparation, measurement and significant accounting policies 2

The notes from 1 to 33 form an integral part of the Ind AS financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**
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Mukta V N Films Limited

Statement of changes in equity
for the year ended 31 March 2018

Currency in Indian Rupees

A. Equity share capital

	Number	Amount
Balance as at 1 April 2016	6,000,000	60,000,000
Changes in equity share capital during 2016-17	-	-
Balance as at 31 March 2017	**6,000,000**	**60,000,000**
Changes in equity share capital during 2017-18	-	-
Balance as at 31 March 2018	**6,000,000**	**60,000,000**

B. Equity component of compulsorily convertible non-cumulative preference shares

	Number	Amount
Balance as at 1 April 2016	360,000	2,512,287
Changes in equity share capital during 2016-17	-	-
Balance as at 31 March 2017	**360,000**	**2,512,287**
Changes in equity share capital during 2017-18	-	-
Balance as at 31 March 2018	**360,000**	**2,512,287**

C. Other equity

	Retained Earnings	Deemed contribution from Parent Companies	Total other equity
Balance as at 1 April 2016	**(2,236,897)**	**4,970,959**	**2,734,062**
Loss for the year	(1,791,189)	-	**(1,791,189)**
Other comprehensive income / (loss) for the year	-	-	-
Total comprehensive (loss) for the year	(1,791,189)	-	**(1,791,189)**
Dividend tax	-	-	-
Add : Fair value of guarantee received	-	2,700,000	**2,700,000**
Balance as at 31 March 2017	**(4,028,086)**	**7,670,959**	**3,642,873**
(Loss) for the year	**(527,572)**	**-**	**(527,572)**
Other comprehensive income / (loss) for the year	**-**	**-**	**-**
Add : Fair value of guarantee received	**-**	**-**	**-**
Total Comprehensive income/ (loss) for the year	**(527,572)**	**-**	**(527,572)**
Add : Fair value of guarantee received	**-**	**1,350,000**	**1,350,000**
Balance as at 31 March 2018	**(4,555,658)**	**9,020,959**	**4,465,301**

The notes from 1 to 33 form an integral part of the Ind AS financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**
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Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of
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Mumbai
Date: 23 May 2018

Mukta V N Films Limited

Statement of cash flows
for the year ended 31 March 2018

Currency in Indian Rupees

	Year ended 31 March 2018	Year ended 31 March 2017
Cash flow from operating activities		
Loss before tax	**(41,115)**	(1,694,799)
Adjustment for :		
Depreciation expenses	**22,000**	9,945
Excess provisions written back	**(10,703,665)**	(9,175,216)
Provision for doubtful debts and advances	**1,366,330**	4,500,916
Finance costs	**5,387,932**	12,042,302
Interest income	**(798,025)**	(704,213)
Operating profit before working capital changes	**(4,766,543)**	4,978,935
Adjustment for:		
Decrease in other non-current assets	**915,900**	913,391
Decrease in trade receivables	**30,230,638**	218,033,897
Decrease in other current assets	**2,245,017**	48,213,720
(Decrease) / increase in provisions	**(32,187)**	126,818
Increase / (decrease) in trade payables	**5,108,784**	(163,298,301)
(Decrease) in other financial liabilities	**(200,000)**	(4,500,000)
(Decrease) in other current liabilities	**(575,472)**	(3,974,510)
Cash generated from operations	**32,926,137**	100,493,950
Taxes (paid) / refund received (net)	**(3,124,612)**	4,042,795
Net cash generated from operating activities (A)	**29,801,525**	104,536,745
Cash flow from investing activities		
Purchase of property, plant and equipment	**-**	(176,000)
Net cash used in investing activities (B)	**-**	(176,000)
Cash flow from financing activities		
Repayment of borrowings	**(24,890,149)**	(96,624,627)
Finance charges	**(4,103,366)**	(9,276,867)
Net cash flow (used in) financing activities (C)	**(28,993,515)**	(105,901,494)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	**808,010**	(1,540,749)
Cash and cash equivalents at the beginning of the year	**120,995**	1,661,744
Cash and cash equivalents at the end of the year (Refer Note 1 below)	**929,005**	120,995

Note 1 : Cash and cash equivalents at year-end comprises:

	31 March 2018	31 March 2017
Cash on hand	**1,965**	2,885
Balances with scheduled banks in		
-in current accounts	**927,040**	118,110
	929,005	120,995

Amendment to Ind AS 7:

Effective 1 April, 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financials statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The Company did not have any non-cash transactions for financials activities during the year, accordingly same has not been disclosed in these financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of
Mukta V N Films Limited
CIN: U74120MH2013PLC244220

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Mumbai
Date: 23 May 2018

Sushil Agarwal
Director
DIN: 00003163

Ravi Poplai
Company Secretary
M No. : ACS 547

Currency in Indian Rupees

1 Company Overview

Mukta V N Films Limited ('the Company') is a company incorporated on 10 June 2013 and is a joint venture between Mukta Arts Limited and V N Films Private Limited. The Company is engaged in distribution and exhibition of cinematograph films, feature films and such other program or content and commenced operations in April 2014.

2 Summary of significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.
These financial statements for the year ended 31 March 2018 are the first the Company has prepared under Ind AS and are covered by Ind AS 101, First-time adoption of Indian Accounting Standards. For all periods upto and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with the Accounting Standards notified under the Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (hereinafter referred to as 'Previous GAAP') used for its statutory reporting requirement in India immediately before adopting Ind AS. The financial statements for the year ended 31 March 2017 and the opening balance sheet as at 1 April 2016 have been restated in accordance with Ind AS for comparative information. An explanation of how the transition to Ind AS has affected the Company's equity and its net profit is provided in Note 3.

These Ind AS financial statements are presented in Indian rupees, which is the Company's functional currency. All amounts have been rounded off to the nearest rupees, unless otherwise indicated.

The financial statements for the year ended 31 March 2018 were approved by the Board of Directors and authorised for issue on 23 May 2018.

Basis of measurement

These Ind AS financial statements are prepared under the historical cost convention unless otherwise indicated.

2.2 Current / non – current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.
An asset is treated as current when it is:
• Expected to be realised or intended to be sold or consumed in the normal operating cycle;
• Expected to be realised within twelve months after the reporting period; or
• Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
All other assets are classified as non-current.

A liability is current when :
• It is expected to be settled in normal operating cycle.
• It is due to be settled within twelve months after the reporting period, or
• There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
The Company classifies all other liabilities as non-current.

Operating cycle

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2 Summary of significant accounting policies *(Continued)*

2.3 Key estimates, judgements and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make estimates and assumptions that affect the reported values of revenues and expenses during the reporting period and of assets and liabilities and contingent liabilities at the end of the reporting period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Ind AS financial statements is included in the

Contingent liability:
Contingent liabilities are not recognized in the financial statements but are disclosed in the notes. They are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognized of the financial statements in the period in which the change in probability occurs (except in the extremely rare circumstances where no reliable estimate can be made).

Income taxes:
Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions.

Deferred tax:
Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse, and a judgement as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the level of deferred tax assets recognized that can result in a charge or credit in the period in which the change occurs.

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 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.

Brokerage and commission from exhibition / distribution services is recognised on the date of exhibition of films based on the Daily collection reports and generally comprises proceeds from sale of tickets, net of taxes, exhibitor's share and share of producers and sub-agents / sub-distributors.

2 Summary of significant accounting policies *(Continued)*

2.5 Income tax

Income tax expense for the year comprises of current tax and deferred tax. It is recognised in the statement of profit and loss except to the extent it relates to a business combination or to an item which is recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable/receivable on the taxable income/ loss for the year using applicable tax rates at the balance sheet date, and any adjustment to taxes in respect of previous years. Interest income/ expenses and penalties, if any, related to income tax are included in current tax expense.

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. A deferred tax liability is recognised based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted, or substantively enacted, by the end of the reporting period. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

2.6 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and bank balances that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in financial liabilities in the balance sheet.

2.7 Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2.8 Trade receivables and payables

Trade receivable balance includes the share of the principal invoiced to the customer as per the terms and conditions of the agreements with the principal. The amount payable to the principal as per the agreement is separately disclosed under trade payables.

Currency in Indian Rupees

2 Summary of significant accounting policies *(Continued)*

2.9 Property, plant and equipment (PPE)

PPE is stated at cost less accumulated depreciation and impairment losses, if any. Cost includes freight, duties, taxes (other than those recoverable from tax authorities) and other expenses directly attributable to the acquisition/ construction and installation of the fixed assets for bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of PPE which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. Cost incurred on fixed assets not ready for their intended use is disclosed under capital work-in-progress. Capital work-in-progress includes estimates of work completed, as certified by the management.

Depreciation methods, estimated useful lives and residual value

The Company applies depreciation rates as per the useful lives of the assets as specified in Part 'C' of Schedule II to the Companies Act 2013, except for furniture and fixtures where the useful life is higher than the useful life prescribed in Schedule II based on management estimate.

Asset class	Useful life
Furniture and fixtures	5 years

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Impairment of non-financial assets

Assessment for impairment is done at each balance sheet date as to whether there is any indication that a non-financial asset may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit.

If any indication of impairment exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made. Asset/cash generating unit whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognising the impairment loss as an expense in the statement of profit and loss. The impairment loss is allocated first to reduce the carrying amount of any goodwill (if any) allocated to the cash generating unit and then to the other assets of the unit, pro rata based on the carrying amount of each asset in the unit. Recoverable amount is higher of an asset's or cash generating unit's fair value less cost of disposal and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased, basis the assessment a reversal of an impairment loss for an asset other than goodwill is recognised in the statement of profit and loss account.

2 Summary of significant accounting policies *(Continued)*

2.10 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.

Initial recognition and measurement

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities, which are at fair value through profit or loss are recognized immediately in the statement of profit or loss.

Subsequent measurement

Subsequent measurement of financial asset depends on the Company's business model for managing the asset and the 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. This category generally applies to trade and other receivables.

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.

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

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

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

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

Currency in Indian Rupees

2 Summary of significant accounting policies *(Continued)*

2.10 Financial instruments *(Continued)*

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

Impairment of financial assets :

Expected credit losses are recognized for all financial assets subsequent to initial recognition other than financials assets in FVTPL category.
For financial assets other than trade receivables, as per Ind AS 109, the Company recognises 12 month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition. The Company's trade receivables do not contain significant financing component and loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e. expected cash shortfall.
[illegible]

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments recognized by the Company are recognized at the proceeds received net off direct issue cost.

Convertible preference shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract.
On issuance of the convertible preference shares, the fair value of the liability portion of an compulsory convertible preference shares is determined using a borrowing rate on the date. This amount is recorded as a liability on an amortised cost basis and in case of non-payment of dividend, the same is reversed through the statement of profit and loss in the subsequent period. The remainder of the proceeds is attributable to the equity portion of the compound instrument since it meets Ind AS 32, Financial Instruments: Presentation, criteria for fixed to fixed classification.
Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

Financial Liabilities

(i) Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss. In case of trade payables, they are initially recognised at fair value and subsequently, these liabilities are held at amortised cost, using the effective interest method.

(ii) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

2 Summary of significant accounting policies *(Continued)*

2.11 Fair values

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. 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 of the asset or liability, or
- In the absence of principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the Ind AS financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

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).

For assets and liabilities that are recognized in the Ind AS financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.

2.12 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2 Summary of significant accounting policies *(Continued)*

2.13 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plan:

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

Defined benefit plan:

The Company has calculated the gratuity liability for fifteen days per month based on the last basic salary drawn by the employee for every completed year of service or part thereof in excess of six months. 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.

2.14 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.

Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company (after adjusting for interest on the convertible preference shares) by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares, except when the results are anti-dilutive. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

2.15 Segment reporting

The Company has only one reportable business segment which is distribution and programming of cinematograph films, feature films and such other program or content and only one geographical segment, which is India. Accordingly, the segment information as required by Ind AS 108 on Segment reporting has not been separately disclosed.

2 Summary of significant accounting policies *(Continued)*

2.16 Recent Indian Accounting Standards (Ind AS)

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

Ind AS 115 – Revenue from Contracts with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 – Revenue, Ind AS 11 – Construction Contracts when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:
Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligation in contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company has completed its evaluation of the possible impact of Ind AS 115 and will adopt the standard with all related amendments to all contracts with customers retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Under this transition method, cumulative effect of initially applying Ind AS 115 is recognised as an adjustment to the opening balance of retained earnings of the annual reporting period. The standard is applied retrospectively only to contracts that are not completed contracts at the date of initial application. The Company does not expect the impact of the adoption of the new standard to be material on its retained earnings and to its net income on an ongoing basis.

Currency in Indian Rupees

3 First-time adoption of Ind AS

These financial statements, for the year ended 31 March 2018, have been prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Act / Companies (Accounting Standards) Rules, 2006, as applicable and other relevant provisions of the Act ('Previous GAAP').

The Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2018, together with the comparative period data as at and for the year ended 31 March 2017 and the opening Ind AS balance sheet as on the date of transition i.e. 1 April 2016 as per the accounting policies set out in Note No 2.1. In preparing its Ind AS balance sheet as at 1 April 2016 and in presenting the comparative information for the year ended 31 March 2017, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its previous GAAP financial statements and how the transition from previous GAAP to Ind AS has affected the financial position, financial performance and cash flows including the balance sheet as at 1 April 2016 and the financial statements as at and for the year ended 31 March 2017.

3.1 Exemptions and exceptions availed on first time adoption of Ind AS 101

Ind-AS 101 allows first-time adopters certain exemptions and exceptions from the retrospective application of certain requirements under Ind AS. The Company has accordingly applied the following exemptions and exceptions:

(i) Estimates
On assessment of the estimates made under the Previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under Previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date.

(ii) Classification and measurement of financial assets
The classification of financial assets to be measured at amortised cost or fair value through other comprehensive income is made on the basis of the facts and circumstances that existed on the date of transition to Ind AS.

3.2 Transition to Ind AS - Reconciliations

The following reconciliations provide the explanations and quantification of the differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101:
I. Reconciliation of Equity as at 1 April 2016
II. Reconciliation of Equity as at 31 March 2017
III. Reconciliation of statement of profit and loss for the year ended 31 March 2017.
Previous GAAP figures have been reclassified/regrouped wherever necessary to conform with financial statements prepared under Ind AS.

Currency in Indian Rupees

3 First-time adoption of Ind AS *(Continued)*

Reconciliation of equity as at 1 April 2016

Particulars	Note	Previous GAAP	Adjustments	Ind AS
<u>**ASSETS**</u>				
Non-current assets				
Property, plant and equipment		-	-	-
Financial assets				
- Loan	2	10,000,000	(4,579,501)	5,420,499
Income tax assets (net)		4,537,496	-	4,537,496
Deferred income tax assets (net)		1,083,000	-	1,083,000
Other non-current assets	2	-	3,663,601	3,663,601
Total non-current assets		**15,620,496**	**(915,900)**	**14,704,596**
Current assets				
Financial assets				
- Trade receivables		385,264,270	-	385,264,270
- Unbilled revenue		305,896	-	305,896
- Cash and cash equivalents		1,661,744		1,661,744
Other current assets	2	68,458,662	915,900	69,374,562
Total current assets		**455,690,572**	**915,900**	**456,606,472**
TOTAL ASSETS		**471,311,068**	**-**	**471,311,068**
<u>**EQUITY AND LIABILITIES**</u>				
Equity				
Share capital		60,000,000	-	60,000,000
Other equity				
- Equity component of compulsorily convertible non-cumulative preference shares	5	3,600,000	(1,087,713)	2,512,287
- Money received against share warrants	3, 5	2,400,000	-	2,400,000
- Others		2,828,246	(94,184)	2,734,062
Total equity		**68,828,246**	**(1,181,897)**	**67,646,349**
Non-current liabilities				
Financial liabilities				
- Borrowings	5	-	821,897	821,897
Provisions		34,219	-	34,219
Total non-current liabilities		**34,219**	**821,897**	**856,116**
Current liabilities				
Financial liabilities				
- Borrowings	5	157,836,368	360,000	158,196,368
- Trade payables		234,328,212	-	234,328,212
- Other financial liabilities		5,500,000	-	5,500,000
Other current liabilities		4,698,629	-	4,698,629
Short-term provisions		85,394	-	85,394
Total current liabilities		**402,448,603**	**360,000**	**402,808,603**
TOTAL EQUITY AND LIABILITIES		**471,311,068**	**-**	**471,311,068**

Reconciliation of total equity as at 1 April 2016

Particulars		1 April 2016
Total equity as per previous GAAP		**68,828,246**
Adjustments:		
Effect of restating liability of compound instrument at fair value	5	(1,181,897)
Total adjustments		(1,181,897)
Total equity as per Ind AS		**67,646,349**

Currency in Indian Rupees

3 First-time adoption of Ind AS *(Continued)*

Reconciliation of equity as at 31 March 2017

Particulars	Note	Previous GAAP	Adjustments	Ind AS
<u>**ASSETS**</u>				
Non-current assets				
Property, plant and equipment		166,055	-	166,055
Financial assets				
- Loan	2	10,000,000	(3,875,288)	6,124,712
Income tax assets (net)		-		-
Deferred income tax assets (net)	4	1,161,108	415,596	1,576,704
Other non-current assets	2	-	2,750,210	2,750,210
Total non-current assets		**11,327,163**	**(709,482)**	**10,617,681**
Current Assets				
Financial assets				
- Trade receivables	1	163,865,254	(1,135,797)	162,729,457
- Unbilled revenue		30,802	-	30,802
- Cash and cash equivalents		120,995	-	120,995
Other current assets	2	20,520,036	915,900	21,435,936
Total current assets		**184,537,087**	**(219,897)**	**184,317,190**
TOTAL ASSETS		**195,864,250**	**(929,379)**	**194,934,871**
<u>**EQUITY AND LIABILITIES**</u>				
Equity				
Share capital				
Other equity		60,000,000	-	60,000,000
- Equity component of compulsorily convertible non-cumulative preference shares	5	3,600,000	(1,087,713)	2,512,287
- Money received against share warrants	1, 3, 5	2,400,000	-	2,400,000
- Others		4,063,875	(421,002)	3,642,873
Total equity		**70,063,875**	**(1,508,715)**	**68,555,160**
Non-current liabilities				
Financial liabilities				
- Borrowings	5	-	579,337	579,337
Provisions		54,219	-	54,219
Total non-current liabilities		**54,219**	**579,337**	**633,556**
Current liabilities				
Financial liabilities				
- Borrowings	5	61,454,301	360,000	61,814,301
- Trade payables		61,854,695	-	61,854,695
- Other financial liabilities		1,000,000	-	1,000,000
Other current liabilities		724,119	-	724,119
Short-term provisions	5	713,040	(360,000)	353,040
Total current liabilities		**125,746,155**	**-**	**125,746,155**
TOTAL EQUITY AND LIABILITIES		**195,864,249**	**(929,378)**	**194,934,871**

Reconciliation of total equity as at 31 March 2017

Particulars		31 March 2017
Total equity as per previous GAAP		70,063,875
Adjustments:		
Effect of restating liability of compound instrument at fair value	5	(1,181,897)
Compound financial instrument - charge for the year	5	(117,440)
Debtors - ECL impact	1	(1,135,797)
Deposits - amortisation cost	2	(913,391)
Deposits - interest income	2	704,213
Reversal of provision for final cost (as preference shares are non-cumulative)	5	720,000
Deferred tax assets	4	415,597
Total adjustments		(1,508,715)
Total equity as per Ind AS		68,555,160

Currency in Indian Rupees

3 First-time adoption of Ind AS *(Continued)*

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

Particulars	Note	Previous GAAP	Adjustments	Ind AS
Income				
Revenue from operations		40,591,954	-	40,591,954
Other income	2, 5	9,269,747	1,064,213	10,333,960
Total income		**49,861,701**	**1,064,213**	**50,925,914**
Expenses				
Employee benefits expense		6,193,126	-	6,193,126
Finance cost	3, 5	9,224,862	2,817,440	12,042,302
Depreciation expenses		9,945	-	9,945
Other expenses	1, 2	32,326,152	2,049,188	34,375,340
Total Expenses		**47,754,085**	**4,866,628**	**52,620,713**
Profit before tax		**2,107,616**	**(3,802,415)**	**(1,694,799)**
Income tax expense :				
Current tax		590,094	-	590,094
Deferred tax	4	(78,107)	(415,597)	(493,704)
Profit / (loss) for the year		**1,595,629**	**(3,386,818)**	**(1,791,189)**
Other comprehensive income				
Items that will not be reclassified to profit or loss :		-	-	-
Remeasurements of post-employment benefit obligations		-	-	-
Other comprehensive income for the year, net of tax		**-**	**-**	**-**
Total comprehensive income for the year		**1,595,629**	**(3,386,818)**	**(1,791,189)**

Notes to the reconciliations

Note 1: Trade receivables
As per Ind AS 109, the Company is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result, the allowance for doubtful debts increased by Rs. 11,35,797 as at 31 March 2017 (1 April 2016 - Rs. Nil). Consequently, the total equity at at 31 March 2017 decreased by Rs. 11,35,797 (1 April 2016 - Rs. Nil).

Note 2: Security deposits given
Under Ind AS, financial instruments other than those designated at fair value through profit and loss (FVTPL) and are measured at amortized cost. Under Previous GAAP, they were recognized at cost. Security deposits as a result is carried at amortized cost using effective interest method. This has resulted in decrease in deposits by Rs. 4,579,501 and increase in prepaid rent by Rs. 4,579,501. Correspondingly, interest has been recognized on security deposits and prepaid rent has been amortized for the year ended 31 March 2016

Note 3: Guarantee
Under Ind AS, financial guarantee contract provided by the parent company against the liability of a subsidiary even if no consideration is paid to the parent is measured at fair value with a corresponding decrease in the Other equity. This has resulted in decrease in Other equity by Rs. 2,700,000 and recognized as 'finance cost' for the year ended 31 March 2017. Under previous GAAP, these were not recognized in the financial statements.

Note 4: Deferred tax
Under Ind AS, deferred taxes are computed for temporary differences between the carrying amount of an asset or liability in the Balance sheet and tax base. Previous GAAP requires deferred tax accounting using the income statement approach. This results in recognition of deferred tax on new temporary differences which was not required under Previous GAAP. On the date of transition, the impact on retained earnings is Rs. Nil.

Note 5: Compound financial liability
Preference shares issued were reclassified as compound financial instrument and as a result of restatement of its debt component to fair value, the impact was a reduction of retained earnings by Rs 94,184 as at 1 April 2016 and balance component was classified to borrowings (current and non-current). The charge for the year ended 31 March 2017 was debited to finance cost and provision made in earlier year was reversed and credited to excess provision written back of Rs 360,000 as on 31 March 2017.

Note 6: Statement of cash flows
The transition from Previous GAAP to Ind AS has not had a material impact on the statement of cash flows.

Notes to the financial statements *(Continued)*
as at 31 March 2018

Currency in Indian Rupees

4 Property, plant and equipment

Particulars	Furniture & Fixtures
Cost (Gross carrying amount)	
Balance at 1 April 2016	-
Additions	176,000
Disposals	
Balance at 31 March 2017	176,000
Balance at 1 April 2017	**176,000**
Additions	-
Disposals	-
Balance at 31 March 2018	176,000
Accumulated depreciation	
Balance at 1 April 2016	-
Depreciation for the year	9,945
Disposals	-
Balance at 31 March 2017	9,945
Balance at 1 April 2017	**9,945**
Depreciation for the year	**22,000**
Disposals	**-**
Balance at 31 March 2018	31,945
Carrying amounts (Net)	
At 1 April 2016	-
At 31 March 2017	166,055
At 31 March 2018	**144,055**

Mukta V N Films Limited

Notes to the financial statements *(Continued)*
as at 31 March 2018

Currency in Indian Rupees

5 Loan

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Security deposits	**6,922,737**	6,124,712	5,420,499
Total	**6,922,737**	6,124,712	5,420,499

6 Income tax

The major components of income tax expense for the year ended 31 March 2018 and 31 March 2017 are:

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Statement of profit and loss		
Current income tax	**852,889**	590,094
Deferred tax credit	**(366,432)**	(493,704)
Tax expense reported in the statement of profit and loss	**486,457**	96,390
Other comprehensive income	-	-
Deferred tax related to items recognized in other comprehensive income during the year	**486,457**	96,390

The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

	For the year ended 31 March 2018 %	31 March 2018 Amount	31 March 2017 %	31 March 2017 Amount
Loss before tax		(41,115)		(1,694,799)
Tax using Company's tax rate	30.90%		30.90%	
Tax using Company's effective tax rate		(12,705)		(523,693)
Effect of:				
Current year losses for which no deferred tax was recognised		443,828		668,328
Reversal of excess tax provision of earlier years		(28,540)		(266,216)
Changes in unrecognised temperorary differences		450,306		711,675
Deferred tax credit		(366,432)		(493,704)
Total tax expense		486,457		96,390

Recognised deferred tax assets and liabilities

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Deferred tax assets			
Provision for gratuity	**34,730**	62,246	56,066
Provision for compensated absences	**31,472**	59,394	26,386
Security deposit	**101,058**	64,636	-
Provision for doubtful receivables	**1,773,891**	1,390,782	1,000,548
Depreciation	**1,985**	-	-
	1,943,136	1,577,058	1,083,000
Deferred tax liabilities			
Depreciation	-	354	-
Net deferred tax assets	**1,943,136**	1,576,704	1,083,000

Currency in Indian Rupees

6 Income tax *(Continued)*

Movement in deferred tax assets and liabilities

	Balance as on 1 April 16	Recognised in profit & loss in 2016-17	Balance as on 31 March 17	Recognised in profit & loss in 2017-18	Balance as on 31 March 18
Provision for gratuity gratuity	56,066	6,180	62,246	(27,516)	34,730
Provision for compensated absences	26,386	33,008	59,394	(27,922)	31,472
Security deposit	-	64,636	64,636	36,422	101,058
Provision for doubtful receivables	1,000,548	390,234	1,390,782	383,109	1,773,891
Depreciation	-	-	-	1,985	1,985
Depreciation	-	(354)	(354)	354	-
	1,083,000	**493,704**	**1,576,704**	**366,432**	**1,943,136**

The following table provides the details of deferred tax assets recognized as of 31 March 2018, 31 March 2017 and 1 April 2016:

Particulars	**As at 31 March 2018**	**As at 31 March 2017**	**As at 1 April 2016**
Deferred tax assets	1,943,136	1,576,704	1,083,000
Deferred tax liabilities	-	-	-
Net deferred tax assets at the end of the year	**1,943,136**	**1,576,704**	**1,083,000**

The following table provides the details of income tax assets and income tax liabilities as of 31 March 2018, 31 March 2017 and 1 April 2016:

Particulars	**As at 31 March 2018**	**As at 31 March 2017**	**As at 1 April 2016**
Non-current tax assets (net)	2,317,902	-	4,537,496
Income tax liabilities (net) (included in note 19)	141,572	95,394	-
Net income tax assets at the end of the year	**2,176,330**	**(95,394)**	**4,537,496**

7 Other non-current assets

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Deferred programming expenses	1,834,310	2,750,210	3,663,601
	1,834,310	2,750,210	3,663,601

8 Trade receivables

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Trade receivables			
Unsecured, considered good	**131,132,489**	162,729,457	385,264,270
Doubtful	**4,240,940**	3,658,097	3,238,023
Less: allowance for doubtful debts	**4,240,940**	3,658,097	3,238,023
Net trade receivable	**131,132,489**	162,729,457	385,264,270
Of the above, trade receivable from related parties are as below			
Mukta Arts Limited	**-**	86,379,098	61,327,413
Mukta A2 Cinemas Limited	**73,142,762**	951,049	-
VN Films Pvt Ltd	**2,705,598**	-	-
	75,848,360	87,330,147	61,327,413
Less: allowance for doubtful debts	**-**	-	-
Net trade receivable from related parties	**75,848,360**	87,330,147	61,327,413

Refer Note 25 on credit risk analysis
Refer Note 15 on charge of assets

Currency in Indian Rupees

9 Cash and cash equivalents

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Cash on hand	**1,965**	2,885	479
Bank Balances	**927,040**	118,110	1,661,265
Total cash and cash equivalents in Statement of cashflows	**929,005**	120,995	1,661,744

10 Other current assets

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Advances to distributors			
Unsecured, considered good	**14,409,906**	20,520,036	68,458,662
Doubtful	**1,499,809**	842,819	-
Less: allowance for doubtful advances	**1,499,809**	842,819	-
Net advances to distributors *	**14,409,906**	20,520,036	68,458,662
GST input credit	**3,782,080**	-	-
Deferred programming expenses	**915,900**	915,900	915,900
	19,107,886	21,435,936	69,374,562
*Of the above, advances to related parties are as below			
Mukta Arts Limited	**3,674,213**	3,421,388	-
Less: allowance for doubtful advances	-	-	-
Net trade receivable from related parties	**3,674,213**	3,421,388	-
**Of the above, unbilled from related parties are as below			
Mukta Arts Limited	-	1,016	-
Mukta A2 Cinemas Limited	**42,262**	6,842	-

11 Share capital

a Equity share capital

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Authorised share capital			
6,640,000 (31 March 2017: 6,640,000 and 1 April 2016: 6,640,000) Equity shares of Rs 10 each	**66,400,000**	66,400,000	66,400,000
Issued, subscribed and fully paid- up			
6,000,000 (31 March 2017: 6,000,000 and 1 April 2016: 6,000,000) Equity shares of Rs 10 each, fully paid-up	**60,000,000**	60,000,000	60,000,000

b Preference share Capital

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Authorised share capital			
360,000 (31 March 2017: 360,000 and 1 April 2016: 360,000) 10% compulsorily convertible non-cumulative preference shares of Rs 10 each	**3,600,000**	3,600,000	3,600,000
Equity component of compulsorily convertible non-cumulative preference shares	**2,512,287**	2,512,287	2,512,287

Currency in Indian Rupees

11 Share capital *(Continued)*

c Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number	**Amount**	Number	Amount	Number	Amount
Equity Shares:						
Balance at the beginning of the year	**6,000,000**	**60,000,000**	6,000,000	60,000,000	6,000,000	60,000,000
Add: Issued during the year	**-**	**-**	-	-	-	-
Balance at the end of the year	**6,000,000**	**60,000,000**	6,000,000	60,000,000	6,000,000	60,000,000

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number	**Amount**	Number	Amount	Number	Amount
Preference shares:						
Balance at the beginning of the year	**360,000**	**3,600,000**	360,000	3,600,000	0	0
Add: Issued during the year	**-**	**-**	-	-	360,000	3,600,000
Balance at the end of the year	**360,000**	**3,600,000**	360,000	3,600,000	360,000	3,600,000

d Rights, preferences and restrictions attached to :

Equity shares

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

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

Preference shares

360,000, 10% compulsorily convertible, non-cumulative, preference shares of Rs 10 each were issued on 17 July 2015 to V N Films Private Limited. Each preference share shall be compulsorily convertible into one fully paid-up equity share at the end of four years from the date of allotment of the preference shares.

Preference shares by itself do not give any rights of the equity shareholders of the Company to the preference shareholders unless converted into equity shares of the Company.

The preference shareholders shall be entitled to dividend @ 10% p.a. payable for the relevant financial year and shall be non-cumulative.

e Shares held by the holding company

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number	**Amount**	Number	Amount	Number	Amount
Equity shares of Rs 10 each						
Mukta Arts Limited	**3,300,000**	**33,000,000**	3,300,000	33,000,000	3,300,000	33,000,000
	3,300,000	**33,000,000**	3,300,000	33,000,000	3,300,000	33,000,000

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

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number	**% holding in the class**	Number	% holding in the class	Number	% holding in the class
Equity shares:						
Mukta Arts Limited	**3,300,000**	**55.00%**	3,300,000	55.00%	3,300,000	55.00%
V N Films Private Limited	**2,699,950**	**44.99%**	2,699,950	44.99%	2,699,950	44.99%
Preference shares:						
V N Films Private Limited	**360,000**	**100.00%**	360,000	100.00%	360,000	100.00%

Currency in Indian Rupees

11 Share capital *(Continued)*

g Shares reserved for issue against share warrants

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number	**Amount**	Number	Amount	Number	Amount
Share warrants of Rs 10 each	**240,000**	**2,400,000**	240,000	2,400,000	240,000	2,400,000

The Company had on 27 March 2015 allotted 600,000 convertible warrants of Rs 10 each to V N Films Private Limited convertible into one equity share of nominal value of Rs 10 each at a price of Rs 10 per equity share. The bearer of such warrants had an option to convert 360,000 convertible warrants of Rs 10 each aggregating to Rs 3,600,000 within a period of six months from the date of allotment of convertible warrants into 360,000, 10%, compulsorily convertible non cumulative preference shares of Rs 10 each. The option was exercised on 17 July 2015.

For balance share warrants, bearer of warrants shall be entitled to exercise the option to covert one share warrant into one equity share of Rs 10 on occurrence of any of the following events, whichever is earlier:
a) At the time of initial public offering by the Company
b) At the time of raising any third party external equity funding which shall be a minimum of 15% of the issued equity share capital of the Company
c) At the end of five years from the date of allotment of warrants.

12 Other equity

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Deemed contribution from parent companies	**9,020,959**	7,670,959	4,970,959
Retained earnings	**(4,555,658)**	(4,028,086)	(2,236,897)
	4,465,301	3,642,873	2,734,062

Deemed contribution from parent companies
Represents financial gurantee contract provided by the parent company over borrowings of the Company measured at fair value with the corresponding increase in the other equity.

Retained earnings
Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

13 Borrowings

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Liability component of compulsorily convertible non-cumulative preference shares	**305,670**	579,337	821,897
	305,670	579,337	821,897

14 Long-term provisions

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Provisions for employee benefits			
Gratuity	**112,394**	54,219	34,219
	112,394	54,219	34,219

Notes to the financial statements *(Continued)*
as at 31 March 2018

Currency in Indian Rupees

15 Borrowings

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Secured			
Yes Bank - bank overdraft*	**36,837,819**	61,454,301	157,836,368
Unsecured			
Liability component of compulsorily convertible non-cumulative preference shares	**360,000**	360,000	360,000
Total	**37,197,819**	61,814,301	158,196,368

* The Company has obtained bank overdraft facility from Yes Bank Limited on 29 September 2014 at interest rate of base rate plus 2.0% computed on monthly basis on the actual amount utilised and is repayable on demand. This facility is secured against the entire current assets of Mukta VN Films Limited, and further this loan facility is secured against two residential flats at Bandra owned by Mukta Arts Limited, the holding company. Also, this loan facility is secured by corporate guarantee from UFO Moviez India Limited (Holding company of V N Films Private Limited).

16 Trade payables

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
For goods and services received			
Dues to micro and small enterprises (Refer Note 32)	-	-	-
Trade payable to related parties (Refer Note 31)	-	45,459	424,599
Other trade payables	**56,259,815**	61,809,236	233,903,613
Total	**56,259,815**	61,854,695	234,328,212

17 Other financial liabilities

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Security deposits received	**800,000**	1,000,000	5,500,000
	800,000	1,000,000	5,500,000

18 Other current liabilities

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Advance received from theatres / Income received in advance	-	-	2,664,864
Statutory dues payable			
Provident fund	**11,847**	10,590	11,829
Tax deducted at source payable	**136,800**	166,700	195,521
Profession tax	-	1,600	2,200
Service tax	-	545,229	1,824,215
	148,647	724,119	4,698,629

19 Short-term provisions

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Provisions for employee benefits			
Compensated absences	**101,850**	192,212	85,394
Provision for taxation	-	95,394	-
Others	-	65,434	-
Total	**101,850**	353,040	85,394

Notes to the financial statements *(Continued)*

for the year ended 31 March 2018

Currency in Indian Rupees

20 Revenue from operations

	For the year ended 31 March 2018	For the year ended 31 March 2017
Sale of services		
Brokerage and commission	**19,489,139**	40,591,954
Total	**19,489,139**	40,591,954

21 Other income

	For the year ended 31 March 2018	For the year ended 31 March 2017
Excess provisions written back	**10,703,665**	9,175,216
Interest on income tax refund	**-**	400,127
Interest income on security deposits	**798,025**	704,213
Reversal of provision for compensated absences	**38,242**	-
Miscellaneous income	**89,824**	54,404
Total	**11,629,756**	10,333,960

22 Employee benefits expense

	For the year ended 31 March 2018	For the year ended 31 March 2017
Salaries, wages and bonus	**4,650,243**	5,838,311
Contribution to provident fund (Refer Note 27)	**151,899**	161,084
Gratuity expenses	**83,175**	70,000
Compensated absences	**-**	123,731
Total	**4,885,317**	6,193,126

23 Finance costs

	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest expense on bank overdraft	**3,946,208**	9,159,427
Corporate guarantee commission expenses	**1,350,000**	2,700,000
Others	**91,724**	182,875
Total	**5,387,932**	12,042,302

Currency in Indian Rupees

24 Other expenses

	For the year ended 31 March 2018	For the year ended 31 March 2017
Repairs and maintenance	**-**	384,200
Rates and taxes	**29,068**	128,431
Professional fees	**4,911,700**	6,902,019
Stamp duty charges	**-**	805
Business support service charges	**12,000,000**	18,600,000
Travelling and conveyance	**297**	7,640
Provision for doubtful debts and advances (net)	**1,366,330**	4,500,916
Programming expenses	**915,900**	913,391
Computer expenses	**22,707**	59,200
Sundry balances written off	**443,263**	330,959
Printing and stationery	**-**	9,055
Bank charges	**31,877**	101,445
Brokerage and commission	**3,000**	1,349,000
Payment to auditor	**1,124,536**	1,021,250
Miscellaneous expenses	**16,083**	67,029
Total	**20,864,761**	34,375,340
Payment to auditor		
As auditor:		
- Statutory audit	**925,000**	925,000
- Others	**100,000**	-
- Reimbursement of expenses	**99,536**	96,250
	1,124,536	1,021,250

(Currency: Indian Rupees)

25 Financial instruments – Fair values and risk management

A. Accounting classification and fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the financial instruments. The following table provides the fair value measurement hierarchy of the assets and liabilities, other than those with carrying amounts that are reasonable approximations of fair values:

	March 31, 2018			March 31, 2017			April 1, 2016		
	FVPL	**FVOCI**	**Amortised cost**	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets									
Other financial assets	-	-	6,922,737	-	-	6,124,712	-	-	5,420,499
Trade receivables	-	-	131,132,489	-	-	162,729,457	-	-	385,264,270
Unbilled revenue	-	-	113,835	-	-	30,802	-	-	305,896
Cash and cash equivalents	-	-	929,005	-	-	120,995	-	-	1,661,744
Total financial assets	**-**	**-**	**139,098,066**	**-**	**-**	**169,005,966**	**-**	**-**	**392,652,409**
Financial liabilities									
Borrowings other than debt component of compound financial instrument	-	-	36,837,819	-	-	61,454,301	-	-	157,836,368
Debt component of compound financial instrument - short term	-	-	360,000	-	-	360,000			360,000
Trade payables	-	-	56,259,815	-	-	61,854,695	-	-	234,328,212
Other financial liabilities	-	-	800,000	-	-	1,000,000	-	-	5,500,000
Debt component of compound financial instrument - long term	-	-	305,670	-	-	579,337	-	-	821,897
Total financial liabilities	**-**	**-**	**94,563,304**	**-**	**-**	**125,248,333**	**-**	**-**	**398,846,477**

(i) Fair value hierarchy

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

Financial instruments measured at Fair value

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

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

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

There are no recurring fair value measurements for any financial instruments as at April 1, 2016, March 31, 2017 and March 31, 2018.

25 Financial instruments – Fair values and risk management *(Continued)*

A. Accounting classification and fair values *(Continued)*

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

		31-Mar-18		31-Mar-17		1-Apr-16	
	Level	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets							
Other financial assets	Level 3	6,922,737	6,922,737	6,124,712	6,124,712	5,420,499	5,420,499
Trade receivables	Level 3	131,132,489	131,132,489	162,729,457	162,729,457	385,264,270	385,264,270
Unbilled revenue	Level 3	113,835	113,835	30,802	30,802	305,896	305,896
Cash and cash equivalents	Level 3	929,005	929,005	120,995	120,995	1,661,744	1,661,744
Financial liabilities							
Borrowings other than debt component of compound financial instrument	Level 3	36,837,819	36,837,819	61,454,301	61,454,301	157,836,368	157,836,368
Debt component of compound financial instrument - short term	Level 3	360,000	360,000	360,000	360,000	360,000	360,000
Trade payables	Level 3	56,259,815	56,259,815	61,854,695	61,854,695	234,328,212	234,328,212
Other financial liabilities	Level 3	800,000	800,000	1,000,000	1,000,000	5,500,000	5,500,000
Debt component of compound financial instrument - long term	Level 3	305,670	305,670	579,337	579,337	821,897	821,897

The carrying amounts of other financial assets (security deposits), trade receivables, cash and cash equivalents, bank overdraft, trade payables and other financial liabilities are considered to be the same as fair values, due to their short term nature.
Valuation technique for debt component of compound financial instrument: Current borrowing rate of the company has been considered for the purpose of effective tax rate.

Financial risk management

Risk management framework

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

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	Majorly includes trade receivables and advance to distributors which are reviewed and assessed for default on quarterly basis.
Liquidity risk	Borrowings and other liabilities	Rolling Working Capital forecasts (including Cash)	Regular review of working capital resulting in effective and efficient working capital management. Availability of committed credit lines and borrowing facilities and support from Holding company.
Market risk - foreign exchange risk	Recognised financial assets and liabilities not denominated in INR.	Sensitivity analysis	The Company does not have foreign currency exposure and there is no currency risk.
Market risk - Interest	Long term borrowing at variable rate	Sensitivity analysis	Fluctuations in rate of interests.

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

(Currency: Indian Rupees)

25 Financial instruments – Fair values and risk management *(Continued)*

A. Accounting classification and fair values *(Continued)*

(A) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, 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.

(i) Credit risk management

Trade and other receivables

Concentration of credit risk with respect to trade receivables are limited, due to the Company's customer base being large and diverse. All trade receivables are reviewed and assessed for default annually. Our historical experience of collecting receivables is that credit risk is low. Hence, trade receivables are considered to be a single class of financial assets.
Refer note 2.10 for accounting policy on Financial Instruments.

Bank Risk

There is no major amount kept in bank as deposits.

(a) Reconciliation of loss allowance provision

	Amount
Loss allowance on 1 April 2016	3,238,023
Written-off	330,959
Recoveries from customer	2,907,064
Provision for allowances	4,500,916
Loss allowance on 31 March 2017	**4,500,916**
Amount written off against provision	126,497
Amount written back on a/c of recoveries	2,268,218
Provision for allowances	3,634,548
Loss allowance on 31 March 2018	**5,740,749**

(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of cash and cash equivalents committed credit lines to meet obligations. Company's finance department 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 generally carried in accordance with 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 which is necessary to meet these requirements.

(Currency: Indian Rupees)

25 Financial instruments – Fair values and risk management *(Continued)*

A. Accounting classification and fair values *(Continued)*

(B) Liquidity risk *(Continued)*

(i) Financing arrangements

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

	31-Mar-18	31-Mar-17	1-Apr-16
Floating rate			
- Expiring within one year (bank overdraft and other facilities)	23,162,181	58,545,699	-
	23,162,181	**58,545,699**	**-**

The bank overdraft facilities may be drawn at any time

(i) 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 undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	**Less than 1 year**	**1 to 5 year**	**Total**
as at 31 March 2018			
Borrowings	37,197,819	-	37,197,819
Trade payables	56,259,815	-	56,259,815
Debt component of compound financial instrument - Long term	-	305,670	305,670
Other financial liabilities	800,000	-	800,000
Total liabilities	94,257,634	305,670	94,563,304

Contractual maturities of financial liabilities	**Less than 1 year**	**1 to 5 year**	**Total**
as at March 31, 2017			
Borrowings	61,814,301	-	61,814,301
Trade payables	61,854,695	-	61,854,695
Debt component of compound financial instrument - Long term	-	579,337	579,337
Other financial liabilities	1,000,000	-	1,000,000
Total liabilities	124,668,996	579,337	125,248,333

Contractual maturities of financial liabilities	**Less than 1 year**	**1 to 5 year**	**Total**
as at April 1, 2016			
Borrowings	158,196,368	-	158,196,368
Trade payables	234,328,212	-	234,328,212
Debt component of compound financial instrument - Long term	-	821,897	821,897
Other financial liabilities	5,500,000	-	5,500,000
Total liabilities	398,024,580	821,897	398,846,477

(Currency: Indian Rupees)

25 Financial instruments – Fair values and risk management *(Continued)*

A. Accounting classification and fair values *(Continued)*

(C) Market risk

(i) Foreign currency risk

The Company does not have foreign currency exposure and there is no currency risk.

(ii) Interest rate risk exposure

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company borrowings majorly consists of overdraft facility from the bank which do not expose it to significant interest rate risk.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The capital structure of the Company consists of short term borrowings and equity of the Company. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

The Company is not subject to any externally imposed capital requirements.

The capital structure is as follows:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Total equity attributable to the equity share holders of the Company	69,377,588	68,555,160	67,646,349
As percentage of total capital	65%	53%	30%
Current loans and borrowings	36,837,819	61,454,301	157,836,368
Non-current loans and borrowings			
Total loans and borrowings	**36,837,819**	**61,454,301**	**157,836,368**
As a percentage of total capital	35%	47%	70%
Total capital (loans and borrowings and equity)	**106,215,407**	**130,009,461**	**225,482,717**

Currency in Indian Rupees

26 Earning per equity share

	For the year ended 31 March 2018	For the year ended 31 March 2017
Net (loss) for the year	**(527,572)**	(1,791,189)
Weighted average number of equity shares outstanding	**6,000,000**	6,000,000
Basic EPS	**(0.09)**	(0.30)
Add: Weighted average number of potential equity shares on account of redeemable preference shares and share warrants	**600,000**	600,000
Weighted average number of equity shares (including dilutive) outstanding	**6,600,000**	6,600,000
Dilutive EPS*	**(0.09)**	(0.30)

*Compulsorily convertible preference share and share warrants are not considered for calculation of diluted weighted average number of equity shares as their effect would have been anti-dilutive.

27 The provisions of the Employees' Providend Funds and Miscellaneous Provision Act, 1952 is not applicable to the Company as the Company has less than twenty employees. However, the employees and the Company voluntarily have made monthly contributions for provident fund equal to a specified percentage of the employee's salary.

28 Details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016, as provided in the table below:

Particulars	**SBN***	**Other denomination notes**	**Total**
Closing cash in hand as on 8 November 2016	-	3,648	**3,648**
(+) Permitted receipts	-	-	**-**
(-) Permitted payments	-	2,085	**2,085**
(-) Amount deposited in banks	-	-	**-**
Closing cash in hand as on 30 December 2016	-	1,563	**1,563**

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8 November 2016. The was required under the statute for the year ended 31 March 2017 and not required in the FY 2017-18. Hence no disclosure has been made in the current year.

29 Segment reporting

The Company has only one reportable business segment which is distribution and programming of cinematograph films, feature films and such other program or content and only one geographical segment, which is India. Accordingly, the segment information as required by Ind AS 108 on Segment reporting has not been separately disclosed.

30 Contingent liabilities and commitments

(a) The Company does not have any contingent liabilities as at 31 March 2018 (31 March 2017: Rs Nil; 1 April 2016: Rs Nil).

(b) The Company does not have any long-term contract for which there are any material foreseeable losses.

(c) The Company does not have any capital commitment as at 31 March 2018 (31 March 2017: Rs Nil; 1 April 2016: Rs Nil).

Notes to the financial statements *(Continued)*
for the year ended 31 March 2018

(Currency: Indian Rupees)

31 Related party disclosures:

Details of related parties including summary of transactions entered into by the Company during the year ended 31 March 2018 are summarized

A List of related parties and their relationship

(a) Name of parties where control exists:

Holding company - Mukta Arts Limited
Fellow subsidiary - Mukta A2 Cinemas Limited

(b) Parties exercising significant influence

VN Films Private Limited, participation in 44.99% of voting power of the Company
UFO Moviez India Limited, Holding Company of V N Films Limited

(c) Key management personnel (KMP) *

Sushil Agarwal - Director
Subhash Ghai - Director
Parvez Farooqui - Director
Rajesh Mishra - Director
Sunil Patil - Director
Rahul Puri - Director

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

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

Transactions	2018			2017		
	Holding company	**Fellow subsidiary**	**Parties exercising significant influence**	Holding company	Fellow subsidiary	Parties exercising significant influence
Rendering of services -Commission						
Mukta Arts Limited	-	-	-	3,120,891	-	-
Mukta A2 Cinemas Limited	-	**4,034,208**	-	-	26,474	-
Business support service charges						
Mukta Arts Limited	**12,000,000**	-	-	18,600,000	-	-
Corporate guarantee obtained						
UFO Moviez India Limited	-	-	**30,000,000**	-	-	70,000,000
Security received towards loan backed by corporate guarantee						
(Mortgage of immovable property)				-		-
Mukta Arts Limited	**30,000,000**	-	-	120,000,000	-	-
Other finance cost - FV of liability component of preference shares						
V N Films Private Limited	**-**	-	**86,333**	-	-	182,875
Guarantee commission						
UFO Moviez India Limited			**675,000**			1,350,000
Mukta Arts Limited	**675,000**			1,350,000		
Amount receivable / (payable)						
Trade receivable:						
Mukta Arts Limited (1 April 2016: Rs 61,327,413)	-	**-**	-	86,379,098	-	-
Mukta A2 Cinemas Limited (1 April 2016: Rs nil)	-	**73,142,762**	-	-	951,049	-
VN Films Private Limited (1 April 2016: Rs nil)	-	-	**2,705,598**	-	-	-
Short term loans and advances:						
Mukta Arts Limited (1 April 2016: Rs nil)	**3,674,213**	-	-	3,421,388	-	-
Unbilled revenue:						
Mukta Arts Limited (1 April 2016: Rs nil)	-	-	-	1,016	-	-
Mukta A2 Cinemas Limited (1 April 2016: Rs nil)	-	**42,262**	-	-	6,842	-
Liability component of preference shares						
V N Films Private Limited (1 April 2016: Rs nil)	-	-	**665,670**	-	-	939,337
Trade payables:						
VN Films Private Limited (1 April 2016: Rs 424,599)	-	-	**-**		-	45,459

Currency in Indian Rupees

32 Dues to micro and small enterprises

Under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, which came into force from 02 October 2006, and on the basis of the information and records available with the Company, the following disclosures are made for the amounts due to the Micro and Small Enterprises:

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
The amounts remaining unpaid to micro and small suppliers as at the end of the year			
-Principal	-	-	-
-Interest	-	-	-
The amount of interest paid by the Company in terms of Section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the MSMED Act, 2006.	-	-	-

33 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.

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of
Mukta V N Films Limited
CIN: U74120MH2013PLC244220

Suhas Pai
Partner
Membership No: 119057

Subhash Ghai
Director
DIN: 00019803

Parvez A. Farooqui
Director
DIN: 00019853

Rahul Puri
Director
DIN: 01925045

Mumbai
Date: 23 May 2018

Rajesh Mishra
Director
DIN: 00103157

Sushil Agarwal
Director
DIN: 00003163

Ravi Poplai
Company Secretary
M No. : ACS 547

Mumbai
Date: 23 May 2018