

Uttam Abuwala Ghosh & Associates
Chartered Accountants

Website: <http://www.uttamabuwala.com>

INDEPENDENT AUDITORS' REPORT

To the Members of
Mukta A2 Cinemas Limited

Report on audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Mukta A2 Cinemas Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive loss), the Statement of Changes in Equity and Statement of Cash flows for the year then ended, and Notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its loss (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis of Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statement.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report for the year ended March 31, 2023.

Emphasis of Matter

We draw your attention to following matters:

- a) As described in Note 40 (1) to the statement, the company has considered the effect of uncertainties due to Covid-19 pandemic on the operations of the company. However, the actual impact may be significantly different than estimated as it is not possible to completely evaluate and quantify the impact of Covid-19 on the future operations of the company.
- b) During the year ended March 31, 2023, the company has incurred loss before tax (including other comprehensive income) of Rs 15,63,98,641/- and has accumulated losses of Rs. 72,86,32,168/- as on March 31, 2023. Further the company's net worth has been fully eroded and there is a deficit of Rs. 71,36,32,168/- in the shareholder's equity as on March 31, 2023. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. However, the company's audited financial results have been prepared on a going concern basis on the reporting date. The management's statement in respect of going concern assessment is set out in Note 39 of the statement.

**Head Office: 409/410 Abuwala House, Gundecha Industrial Complex, Next to Big Bazaar,
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Our conclusion is not modified in respect of this matter

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) prescribed under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we

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- (f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'.
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations as at March 31, 2023 on its financial position in its Standalone financial statements.
 - The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2023.
 - The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and Based on audit procedures which we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub clause (i) and (ii) contain any material mis-statement.
 - The company has not declared or paid any dividend during the year in contravention of the provisions of section 123 of the Companies Act, 2013.

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



CA. Subhash Jhunjhunwala
Partner
Membership No. 016331
UDIN: 23016331BGXBZU6140

Date: May 22, 2023
Place: Mumbai

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Annexure A referred to in Report on Other Legal and Regulatory Requirements Paragraph of Independent Auditor's report of even date to the members of Mukta A2 Cinemas Limited on the accounts for the year ended March 31, 2023

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

- i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant & Equipment except that tagging of certain fixed assets is yet to be completed.
- (b) As explained by the Management, fixed assets are physically verified by the management at regular intervals, which in our opinion is reasonable having regard to the size of the company and nature of its business. During the year no physical verification was carried out by the management on account of extensive closure of offices. Hence, we are unable to comment on material discrepancies found, if any, in the book of accounts. However, the company has appointed external party to carry out the verification process, once Covid related restriction were uplifted.
- (c) According to the information and explanation given to us and on the basis of our examination of the records of the company, the title deeds of plant and equipment are held in the name of the company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) during the year.
- (e) According to the information and explanation given to us, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder during the year.
- ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The Company has maintained proper records of inventory. No material discrepancies were noticed on such physical verification.
- iii) According to the information and explanations given to us, the company has not granted any loans secured or unsecured to the firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. The provisions of paragraph 3(iii) of the Order are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans and investments made.
- v) In our opinion and according to the information and explanation given to us, the Company has not accepted any deposit from public within the provision of section 73 to 76 and other relevant provisions of the Companies Act, 2013 and the rules framed there under.
- vi) As informed to us by management, the Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013 for any of services rendered by the company.
- vii) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company is generally regular in depositing undisputed statutory dues except that there have been delays in depositing Goods and Services Tax, Professional Tax, Provident Fund, Show Tax, Income Tax and Employees' State Insurance with the appropriate authorities.

The extent of the arrears of statutory dues outstanding as at March 31, 2023, for a period of more than six months from the date they became payable are as follows:

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| Name of the statute | Nature of dues | Amount (Rs.) | Period to which the amount relates | Due date | Date of Payment |
|---|------------------|--------------|------------------------------------|------------------------------------|-----------------|
| The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 | Provident Fund | 89,925/- | April 2022 to September 2022 | 15 May 2022 to October 2022 | Not paid |
| The Employees' State Insurance Act, 1948 | ESIC | 59,818/- | April 2022 to September 2022 | 15 May 2022 to October 2022 | Not paid |
| Professional Tax Act | Professional Tax | 12,600/- | April 2022 to September 2022 | 10 April 2022 to 10 September 2022 | Not paid |

- (b) According to the information and explanations given to us, there are no dues payable in respect of Income Tax, Value Added Tax, Goods and Services Tax and Service Tax which have not been deposited on account of any disputes.
- viii) According to the information and explanation given to us, company has no transactions, not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961)
- ix) (a) On the basis of verification of records and according to the information and explanations given to us and based on the records made available to us, the Company has not defaulted in repayment of any loans from Financial Institutions or from the Bank and has not issued Debentures.
- (b) In our opinion and according to the information and explanations given to us, Company is not declared wilful defaulter by any bank or financial institution or other lender
- (c) In our opinion and according to the information and explanations given to us, the loans were applied for the purpose for which the loans were obtained.
- (d) In our opinion and according to the information and explanations given to us, there are no funds raised on short-term basis which have been utilised for long-term purposes.
- (e) In our opinion and according to the information and explanations given to us, the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) In our opinion and according to the information and explanations given to us, the company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- x) On the basis of verification of records and according to the information and explanations given to us and based on the records made available to us, the company has utilized the money raised by way of Term loan for the purpose for which they were raised. The Company did not raise any moneys by way of public issue/ follow-on offer including debt instruments.
- xi) Based upon the audit procedures performed and the information and explanations given to us, we report that no fraud by the Company or any fraud on the company by its officers or employees has been noticed or reported during the year, nor have we been informed of any such case by the Management.
As auditors, we did not receive any whistle-blower complaints during the year.

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- xii) According to the information and explanations given to us and based on the examinations of the records of the company, the managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xiii) In our opinion, The Company is not a Nidhi Company. Accordingly, the provisions of clause (xii) of Para 3 of the order are not applicable to the company.
- xiv) According to the information and explanations given to us, all transactions with the related parties are in compliance with Section 188 and 177 of Companies Act, 2013 and the details of such transactions have been disclosed in the Financial Statements as required by the Indian Accounting Standards and Companies Act, 2013.
- xv) According to the information and explanations given to us, we are of the opinion that:
- 1) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.
 - 2) The company has not conducted any Non-Banking Financial or Housing Finance activities during the year.
 - 3) The company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, accordingly the provisions of clause 3(xvi) of the Order are not applicable.
 - 4) As per the information and explanations received, the group does not have any CIC as part of the group.
- xvi) (a) According to the information and explanations given to us, the company has an internal audit system commensurate with the size and nature of its business;
- (b) We have considered the reports of the Internal Auditors for the period under audit;
- xvii) According to the information and explanations given to us and based on the audit procedures conducted we are of opinion that the company has not incurred any cash losses in the financial year and the immediately preceding financial year
- xviii) There has been no resignation of the statutory auditors during the year and accordingly, the provisions of clause 3(xviii) of the Order is not applicable
- xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that company is incapable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- xx) The provisions of Section 135 towards corporate social responsibility are not applicable on the company. Accordingly, the provisions of clause 3(xx) of the Order is not applicable.

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

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

(Referred to in paragraph 1(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls over financial reporting of Mukta A2 Cinemas Limited ("the Company") for the year ended on March 31, 2023 in conjunction with our audit of financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting

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MUKTA A2 CINEMAS LTD
BALANCE SHEET AS AT 31st MARCH, 2023
(Currency - Indian Rupees)

(Rs. in '000)

| Particulars | Notes | As at 31 March 2023 | As at 31 March 2022 |
|---|--------|------------------------|------------------------|
| I ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Property, plant and equipment | 5 (a) | 256,339 | 269,568 |
| (b) Capital work in progress | 5 (b) | 19,553 | 17,526 |
| (c) Other intangible assets | 5 (c) | 369 | 419 |
| (d) Right of use assets | 5(d) | 434,965 | 420,930 |
| (e) Intangible assets under development | | - | - |
| (f) Financial assets | | | |
| (i) Investments | 6 (a) | 45 | 45 |
| (ii) Trade receivables | | - | - |
| (iii) Loans | | - | - |
| (iv) Others financial assets | 6 (b) | 51,333 | 57,722 |
| (f) Deferred tax assets (net) | | - | - |
| Non-current assets | | 762,604 | 766,211 |
| 2 Current assets | | | |
| (a) Inventories | 7 | 9,669 | 6,874 |
| (b) Financial assets | 8 | | |
| (i) Trade receivables | 8 (a) | 6,558 | 26,853 |
| (ii) Cash and cash equivalents | 8(b) | 1,436 | 2,099 |
| (iii) Short term loans and advances | 8 (c) | 81,456 | 80,173 |
| (iv) Others | 8(d) | 22,783 | 40,287 |
| (c) Other current assets | 9 | 65,900 | 54,911 |
| Current assets | | 187,802 | 211,197 |
| TOTAL ASSETS | | 950,406 | 977,407 |
| II. EQUITY AND LIABILITIES | | | |
| 1 Equity | | | |
| (a) Equity share capital | 10 | 15,000 | 15,000 |
| (b) Other equity | 11 | -728,632 | -542,150 |
| | | -713,632 | -527,150 |
| 2 Non-Current Liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Long term borrowings | 12(a) | 10,611 | 17,041 |
| (ii) Trade payables | | | |
| (iii) Lease liabilities | 5(d) | 428,131 | 416,861 |
| (iv) Other financial liabilities | 12(b) | 118,550 | 6,865 |
| (b) Long term provisions | 13 | 4,960 | 10,497 |
| (c) Deferred tax liabilities (Net) | | -9,688 | -2,703 |
| (d) Other non-current liabilities | 15 | 74 | 284 |
| Total non current liabilities | | 552,639 | 448,844 |
| 3 Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Short term borrowings | 16 (a) | 32,600 | 19,524 |
| (ii) Trade payables | 16(b) | | |
| (a) Total outstanding dues of micro and small enterprises | | 1,723 | 1,169 |
| (b) Total outstanding dues other than (ii) (a) above | | 300,145 | 208,300 |
| (iii) Lease Liabilities | 5(d) | 301,868 | 209,470 |
| (iv) Other financial liabilities | 16(c) | 44,616 | 40,820 |
| (b) Other current liabilities | 17 | 627,672 | 610,958 |
| (c) Short term provisions | 17 | 25,909 | 77,345 |
| (d) Liabilities for current tax (Net) | 18 | 78,736 | 97,596 |
| Total current liabilities | | 1,111,400 | 1,055,713 |
| TOTAL EQUITY AND LIABILITIES | | 950,406 | 977,407 |

Summary of significant accounting policies

2

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

As per our report of even date attached.

For **Uttam Abuwala Ghosh & Associates**

Chartered Accountants

Firm's Registration No: 111184W

CA **Sudash Jhunjhunwala**

Partner

Membership No: 016331



For and on behalf of the Board of Directors of

Mukta A2 Cinemas Limited

CIN: U74999MH2016PLC287694

Subhash Ghai

Director

DIN : 00019803

Rahul Puri

Director

DIN: 01925045

Parvez A. Farooqui

Director

DIN: 00019853



Place : Mumbai

Date: 22nd, May 2023

MUKTA A2 CINEMAS LTD
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2023
(Currency - Indian Rupees)

(Rs. in '000)

| Particulars | Note No | Year ended 31 March 2023 | Year ended 31 March 2022 |
|--|---------|-----------------------------|-----------------------------|
| I Income | | | |
| Revenue from operations | 19 | 800,384 | 305,625 |
| Other income | 20 | 35,412 | 100,194 |
| Total Income (I + II) | | 835,795 | 405,819 |
| II Expenditure | | | |
| Changes in inventory of food and beverages | 21 | -2,795 | -1,662 |
| Purchase of food and beverages | 22 | 54,643 | 18,000 |
| Distributor's share | 23 | 265,407 | 110,003 |
| Other direct operation expenses | 24 | 7,317 | 3,182 |
| Employee benefits expenses | 25 | 144,616 | 71,871 |
| Finance costs (net) | 26 | 118,152 | 94,692 |
| Depreciation and amortisation expenses | 27 | 111,690 | 91,190 |
| Other expenses | 28 | 292,449 | 166,794 |
| Total expenses | | 991,479 | 554,071 |
| III Profit from ordinary activities before tax | | -155,684 | -148,252 |
| IV Tax expense | | | |
| Current tax | | - | - |
| Deferred tax | 14 | -6,985 | -2,703 |
| V Profit for the year (III-IV) | | -148,699 | -145,549 |
| VI Other comprehensive income | | | |
| Items that will not be reclassified to Profit and Loss | | | |
| Remeasurements of net defined benefit plans | | -715 | 1,395 |
| Equity instruments through other comprehensive income | | - | - |
| VII Total comprehensive income for the period | | -149,414 | -144,154 |
| VIII Earnings per share | | | |
| Basic and diluted | | -99.61 | -96.10 |

Summary of significant accounting policies

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

As per our report of even date attached.

For Uttam Abuwala Ghosh & Associates

Chartered Accountants

Firm's Registration No: 111184W

CA Subhash Jhunjhunwala

Partner

Membership No: 016331



For and on behalf of the Board of Directors of

Mukta A2 Cinemas Limited

CIN: U74999MH2016PLC287694

Subhash Ghai

Director

DIN : 00019803

Rahul Puri

Director

DIN: 01925045

Parvez A. Farooqui

Director

DIN: 00019853

Place : Mumbai

Date: 22nd, May 2023



MUKTA A2 CINEMAS LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED ON 31st MARCH 2023
(Currency - Indian Rupees)

(Rs. in '000)

| Particulars | Year ended 31 Mar 2023 | Year ended 31 Mar 2022 |
|--|---------------------------|---------------------------|
| Cash flow from operations | | |
| Profit (loss) before tax | -155,684 | -148,252 |
| Non-cash adjustments to reconcile profit before tax to net cash flows | | |
| Depreciation and amortisation | 111,690 | 91,190 |
| Finance cost | 118,152 | 94,692 |
| Provision for gratuity / leave encashment | -5,537 | -2,145 |
| Retained earnings (IND AS) | -37,783 | -914 |
| Operating profit before working capital changes | 30,839 | 34,571 |
| Movements in working capital: | | |
| (Increase) in trade receivables | 20,295 | 26,603 |
| (Increase) / decrease in inventories | -2,795 | -1,662 |
| (Increase) in loans and advances | -1,283 | -3,780 |
| Decrease in other financial assets | 23,893 | -11,807 |
| (Increase) in other assets | -10,990 | -13,456 |
| Increase in trade payables | 92,398 | 21,131 |
| (Decrease) in provisions | -18,860 | 47,392 |
| Increase in other liabilities | -51,645 | 19,901 |
| Increase in other financial liabilities | -90,807 | 6,525 |
| Non current financial liabilities reduced | 122,955 | 216,861 |
| Cash generated from operations | 113,999 | 342,277 |
| Taxes paid (net) | - | - |
| Advance tax paid | - | - |
| Net cash generated from operating activities (A) | 113,999 | 342,277 |
| Cash flow from investing activities | | |
| Purchase of property, plant and equipment and intangible assets | -114,472 | -315,411 |
| Net cash used in investing activities (B) | -114,472 | -315,411 |
| Cash flow from financing activities | | |
| Secured loan (repaid) | 6,646 | -19,569 |
| Interest (paid) | -6,835 | -7,856 |
| Net cash flow from / (used in) financing activities (C) | -190 | -27,424 |
| Net increase / (decrease) in cash and cash equivalents (A + B + C) | -663 | -558 |
| Cash and cash equivalents at the beginning of the year | 2,099 | 2,657 |
| Cash and cash equivalents at the end of the year (Refer note 2 below) | 1,436 | 2,099 |

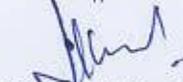
1. The above statement of cash flow has been prepared under the indirect method.
2. Components of cash and cash equivalents are as Note 8b.
3. The accompanying notes from 1 to 46 are an integral part of these financial statements.

As per our report of even date attached.

For Uttam Abuwala Ghosh & Associates

Chartered Accountants

Firm's Registration No: 111184W



CA Subhash Jhunjunwala

Partner

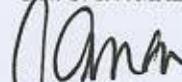
Membership No: 016331



For and on behalf of the Board of Directors of

Mukta A2 Cinemas Limited

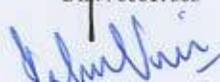
CIN: U74999MH2016PLC287694



Subhash Ghai

Director

DIN: 00019803



Rahul Puri

Director

DIN: 01925045



Parvez A. Farooqui

Director

DIN: 00019853



Place : Mumbai

Date: 22nd, May 2023

MUKTA A2 CINEMAS LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2023
(Currency - Indian Rupees)

(Rs. in '000)

A Equity Share Capital

| | Number | Amount |
|---|--------|--------|
| Balance as at 31 March 2021 | 1,500 | 15,000 |
| Changes in equity share capital due to prior period errors | - | - |
| Restated balance at the beginning of the current reporting period | 1,500 | 15,000 |
| Add: Changes in equity share capital during the current year | - | - |
| Balance as at 31 March 2022 | 1,500 | 15,000 |
| Changes in equity share capital due to prior period errors | - | - |
| Restated balance at the beginning of the current reporting period | - | - |
| Add: Changes in equity share capital during the current year | - | - |
| Balance as at 31 March 2023 | 1,500 | 15,000 |

B Other Equity

| Reserves and surplus | Amount |
|--|----------|
| Retained Earnings | |
| Balance as at 31 March 2021 | -395,687 |
| Addition during the year : | |
| Profit for the year | -145,549 |
| Retained earnings(INDAS) | -2,309 |
| Other comprehensive income for the year , net of taxes (*) | 1,395 |
| Total comprehensive income for the year | -144,154 |
| Balance as at 31 March 2022 | -542,150 |
| Addition during the year : | |
| Profit for the year | -148,699 |
| Retained earnings(INDAS) | -37,068 |
| Other comprehensive income for the year , net of taxes (*) | -715 |
| Total comprehensive income for the year | -149,414 |
| Balance as at 31 March 2023 | -728,632 |

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

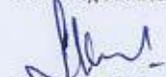
The accompanying notes are an integral part of these financial statements.

As per our report of even date attached.

For Uttam Abuwala Ghosh & Associates

Chartered Accountants

Firm's Registration No: 111184W



CA Subhash Jhunjunwala

Partner

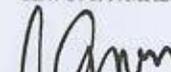
Membership No: 016331



For and on behalf of the Board of Directors of

Mukta A2 Cinemas Limited

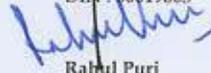
CIN: U74999MH2016PLC287694



Subhash Ghai

Director

DIN: 00019803



Rahul Puri

Director

DIN: 01925045



Parvez A. Farooqui

Director

DIN: 00019853

Place : Mumbai

Date: 22nd, May 2023



1 Corporate information

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

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

2 Summary of significant accounting policies

2.1 Basis of preparation

2.1.1 Compliance with Ind AS

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016.

2.1.2 Historical cost convention

The financial statements have been prepared on an accrual basis and under the historical cost convention, except for certain financial assets and liabilities and defined benefit plan assets, which have been measured at fair value.

2.2 Current versus non-current classification

The assets and liabilities reported in the balance sheet are classified as current or non-current. Current assets, which include cash and cash equivalents, are assets that are intended to be realised during the normal operating cycle of the Company or within 12 months of the balance sheet date; current liabilities are expected to be settled during the normal operating cycle of the Company or within 12 months of balance sheet date. The deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.3 Segment reporting

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

2.4 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company, revenue can be reliably measured and recoverability is reasonably certain. The amount recognised as income is exclusive of value added tax, service tax, goods and services tax and net of trade discounts. Unbilled revenues recognised on contracts to be billed in subsequent periods as per the terms of the contract.

Theatrical exhibition and related income

Sale of tickets

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

Sale of food and beverages

Revenue from sale of food and beverages is recognised upon sale and delivery at the counter.

Advertisement revenue

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

Interest income

Interest income is accrued on a time basis, with reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.



2.5 Employee benefits

Short term employee benefits

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

Post-employment benefits

Defined contribution plan:

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

Defined benefit plan:

The Company has calculated the gratuity liability for fifteen days per month based on the last basic salary drawn by the employee for every completed year of service or part thereof in excess of six months. Thus, the gains and losses are recognised in full in the Statement of profit and loss in the period in which they occur. The gratuity liability recognised in the Balance sheet represents the gratuity liability 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 balance as at the year end restricted to forty two days and the last salary drawn by the employees.

2.6 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use.

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

2.7 Leases

Assets taken on operating lease

The Company has various operating leases, including for Cinema properties and for projectors.

In case of certain cinema properties, rent is accounted as a percentage of revenue or percentage of Earnings before Interest, Tax, Depreciation and Amortisation.

In case of certain other cinema properties & projectors Leases are recognised as a right-of-use asset and a corresponding liability as at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the Fixed payments, less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain the asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of liability for each period.

Right-of-use assets are measured at cost comprising the following: The amount of the initial measurement of lease liability

- Any lease payments made on or before the commencement date less any lease incentives received
- Any initial direct cost and restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.



2.8 Taxation

Income-tax expense comprises current tax expense and deferred tax charge or credit.

Current tax

Provision for current tax is recognised in accordance with the provisions of the Income-tax Act, 1961 and is made based on the tax liability after taking credit for tax allowances and exemptions.

Minimum Alternative Tax credit entitlement

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

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

Deferred tax

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

Deferred tax asset is recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each Balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain to be realised.

2.9 Property, plant and equipment (PPE)

Items of Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes freight, duties, taxes (other than those recoverable from tax authorities) and other expenses directly attributable to the acquisition/ construction and installation of the fixed assets for bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of PPE which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

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

Depreciation methods, estimated useful lives and residual value

The Company applies depreciation rates as per the useful lives of the assets as specified in Part 'C' of Schedule II to the Companies Act 2013, except for the following class of assets where the useful life is higher than the useful life prescribed in Schedule II based on management estimates which is supported by assessment carried out by technical experts. The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

| Asset class | Useful life |
|--------------------------------|-------------|
| Building | 10-30 years |
| Computers | 3-6 years |
| Plant and equipment | 5-10 years |
| Furniture and Office equipment | 3-6 years |

Leasehold improvements/ premises are depreciated at the lower of the estimated useful lives of the assets and the lease term, on a straight-line basis.

2.10 Intangible assets

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

Items of Intangible assets are stated at historical cost less accumulated amortisation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.



2.11 Impairment of Non Financial Asset

In accordance with Ind AS 36 - intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of the assets (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. An impairment loss is recognised whenever the carrying amount of an asset or the cash generating unit to which it belongs exceeds its recoverable amount. Impairment loss is recognised in the Statement of profit and loss or against revaluation surplus, where applicable.

If at the Balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciated historical cost.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

2.12 Inventory

Inventories of food and beverages are valued at the lower of cost and net realisable value. Cost of inventories comprises all cost of purchases, cost of conversion and other cost incurred in bringing the inventories to their present location and condition. Cost is determined on First-In, First-Out ('FIFO') basis.

2.13 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.14 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.14.1 Financial assets

Financial assets are classified in the following measurement categories:

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

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

Initial recognition and measurement

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

Subsequent measurement

Subsequent measurement of financial asset depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its financial assets as below: -

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

Financial assets measured at amortised cost

A 'financial asset' is measured at the amortised cost if both the following conditions are met.

- Asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. EIR amortisation is included in finance income in the Statement of Profit and Loss. Losses arising from impairment are recognised in the Statement of Profit and Loss.



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

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

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The contractual cash flows of the assets represent SPPI: Financial assets included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI financial asset is reported as interest income using the EIR method.

Financial assets measured at fair value through profit and loss (FVTPL)

A financial asset not classified as either amortised cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind AS 109, "Financial Instruments" are measured at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition which is irrevocable. If the company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the Other Comprehensive Income.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss. The Company has elected to measure its investment in firm as at its previous GAAP carrying value which shall be the deemed cost as at the date of transition.

Derecognition of financial assets

A financial asset is primarily derecognised when: a) Rights to receive cash flows from the asset have expired, or b) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either(a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset, where the entity retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Impairment of financial assets :

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 33 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables, only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Trade receivables

The company evaluates the concentration of risk with respect to trade receivables as low, as its customers operate in largely independent markets and their credit worthiness is monitored at periodical intervals. The company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the number of the days for which the receivables are due and is rated as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

| Ageing | Expected Credit loss(%) |
|-------------------|-------------------------|
| 0 - 1 years | 0% |
| 1 - 2 years | 25% |
| 2 - 3 years | 40% |
| More than 3 years | 100% |



2.14.2 Financial liabilities

(i) Initial recognition and measurement

All financial liabilities are recognised initially at fair value, in the case of loans, borrowings and payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described herein:

Financial liabilities at fair value through Profit or Loss:

Financial liabilities at fair value through Profit or Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities measured at amortised cost:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of Profit and Loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting :

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.15 Measurement of fair values

The Company measures financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates.

The management regularly reviews unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).



If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes on financial instruments.

2.16 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of funds will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

2.18 Earnings per share ('EPS')

The basic earnings per equity share is computed by dividing the net profit or loss attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting year. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which may be issued on the conversion of all dilutive potential shares, unless the results would be anti-dilutive.

3 Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, may not equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Recognition and measurement of defined benefit obligations

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

Estimation of useful life

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

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

4 New pronouncements

The Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2023 (the 'Rules') on March 31, 2023. The rules shall be effective from reporting periods beginning on or after April 1, 2023. Amendments to Ind AS as per these rules are summarised below:

- a) Ind As 101 First-time Adoption of Indian Accounting Standards
- b) Ind As 102 Share-Based Payment
- c) Ind As 103 Business Combinations
- d) Ind As 107 Financial Instruments: Disclosures
- e) Ind As 109 Financial Instruments
- f) Ind As 115 Revenue from contracts with customers
- g) Ind As 1 Presentation of Financials statements
- i) Ind As 12 Income Taxes
- j) Ind As 34 Interim Financial Reporting



MUKTA A2 CINEMAS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
 (Currency - Indian Rupees)

5 (a) Property, plant and equipment

(Rs. in '000)

| | Leasehold Premises | Plant & Machinery | Fixtures & Fittings | Computers | Motor car | Electrical fittings | Total |
|---------------------------------|--------------------|-------------------|---------------------|-----------|-----------|---------------------|---------|
| Gross Block | | | | | | | |
| <i>As at 1 April 2021</i> | 248,264 | 54,520 | 43,119 | 12,399 | 6,632 | 3,179 | 368,114 |
| Additions | 36,722 | 16,967 | 15,806 | 2,979 | - | 12,064 | 84,538 |
| Disposals | - | - | - | - | - | - | - |
| Other adjustment | 5,239 | 1,745 | 621 | 6 | - | - | 7,611 |
| <i>As at 31 March 2022</i> | 279,748 | 69,742 | 58,303 | 15,372 | 6,632 | 15,243 | 445,041 |
| <i>As at 1 April 2022</i> | 279,748 | 69,742 | 58,303 | 15,372 | 6,632 | 15,243 | 445,041 |
| Additions | 30,566 | 28,913 | 18,321 | 1,945 | - | 344 | 80,089 |
| Disposals | 11,804 | 2,142 | 214 | 48 | - | 209 | 14,417 |
| Other adjustment | - | - | - | - | - | - | - |
| <i>As at 31 March 2023</i> | 298,510 | 96,514 | 76,410 | 17,269 | 6,632 | 15,377 | 510,713 |
| Accumulated Depreciation | | | | | | | |
| <i>As at 1 April 2021</i> | 67,770 | 30,084 | 29,585 | 11,410 | 4,121 | 1,207 | 144,177 |
| Charge for the year 2021 | 15,423 | 6,411 | 6,063 | 1,190 | 1,037 | 1,172 | 31,296 |
| Deduction | - | - | - | - | - | - | - |
| Other adjustment | - | - | - | - | - | - | - |
| <i>As at 31 March 2022</i> | 83,193 | 36,495 | 35,648 | 12,600 | 5,159 | 2,379 | 175,473 |
| <i>As at 1 April 2022</i> | 83,193 | 36,495 | 35,648 | 12,600 | 5,159 | 2,379 | 175,473 |
| Charge for the year 2022 | 56,551 | 9,625 | 9,642 | 1,881 | 703 | 497 | 78,900 |
| Deduction | - | - | - | - | - | - | - |
| Other adjustment | - | - | - | - | - | - | - |
| <i>As at 31 March 2023</i> | 139,744 | 46,119 | 45,291 | 14,481 | 5,862 | 2,876 | 254,373 |
| Carrying amounts (Net) | | | | | | | |
| <i>As at 31 March 2022</i> | 196,555 | 33,248 | 22,655 | 2,772 | 1,474 | 12,864 | 269,568 |
| <i>As at 31 March 2023</i> | 158,766 | 50,394 | 31,119 | 2,788 | 771 | 12,501 | 256,339 |

5 (b) Capital Work in Progress

| | Amount |
|----------------------------|--------|
| Cost or deemed cost | |
| <i>As at 1 April 2021</i> | 44,784 |
| Additions | 56,953 |
| Disposals | - |
| Other adjustment | 84,210 |
| <i>At 31 March 2022</i> | 17,526 |
| <i>As at 1 April 2022</i> | 17,526 |
| Additions | 86,543 |
| Disposals | - |
| Other adjustment | 84,517 |
| <i>As at 31 March 2023</i> | 19,553 |



a) Capital Work in Progress Ageing

(Rs. in '000)

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

| | Amounts in capital work-in-progress at 31 March 2023 | | | | |
|---|--|--------------|-----------|-------------------|---------------|
| | Less than one year | 1-2 years | 2-3 years | More than 3 years | Total |
| i) Projects in progress | | | | | |
| Bharatmata | 3,418 | | | | 3,418 |
| Dibrugarh | 876 | 326 | | | 1,202 |
| Chittorgarh | 10,366 | | | | 10,366 |
| Qed Mall Kharagpur | 1,210 | 1,783 | | | 2,993 |
| Mysore -Chitranjan Mahal | - | | 65 | | 65 |
| Bangalore K R Puram | 932 | | | | 932 |
| Proddatur | 335 | | | | 335 |
| Rajkot | 72 | | | | 72 |
| Kadapa | 35 | | | | 35 |
| Zoe Mall, Lucknow | 34 | | | | 34 |
| Total (A) | 17,278 | 2,109 | 65 | - | 19,453 |
| ii) Projects temporarily suspended | | | | | |
| Pune | | | | 100 | 100 |
| Total (B) | - | - | - | 100 | 100 |
| Total (A+B) | 17,278 | 2,109 | 65 | 100 | 19,553 |



(Rs. in '000)

| Intangible Assets | | Amount |
|---------------------------------|--|--------|
| Cost or deemed cost | | |
| As at 1 April 2021 | | 8,066 |
| Additions | | 319 |
| Disposals | | - |
| Other adjustment | | - |
| As at 31 March 2022 | | 8,385 |
| As at 1 April 2022 | | 8,385 |
| Additions | | 337 |
| Disposals | | 0 |
| Other adjustment | | - |
| As at 31 March 2023 | | 8,721 |
| Accumulated amortisation | | |
| As at 1 April 2021 | | 7,600 |
| Charge for the year | | 366 |
| Deduction | | - |
| Other adjustment | | - |
| As at 31 March 2022 | | 7,965 |
| As at 1 April 2022 | | 7,965 |
| Charge for the year | | 387 |
| Deduction | | - |
| Other adjustment | | - |
| As at 31 March 2023 | | 8,352 |
| Carrying amount (Net) | | |
| As at 31 March 2022 | | 419 |
| As at 31 March 2023 | | 369 |

5 (d) i) Amounts recognised in balance sheet

| Right of Use asset | As at 31 March 2023 | As at 31 March 2022 |
|-----------------------------------|------------------------|------------------------|
| (i) Buildings | 387,855 | 394,117 |
| Furniture, fittings and equipment | 47,110 | 26,813 |
| Total | 434,965 | 420,930 |

| Lease Liability | As at 31 March 2023 | As at 31 March 2022 |
|-----------------|------------------------|------------------------|
| (ii) Current | 44,616 | 40,820 |
| Non-current | 428,131 | 416,861 |
| Total | 472,747 | 457,681 |

Note : 1. During the year ended on 31 March 2023 and 31 March 2022, there is no impairment loss determined at each level of CGU. The recoverable amount was based on value in use and was determined at the level of CGU.

Note : 2. Refer Note - 12 (a) for information on moveable property, plant and equipment pledged as security by the Company.

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

Note : 4 Additional Regulatory Information

(i) Title deeds of immovable property not held in name of the Company- Not applicable



MUKTA A2 CINEMAS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
 (Currency - Indian Rupees)

(Rs. in '000)

| 6 Non-current financial assets | | |
|--|------------------------|------------------------|
| 6 (a) | As at 31 March 2023 | As at 31 March 2022 |
| Investments | | |
| Investments in partnership firms Asian Mukta A2 Cinemas LLP | 45 | 45 |
| Total | 45 | 45 |

| 6 (b) Other financial asset | | |
|-----------------------------------|------------------------|------------------------|
| | As at 31 March 2023 | As at 31 March 2022 |
| Fixed Deposit more than 12 months | 273 | 273 |
| Security deposits | 50,761 | 57,067 |
| Others (LIC Gratuity) | 299 | 382 |
| Total | 51,333 | 57,722 |

| 7 Inventories | | |
|------------------|------------------------|------------------------|
| | As at 31 March 2023 | As at 31 March 2022 |
| Food & Beverages | 9,669 | 6,874 |
| Total | 9,669 | 6,874 |

| 8 Current financial assets | | |
|--|------------------------|------------------------|
| 8 (a) | As at 31 March 2023 | As at 31 March 2022 |
| Trade receivables | | |
| (a) Secured, considered good | - | - |
| (b) Unsecured, considered good | 6,558 | 26,853 |
| (c) Doubtful | 35,653 | 71,723 |
| Total | 42,211 | 98,576 |
| Less: Loss allowance Unsecured, considered good Doubtful receivables | -35,653 | -71,723 |
| Total | 6,558 | 26,853 |

Aging of trade receivables:

| | Unbilled | Not due | Outstanding for following periods from the due date | | | | | Total |
|--|----------|---------|---|---------------|---------|---------|-----------------|--------|
| | | | Less than 6 months | 6 months-1 yr | 1-2 yrs | 2-3 yrs | More than 3 yrs | |
| As on 31st March 2022 | | | | | | | | |
| Undisputed trade receivables | | | | | | | | |
| Considered good | | | 8,372 | 1,488 | 1,666 | 16,278 | 70,772 | 98,576 |
| Which have significant increase in credit risk | | | 8,372 | 1,488 | 1,666 | 16,278 | 70,772 | 98,576 |
| Credit impaired | | | - | - | - | - | - | - |
| Disputed trade receivables | | | - | - | - | - | - | - |
| Considered good | | | - | - | - | - | - | - |
| Which have significant increase in credit risk | | | - | - | - | - | - | - |
| Credit impaired | | | - | - | - | - | - | - |
| As on 31st March 2023 | | | | | | | | |
| Undisputed trade receivables | | | | | | | | |
| Considered good | | | 5,217 | 664 | 498 | 506 | 35,326 | 42,211 |
| Which have significant increase in credit risk | | | 5,217 | 664 | 498 | 506 | 35,326 | 42,211 |
| Credit impaired | | | - | - | - | - | - | - |
| Disputed trade receivables | | | - | - | - | - | - | - |
| Considered good | | | - | - | - | - | - | - |
| Which have significant increase in credit risk | | | - | - | - | - | - | - |
| Credit impaired | | | - | - | - | - | - | - |

| 8 (b) Cash and cash equivalents | | |
|---------------------------------------|------------------------|------------------------|
| | As at 31 March 2023 | As at 31 March 2022 |
| Cash on hand | 1,425 | 1,936 |
| Balances with banks in Current a/c | 12 | 164 |
| Total | 1,436 | 2,099 |

| 8 (c) Loans and advances | | |
|-------------------------------|------------------------|------------------------|
| | As at 31 March 2023 | As at 31 March 2022 |
| Sundry Advances | | |
| Related parties | 71,452 | 72,452 |
| (% to Total loans & advances) | 90% | 90% |
| Others | 2,500 | 2,500 |
| (% to Total loans & advances) | 3% | 3% |
| Staff advances | 5,504 | 5,221 |
| (% to Total loans & advances) | 7% | 7% |
| Total | 81,456 | 80,173 |



MUKTA A2 CINEMAS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
 (Currency - Indian Rupees)

(Rs. in '000)

| 8d) | Other financial asset | As at 31 March 2023 | As at 31 March 2022 |
|-----|-------------------------|------------------------|------------------------|
| | Accrued interest | | |
| | Related party | 18,584 | 25,445 |
| | Others | - | 1,668 |
| | Accrued revenue | 1,778 | 974 |
| | Inter corporate deposit | - | 10,123 |
| | Security deposit | 2,421 | 2,076 |
| | Total | 22,783 | 40,287 |

| 9 | Other current asset | As at 31 March 2023 | As at 31 March 2022 |
|---|-----------------------|------------------------|------------------------|
| | Prepaid Exp | 2,825 | 1,826 |
| | Share issue cost | - | 500 |
| | Advances | 32,249 | 37,096 |
| | GST credit receivable | 27,058 | 12,136 |
| | Advance tax & TDS | 3,768 | 3,353 |
| | Total | 65,900 | 54,911 |

| 10 | Equity share capital | As at 31 March 2023 | | As at 31 March 2022 | |
|----|---------------------------------------|------------------------|---------------|------------------------|---------------|
| | | Number | Amount | Number | Amount |
| | Authorised share capital | | | | |
| | Equity shares of ₹ 10 each | 1,500 | 15,000 | 1,500 | 15,000 |
| | | 1,500 | 15,000 | 1,500 | 15,000 |
| | Issued, subscribed and fully paid- up | | | | |
| | Equity shares of ₹ 10 each | 1,500 | 15,000 | 1,500 | 15,000 |
| | Total | 1,500 | 15,000 | 1,500 | 15,000 |

| Reconciliation of paid- up share capital (Equity shares) | As at 31 March 2023 | | As at 31 March 2022 | |
|--|------------------------|---------------|------------------------|---------------|
| | Number | Amount | Number | Amount |
| Balance at the beginning of the year | 1,500 | 15,000 | 1,500 | 15,000 |
| Add: Issued during the year | - | - | - | - |
| Add: Acquisition of a subsidiary | - | - | - | - |
| Balance at the end of the year | 1,500 | 15,000 | 1,500 | 15,000 |

| Shares held by shareholders at the end of the year | As at 31 March 2023 | | As at 31 March 2022 | |
|--|------------------------|------------------|------------------------|------------------|
| | Number | %of total shares | Number | %of total shares |
| 1. Mukta Arts Limited | 1,050 | 69.99% | 1,050 | 69.99% |
| 2. Rajiv Malhotra | 450 | 30% | 450 | 30% |
| Total | 1,500 | 100% | 1,500 | 100% |

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

Terms and rights attached to equity shares: -

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

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



MUKTA A2 CINEMAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(Currency - Indian Rupees)

(Rs. in '000)

| 11 | Other Equity | As at 31 March 2023 | As at 31 March 2022 |
|----|---|------------------------|------------------------|
| | Retained earnings | | |
| | Balance at the beginning of the year | -542,150 | -395,687 |
| | Add: Net profit/(Loss) after tax for the year | -148,699 | -145,549 |
| | Add: Retained earnings(IND AS) | -37,068 | -2,309 |
| | Total | -727,917 | -543,545 |
| | Other comprehensive income | -715 | 1,395 |
| | | -728,632 | -542,150 |

12 Non Current Financial Liabilities

| 12(a) | Non Current Borrowing | As at 31 March 2023 | As at 31 March 2022 |
|-------|--|------------------------|------------------------|
| | Secured Loans | | |
| | HDFC car loan | 1,632 | 2,950 |
| | Term loan from Yes Bank | 20,900 | 31,327 |
| | less: Current maturity of long term debt | -11,920 | -17,236 |
| | Total | 10,611 | 17,041 |

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

Car loan carries a rate of interest of 8.85%.

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

* Mukta A2 Cinemas Limited has obtained on November 9 2020, term loans from Bank along with an overdraft facility and an additional term loan facility under the Guaranteed Emergency Credit Line. These facilities are secured against all current assets, Plant and machinery & exclusive charge by way of Mortgage on property located at Plot no 1707 and 1208, 12th floor, F wing, Building No 1, Ushara Splendor, JVLR road, Jogeshwari (East), Mumbai-400 060 owned by Mukta Arts & Mukta Tele Arts Pvt Ltd respectively.

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

Maturity date of New Term loan is 26th December 2024. Repayment has to be made by way of monthly instalments totalling Rs.2,716,083/- during April 2023 to March 2024 and Rs.18,57,568/- during April 2024 to 26th December 2024.

Maturity date of New Term loan is 26th December 2024. Repayment has to be made by way of monthly instalments totalling Rs.1,369,649/- during April 2023 to March 2024 and Rs.936,722/- during April 2024 to 26th December 2024.

Maturity date of New Term loan is 18th December 2024. Repayment has to be made by way of monthly instalments totalling Rs.9,451,561/- during April 2023 to March 2024 and Rs.6,576,642/- during April 2024 to 18th December 2024.

| Net debt reconciliation | As at 31 March 2023 | As at 31 March 2022 |
|---------------------------|------------------------|------------------------|
| Cash and cash equivalents | 1,436 | 2,099 |
| Current borrowings | -44,520 | -36,759 |
| Non-current borrowings | -10,611 | -17,041 |
| Net debt | -53,694 | -51,701 |

| | Cash and cash equivalents | Current borrowings | Non-current borrowings |
|--|---------------------------|--------------------|------------------------|
| Net debt as at 1 April 2022 | 2,099 | -36,759 | -17,041 |
| Cash flows | 5,509 | -13,076 | 11,746 |
| Repayment of long-term borrowings | 663 | - | - |
| Proceeds from maturity of investment in bank | - | - | - |
| Principal received | - | - | - |
| Interest expense | - | 2,059 | -8,895 |
| Interest paid | -6,835 | 3,256 | 3,579 |
| Net debt as at 31 March 2023 | 1,436 | -44,520 | -10,611 |



MUKTA A2 CINEMAS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
 (Currency - Indian Rupees)

(Rs. in '000)

| 12(b) | Other non-current financial liabilities | As at 31 March 2023 | As at 31 March 2022 |
|-------|---|------------------------|------------------------|
| | Security deposit | 118,550 | 6,865 |
| | Total | 118,550 | 6,865 |

| 13 | Long Term provisions | As at 31 March 2023 | As at 31 March 2022 |
|----|--------------------------------|------------------------|------------------------|
| | Provision for gratuity | 4,139 | 6,411 |
| | Provision for leave encashment | 821 | 4,086 |
| | Total | 4,960 | 10,497 |

| 14 | Deferred tax asset (net) | As at 31 March 2023 | As at 31 March 2022 |
|----|---|---|---|
| | Deferred tax Liability on Arising on account of timing differences in: Depreciation/ amortisation Provision for doubtful debts and advances Ind As Impact- DTA (DTL) | 14,338 - - | - - - |
| | Total | 14,338 | - |
| | Deferred tax asset on Depreciation/ amortisation Provision for gratuity Provision for bonus Provision for leave encashment Provision for rent straightlining IND AS adjustemnt Provision for doubtful debts PF payable | - 2,267 1,131 2,188 - 1,364 16,028 - | 3,039 1,760 1,497 1,391 - 822 18,648 - |
| | Total | 22,978 | 27,157 |
| | Shown to the extent of (liability)/asset | 6,985 | 2,703 |
| | Deferred tax (liabilities)/Asset (net) | 1,655 | 29,860 |

| Movement in deferred tax assets | Employee benefits obligations | Allowance for doubtful debts - trade receivables | Property, plant and equipment and intangible assets | Others |
|---------------------------------|-------------------------------|--|---|--------|
| At March 31, 2021 | -5,256 | -11,261 | -6,950 | -820 |
| (Charged)/ credited: | | | | |
| - to profit or loss | -4,648 | -18,648 | -3,039 | -822 |
| - to other comprehensive income | - | - | - | - |
| At March 31, 2022 | -4,648 | -18,648 | -3,039 | -822 |
| (Charged)/ credited: | | | | |
| - to profit or loss | -5,586 | -16,028 | 14,338 | -1,364 |
| - to other comprehensive income | - | - | - | - |
| At March 31, 2023 | -5,586 | -16,028 | 14,338 | -1,364 |

| 15 | Other Non -Current Liabilities | As at 31 March 2023 | As at 31 March 2022 |
|----|--------------------------------|------------------------|------------------------|
| | Deferred expenses account | 74 | 284 |
| | Total | 74 | 284 |



MUKTA A2 CINEMAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(Currency - Indian Rupees)

(Rs. in '000)

| 16 Current Financial Liabilities | | | |
|----------------------------------|-----------------------------------|------------------------|------------------------|
| 16 (a) | | As at 31 March 2023 | As at 31 March 2022 |
| | Current Borrowing | | |
| | Secured | | |
| | Cash credit from Yes Bank Limited | 32,600 | 19,524 |
| | Total | 32,600 | 19,524 |

| 16 (b) | | As at 31 March 2023 | As at 31 March 2022 |
|--------|-----------------------------------|------------------------|------------------------|
| | Trade Payables | | |
| | Dues to micro and small suppliers | 1,723 | 1,169 |
| | Others | 300,145 | 208,300 |
| | Total | 301,868 | 209,470 |

Aging of trade payables:

| | Unbilled | Not due | Outstanding for following periods from the due date | | | | Total |
|---|----------|---------|---|---------|---------|-------------------|---------|
| | | | Less than 1 yr | 1-2 yrs | 2-3 yrs | More than 3 years | |
| As on 31st March 2022 | | | | | | | |
| Undisputed trade payables | | | 139,904 | 38,674 | 26,100 | 4,892 | 209,470 |
| Micro enterprises and small enterprises | | | 1,169 | 0 | 0 | 0 | 1,169 |
| Others | | | 138,635 | 38,674 | 26,100 | 4,892 | 208,300 |
| Disputed trade payables | | | - | - | - | - | - |
| Micro enterprises and small enterprises | | | - | - | - | - | - |
| Others | | | - | - | - | - | - |
| Total | | | | | | | |
| As on 31st March 2023 | | | | | | | |
| Undisputed trade payables | | | 214,994 | 45,658 | 28,534 | 12,681 | 301,868 |
| Micro enterprises and small enterprises | | | 1,723 | - | - | - | 1,723 |
| Others | | | 213,271 | 45,658 | 28,534 | 12,681 | 300,145 |
| Disputed trade payables | | | - | - | - | - | - |
| Micro enterprises and small enterprises | | | - | - | - | - | - |
| Others | | | - | - | - | - | - |
| Total | | | | | | | |

| 16 (c) | | As at 31 March 2023 | As at 31 March 2022 |
|--------|---|------------------------|------------------------|
| | Other financial liability | | |
| | Security deposit taken | 1,309 | 3,152 |
| | Current maturities of term loans | 11,920 | 17,236 |
| | Employee benefit expense payable | | |
| | - Bonus payable | - | - |
| | Advances received | 9 | 25,292 |
| | Payable to related parties | 14,434 | 12,779 |
| | - Connect L Ltd | | |
| | - Mukta Arts Ltd | 6,265 | 6,265 |
| | - Mukta Telemedia Ltd | 2,871 | 2,871 |
| | - Mukta Tele Arts Pvt Ltd | 844 | 169 |
| | Payable to Mukta Arts (proprietor) | 2,344 | 2,974 |
| | Payable to Subhash Ghai | 3,200 | 499 |
| | Inter corporate deposits from holding company | 683,080 | 552,500 |
| | Total | 627,672 | 610,958 |

| 17 | | As at 31 March 2023 | As at 31 March 2022 |
|----|---------------------------------------|------------------------|------------------------|
| | Other current liability | | |
| | Advance received for box office sales | 65 | - |
| | Other advances | 88 | 65,714 |
| | Other | 6,913 | 5,786 |
| | Deferred expenses account | 209 | 209 |
| | Statutory dues | | |
| | - P.E./P.T./ESIC | 4,975 | 1,490 |
| | - ET/INR/Show tax | 764 | 415 |
| | - GST | - | - |
| | - TDS payable | 12,892 | 5,733 |
| | Total | 25,909 | 77,345 |

| 18 | | As at 31 March 2023 | As at 31 March 2022 |
|----|----------------------------------|------------------------|------------------------|
| | Short Term Provisions | | |
| | Provision for expense | 71,862 | 95,591 |
| | Provision for employee benefit: | | |
| | - Provision for gratuity | 5,013 | 740 |
| | - Provision for leave encashment | 3,861 | 1,265 |
| | Total | 78,736 | 97,596 |



(Rs. in '000)

| 19 | Revenue from operation | Year ended 31 March 2023 | Year ended 31 March 2022 |
|----|---|-----------------------------|-----------------------------|
| a) | Sale of tickets | 587,386 | 231,038 |
| b) | Food & beverage revenue | 192,682 | 68,808 |
| c) | Other operating income | | |
| | Advertisement revenue | 16,860 | 700 |
| | Other income from theatrical operations | 3,457 | 5,080 |
| | Total | 800,384 | 305,625 |

| 20 | Other Income | Year ended 31 March 2023 | Year ended 31 March 2022 |
|----|---------------------------------------|-----------------------------|-----------------------------|
| | Interest income | 7,998 | 8,124 |
| | Other income | 16,377 | 1,259 |
| | Rent income | 2,157 | 1,764 |
| | Balances written back | 3,625 | 1,022 |
| | Corporate guarantee commission income | - | 563 |
| | Concessional lease income | - | 79,830 |
| | Profit from disposed asset | 4,881 | 7,632 |
| | Management fees | 375 | - |
| | Total | 35,412 | 100,194 |

| 21 | Changes in Inventory | Year ended 31 March 2023 | Year ended 31 March 2022 |
|----|----------------------|-----------------------------|-----------------------------|
| | Opening inventory | 6,874 | 5,212 |
| | Closing inventory | 9,669 | 6,874 |
| | Total | -2,795 | -1,662 |

| 22 | Purchase of food & beverages | Year ended 31 March 2023 | Year ended 31 March 2022 |
|----|------------------------------|-----------------------------|-----------------------------|
| | Food & beverages | 54,643 | 18,000 |
| | Total | 54,643 | 18,000 |

| 23 | Distributor and Producer's share | Year ended 31 March 2023 | Year ended 31 March 2022 |
|----|----------------------------------|-----------------------------|-----------------------------|
| | Film distributors' share | 265,407 | 110,003 |
| | Total | 265,407 | 110,003 |

| 24 | Other direct operation expenses | Year ended 31 March 2023 | Year ended 31 March 2022 |
|----|---------------------------------|-----------------------------|-----------------------------|
| | Complementary cost | 1,826 | 530 |
| | Ticketing costs | 545 | 26 |
| | Other expenses | 4,946 | 2,626 |
| | Total | 7,317 | 3,182 |



| 25 | Employee benefit expense | (Rs. in '000) | |
|----|--|-----------------------------|-----------------------------|
| | | Year ended 31 March 2023 | Year ended 31 March 2022 |
| | Salaries and other benefits | 126,115 | 66,363 |
| | Staff welfare | 2,255 | 818 |
| | Gratuity and leave encashment | 6,103 | 2,069 |
| | ESIC contribution | 1,409 | 759 |
| | Uniform allowance | 262 | 527 |
| | Contribution to Provident and other fund | 8,472 | 1,337 |
| | Total | 144,616 | 71,871 |

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

(i) Defined contribution plan:

The Company's contributions to defined contribution plans namely Employees' Provident Fund and Employee's State Insurance Fund (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952), are charged to the Statement of Profit and Loss on accrual basis. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

(ii) Post employment obligations: Gratuity

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who have been in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement / termination is the employee's last drawn basic salary per month computed proportionately for 15 days' salary multiplied for the number of years of service. The gratuity plan is a funded plan and it is recognised by the Income-tax authorities and administered through Life Insurance Corporation of India. Liability for gratuity is provided on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary.

The assumptions used for the actuarial valuation are as under:

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---------------------------|-----------------------------|-----------------------------|
| Discount rate (per annum) | 7.20% | 6.90% |
| Salary growth rate | 9.50% | 8.00% |

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

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|-----------------------------|-----------------------------|
| Present value of obligation as at the beginning | 7,151 | 8,450 |
| Current service cost | 1,469 | 1,927 |
| Past service cost | - | - |
| Interest cost | 455 | 524 |
| Total amount recognised in Statement of Profit and Loss | 1,924 | 2,451 |
| Re-measurement or actuarial gain / (loss) arising from: | | |
| Change in financial assumption | 265 | -274 |
| Change in demographic assumption | -1,378 | |
| Experience changes | 1,767 | -1,413 |
| Total amount recognised in other comprehensive income | 655 | -1,687 |
| Benefits paid | -711 | -2,063 |
| Liabilities assumed on inter-group transfer | - | - |
| Present value of obligation as at the end | 9,019 | 7,151 |



(Rs. in '000)

(b) Changes in the fair value of plan assets

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|-----------------------------|-----------------------------|
| Fair value of plan assets as at the beginning | 382 | 1,184 |
| Interest on plan assets | 5 | 71 |
| Total amount recognised in Statement of profit and loss | 5 | 71 |
| Re-measurement or actuarial gain / (loss) arising from: | | |
| Actual return on plan assets less interest on plan assets | -60 | -292 |
| Total amount recognised in other comprehensive income | -60 | -292 |
| Employer's contribution | 682 | 1,482 |
| Benefits paid | -711 | -2,063 |
| Assets acquired on inter-group transfer | - | - |
| Fair value of plan assets at the end | 299 | 382 |

(c) Amount recognised in the Balance Sheet

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|-----------------------------|-----------------------------|
| Present value of obligations as at Balance Sheet date | 9,019 | 7,151 |
| Fair value of plan assets as at the end of the period | 299 | 382 |
| Net (asset)/ liability recognised as at the year end | 8,721 | 6,769 |

(d) Sensitivity analysis

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

| Particulars | Year ended 31 March 2023 | | Year ended 31 March 2022 | |
|---|-----------------------------|----------------|-----------------------------|----------------|
| | Decrease | Increase | Decrease | Increase |
| Defined benefit obligation (base) | | 9,019,186 | | 7,151,130 |
| Discount rate (- / + 0.5%) (% change compared to base due to sensitivity) | 116 1.29% | -114 -1.26% | 306 4.28% | -284 -3.97% |
| Salary growth rate (- / + 0.5%) (% change compared to base due to sensitivity) | -112 -1.24% | 114 1.26% | -282 -3.94% | 301 4.21% |

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

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

(e) Defined benefit liability and employer contribution

The weighted average duration of the benefit obligation is 2.56 years.

| Weighted average duration (based on discounted cashflows) | 31 Mar 2023 | 31 Mar 2022 |
|---|-------------|-------------|
| Year 1 | 3,311 | 1,123 |
| Year 2 | 2,434 | 619 |
| Year 3 | 2,011 | 666 |
| Year 4 | 1,026 | 618 |
| Year 5 | 742 | 592 |
| Year 6 | 497 | 618 |
| Year 7 | 332 | 584 |
| Year 8 | 224 | 541 |
| Year 9 | 153 | 519 |
| Thereafter | 312 | 9,051 |



(Rs. in '000)

(iii) Other long term benefit plans:

Compensated absences: The leave obligations cover the Company's liability for earned leave. The amount of provision of Rs.85,93,256/- (March 2022 : 5,350,930/-)

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

Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated on the basis of the market yields at the valuation date on government bonds for the expected term. If plan assets underperform this yield, this will create a deficit.

Changes in bond yields

A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's assets.

| 26 Finance cost | Year ended 31 March 2023 | Year ended 31 March 2022 |
|--------------------------------------|-----------------------------|-----------------------------|
| a) Interest cost on | | |
| Term loan | 3,371 | 5,065 |
| Cash credit / demand loan facilities | 3,256 | 2,540 |
| Car loan | 208 | 251 |
| Inter corporate deposits | 47,636 | 45,154 |
| Others | 62,211 | 39,512 |
| b) Commission on financial guarantee | 1,469 | 2,170 |
| Total | 118,152 | 94,692 |

| 27 Depreciation & amortisation | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|-----------------------------|-----------------------------|
| Depreciation of Property, plant & equipment & Right of use assets | 111,324 | 90,824 |
| Amortisation of intangibles | 366 | 366 |
| Total | 111,690 | 91,190 |



(Rs. in '000)

| 28 | Other expenses | Year ended 31 March 2023 | Year ended 31 March 2022 |
|----|---|-----------------------------|-----------------------------|
| | Advertisement & publicity expenses | 4,159 | 1,738 |
| | Audit fees | 1,000 | 1,000 |
| | Bad debts | - | 28,412 |
| | Telephone & communication | 1,735 | 1,708 |
| | Electricity & water charges | 80,172 | 34,016 |
| | Digital equipment hire charges | 325 | 1,426 |
| | Hotel, lodging & boarding | 807 | 158 |
| | Housekeeping charges | 20,397 | 8,134 |
| | Insurance | 3,230 | 2,424 |
| | Miscellaneous expenses | 1,534 | 695 |
| | Other expenses | 8,502 | 443 |
| | Packing forwarding, postage, transportation | 819 | 682 |
| | Printing & stationary | 720 | 300 |
| | Legal & professional fees | 17,761 | 4,760 |
| | Rates & taxes | 12,024 | 6,755 |
| | Rent expenses | 40,203 | 36,318 |
| | Repairs & maintenance | 24,193 | 11,510 |
| | Security charges | 12,755 | 5,351 |
| | Travelling expense | 2,709 | 1,358 |
| | Share in profit | 41,849 | 19,209 |
| | Credit card charges | - | 8 |
| | Loss from disposed asset | 14,038 | - |
| | Balances written off | 3,516 | 390 |
| | Total | 292,449 | 166,794 |

| 28(a) | Payment to auditors (Excluding taxes) | Year ended 31 March 2023 | Year ended 31 March 2022 |
|-------|---|-----------------------------|-----------------------------|
| | Audit fees | 1,000 | 1,000 |
| | Re-imbursment of expenses | - | - |
| | Total | 1,000 | 1,000 |



29 Lease disclosure under AS 116 - 'Leases'

Operating lease : Company as lessee

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

Lease rent expenses of Rs 89,917,959.81/- (2022: Rs 7,027,749.12/-) have been included under 'Rent expenses' in the Statement of profit and loss.

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

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|--|-----------------------------|-----------------------------|
| Amounts due within one year | 88,899 | 88,439 |
| Amounts due after one year but not later than five years | 375,592 | 291,477 |
| Amounts due later than five years | 409,036 | 691,663 |
| Total | 873,527 | 1,071,579 |

Operating lease : Company as lessor

The Company has not given office premises on lease.

30 Capitalisation of expenditure

During the year, the Company has capitalised the salaries, wages and bonus amounting to Rs 12,31,188/- (2022: 3,36,894/-) to the cost of fixed assets / capital work-in-progress (CWIP). Consequently, expenses disclosed under Note 32 are net of amount capitalised by the Company.

| 31 Earnings per equity share: | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|-----------------------------|-----------------------------|
| Net (loss)/ profit after tax attributable to shareholders | -149,414 | -144,154 |
| Weighted average number of equity shares outstanding during the year for basic EPS | 1,500 | 1,500 |
| Weighted average number of equity shares outstanding during the year for dilutive EPS | 1,500 | 1,500 |
| Basic EPS | (99.61) | (96.10) |
| Dilutive EPS | (99.61) | (96.10) |
| Nominal value per share | 10 | 10 |



32 Fair value measurement

The carrying value/ fair value of the financial instruments by category: (Rs. in '000)

| | 31 Mar 2023 | | | 31 Mar 2022 | | |
|------------------------------------|-------------|----------|------------------|-------------|----------|----------------|
| | FVPL | FVOCI | Amortised cost | FVPL | FVOCI | Amortised cost |
| Financial assets | | | | | | |
| Investments | 45 | - | - | 45 | - | - |
| Loans | - | - | 81,456 | - | - | 80,173 |
| Other financial assets | - | - | 74,116 | - | - | 98,009 |
| Trade receivables | - | - | 6,558 | - | - | 26,853 |
| Cash and cash equivalents | - | - | 1,436 | - | - | 2,099 |
| Total financial assets | 45 | - | 163,566 | 45 | - | 207,134 |
| Financial liabilities | | | | | | |
| Borrowings | - | - | 43,211 | - | - | 36,565 |
| Trade payables | - | - | 301,868 | - | - | 209,470 |
| Other financial liabilities | - | - | 746,222 | - | - | 617,823 |
| Total financial liabilities | - | - | 1,091,301 | - | - | 863,858 |

Fair value of financial assets measured at amortised cost

| | Level | 31 Mar 2023 | | 31 Mar 2022 | |
|------------------------------|----------------|----------------|------------|----------------|------------|
| | | Carrying Value | Fair Value | Carrying Value | Fair Value |
| Financial assets | Level 3 | | | | |
| Investments | | 45 | 45 | 45 | 45 |
| Loans | | 81,456 | 81,456 | 80,173 | 80,173 |
| Other financial assets | | 74,116 | 74,116 | 98,009 | 98,009 |
| Trade receivables | | 6,558 | 6,558 | 26,853 | 26,853 |
| Cash and cash equivalents | | 1,436 | 1,436 | 2,099 | 2,099 |
| Financial liabilities | Level 3 | | | | |
| Borrowings | | 43,211 | 43,211 | 36,565 | 36,565 |
| Trade payables | | 301,868 | 301,868 | 209,470 | 209,470 |
| Other financial liabilities | | 746,222 | 746,222 | 617,823 | 617,823 |

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



(Rs. in '000)

33 Financial risk management

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the Company is exposed to and how it manages those risks.

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

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

(a) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including cash and cash equivalents and deposits.

Credit risk management

Trade receivable related credit risk

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

Bank risk

There is no major amount kept in bank as deposits.

Reconciliation of loss allowance provision

| | Amount |
|---|---------|
| Loss allowance on 31 March 2021 | -43,311 |
| Written-off Provision for allowances | -28,412 |
| Loss allowance on 31 March 2022 | -71,723 |
| Written-off Provision for allowances | 10,078 |
| Loss allowance on 31 March 2023 | -61,645 |

(b) Liquidity risk

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

Financing arrangements

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

| | 31 Mar 2023 | 31 Mar 2022 |
|----------------------|-------------|-------------|
| Cash credit facility | 32,600 | 19,524 |

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



Maturities of financial liabilities

(Rs. in '000)

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

The amounts disclosed in the table are the contractual cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

| Contractual maturities of financial liabilities as at March 31, 2023 | Less than 1 year | 1 to 5 years | Total |
|--|------------------|----------------|------------------|
| Borrowings | 32,600 | 10,611 | 43,211 |
| Trade payables | 301,868 | - | 301,868 |
| Other financial liabilities | 672,288 | 546,681 | 1,218,969 |
| Total liabilities | 1,006,755 | 557,292 | 1,564,048 |

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

(c) Market risk

(i) Foreign currency risk

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

(ii) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:-

Below are borrowings excluding debt component of compound financial instruments and including current maturity of non current borrowings.

| | 31 Mar 2023 | 31 Mar 2022 |
|---------------------------------|---------------|---------------|
| Variable rate borrowings | 32,600 | 19,524 |
| Fixed rate term loan borrowings | 20,900 | 31,327 |
| Total Term Loan Borrowing | 53,499 | 50,850 |
| Fixed rate Car Loan Borrowing | 1,632 | 2,950 |
| Total Borrowing | 55,131 | 53,801 |

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

| Particulars | 31 Mar 2023 | | | 31 Mar 2022 | | |
|-------------|--------------------------------|---------|------------------|--------------------------------|---------|------------------|
| | Weighted Average Interest Rate | Balance | % of Total Loans | Weighted Average Interest Rate | Balance | % of Total Loans |
| Term Loan | 100% | 32,600 | 60.93% | 100% | 19,524 | 38.39% |

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

34 Capital management

Risk management

The Company's objective when managing capital are to:

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital

The Company currently has loans from holding company and banks.

Loan covenants:

Under the terms of its major borrowing facilities, the Company is required to comply with the following financial covenants:

- all collections should be routed through the bank of the provider of the facility.

The Company has complied with the covenants throughout the reporting period. As at 31 March 2023.



35 Segment information

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

36 Related party disclosures

Details of related parties including summary of transactions entered into by the Company during the year ended 31 March 2023 are summarised below:

A Parties where control exists

(i) Holding company - Mukta Arts Limited

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

(iii) Key management personnel

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

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



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B Transactions with related parties for the year ended 31 March 2023 are as follows:-

(Rs. in '000)

| Transactions | Entity in which Company exercises significant control | | Key Managerial Person & Relatives of Key Managerial Person | | Holding company | | Enterprise over which key management personnel have control/substantial interest /significant influence | |
|--|---|--------|--|-------|-----------------|---------|---|---------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Interest income | | | | | | | | |
| Asian Mukta A2 Cinemas LLP | 7,340 | 6,971 | - | - | - | - | - | - |
| Managerial Remuneration | | | | | | | | |
| Parvez Farooqui | - | - | 5,729 | 3,887 | - | - | - | - |
| Salaries & other benefits | | | | | | | | |
| Ishaan Farooqui | - | - | 360 | 30 | - | - | - | - |
| Interest expense | | | | | | | | |
| Mukta Arts Limited | - | - | - | - | 47,636 | 45,154 | - | - |
| Rent & Maintenance charges | | | | | | | | |
| Mukta Arts Limited | - | - | - | - | 3,077 | 1,409 | - | - |
| Rendering of Service | | | | | | | | |
| Mukta Arts Limited | - | - | - | - | - | - | - | - |
| Reimbursement of expense received by the Company | | | | | | | | |
| Mukta Arts Limited | - | - | - | - | 13,535 | 2,354 | - | - |
| Reimbursement of expense paid by the Company | | | | | | | | |
| Mukta Arts Limited | - | - | - | - | 3,326 | 7,404 | - | - |
| Payment of Purchase Consideration | | | | | | | | |
| Loan taken during the year | | | | | | | | |
| Mukta Arts Limited | - | - | - | - | 56,000 | 144,300 | - | - |
| Loan given during the year | | | | | | | | |
| Asian Mukta A2 Cinemas LLP | 1,000 | 3,500 | - | - | - | - | - | - |
| Loan Repaid during the year | | | | | | | | |
| Mukta Arts Limited | - | - | - | - | 6,300 | - | - | - |
| Reimbursement of expense received by the Company | | | | | | | | |
| Whistling Woods International Limited | - | - | - | - | - | - | 30 | - |
| Corporate Guarantee Commission Expenses | | | | | | | | |
| Mukta Arts Ltd | - | - | - | - | - | 976 | - | - |
| Mukta Arts (Proprietorship) | - | - | - | - | - | - | -768 | 768 |
| Subhash Ghai | - | - | 1,479 | 101 | - | - | - | - |
| Mukta Telemedia | - | - | - | - | - | - | - | 147 |
| Mukta Tele Arts Pvt Ltd | - | - | - | - | - | - | 711 | 178 |
| Loan receivable | | | | | | | | |
| Asian Mukta A2 Cinemas LLP | 73,452 | 72,452 | - | - | - | - | - | - |
| Loan repayable | | | | | | | | |
| Mukta Arts Limited | - | - | - | - | 600,000 | 552,500 | - | - |
| Interest receivable | | | | | | | | |
| Asian Mukta A2 Cinemas LLP | 32,785 | 25,445 | - | - | - | - | - | - |
| Distributor share cost | | | | | | | | |
| Mukta Vn Films | - | - | - | - | - | - | 218,961 | 110,003 |
| Distributor share cost payable | | | | | | | | |
| Mukta Vn Films | - | - | - | - | - | - | 84,592 | 70,043 |
| Amount payable | | | | | | | | |
| Mukta Arts Limited | - | - | - | - | 130,499 | 94,539 | - | - |
| Corporate Gurantee Commission Payable | | | | | | | | |
| Mukta Arts | - | - | - | - | - | - | 2,244 | 2,974 |
| Subhash Ghai | - | - | 2,209 | 499 | - | - | - | - |
| Mukta Telemedia | - | - | - | - | - | - | 2,871 | 2,871 |
| Mukta Tele Arts Pvt Ltd | - | - | - | - | - | - | 844 | 169 |
| Corporate Guarantee Commission Income | | | | | | | | |
| Asian Mukta A2 Cinemas LLP | - | 563 | - | - | - | - | - | - |
| Corporate Gurantee Commission Receivable | | | | | | | | |
| Asian Mukta A2 Cinemas LLP | 1,668 | 1,668 | - | - | - | - | - | - |
| Amount Payable | | | | | | | | |
| Whistling Woods International Limited | - | - | - | - | - | - | - | - |



MUKTA A2 CINEMAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(Currency - Indian Rupees)

37 Commitments

The Company does not have any capital commitment as at 31 March 2023

38 Contingent liabilities

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

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

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

39 Going Concern

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

40 Reporting on the impact of COVID-19

Impact of the CoVID-19 pandemic on the business:

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



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 (Currency - Indian Rupees)

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

a) Details of loan given:

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

b) Movement of loan during the financial years ended 31 March 2023 and 31 March 2022 is given below:

| Name of Party | Financial year ended | Opening balance (excluding accrued interest) | Loan given | Loan repaid | Closing Balance (excluding accrued interest) |
|---------------------------|----------------------|--|------------|-------------|--|
| Asian Mukta A2 Cinema LLP | 31 Mar 2023 | 72,452,192 | 1,000,000 | - | 73,452,192 |
| | 31 Mar 2022 | 68,952,192 | 3,500,000 | - | 72,452,192 |

c) Details of investments made:

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

42 The Company has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed that there are no long-term contracts including derivative contracts for which there were any material foreseeable losses.

43 Dues to Micro and Small Enterprises

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|--|--------------------------|--------------------------|
| Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end. | 1,723,192 | 1,169,418 |
| Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end. | - | - |
| Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year. | - | - |
| Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year. | - | - |
| Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year. | - | - |
| 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). | - | - |
| Interest accrued and remaining unpaid at the end of each accounting year | - | - |

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.

Note:- This information has been given in respect of such vendors to the extent they could be identified as Micro and Small enterprises on the basis

44 Other information

Information with regard to other matters specified in Schedule III to the Act is either nil or not applicable to the Company for the year / period.

45 Prior period comparatives

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



MUKTA A2 CINEMAS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
 (Currency - Indian Rupees)

46 Ratios

| S No. | Ratio | 31-Mar-23 | | 31-Mar-22 | | Ratio as on | | Variation | Reason (If variation is more than 25%) |
|-------|----------------------------------|-----------|-------------|-----------|-------------|-------------|-----------|-----------|--|
| | | Numerator | Denominator | Numerator | Denominator | 31-Mar-23 | 31-Mar-22 | | |
| (a) | Current Ratio | 187,802 | 1,111,400 | 211,197 | 1,055,713 | 0.17 | 0.20 | 16% | N.A. |
| (b) | Debt-Equity Ratio | 655,131 | -713,632 | 606,301 | -527,150 | -0.92 | -1.15 | 20% | N.A. |
| (c) | Debt Service Coverage Ratio | 81,143 | 55,131 | 40,333 | 53,801 | 1.47 | 0.75 | -96% | Improved turnover & margins in FY 2023 as compared to FY 2022. |
| (d) | Return on Equity Ratio | -148,699 | 15,000 | -145,549 | 15,000 | -9.91 | -9.70 | -2% | N.A. |
| (e) | Inventory Turnover Ratio | 51,848 | 8,271 | 16,338 | 6,043 | 6.27 | 2.70 | -132% | Improved turnover & margins in FY 2023 as compared to FY 2022 has led to more sales in addition new cinemas has been launched resulting in improvement of the ratio. |
| (f) | Trade Receivables Turnover Ratio | 780,067 | 70,394 | 299,846 | 97,672 | 11.08 | 3.07 | -261% | Improved turnover & margins in FY 2023 as compared to FY 2022 & recovery of old debtors. |
| (g) | Trade Payables Turnover Ratio | 54,643 | 255,669 | 18,000 | 198,904 | 0.21 | 0.09 | -136% | Improved turnover & margins in FY 2023 as compared to FY 2022 has led to more purchases. |
| (h) | Net Capital Turnover Ratio | 800,384 | -884,057 | 305,625 | -756,016 | -0.91 | -0.40 | -124% | Improved turnover & margins in FY 2023 as compared to FY 2022 & working capital has decreased due to increase in credit purchase & recovery from old debtors. |
| (i) | Net Profit Ratio | -148,699 | 780,067 | -145,549 | 299,846 | -0.19 | -0.49 | 61% | Owing to increased revenue and reduced losses in FY 2023. |
| (j) | Return on Capital Employed | -37,532 | -160,994 | -53,560 | -78,306 | 0.23 | 0.68 | 66% | Owing to increased revenue and reduced losses in FY 2023. |
| (k) | Return on Investment | -148,699 | -713,632 | -145,549 | -527,150 | 0.21 | 0.28 | 25% | Owing to reduced loss in FY 2023. |

As per our report of even date attached.

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

CA Subhash Jhunjhunwala
 Partner
 Membership No: 016331



For and on behalf of the Board of Directors of
 Mukta A2 Cinemas Limited
 CIN: U74999MH2016PLC287601

Subhash Ghai
 Director
 DIN: 00019803

Rahul Puri
 Director
 DIN: 01925045

Parvez A. Farooqui
 Director
 DIN: 00019853



Place: Mumbai
 Date: 22nd, May 2023