



# ANNUAL REPORT 2023

**MUKTA ARTS LIMITED**





**Jaanaki Muhurat Event**



**Mukta A2 Cinemas at Samastipur, Bihar**



## BOARD OF DIRECTORS

### Mr. Subhash Ghai

Chairman, Executive Director  
DIN: 00019803

### Mr. Rahul Puri

Managing Director  
DIN: 01925045

### Mr. Parvez Farooqui

Non-Executive Director  
DIN: 00019853

### Mr. Kewal Handa

Independent Director  
DIN: 00056826

### Ms. Paulomi Dhawan

Independent Director  
DIN: 01574580

### Mr. Kapil Bagla

Independent Director  
DIN: 00387814

### Chief Financial Officer

Mr. Prabuddha Dasgupta

### Company Secretary & Group Compliance Officer

Ms. Hemal N. Pankhania

### Statutory Auditors

M/s. Uttam Abuwala Ghosh & Associates

### Internal Auditors

M/s. Garg Devendra & Associates

### Secretarial Auditors

M/s. K. C. Nevatia & Associates

### Banker

Indian Bank

### Registrar & Transfer Agents

Link Intime India Private Limited  
C-101, Embassy 247, L.B.S. Marg,  
Vikhroli (W), Mumbai-400083  
**Tel. No.:** +91 22 49186000  
**Fax:** +91 22 49186060

### Registered Office

Mukta House, Behind Whistling  
Woods Institute, Filmcity Complex,  
Goregaon (E), Mumbai-400065  
**Tel. No.:** +91 22 33649400  
**Fax No.:** +91 22 33649401  
**Website:** www.muktaarts.com  
**E-mail:** investorrelations@muktaarts.com

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# MUKTA ARTS LIMITED

## PERFORMANCE AT A GLANCE

(₹ in millions)

	Year ended 31 <sup>st</sup> March 2023	Year ended 31 <sup>st</sup> March 2022	Year ended 31 <sup>st</sup> March 2021	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Revenue from Operations	198.74	483.43	186.31	216.06	196.72
Other Income	138.47	145.12	111.77	109.78	112.70
<b>Total Income</b>	<b>337.21</b>	628.55	298.08	325.84	309.42
Profit/(Loss) before Interest, Depreciation and Tax	175.87	326.07	169.36	137.40	140.38
Depreciation	20.57	21.31	20.41	23.16	24.66
Interest	50.37	58.90	58.46	68.93	59.70
Profit/(Loss) before Tax	104.93	245.86	90.49	45.31	56.02
Profit/(Loss) after Tax	84.21	205.85	69.81	51.73	38.81
Dividend	-	-	-	28.23	-
Dividend Rate	-	-	-	25%	-
Gross Fixed Assets	766.86	770.55	767.56	767.55	743.21
Net Fixed Assets	244.63	263.40	281.28	301.68	300.51
<b>Total Assets</b>	<b>2,675.48</b>	2,508.94	2,512.37	2,193.32	2,130.25
Equity Share Capital	112.93	112.93	112.93	112.93	112.93
Reserves and Surplus	1,666.65	1,582.31	1,366.04	1,295.61	1,301.69
<b>Net Worth</b>	<b>1,779.58</b>	1,695.24	1,478.97	1,408.54	1,414.62
<b>Earnings Per Share (EPS) (in ₹)</b>					
EPS Basic	3.73	9.16	3.12	2.23	1.62
EPS Adjusted to ₹5	3.73	9.16	3.12	2.23	1.62



## Chairman's Statement 2023

It has been somewhat of a journey and a return to some normalcy for the industry over the last 12 months. Media and Entertainment has seen a reversion to some pre-pandemic trends in 2022-23 but there have been many other areas where the Covid affects continue to reshape the way our industry operates and the opportunities that exist within. Global media headwinds have been largely negative this year as the west struggles with a consumer spending crisis brought on by higher raw material and energy prices. India though, has largely bucked this trend with the Indian Media and Entertainment industry growing almost 16%, according to the latest FICCI report, which is up hugely over the single digit growth of the past couple of years.



Of course, things are not quite back to where they were. Though the Indian film Industry has seen a marked increase in its revenues over the pandemic period, we have still not recovered to the peaks of 2019. However, more and more films are once again beginning to find their way back to the theatres as the shackles of a streaming only release are being swept away with the lack of transparency from the OTT platforms and the knowledge that once again, consumers are keen to step out of the house and engage with entertainment. The biggest beneficiaries of this so far have been some major regional films, with films like RRR, KGF2 and Kantara all spinning a remarkable web around the box office. There were some bright sparks for Hindi as well - The Kashmir Files, Bhool Bhulaiya 2 and The Kerala Story all winning audiences over but sadly, many other releases floundered. Clearly a correction is needed for the Hindi industry post covid and we intend to lead some of that in our own productions.

For Mukta Arts, the year has also been a mixed one. Though our cinema business finally saw a full year of operations and that meant higher revenues, the lack of footfalls from audiences meant that it has been a challenging period for exhibitors in general. Whistling Woods International (“WWI”) has seen many successes this year and saw its revenue grow but as noted in previous reports, the extra burden of costs which were delayed from the covid period, have now started to catch up, driving down profitability.

On the production side, we have completed another Marathi film, tentatively called ‘Tu Mi Ani Amaira’ which was shot in London last year. The film is due for release shortly. We have also started work on our first TV series, made for Doordarshan called ‘Jaanaki’. The series is a tribute to the power of women and will release as a daily on Doordarshan from 15<sup>th</sup> August, 2023. We are very proud of this show and believe it will be a strong showcase for Mukta’s production capabilities in the series format. In addition to this, we are working on our next Hindi film venture, tentatively titled ‘Salakhen’ which we hope to begin from November. The film has a multi-star cast including Jackie Shroff and Meezan Jafri. A number of other productions are also in development and will be announced at the appropriate time.

As mentioned, Mukta Cinemas had a difficult year. Though we managed to continue to open cinemas - notably a 3 screen property at Chittorgarh in Rajasthan - we have also taken the hard decision to opt out of some of the non-performing screens we operated. We have continued to innovate by opening up Fresh and Live counters across some of our more urban properties, which gave a good boost in revenues from Food and Beverages but as mentioned, the lack of success for a lot of the Hindi content continued to drag down footfalls over the year and coupled with lower advertising revenues which still have not caught up to pre covid levels, the business has been up and down in 2022-23. Mukta A2 though is continuing to push ahead in the exhibition industry. Mukta A2 Multiplex W.L.L, a subsidiary of the Company has recently opened the 10 screen property in Dana Mall, Bahrain which it is operating on a management contract with the Lulu Group and has also signed up for 25 screens on the same arrangement in the new market of Saudi Arabia. These ventures give the Company confidence due to its ability to execute turnkey projects in time and budget.

WWI managed to bounce back from relatively lower intakes during covid with an intake of almost 420 students in 2022. The institute also increased its international partnerships considerably with MoUs being signed with a raft of Universities including Queen Mary University in London, University of Arts, London, Arts University Bournemouth, Toronto Metropolitan University, Norwich University of Arts and Tribes Institute in Toronto and Quebec. These partnerships will bolster WWI’s ability to provide value for students through exchange programs, faculty exchanges, progression agreements to Masters education and research possibilities. In addition, WWI also added to its technology repertoire by launching India’s first courses in Virtual Production, becoming an authorised partner for Epic Games’ Unreal Engine, signed an agreement with

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Ubisoft, one of the largest gaming Companies in the world, signed an MoU with the Indian Blockchain Alliance to explore the application in the Media and Entertainment Industry and signed an MoU with the Mumbai Metro Rail Corporation to make a 7 part documentary on the making of the Mumbai Metro Aqua Line. Finally, the projects with the Delhi Government on skill based education for class 9-12 is going well. The first year of that has completed and the feedback has been extremely positive from parents, students and the schools. We will continue to accelerate initiatives like this to bring media and entertainment education to children at the school level as well.

We are also hoping this year will bring some resolution to the long standing legal issues surrounding the WWI campus. We have got the support from both Film City and the Maharashtra Government and we hope that we can complete the legal process and finally come out with a viable way ahead which will bring more value to WWI and the Mukta Group.

So overall, with some ups and downs, we leave FY2023 and move on to FY2024, where we strongly believe the Company will show improvements in all areas. Production activity is on-going, MA2 is seeing better and more consistent footfalls and branching into new markets whilst rationalising poorly performing ones and WWI is bouncing back with stronger student intakes and adding value through international partnerships, technology advancements and branching out into school education. The future roadmap of the group is set strong and we are content with the management's roadmap. Our strength is our faith from our Members who continue to believe in the Mukta story and for that I thank you all. We hope FY2024 is a stellar year and hope you will wish us every success.

Thank you.



## MANAGEMENT DISCUSSION AND ANALYSIS 2022-23

### Global perspective

The global media and entertainment industry is being buffeted by various forces. Year on year growth fell from 10.6% in 2021 to 5.4% in calendar year 2022. The main reason for this was reduction in consumer spending. Certain streams of revenue that saw unprecedented surges during the Covid times faced strong headwinds during 2022. For instance, podcasts, one of the fastest growing streams fell 80% in 2022. Even internet advertising, which is the largest contributor to global advertising revenue saw sluggish growth in 2022.

### Indian Media and Entertainment Industry

The Indian media and entertainment industry, overall, however, bucked this downward trend. Compared to the single digit global growth, the Indian media industry growth for 2022 was at 15.9%. For the next 5 years, growth is expected to be at close to 10%.

### Indian Film Industry

The Indian film industry was majorly affected by the full closure of the Covid months. Production as well as exhibition of films had come to a standstill. After nearly two years of closure, the Indian film industry has been showing definite signs of recovery.

The revenue generated during the period from January to April of 2022 was the highest ever for this part of any year at US\$ 500 million.

Another sure sign of revival is that 28% more films were certified by CBFC in 2022 over 2021.

It is common knowledge that the screen density for the country is much lower than of other large economies like China and the USA. To address that, screens need to penetrate into smaller towns. One statistic that supports this expansion is the mix of successful films during 2022. 58% of the Box office revenue during the period from January to August, 2022 came from regional films.

Another welcome move that should contribute to the revenue generation of the exhibition businesses is that multiplexes are now streaming live sports, e-sports and concerts, generating an alternative revenue stream.

Gap between Theatrical and OTT release has now been set at 8 weeks. This shall help the exhibition businesses to grow their bottom lines.

The size of the Indian film market in 2022 is US\$ 2 billion. Market estimates based on the above developments suggest that the size of this film market can reach US\$ 4 billion by 2030 which is a CAGR of 8-12%.

### Company performance

The Mukta Group continued to face mixed fortunes during the year under review. Mukta Arts' standalone performance continued to remain positive in spite of a reduction in revenue, generating 25% profit on revenues after taxes, at ₹843 lakhs. Its library of hit Hindi feature films and its investment in property ensures a stable flow of revenue with little or no seasonality.

The multiplex businesses, both domestic and international, grew over 200% over the previous year as the



Mukta A2 Cinemas at Chittorgarh, Rajasthan

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**Mukta A2 Cinemas at TRP Bopal, Ahmedabad**

audiences returned in greater numbers to watch movies. Footfalls grew from 1.7 million to 4 million in FY 2023, generating ₹8,358 lakhs of revenue in India and ₹1,272 lakhs in Bahrain. The domestic exhibition business, Mukta A2 Cinemas Limited grew its EBITDA 200% to ₹742 lakhs. Innovation in its food and beverage offerings with fresh and live counters being introduced at selected cinemas improved its offering and sales margin. It has since opened a 3 screen property at Chittorgarh, Rajasthan, taking its count to 65 screens across 25 locations. It also identified loss-making properties that it shall exit over the coming financial year.

The group's Indian exhibition business, however, continued to be burdened by the cost of funds that it was forced to borrow from the holding company during the Covid affected period. Owing to the revival of business, Its incremental borrowing reduced from ₹1,443 lakhs in the previous year to ₹560 lakhs in the year under review.

The film education business, Whistling Woods International Limited (“WWI”) has been returning steadily to its pre covid levels. It grew its revenue 12% over the previous year. However, costs of activities that were postponed during the Covid period, mainly student practicals, shoots and workshops hit its bottom line as did the recognition of earlier year lease rentals.

Apart from running the current operations smoothly and attaining financial levels, WWI has further consolidated its reputation as India's Premier Film Communication and Creative Arts Institute. During the year, it has accelerated its innovation both in academics and in workflow for the Media and Entertainment industry, specifically in the areas of Immersive Content. Further, it has become India's first institution to introduce Virtual Production into the filmmaking curriculum at both the Graduate and Post-graduate levels.

WWI, as part of the National Task Force for Animation, VFX, Gaming and Comics instituted by the Ministry of Information & Broadcasting, has submitted its report and recommendations for the National AVGC Mission.

WWI has entered into an MOU with the India Blockchain Alliance to set up a Centre of Excellence to work on Blockchain for the Media & Entertainment industry.

WWI had won a bid to run the Film, Acting & Media specialisation in Delhi School Board's Schools of Specialised Excellence – an initiative of the Delhi School Board to integrate multidisciplinary education into high school education.

(₹ in millions)

Particulars	2022-23	2021-22	Variation
Revenue	1274.79	1532.31	Down 17%
Operating Expenditure	1141.74	1125.98	Up 1%
EBITDA	133.05	406.33	Down 67%
Profit / (Loss) before Tax	(113.22)	104.88	Down 208%
<b>Total Comprehensive Income</b>	<b>(118.92)</b>	<b>65.51</b>	<b>Down 282%</b>

This year has been a year of further consolidation and identifying the core in order to gradually but surely, return to a position similar to the pre covid level of business.





## NOTICE

Notice is hereby given that the 41<sup>st</sup> Annual General Meeting of Mukta Arts Limited will be held on Wednesday, 27<sup>th</sup> September, 2023 at 04:00 p.m. (IST) through Video Conferencing (“VC”) or Other Audio-Visual Means (“OAVM”) to transact the following businesses.

### **ORDINARY BUSINESS:**

1. **To receive, consider and adopt the Annual Audited (Standalone and Consolidated) Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2023, together with the Reports of the Board of Directors and the Auditors thereon.**

To consider and, if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** the Annual Audited (Standalone and Consolidated) Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2023 and the Reports of the Board of Directors and Auditors thereon, be and are hereby approved and adopted.”

2. **To re-appoint Mr. Parvez Farooqui (DIN:00019853) as Non-Executive Director, who retires by rotation and being eligible, offers himself for re-appointment.**

To consider and, if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, read with Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr. Parvez Farooqui (DIN: 00019853), who retires by rotation at this meeting and being eligible, offers himself for re-appointment be and is hereby re-appointed as Non-Executive Director of the Company.”

**By Order of the Board of Directors  
Mukta Arts Limited**

**Sd/-  
Hemal N. Pankhania  
Company Secretary and Compliance Officer  
ICSI Membership Number: ACS31426**

### **Registered Office:**

Mukta House, Behind Whistling Woods Institute,  
Filmcity Complex, Goregaon (E), Mumbai-400065

**CIN:** L92110MH1982PLC028180

**Tel. No.:** 022-3364 9400

**Email:** investorrelations@muktaarts.com

**Date:** 10<sup>th</sup> August, 2023

**Place:** Mumbai

### **NOTES:**

- 1) In terms of Ministry of Corporate Affairs (“MCA”) General Circular Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 20/2020 dated May 5, 2020, 2/2022 dated May 05, 2022 and 10/2022 dated December 28, 2022 (collectively referred to as “MCA Circulars”) and Securities and Exchange Board of India Circulars SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 respectively read with SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 05, 2023 (hereinafter referred to as “SEBI Circulars”), it has been permitted to hold Annual General Meeting (“AGM”) through Video Conferencing (“VC”) or Other Audio-Visual Means (“OAVM”), without the physical presence of the Members.

In compliance with the provisions of the Companies Act, 2013 (“the Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) MCA Circulars and SEBI Circulars, the 41<sup>st</sup> AGM of the Company is being held through VC / OAVM on Wednesday, 27<sup>th</sup> September, 2023 at 04:00 p.m. (IST). The proceedings of the AGM is deemed to be conducted at Whistling Woods Institute, Dada Saheb Phalke Chitra Nagari, Goregaon (E), Mumbai-400 065.

- 2) Details as required in Regulation 36(3) of SEBI Listing Regulations in respect of the Director seeking re-appointment at the AGM are provided in Annexure-1 to the Notice.
- 3) Pursuant to the provisions of the Act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the Company. Since this AGM is being held pursuant to the MCA and SEBI circulars through VC or OAVM, the requirement of physical attendance of the Members has been dispensed with.

Accordingly, in terms of the aforesaid circulars, the facility for appointment of proxies by the Members will not be available for this AGM and hence the proxy form, attendance slip and route map of AGM are not annexed to this notice.

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- 4) In compliance with the MCA and SEBI Circulars, Notice of AGM along with Annual Report for the financial year 2022-23 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories.

Members may note that the Notice and Annual Report for the financial year 2022-23 will also be available on the Company's website at [www.muktaarts.com](http://www.muktaarts.com), websites of Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com). Physical copy of Notice and Annual Report will be sent to the Members on their request, who have not registered their e-mail address with the Company or Depository Participant(s).

- 5) Institutional Investors, who are Members of the Company, are encouraged to attend and vote at the AGM through VC/OAVM facility. Corporate Members/ Institutional Investors (i.e. other than individuals, HUF's, NRI's etc.) who are intending to appoint their authorized representatives pursuant to Sections 112 and 113 of the Act, as the case may be, to attend the AGM through VC/OAVM or to vote through remote e-voting are requested to send a certified copy of the Board resolution to the scrutinizer by e-mail at [kaushaldalalcs@gmail.com](mailto:kaushaldalalcs@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) and [investorrelations@muktaarts.com](mailto:investorrelations@muktaarts.com), not later than 48 hours before the scheduled time of the commencement of the meeting. Corporate Members/ Institutional Investors (i.e. other than Individuals, HUF's, NRI's etc.) can also upload their Board Resolution/ Power of Attorney/ Authority Letter etc. by clicking on the "upload Board Resolution/Authority Letter" displayed under the "e-voting" tab in their login.
- 6) The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
- 7) The members can join the AGM in VC/OAVM mode 30 minutes before and 15 minutes after the scheduled time of the commencement of the meeting by following the procedure mentioned in the notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1,000 members on a first come first served basis as per the MCA circulars. This will not include large Members (holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, auditors etc. who are allowed to attend the AGM, without restriction on account of a first come first served basis.
- 8) In terms of Regulation 40(1) of SEBI Listing Regulations, requests for effecting transfer/transmission/transposition of securities shall not be processed unless the securities are held in dematerialized form. Transfers of equity shares in electronic form are effected through depositories. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company's Registrar and Transfer Agent, Link Intime India Private Limited ("**RTA**") at [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in).
- 9) Members are requested to intimate changes, if any, about their name, postal address, e-mail address, telephone/mobile numbers, PAN, power of attorney registration, Bank Mandate details, etc. to their Depository Participant ("**DP**") in case the shares are held in electronic form and to the RTA in case the shares are held in physical form, in prescribed Form No. ISR-1, quoting their folio number and enclosing the self-attested supporting documents. Further, Members may note that SEBI has mandated the submission of PAN by every participant in the securities market.
- 10) SEBI had, vide its circular number SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated 16<sup>th</sup> March, 2023 mandate to all the physical security holders for furnishing their PAN, KYC and Nomination details with the Company or RTA on or before 30<sup>th</sup> September, 2023. In case a holder of physical securities fails to furnish PAN, nomination, contact details, bank account details and specimen signature by 1<sup>st</sup> October, 2023, Link Intime India Private Limited will be obligated to freeze such folios.

The securities in the frozen folios shall be eligible to receive payments (including dividend) and lodge grievances only after furnishing the complete documents. If the securities continue to remain frozen as on 31<sup>st</sup> December, 2025, the Registrar/the Company shall refer such securities to the administering authority under the Benami Transactions (Prohibitions) Act, 1988, and/or the Prevention of Money Laundering Act, 2002. In compliance with SEBI guidelines, the Company had sent communication intimating about the submission of above details to all the Members holding shares in physical form.

- 11) As per the provisions of Section 72 of the Act, the facility for making a nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nominations are requested to register the same by submitting Form No. SH-13. If a Member desires to cancel the earlier nomination and record a fresh nomination, he may submit the same in Form No. SH-14. Members who are not desiring to register for Nomination or would want to opt-out, are requested to fill out and submit Form No. ISR- 3. The said forms can be downloaded from the RTA's website at [www.linkintime.co.in](http://www.linkintime.co.in). Members are requested to submit the said form to their DP's in case the shares are held in electronic form and to the RTA in case the shares are held in physical form, quoting their folio no.
- 12) Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company/RTA, the details of such folios together with the share certificates and self-attested copies of the PAN of the holders for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making the requisite changes. The consolidation will be processed in demat form.
- 13) Members desiring inspection of statutory registers and other relevant documents may send their request in writing to the Company at [investorrelations@muktaarts.com](mailto:investorrelations@muktaarts.com).



- 14) To support the 'Green Initiative', Members who have not yet registered their email address are requested to register the same with their DP's in case the shares are held by them in electronic form and with the Company/RTA in case the shares are held by them in physical form.
- 15) In terms of SEBI circular dated 9<sup>th</sup> December, 2020, on e-voting facility provided by Listed Companies, Individual Members holding securities in Demat mode are allowed to vote through their Demat account maintained with Depositories and Depository Participants. Members are required to update their mobile number and email ID correctly in their Demat account to access the e-voting facility.
- 16) According to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI Listing Regulations and MCA Circulars, the Company is providing the facility of remote e-voting to its Members in respect of the businesses to be transacted at the AGM. The Company has engaged the services of NSDL for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a Member using remote e-voting system as well as e-voting during the AGM will be provided by NSDL.
- 17) Members of the Company holding shares either in physical form or in electronic form as of the cut-off date 19<sup>th</sup> September, 2023, may cast their vote by remote e-voting. The remote e-voting period commences on 24<sup>th</sup> September, 2023 at 9:00 a.m. (IST) and ends on 26<sup>th</sup> September, 2023 at 5:00 p.m. (IST). The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. The voting rights of the Members shall be in proportion to their share of the paid-up equity share capital of the Company as of the cut-off date. Subject to receipt of the requisite number of votes, the resolution passed by remote e-voting are deemed to have been passed as if they have been passed at the AGM.
- 18) Members will be provided with the facility for voting through an electronic voting system during the proceedings at the AGM and Members participating at the AGM, who have not cast their vote by remote e-voting, will be eligible to exercise their right to vote during such proceedings of the AGM. Members who have cast their vote by remote e-voting prior to the AGM will also be eligible to participate at the AGM but shall not be entitled to cast their vote again on such resolutions for which the Members has already cast the vote through remote e-voting.
- 19) In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote during the AGM.
- 20) A person whose name is recorded in the Register of Members or the Register of Beneficial Owners maintained by the depositories as on the cut-off date, shall be entitled to avail of the facility of remote e-voting before the AGM as well as e-voting during the AGM. Any person holding shares in physical form and non-individual members, who acquire shares of the Company and becomes a Member of the Company after the dispatch of this Notice and holding shares as on the cut-off date, may obtain the User ID and password by sending a request along with the requisite documents at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on [www.evoting.nsd.com](http://www.evoting.nsd.com) or contact at 022-4886 7000 and 022-2499 7000. In the case of Individual Member holding securities in Demat mode and who acquires share of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date may follow steps mentioned in the Notice. Any person who is in receipt of this notice but is not a Member as on the cut-off date should treat this notice for information purpose only. Notice will be circulated to the Members whose name appear in the Register of Members as on 25<sup>th</sup> August, 2023.
- 21) M/s. KDA & Associates, Practicing Company Secretaries (FCS: 7141 and COP: 7512) has been appointed as the Scrutinizer by the Board of Directors of the Company to scrutinize the remote e-voting process fairly and transparently.
- 22) The scrutinizer shall, after the conclusion of voting at the AGM, unblock the votes cast through e-voting (votes cast during the AGM and votes cast through remote e-voting) and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, to the Chairman or a person authorised by him in writing, who shall countersign the same. The result declared along with the Scrutinizer's Report shall be communicated to the stock exchanges on which the Company's shares are listed and will also be available on Company's website at [www.muktaarts.com](http://www.muktaarts.com).
- 23) Members are encouraged to submit their questions in advance, from their registered email address, mentioning their name, DP ID and Client ID /folio number and mobile number, to reach the Company's email address at [investorrelations@muktaarts.com](mailto:investorrelations@muktaarts.com) before 5.00 p.m. (IST) on 22<sup>nd</sup> September, 2023.
- 24) Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timelines. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 available on [www.iepf.gov.in](http://www.iepf.gov.in). For further details, please refer to Corporate Governance Report which forms part of this Annual Report.

# MUKTA ARTS LIMITED





## How do I vote electronically using NSDL e-voting system?

The way to vote electronically on NSDL e-voting system consists of “Two Steps” which are mentioned below:

### Step 1: Access to NSDL e-voting system

#### A) Login method for e-voting and joining virtual meeting for Individual Members holding securities in demat mode

Login method for Individual Members holding securities in demat mode is given below:

Type of Members	Login Method
Individual Members holding securities in demat mode with NSDL	<p>1) Existing IDeAS user can visit the e-services website of NSDL Viz. <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a personal computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under “IDeAS” section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-voting services under value added services. Click on “Access to e-voting” under e-voting services and you will be able to see e-voting page. Click on <b>Company name or e-voting service provider i.e. NSDL</b> and you will be re-directed to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting &amp; voting during the meeting.</p> <p>2) If you are not registered for IDeAS e-services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select “Register Online for IDeAS Portal” or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a>.</p> <p>3) Visit the e-voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a personal computer or on a mobile. Once the home page of e-voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on <b>Company name or e-voting service provider i.e. NSDL</b> and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting &amp; voting during the meeting.</p> <p>4) Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.</p> <p><b>NSDL Mobile App is available on</b></p> <p>  App Store            Google Play         </p> <div style="display: flex; justify-content: space-around; align-items: center;">   </div>



Type of Members	Login Method
Individual Members holding securities in demat mode with CDSL	<p>1) Users who have opted for CDSL Easi/Easiest facility, can login through their existing User ID and Password. Option will be made available to reach e-voting page without any further authentication. The users to login Easi/Easiest are requested to visit CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon &amp; new system Myeasi tab and then use your existing my easi User ID and password.</p> <p>2) After successful login, Easi/Easiest user will be able to see the e-voting option for eligible Companies where the e-voting is in progress as per the information provided by Company. By clicking the e-voting option, the user will be able to see e-voting page of the e-voting service provider for casting your vote during the remote e-voting period or joining virtual meeting and voting during the meeting.</p> <p>Additionally, there is also links provided to access the system of all e-voting service providers, so that the user can visit the e-voting service providers' website directly.</p> <p>3) If the user is not registered for Easi/Easiest, option to register is available at CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login &amp; new system Myeasi tab and then click on registration option.</p> <p>4) Alternatively, the user can directly access e-voting page by providing Demat Account Number and PAN No. from e-voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page.</p> <p>The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-voting option where the e-voting is in progress and able to directly access the system of all e-voting service providers.</p>
Individual Members (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. Upon logging in, you will be able to see e-voting option. Click on e-voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on Company name or e-voting service provider i.e. NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting and voting during the meeting.

Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned websites.

**Helpdesk for Individual Members holding securities in demat mode for any technical issues related to login through Depositories i.e. NSDL and CDSL**

Login type	Helpdesk details
Individual Members holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call on 022-4886 7000 and 022-2499 7000.
Individual Members holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:evoting@cdslindia.com">evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33.

**B) Login method for e-voting and joining virtual meeting for Members other than Individual Members holding securities in demat and physical mode**

**How to log-in to NSDL e-voting website?**

- 1) Visit the e-voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com> either on a personal computer or on a mobile.
- 2) Once the home page of e-voting system is launched, click on the icon “Login” which is available under “Shareholder/Member” section.
- 3) A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-services i.e. IDeAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDeAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-voting and you can proceed to Step 2 i.e. Cast your vote electronically.

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- 4) Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****
b) For Members who hold shares in demat account with CDSL	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form	EVEN Number followed by Folio Number registered with the Company For example, if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

- 5) Password details for Members other than Individual Members are given below:

- If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
- If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- How to retrieve your 'initial password'?
  - If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit Client ID for NSDL account, last 8 digits of Client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your "**User ID**" and your "**initial password**".
  - If your email IDs is not registered, please follow steps mentioned below in process for those Members whose email IDs are not registered.

- 6) If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsd.com](http://www.evoting.nsd.com).
- Physical User Reset Password?** (If you are holding shares in physical mode) option available on [www.evoting.nsd.com](http://www.evoting.nsd.com).
- If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address, etc.
- Members can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.

- 7) After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

- 8) Now, you will have to click on "Login" button.

- 9) After you click on the "Login" button, Home page of e-voting will open.

## **Step 2: Cast your vote electronically and join General Meeting on NSDL e-voting system**

### **How to cast your vote electronically and join General Meeting on NSDL e-voting system?**

- After successful login at Step 1, you will be able to see all the Companies "**EVEN**" in which you are holding shares and whose voting cycle and General Meeting is in active status.
- Select "**EVEN**" of Company for which you wish to cast your vote during the remote e-voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
- Now you are ready for e-voting as the voting page opens.
- Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.



- 5) Upon confirmation, the message “**vote cast successfully**” will be displayed.
- 6) You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- 7) Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

#### **General Guidelines for Members**

- 1) It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “**Forgot User Details/Password?**” or “**Physical User Reset Password?**” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
- 2) Members are requested to note that SEBI vide its circular dated 30<sup>th</sup> May, 2022 have framed standard operating procedure (SOP) for resolving investor grievances through arbitration mechanism. Link of the SEBI circular is as follows:  
<https://www.sebi.gov.in/legal/circulars/may-2022/standard-operating-procedures-sopfor-dispute-resolution-under-the-stock-exchange-arbitration-mechanism-for-disputes-between-a-listed-company-and-or-registrars-to-an-issue-and-share-transfer-agents-59345.html>
- 3) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting user manual for Members available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on 022-4886 7000 and 022-2499 7000 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

#### **Process for those Members whose email ids are not registered with the depositories for procuring user id and password and registration of e-mail ids for e-voting for the resolutions set out in this notice:**

- 1) In case shares are held in physical mode please provide Folio No., Name of the Member, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by e-mail to [investorrelations@muktaarts.com](mailto:investorrelations@muktaarts.com).
- 2) In case shares are held in demat mode, please provide DPID-CLID (16-digit DPID + CLID or 16-digit beneficiary ID), Name, client master or copy of consolidated account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to [investorrelations@muktaarts.com](mailto:investorrelations@muktaarts.com). If you are an Individual Member holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-voting and joining virtual meeting for Individual Members holding securities in demat mode.
- 3) Alternatively, Members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.

#### **Instructions for Members for e-voting on the day of AGM are as under:**

- 1) The procedure for e-voting on the day of AGM is same as the instructions mentioned above for remote e-voting.
- 2) Only those Members, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.
- 3) Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- 4) The details of the person who may be contacted for any grievances connected with the facility for e-voting on the day of AGM shall be the same person mentioned for remote e-voting.

#### **Instructions for Members for attending the AGM through VC/OAVM are as under:**

- 1) Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-voting system. Members may access by following the steps mentioned above for **Access to NSDL e-voting system**. After successful login, you can see link of “**VC/OAVM**” placed under “**Join Meeting**” menu against Company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the notice to avoid last minute rush.
- 2) Members are encouraged to join the Meeting through Laptops for better experience.
- 3) Further, Members will be required to allow camera and use Internet with a good speed to avoid any disturbance during the meeting.

# MUKTA ARTS LIMITED

4. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

**By Order of the Board of Directors  
Mukta Art Limited**

**Sd/-  
Hemal N. Pankhania  
Company Secretary and Compliance Officer  
ICSI Membership Number: ACS31426**

**Registered Office:**

Mukta House, Behind Whistling Woods Institute,  
Filmcity Complex, Goregaon (E), Mumbai-400065

**CIN:** L92110MH1982PLC028180

**Tel. No.:** 022-3364 9400

**Email:** investorrelations@muktaarts.com

**Date:** 10<sup>th</sup> August, 2023

**Place:** Mumbai





**Annexure-1**

**DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT**  
[Pursuant to Regulation 36(3) of SEBI Listing Regulations]

<b>Name of the Director</b>	Mr. Parvez Farooqui
<b>DIN</b>	00019853
<b>Nationality</b>	Indian
<b>Resume and Expertise in specific functional areas</b>	Mr. Farooqui graduated in Commerce from Mumbai University. He started his career by joining a textile dyes and chemicals manufacturing firm in 1975. Mr. Farooqui joined Mukta Arts Limited ( <i>then Mukta Arts Private Limited</i> ) as Executive Director. During his career span at both the places, he acquired vast experience in various fields like marketing, sales, purchases, accounts, taxation and legal. Apart from finance, accounts, taxation and legal matters of the Company, he handles the Distribution and Exhibition business of Mukta A2 Cinemas Limited, Subsidiary of the Company. He was also actively involved in framing the Film Insurance Policy which was later named by United India Insurance Company Limited as "Cine Mukta" policy.
<b>Shareholding in the Company as on 31<sup>st</sup> March, 2023</b>	77,300 shares
<b>Directorships in other Listed Companies as on 31<sup>st</sup> March, 2023</b>	Nil
<b>Chairman/Member of Committees in other Listed Companies as on 31<sup>st</sup> March, 2023</b>	Nil
<b>Listed Companies from which the Director has resigned from Directorship in last 3 years</b>	Nil
<b>Inter-se relationship with other Directors and Key Managerial Personnel of the Company</b>	Not related to any other Director and Key Managerial Personnel.

**By Order of the Board of Directors**  
**Mukta Art Limited**

**Sd/-**  
**Hemal N. Pankhania**  
**Company Secretary and Compliance Officer**  
**ICSI Membership Number: ACS31426**

**Registered Office:**  
Mukta House, Behind Whistling Woods Institute,  
Filmcity Complex, Goregaon (E), Mumbai-400065  
**CIN:** L92110MH1982PLC028180  
**Tel. No.:** 022-3364 9400  
**Email:** investorrelations@muktaarts.com

**Date:** 10<sup>th</sup> August, 2023  
**Place:** Mumbai

# MUKTA ARTS LIMITED

## BOARD'S REPORT

Dear Members,

The Board of Directors are delighted to present the 41<sup>st</sup> Annual Report on the business and operations of the Company along with the summary of financial statements for the year ended 31<sup>st</sup> March, 2023.

In compliance with the applicable provisions of the Companies Act, 2013 ("the Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), this Board's Report is prepared based on standalone financial statements and also present the key highlights of performance of Subsidiary Companies and their contribution to the overall performance of the Company during the year under review.

The financial performance of the Company for the year ended 31<sup>st</sup> March, 2023 is summarised hereunder:

Particulars	F.Y. 2022-23 (₹ In '000)	F.Y. 2021-22 (₹ In '000)
Profit/(Loss) before interest, depreciation & tax	1,75,865.90	3,26,068.56
Less: Interest	(50,370.40)	(58,903.32)
Profit/(Loss) after interest, before depreciation & tax	1,25,495.50	2,67,165.23
Less: Depreciation	(20,567.83)	(21,312.89)
Profit/(Loss) before tax	1,04,927.67	2,45,852.35
Less: Provision for taxation	(17,900.26)	(52,500.00)
Deferred Tax Liability /(Asset)	(296.77)	(4,507.61)
Taxes for earlier years	(2,523.00)	17,007.67
Profit/(Loss) after Tax	84,207.65	2,05,852.40
Less: Interim / Final Dividend	0	0
Tax on Interim / Final Dividend	0	0
Profit/(Loss) for the year	84,207.65	2,05,852.40
Other comprehensive income	130.70	1,027.47
Ind AS 116 adjustments	0	9,398.70
Add: Balance brought forward	5,25,561.16	3,09,282.59
Less: Transfer to general reserve	0	0
Profit/(Loss) carried forward to Balance Sheet	6,09,883.42	5,25,561.16

### Key Financial Ratios:

Particulars	F.Y. 2022-23	F.Y. 2021-22
Debt Equity Ratio (Total Debt/ Total Equity)	0.33	0.32
Debt Service Coverage Ratio (see note 1) EBITDA/ (Interest expenses + Principal repayments of long term borrowings due within 12 months from the balance sheet date)	5.56	4.00
Current Ratio (see note 2) (Total Current Assets/ Total Current Liabilities)	4.98	6.75
Trade receivables turnover ratio (see note 3) (Sale of services/ closing trade receivables)	1.25	3.31
Trade payables turnover (Total expenses less depreciation/ closing trade payables)	9.08	11.75
Net Profit/ (Loss) Margin (%) (see note 4) (Profit/(Loss) after Tax/ Revenue from operations)	1.13	0.43
Return on Equity Ratio [%] (see note 5) (Profit / (Loss) after Tax/ Total equity)	0.05	0.12
Return on Capital Employed Ratio [%] (see note 6) (Earnings before Interest & Taxes (EBIT)/ Total Capital Employed)	0.07	0.14
Net Capital Turnover Ratio (Total revenue from operations/ (Total current asset- Derivative financial asset) - (Total Current Liability - Short term borrowings)	0.20	0.53

Reasons for variance exceeding 25%

Note 1- Due to decrease in EBITDA during financial year 2022-23.



Note 2- Due to increase in current assets and decrease in current liabilities during financial year 2022-23.

Note 3- Due to decrease in sales during financial year 2022-23.

Note 4- Due to decrease in net profit during financial year 2022-23.

Note 5- Due to decrease in net profit during financial year 2022-23.

Note 6- Due to decrease in net profit during financial year 2022-23.

The calculation for above ratios (including restatement of prior year ratios, wherever necessary) is in accordance with formula prescribed by Guidance note on Schedule III issued by the Institute of Chartered Accountants of India.

#### **Overview of Company's Financial performance**

Standalone Revenue from Operations for the year was ₹1987.40 lakhs as compared to ₹4834.29 lakhs in financial year 2021-22.

Standalone total income, comprising Revenue from Operations and Other Income, for the year was ₹3372.09 lakhs as compared to ₹6285.50 lakhs in financial year 2021-22.

Standalone Profit before tax for the year was ₹1049.28 lakhs as compared to ₹2458.52 lakhs in financial year 2021-22 and Standalone Profit after tax for the year was ₹842.08 lakhs as compared to ₹2058.52 lakhs in financial year 2021-22.

Consolidated Revenue from Operations for the year was ₹16317.85 lakhs, 23.87% higher as compared to ₹13173.27 lakhs in financial year 2021-22.

Consolidated total income, comprising Revenue from Operations and Other Income, for the year was ₹17425.61 lakhs, 13.72% higher as compared to ₹15323.07 lakhs in financial year 2021-22.

Consolidated Profit before tax was ₹1013.17 lakhs in the financial year 2021-22 as compared to loss of ₹1738.26 Lakhs in the current financial year. Consolidated Profit after tax was ₹622.02 lakhs in the financial year 2021-22 as compared to loss of ₹1875.37 lakhs in the current financial year.

#### **Consolidated Financial Statements**

The Audited Consolidated Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2023, prepared in accordance with the applicable Indian Accounting Standards (Ind AS), SEBI Listing Regulations and the Act, forms part of this Annual Report.

#### **Dividend**

In order to conserve the resources for future growth of the Company, Company have not declared any dividend for the year under review.

#### **Transfer to Reserves**

Your Company does not propose to transfer any amount to General Reserves.

#### **Share Capital**

The paid-up equity share capital of the Company as on 31<sup>st</sup> March, 2023 is ₹11,29,26,000.

##### **a) Buy-back of Securities**

The Company has not bought back any of its securities during the year under review.

##### **b) Sweat Equity**

The Company has not issued any sweat equity shares during the year under review.

##### **c) Bonus Shares**

The Company has not issued any bonus shares during the year under review.

##### **d) Employee Stock Option**

The Company has not provided any stock option scheme to the employees during the year under review.

##### **e) Rights Issue of Equity Shares**

The Company has not issued any shares on right basis during the year under review.

##### **f) Equity Shares with differential rights**

The Company has not issued equity shares with differential rights as to dividend, voting or otherwise during the year under review.

# MUKTA ARTS LIMITED

## Changes in the nature of business

During the year under review, there has been no change in the nature of business carried on by the Company.

## Material changes and commitments

Except as disclosed elsewhere in this report, no material changes and commitments which could affect the Company's financial position, have occurred between the end of the financial year of the Company and date of this report.

## BUSINESS OVERVIEW

Your Company started production of the daily soap "Jaanaki" which shall be telecast on Doordarshan. Production for another film to be released on the OTT platform of Zee, has also started. Production of the Marathi feature film 'Tu Mi Ani Amaira', shot in London, is now complete and ready for release.

## Subsidiary Companies

As on 31<sup>st</sup> March, 2023 the Company has seven subsidiary Companies namely, Whistling Woods International Limited, Connect.1 Limited, Mukta Telemedia Limited, Mukta Creative Ventures Limited (*formerly known as Coruscant Tec Limited*), Mukta A2 Cinemas Limited, Mukta A2 Multiplex W.L.L., Bahrain and Mukta V N Films Limited\*.

*\*Mukta V N Films Limited is a subsidiary of the Company as per Companies Act, 2013, whereas it is considered as a Joint Venture Company in terms of Ind AS in the consolidated financials of the Company.*

Whistling Woods International Limited and Mukta A2 Cinemas Limited are material subsidiaries of the Company within the meaning of Regulation 16(1)(c) of SEBI Listing Regulations.

**Whistling Woods International Limited ("WWI")** which is recognised as India's premier Film Communication & Creative Arts Institute, is now innovating in the areas of Immersive Content like Virtual Reality, Virtual Production and its associated elements like Photogrammetry, Volumetric Capture, Motion Capture & Camera Tracking. Further, it has become India's first institution to introduce Virtual Production into the filmmaking curriculum at both the Graduate & Post-graduate levels. It has also entered into an MOU with the India Blockchain Alliance to set up a Centre of Excellence to work on Blockchain for the Media & Entertainment Industry.

WWI, had won the bid to run the Film, Acting & Media specialisation in Delhi School, Board's Schools of Specialised Excellence – an initiative of the Delhi School Board to integrate multidisciplinary education into high school education which mandate that a sizeable duration of their curriculum and mainstream time-table be reserved for subjects historically considered as 'extra-curricular'. The first academic year is complete and the feedback from the board, students and parents has been excellent.

**Mukta A2 Cinemas Limited ("MA2")** continued to open new properties and expand existing properties, while also setting in motion, the shutting down of unprofitable ones. During the year, MA2 launched 8 new screens in Ahmedabad. With this addition, the screen count of MA2 goes to 62 screens in 24 locations apart from 14 screens under its JV with Asian Cinemas. It has since opened a 3 screen property at Chittorgarh, Rajasthan, taking its count to 65 screens across 25 locations. The business still shows some evidence of the severe conditions of the last two years, though the environment is constantly improving and indications are of a healthier next financial year.

**Mukta A2 Multiplex W.L.L** along with its existing 6 screens in Bahrain, the Company has started management of 10 screens property in Dana Mall taking its count to 16 screens. Further, it has entered into an agreement to manage a chain of multiplexes in Saudi Arabia. While the Dana Mall property is already contributing revenue, the Saudi Arabia properties too shall contribute revenue from the next financial year.

Another subsidiary of the Company, **Connect.1 Limited** monetises content on digital platforms.

**Mukta Telemedia Limited** is another subsidiary of the Company. The main objects of the Company are to take up production of TV-series, management of event shows and entertainment software.

One of the subsidiaries of the Company, **Mukta Creative Ventures Limited (formerly known as Coruscant Tec Limited)** is a mobile based solutions Company with a focus on content, applications and commerce, having office in Mumbai.

The programming business of **Mukta V N Films Limited** is now performing steadily. As the exhibition sector returns to pre-covid levels of business, its health also continues to improve.

During the year, the Board of Directors reviewed the affairs of its subsidiary companies. Further, pursuant to provisions of Section 129(3) of the Act, a statement containing salient features of the financial statements of the Company's subsidiaries in Form AOC-1 is attached as **Annexure-A** to this Report.

In accordance with Section 136 of the Act, the audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of each of its subsidiaries, are available on the website of the Company.

## Corporate Governance

Your Company has been practicing the principles of good Corporate Governance over the years and it is a continuous and ongoing process. A detailed Report on Corporate Governance practices followed by our Company in terms of the



SEBI Listing Regulations, is attached as **Annexure-B** together with a Certificate from the Secretarial Auditors confirming compliance with the conditions of Corporate Governance are provided separately in this Annual Report as **Annexure-I**.

#### **Meetings of the Board of Directors**

Regular meetings of the Board and its Committees are held to discuss and decide on various business policies, strategies, financial matters and other businesses.

Board of Directors met 4 times during the financial year 2022-23. The intervening gap between two Board Meetings did not exceed 120 days. The details of the meetings and the attendance of the Directors are mentioned in the Report on Corporate Governance which forms part of the Annual Report.

#### **Committees of the Board**

In compliance with the requirements of the Act and SEBI Listing Regulations, the Board has constituted various Board Committees including Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee. Details of scope, constitution, terms of reference, number of meetings held during the year under review along with attendance of Committee Members therein forms part of the Corporate Governance Report which is an integral part of the Annual Report.

#### **Vigil Mechanism / Whistle Blower Policy**

Over the years, the Company has established a reputation for doing business with integrity and maintained zero tolerance towards any form of unethical behavior.

Your Company has formulated a Vigil Mechanism / Whistle Blower Policy intending to provide a mechanism for employees to report violations. The Policy also lays down the procedures to be followed to report violations, conducting investigations and taking disciplinary actions. It also provides assurances and guidelines on confidentiality of the reporting process and protection from reprisal to complainants. No personnel have been denied access to the Audit Committee of the Board. The Audit Committee oversees the functioning of this policy. Protected disclosures can be made by a whistle-blower through several channels to report actual or suspected frauds and violation of the Company's Code of Conduct.

#### **Extract of Annual Return**

As required under Section 134(3)(a) of the Act, the Annual Return for the financial year 2022-23, is placed on the Company's website and can be accessed at <http://www.muktaarts.com/Aboutus/annual-returns.php>.

#### **AUDIT AND AUDITORS**

##### **Statutory Auditors**

M/s. Uttam Abuwala Ghosh & Associates, Chartered Accountants, Mumbai (Firm Registration No. 111184W), were re-appointed as the Statutory Auditors of the Company at the 39<sup>th</sup> Annual General Meeting ("AGM") held on 23<sup>rd</sup> September, 2021 until the conclusion of 43<sup>rd</sup> AGM to be held in the year 2025.

The Company's explanation to the Auditors' observation in their Report have been detailed in the notes to the financial statements for the year ended 31<sup>st</sup> March, 2023 which forms part of the Annual Report.

Apart from as mentioned above, the Auditors' Report for the financial year 2022-23 does not contain any adverse reservation, qualification, remark or disclaimer, on the financial statements of the Company. Auditors' Report is self-explanatory and therefore, does not require further comments and explanation. The Report given by the Auditors on the financial statements of the Company forms part of this Annual Report.

##### **Secretarial Auditors**

Pursuant to the provisions of Section 204(1) of the Act read with rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed M/s. K. C. Nevatia & Associates, Practicing Company Secretaries, Mumbai (FCS: 3963 and COP No.: 2348) as Secretarial Auditors of the Company for the financial year 2022-23.

The Secretarial Audit Report of the Company issued by Secretarial Auditor in Form No. MR-3 for the year ended 31<sup>st</sup> March, 2023 is attached as **Annexure-C** to this Report.

Secretarial Audit Report for the financial year 2022-23 does not contain any adverse reservation, qualification, remark or disclaimer. Secretarial Audit Report is self-explanatory and therefore, does not require any further comments and explanation.

##### **Secretarial Audit Report of Unlisted Material Subsidiaries**

Secretarial Audit Report of Whistling Woods International Limited and Mukta A2 Cinemas Limited, Unlisted Material Subsidiaries of the Company issued by M/s. AAS & Associates, Practicing Company Secretaries, Mumbai (FCS: 8612 and COP No. 17264), in Form No. MR-3 for the financial year 2022-23 is annexed as **Annexure-D** to this Report.

The said Reports does not contain any adverse reservation, qualification, remark or disclaimer.

# MUKTA ARTS LIMITED

## Internal Auditors

Pursuant to the provisions of Section 138 of the Act, the Company has appointed M/s. Garg Devendra & Associates, Chartered Accountants, Mumbai (Firm Registration No. 130993W) to conduct the internal audit of the Company for the financial year 2022-23.

## Reporting of frauds by Auditors

During the year under review, the Statutory Auditors, Secretarial Auditors and Internal Auditors have not reported any instances of fraud committed against the Company by its officers or employees to the Audit Committee of the Board, under Section 143(12) of the Act.

## Cost Audit

The Company is not engaged in the production of goods or providing services as prescribed by the Central Government under Section 148(1) of the Act and rule 3 of the Companies (Cost Records and Audit) Rules, 2014. Hence maintenance of cost records by the Company is not required.

## Compliance of Secretarial Standards

The Company has complied with the Secretarial Standards i.e. SS-1 and SS-2, relating to "Meetings of the Board of Directors" and "General Meetings", respectively issued by the Institute of Company Secretaries of India.

## Declaration by Independent Directors

The Company's Independent Directors have submitted requisite declarations confirming that they continue to meet the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of SEBI Listing Regulations. The Independent Directors have also confirmed that they have complied with Schedule IV of the Act and the Company's Code of Conduct. The Board is of the opinion that the Independent Directors of the Company hold the highest standards of integrity and possess requisite expertise, proficiency and experience required to fulfil their duties as Independent Directors.

## Particulars of loans, guarantees or investments by the Company

Details as required under Section 186 of the Act, are given in notes to Financial Statements for the financial year ended 31<sup>st</sup> March, 2023.

## Particulars of Contracts or arrangements made with related party(ies)

All Related Party Transactions ("RPTs") entered during the year were in the Ordinary Course of Business and at Arm's Length basis. Company has not entered into any Material RPTs, which exceeds the materiality threshold as per the Act. Accordingly, the disclosure of RPTs as required under Section 134(3)(h) of the Act, in Form AOC-2 is not applicable.

## The Company has developed RPTs framework through Standard Operating Procedures for the purpose of identification and monitoring of such transactions.

All RPTs are placed before the Audit Committee and also before the Board for approval. The Policy on RPTs as approved by the Board of Directors has been uploaded on the website of the Company. The web link of the same has been provided in the Corporate Governance Report. None of the Directors vis-à-vis the Company had any pecuniary relationship or transactions.

## Conservation of Energy and Technology Absorption

### (a) Energy Conservation measures taken by the Company

The provisions of Section 134(3)(m) of the Act, relating to conservation of energy do not apply to the Company. However, significant measures are taken to reduce energy consumption by using energy-efficient computers and by purchasing energy efficient equipment. We purchase computers, laptops, air conditioners etc. that meet environmental standards, higher star rating wherever possible.

### (b) Technology Absorption

The provisions of Section 134(3)(m) of the Act, relating to technology absorption do not apply to the Company. The Company's research and development initiative mainly consists of ideation of new subjects for our content production business. The expenses incurred on such initiatives are not practically quantifiable. The Company is an integrated player in the entertainment industry and our business is such that there is limited scope for new technology absorption, adaptation and innovation.

However, the Company is proposing to install Solar panels. Solar power is pollution-free and causes no greenhouse gases to be emitted after installation. Reduced dependence on foreign oil and fossil fuels also resulting in reduced utility bills.

## Foreign Exchange earnings and outgo

Particulars regarding Foreign Exchange required under the provisions of Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 are given in the notes forming part of accounts which forms part of the Annual Report.



## Risk Management

The Company has in place Risk Management Policy, pursuant to the provisions of Section 134 of the Act. The risk management framework enables identification and evaluation of business risks and opportunities, seeks to create transparency, minimize adverse impact on business objectives and enhance the Company's competitive advantage. Major risks identified by the business and functions are systematically addressed through mitigation actions on a periodic basis.

## Corporate Social Responsibility ("CSR")

In compliance with Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended, the Company has set up CSR Committee and statutory disclosures with respect to the CSR Committee and an Annual Report on CSR Activities forms part of this Report as **Annexure-E**. The CSR Policy recommended by the CSR Committee and as approved by the Board is available on the website of the Company at [www.muktaarts.com](http://www.muktaarts.com).

Details of meetings and attendance of the Members at such Meetings are mentioned in the Report on Corporate Governance, which forms part of the Annual Report.

## Board Evaluation

Pursuant to the provisions of Section 134(3)(p) of the Act, a structured questionnaire was prepared after taking into consideration of various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance.

The evaluation of all the Directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The performance evaluation of the Chairman and the Non-Independent Director was carried out by the Independent Directors. The Board of Directors expresses their satisfaction with the evaluation process.

The Board noted the key improvement areas emerging from this exercise and action plans to address the same.

## Directors and Key Managerial Personnel who were appointed or have resigned during the year

### Appointment

Mr. Kapil Bagla (DIN:00387814) was appointed as Independent, Non-Executive Director of the Company at the Board Meeting of the Company held on 9<sup>th</sup> August, 2022, as recommended by Nomination and Remuneration Committee, which was subsequently approved by the Members at the AGM held on 27<sup>th</sup> September, 2022 for a term of 5 years, not liable to retire by rotation.

In terms of Section 152 of the Act, Mr. Rahul Puri (DIN:01925045), Managing Director of the Company, being liable to retire by rotation, was re-appointed by the Members at the AGM held on 27<sup>th</sup> September, 2022.

Ms. Hemal N. Pankhania (ACS:31426) was appointed w.e.f. 22<sup>nd</sup> August, 2022 as the Company Secretary and Compliance Officer at the Board Meeting of the Company held on 9<sup>th</sup> August, 2022 on recommendation of Nomination and Remuneration Committee.

### Cessation

Mr. Manmohan Shetty (DIN:00013961), has resigned as an Independent, Non-Executive Director w.e.f. 5<sup>th</sup> July, 2022 due to pre occupancy and other commitments. Mr. Manmohan Shetty has confirmed that there was no other material reason other than those provided by him.

The Board has placed on record its appreciation of the leadership provided by Mr. Manmohan Shetty during his tenure.

Ms. Monika Shah (FCS:7964) has resigned as Company Secretary and Compliance Officer of the Company w.e.f. 25<sup>th</sup> May, 2022.

The Board has placed on record its appreciation for the services provided by Ms. Monika Shah during her tenure.

## Key Managerial Personnel

The Company has following Key Managerial Personnel:

Sr. No.	Name	Designation
1.	Mr. Subhash Ghai	Chairman, Executive Director
2.	Mr. Rahul Puri	Managing Director
3.	Mr. Prabuddha Dasgupta	Chief Financial Officer
4.	Ms. Hemal N. Pankhania	Company Secretary and Compliance Officer (w.e.f. 22 <sup>nd</sup> August, 2022)

## Deposits

No public deposits have been accepted or renewed by the Company during the year under review pursuant to the provisions of Section 73 and 74 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014. Hence, the requirement for furnishing of details relating to deposits covered under Chapter V of the Act or the details of deposits which are not in compliance with the Chapter V of the Act is not applicable to the Company.

# MUKTA ARTS LIMITED

## Significant and material orders passed by the regulators or courts

There are no significant and material order passed by the Regulators or Courts or Tribunals that would impact the going concern status of the Company and its future operations.

## Internal Financial control systems and their adequacy

Your Company has a proper and adequate system of internal controls. These controls ensure transactions are authorised, recorded and reported correctly and assets are safeguarded and protected against loss from unauthorised use or disposition. In addition, there are operational controls and fraud risk controls, covering the entire spectrum of internal financial controls within the meaning of the Act.

The internal audit is entrusted to M/s. Garg Devendra & Associates, a reputed firm of Chartered Accountants. The main thrust of internal audit is to test and review controls, appraisal of risks and business processes, besides benchmarking controls with best practices in the industry.

Based on the report of Internal Auditors, departmental heads undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and the necessary corrective actions are presented to the Audit Committee. The Audit Committee actively reviews the adequacy and effectiveness of the internal financial control systems and suggests improvements to strengthen the same.

The Audit Committee and the Board are of the opinion that the Company has sound Internal Financial Control commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist during the financial year 2022-23.

## Human Resources

Human Resource is considered as one of the most critical resources in the business which can be continuously smoothened to maximise the effectiveness of the Organisation. Human Resources build the Enterprise and the sense of belonging would inculcate the spirit of dedication and loyalty amongst them towards strengthening the Company's Polices and Systems. All personnel continue to have healthy, cordial and harmonious approach thereby enhancing the contributory value of the Company.

Further, statutory disclosures w.r.t. Human Resources are as under:

- i) Your Company has in place Prevention of Sexual Harassment (POSH) policy in accordance with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The essence of the policy is communicated to all employees of the group companies as well at regular intervals through assimilation and awareness programs.
- ii) Aligning with the guidelines prescribed under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, Company has constituted Complaints Committee and the composition of the said Committee is as under:

Ms. Saumya Dixit, Chairperson	Group Head - Human Resource
Mr. Prabuddha Das Gupta	Chief Financial Officer
Mr. Ravi Gupta	Advisor
Mr. Prem Taparia	Sr. Manager - Finance & Accounts
Ms. Pratima Jamwal	External Member

During the year under review, no complaints were reported to the Board. Your company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

- iii) Information under Section 197 of the Act, read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

### a. The ratio of remuneration of the Directors to the median remuneration of the employees of the Company for the financial year:

The median remuneration of employees of the Company during the financial year 2022-23 was ₹1,95,968.

The ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2022-23 is mentioned below:

Name of the Director	Designation	Ratio
Mr. Subhash Ghai	Chairman, Executive Director	27.12
Mr. Rahul Puri	Managing Director	16.74





- b. **The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year:**

Name	Designation	% increase*
Mr. Subhash Ghai	Chairman, Executive Director	33.04
Mr. Rahul Puri	Managing Director	33.17
Mr. Prabuddha Dasgupta	Chief Financial Officer	26.04
Ms. Hemal N. Pankhania	Company Secretary and Compliance Officer (w.e.f. 22 <sup>nd</sup> August, 2022)	N.A.
Ms. Monika Shah	Company Secretary and Compliance Officer (upto 25 <sup>th</sup> May, 2022)	N.A.

**\*Note:** Due to the Covid-19 impact, the employees of the Company were paid 50-75% of their actual CTC for the financial year 2021-22. During the financial year 2022-23, salary of the employees has been restored to the actuals, accordingly % increase in the remuneration mentioned above is appearing on higher side as compared to previous year.

- c. **The percentage increase in the median remuneration of employees in the financial year**

There was an increase of 11.34% in the median remuneration of employees in the financial year 2022-23.

- d. **The number of permanent employees on the rolls of the Company as on 31<sup>st</sup> March, 2023: 59**

- e. **Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out, if there are any exceptional circumstances for increase in the managerial remuneration:**

Average percentage increase made in the salaries of employees other than the managerial personnel in the financial year 2022-23 was 23.17% whereas the increase in managerial remuneration for the financial year 2022-23 was 31.09%.

**Note:** There has been no increment in managerial remuneration of Company Secretary, due to her resignation during the year 2022-23. Accordingly, while calculating average percentage increase made in the managerial personnel, the remuneration paid to Company Secretaries is not considered.

- f. **Affirmation that the remuneration is as per the remuneration policy of the Company:**

The Company hereby affirms that the remuneration paid is as per the remuneration policy of the Company.

#### Particulars of Employees

Information as per Rule 5(2) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

#### Top Ten Employees in terms of remuneration drawn during the year:

Sr. No.	Name of the Employee	Designation	Nature of Employment (Permanent/contractual)	Qualification	Experience	Date of Commencement of Employment	Age	Last Held Employment	Remuneration (₹)
1.	Mr. Subhash Ghai	Chairman, Executive Director	Permanent	B.com and Diploma in Cinema from Film & Television Institute of India	56	09.07.1982	80	Mukta Arts Since inception	53,15,000
2.	Mr. Siraj Farooqui	Chief Operating Officer - Production & Studio	Permanent	Inter Arts	47	01.11.2015	69	Mukta Arts Since inception	36,39,676
3.	Mr. Rahul Puri	Managing Director	Permanent	Graduate from Kings College, London and Bsc - Business Management	24	01.04.2004	45	Nimbus Communications Limited	32,80,880
4.	Mr. Prabuddha Dasgupta	Chief Financial Officer	Permanent	Chartered Accountant	31	07.07.2014	57	Neo Sports Broadcast Private Limited	32,19,332
5.	Mr. Prem Taparia	General Manager- Finance & Accounts	Permanent	Chartered Accountant	19	25.07.2007	43	Simplex Mills Company Limited	26,86,688
6.	Mr. Sanjay Ghai	Chief Operating Officer	Permanent	Graduate	40	09.01.2008	57	Mukta Shakti Combine	21,31,500
7.	Mr. Sameer Farooqui	Sr. Manager	Permanent	Bachelor of Commerce	31	17.09.1997	52	Cinerad Communication	10,82,992
8.	Mr. Seemant Raj	Web Programmer	Permanent	Diploma in Advance Computing	16	15.09.2007	46	Mukta Arts Limited	10,45,032
9.	Ms. Hemal N. Pankhania	Company Secretary and Compliance Officer	Permanent	Company Secretary and Bachelor in Laws	12	22.08.2022	36	Gigaplex Estate Private Limited (Raheja Group Company)	8,54,329
10.	Mr. Kartik Ghai	Accounts Executive	Permanent	Bachelor of Computer Application	10	11.02.2013	31	Mukta Arts Limited	7,29,913

# MUKTA ARTS LIMITED

## **Proceedings under Insolvency and Bankruptcy Code, 2016**

There are no proceedings, either filed by the Company or filed against the Company, pending under the Insolvency and Bankruptcy Code, 2016, before National Company Law Tribunal or other courts during the financial year 2022-23.

## **Disclosure regarding exercise of voting rights by employees under Section 67(3)(c) of the Act**

Disclosure under Section 67(3)(c) of the Act read with rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014, with respect to voting rights not exercised directly by the employees of the Company is not applicable as there are no instance of voting rights not exercised directly by the employees of the Company.

## **Business Responsibility and Sustainability Report**

Pursuant to Regulation 34 of SEBI Listing Regulations, top 1000 listed entities based on market capitalization are required to furnish Business Responsibility and Sustainability Report (“**BRSR**”). However, as the Company does not fall under the list of top 1000 Companies based on market capitalization, the requirement of furnishing BRSR is not applicable to the Company for the financial year 2022-23.

## **Management Discussion and Analysis Report**

Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 of SEBI Listing Regulations, is presented in a separate section forming part of the Annual Report.

## **Health, Safety and Environment**

As a responsible corporate citizen, your Company lays considerable emphasis on health, safety aspects of its human capital, operations and overall working conditions. Thus, being constantly aware of its obligation towards maintaining and improving the environment, all possible steps are being taken to meet the toughest environmental standards on pollution, effluents, etc. across various spheres of its business activities.

## **Director's Responsibility Statement**

Your Directors would like to assure that the Financial Statements for the year under review, confirms in their entirety to the requirements of the Act and guidelines issued by SEBI.

Pursuant to the provisions of Section 134(3)(c) of the Act, to the best of their knowledge and based on the information and explanations received from the Company, Directors make the following statements:

- i) In the preparation of Annual Financial Statements for the year ended 31<sup>st</sup> March, 2023, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii) The Directors had selected such accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the affairs of the Company at the end of the financial year and of the profit and loss of the Company for the year under review;
- iii) The Directors had taken proper and sufficient care for the 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 fraud and other irregularities;
- iv) That the Directors had prepared the Annual Accounts on a going concern basis;
- v) That the Directors had laid down internal financial controls to be following by the Company and that such internal financial controls are adequate and were operating effectively;
- vi) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## **Acknowledgements**

Your Directors express their deep sense of gratitude to the Artists, Technicians, Film Distributors, Exhibitors, Bankers, Stakeholders and Business Associates for their co-operation and support and look forward to their continued support in future.

Your Directors also place on record, their appreciation for the contribution, commitment and dedication to your Company's performance by the employees of the Company at all levels.

**For and on behalf of the Board of Directors  
Mukta Arts Limited**

**Sd/-  
Subhash Ghai  
Chairman  
DIN: 00019803**



**Annexure-A**

**Form AOC – 1**

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of subsidiary companies.

**Part “A”: Subsidiaries**

(Amount in ₹)

Name of the subsidiary	Connect.1 Limited	Mukta Telemedia Limited	Mukta Creative Ventures Limited	Mukta A2 Multiplex W.L.L.	Mukta A2 Cinemas Limited	Whistling Woods International Limited	Mukta V N Films Limited *
The date since when subsidiary was acquired	03/02/2000	20/09/2002	19/09/2008	10/05/2016	16/11/2016	10/01/2001	19/03/2014
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April-March	April-March	April-March	April-March	April-March	April-March	April-March
Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	N.A.	N.A.	N.A.	BHD	N.A.	N.A.	N.A.
Paid up Share Capital	6,00,000	5,00,000	75,00,000	9,82,13,670	1,50,00,000	20,00,00,000	6,36,00,000
Reserves and Surplus	11,09,051	21,44,629	(59,10,521)	(34,43,92,345)	(72,86,32,168)	(90,99,94,700)	(1,02,74,546)
Total Assets	18,75,017	52,33,860	16,13,082	7,25,77,720	95,04,06,187	52,80,90,282	13,57,65,011
Total Liabilities	1,65,964	25,89,232	23,600	31,87,56,395	1,66,40,38,355	1,23,80,84,983	8,24,39,557
Investments	0	0	0	0	45,000	0	0
Turnover	3,82,280	781	91,206	12,71,64,358	83,57,95,393	55,11,29,710	2,23,94,614
Profit before taxation	63,881	(52,159)	28,622	(8,25,11,587)	(15,56,83,910)	(4,14,30,667)	14,71,277
Provision for taxation	0	0	(24,205)	0	(69,84,632)	0	(44,42,297)
Profit after taxation	63,881	(52,159)	52,827	(8,25,11,587)	(14,86,99,278)	(4,14,30,667)	59,13,574
Proposed Dividend	0	0	0	0	0	0	0
Extent of shareholding (in percentage)	100%	99.92%	100%	60%	70%	84.99%	51.89%

\*Mukta V N Films Limited is a subsidiary of the Company as per Companies Act, 2013, whereas it is considered as a Joint Venture Company in terms of Ind AS in the consolidated financials of the Company.

**Notes:**

- Names of the subsidiaries which are yet to commence operations: Nil
- Names of the subsidiaries which have been liquidated or sold during the year: Nil

**Part “B”: Associates and Joint Ventures**

**Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

Name of the Associate Companies/Joint Ventures	Nil
Latest audited Balance Sheet Date	
Date on which the Associate Companies/Joint Venture was associated	
No. Shares of Associate Companies/Joint Venture held by the Company on the year end	
Amount of Investment in Associate Companies/Joint Venture	
Extent of Holding (in percentage)	
Description of how there is significant influence	
Reason why the Associate Companies/Joint Venture is not consolidated	
Net worth attributable to shareholding as per latest audited Balance Sheet	
Profit or Loss for the year	
Considered in Consolidation	
Not Considered in Consolidation	

**Notes:**

- Names of Associate Companies/Joint Ventures which are yet to commence operations: Nil
- Names of Associate Companies/Joint Ventures which have been liquidated or sold during the year: Nil

## Form No. MR-3

### SECRETARIAL AUDIT REPORT

For the Company's Financial Year from 1<sup>st</sup> April, 2022 to 31<sup>st</sup> March, 2023

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members  
Mukta Arts Limited  
Mukta House, Behind Whistling Woods Institute,  
Filmcity Complex, Goregaon (E), Mumbai - 400005.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by Mukta Arts Limited (hereinafter called the "**Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended **31<sup>st</sup> March, 2023**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31<sup>st</sup> March, 2023** according to the provisions of:

1. The Companies Act, 2013 ("**the Act**") and the rules made thereunder
2. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, which were not applicable to the Company during the financial year under report
3. The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder
4. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**"):-
  - a. SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
  - b. SEBI (Prohibition of Insider Trading) Regulations, 2015
  - c. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
  - d. SEBI (Delisting of Equity Shares) Regulations, 2009
5. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder
6. Employees Provident Fund and Miscellaneous Provisions Act, 1952
7. Employees State Insurance Act, 1948
8. Employers Liability Act, 1938
9. Equal Remuneration Act, 1976
10. Indian Contract Act, 1872
11. Income Tax Act, 1961 (our checking to the extent of Tax Deducted at Source under various Sections, payments made and TDS Returns filed)
12. Indirect Tax Laws relating to collections, deductions, wherever applicable, payments made and returns filed
13. Indian Stamp Act, 1899
14. Maharashtra Stamp Act, 1958
15. Industrial Dispute Act, 1947
16. Maternity Benefits Act, 1961
17. Minimum Wages Act, 1948
18. Negotiable Instruments Act, 1881
19. Payment of Bonus Act, 1965



20. Payment of Gratuity Act, 1972
21. Payment of Wages Act, 1936
22. Contract Labour (Regulations & Abolition) Act, 1970
23. The Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013
24. The Copyright Act, 1957
25. Trade Marks Act, 1999
26. The Patents Act, 1970
27. Shop and Establishment Act, 1948
28. Cinematograph Act, 1952
29. Environment Protection Act, 1986 and other environmental laws
30. The Companies (Indian Accounting Standards) Rules, 2015

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (iii) SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- (iv) SEBI (Prohibition of Insider Trading) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Secretarial Standards, etc. mentioned above to the extent applicable except our comments and observations as stated in Annexure to this report and forms part of this report.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors which took place during the financial year under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and notes on agenda at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the Board/Committee decisions are taken unanimously.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there were no instances of:

- (i) Public / Rights / Preferential issue of shares / debentures / sweat equity
- (ii) Redemption / buy-back of securities
- (iii) Major decisions taken by the Members in pursuance to Section 180 of the Act
- (iv) Merger / amalgamation / reconstruction etc.
- (v) Foreign technical collaborations

**For K.C. Nevatia & Associates  
Company Secretaries**

**Sd/-  
K.C. Nevatia  
Proprietor  
FCS No.: 3963  
C.P. No. 2348  
UDIN: F003963E000740732**

**Date:** 4<sup>th</sup> August, 2023

**Place:** Mumbai

This Report is to be read with our letter of even date which is annexed and forms an integral part of this report.

# MUKTA ARTS LIMITED

## *Annexure to our Secretarial Audit Report dated 4<sup>th</sup> August, 2023*

### **1. Delisting from Calcutta Stock Exchange Limited**

The Company had voluntarily applied for delisting from the Calcutta Stock Exchange Limited (CSE) w.e.f. 31<sup>st</sup> March, 2014. However on not receiving any official confirmation of being delisted, the Company paid the listing fees for the financial year 2014-15 and requested for delisting w.e.f. 31<sup>st</sup> March, 2015. On account of non-receipt of any response from CSE, the Company has not paid listing fee to the said stock exchange and stopped filing any statement, returns and forms with it from the financial year 2015-16. However, the Company has not yet received any confirmation from CSE for delisting. Further, the trading in scrip of the Company remains suspended by CSE. The Company had filed with SEBI a written complaint in this regard and the matter of delisting still remains pending.

### **2. Litigation at Bombay High Court**

The High Court of Judicature at Bombay had quashed the Joint Venture Agreement between Mukta Arts Limited (“MAL”) and Maharashtra Film Stage and Cultural Development Corporation Limited (“MFSCDCL”) vide its order of 9<sup>th</sup> February, 2012. In terms of the said order dated 9<sup>th</sup> February, 2012 passed by the High Court of Judicature at Bombay, MFSCDCL raised net demand of ₹ 832,062,611/- and asked Whistling Woods International Limited (“WWIL”), a subsidiary company of MAL to vacate the premises. The MAL and WWIL filed Review Petitions before the High Court and the said Review Petitions were heard by High Court and a stay was granted on 30<sup>th</sup> July, 2014. However, the High Court has ordered MAL/WWIL to pay against arrears of rent for the years 2000-01 to 2013-14 aggregating to Rs 100,038,000/- by January 2015 and pay rent of ₹ 4,500,000/- per annum from the financial year 2014-15. As per the terms of the said order, MAL has paid an aggregate amount of ₹ 113,538,000/- to MFSCDCL by 31<sup>st</sup> March, 2017 pending final hearing. The rent amount for the financial year 2017-18 to 2022-23 has been paid by WWIL to MFSCDCL. The State Government of Maharashtra and MFSCDCL challenged the order of the Bombay High Court in the Supreme Court which was dismissed by the Supreme Court on 22<sup>nd</sup> September, 2014 with recourse to the State Government of Maharashtra to make an application to Bombay High Court. Having regard to the circumstances explained above and pending final outcome of the matter under litigation, MAL has not made any adjustment to the carrying value of investments in and amounts due from WWIL.

**For K.C. Nevatia & Associates  
Company Secretaries**

**Sd/-  
K.C.Nevatia  
Proprietor  
FCS No.: 3963  
C.P. No. 2348**

**UDIN: F003963E000740732**

**Date:** 4<sup>th</sup> August, 2023  
**Place:** Mumbai



**To,  
The Members  
Mukta Arts Limited  
Mukta House, Behind Whistling Woods Institute,  
Filmcity Complex, Goregaon (E), Mumbai - 400005.**

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express as opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations and Standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For K.C. Nevatia & Associates  
Company Secretaries**

**Sd/-  
K.C.Nevatia  
Proprietor  
FCS No.: 3963  
C.P. No. 2348  
UDIN: F003963E000740732**

**Date:** 4<sup>th</sup> August, 2023  
**Place:** Mumbai

## Form No. MR-3 SECRETARIAL AUDIT REPORT

For the Company's Financial Year from 1<sup>st</sup> April, 2022 to 31<sup>st</sup> March, 2023

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members  
Whistling Woods International Limited  
Whistling Woods Institute, Dada Saheb  
Phalke Chitra Nagari, Goregaon (E), Mumbai – 400065.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Whistling Woods International Limited (hereinafter called the “Company”). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the Company has, during the audit period and the financial year ended on 31<sup>st</sup> March, 2023, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the period ended on 31<sup>st</sup> March, 2023 according to the provisions of:

- i. The Companies Act, 2013 (“the Act”) and the Rules made thereunder
- ii. The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder; (Not applicable to the Company during the audit period)
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder
- iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, if any. (Not applicable upon the Company during the period covered under audit)
- v. Employees Provident Fund and Miscellaneous Provisions Act, 1952
- vi. Employees State Insurance Act, 1948
- vii. Employers Liability Act, 1938
- viii. Equal Remuneration Act, 1976
- ix. Indian Contract Act, 1872
- x. Income Tax Act, 1961 (Our checking to the extent of Tax Deducted at Source under various Sections, payments made and TDS Returns filed)
- xi. Indirect Tax Laws relating to collections, deductions, wherever applicable, payments made and returns filed (Our checking to the extent of GST payments made and Returns filed)
- xii. Indian Stamp Act, 1899
- xiii. Maharashtra Stamp Act, 1958
- xiv. Industrial Dispute Act, 1947
- xv. Maternity Benefits Act, 1961
- xvi. Minimum Wages Act, 1948
- xvii. Negotiable Instruments Act, 1881
- xviii. Payment of Bonus Act, 1965
- xix. Payment of Gratuity Act, 1972
- xx. Payment of Wages Act, 1936





- xxi. Contract Labour (Regulations & Abolition) Act, 1970
- xxii. The Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013
- xxiii. The Copyright Act, 1957
- xxiv. Trade Marks Act, 1999
- xxv. The Patents Act, 1970
- xxvi. Shop and Establishment Act, 1948
- xxvii. Cinematograph Act, 1952
- xxviii. Environment Protection Act, 1986 and other environmental laws
- xxix. The Companies (Indian Accounting Standards) Rules, 2015

We have also examined compliance with the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above subject to the observations stated in the Annexure which is integral to this report.

**We further report that:**

There are no changes in composition of Board of Directors during the year under review. Further, the Board of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Director and Independent Directors.

Adequate Notice was given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes, the decisions at the Board Meetings were taken unanimously.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines, apart from procedural risk-based observations reported by the Internal Auditors of the Company from time-to-time, within no or insignificant compliance risk.

**We further report that** during the Audit period there were no specific events /actions having a major bearing on the Company's affairs, except the observations/comments provided in the annexure to this report.

**For AAS & Associates  
Company Secretaries**

**Sd/-  
CS Prerna Gupta  
Partner**

**Membership No.: FCS-8612 & COP No.: 17264  
UDIN: F008612E000701911  
Peer Review Certificate No: 1951/2022**

**Date:** 29<sup>th</sup> July, 2023  
**Place:** Mumbai

# MUKTA ARTS LIMITED

## WHISTLING WOODS INTERNATIONAL LIMITED

**Annexure to the Secretarial Audit Report  
for the financial year ended on 31<sup>st</sup> March, 2023  
Audit Report dated 29<sup>th</sup> July, 2023**

Our report of even date is to be read along with this letter.

**1. Dematerialization of securities of the Company:**

- The Companies (Prospectus and Allotment of Securities) Third Amendment Rules, 2018 came into effect in October 2018. As per the provisions of Rule 9A - Issue of securities in dematerialized form by unlisted public companies, every unlisted Public Company shall facilitate dematerialization of all its existing securities in accordance with provisions of the Depositories Act, 1996 and regulations made there under. Further, all fresh issue, transfer and all other transactions involving securities of the Company shall be done only in dematerialized form. All dematerialisation requests received by the Company has been processed on time. The preference shares have been dematerialised. Majority of equity shares have been dematerialised. However, few equity shareholders have not applied for dematerialisation, so they are holding physical share certificates.
2. The internal audit reports shared with us majorly contain observations pertaining to the medium or low risk category. The management has given satisfactory justification towards the same.
  3. Maintenance of Secretarial Records is the responsibility of Management of the Company. Our responsibility is to express an opinion on these records based on our Audit.
  4. We have followed the Audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed, provide a reasonable basis for our opinion.
  5. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company. Further, any modification done by the Company in the format specified by the concerned authorities was the duty of the concerned authority. Therefore, we have not taken responsibility of any such modification(s).
  6. Wherever required, we have obtained the management representation about the compliances of Laws, Rules & Regulations and happening of events etc.
  7. The compliance of the provisions of corporate and other applicable Laws, Rules, Regulations and Standards are the responsibility of the Management. Our examination was limited to the verification of procedures on a test basis.
  8. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For AAS & Associates  
Company Secretaries**

**Sd/-  
CS Prerna Gupta  
Partner**

**Membership No.: FCS-8612 & COP No.: 17264  
UDIN: F008612E000701911  
Peer Review Certificate No: 1951/2022**

**Date:** 29<sup>th</sup> July, 2023  
**Place:** Mumbai



Annexure-D

## Form No. MR-3

### SECRETARIAL AUDIT REPORT

For the Company's Financial Year from 1<sup>st</sup> April, 2022 to 31<sup>st</sup> March, 2023

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

**To,**  
**The Members**  
**Mukta A2 Cinemas Limited**  
**Mukta House, Behind Whistling Woods Institute,**  
**Filmcity Complex, Goregaon (E), Mumbai - 400065.**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mukta A2 Cinemas Limited (hereinafter called the “**Company**”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the Company has, during the audit period and the financial year ended on 31<sup>st</sup> March, 2023, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the period ended on 31<sup>st</sup> March, 2023 according to the provisions of:

- i. The Companies Act, 2013 (“**the Act**”) and the Rules made thereunder
- ii. The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder
- iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, if any. (not applicable upon the Company during the period covered under audit)
- v. Employees Provident Fund and Miscellaneous Provisions Act, 1952
- vi. Employees State Insurance Act, 1948
- vii. Employers Liability Act, 1938
- viii. Equal Remuneration Act, 1976
- ix. Indian Contract Act, 1872
- x. Income Tax Act, 1961 (our checking to the extent of Tax Deducted at Source under various Sections, payments made and TDS Returns filed)
- xi. Indirect Tax Laws relating to collections, deductions, wherever applicable, payments made and returns filed (our checking to the extent of GST payments made and Returns filed)
- xii. Indian Stamp Act, 1899
- xiii. Maharashtra Stamp Act, 1958
- xiv. Industrial Dispute Act, 1947
- xv. Maternity Benefits Act, 1961
- xvi. Minimum Wages Act, 1948
- xvii. Negotiable Instruments Act, 1881
- xviii. Payment of Bonus Act, 1965
- xix. Payment of Gratuity Act, 1972
- xx. Payment of Wages Act, 1936
- xxi. Contract Labour (Regulations & Abolition) Act, 1970

# MUKTA ARTS LIMITED

xxii. The Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013

xxiii. The Copyright Act, 1957

xxiv. Trade Marks Act, 1999

xxv. The Patents Act, 1970

xxvi. Shop and Establishment Act, 1948

xxvii. Cinematograph Act, 1952

xxviii. Environment Protection Act, 1986 and other environmental laws

xxix. The Companies (Indian Accounting Standards) Rules, 2015

We have also examined compliance with the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the observations stated in the Annexure which is integral to this report.

**We further report that:**

There are no changes in composition of the Board of Directors of the Company, during the year under review. Further, the Board of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Director.

Adequate Notice was given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance. A system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes, the decisions at the Board Meetings were taken unanimously.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines, apart from procedural risk-based observations reported by the Internal Auditors of the Company from time-to-time, within no or insignificant compliance risk.

**We further report that** during the Audit period there were no specific events /actions having a major bearing on the Company's affairs, except the observations/comments provided in the annexure to this report.

**For AAS & Associates  
Company Secretaries**

**Sd/-  
CS Prerna Gupta  
Partner**

**Membership No.: FCS-8612**

**COP No.: 17264**

**UDIN: F008612E000698356**

**Peer Review Certificate No: 1951/2022**

**Date:** 28<sup>th</sup> July, 2023

**Place:** Mumbai



## MUKTA A2 CINEMAS LIMITED

**Annexure to the Secretarial Audit Report  
for the financial year ended on 31<sup>st</sup> March, 2023  
Audit Report dated 28<sup>th</sup> July, 2023**

Our report of even date is to be read along with this letter.

**1. Dematerialization of securities of the Company:**

The Companies (Prospectus and Allotment of Securities) Third Amendment Rules, 2018 came into effect in October 2018. As per the provisions of Rule 9A - Issue of securities in dematerialized form by unlisted public companies, every unlisted public company shall facilitate dematerialization of all its existing securities in accordance with provisions of the Depositories Act, 1996 and regulations made there under. Further, all fresh issue, transfer and all other transactions involving securities of the Company shall be done only in dematerialized form. Dematerialisation process for equity shareholders has been partially completed during the period under audit as few equity shareholders have not applied for dematerialisation, so they are holding physical share certificates.

2. The internal audit reports shared with us majorly contains observations pertaining to the medium or low risk category. The management has given satisfactory justification towards the same.
3. Maintenance of Secretarial Records is the responsibility of Management of the Company. Our responsibility is to express an opinion on these records based on our Audit.
4. We have followed the Audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
5. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company. Further, any modification done by the Company in the format specified by the concerned authorities was the duty of the concerned authority. Therefore, we have not taken responsibility of any such modification(s).
6. Wherever required, we have obtained the management representation about the compliances of Laws, Rules and Regulations and happening of events, etc.
7. Compliance of the provisions of corporate and other applicable Laws, Rules, Regulations and Standards are the responsibility of the Management. Our examination was limited to the verification of procedures on test basis.
8. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For AAS & Associates  
Company Secretaries**

**Sd/-  
CS Prerna Gupta  
Partner**

**Membership No.: FCS-8612  
COP No.: 17264**

**UDIN: F008612E000698356  
Peer Review Certificate No: 1951/2022**

**Date: 28<sup>th</sup> July, 2023  
Place: Mumbai**

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES FOR THE FINANCIAL YEAR 2022-23

[Pursuant to Section 135 of the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014]

### 1) Brief outline on CSR Policy of the Company

To contribute to the social and economic development of the communities in which the Company operate. In doing so, the Company will build a better, sustainable way of life for the weaker sections of society and raise the country's human development index.

Company's CSR strategy framework is based on the principles of "Responsible Business" and "Shared Value". The CSR programme framework is both in line with the Company's long-term commitment to building positive value for the communities (including stakeholders) as well as addresses key developmental priorities as identified by Schedule VII to the Act.

### 2) Composition of CSR Committee

Sr. No.	Name of the Member	Designation / Nature of Directorship	Number of meetings held during the year	Number of meetings attended during the year
1.	Mr. Kewal Handa	Chairman and Independent Director	1	1
2.	Mr. Rahul Puri	Member and Managing Director	1	1
3.	Mr. Parvez Farooqui	Member and Non-Executive Director	1	1

### 3) Web-link where Composition of CSR committee and CSR Policy approved by the Board are disclosed on the website of the Company

#### a) Composition of CSR Committee:

[http://www.muktaarts.com/Aboutus/investorsrelation/Corporate-Governance/MAL\\_Composition%20of%20Committee.pdf](http://www.muktaarts.com/Aboutus/investorsrelation/Corporate-Governance/MAL_Composition%20of%20Committee.pdf)

#### b) CSR Policy:

<http://www.muktaarts.com/Aboutus/investorsrelation/policies/Corporate-Social-Responsibility-Policy.pdf>

### 4) Details of impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014: Not Applicable

### 5) Details of amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: Nil

### 6) Average net profit of the Company as per Section 135(5): ₹ 12,00,74,457

### 7) (a) Two percent of average net profit of the Company as per Section 135(5): ₹ 24,01,489.14

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

(c) Amount required to be set off for the financial year, if any: Nil

(d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 24,01,489.14

### 8) (a) CSR amount spent or unspent for the financial year:

Total amount spent for the financial year (in ₹)	Amount Unspent (in ₹)				
	Total amount transferred to unspent CSR account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
24,01,490	N.A.	N.A.	N.A.	N.A.	N.A.

(b) Details of CSR amount spent on ongoing projects for the financial year: Company does not have any ongoing project.



(c) Details of CSR amount spent on other than ongoing projects for the financial year:

Sr. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
1.	Promoting Education	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Yes	Maharashtra	Mumbai	24,01,490	No	Whistling Woods International Foundation	CSR00029471
<b>Total</b>						<b>24,01,490</b>			

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: N.A.

(f) Total amount spent for the financial year (8b+8c+8d+8e): ₹ 24,01,490

(g) Excess amount for set off, if any: Nil

Sr. No.	Particulars	Amount (in ₹)
1.	Two percent of average net profit of the Company as per Section 135(5)	24,01,489.14
2.	Total amount spent for the financial year	24,01,490
3.	Excess amount spent for the financial year	Nil
4.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
5.	Amount available for set off in succeeding financial years	Nil

9) (a) Details of Unspent CSR amount for the preceding three financial years:

Sr. No.	Preceding financial years	Amount transferred to unspent CSR account under Section 135(6) (in ₹)	Amount spent in the reporting financial year (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1.	2021-22	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2.	2020-21	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
3.	2019-20	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): N.A.

10) In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: Company has not created or acquired any capital asset through CSR spent during the financial year.

11) Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per Section 135(5): N.A.

For and on behalf of CSR Committee  
Mukta Art Limited

Sd/-  
Rahul Puri  
Managing Director  
DIN: 01925045

Sd/-  
Kewal Handa  
Chairman of CSR Committee  
DIN: 00056826

Date: 10<sup>th</sup> August, 2023  
Place: Mumbai

## CORPORATE GOVERNANCE REPORT

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Mukta Arts Limited considers Corporate Governance as an instrument to maximize value for all Stakeholders, i.e. investors, employees, members, customers, suppliers, environment and the community at large. Good governance practices emerge from the culture and mind-set of the organization. The Company emanates its values from the rich governance and disclosure practices followed by the group.

Integrity and transparency are key to our corporate governance practices to ensure that we gain and retain the trust of our stakeholders at all times. We are in compliance of all the applicable provisions of the SEBI Listing Regulations. Corporate Governance is one of the essential pillars for building an efficient and sustainable environment. Your Company follows the best governance practices with highest integrity, transparency and accountability. Company's Corporate Governance Philosophy is further strengthened by its adoption of Policies, Code of Conduct for the Board Members and Senior Management, the Board process, Code of Conduct for Prevention of Insider Trading in Mukta Arts Securities.

Further, the SEBI Listing Regulations guidelines allow the Board to make independent decisions to bring objectivity and transparency in the management and in the dealings of the Company. The Governance Guidelines related to composition and role of the Board, Chairman and Directors, Board diversity, definition of independence, Director's term, retirement age and Committees of the Board are adhered to. These guidelines ensure that the Board will have the necessary authority and processes to review and evaluate our operations when required.

A Report on compliance with the Corporate Governance provisions as prescribed under the SEBI Listing Regulations is given below.

### BOARD OF DIRECTORS

#### A. Composition of the Board

The composition of the Board is in conformity with Regulation 17(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") read with Section 149 of the Companies Act, 2013 ("the Act").

As on 31<sup>st</sup> March, 2023, the Board consists of six Directors comprising of 3 Independent, Non-Executive Directors (including one Woman Director), 1 Non-Executive Director and 2 Executive Directors.

#### B. Attendance at Board Meetings

During the year under review, the Board met 4 times i.e. on 17<sup>th</sup> May, 2022, 9<sup>th</sup> August, 2022, 14<sup>th</sup> November, 2022 and 13<sup>th</sup> February, 2023.

The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the year and the number of Directorships and Committee Chairmanship/Membership held by them in other Companies are given herein below, other Directorships do not include directorships in Private Limited Companies, Section 8 Companies and Companies incorporated outside India.

Chairmanship/Membership of Board Committees include only Audit Committee and Stakeholders' Relationship Committee.

Sr. No.	Name of the Director	Category	Number of Board Meetings during the year 2022-23		Number of Directorships in other Public Companies	Membership / Chairmanship of Committees in other Public Companies		Directorship in Listed Companies	Annual General Meeting held on 27 <sup>th</sup> September, 2022
			Held	Attended		Chairman	Membership		
1.	Mr. Subhash Ghai	EC	4	3	6	Nil	Nil	CHL Limited - Independent Director	Yes
2.	Mr. Rahul Puri	MD	4	4	3	Nil	Nil	Nil	Yes
3.	Mr. Parvez Farooqui	NED	4	4	3	Nil	Nil	Nil	Yes
4.	Mr. Kewal Handa	ID	4	3	7	5	7	Borosil Limited - Independent Director Heubach Colorants India Limited - Independent Director	Yes
5.	Mr. Kapil Bagla*	ID	4	2	2	Nil	2	Nil	Yes
6.	Ms. Paulomi Dhawan	ID	4	4	3	Nil	1	D.B. Corp Limited – Independent Director	Yes





EC: Executive Chairman, MD: Managing Director, NED: Non-Executive Director, ID: Independent Director

*\*Mr. Kapil Bagla has been appointed as an Independent, Non-Executive Director of the Company w.e.f 9<sup>th</sup> August, 2022.*

*\*\*Mr. Manmohan Shetty ceased to be an Independent, Non-Executive Director of the Company w.e.f. 5<sup>th</sup> July, 2022.*

### C. Inter-se relationships among Directors

Mr. Rahul Puri is son-in-law of Mr. Subhash Ghai. Apart from this, there are no inter-se relationships among the Directors.

### D. Number of shares and convertible instruments held by Non-Executive Directors

Sr. No.	Name of the Non-Executive Director	No. of shares held
1.	Mr. Parvez Farooqui	77,300

None of the other Non-Executive Directors hold any share in the Company. Further, the Company has not issued any convertible instrument.

### E. Independent Directors

The Independent Directors on the Board of the Company, upon appointment are given formal appointment letter *inter-alia* containing the terms of appointment, role, duties, responsibilities, time commitment, remuneration, insurance, code of conduct, training and development, performance evaluation process, disclosure, confidentiality, etc. The Company has received necessary declarations from all the Independent Directors under Section 149(7) of the Act, that he/she meets the criteria of independence as laid down in Section 149(6) of the Act and Regulation 16(1)(b) of SEBI Listing Regulations. The Independent Directors do not have any material pecuniary relationship or transaction with the Company, its Executive Directors, Promoters or Management, which may affect their judgement.

The terms and conditions for appointment of Independent Directors and familiarisation programme of the Independent Directors both are disclosed on the website of the Company at [www.muktaarts.com](http://www.muktaarts.com).

### Chart Matrix

In terms of the requirement of SEBI Listing Regulations, the Board has identified the following core skills/ expertise/ competencies of the Directors in the context of the Company's business for effective functioning as given below:

Skills / Expertise / Competencies	Mr. Subhash Ghai	Mr. Parvez Farooqui	Mr. Kewal Handa	Mr. Kapil Bagla	Ms. Paulomi Dhawan	Mr. Rahul Puri
Leadership Skills	✓	✓	✓	✓	✓	✓
Industry experience	✓	✓	✓	✓	✓	✓
Comprehensive understanding of financial accounting, reporting & controls and analysis	✓	✓	✓	✓	✓	✓
Experience in providing guidance on major risks, compliances and various legislations	✓	✓	✓	✓	✓	✓
Governance Experience in developing and maintaining high governance standards	✓	✓	✓	✓	✓	✓

### Detailed reasons for the resignation of an Independent Director who resigns before the expiry of tenure along with a confirmation by such Director that there are no other material reasons other than those provided:

Mr. Manmohan Shetty (DIN:00013961) has resigned w.e.f. 5<sup>th</sup> July, 2022 before the expiry of tenure due to pre occupancy and other commitments and Mr. Manmohan Shetty has confirmed that there are no other material reasons other than pre occupancy and other commitments.

### Performance Evaluation

One of the Key functions of the Board is to monitor and review the board evaluation framework. The Board works with the Nomination and Remuneration Committee to lay down the evaluation criteria for the performance of executive/ non-executive/ independent directors through a peer-evaluation excluding the director being evaluated through a survey. The questionnaire of the survey is a key part of the process of reviewing the functioning and effectiveness of the Board and for identifying possible paths for improvement.

To improve the effectiveness of the Board and its committees, as well as that of each individual director, a formal and rigorous Board review is internally undertaken on an annual basis.

Further, the evaluation process was based on the affirmation received from the independent directors that they met the independence criteria as required under the Act and SEBI Listing Regulations.

# MUKTA ARTS LIMITED

## Separate Meeting of Independent Directors

In compliance with Regulation 25(3) of SEBI Listing Regulations and Schedule IV of the Act, a separate meeting of Independent Directors was convened on 24<sup>th</sup> February, 2023 for the financial year 2022-23. The meeting was held without the presence of Non-Independent Directors and Members of the management. The objective of the meeting was to review the performance of Non-Independent Directors and the Board as a whole, assess the performance of the Chairman of the Company and evaluate the quality, quantity and timeliness of the flow of information between the Company's management and the Board.

The Independent Directors discussed matters pertaining to the Company's affairs and presented their collective views to the Board of Directors.

## COMMITTEES OF THE BOARD

### (A) AUDIT COMMITTEE

In terms of the requirements of Regulation 18 of SEBI Listing Regulations and Section 177 of the Act, the Board has constituted a qualified and independent Audit Committee.

The Members of the Audit Committee have relevant experience in financials as well as have accounting or related financial management expertise and are considered financially literate as defined in Regulation 18(1)(c) of the SEBI Listing Regulations.

The required quorum was present at all meetings. All members of the Audit Committee are financially literate and possess financial/accounting expertise. Ms. Hemal N. Pankhania Company Secretary acted as the Secretary of the Committee. The Statutory Auditors and Internal Auditors of the Company are invitees to the Audit Committee Meetings. The Audit Committee hold discussions with the Statutory Auditors on the limited review of the quarterly and half yearly accounts of the Company and yearly Audit of the Company's accounts, Auditor's Report and other related matters. The report of the Internal Auditors is also reviewed by the Audit Committee.

Composition of the Audit Committee is as under:

Sr. No.	Name of the Member	Category
1.	Ms. Paulomi Dhawan	Chairperson and Independent, Non-Executive Director
2.	Mr. Kewal Handa	Member and Independent, Non-Executive Director
3.	Mr. Parvez Farooqui	Member and Non-Executive Director
4.	Mr. Kapil Bagla	Member and Independent, Non-Executive Director

*Ms. Paulomi Dhawan has been appointed as the Chairperson of Audit Committee w.e.f. 9<sup>th</sup> August, 2022.*

*Mr. Kewal Handa has resigned as the Chairman of Audit Committee w.e.f. 17<sup>th</sup> May, 2022 and he will continue as member of the Committee.*

*Mr. Kapil Bagla has been appointed as an Independent, Non-Executive Director of the Company w.e.f. 9<sup>th</sup> August, 2022 and also inducted as member of the Audit Committee.*

*Mr. Manmohan Shetty has resigned as an Independent, Non-Executive Director of the Company w.e.f. 5<sup>th</sup> July, 2022*

### Meetings and attendance

During the year under review, the Committee met 4 times i.e. on 17<sup>th</sup> May, 2022, 9<sup>th</sup> August, 2022, 14<sup>th</sup> November, 2022 and 13<sup>th</sup> February, 2023.

Sr. No.	Name of the Member	Meetings Held	Meetings Attended
1.	Ms. Paulomi Dhawan	4	4
2.	Mr. Kewal Handa	4	3
3.	Mr. Parvez Farooqui	4	4
4.	Mr. Kapil Bagla	4	2

The Chairperson of the Audit Committee attended the last Annual General Meeting of the Company held on 27<sup>th</sup> September, 2022, to answer the Members queries.

### Brief description of Terms of Reference

The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting process of the Company, audit of the Company's financial statements, appointments, independence, performance and remuneration of the statutory auditors, the performance of internal auditors.



The Committee, *inter-alia*, performs the following functions:

1.	Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2.	Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees including terms of appointment.
3.	Approval of payment to statutory auditors for any other services rendered by them.
4.	Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
	a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Section 134 of the Companies Act, 2013.
	b. Changes, if any, in accounting policies & practices and reasons for the same.
	c. Major accounting entries involving estimates based on the exercise of judgment by management.
	d. Significant adjustments made in the financial statements arising out of audit findings.
	e. Compliance with listing and other legal requirements relating to financial statements.
	f. Disclosure of any related party transactions.
	g. Modified opinion(s) in the draft audit report.
5.	Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6.	Reviewing, with the management, the statement of uses / application of funds as and when raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public issue or rights issue or preferential issue or qualified institutions placement and making appropriate recommendations to the Board to take up steps in this matter.
7.	Reviewing with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
8.	Reviewing the adequacy of internal audit function, if any, reporting structure coverage and frequency of internal audit.
9.	Discussion with internal auditors on any significant findings and follow up thereon.
10.	Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
11.	Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12.	To look into the reasons for substantial defaults in the payment of dividend to Members and payment to creditors.
13.	To review the functioning of the Whistle Blower mechanism, in case the same is existing.
14.	Carrying out any other function as is assigned to the Audit Committee.
15.	Such other powers and duties as may be required to be included in terms of SEBI Listing Regulations as amended from time to time and as referred to the Audit Committee by the Board of Directors of the Company.

#### (B) NOMINATION AND REMUNERATION COMMITTEE

In terms of the requirements of Regulation 19 of SEBI Listing Regulations and Section 178 of the Act, the Board has constituted Nomination and Remuneration Committee.

The Composition of Nomination and Remuneration Committee is as under:

Sr. No.	Name of the Member	Category
1.	Mr. Kewal Handa	Chairman and Independent, Non-Executive Director
2.	Ms. Paulomi Dhawan	Member and Independent, Non-Executive Director
3.	Mr. Kapil Bagla	Member and Independent, Non-Executive Director

*Mr. Kapil Bagla has been appointed as an Independent, Non-Executive Director of the Company w.e.f 9<sup>th</sup> August, 2022 and also inducted as member of the Nomination and Remuneration Committee.*

*Mr. Manmohan Shetty has resigned as an Independent, Non-Executive Director of the Company w.e.f 5<sup>th</sup> July, 2022.*

Two meetings of the Nomination and Remuneration Committee were held during the financial year 2022-23 on 17<sup>th</sup> May, 2022 and 9<sup>th</sup> August, 2022.

Sr. No.	Name of the Member	Meetings held	Meetings Attended
1.	Mr. Kewal Handa	2	2
2.	Ms. Paulomi Dhawan	2	2
3.	Mr. Kapil Bagla	2	1

# MUKTA ARTS LIMITED

The Chairman of Nomination and Remuneration Committee attended the last Annual General Meeting of the Company held on 27<sup>th</sup> September, 2022, to answer the Members queries.

## Brief description of Terms of Reference:

- To nominate persons who are qualified to become Directors and who may be appointed in a Senior Management in accordance with the criteria laid down.
- Recommend to the Board their appointment, removal and shall carry out evaluation of every Director's performance.
- To determine the Company's policy on specific remuneration packages for Executive Directors including pension and any compensation, recommendation for fixation and periodic revision of compensation policy (including performance bonus, incentives, perquisites and benefits) for senior management personnel.
- Carrying out any other function as is assigned to the Nomination and Remuneration Committee.
- Such other powers and duties as may be required to be included in terms of SEBI Listing Regulations as amended from time to time and as referred to the Committee by the Board of Directors of the Company.

## Nomination and Remuneration Policy

The Nomination and Remuneration Policy has been formulated by the Nomination and Remuneration Committee in compliance with Section 178 of the Act and Regulation 19 of SEBI Listing Regulations and has been approved by the Board of Directors.

The Nomination and Remuneration policy is available on the website of the Company at [www.muktaarts.com](http://www.muktaarts.com).

## Criteria for performance evaluation of Directors

Performance evaluation of each Director was carried out based on the criteria as laid down by the Nomination and Remuneration Committee.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, promotion of participation by all Directors and developing consensus amongst the Directors for all decisions.

## Remuneration paid to Directors

Your Company benefits from the professional expertise and invaluable experience of the Directors in their individual capacity as competent professionals/business executives in achieving corporate excellence. The Remuneration Policy is focused on ensuring that level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully. During the period, there were no pecuniary relationship or transaction between the Company and any of its Non-Executive Directors. The Company has not granted any stock options to any of its Non-Executive and/or Independent Directors.

The Remuneration details of Managing Director and Executive Director during financial year 2022-23 are mentioned below:

Particulars	Mr. Subhash Ghai Chairman, Executive Director	Mr. Rahul Puri Managing Director
Salary	82,50,000	57,70,789
Perquisites	3,37,400	47,400
<b>Total</b>	<b>85,87,400</b>	<b>58,18,189</b>
Service Contract	3 years	3 years
Notice period	3 months	3 months

During the year 2022-23, the Company has paid sitting fees to Directors as under:

Name of the Director	Sitting fees (₹)	Salary & Perquisites (₹)	Commission (₹)	Total (₹)
Mr. Kewal Handa	45,000	Nil	Nil	45,000
Ms. Paulomi Dhawan	60,000	Nil	Nil	60,000
Mr. Kapil Bagla	30,000	Nil	Nil	30,000
Mr. Parvez Farooqui	60,000	Nil	Nil	60,000
	<b>TOTAL</b>			<b>1,95,000</b>

## (C) STAKEHOLDERS RELATIONSHIP COMMITTEE

In terms of the requirements of Regulation 20 of SEBI Listing Regulations and Section 178 of the Act, the Board has constituted Stakeholders Relationship Committee, composition and terms of reference of which are in conformity with the said provisions.



The Composition of Stakeholders Relationship Committee is as under:

Sr. No.	Name of the Member	Category
1.	Ms. Paulomi Dhawan	Chairperson and Independent, Non-Executive Director
2.	Mr. Parvez Farooqui	Member and Non-Executive Director
3.	Mr. Kapil Bagla	Member and Independent, Non-Executive Director

*Ms. Paulomi Dhawan has been appointed as the Chairperson of the Committee w.e.f. 9<sup>th</sup> August, 2022.*

*Mr. Kapil Bagla has been appointed as an Independent, Non-Executive Director of the Company w.e.f. 9<sup>th</sup> August, 2022 and also inducted as member of the Stakeholders Relationship Committee.*

*Mr. Manmohan Shetty has resigned as an Independent, Non-Executive Director of the Company w.e.f. 5<sup>th</sup> July, 2022.*

*Mr. Kewal Handa has resigned as the Chairman of the Committee w.e.f. 1<sup>st</sup> April, 2022.*

The Chairperson of Stakeholders Relationship Committee attended the last Annual General Meeting of the Company held on 27<sup>th</sup> September, 2022, to answer the Members queries.

Stakeholders Relationship Committee met once during the year 2022-23 on 13<sup>th</sup> February, 2023.

Sr. No.	Name of the Member	Meetings held	Meetings Attended
1.	Ms. Paulomi Dhawan	1	1
2.	Mr. Parvez Farooqui	1	1
3.	Mr. Kapil Bagla	1	1

#### **Brief description of terms of reference**

The Committee is entrusted with the responsibility to resolve the grievances of security holders. The Committee monitors and reviews the performance and service standards of the Registrar and Transfer Agent of the Company and provides continuous guidance to improve the service levels for investors. The broad terms of reference of the Committee are as under:

- To deal and approve shares/securities transfers, request for split, issue of duplicate share certificate, etc.
- To delegate authority to Senior Executives for approval of transfer, transmission and transposition of securities issued by the Company;
- To deal with Investors complaints;
- To maintain, develop and improve relations with the investors;
- To appoint representatives to attend the General Meeting of other Companies in which the Company is holding shares.
- Carrying out any other functions as is assigned to the Committee.
- Such other powers and duties as may be required to be included in terms of SEBI Listing Regulations as amended from time to time and as referred to the Committee by the Board of Directors of the Company.

#### **Details of investor complaints received and redressed during the year 2022-23 are as follows:**

Pending at the beginning of the year	Received during the year	Resolved during the year	Pending at the end of the year
Nil	Nil	Nil	Nil

There are no pending complaints registered with 'SCORES' for the financial year ended 31<sup>st</sup> March, 2023.

#### **Name and designation of Compliance Officer**

Ms. Hemal N. Pankhania, is the Company Secretary and Compliance Officer of the Company.

#### **(D) SHARE TRANSFER COMMITTEE**

Pursuant to Regulation 20 of SEBI Listing Regulations, Company had constituted Stakeholders Relationship Committee to specifically look into various aspects of interest of security holders. The Company had constituted Share Transfer Committee to provide assistance to the Board of Directors in ensuring that the transfer of shares takes place within the stipulated period of time.

The scope of work of Share Transfer Committee is forming part of the terms of reference of the existing Stakeholders Relationship Committee. As a result of the same functionary framework of both the Committees, the functioning of Share Transfer Committee has become redundant. Therefore, the Share Transfer Committee has been dissolved w.e.f. 14<sup>th</sup> November, 2022.

# MUKTA ARTS LIMITED

## (E) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In terms of the provisions of Section 135 of the Act, the Board has constituted Corporate Social Responsibility (“CSR”) Committee. The Composition and terms of reference of the committee are in conformity with the said provisions.

The Composition of CSR Committee is as under:

Sr. No.	Name of the Member	Category
1.	Mr. Kewal Handa	Chairman and Independent, Non-Executive Director
2.	Mr. Rahul Puri	Member and Managing Director
3.	Mr. Parvez Farooqui	Member and Non-Executive Director

### Meetings and attendance

CSR Committee met once during the year 2022-23 on 13<sup>th</sup> February, 2023.

Sr. No.	Name of the Member	Meetings held	Meetings attended
1.	Mr. Kewal Handa	1	1
2.	Mr. Rahul Puri	1	1
3.	Mr. Parvez Farooqui	1	1

### Brief description of terms of reference

- To formulate and recommend to the Board, a CSR Policy which will indicate the activities to be undertaken by the Company in accordance with Schedule VII of the Companies Act, 2013;
- To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the Company;
- To monitor the CSR policy of the Company from time to time;
- Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

## General Body Meetings

### (a) Details of General Meetings and Special Resolutions passed:

Annual General Meetings (“AGM”) held during the last 3 years and the Special Resolutions passed therein:

Financial Year ended	Date	Time	Venue	Details of Special Resolutions
31 <sup>st</sup> March, 2022	27 <sup>th</sup> September, 2022	4:00 P.M.	Through Video Conferencing (Deemed Venue: Whistling Woods Institute, Dada Saheb Phalke, Chitra Nagari, Goregaon (E), Mumbai-400065)	Nil
31 <sup>st</sup> March, 2021	23 <sup>rd</sup> September, 2021	3:00 P.M.	Through Video Conferencing (Deemed Venue: Whistling Woods Institute, Dada Saheb Phalke, Chitra Nagari, Goregaon (E), Mumbai-400065)	Nil
31 <sup>st</sup> March, 2020	25 <sup>th</sup> September, 2020	3:00 P.M.	Through Video Conferencing (Deemed Venue: Whistling Woods Institute, Dada Saheb Phalke, Chitra Nagari, Goregaon (E), Mumbai-400065)	<ol style="list-style-type: none"> <li>1) Re-appointment of Ms. Paulomi Dhawan (DIN:01574580) as an Independent Director of the Company for a second term of 5 years.</li> <li>2) Re-appointment of Mr. Manmohan Shetty (DIN:00013961) as an Independent Director of the Company for a second term of 5 years.</li> <li>3) Re-appointment of Mr. Subhash Ghai (DIN:00019803) as Chairman, Executive Director of the Company for a further period of 3 years.</li> <li>4) Re-appointment of Mr. Rahul Puri (DIN:01925045) as Managing Director of the Company for a further period of 3 years.</li> </ol>



**(b) Extra Ordinary General Meeting**

No Extra Ordinary General Meeting of the Members of the Company was held during the financial year 2022-23.

**(c) Postal Ballot**

No Postal Ballot was conducted during the financial year 2022-23.

The Company seeks approval of the members through Postal Ballot Notice dated 25<sup>th</sup> May, 2023 on below mentioned Special Resolutions:

- a) Re-appointment of Mr. Subhash Ghai (DIN:00019803) as Chairman, Executive Director of the Company.
- b) Re-appointment of Mr. Rahul Puri (DIN:01925045) as Managing Director of the Company.

**Means of Communication**

**a) Quarterly/Half-yearly and Yearly Financial Results**

The quarterly/half-yearly and annual financial results along with the Segment Report of the Company are published in the newspapers, posted on the website of the Company at [www.muktaarts.com](http://www.muktaarts.com) and also submitted to the Stock Exchanges.

The results are generally published in Business Standard/ Financial Express (All India Edition- English Newspaper) and Mumbai Lakshadeep (Marathi Newspaper) which are national and local dailies respectively. These results are also posted on the Company's website at [www.muktaarts.com](http://www.muktaarts.com).

**b) Company's Website**

The important information including the Annual Reports, important policies, the quarterly, half yearly and yearly financial results, financials of subsidiaries, shareholding pattern etc. are placed on the Company's website at [www.muktaarts.com](http://www.muktaarts.com).

**c) Release of official news**

Your Company from time to time and as may be required, communicates with its Members through multiple channels of communications such as dissemination of information on the website of the stock exchanges, press releases, Annual Reports and uploading relevant information on its websites. Your company discloses to the stock exchanges, all the information required to be disclosed as per SEBI Listing Regulations.

**d) SEBI Complaints Redressal System (SCORES)**

SEBI has initiated SCORES for processing the investor complaints in a centralized web-based redress system and online redressal of all the Members complaints. The Company is in compliance with the SCORES and redressed the Members queries /complaints well within the stipulated time.

**General Members Information**

**Annual General Meeting**

**Date** : 27<sup>th</sup> September, 2023

**Time** : 04:00 p.m.

**Venue** : Deemed to be Whistling Woods Institute, Dada Saheb Phalke Chitra Nagari, Goregaon (E), Mumbai-400065

**Financial Year**

The Company follows the financial year as prescribed under the Act, that is period of 12 months starts from 1<sup>st</sup> day of April of a year and ending on 31<sup>st</sup> day of March of the following year.

Financial Calendar (tentative) results:

1<sup>st</sup> Quarter : Within 45 days from the end of the quarter

2<sup>nd</sup> Quarter : Within 45 days from the end of the quarter

3<sup>rd</sup> Quarter : Within 45 days from the end of the quarter

4<sup>th</sup> Quarter : Within 60 days from the end of the quarter/year

**Listing** : **National Stock Exchange of India Limited**  
Exchange Plaza, C-1, G-Block, Bandra Kurla Complex, Bandra (E), Mumbai- 400051

**BSE Limited**  
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001

**Corporate Identity Number** : L92110MH1982PLC028180

**ISIN NO.** : INE374B01019

**BSE Scrip Code** : 532357

**NSE Symbol** : MUKTAARTS

\*Calcutta Stock Exchange Association Limited – 23922

# MUKTA ARTS LIMITED

*\*The Company had voluntarily applied for delisting from The Calcutta Stock Exchange Limited (CSE) w.e.f. 31<sup>st</sup> March, 2014. The trading in script of the Company remains suspended by CSE. The confirmation on delisting is still awaited from CSE. The matter of delisting is still being followed up by the Company with CSE and a written letter has been filed with the SEBI in this regard. Response from SEBI as well as CSE is still awaited.*

The Listing fees for the financial year 2022-23 have already been paid to all the Stock Exchanges where the Company's shares are listed except CSE.

## Market Price Data – High, Low and number of equity shares traded during each month in the Financial Year 2022-23:

Months	BSE		NSE	
	High	Low	High	Low
April 2022	69.85	45.35	70.25	45.80
May 2022	60.00	41.45	-	-
June 2022	54.00	44.95	49.20	44.50
July 2022	63.20	47.90	63.25	46.80
August 2022	61.75	49.60	61.80	50.15
September 2022	65.70	54.00	66.00	54.35
October 2022	68.45	53.55	66.00	54.30
November 2022	65.95	52.00	65.75	51.15
December 2022	62.60	50.30	61.55	50.05
January 2023	58.90	53.00	59.25	52.30
February 2023	56.90	48.10	57.50	47.05
March 2023	56.30	41.62	55.75	43.00

Performance of Company's share in comparison to broad-based indices - S&P BSE Sensex and Nifty 50 are given below:

Months	Company's closing price at BSE	S&P BSE Sensex	Company's closing price at NSE	Nifty 50
April 2022	53.80	57060.87	67.60	17102.55
May 2022	54.95	55566.41	-	16584.55
June 2022	47.20	53018.94	48.45	15780.25
July 2022	57.60	57570.25	60.25	17158.25
August 2022	55.70	59537.07	58.90	17759.30
September 2022	56.50	57426.92	63.85	17094.35
October 2022	58.00	60746.59	63.70	18012.20
November 2022	56.85	63099.65	62.05	18758.35
December 2022	53.10	60840.74	60.50	18105.30
January 2023	55.70	59549.90	56.85	17662.15
February 2023	49.35	58962.12	55.75	17303.95
March 2023	44.34	58991.52	54.45	17359.75

## Name and Address of the Registrar and Transfer Agent

**Name:** Link Intime India Private Limited

**Address:** C-101, Embassy 247,  
L.B.S Marg, Vikhroli (W),  
Mumbai-400083.

**Tel. No.:** 022 - 4918 6000

**Fax:** 022 - 4918 6060

**Email:** rnt.helpdesk@linkintime.co.in

## Share Transfer System

As per the SEBI Listing Regulations, shares cannot be transferred unless they are held in dematerialized mode. Members who hold shares in physical form are advised to convert them into dematerialized mode to avoid the risk of losing shares, fraudulent transactions and to receive better investor servicing. Only valid transmission or transposition cases that comply with the SEBI guidelines will be processed by the RTA of the Company. To transfer, transmit or transpose shares in physical form, Members should submit them to the office of the Company's RTA. The RTA will process these cases only if they are technically found to be complete and in order.





Members are advised to refer the latest SEBI guidelines/circulars issued for all the holders holding securities in listed companies in physical form from time to time and keep their KYC details updated all the time to avoid freezing their folio as prescribed by SEBI.

#### Distribution of Shareholding as on 31<sup>st</sup> March, 2023

Distribution Schedule as on 31/03/2023					
Sr. No.	Shareholding of Shares	No. of Members	% of Total Members	Shares held	% of Shares held
1.	1 - 500	6586	86.85	758634	3.36
2.	501 - 1000	479	6.32	392132	1.74
3.	1001 - 2000	215	2.84	333342	1.48
4.	2001 - 3000	88	1.16	230165	1.02
5.	3001 - 4000	32	0.42	113699	0.50
6.	4001 - 5000	39	0.51	183920	0.81
7.	5001 - 10000	59	0.78	447475	1.98
8.	10001 and above	85	1.12	20125833	89.11
	<b>Total</b>	<b>7583</b>	<b>100</b>	<b>22585200</b>	<b>100</b>

#### Dematerialization of shares and liquidity

The Company's equity shares are traded in dematerialized form on both NSE and BSE. As of 31<sup>st</sup> March, 2023, 99.96% paid-up equity share capital of the Company are in dematerialized mode. The shares are assigned, International Securities Identification Number (ISIN) INE374B01019 under the Depository System. The two depositories where the shares are available are National Securities Depository Limited and Central Depository Services (India) Limited.

Sr. No.	Name of the Depository	No. of Shares	% of total issued capital
1.	NSDL	20425170	90.44
2.	CDSL	2150126	9.52
3.	Physical	9904	0.04
<b>TOTAL</b>		<b>22585200</b>	<b>100</b>

The Company has not issued any GDRs/ ADRs, Warrants or any other convertible instruments.

#### Disclosure on commodity price risk and hedging activities

The Company has not undertaken any commodity price risk activities during the financial year 2022-23 and also Company does not indulge in commodity hedging activity.

#### Company's Branches/Locations

##### Registered and Corporate Office

Mukta House, Behind Whistling Woods Institute,  
Filmcity Complex, Goregaon (East), Mumbai- 400 065.  
Telephone No.: (022) 3364 9400  
Fax No.: (022) 3364 9401  
Email ID: investorrelations@muktaarts.com  
Website: www.muktaarts.com

##### Premises Owned by the Company

- Flat Nos. 2 & 3, Bait-Ush-Sharaf,  
29<sup>th</sup> Road, Bandra (W), Mumbai-400050
- "Audeus" Plot No. A – 18, Opp. Laxmi Industrial Estate,  
Off Link Road, Andheri (W), Mumbai-400 053
- Bashiron, 28<sup>th</sup> Road, TPS- III,  
Bandra (W), Mumbai-400 050

##### Other Premises Occupied

- Mukta House, Filmcity Complex,  
Goregaon (E), Mumbai-400065

# MUKTA ARTS LIMITED

- 1/A, Naaz Building,  
Lamington Road,  
Mumbai-400004
- 607, Anushka Tower, Garg Tade Centre,  
Near G3s Multiplex, Sector - 11  
Rohini, Delhi-110 085
- Bhagirath Palace,  
3<sup>rd</sup> Floor, Main Road,  
Chandni Chowk,  
Delhi-110 006
- Dhupar Building, 1<sup>st</sup> Floor,  
Near Standard Hotel, Railway Road,  
Jalandar City-144001

## Address for Correspondence

Members can address their correspondence to the Registered Office of the Company and/or to Company's RTA:

	Company	Registrar and Transfer Agent
<b>Name</b>	Mukta Arts Limited	Link Intime India Private Limited
<b>Address</b>	Mukta House, Behind Whistling Woods Institute, Filmcity Complex, Goregaon (E), Mumbai-400065.	C-101, Embassy 247, L.B.S Marg, Vikhroli (W), Mumbai-400083.
<b>Tel. No.</b>	(022) 3364 9400	(022) 4918 6000
<b>Fax No.</b>	(022) 3364 9401	(022) 4918 6060
<b>Email</b>	investorrelations@muktaarts.com	rnt.helpdesk@linkintime.co.in

## Credit Rating

The Company has not obtained any Credit Rating during the financial year 2022-23.

## Other Disclosures

### Disclosure on Material significant Related Party Transaction

During the year, the Company has not entered into any material significant Related Party Transactions that may have potential conflict with the interests of the Company at large.

The policy for Related Party Transactions can be accessed on Company's website.

### Disclosure on instance of non-compliance

There have been no instance of non-compliance on any matter with the rules and regulations prescribed by the Stock Exchanges, SEBI or any other statutory authority relating to the capital market during the last three years.

### Disclosure on Vigil Mechanism/Whistle Blower Policy

The Company had established Vigil Mechanism/Whistle Blower Policy for its Directors and Employees to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct and is displayed on Company's website. The Company takes cognizance of complaints made and suggestions given by the employees and others. No personnel have been denied access to the Audit Committee of the Board of Directors of the Company. No Complaints have been received by the Company during the year under review.

### Compliance with mandatory requirements and adoption of non-mandatory requirements

The Company has complied with all mandatory requirements of SEBI Listing Regulations for the financial year 2022-23 and also non-mandatory requirements to the extent as per Part E of Schedule II of SEBI Listing Regulations.

### Policy for determining 'Material Subsidiaries'

Your company has formulated a policy for determining 'Material Subsidiaries' as defined in Regulation 16 of SEBI Listing Regulations. The policy is available on the Company's website.

### Disclosure of utilization of funds raised through preferential allotment or qualified institutions placement

As no funds were raised through preferential allotment or qualified institutions placement, disclosure regarding utilization of funds as specified under Regulation 32(7A) of SEBI Listing Regulations is not required.

### Certificate confirming non-debarment and non-disqualification of Directors

Certificate has been received from M/s. K. C. Nevatia & Associates, Practicing Company Secretaries, Mumbai (FCS: 3963 and COP: 2348) that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of Companies by SEBI, Ministry of Corporate Affairs or any such statutory authority. The said certificate has been appended as **Annexure-II** to this report.



### Recommendations of Committee

There was no such instance during the financial year 2022-23, where the Board of Directors had not accepted any recommendation of any Committee of the Board.

### Details of consolidated fees paid to Statutory Auditors

Total fees paid for all services availed by the Company and its subsidiaries during financial year 2022-23, on a consolidated basis to M/s. Uttam Abuwala Ghosh & Associates, Chartered Accountants, Mumbai (Firm Registration No. 111184W) Statutory Auditors of the Company are given below:

Particulars	Amount (In ₹)
Statutory Audit Fees	14,00,000
Other services including reimbursement of expenses	50,000
<b>Total</b>	<b>14,50,000</b>

### Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Number of complaints filed during the financial year	Number of complaints disposed of during the financial year	Number of complaints pending as on end of the financial year
Nil	Nil	Nil

### Details of loans and advances in the nature of loans to firms/companies in which Directors are interested as at 31<sup>st</sup> March, 2023

Sr. No.	Entity to whom loan is given	Relationship with the Company	Opening Balance	Amount of loan given during the year	Amount of loan repaid during the year	Outstanding loan as at 31 <sup>st</sup> March, 2023
1.	Mukta V N Films Limited	Enterprises over which key management personnel have control/ substantial interest/ significant influence	2,00,00,000	0	0	2,00,00,000
2.	Mukta A2 Cinemas Limited	Subsidiary	55,25,00,000	5,60,00,000	85,00,000	60,00,00,000
3.	Mukta A2 Multiplex W.L.L	Subsidiary	11,41,49,799	2,96,31,911	1,30,45,695	13,07,36,015
4.	Whistling Woods International Limited	Subsidiary	20,26,00,000	1,00,00,000	2,75,00,000	18,51,00,000

### Disclosure on Material Subsidiaries

In compliance with the SEBI Listing Regulations, the Board has formulated the Policy for determining Material Subsidiaries. The policy is available on the Company's website.

Name of the Material Subsidiary	Details of Incorporation		Details of Statutory Auditor	
	Date	Place	Name	Date of appointment
Whistling Woods International Limited	10/01/2001	Mumbai	M/s. KNAV & Co. LLP, Chartered Accountants	Board Meeting: 12/05/2022 AGM: 20/09/2022
Mukta A2 Cinemas Limited	16/11/2016	Mumbai	M/s. Uttam Abuwala Ghosh & Associates, Chartered Accountants	Board Meeting: 24/11/2016 AGM: 12/09/2017 <b>Reappointment</b> Board Meeting: 08/08/2022 AGM: 20/09/2022
Mukta A2 Multiplex W.L.L	17/05/2016	Bahrain	Moore Stephens, Public Accountants and Consultants	AGM: 20/10/2020

### Compliance with Corporate Governance requirements

The Company has complied with the requirements of Corporate Governance set forth in Regulation 17 to 27, as well as Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI Listing Regulations.

### Subsidiary Companies

The Audit Committee reviews the consolidated financial statements of the Company and the investments made by its unlisted subsidiary companies.

# MUKTA ARTS LIMITED

## Unclaimed Dividend

Pursuant to the provisions of the Act, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended (the “Rules”), the shares pertaining to which dividend remains unclaimed/ unpaid for a period of seven consecutive years from the date of transfer to the unpaid/ unclaimed dividend account is mandatorily required to be transferred to the Investor Education and Protection Fund (“IEPF”) established by the Central Government.

However, Members can claim their shares and unpaid/ unclaimed dividends transferred to the IEPF by following the prescribed procedure under the IEPF Rules. The member/claimant must make an online application to the IEPF Authority in e-Form No. IEPF-5 (available at [www.iepf.gov.in](http://www.iepf.gov.in)) and submit the necessary documents to the Company.

The following table provides information about outstanding dividends/sale proceeds from fractional shares and their respective due dates for claiming it from the Company:

Financial year ended	Date of Declaration	Last date to claim	Due Date for transfer to IEPF
2018-2019	28 <sup>th</sup> August, 2019	3 <sup>rd</sup> October, 2026	2 <sup>nd</sup> November, 2026

Details of unpaid/ unclaimed dividend and Members whose shares are liable to be transferred to IEPF authority are uploaded on company’s website at [www.muktaarts.com](http://www.muktaarts.com).

## Code of Conduct

The Company has laid down code of conduct for all its Board Members and Senior Management Personnel of the Company which is posted on the Company’s website. All the Board Members and Senior Management Personnel have affirmed compliance with the said Code of Conduct. Affirmation with compliance of the Code of Conduct is enclosed as **Annexure-III**.

## Prevention of Insider Trading

The Company has framed and implemented a Code on Prevention of Insider Trading in accordance with the Code prescribed by SEBI (Prohibition of Insider Trading) Regulations, 2015.

## Reconciliation of Share Capital Audit

Reconciliation of Share Capital Audit is being carried out every quarter by Practicing Company Secretary and the Reports are placed before the Board for their consideration and review and filed regularly with National Stock Exchange and Bombay Stock Exchange within the stipulated time. The audit, *inter alia*, confirms that the listed and paid up capital of the Company is in agreement with the aggregate of the total number of shares in dematerialized form held with NSDL and CDSL and the total number of shares in physical form.

## MD and CFO certification

Pursuant to the provisions outlined in Regulation 17(8) of the SEBI Listing Regulations, Managing Director and Chief Financial Officer have issued a certificate affirming that the financial statements are free from any materially false statement and accurately reflect the Company’s current state of affairs. The said certificate has been appended as **Annexure-IV** to this report.

## Green initiative

As a responsible corporate entity, the Company wholeheartedly endorses and supports the ‘Green Initiative’ launched by the Ministry of Corporate Affairs, Government of India. This initiative facilitates electronic delivery of documents, including the Annual Report and other such documents to Members’ registered e-mail addresses with their DPs or with the Company or its RTA.

We urge Members who have not yet registered their e-mail addresses to do so without delay. Members who hold shares in Demat form can register their e-mail address with their respective DPs. For Members who hold shares in physical form, are request that they register their e-mail addresses with the RTA.

By order of the Board of Directors  
Mukta Arts Limited

Date: 10<sup>th</sup> August, 2023  
Place: Mumbai

Sd/-  
Subhash Ghai  
Chairman, Executive Director  
DIN: 00019803



*Annexure-I*

## **CORPORATE GOVERNANCE CERTIFICATE**

**To,  
The Members  
Mukta Arts Limited  
Mukta House, Behind Whistling Woods Institute,  
Filmcity Complex, Goregaon (E), Mumbai-400065.**

We have examined the compliance of the conditions of Corporate Governance by Mukta Arts Limited (**"the Company"**) for the year ended on 31<sup>st</sup> March, 2023 as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"SEBI Listing Regulations"**).

The compliance of the conditions of Corporate Governance is the responsibility of the Management of the Company. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on 31<sup>st</sup> March, 2023.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For K.C. Nevatia & Associates  
Company Secretaries**

**Sd/-  
K. C. Nevatia  
Proprietor  
FCS No.: 3963  
COP No.: 2348  
UDIN: F003963E000740787**

**Date:** 4<sup>th</sup> August, 2023  
**Place:** Mumbai

# MUKTA ARTS LIMITED

*Annexure-II*

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

*(Pursuant to Clause 10 of Part C of Schedule V of SEBI Listing Regulations)*

To,  
**The Members**  
**Mukta Arts Limited**  
**Mukta House, Behind Whistling Woods Institute,**  
**Filmcity Complex, Goregaon (E), Mumbai – 400065.**

In pursuance of Sub Clause (i) of Clause 10 of Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of Mukta Arts Limited (“**the Company**”) having CIN:L92110MH1982PLC028180 and having registered office at Mukta House, Behind Whistling Woods Institute, Filmcity Complex, Goregaon (E), Mumbai - 400065, we hereby certify that:

On the basis of the written representations/declarations received from the Directors and on the basis of relevant forms filed by the Company with Registrar of Companies and status of DIN of each Director of the Company from the portal of Ministry of Corporate Affairs, none of the Directors on the Board of the Company as on 31<sup>st</sup> March, 2023 has been debarred or disqualified by the SEBI / Ministry of Corporate Affairs or any such statutory authority from being appointed or continuing as Director of the Companies.

**For K.C. Nevatia & Associates**  
**Company Secretaries**

**Date:** 2<sup>nd</sup> August, 2023  
**Place:** Mumbai

**Sd/-**  
**K. C. Nevatia**  
**Proprietor**  
**FCS No.: 3963**  
**COP No.: 2348**  
**UDIN: F003963E000725728**



*Annexure-III*

## **DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT**

*[Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]*

I, Rahul Puri, Managing Director of Mukta Arts Limited hereby declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the Financial Year 2022-23.

**By order of the Board of Directors  
Mukta Arts Limited**

**Sd/-  
Rahul Puri  
Managing Director  
DIN: 01925045**

**Date:** 25<sup>th</sup> May, 2023  
**Place:** Mumbai

## MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER CERTIFICATION

*[Pursuant to Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Financial Year ended 31<sup>st</sup> March, 2023]*

We, the undersigned, certify that:

- A. We have reviewed the financial statements and the cash flow statement for the financial year ended 31<sup>st</sup> March, 2023 and that to the best of our knowledge and belief:
1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
  3. These statements do not contain any false or misleading statement or figures and do not omit any material fact which make the statements or figures contained therein misleading.
- B. This is to the best of our knowledge and belief, no transactions entered into by the Company during the financial year which are fraudulent, illegal or violate Company's code of conduct.
- C. We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify those deficiencies.
- D. We have indicated to the Auditors and the Audit committee that:
1. There has not been any significant change in internal control over financial reporting during the year under reference;
  2. There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
  3. We are not aware of any instance during the year, of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

**By order of the Board of Directors  
Mukta Arts Limited**

**Sd/-  
Rahul Puri  
Managing Director  
DIN: 01925045**

**Sd/-  
Prabuddha Dasgupta  
Chief Financial Officer**

**Date:** 25<sup>th</sup> May, 2023

**Place:** Mumbai





## INDEPENDENT AUDITORS' REPORT

To the Members  
Mukta Arts Limited

### Report on audit of the Standalone Financial Statements

#### Qualified Opinion

We have audited the accompanying Standalone Financial Statements of **Mukta Arts Limited** ("the Company"), which comprise the Standalone Balance Sheet as at 31<sup>st</sup> March, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the standalone financial statements').

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis of Qualified Opinion paragraph below, the aforesaid Standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2023, its **profit** (including other comprehensive income), the changes in equity and its cash flows for the year ended on that date.

#### Basis of Qualified Opinion

As at 31<sup>st</sup> March, 2023, the Company's investment in its subsidiary (including deemed investment), Whistling Woods International Limited ('**WWIL**') a joint venture between the Company and Maharashtra Film, Stage and Cultural Development Corporation Limited ('**MFSCDCL**'), aggregates to ₹ 19,95,11,218/- and loans and advances, deposits, interest receivable and rent receivable aggregate to ₹ 64,13,83,146/- recoverable from WWIL.

As fully explained in Note 42 to the accompanying audited financial statements, the Order of 9<sup>th</sup> February, 2012 passed by the High Court of judicature at Bombay ('High Court'), had quashed the joint Venture Agreement ('**JVA**') between the Company and MFSCDCL. MFSCDC raised net demand of ₹ 59,19,66,210/- and asked WWIL to vacate the premises. WWIL's petition for special leave to appeal filed with the Supreme Court of India had also been dismissed. The Company and WWIL had filed application to review the said order with the High Court and an Interim stay was granted on 30<sup>th</sup> July, 2014 which required deposit of ₹10,00,38,000/- by January 2015 against payment of arrears of rent for the year 2000-01 to 2013-14 and payment of ₹ 45,00,000/- per annum from Financial Year 2014-15 till the settlement of the case, to MFSCDCL. As per the terms of the said order, till financial year 2016- 17, ₹ 11,35,38,000/- has been paid by the Company and for financial year 2017-18 to 2021-22 ₹ 45,00,000/- per annum has been paid by WWIL. The State Govt. of Maharashtra and MFSCDCL challenged the order of the High Court in the Supreme Court which was dismissed by the Supreme Court on 22<sup>nd</sup> September, 2014. The amount so paid / being paid by the— Company have been accounted under Non - Current Other Financial Assets in the Standalone Financial Statements to be adjusted on the settlement of the case. Management of WWIL informs that these will be accounted as an expense, if required, on the settlement of the case.

Additionally, without giving effect to the matter as stated above, WWIL's net worth stands fully eroded as at 31<sup>st</sup> March, 2023. Management of WWIL believes that it is appropriate to prepare the financial statements on a going concern basis based on its assessment of the merits of the case, plans for the future and support provided by its holding Company.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. 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 Act 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 qualified opinion.

#### Key Audit Matters

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

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

#### Information other than the Financial Statements and Auditors' Report thereon

The Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexure(s) to Board's Report, but does not include the Financial Statements and our auditor's report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

# MUKTA ARTS LIMITED

## Independent Auditors' Report (Continued)

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone 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 the accounting principles generally accepted in India, including the accounting standards specified 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 of 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 statement 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.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone 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 Standalone 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 Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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



### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act we give in the **Annexure-A**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Standalone Balance Sheet, Standalone Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Standalone Cash Flow Statement and the Standalone Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the Internal Financial Controls over Financial Reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **Annexure-B**, and
  - (g) In our opinion, the managerial remuneration for the year ended 31<sup>st</sup> March, 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:
    - i. The Company has disclosed the impact of pending litigations as at 31<sup>st</sup> March, 2023 on its financial position in its standalone financial statements – Refer Notes No. 39.
    - ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note No. 45.
    - iii. There was no amount required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31<sup>st</sup> March, 2023 – Refer Note No. 46.
    - iv. 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;
    - v. 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
    - vi. 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.
    - vii. The Company has not declared or paid any dividend during the year in contravention of the provisions of section 123 of the Act.

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

Sd/-

**CA. Subhash Jhunjunwala**  
**Partner**  
**Membership No. 016331**  
**UDIN: 23016331BGXBZR7312**

**Date:** 25<sup>th</sup> May, 2023

**Place:** Mumbai

# MUKTA ARTS LIMITED

## **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 Arts Limited on the accounts for the year ended 31<sup>st</sup> March, 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.
- b) The Company has concluded physical verification of Plant and Equipment during the year.
- c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- d) The Company has not revalued its Property, Plant, and Equipment during the year. Therefore, the provisions of Clause (i)(d) of paragraph 3 of the order are not applicable to the Company.
- e) 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. Therefore, the provisions of Clause (i)(e) of paragraph 3 of the order are not applicable to the Company.
- ii) a) As explained by the Management, Company does not have any inventory for physical verification. Accordingly, paragraph 3(ii) of the Order is not applicable to the Company.
- b) During any point of time of the year, the Company has not been sanctioned any working capital limits, from banks or financial institutions on the basis of security of current assets. Therefore, the provisions of Clause (ii)(b) of paragraph 3 of the order are not applicable to the Company
- 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 Act, for any of services rendered by the Company.
- vii) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues 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.

According to information and explanations given to us, there are no undisputed statutory dues payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Value Added Tax, GST and other material statutory dues, were in arrears as on 31<sup>st</sup> March, 2023 for a period of more than 6 months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues payable in respect of value added tax, GST, customs duty and excise duty which have not been deposited with appropriate authorities on account of any disputes. The following dues of Service Tax & Income Tax have not been deposited by the Company on account of dispute:

Name of the statute	Nature of dues	Amount (₹)	Period to which the amount relates	Forum where the dispute is pending
Chapter V of the Finance Act, 1994	Service Tax	8,75,000/-*	November 1996 - November 2001	Customs, Excise & Service Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	19,53,900/-	Asst year 2015-16	Commissioner of Income Tax (Appeals)
		1,55,77,380/-	Asst year 2014-15	
		88,08,700/-	Asst Year 2013-14	
		15,08,440/-	Asst Year 2012-13	
		5,24,938/-	Asst year 2011-12	Income Tax Appellate Tribunal (Appeals)

\*Excludes Amount deposited under protest ₹ 8,00,000/-



- 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.
- (a) 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.
- b) During the year no report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As auditors, we did not receive any whistle-blower complaints during the year.
- xi) According to the information and explanations given to us and based on the examinations of the records of the Company, the managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii) 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.
- xiii) According to the information and explanations given to us, all transactions with the related parties are in compliance with Section 188 and 177 of Companies Act, 2013 and the details of such transactions have been disclosed in the Financial Statements as required by the accounting standards and Companies Act, 2013.
- xiv) 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

# MUKTA ARTS LIMITED

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.

- xx) 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.
- xxi) 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.
- xxii) On the basis of verification of records and according to the information and explanations given to us and based on the records made available to us, the Company has not made any preferential allotment / private placement of shares or fully or partly convertible debentures during the year under review.
- xxiii) In our opinion and according to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him.

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

**Sd/-**

**CA. Subhash Jhunjhunwala**

**Partner**

**Membership No.: 016331**

**UDIN: 23016331BGXBZR7312**

**Date: 25<sup>th</sup> May, 2023**

**Place: Mumbai**

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## **Annexure-B to the Independent Auditor's Report of even date on the Standalone Financial Statements of Mukta Arts 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)

We have audited the internal financial controls over financial reporting of **Mukta Arts Limited** ("the Company") for the year ended on 31<sup>st</sup> March, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the 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 Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the



assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### **Meaning of Internal Financial Controls over Financial Reporting**

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

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

#### **Qualified Opinion**

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls system over financial reporting as of March 31, 2023, 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 except for the effects/possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as of March 31, 2023.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company for the year ended March 31, 2023, and the material weakness doesn't affect our opinion on the standalone financial statements of the Company.

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

**Sd/-**

**CA. Subhash Jhunjhunwala**

**Partner**

**Membership No. 016331**

**UDIN: 23016331BGXBZR7312**

**Date:** 25<sup>th</sup> May, 2023

**Place:** Mumbai

# MUKTA ARTS LIMITED

## Standalone Balance Sheet As At 31 March, 2023

		(₹ in '000)	
Particulars	Note No.	As at 31 March 2023	As at 31 March 2022
<b>I. ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	6 (a)	115,139	123,207
(b) Right-of-use assets	6 (b)	6,232	7,601
(c) Capital work-in-progress	6(c)	1,287	1,287
(d) Investment property	7	129,484	132,596
(e) Intangible assets	6 (d)	-	-
(f) Intangible Assets under Development	6 (e)	37,034	17,488
<b>(g) Financial assets</b>			
(i) Investments	8 (a)	315,204	286,096
(ii) Loans	8 (b)	356,906	374,406
(iii) Others financial assets	8 (c)	392,731	380,218
(h) Deferred tax assets (net)	9	21,905	22,201
(i) Other non-current assets	10	106,274	90,622
<b>Total Non-current assets</b>		<b>1,482,196</b>	<b>1,435,723</b>
<b>Current assets</b>			
<b>(a) Financial assets</b>			
(i) Trade receivables	11 (a)	159,590	145,953
(ii) Cash and cash equivalents	11 (b)	67,961	12,580
(iii) Bank balances other than (ii) above	11 (c)	59,630	65,897
(iv) Loans	11 (d)	800,829	738,645
(v) Others financial assets	11 (e)	68,218	67,831
(b) Other current assets	12	37,053	42,312
<b>Total Current assets</b>		<b>1,193,281</b>	<b>1,073,218</b>
<b>Total Assets</b>		<b>2,675,477</b>	<b>2,508,941</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	13	112,926	112,926
(b) Other Equity	14	1,666,650	1,582,306
<b>Total Equity</b>		<b>1,779,576</b>	<b>1,695,232</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>(a) Financial liabilities</b>			
(i) Borrowings	15 (a)	532,220	451,189
(ii) Lease Liabilities	15 (b)	18,483	25,249
(iii) Other financial liabilities	15 (c)	44,976	42,480
(b) Employee Benefits Obligations	16	12,827	12,198
(c) Other non-current liabilities	17	46,414	63,540
<b>Total Non-Current Liabilities</b>		<b>654,920</b>	<b>594,657</b>
<b>Current liabilities</b>			
<b>(a) Financial liabilities</b>			
(i) Borrowings	18 (a)	48,000	60,000
(ii) Lease Liabilities	18 (b)	6,766	3,106
(iii) Trade payables	18 (c)	23,308	30,767
(iv) Other financial liabilities	18 (d)	16,716	40,399
(b) Short Term Provisions	19	17,030	3,343
(c) Other current liabilities	20	129,162	81,437
<b>Total Current liabilities</b>		<b>240,982</b>	<b>219,052</b>
<b>Total Equity and Liabilities</b>		<b>2,675,477</b>	<b>2,508,941</b>

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

As per our report of even date.

For **Uttam Abuwala Ghosh & Associates**

Chartered Accountants

Firm's Registration No: 111184W

For and on behalf of the Board of Directors of

**Mukta Arts Limited**

CIN: L92110MH1982PLC028180

**CA Subhash Jhunjunwala**

Partner

Membership No: 016331

**Subhash Ghai**

Chairman Director

DIN: 00019803

**Rahul Puri**

Managing Director

DIN: 01925045

**Parvez A. Farooqui**

Director

DIN: 00019853

**Date:** 25 May 2023

**Place:** Mumbai

**Prabuddha Dasgupta**

Chief Financial Officer

**Hemal Pankhania**

Company Secretary

Membership No: ACS31426





## Standalone Statement of Profit and Loss for the year ended on 31 March, 2023

(₹ in '000)

Particulars	Note No.	Year ended 31 March 2023	Year ended 31 March 2022
(I) Revenue from operations	21	198,740	483,429
(II) Other income	22	138,469	145,121
<b>(III) Total Income (I+II)</b>		<b>337,209</b>	<b>628,550</b>
<b>(IV) Expenses</b>			
(a) Cost of production, distribution and exhibition	23	3,860	177,989
(b) Employee benefits expense	24	50,329	38,255
(c) Finance costs (net)	25	50,370	58,903
(d) Depreciation and amortisation expenses	26	20,568	21,313
(e) Other expenses	27	107,155	86,238
<b>Total Expenses</b>		<b>232,282</b>	<b>382,698</b>
<b>(V) Profit/(Loss) before tax (III - IV)</b>		<b>104,928</b>	<b>245,852</b>
<b>Tax expense</b>			
Current tax		17,900	52,500
Deferred tax		297	4,508
Taxes for earlier years		2,523	(17,008)
<b>(VI) Profit for the period after tax (VI+VII)</b>		<b>84,208</b>	<b>205,852</b>
<b>(VII) Other comprehensive income</b>			
Items that will not be reclassified to profit or loss		-	-
Less : Remeasurement gain on defined benefit plan		131	1,027
<b>Other comprehensive income for the year</b>		<b>131</b>	<b>1,027</b>
<b>(VIII) Total comprehensive income for the year (IX+X)</b>		<b>84,338</b>	<b>206,880</b>
<b>(IX) Earnings per share</b>	31		
Basic (in Rs) (nominal value ₹ 5)		3.73	9.16
Diluted (in Rs) (nominal value ₹ 5)		3.73	9.16

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

As per our report of even date.

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

For and on behalf of the Board of Directors of  
**Mukta Arts Limited**  
CIN: L92110MH1982PLC028180

**CA Subhash Jhunjunwala**  
Partner  
Membership No: 016331

**Subhash Ghai**  
Chairman Director  
DIN: 00019803

**Rahul Puri**  
Managing Director  
DIN: 01925045

**Parvez A. Farooqui**  
Director  
DIN: 00019853

**Date:** 25 May 2023  
**Place:** Mumbai

**Prabuddha Dasgupta**  
Chief Financial Officer

**Hemal Pankhania**  
Company Secretary  
Membership No: ACS31426

# MUKTA ARTS LIMITED

## Statement of Changes in Equity as at 31 March, 2023

(₹ in '000)

	Number	Amount
<b>Balance as at 1 April 2021</b>	<b>22,585,200</b>	<b>112,926</b>
Add: Changes in equity share capital	-	-
<b>Balance as at 31 March 2022</b>	<b>22,585,200</b>	<b>112,926</b>
Add: Changes in equity share capital	-	-
<b>Balance as at 31 March 2023</b>	<b>22,585,200</b>	<b>112,926</b>

	Securities Premium	General Reserve	Capital Reserve	Retained Earnings	Total other equity
<b>Balance as at 1 April 2021</b>	<b>973,605</b>	<b>83,145</b>	<b>12</b>	<b>309,283</b>	<b>1,366,044</b>
Profit/(loss) for the year	-	-	-	205,852	205,852
Ind As 116 adjustments	-	-	-	9,399	9,399
Dividend and dividend tax	-	-	-	-	-
Other comprehensive income for the year	-	-	-	1,027	1,027
<b>Total Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>216,278</b>	<b>216,278</b>
Dividend and dividend tax	-	-	-	-	-
Employee stock option compensation expense	-	-	-	-	-
<b>Balance as at 31 March 2022</b>	<b>973,605</b>	<b>83,145</b>	<b>12</b>	<b>525,545</b>	<b>1,582,322</b>
Net profit after tax for the year	-	-	-	84,208	84,208
Ind As 116 adjustments	-	-	-	-	-
Dividend and dividend tax	-	-	-	-	-
Other comprehensive income for the year	-	-	-	131	131
<b>Total Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>84,338</b>	<b>84,338</b>
Transfer from/to share option outstanding account	-	-	-	-	-
Employee stock option compensation expense	-	-	-	-	-
<b>Balance as at 31 March 2023</b>	<b>973,605</b>	<b>83,145</b>	<b>12</b>	<b>609,889</b>	<b>1,666,650</b>

The above standalone statement of changes in equity account should be read in conjunction with the accompanying notes.

As per our report of even date.

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

For and on behalf of the Board of Directors of  
**Mukta Arts Limited**  
CIN: L92110MH1982PLC028180

**CA Subhash Jhunjunwala**  
Partner  
Membership No: 016331

**Subhash Ghai**  
Chairman Director  
DIN: 00019803

**Rahul Puri**  
Managing Director  
DIN: 01925045

**Parvez A. Farooqui**  
Director  
DIN: 00019853

**Date:** 25 May 2023  
**Place:** Mumbai

**Prabuddha Dasgupta**  
Chief Financial Officer

**Hemal Pankhanja**  
Company Secretary  
Membership No: ACS31426



## Standalone Cash Flow Statement for the year ended 31 March, 2023

Particulars	(₹ in '000)	
	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	104,928	245,852
<b>Non-cash adjustments to reconcile Profit before tax to net cash flows</b>		
Depreciation and amortisation	20,568	21,313
Bad debts/ advances/ intangible assets under development written-off	7,165	8,077
Finance costs	50,370	58,903
Interest income	(101,826)	(97,150)
(Gain) on sale of tangible assets (net)	(1,669)	(17,863)
<b>Operating profit before working capital changes</b>	<b>79,536</b>	<b>219,131</b>
Movements in working capital:		
Increase/(Decrease) in other current liabilities	47,475	(194,087)
Increase/(Decrease) in other financial liabilities	(40,177)	(19,865)
Increase/(Decrease) in other non current liabilities	(15,850)	49,450
Increase/(Decrease) in other non current lease liabilities	(23,997)	(3,106)
Increase/(Decrease) in other non current financial liabilities	49,126	3,091
Increase/(Decrease) in current lease liabilities	3,660	650
Increase/(Decrease) in trade payables	(7,458)	13,057
Increase/(Decrease) in current provisions	13,686	(39,778)
Increase/(Decrease) in non current provisions	629	(1,344)
(Increase)/Decrease in trade receivables	(13,637)	45,921
(Increase)/Decrease in loans and advances	17,500	-
(Increase)/Decrease in other non- current assets	(15,652)	24,195
(Increase)/Decrease in short-term loans and advances	(122,037)	(172,389)
(Increase)/Decrease in other financial assets	(12,513)	(5,745)
(Increase)/Decrease in other current assets	(15,652)	(2,069)
(Increase)/Decrease in other current financial assets	(386)	1,429
<b>Cash generated from (used in) operations</b>	<b>(55,749)</b>	<b>(81,458)</b>
Taxes paid (net)	(25,620)	(33,204)
<b>Net cash generated from (used in) operating activities (A)</b>	<b>(81,369)</b>	<b>(114,662)</b>
<b>Cash flow from investing activities</b>		
Investments in equity shares of subsidiaries	(29,108)	(18,268)
Purchase of fixed assets (tangible and intangible)	(9,506)	(5,204)
Proceeds from maturity/(reinvestment) of fixed deposits, net	2,356	(17,970)
Amortisation of intangible assets	30,550	80,988
Proceeds from sale of fixed assets	6,505	19,684
Interest income	101,826	97,150
<b>Net cash used in investing activities (B)</b>	<b>102,622</b>	<b>156,380</b>
<b>Cash flow from financing activities</b>		
Secured loan (repaid)/taken, net	81,030	(15,760)
Unsecured loan (repaid)/taken, net	3,467	(12,000)
Finance charges (net)	(50,370)	(58,903)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>34,127</b>	<b>(86,663)</b>
<b>Net increase /(decrease) in cash and cash equivalents (A + B + C)</b>	<b>55,381</b>	<b>(44,944)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>12,357</b>	<b>57,301</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>67,739</b>	<b>12,357</b>

# MUKTA ARTS LIMITED

Particulars	(₹ in '000)	
	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Reconciliation of cash and cash equivalents as per the cash flow statement</b>		
<b>Notes:</b>		
(a) 'The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard - 7 prescribed in the Companies (Accounting Standards) Rules, 2006, which continue to apply under Section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules 2014.		
(b) 'Cash and cash equivalents at year-end comprises:		
(i) Cash on hand	340	150
(ii) Balances with scheduled banks in - in current accounts and deposits	67,399	12,207
<b>Balances per statement of cash flows</b>	<b>67,739</b>	<b>12,357</b>

The above standalone cash flow statement should be read in conjunction with the accompanying notes.

As per our report of even date.

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

For and on behalf of the Board of Directors of  
**Mukta Arts Limited**  
CIN: L92110MH1982PLC028180

**CA Subhash Jhunjhunwala**  
Partner  
Membership No: 016331

**Subhash Ghai**  
Chairman Director  
DIN: 00019803

**Rahul Puri**  
Managing Director  
DIN: 01925045

**Parvez A. Farooqui**  
Director  
DIN: 00019853

**Date:** 25 May 2023  
**Place:** Mumbai

**Prabuddha Dasgupta**  
Chief Financial Officer

**Hemal Pankhania**  
Company Secretary  
Membership No: ACS31426



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

### 1 Corporate information

Mukta Arts Limited ('Mukta' or 'the Company') is a Company incorporated in India under the Companies Act, 1956. The Company was incorporated on 7 September 1982 as Mukta Arts Private Limited and was converted to a public limited Company on 15 March 2000 and renamed as Mukta Arts Limited. The Company is promoted by Mr. Subhash Ghai who holds 55.34% of the outstanding equity share capital as at 31 March 2023.

The Company is primarily engaged in the business of film production, distribution and exhibition (wherein it provides film content to multiplexes and single screen theatres across India). The Company also provides production equipment to other production houses and independent producers.

The shares of the Company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

### 2 Summary of significant accounting policies

#### 2.1 Basis of preparation

##### (i) Compliance with Indian Accounting Standard (Ind AS)

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. The Company adopted Ind AS from April 1, 2016.

##### (ii) 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

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

the chief operating decision maker of the Company assesses the financial performance and position of the Company and makes strategic decisions on the advice of the Managing Director of the Company.

#### 2.4 Foreign Currency Transactions

The financial statements are presented in Indian Rupee (INR), which is the functional and presentation currency of the Company.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss. In case of Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

#### 2.5 Revenue Recognition

Ind AS 115 Revenue from Contracts with Customers, mandatory for reporting periods beginning on or after April 1, 2018, replaced the existing revenue recognition requirements. Under the modified retrospective approach there were no adjustments required to the retained earnings at April 1, 2018. The application of Ind AS 115 has been considered and transactions entered into during the current year have been recorded accordingly.

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 and the goods or services have been transferred to the Customer. The amount recognised as income is exclusive of goods and services tax and net of trade discounts. Revenue from fixed rate contracts is recognised over the period as per the contractual agreement. Unbilled revenue represents costs incurred and revenues recognised on contracts to be billed in subsequent periods as per the terms of the contract.

##### Film/content production and related income

Revenue from sale of content/ motion pictures is recognised on assignment/sale of the rights in the concerned content/ motion picture from the date of their availability for exploitation or on the date of release of the content/ movie, as applicable.

# MUKTA ARTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

Revenue from other rights in motion pictures such as satellite rights, overseas rights, music rights, video rights, etc., is recognised on assignment/ sale of the rights in the concerned motion picture from the date of their availability for exploitation.

### **Income from distribution and exhibition**

Distribution/ sub-distribution commission is recognised as it is earned based on intimation by the theatre owners/ distributors.

Revenue from management of theatres is recognised on an accrual basis as per the contractual arrangement entered into with the theatre owners.

### **Revenue from equipment hire/ facility rental**

Income from equipment hire/ facility rental is recognised on a straight-line basis over the period of the relevant agreement/ arrangement.

### **Revenue from business support service**

Revenue from business support service is recognised on rendering of service as per the terms and conditions of the agreement.

### **Dividend & Interest income**

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably). Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Interest income is recorded using the Effective Interest Rate ('EIR'). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. Interest income is recorded using the EIR.

## 2.6 **Employee benefits**

### **Short term employee benefits**

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

### **Post-employment benefits**

#### **Defined contribution plan:**

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

#### **Defined benefit plan:**

The Company has calculated the gratuity liability for fifteen days per month based on the last basic salary drawn by the employee for every completed year of service or part thereof in excess of six months. The gratuity liability recognised in the Balance sheet represents the gratuity liability and as reduced by the fair value of the said assets. The scheme is funded with an insurance Company in form of qualified insurance policy.

Contributions are made to LIC in respect of gratuity based upon actuarial valuation done at the end of every financial year using 'Projected Unit Credit Method'. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. Gains and losses on changes in actuarial assumptions are accounted in the statement of profit and loss.

#### **Other long-term employee benefits**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability. The Company calculates the liability based on the total leave hour balance as at the year end restricted to forty two days and the last salary drawn by the employees.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

### 2.7 Borrowing Costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

### 2.8 Leases

#### Assets taken on operating lease

The Company has various operating leases, principally for office space, with various renewal options. Rental expense in agreements with scheduled rent increases is recorded on a straight-line basis over the lease term.

#### Assets given on operating lease

Lease rentals in respect of assets given on operating lease are recognised on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit received.

### 2.9 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 written down to the extent there is no longer convincing evidence that the Company will pay normal income tax during the specified period.

#### Deferred tax

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

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

### 2.10 Property, plant and equipment (PPE)

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

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

#### Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of its property, plant and equipment recognised as at 1 April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment, except for certain properties, the fair market value of which had appreciated substantially and the increase in their carrying amounts, supported by reports of independent valuers, was therefore recognised in profit and loss account and accumulated in reserves in shareholders' equity.

Depreciation methods, estimated useful lives and residual value

# MUKTA ARTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

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
Plant and equipment	10-14 years
Furniture and fixtures	5 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.

### 2.11 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, is classified as investment property. Investment property is measured initially at cost, including related transaction costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the entity and the cost of the item can be measured reliably.

Investment properties are depreciated using the written down value method over their estimated useful lives. Investment properties generally have a useful life of 30 years. The useful life has been determined based on technical evaluation performed by technical experts.

#### Transition to Ind AS:

On transition to Ind AS, the entity has elected to continue with the carrying value of all of its investment properties recognised as at 1 April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties, the fair value of investment property is disclosed in notes.

### 2.12 Intangible assets

#### Film rights comprising negative rights and distribution rights

Negative film rights are generally exploited through media such as theatrical exhibition, television/ satellite, cable, etc. Negative film rights in respect of films produced are recorded at cost, which is determined on specific identification basis. Acquired negative rights are recorded at the purchase price paid to acquire the rights plus any additional cost incurred which is determined on specific identification basis. Cost incurred on films-in-progress is reported as intangible assets under development.

Distribution rights in films are for a contractually specified mode of exploitation, period and territory and are stated at cost. Cost of distribution comprises original purchase price/ minimum guarantee, which is ascertained on specific identification basis. In case multiple films/ rights are acquired for a consolidated amount, cost is allocated to each film/ right based on the agreement or where it is not specified in the agreement, based on management's best estimates. In respect of unreleased films, payments towards distribution rights are classified under capital advances as the amounts are refundable in the event of non-release of the film.

Costs are amortised in the proportion that gross revenue realised bears to management's estimate of total gross revenue expected to be received. If estimates of the total revenue and other events or changes in circumstances indicate that the realisable value of a right is less than its unamortised cost, a loss is recognised for the excess of unamortised cost over the film rights' realisable value.

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.

### 2.13 Impairment of Non Financial Asset

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

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





## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

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.

### 2.14 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.

### 2.15 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.

### 2.16 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.

#### Financial Asset

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

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

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

#### Initial recognition and measurement

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

#### Subsequent measurement

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

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

#### Financial Assets measured at amortised cost

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

- a) Asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the 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 recognized in the Other Comprehensive Income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset,

# MUKTA ARTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

cumulative gain or loss previously recognised in OCI 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 recognized in the OCI.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss. The Company has elected to measure its investment in subsidiaries 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 36 details how the Company determines whether there has been a significant increase in credit risk.

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

### Trade receivables

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

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

### 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



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

### (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.

### 2.17 Measurement of fair values

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

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

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

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

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

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

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

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

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

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

# MUKTA ARTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

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

### 2.18 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.

### 3 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.

### 4 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.

### 5 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 entity's accounting policies.

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

#### Recognition and measurement of defined benefit obligations:

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

#### Estimation of useful life:

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

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



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)**

**6(a) Property, plant and equipment**

(₹ in '000)

	Ownership Premises	Leasehold Premises	Plant & Machinery	Motor Vehicles	Fixtures & Fittings	Computers	Total
<b>Cost or deemed cost (Gross Carrying Amount)</b>							
<b>As at 1 April 2021</b>	106,072	127,767	198,434	84,394	34,527	14,092	<b>565,286</b>
Additions	-	-	225	4,590	140	248	<b>5,204</b>
Disposals	-	-	-	1,010	-	-	<b>1,010</b>
Other adjustment							
<b>As at 31 March 2022</b>	<b>106,072</b>	<b>127,767</b>	<b>198,659</b>	<b>87,974</b>	<b>34,668</b>	<b>14,340</b>	<b>569,480</b>
<b>As at 1 April 2022</b>	106,072	127,767	198,659	87,974	34,668	14,340	569,480
Additions	-	-	522	8,357	518	194	9,591
Disposals	-	-	-	1,572	-	-	1,572
Other adjustment							
<b>As at 31 March 2023</b>	<b>106,072</b>	<b>127,767</b>	<b>199,181</b>	<b>94,758</b>	<b>35,185</b>	<b>14,534</b>	<b>577,498</b>
<b>Accumulated Depreciation/ Amortisation</b>							
<b>As at 1 April 2021</b>	50,687	74,376	187,067	72,463	31,949	13,560	<b>430,101</b>
Charge for the year	4,527	6,303	1,099	3,671	511	116	<b>16,227</b>
Deduction	-	-	-	114	-	-	<b>114</b>
Other adjustment	58	-	-	-	-	-	<b>58</b>
<b>As at 31 March 2022</b>	<b>55,272</b>	<b>80,678</b>	<b>188,167</b>	<b>76,020</b>	<b>32,460</b>	<b>13,675</b>	<b>446,273</b>
<b>As at 1 April 2022</b>	55,272	80,678	188,167	76,020	32,460	13,675	<b>446,273</b>
Charge for the year	4,144	6,303	839	4,175	436	191	<b>16,087</b>
Deduction	-	-	-	-	-	-	-
Other adjustment	-	-	-	-	-	-	-
<b>As at 31 March 2023</b>	<b>59,416</b>	<b>86,981</b>	<b>189,005</b>	<b>80,195</b>	<b>32,896</b>	<b>13,866</b>	<b>462,359</b>
<b>Carrying amounts (Net)</b>							
<b>At 1 April 2021</b>	55,386	53,391	11,366	11,931	2,578	533	135,185
<b>At 31 March 2022</b>	50,800	47,088	10,492	11,954	2,208	665	123,207
<b>At 31 March 2023</b>	<b>46,656</b>	<b>40,786</b>	<b>10,175</b>	<b>14,563</b>	<b>2,290</b>	<b>668</b>	<b>115,139</b>

**6(b) Right-of-use assets**

	Amount (in '000)		Amount (in '000)	Net (in '000)
<b>Cost or deemed cost (Gross Carrying Amount)</b>		<b>Accumulated Depreciation/ Amortisation</b>		
<b>As at 1 April 2021</b>	11,713	<b>As at 1 April 2021</b>	2,743	<b>8,971</b>
Additions	-	Charge for the year	1,369	
Disposals	-	Deduction	-	
<b>As at 31 March 2022</b>	<b>11,713</b>	<b>As at 31 March 2022</b>	<b>4,112</b>	<b>7,601</b>
<b>As at 1 April 2022</b>	11,713	<b>As at 1 April 2022</b>	4,112	7,601
Additions	-	Charge for the year	1,369	
Disposals	-	Deduction	-	
<b>As at 31 March 2023</b>	<b>11,713</b>	<b>As at 31 March 2023</b>	<b>5,481</b>	<b>6,232</b>

# MUKTA ARTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

### 6(c) Capital Work in Progress

(₹ In '000)

	Amount (₹ in '000)
<b>As at 1 April 2021</b>	1,287
Additions	-
Disposals	-
<b>As at 31 March 2022</b>	<b>1,287</b>
<b>As at 1 April 2022</b>	1,287
Additions	-
Disposals	-
<b>As at 31 March 2023</b>	<b>1,287</b>

### 6(d) Intangible Assets

	Distribution Rights	Negative Rights	Exhibition Rights	Total
<b>Cost or deemed cost</b>				
<b>As at 1 April 2021</b>	240,000	809,728	2,500	<b>1,052,229</b>
Additions	-	-		-
Disposals	-			-
Other adjustment				-
<b>As at 31 March 2022</b>	<b>240,000</b>	<b>809,728</b>	<b>2,500</b>	<b>1,052,229</b>
<b>As at 1 April 2022</b>	240,000	809,728	2,500	<b>1,052,229</b>
Additions		-		-
Disposals				-
Other adjustment				-
<b>As at 31 March 2023</b>	<b>240,000</b>	<b>809,728</b>	<b>2,500</b>	<b>1,052,229</b>
<b>Accumulated amortisation and impairment losses</b>				
<b>As at 1 April 2021</b>	240,000	757,903	2,500	<b>1,000,404</b>
Charge for the year	-	51,825		<b>51,825</b>
Deduction	-			-
Other adjustment				-
<b>As at 31 March 2022</b>	<b>240,000</b>	<b>809,728</b>	<b>2,500</b>	<b>1,052,229</b>
<b>As at 1 April 2022</b>	240,000	809,728	2,500	<b>1,052,229</b>
Charge for the year		-		-
Deduction				-
Other adjustment				-
<b>As at 31 March 2023</b>	<b>240,000</b>	<b>809,728</b>	<b>2,500</b>	<b>1,052,229</b>
<b>Carrying amount (Net)</b>				
<b>At 1 April 2021</b>	-	51,825	-	<b>51,825</b>
<b>At 31 March 2022</b>	-	-	-	-
<b>At 31 March 2023</b>	-	-	-	-



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

### 6(e) Intangible assets under development

(₹ In '000)

<b>As at 1 April 2021</b>	<b>46,652</b>
Additions	-
Disposals	29,163
Other adjustment	-
<b>As at 31 March 2022</b>	<b>17,489</b>
<b>As at 1 April 2022</b>	<b>17,489</b>
Additions	19,545
Disposals	-
Other adjustment	-
<b>As at 31 March 2023</b>	<b>37,034</b>

Note : 1. During the year ended on 31 March 2022 and 31 March 2021, 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 - 15(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 except few PPE which is measured at fair value.

Note : 4. Tangible/Intangible assets are subject to first charge to secure the Company's term loan and cash credit loans (refer note 15(a))

### 7 Investment property

Particular	Building	Land	Total
<b>As at 1 April 2021</b>	124,176	66,389	<b>190,565</b>
Additions	-	-	-
Disposals	1,208	-	<b>1,208</b>
Other adjustment	-	-	-
<b>As at 31 March 2022</b>	<b>122,968</b>	<b>66,389</b>	<b>189,357</b>
<b>As at 1 April 2022</b>	122,968	66,389	<b>189,357</b>
Additions	-	-	-
Disposals	-	-	-
Other adjustment	-	-	-
<b>As at 31 March 2023</b>	<b>122,968</b>	<b>66,389</b>	<b>189,357</b>
<b>Accumulated Depreciation/Amortisation</b>			
<b>As at 1 April 2021</b>	53,438	-	<b>53,438</b>
Charge for the year	3,382	-	<b>3,382</b>
Deduction	-	-	-
Other adjustment	(58)	-	<b>(58)</b>
<b>As at 31 March 2022</b>	<b>56,761</b>	-	<b>56,761</b>
<b>As at 1 April 2022</b>	56,761	-	<b>56,761</b>
Charge for the year	3,112	-	<b>3,112</b>
Deduction	-	-	-
Other adjustment	-	-	-
<b>As at 31 March 2023</b>	<b>59,873</b>	-	<b>59,873</b>
<b>Carrying amounts (Net)</b>			
<b>At 1 April 2021</b>	70,739	66,389	<b>137,128</b>
<b>At 31 March 2022</b>	66,207	66,389	<b>132,596</b>
<b>At 31 March 2023</b>	63,095	66,389	<b>129,484</b>

# MUKTA ARTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

### (i) Information regarding Income and expenditure of Investment properties

	As at 31 March 2023	As at 31 March 2022
Rental income derived from Investment properties	57,916	37,784
Direct operating expenses	4,078	4,078
Profit arising from investment properties before depreciation and indirect expenses	53,838	33,706
Less: Depreciation	3,112	3,382
Profit arising from investment properties before indirect expenses	50,726	30,324

### (ii) Fair Value

Particulars	Valuation Techniques (See note below)	Fair Value Hierarchy (See note below)	As at 31 March 2023	As at 31 March 2022
Investment properties	Stamp duty Reckoner rate	Level 2	1,301,375	1,301,375

#### Estimation of fair value

The Company has obtained independent valuation of its flats located at Bandra West based on current prices in an active market for properties of similar nature. The fair values of such investment flats have been determined by an independent valuer as on 1 April 2016. The main inputs used are the rental growth rates and a study of the micro market in discussion with industry experts. Resulting fair value estimate for investment property are included in level 2. Rest all investment properties are in accordance with the Ready Reckoner rates prescribed by the Government of Maharashtra for the purpose of levying stamp duty. The Independent Valuer has referred to the publications and government website for Ready Reckoner rates. Suitable adjustments have been made to account for availability of FSI in land parcels in Mumbai in accordance with the guidelines prescribed by the Department of Registrations and Stamps. Since the valuation is based on the published Ready Reckoner rates, the company has classified the same under Level 2.

## 8 Non Current Financial Asset

### 8(a) Investments

	As at 31 March 2023	As at 31 March 2022
<b>A Non current investments</b>		
<b>Unquoted equity shares</b>		
<b>i) Investment in equity shares of subsidiaries at FVTPL</b>		
<b>Connect 1 Limited</b>		
600 (31 March 2022 : 600) equity shares of ₹ 1000 each, fully paid-up (6 shares are jointly held with individuals)	600	600
<b>Whistling Woods International Limited</b>		
169,997 (31 March 2022 : 169,997) equity shares of ₹ 1000 each, fully paid-up	169,997	169,997
<b>Mukta Tele Media Limited</b>		
4,996 (31 March 2022 : 4,996) equity shares of ₹ 100 each, fully paid-up	500	500
<b>Coruscant Tec Private Limited</b>		
750,000 (31 March 2022 : 750,000) equity shares of ₹ 10 each, fully paid-up	9,900	9,900
<b>Mukta A2 Multiplex WLL</b>		
1500 (31 March 2022 : 500) equity shares of BHD 100 each, fully paid-up	53,508	26,898
<b>Mukta A2 Cinemas Ltd</b>		
10,50,000 (31 March 2022 : 10,50,000) equity shares of ₹ 10 each fully paid-up	10,500	10,500
<b>Deemed Investment in Subsidiary</b>		
Whistling Woods International Ltd	1,320	1,320
Preference Share - Interest	28,194	28,194
Mukta A2 Multiplex WLL	2,498	-





**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)**

(₹ in '000)

	As at 31 March 2023	As at 31 March 2022
<b>ii) Investment in equity shares of joint venture at FVTPL</b>		
<b>Mukta VN Films Limited</b>		
27,500 (31 March 2022 : 27,500) equity shares of ₹ 10 each, fully paid-up	33,000	33,000
<b>Deemed Investment in Joint Venture</b>		
Mukta VN Films Limited	5,185	5,185
<b>Total (i+ii)</b>	<b>315,203</b>	<b>286,095</b>
<b>iii) Investment in equity instruments-others at FVTPL (un-quoted)</b>		
Bashiron Co. Op. Housing Society Limited 10 Shares (2022: 10) of Rs 50 each	1	1
Bait-Ush-Sharaf Co. Op. Housing Society Limited 10 Shares (2022: 15) of Rs 50 each	1	1
<b>Total (iii)</b>	<b>1</b>	<b>1</b>
<b>Total (i+ii+iii)</b>	<b>315,204</b>	<b>286,096</b>

**8(b) Loans**

	As at 31 March 2023	As at 31 March 2022
<b>Unsecured</b>		
Amounts due from related parties Whistling Woods International Limited	185,100	202,600
<b>ii) Investment in preference shares of subsidiary (un-quoted )</b>		
200,000 (2022: 200,000) 8% Redeemable cumulative preference shares of Whistling Woods International Limited of Rs 1,000 each, fully paid-up (note 3.41). These preference shares were issued on 27 August 2007 and are redeemable at par at any time on or after 21 June 2012 and before 21 June 2027.	171,806	171,806
<b>Total</b>	<b>356,906</b>	<b>374,406</b>

**8(c) Other financial assets**

	As at 31 March 2023	As at 31 March 2022
Security deposits to		
- Related parties	-	-
- Others	4,972	5,128
Other advances	123,341	128,402
Interest receivables Account (Preference Dividend)	264,418	246,688
<b>Total</b>	<b>392,731</b>	<b>380,218</b>

**9 Deferred tax assets (net)**

	As at 31 March 2023	As at 31 March 2022
<b>Deferred tax liability on</b>		
Arising on account of timing differences in:	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Deferred tax asset on</b>		
Provision for leave encashment and gratuity	3,921	4,041
Provision for doubtful debts and advances	368	954
Property, Plant and Equipment and intangible assets	15,750	6,854
Others	1,866	10,352
<b>Total</b>	<b>21,905</b>	<b>22,201</b>
<b>Deferred tax assets (net)</b>	<b>21,905</b>	<b>22,201</b>

# MUKTA ARTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

Movement in deferred tax assets	Employee Benefits Obligations	Allowance for doubtful debts – trade receivables	Property, Plant and Equipment and intangible assets	Others	Total
<b>At April 1, 2022</b>	4,745	2,257	12,293	7,414	26,709
(Charged)/credited:					
- to profit or loss	(824)	(1,889)	3,457	(5,549)	(4,804)
- to other comprehensive income	-				
<b>At March 31, 2023</b>	3,921	368	15,750	1,866	21,905
(Charged)/credited:					
- to profit or loss	-	-	-	-	-
- to other comprehensive income					
<b>At March 31, 2023</b>	<b>3,921</b>	<b>368</b>	<b>15,750</b>	<b>1,866</b>	<b>21,905</b>

### 10 Other non- current assets

	As at 31 March 2023	As at 31 March 2022
Advance tax (including TDS)	105,740	89,766
Service tax Input Credit	-	322
Deferred Income Account	534	534
<b>Total</b>	<b>106,274</b>	<b>90,622</b>

### 11 Current Financial Assets

#### 11(a) Trade receivables

	As at 31 March 2023	As at 31 March 2022
Trade receivables - Billed	10,539	23,215
Trade receivables - Unbilled	-	-
Receivables from related parties	150,464	126,409
Less: Loss allowance	(1,414)	(3,670)
<b>Total trade receivables</b>	<b>159,590</b>	<b>145,953</b>
Current portion	159,590	145,953
Non-current portion	-	-
<b>Total</b>	<b>159,590</b>	<b>145,953</b>
<b>Break-up of security details</b>		
Secured, considered good	161,003	149,624
Unsecured, considered good	-	-
	<b>161,003</b>	<b>149,624</b>
Loss Allowance	(1,414)	(3,670)
<b>Total trade receivables</b>	<b>159,590</b>	<b>145,953</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

### As on 31 March 2023

Particulars	Outstanding for the following periods from due date of payment						
	Unbilled	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables-Considered good	-	67,907	50,456	21,794	19,439	1,408	161,003
Undisputed Trade Receivables-Which have significant credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables-Credit Impaired	-	-	-	-	-	-	-
Disputed Trade Receivables-Considered good	-	-	-	-	-	-	-
Disputed Trade Receivables-Which have significant credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables-Credit Impaired	-	-	-	-	-	-	-
<b>Gross trade receivables</b>	-	67,907	50,456	21,794	19,439	1,408	161,003
Loss allowance	-	-	-	1	4	1,408	1,414
<b>Net trade receivables</b>	-	67,907	50,456	21,793	19,435	-	159,590

### As on 31st March 2022

Particulars	Outstanding for the following periods from due date of payment						
	Unbilled	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables-Considered good	-	77,694	14,096	38,721	9,148	9,964	149,624
Undisputed Trade Receivables-Which have significant credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables-Credit Impaired	-	-	-	-	-	-	-
Disputed Trade Receivables-Considered good	-	-	-	-	-	-	-
Disputed Trade Receivables-Which have significant credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables-Credit Impaired	-	-	-	-	-	-	-
<b>Gross trade receivables</b>	-	77,694	14,096	38,721	9,148	9,964	149,624
Loss allowance	-	-	-	42	4	3,624	3,670
<b>Net trade receivables</b>	-	77,694	14,096	38,678	9,144	6,340	145,953

## 11 Current Financial Assets

### 11(b) Cash and cash equivalents

	As at 31 March 2023	As at 31 March 2022
a. Cash on hand	340	150
b. Balances with banks		
In current account	67,399	12,207
Balance in dividend account	223	223
<b>Total</b>	<b>67,961</b>	<b>12,580</b>

### 11(c) Bank balances other than Cash and cash equivalents

	As at 31 March 2023	As at 31 March 2022
Interest accrued on FD	1,208	1,559
Deposits with original maturity of more than 3 months and less than 12 months	58,422	64,338
<b>Total</b>	<b>59,630</b>	<b>65,897</b>

# MUKTA ARTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

### 11(d) Loans

	As at 31 March 2023	As at 31 March 2022
Amounts due from related parties	-	1,704
Staff Advances	1,205	1,553
Inter-corporate deposit:		
- Related parties	750,736	686,650
- Others	48,889	48,739
<b>Total</b>	<b>800,829</b>	<b>738,645</b>

### 11(e) Other financial assets

	As at 31 March 2023	As at 31 March 2022
Interest receivables Account (Preference Dividend)	18,078	17,730
Security deposits	40,411	40,583
Interest Accrued on Investments:		
- Related Parties	3,202	344
- Others	6,527	6,677
Other receivable from related parties	-	2,498
<b>Total</b>	<b>68,218</b>	<b>67,831</b>

### 12 Other current assets

	As at 31 March 2023	As at 31 March 2022
Prepaid expenses	19,811	6,819
Advances	5,431	6,926
Deferred Income Account	-	117
Service Tax Input	6,216	5,894
VAT input	-	20,926
GST input	5,595	1,630
<b>Total</b>	<b>37,053</b>	<b>42,312</b>

### 13 Equity share capital

	As at 31 March 2023		As at 31 March 2022	
	Number	Amount	Number	Amount
<b>Authorised share capital</b>				
Equity shares of ₹ 5 each	24,000,000	120,000	24,000,000	120,000
	24,000,000	120,000	24,000,000	120,000
<b>Issued, subscribed and fully paid-up</b>				
Equity shares of ₹ 5 each	22,585,200	112,926	22,585,200	112,926
<b>Total</b>	<b>22,585,200</b>	<b>112,926</b>	<b>22,585,200</b>	<b>112,926</b>

#### Terms and rights attached to equity shares

The Company has one class of equity shares having a par value of ₹ 5 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to shareholding.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '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	22,585,200	112,926	22,585,200	112,926
Add: Issued during the year	-	-	-	-
Add: Acquisition of a subsidiary	-	-	-	-
<b>Balance at the end of the year</b>	<b>22,585,200</b>	<b>112,926</b>	<b>22,585,200</b>	<b>112,926</b>

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

	As at 31 March 2023		As at 31 March 2022	
	Number	% holding in the class	Number	% holding in the class
Equity shares of ₹ 5 each				
1. Mr. Subhash Ghai	12,497,990	55.34%	12,497,990	55.34%
2. Ms. Meghna Ghai Puri	1,650,000	7.31%	1,650,000	7.31%
3. Ms. Mukta Ghai	1,650,000	7.31%	1,650,000	7.31%

### 14 Other Equity

	As at 31 March 2023	As at 31 March 2022
<b>Securities premium</b>		
Balance at the beginning of the year	973,605	973,605
Add: Transfer during the year	-	-
Balance at the end of the year	973,605	973,605
<b>General reserve</b>		
Balance at the beginning of the year	83,145	83,145
Add: Transfer during the year	-	-
Balance at the end of the year	83,145	83,145
<b>Capital reserve</b>		
Balance at the beginning of the year	12	12
Add: Transfer during the year	-	-
Balance at the end of the year	12	12
<b>Retained earnings</b>		
Balance at the beginning of the year	525,545	309,283
Add: Net profit after tax for the year	84,208	205,852
Add : Ind As 116 adjustments	-	9,399
Less : Dividend and dividend tax	-	-
Other comprehensive income	131	1,027
Balance at the end of the year	609,884	525,545
<b>Total</b>	<b>1,666,650</b>	<b>1,582,306</b>

### Nature and purpose of other reserves

#### Securities premium reserve:

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

# MUKTA ARTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

### Capital reserve:

Capital Reserve is the part of the profit or surplus, maintained as an account in the Balance Sheet that can be used only for special purposes.

### Shares held by promoters at the end of the year

Name of the Promoters	No. of Shares as on March 31, 2023	% of Total Shares on March 31, 2023	No. of Shares as on March 31, 2022	% of Total Shares on March 31, 2022
Subhash Ghai	12,497,990	78%	12,497,990	78%
Meghna Ghai Puri	1,650,000	10%	1,650,000	10%
Mukta Ghai	1,650,000	10%	1,650,000	10%
Parvez Akhtar Farooqui	77,300	0%	77,300	0%
Siraj Farooqui	44,000	0%	44,000	0%
Ashok K. Ghai	37,000	0%	37,000	0%
Nargis Parvez Farooqui	4,300	0%	4,300	0%
<b>Total</b>	<b>15,960,590</b>	<b>100%</b>	<b>15,960,590</b>	<b>100%</b>

## 15 Non Current Financial Liabilities

### 15(a) Long-term borrowings

	As at 31 March 2023	As at 31 March 2022
<b>Secured</b>		
Term loan from banks and others		
Indian Bank*	505,799	429,725
Hero Fincorp Ltd**	24,355	28,289
Motor vehicle finance loans***	17,533	15,766
Less: current maturity of term loan	(15,467)	(22,590)
<b>Total</b>	<b>532,220</b>	<b>451,189</b>

\* Loan against property is secured against entire Commercial Property located at Sharyans Audeus, Survey No.41, Fun Republic Cinema, Off Veera Desai Road, Oshiwara Village, Andheri West, Mumbai 400053. Repayable in 180 monthly installments.

\*\* Term loan against property is secured against two flats of the Company by way mortgage of the property located in Bandra West. Repayable in 120 monthly installments of ₹ 5,37,225/- (June 2017 to July 2018) and ₹ 5,47,276/- (Aug-2018 to Oct 2027)

\*\*\* The motor vehicle finance loans taken by the Company are secured against the related vehicles. Repayment schedule is as detailed below:

Lendor	Repayment schedule and other terms
Axis Bank Ltd	Outstanding amount of loan ₹ 22,24,654/- (2022: Rs ₹ 37,87,579/-) is repayable in 36 equated monthly installments of Rs 155,622 till February 2024 and ₹ 1,05,241 from March 24 to February 2025. Interest rate 13.50%.
BMW India Financial Services Pvt Ltd	Outstanding amount of loan ₹ 57,78,728/- (2022:Rs 77,31,686/-) is repayable in 48 monthly installments of Rs 2,20,997/- till May 2023. Interest rate 10.20%
HDFC Bank Limited	Outstanding amount of loan ₹ 95,29,129/- (2022: Rs 40,47,214/-) is repayable in 60 equated monthly installments of Rs 2,23,955/- till August 2026 and ₹ 1,43,045/- there after. Interest rate 10.50%

### 15(b) Lease Liabilities

	As at 31 March 2023	As at 31 March 2022
Lease Liability	18,483	25,249
<b>Total</b>	<b>18,483</b>	<b>25,249</b>



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)**

(₹ in '000)

**15(c) Other financial liabilities**

	As at 31 March 2023	As at 31 March 2022
Security deposits	44,976	42,480
<b>Total</b>	<b>44,976</b>	<b>42,480</b>

**16 Employee Benefits Obligations**

	As at 31 March 2023	As at 31 March 2022
Provision for Leave Salary	3,164	3,105
Provision for gratuity	9,663	9,093
<b>Total</b>	<b>12,827</b>	<b>12,198</b>

**17 Other non-current liabilities**

	As at 31 March 2023	As at 31 March 2022
Income Received in advance	46,414	62,642
Deferred Expense Account	-	898
<b>Total</b>	<b>46,414</b>	<b>63,540</b>

**18 Current Financial Liabilities**

**18(a) Short-term borrowings**

	As at 31 March 2023	As at 31 March 2022
<b>Repayable on demand</b>		
<b>Unsecured</b>		
Inter corporate deposits - Others	48,000	60,000
<b>Total</b>	<b>48,000</b>	<b>60,000</b>

**18(b) Lease Liabilities**

	As at 31 March 2023	As at 31 March 2022
Lease Liabilities	6,766	3,106
<b>Total</b>	<b>6,766</b>	<b>3,106</b>

**18(b) Trade payable**

	As at 31 March 2023	As at 31 March 2022
Other than micro and small enterprises	23,308	30,767
Micro and small enterprises	-	-
<b>Total</b>	<b>23,308</b>	<b>30,767</b>

**18(c) Other financial liabilities**

	As at 31 March 2023	As at 31 March 2022
Current maturities of long term borrowings	15,467	22,590
Interest accrued but not due on borrowings	-	5,755
Interest on loan taken	-	386
Employee benefits expense payable	-	-
Bonus Payable	-	386
<b>Sundry advances received</b>		
From related party	982	645
Others	44	10,800
Unclaimed dividend	223	223
Security deposit received	-	-
<b>Total</b>	<b>16,716</b>	<b>40,399</b>

# MUKTA ARTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

### 19 Short Term Provisions

	As at 31 March 2023	As at 31 March 2022
Provision For Taxation	14,906	-
Provision For Employee benefit:		
Provision for leave salary	1,874	1,888
Provision for gratuity	249	1,455
<b>Total</b>	<b>17,030</b>	<b>3,343</b>

### 20 Other current liabilities

	As at 31 March 2023	As at 31 March 2022
Deferred Expense Account	1,276	813
Income Received in advance	112,368	74,143
<b>Statutory dues payable</b>		
Provident fund	145	128
ESIC	2	3
TDS payable	1,439	1,664
Profession tax	9	8
VAT / GST	13,922	4,678
<b>Total</b>	<b>129,162</b>	<b>81,437</b>

### 21 Revenue from operations (net)

	Year ended 31 March 2023	Year ended 31 March 2022
<b>(a) Sale of products/ film rights</b>		
Own Film/ Content production	86,743	396,917
	<b>86,743</b>	<b>396,917</b>
<b>(b) Distribution, Exhibition, Theatrical and Film Production Income</b>		
Distribution and exhibition	349	1
Equipment hire income	1,390	1,271
	<b>1,739</b>	<b>1,272</b>
<b>(c) Other operating revenue</b>		
Rent and amenities charges	104,138	79,120
Business support services	6,120	6,120
	<b>110,258</b>	<b>85,240</b>
<b>Total</b>	<b>198,740</b>	<b>483,429</b>

### 22 Other income

	Year ended 31 March 2023	Year ended 31 March 2022
Interest income on bank deposits	2,261	3,663
Interest income on others	97,120	93,487
<b>Other Non Operating Income</b>		
Interest on income tax refund	2,445	-
Profit on sale of assets, (net)	1,669	17,863
Corporate guarantee Commission income	-	1,313
Sundry balances written back	3,245	646
Miscellaneous income (net)	31,730	28,149
<b>Total other income</b>	<b>138,469</b>	<b>145,121</b>





## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

### 23 Cost of production, distribution, exhibition and theatrical operation

	Year ended 31 March 2023	Year ended 31 March 2022
Cost of Production of films	-	120,392
Expenses for old Films	3,860	57,597
<b>Total Distributor and producer's share</b>	<b>3,860</b>	<b>177,989</b>

### 24 Employee benefits expense

	Year ended 31 March 2023	Year ended 31 March 2022
Salaries and bonus	46,986	35,884
Contribution to provident and other funds	1,897	1,509
Gratuity expense	1,163	814
Staff welfare expenses	282	48
<b>Total employee benefit expense</b>	<b>50,329</b>	<b>38,255</b>

#### (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), which are Defined Contribution Plans, are charged to 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.

Amount of ₹ 1,897,272 (Previous year : ₹ 1,508,982) is recognised as expense and included in the above Note 24

#### (ii) Post Employment Obligations

**Gratuity** : The Company provides gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees 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 LIC. Liability for Gratuity is provided on the basis of Valuations, as at Balance Sheet date, carried out by an independent actuary.

The assumptions used for the actuarial valuation are as under:

#### Particulars

	Gratuity	
	31 March 2023	31 March 2022
Discount Rate (per annum)	6.80%	6.90%
Salary growth rate	8.25%	8.00%

#### (A) Present Value of Obligation as at Balance Sheet date

#### Particulars

	Gratuity	
	31 March 2023	31 March 2022
Present Value of obligation as at the beginning	14,143	14,921
Interest cost	802	794
Current Service Cost	545	606
Past Service cost	-	-
<b>Total amount recognised in statement of profit and loss</b>	<b>1,347</b>	<b>1,400</b>
<b>Re-measurement (or Actuarial) (gain) / loss arising from:</b>		
change in demographic assumption	-	-
change in financial assumption	(424)	(489)
experience changes	367	(285)
<b>Total amount recognised in Other Comprehensive Income</b>	<b>(57)</b>	<b>(774)</b>
Benefits Paid	(1,394)	(1,404)
Liabilities assumed / (settled)	-	-
<b>Present Value of Obligation as at the end</b>	<b>14,039</b>	<b>14,143</b>

# MUKTA ARTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

### (B) Changes in the Fair value of Plan Assets

#### Particulars

	Gratuity	
	31 March 2023	31 March 2022
Fair Value of Plan Assets as the beginning	3,594	1,993
Interest on plan assets	126	20
<b>Total amount recognised in statement of profit and loss</b>	<b>126</b>	<b>20</b>
<b>Re-measurement (or Actuarial) gain / (loss) arising from:</b>		
Actual return on plan assets less interest on plan assets	74	253
<b>Total amount recognised in Other Comprehensive Income</b>	<b>74</b>	<b>253</b>
Employer's contribution	1,596	781
Benefits Paid	(1,394)	(1,404)
Transfer In / (Out)	-	1,950
<b>Fair value of plan assets at the end</b>	<b>3,996</b>	<b>3,594</b>

### (C) Amount recognised in the Balance sheet

#### Particulars

	Gratuity	
	31 March 2023	31 March 2022
Present Value of obligations as at Balance Sheet date	14,039	13,364
Fair Value of Plan Assets as at the end of the period	3,996	5,195
Net (asset)/ liability recognised as at year end	<b>10,042</b>	<b>8,169</b>

### (D) Constitution of Plan Assets

#### Particulars

	Gratuity	
	31 March 2023	31 March 2022
Administered by Life insurance Corporation of India	100%	100%
<b>Total of the Plan Assets</b>	<b>100%</b>	<b>100%</b>

### (E) Sensitivity analysis

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

#### Particulars

##### Defined benefit obligation (base)

##### As on March 31, 2023

	Gratuity	
	Decrease	Increase
Discount Rate (- / + 0.5%)	439	-411
(% change compared to base due to sensitivity)	3.13%	-2.93%
Salary Growth Rate (- / + 0.5%)	-292	310
(% change compared to base due to sensitivity)	-2.08%	2.21%

#### Particulars

##### Defined benefit obligation (base)

##### As on March 31, 2022

	Gratuity	
	Decrease	Increase
Discount Rate (- / + 0.5%)	541	-502
(% change compared to base due to sensitivity)	3.49%	-3.24%
Salary Growth Rate (- / + 0.5%)	-361	384
(% change compared to base due to sensitivity)	-2.33%	2.48%

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.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Expected contributions to post employment benefit plan for the year ending 31 March, 2023 is ₹ 25 Lakhs (31 March, 2022: ₹ 20 Lakhs)



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

### (F) Defined benefit liability and employer contributions

The weighted average duration of the Benefit Obligation is 5.84 years

#### Particulars

#### Weighted average duration (based on discounted cashflows)

Year 1

Year 2

Year 3

Year 4

Year 5

Thereafter

	Gratuity	
	31 March 2023	31 March 2022
Year 1	4,245	5,049
Year 2	2,105	187
Year 3	1,346	2,030
Year 4	384	1,148
Year 5	1,006	348
Thereafter	15,933	15,693

### (iii) Other Long Term Benefit Plans:

**Compensated absences** : The leave obligations cover the Company's liability for earned leave. The amount of provision of ₹ 1,47,092 (March 31, 2022: ₹ (330,043))

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

### (G) 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.

### 25 Finance costs

Interest cost on:

Car loan

Inter corporate deposits

Others

Term loan

Lease Liability

Processing cost and other charges

**Total Finance Cost**

	Year ended 31 March 2023	Year ended 31 March 2022
Car loan	1,607	1,801
Inter corporate deposits	94	86
Others	383	1,863
Term loan	44,101	51,363
Lease Liability	3,328	3,672
Processing cost and other charges	857	119
<b>Total Finance Cost</b>	<b>50,370</b>	<b>58,903</b>

### 26 Depreciation and amortisation expense

Depreciation of property, plant and equipment

Depreciation on investment property

**Total Depreciation and amortisation expense**

	Year ended 31 March 2023	Year ended 31 March 2022
Depreciation of property, plant and equipment	17,474	17,931
Depreciation on investment property	3,094	3,382
<b>Total Depreciation and amortisation expense</b>	<b>20,568</b>	<b>21,313</b>

# MUKTA ARTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

### 27 Other expenses

	Year ended 31 March 2023	Year ended 31 March 2022
Power and fuel	33,087	29,978
Rent	4,921	4,392
Repairs and maintenance	2,697	1,822
Insurance	1,688	2,495
Rates and taxes	23,280	14,440
Legal and professional	19,723	13,866
Communication expenses	535	498
Travelling and conveyance	97	164
Bad debts/ advances/ intangibles under development written-off	7,165	8,077
Security charges	915	834
Business promotion	844	879
CSR Activity Expenses	2,401	1,255
Motor vehicle expenses	2,470	1,058
Printing and stationery	321	225
Bank charges	1,175	981
Payment to auditor (Refer details below)	535	523
Miscellaneous expenses	5,302	4,753
<b>Total</b>	<b>107,155</b>	<b>86,238</b>

### 27(a) Payment to auditor

	Year ended 31 March 2023	Year ended 31 March 2022
Audit Fees	500	500
Reimbursement of Expenses	35	23
<b>Total</b>	<b>535</b>	<b>523</b>

### 28 Income Tax

#### (A) Income Tax Expense

This note provides an analysis of the Company's income tax expense and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Company's tax positions

	31 March 2023	31 March 2022
<b>Income Tax Expense</b>		
<b>Current tax</b>		
Current tax on profits for the year	17,900	52,500
<b>Total Current Tax Expense</b>	<b>17,900</b>	<b>52,500</b>
<b>Deferred Tax</b>		
Decrease (increase) in deferred tax assets	297	4,508
(Decrease) increase in deferred tax liabilities	-	-
<b>Total Deferred Tax Expense</b>	<b>297</b>	<b>4,508</b>
<b>Income Tax Expense</b>	<b>18,197</b>	<b>57,008</b>

#### (B) Reconciliation of tax expense

	31 March 2023	31 March 2022
Profit before income tax expense	104,928	245,852
<b>Add: Net Disallowances</b>		
Permanent Disallowances	-	-
Temporary Disallowances	559	2,985
<b>Total Taxable Income</b>	<b>105,487</b>	<b>248,837</b>
<b>Income Tax Expense</b>	<b>17,900</b>	<b>52,500</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

(C) Amounts Recognised directly in Equity - Nil (31 March 2022 - Nil)

### 29 Lease disclosure under Ind AS 116 – 'Leases'

#### Operating lease : Company as lessee

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

Lease rent expenses of Rs 4,920,663 (2022: Rs 4,392,318) have been included under 'Rent' in the Statement of profit and loss.

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

Particulars	31 March 2023	31 March 2022
Amounts due within one year	6,766	6,462
Amounts due after one year but not later than five years	26,751	32,925
Amounts due later than five years	-	-
	<b>33,517</b>	<b>39,387</b>

#### Operating lease : Company as lessor

The Company has given office premises on lease which is renewable thereafter as per the terms of the respective agreement.

Lease rent income of Rs 57,915,536 (2022: Rs 37,783,660) has been included under 'Rent and amenities charges' in the Statement of profit and loss.

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

Particulars	31 March 2023	31 March 2022
Amounts due within one year	-	-
Amounts due after one year but not later than five years	-	-
	-	-

The carrying amount of assets is as follows:

Particulars	31 March 2023	31 March 2022
Gross block	172,281	172,281
Accumulated depreciation	60,224	57,112
Net block	112,057	115,168
Depreciation for the year	3,112	3,382

#### Operating lease : Company as sub-lessor

The Company has subleased part of the office premises taken on lease which is renewable thereafter as per the terms of the respective agreement

Sublease rent income of ₹ 46,222,212 (2022: ₹ 41,335,892) has been included under 'Rent and amenities charges' in the Statement of profit and loss.

The carrying amount of assets is as follows:

Particulars	31 March 2023	31 March 2022
Gross block	85,536	85,536
Accumulated depreciation	76,308	70,005
Net block	9,228	15,531
Depreciation for the year	6,303	6,303

### 30 Capitalisation of expenditure

During the year, the Company has capitalised the salaries, wages and bonus amounting to ₹ Nil (2022: ₹ Nil) to the cost of Fixed asset/ Capital work in progress (CWIP). Consequently, expenses disclosed under note no. 30 are net of amount capitalised by the Company.

# MUKTA ARTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

### 31 Earnings per equity share:

	Year ended 31 March 2023	Year ended 31 March 2022
Net (loss)/ profit after tax attributable to shareholders	84,208	206,880
Weighted average number of equity shares outstanding during the year for basic EPS	22,581,200	22,581,200
Weighted average number of equity shares outstanding during the year for dilutive EPS	22,581,200	22,581,200
Basic EPS	3.73	9.16
Dilutive EPS	3.73	9.16
Nominal value per share	5	5

### 32 Fair value measurement

#### The carrying value/ Fair value of the Financial instruments by category

	31 March 2023			31 March 2022		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial assets</b>						
Other Financial Assets	-	-	460,949	-	-	448,049
Trade Receivables	-	-	159,590	-	-	145,953
Cash and cash equivalents	-	-	67,961	-	-	12,580
Loans	-	-	1,157,735	-	-	1,113,051
Investment	286,096	-	-	286,096	-	-
Other bank balance	-	-	59,630	-	-	47,927
<b>Total financial assets</b>	<b>286,096</b>	<b>-</b>	<b>1,905,865</b>	<b>286,096</b>	<b>-</b>	<b>1,767,560</b>
<b>Financial liabilities</b>						
Borrowings	-	-	580,220	-	-	511,189
Trade Payables	-	-	23,308	-	-	30,767
Other Financial Liabilities	-	-	61,692	-	-	82,879
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>665,220</b>	<b>-</b>	<b>-</b>	<b>624,835</b>

#### (i) Fair value hierarchy

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

#### Financial instruments measured at Fair value

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

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

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

There are no recurring fair value measurements for any financial instruments as at 31 March, 2022 and 31 March, 2023.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

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

	Level	31 March 2023		31 March 2022	
		Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial assets</b>					
Other Financial Assets	Level 2	128,313	460,949	158,280	448,049
Trade Receivables	Level 2	159,590	159,590	145,953	145,953
Cash and cash equivalents	Level 2	67,961	67,961	12,580	12,580
Loans	Level 2	580,220	1,157,735	424,698	1,113,051
Investments	Level 2	315,204	286,096	251,396	286,096
<b>Financial liabilities</b>					
Borrowings	Level 2	580,220	580,220	511,189	511,189
Trade Payables	Level 2	23,308	23,308	30,767	30,767
Other Financial Liabilities	Level 2	61,692	61,692	82,879	82,879

The carrying amounts of trade receivables, cash and cash equivalents, loan to employees, interest accrued on fixed deposits, receivables from related party, unbilled revenue, other receivables, current maturity of borrowing, bank overdraft, book overdraft, interest accrued on borrowings, payable to related parties, capital creditors, trade payables and other financial liabilities are considered to be the same as fair values, due to their short term nature.

### 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.

#### (A) Credit risk

Credit risk is the risk that 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 with banks.

#### (i) Credit risk management

##### (a) Trade receivable related credit risk

The Company evaluates the concentration of risk with respect to trade receivables as low. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company provides for expected credit loss on trade receivables based on expected credit loss method. Each outstanding customer receivables are regularly monitored and if outstanding is above due date the further shipments are controlled and can only be released if there is a proper justification.

#### Reconciliation of loss allowance provision

	Amount
<b>Loss allowance on April 1, 2021</b>	8,679
Written-off	-
Provision for allowances	-5,009
<b>Loss allowance on March 31, 2022</b>	<b>3,670</b>
Written-off	
Provision for allowances	-2,257
<b>Loss allowance on March 31, 2023</b>	<b>1,413</b>

##### (b) Others Financial Asset

Credit risk from balances with banks is managed by Company in accordance with the Company policy. The other financial assets are from various forum of Government authorities and are released by Government authorities on completion of relevant terms and conditions for the release of outstanding.

#### (B) Liquidity risk

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows on daily, monthly and yearly basis. The Company ensures that there is a free credit limit available at the start of the year which is sufficient for repayments getting due in the ensuing year. Loan arrangements, credit limits with various banks including working capital and monitoring of operational and working capital issues are always kept in mind for better liquidity management

# MUKTA ARTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

### (i) Financing arrangements

The Company did not had any undrawn borrowing facilities at the end of the reporting period:

### (i) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

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	Less than 1 year	More than 1 year	Total
<b>as at March 31, 2023</b>			
Borrowings	48,000	532,220	580,220
Trade payables	23,308	-	23,308
Other financial liabilities	16,716	44,976	61,692
<b>Total liabilities</b>	<b>88,024</b>	<b>577,196</b>	<b>665,220</b>

Contractual maturities of financial liabilities	Less than 1 year	More than 1 year	Total
<b>as at March 31, 2022</b>			
Borrowings	60,000	451,189	511,189
Trade payables	30,767	-	30,767
Other financial liabilities	40,399	42,480	82,879
<b>Total liabilities</b>	<b>131,166</b>	<b>493,669</b>	<b>624,835</b>

Contractual maturities of financial Assets	Less than 1 year	More than 1 year	Total
<b>as at March 31, 2023</b>			
Trade Receivables	159,590	-	159,590
Cash & bank balance	67,961	-	67,961
Other bank Balance	59,630	-	59,630
Loans	800,829	356,906	1,157,735
Investments	-	315,204	315,204
Other financial assets	68,218	392,731	460,949
<b>Total Assets</b>	<b>1,156,228</b>	<b>1,064,841</b>	<b>2,221,069</b>

Contractual maturities of financial Assets	Less than 1 year	More than 1 year	Total
<b>as at March 31, 2022</b>			
Trade Receivables	145,953	-	145,953
Cash & bank balance	12,580	-	12,580
Other bank Balance	65,897	-	65,897
Loans	738,645	374,406	1,113,051
Investments	-	286,096	286,096
Other financial assets	67,831	380,218	448,049
<b>Total Assets</b>	<b>1,030,906</b>	<b>1,040,720</b>	<b>2,071,626</b>

### (C) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of two types of risks – interest rate risk & currency risk. Financial instrument affected by market risks includes loans and borrowings, deposits and other financials assets.

The Company has designed risk management frame work to control various risks effectively to achieve the business objectives. This includes identification of risk, its assessment, control and monitoring at timely intervals.





## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

### (i) Foreign currency risk

The Indian Rupee is the Company's functional and reporting currency. The Company has limited foreign currency exposure which are mainly in cash. Foreign currency transaction exposures arising on internal and external trade flows are not material and therefore not hedged. Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. This is the risk that the Company may suffer losses as a result of adverse exchange rate movement during the relevant period.

The carrying amounts of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the year, which are not hedged are as follows:

	31 March 2023 (BHD)	31 March 2022 (BHD)
<b>Financial Assets</b>		
Investment in shares	270,000	150,000
Loans	746,893	633,993
Receivable	77,595	132,904

### Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in BHD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Currency	Change in rate	Net effect on profit before tax (Incremental amount)
31 March 2023	BHD	+5%	54,724
	BHD	-5%	(54,724)
31 March 2022	BHD	+5%	45,845
	BHD	-5%	(45,845)

### (ii) Interest rate risk exposure

The Company manages interest rate risk by having a balanced portfolio of fixed and variable rate of interest on loans and borrowings. To manage this, Company has issued fixed rate bonds and loans taken from banks are linked to MCLR rate of the bank, which are variable. 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 March 2023	31 March 2022
Variable rate borrowings	-	-
Fixed rate borrowings	580,220	533,780
<b>Total Borrowing</b>	<b>580,220</b>	<b>533,780</b>

As at the end of the reporting period, the entity did not had any variable rate borrowings.

### 34 Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Currency	Increase / decrease in basis points	Effect on profit before tax
31 March 2023	INR	+50	266
	INR	-50	(266)
31 March 2022	INR	+50	258
	INR	-50	(258)

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

# MUKTA ARTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

### 35 Capital management

For the purpose of the Company's capital management, equity includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value. The Company's Capital Management objectives are to maintain equity including all reserves to protect economic viability and to finance any growth opportunities that may be available in future so as to maximize shareholders' value. The Company is monitoring capital using debt equity ratio as its base, which is debt to equity. The Company's policy is to keep debt equity ratio below three and infuse capital if and when required through issue of new shares and/or better operational results and efficient working capital management. In order to achieve the aforesaid objectives, the Company has not sanctioned any major capex on new expansion projects in last two to three years. There is constant endeavour to reduce debt as much as feasible and practical by improving operational and working capital management.

Particulars	31-Mar-23	31-Mar-22
Net debt	580,220	511,189
Total equity attributable to owners	1,779,576	1,695,232
<b>Net Debt to equity ratio</b>	<b>32.60%</b>	<b>30.15%</b>

#### Risk management

The Company's objective when managing capital are to:

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

The Company currently has loans from holding Company and banks.

#### (i) 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.

### 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 summarized below:

#### A) Parties where control exists

##### (i) Shareholders holding more than 20%

- Subhash Ghai

##### (ii) Subsidiary companies

- Whistling Woods International Limited
- Connect.1 Limited
- Mukta Tele Media Limited
- Mukta Creative Venture Ltd (Formerly known as Coruscant Tec Private Limited)
- Mukta A2 Cinemas Limited
- Mukta A2 Multiplex WLL

##### (iii) Joint Venture

- Mukta VN Films Limited

##### (iv) Step Down Subsidiary Company

- Whistling Woods International Education Foundation

##### (v) Key management personnel and relatives of such personnel

- Subhash Ghai - Chairman Director (and shareholder)
- Parvez Farooqui - Executive Director (and shareholder)
- Rahul Puri - Managing Director
- Mukta Ghai - Wife of Subhash Ghai (and shareholder)



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

- Ashok Ghai - Brother of Subhash Ghai
  - Siraj Farooqui - Brother of Parvez Farooqui
  - Sameer Farooqui - Brother of Parvez Farooqui
  - Sajid Farooqui - Brother of Parvez Farooqui
  - Meghna Ghai Puri - Daughter of Subhash Ghai (and shareholder)
- (v) **Enterprise over which key management personnel have control/ substantial interest/ significant influence**
- Mukta Arts – Proprietary concern of Subhash Ghai
  - Mukta Tele Arts Private Limited – Enterprise in which Subhash Ghai exercises significant influence

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

Transactions	Subsidiary companies		Key Management Personnel and relatives of such personnel		Enterprises over which key management personnel have control/ substantial interest/ significant influence	
	2023	2022	2023	2022	2023	2022
<b>Rendering of services - Sale of products</b>						
Mukta A2 Cinemas Ltd - Rent & Maintenance Charges	1,409	1,409	-	-	-	-
Whistling Woods International Ltd - Rent & Maintenance Charges	9,745	8,287	-	-	-	-
Mukta VN Films Limited	-	-	-	-	6,120	6,120
<b>Receiving of services</b>						
Ashok Ghai - Professional fees paid	-	-	3,849	2,726	-	-
<b>Interest income</b>						
Whistling Woods International Limited	21,925	22,286	-	-	-	-
Mukta Tele Media Limited	-	32	-	-	-	-
Connect.1 Limited	-	168	-	-	-	-
Mukta A2 Multiplex WLL	7,679	6,688	-	-	-	-
Mukta A2 Cinemas Ltd	47,636	45,154	-	-	-	-
Mukta VN Films Limited	-	-	-	-	1,800	1,262
<b>Corporate Gurantee Commision income</b>						
Mukta A2 Cinemas Ltd	-	976				
<b>Interest expenses</b>						
Mukta Creative Venture Ltd	91	86	-	-	-	-
Connect.1 Limited	3	-	-	-	-	-
<b>Rent expenses</b>						
Subhash Ghai	-	-	2,400	2,400	-	-
<b>Salaries and other benefit</b>						
Siraj Farooqui	-	-	4,740	2,914	-	-
Sameer Farooqui	-	-	1,188	887	-	-
<b>Managerial remuneration</b>						
Subhash Ghai	-	-	8,587	5,061	-	-
Subhash Ghai - Film Director fees	-	-	-	16,000	-	-
Rahul Puri	-	-	5,818	3,491	-	-
<b>Reimbursement of expenses received by the Company</b>						
Whistling Woods International Limited	744	437	-	-	-	-
Mukta VN Films Limited	-	-	-	-	290	747
Mukta A2 Cinemas Ltd	310	7,409				

# MUKTA ARTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

Transactions	Subsidiary companies		Key Management Personnel and relatives of such personnel		Enterprises over which key management personnel have control/ substantial interest/ significant influence	
	2023	2022	2023	2022	2023	2022
<b>Reimbursement of expenses paid by the Company</b>						
Mukta A2 Cinemas Ltd	-	2,345	-	-	-	-
<b>Loan given during the year</b>						
Mukta A2 Multiplex WLL	29,632	7,485	-	-	-	-
Mukta A2 Cinemas Ltd	56,000	144,300	-	-	-	-
Whistling Woods International Limited	10,000	-	-	-	-	-
<b>Loan repaid during the year</b>						
Whistling Woods International Limited	27,500	-	-	-	-	-
Mukta A2 Cinemas Ltd	8,500	-	-	-	-	-
Mukta A2 Multiplex WLL	13,046	-	-	-	-	-
<b>Advances given during the year</b>						
Mukta Tele Media Ltd	-	95				
Connect.1 Ltd	-	341	-	-	-	-
Mukta VN Films Ltd	-	-	-	-	-	20,000
<b>Advances received during the year</b>						
Connect.1 Ltd	1,500	-	-	-	-	-
<b>Advances repaid during the year</b>						
Connect.1 Ltd	-	1,886	-	-	-	-
<b>Equity Contribution during the year</b>						
Mukta A2 Multiplex WLL						
<b>Loan receivable</b>						
Whistling Woods International Limited	185,100	202,600	-	-	-	-
Mukta A2 Multiplex WLL	130,736	114,150	-	-	-	-
Mukta A2 Cinemas Ltd	600,000	552,500	-	-	-	-
<b>Amount receivable</b>						
Whistling Woods International Limited	387	763	-	-	-	-
Mukta A2 Cinemas Ltd	130,499	94,638	-	-	-	-
Mukta VN Films Ltd	-	-	-	-	2,643	5,057
<b>Interest receivable</b>						
Whistling Woods International Limited	1,594	1,704	-	-	-	-
<b>Other Payables</b>						
Siraj Farooqui	-	-	322	-	-	-
Sameer Farooqui	-	-	86	-	-	-
Subhash Ghai	-	-	475	1,422	-	-
Rahul Puri	-	-	273	-	-	-
<b>Advances receivable</b>						
Mukta Tele Media Ltd	-	344	-	-	-	-
<b>Advances payable</b>						
Mukta Creative Venture Ltd	982	932	-	-	-	-
Connect.1 Limited	1,503	-	-	-	-	-

Letter of support to Whistling Woods International Limited



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

### 37 Disclosure as per Clause 32 of the Listing agreement

Name of the Company	Balance as at		Maximum outstanding during the year	
	2023	2022	2023	2022
<b>(a) Particulars in respect of loans and advances in the nature of loans to subsidiary/ associate companies</b>				
- Whistling Woods International Limited	185,100	202,600	202,600	202,600
- Mukta Tele Media Ltd	-	344	3,749	3,749
- Mukta A2 Multiplex WLL	130,736	114,150	130,736	114,150
- Mukta A2 Cinemas Ltd	600,000	552,500	600,000	552,500
- Mukta VN Films Ltd	-	20,000	-	20,000
<b>(b) Particulars of Loans and advances to Companies in which director (s) is a Director or member:</b>				
None	-	-	-	-
<b>(c) Particulars in respect of loans and deposits to subsidiary / associate companies where there is no repayment schedule</b>				
- Whistling Woods International Limited	185,100	202,600	202,600	202,600
- Mukta Tele Media Limited	-	344	3,749	3,749
- Mukta A2 Multiplex WLL	130,736	114,150	130,736	114,150
- Mukta A2 Cinemas Ltd	600,000	552,500	600,000	552,500
- Mukta VN Films Ltd	-	20,000	-	20,000

### 38 Commitments

Estimated amounts of contracts remaining to be executed on capital account and not provided for aggregate to ₹ Nil (31 March 2022, ₹ : Nil).

### 39 Contingent liabilities

	31 March 2023	31 March 2022
a) Service tax liability in appeal (note 1)	1,675	1,675
b) Corporate guarantee given by the Company against a loan facility taken by its subsidiary Company Mukta A2 Cinemas Ltd.	69,900	69,900
c) Support letter provided to Whistling Woods International Limited, a subsidiary of the Company and to Mukta VN Films Limited.		

#### Notes

- 1) Unless specified, the amounts are excluding penalty and interest, if any, that would be levied at the time of final conclusion.
- 2) The Company is party to various legal proceedings in the normal course of business and does not expect the outcome of these proceedings to have any adverse effect on the financial conditions, results of operations or cash flows.
- 3) In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liability, where applicable in its financial statements. The Company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect of the Company's results of operations or financial condition.
- 4) The Company has availed the benefit of payment of customs duty and other duties at a concessional rate on import of capital goods, under the Export Promotion Capital Goods ('EPCG') Scheme, against fulfillment of export commitment over eight years from the date of issue of the license. The Company's bankers have provided guarantees amounting to Rs 18,268,541 (31 March 2022: Rs 18,750,3627) to the Customs and other statutory authorities, on behalf of the Company, towards fulfillment of these commitments. The Company believes that the export commitment obligations will be fulfilled and accordingly does not expect any custom and other duties, penalty or interest to be levied with respect to non-fulfillment of the terms and conditions of the EPCG scheme.

### 40 Expenditure in foreign currency (on accrual basis)

During the year, no expenditure incurred in foreign currency.

# MUKTA ARTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

### 41 Earnings in foreign exchange (on accrual basis)

Earnings in foreign currency for the year ended 31 March 2023 is ₹ 76.79 Lacs (31 March 2022 ₹ 66.87 Lacs).

42 Public Interest Litigations ('PIL') had been filed alleging that the Maharashtra Film, Stage and Cultural Development Corporation Limited ('MFSCDCL') had not followed proper procedure while entering into a Joint Venture Agreement ('JVA') with the Company and in the subsequent allotment of 20 acres of land to the said joint venture, Whistling Woods International Limited ('WWI'), a subsidiary of the Company. During the year 2011-2012, pursuant to the Order of the Hon'ble High Court of Judicature at Bombay ('High Court') dated 9 February 2012, inter-alia, the JVA with MFSCDCL was quashed / rendered cancelled, WWI was ordered to return the land to MFSCDCL and pay rent (and interest on arrears) retrospectively on the entire land since the date of the JVA. Of the total land admeasuring 20 acres, 14.5 acres vacant unused land was handed over to MFSCDCL on 18 April 2012 and the balance was to be handed over on or before 31 July 2014. Pending discussion and / or agreement with MFSCDCL and / or clarifications to be sought from the concerned parties, no adjustments have been made to the Share Capital structure of WWI and the carrying value of the land rights in its books of account. However, in terms of the Order of the High Court, the said amount together with future rent till the date of vacation of the premises is adjustable against the market price of the Institute building of WWI on the said land. The valuation is to be carried out by an expert valuer to be appointed by the Government. During the year 2013-2014, the PWD Engineer has given his valuation report based on the Balance Sheet of WWI as at 31 March 2011. Further, the Company made an application to the Government of Maharashtra in February 2013 to appoint expert valuers to determine the market price. WWI's petition for special leave to file appeal with the Supreme Court of India was dismissed. However, the Company and WWI filed review petitions with the High Court. In terms of Order dated 9 February 2012 passed by the High Court, MFSCDC raised net demand of ₹ 591,966,210 and asked WWI to vacate the premises. The Company's and WWI's Review Petitions were heard by High Court and a stay was granted on 30 July 2014. The High Court ordered the Company / WWI to pay arrears of rent for the years 2000-2001 to 2013-2014 aggregating to Rs 100,038,000 by January 2015 and to pay rent of Rs 4,500,000 per annum from the financial year 2014-2015. As per the terms of the said Order, till 31 March 2023 Rs 113,538,000 has been paid by the Company and Rs 22,500,000 has been paid by WWI. The State Government of Maharashtra and MFSCDCL challenged the Order of the Bombay High Court in the Supreme Court which was dismissed by the court on 22nd September 2014 with recourse to the State Government of Maharashtra to make an application to the High Court. Pending final disposal of the review petitions and valuation of the building, and in view of the future plans for WWI which are being evaluated, management believes that the Company's investments in WWI aggregating Rs 399,511,218 and amounts due therefrom aggregating Rs 441,290,157 are good and recoverable as management is hopeful of reliefs based on the issues involved and on merits of the case, as also of a high valuation of the building. The amounts so paid/ being paid by the Company have been treated as Deposits in the standalone financial statements to be adjusted on the settlement of the case.

### 43 Disclosure pursuant to Section 186 of the Companies Act, 2013

#### a) Details of loan given:

Name of the the entity and relation with the Company, if applicable	Terms and conditions of the loan and purpose for which it will be utilised
Whistling Woods International Limited, subsidiary of the Company	Unsecured loan given @11% for the purpose of financial support to subsidiary which is repayable on mutual consent.
Mukta Tele Media Ltd, subsidiary of the Company	Unsecured loan given @11% for the purpose of financial support to subsidiary which is repayable on mutual consent
Connect. Ltd, subsidiary of the Company	Unsecured loan given @11% for the purpose of financial support to subsidiary which is repayable on mutual consent
Mukta A2 Multiplex WLL, subsidiary of the Company	Unsecured loan given @6% for the purpose of financial support to subsidiary which is repayable on mutual consent.
Mukta A2 Cinemas Limited, subsidiary of the Company	Unsecured loan given @9% till June 2022 and @8% from 1st July 2022 for the purpose of financial support to subsidiary which is repayable on mutual consent



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

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

Name of Party	Financial year	Opening balance (excluding accrued interest)	Loan given	Loan repaid/ Adjustment	Closing balance (excluding accrued interest)
Whistling Woods International Limited, subsidiary of the Company	Year ended 31 March 2023	202,600	10,000	27,500	185,100
	Year ended 31 March 2022	202,600	-	-	202,600
Mukta Tele Media Ltd	Year ended 31 March 2023	344	-	344	-
	Year ended 31 March 2022	250	95	-	344
Mukta A2 Cinemas Ltd, subsidiary of the Company	Year ended 31 March 2023	552,500	56,000	8,500	600,000
	Year ended 31 March 2022	408,200	144,300	-	552,500
Mukta A2 Multiplex WLL, subsidiary of the Company	Year ended 31 March 2023	114,150	29,632	13,046	130,736
	Year ended 31 March 2022	106,665	7,485	-	114,150
Om Films Private Limited	Year ended 31 March 2023	17,600	-	-	17,600
	Year ended 31 March 2022	17,600	-	-	17,600

#### 44 Disclosure of Ratios

Particulars	As at 31 March 2023	As at 31 March 2022	% of Variance	Reason for variance for more than 25%
i) <b>Debt Equity ratio - [no. of times]</b> Total debt/ Total equity	0.33	0.32	5	
ii) <b>Debt service coverage ratio ('DSCR') - [no. of times]</b> EBITDA / (Interest expenses** + Principal repayments of long term borrowings due within 12 months from the balance sheet date)	5.56	4.00	39	Due to decrease in EBITDA during FY 2022-23.
iii) <b>Current ratio [no. of times]</b> (Total current assets - Derivatives financial assets) / (Total current liabilities - Short term borrowings****)	4.98	6.75	(26)	Due to increase in current assets and decrease in current liabilities.
iv) <b>Trade receivables turnover ratio (times)</b> (Sale of services/ Closing trade receivables)	1.25	3.31	(62)	Due to decrease in sales during FY 2022-23.
v) <b>Net profit/(loss) margin [%]<sup>2</sup></b> Profit/(Loss) after tax / Revenue from operations	1.13	0.43	166	Due to decrease in net profit during FY 2022-23.
vi) <b>Return on Equity Ratio [%]<sup>3</sup></b> Profit/(Loss) after tax / Total equity	0.05	0.12	(60)	Due to decrease in net profit during FY 2022-23.

# MUKTA ARTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

Particulars	As at 31 March 2023	As at 31 March 2022	% of Variance	Reason for variance for more than 25%
vii) Return on Capital Employed Ratio [%] {Earnings before Interest & Taxes (EBIT)}**** / Total Capital Employed*****	0.07	0.14	(53)	Due to decrease in net profit during FY 2022-23.
viii) Trade payables turnover - [no. of times] Total expenses less depreciation / Closing Trade payables	9.08	11.75	(23)	

\*\* Interest expenses exclude notional interest and other finance charges.

\*\*\* Total debt represents Total borrowings + Interest accrued but not due.

\*\*\*\* Short term borrowings represents current borrowings including current maturities of long term debt + Interest accrued but not due.

\*\*\*\*\* Earning before interest and taxes (EBIT) = EBT+ Interest

\*\*\*\*\* Total Capital employed represents Tangible net worth + total debt + deferred tax liability.

### 45 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.	9	-
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 of informations available with the Company.

- 46 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.
- 47 Pursuant to the provisions of the Companies Act, 2013 read with Investor Education Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended, the shares pertaining to which dividend remains unclaimed/ unpaid for a period of seven years from the date of transfer to unpaid dividend account are mandatorily required to be transferred to the Investor Education and Protection Fund ('IEPF') established by the Central Government.





## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

### 48 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.

### 49 Prior period comparatives

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

As per our report of even date.

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

For and on behalf of the Board of Directors of  
**Mukta Arts Limited**  
CIN: L92110MH1982PLC028180

**CA Subhash Jhunjunwala**  
Partner  
Membership No: 016331

**Subhash Ghai**  
Chairman Director  
DIN: 00019803

**Rahul Puri**  
Managing Director  
DIN: 01925045

**Parvez A. Farooqui**  
Director  
DIN: 00019853

**Date:** 25 May 2023  
**Place:** Mumbai

**Prabuddha Dasgupta**  
Chief Financial Officer

**Hemal Pankhania**  
Company Secretary  
Membership No: ACS31426

# MUKTA ARTS LIMITED

## Independent Auditor's Report on Consolidated Financial Results

To

The Board of Directors

Mukta Arts Limited

### Report on the Audit of the Consolidated Annual Financial Statement

#### Qualified Opinion:

We have audited the accompanying consolidated annual financial results of Mukta Arts Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") and its Joint Ventures for the year ended 31<sup>st</sup> March, 2023, attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulation').

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate audited financial statements of the subsidiaries and joint venture, except the possible effects of the matters described in "Basis for Qualified Opinion" Para below, the aforesaid consolidated annual financial results:

- a) include the annual financial results of the following entities
  - i. Subsidiaries:
    1. Mukta Creative Ventures Limited
    2. Whistling Woods International Limited
    3. Mukta A2 Cinemas Limited
    4. Mukta Tele Media Limited
    5. Connect.1 Limited
    6. Mukta A2 Multiplex WLL (incorporated in Bahrain)
    7. Whistling Woods International Education Foundation (100% Subsidiary of Whistling Woods International Limited)
  - ii. Joint Ventures:
    1. Mukta VN Films Limited
- b) are presented in accordance with requirements of Regulation 33 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 as amended; and
- c) gives a true and fair view in conformity with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India, of the consolidated net loss, total comprehensive income (loss) and other financial information of the group and its joint venture, for the year ended 31<sup>st</sup> March, 2023.

#### Basis for Qualified Opinion:

1. As at 31<sup>st</sup> March, 2023, the Company's investment in its subsidiary (including deemed investment), Whistling woods International Limited ('**WWIL**') a joint venture between the Company and Maharashtra Film, Stage and Cultural Development Corporation Limited ('**MFSCDCL**'), aggregates to ₹ 19,95,11,218/- and loans and advances, deposits, interest receivable and rent receivable aggregate to ₹ 64,13,83,146/- recoverable from WWIL. As fully explained in Note 43 to the accompanying audited financial statements, the order of 9<sup>th</sup> February, 2012 passed by the High Court of judicature at Bombay ('High Court'), had quashed the joint Venture Agreement ('**JVA**') between the Company and MFSCDCL. MFSCDC raised net demand of ₹ 59,19,66,210/- and asked WWIL to vacate the premises. WWIL's petition for special leave to appeal filed with the Supreme Court of India had also been dismissed. The Company and WWIL had filed application to review the said order with the High Court and an Interim stay was granted on 30<sup>th</sup> July, 2014 which required deposit of ₹10,00,38,000/- by January 2015 against payment of arrears of rent for the year 2000-01 to 2013-14 and payment of ₹ 45,00,000/- per annum from Financial Year 2014-15 till the settlement of the case, to MFSCDCL. As per the terms of the said order, till financial year 2016-17, ₹ 11,35,38,000/- has been paid by the Holding Company and for financial year 2017-18 to 2021-22 ₹ 45,00,000/- per annum has been paid by WWIL. The State Govt.



## Independent Auditors' Report (Continued)

of Maharashtra and MFSCDCL challenged the order of the High Court in the Supreme Court which was dismissed by the Supreme Court on 22<sup>nd</sup> September, 2014. The amount so paid / being paid by the Company have been accounted under Non - Current Other Financial Assets in the Consolidated Financial Statements to be adjusted on the settlement of the case. Management of WWIL informs that these will be accounted as an expense, if required, on the settlement of the case.

Additionally, without giving effect to the matter as stated above, WWIL's net worth stands fully eroded as at March 31, 2023. Having regard to the circumstances explained above and pending final outcome of the matter under litigation, the Company has not made any adjustment to the carrying value of investment in and amounts due from WWIL and the deposit paid consequent to the High Court's Orders. Accordingly, the impact on the carrying value of investments, recoverability of loans and advances and consequential impact on loss for the year and reserves is not determinable.

2. The Ministry of Corporate Affairs ('MCA') on 30<sup>th</sup> March, 2019 notified Ind AS 116 "Leases" as part of Companies (Indian Accounting Standards) Amendment Rules, 2019. The new standard is effective from reporting periods beginning on or after 1<sup>st</sup> April, 2019. Pending final outcome of the matter under litigation as mentioned above, no adjustment has been made in WWIL's Financial Statements with respect to Ind AS 116 on the land rights.

### Emphasis of Matter

1. We draw attention to Note no. 42 of the consolidated financial statements for the year ended 31st March, 2023 wherein the group has reported on the impact of 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.
2. During the year ended 31<sup>st</sup> March, 2023, Mukta A2 Cinemas Ltd (Subsidiary) has incurred loss before tax (including other comprehensive income) of ₹ 15,63,98,641/- and has accumulated losses of ₹ 72,86,32,168/- as on 31<sup>st</sup> March, 2023. Further the Company's net worth has been fully eroded and there is a deficit of ₹ 71,36,32,168/- in the shareholder's equity as on 31<sup>st</sup> March, 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, management believes that it is appropriate to prepare financial statements on a going concern basis.
3. There is an emphasis of matter with regards to the financial statements of Mukta A2 Multiplex WLL on account of deficit in the Shareholder's Equity and the Company's current liability exceeding its current assets as on 31<sup>st</sup> March, 2023. These conditions indicate the existence of material uncertainty which may cast a significant doubt about the Company's ability to continue as a going concern.

Our report is not modified in respect of these matters.

### Management's Responsibility for the audit of the Financial Statements:

These Consolidated annual financial results have been prepared on the basis of the Consolidated annual financial statements.

The Company's Management and the Board of Directors are responsible for the preparation and presentation of these Consolidated annual financial results that give a true and fair view of the net profit and other comprehensive income and other financial information in accordance with recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated annual financial results, the Management and the Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

# MUKTA ARTS LIMITED

## Independent Auditors' Report (Continued)

The Board of Directors is responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Results

Our objectives are to obtain reasonable assurance about whether the Consolidated annual financial results 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 consolidated annual financial results.

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 Consolidated annual financial results, 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 Act, we are also responsible for expressing our opinion through a separate report on the complete set of financial statements on whether the Company has adequate internal financial controls with reference to financial statements 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 in the financial results made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors 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 appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated annual financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated annual financial results, including the disclosures, and whether the Consolidated annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within the Group to express an opinion on the Statement. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the statement of which we are the independent auditors. For the other entities included in the Statement, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

### Other Matter

- (a) The Statement include the audited financial results of five subsidiaries (excluding Mukta A2 Cinemas Ltd., which has been audited by us), whose financial statements reflect total assets of ₹ 60,93,89,960/- as at 31 March 2023, total revenue of ₹ 67,87,68,335/- and total net profit/ (loss) after tax of ₹ (12,38,91,190)/- for the year ended 31 March 2023 and for the period from 1 April 2022 to 31 March 2023 respectively, as considered in the Statement, which have been audited by its independent auditors. The independent auditors' report on the financial statements/results of this entity



## **Independent Auditors' Report** (Continued)

have been furnished to us and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this entity, is based solely on the report of such auditors and the procedures performed by us as stated in paragraph above.

Our opinion on the Statement is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor.

- (b) We did not audit the financial statements / financial information of one Joint Venture, for the year ended 31<sup>st</sup> March, 2023, as considered in the consolidated financial statements of Mukta Arts Limited. The consolidated financial statements also include the Group's share of net profit of ₹ 8,32,230/- for the year ended 31<sup>st</sup> March, 2023, as considered in the consolidated financial statements. These financial statements / financial information are yet to be audited and the Independent Audited Report have not been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the same is solely based upon the management certified Financial Statements provided to us, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid Joint Venture, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, this financial statements / financial information is not material to the Group.

Our opinion on the statements is not modified in respect of above matters.

- (c) We report that the figures for the quarter ended 31<sup>st</sup> March, 2023 represent the derived figures between the audited figures in respect of the financial year ended 31<sup>st</sup> March, 2023 and the published unaudited year-to-date figures up to 31<sup>st</sup> December, 2022 being the date of the end of the third quarter of the current financial year, which were subjected to a limited review by us.

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

**Sd/-**  
**CA Subhash Jhunjhunwala**  
**Partner**  
**Membership No.: 016331**  
**UDIN: 23016331BGXBZS6920**

**Date:** 25<sup>th</sup> May, 2023  
**Place:** Mumbai

# MUKTA ARTS LIMITED

## CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2023

(₹ in '000)

Particulars	Note No.	(₹ in '000)	
		As at 31 March 2023	As at 31 March 2022
<b>I. ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	6 (a)	658,516	677,602
(a) Right of use Asset	6 (d)	467,214	433,583
(b) Capital work-in-progress	6(b)	20,840	18,814
(c) Investment property	7	129,484	132,596
(d) Intangible assets	6 (c)	64,080	55,619
(e) Intangible Assets under Development	6 (e)	78,038	47,848
(f) Financial assets			
(i) Investments	8 (a)	40,631	40,631
(ii) Others financial assets	8 (b)	184,505	220,118
(g) Deferred tax assets (net)	9	31,592	24,904
(h) Other non-current assets	10	133,811	108,303
<b>Total Non-current assets</b>		<b>1,808,711</b>	<b>1,760,020</b>
<b>Current assets</b>			
(a) Inventories	11	12,831	9,446
(b) Financial assets			
(i) Current investments	12 (a)	-	20,012
(ii) Trade receivables	12 (b)	90,086	112,093
(iii) Cash and cash equivalents	12 (c)	79,429	92,930
(iv) Bank balances other than (iii) above	12 (d)	81,021	70,961
(v) Loans	12 (e)	142,069	152,257
(vi) Others financial assets	12 (f)	73,419	90,210
(c) Other current assets	13	141,413	183,160
<b>Total Current assets</b>		<b>620,268</b>	<b>731,070</b>
<b>Total Assets</b>		<b>2,428,979</b>	<b>2,491,089</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	14	112,926	112,926
(b) Other Equity	15	(319,027)	(67,302)
<b>Equity attributable to the owner of the Company</b>		<b>(206,101)</b>	<b>45,624</b>
<b>Non Controlling Interest</b>		<b>79,404</b>	<b>50,605</b>
<b>Total Equity</b>		<b>(126,696)</b>	<b>96,229</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16 (a)	603,831	557,774
(ii) Lease liabilities	16 (b)	466,207	420,352
(ii) Other financial liabilities	16 (c)	292,706	122,579
(b) Long Term Provisions	17	49,724	50,549
(c) Other non-current liabilities	18	52,509	67,209
<b>Total Non-Current Liabilities</b>		<b>1,464,976</b>	<b>1,218,463</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	19 (a)	80,600	79,524
(ii) Lease liabilities	19 (b)	59,426	71,602
(ii) Trade payables	19 (c)	386,703	300,103
(iii) Other financial liabilities	19 (d)	138,098	183,438
(b) Other current liabilities	20	318,640	430,943
(c) Short Term Provisions	21	107,233	110,786
<b>Total Current liabilities</b>		<b>1,090,699</b>	<b>1,176,397</b>
<b>Total Equity and Liabilities</b>		<b>2,428,979</b>	<b>2,491,089</b>

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

As per our report of even date.

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

For and on behalf of the Board of Directors of  
**Mukta Arts Limited**  
CIN: L92110MH1982PLC028180

**CA Subhash Jhunjunwala**  
Partner  
Membership No: 016331

**Subhash Ghai**  
Chairman Director  
DIN: 00019803

**Rahul Puri**  
Managing Director  
DIN: 01925045

**Parvez A. Farooqui**  
Director  
DIN: 00019853

**Date:** 25 May 2023  
**Place:** Mumbai

**Prabuddha Dasgupta**  
Chief Financial Officer

**Hemal Pankhania**  
Company Secretary  
Membership No: ACS31426



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2023

	Notes	As at 31 March, 2023	As at 31 March, 2022
(₹ in '000)			
(I) Revenue from operations	22	1,631,785	1,317,327
(II) Other income	23	110,776	214,980
<b>(III) Total Income (I+II)</b>		<b>1,742,561</b>	<b>1,532,307</b>
<b>(IV) Expenses</b>			
(a) Changes in inventory of food & beverages	24	(2,795)	(1,662)
(b) Purchase of food & beverages		61,051	20,936
(c) Cost of production, distribution, exhibition and theatrical operation	25	317,799	311,899
(d) Other direct operation expenses	26	8,258	8,511
(e) Employee benefits expense	27	349,360	234,055
(f) Finance costs (net)	28	139,351	124,047
(g) Depreciation and amortisation expenses	29	194,269	177,405
(h) Other expenses	30	849,925	552,242
<b>Total Expenses</b>		<b>1,917,219</b>	<b>1,427,433</b>
<b>(V) Profit/(Loss) before share in joint venture and tax (III - IV)</b>		<b>(174,658)</b>	<b>104,873</b>
(VI) Share in Joint Venture		832	(3,556)
<b>(VII) Profit/(Loss) before tax (V + VI)</b>		<b>(173,826)</b>	<b>101,317</b>
Tax expense			
Current tax		17,900	54,332
Deferred tax		(6,688)	1,804
Taxes for earlier years		2,499	(17,022)
<b>(VIII) Profit/(Loss) for the year</b>		<b>(187,537)</b>	<b>62,202</b>
<b>(IX) Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Less : Remeasurement gain on defined benefit plan		(598)	3,308
<b>Other comprehensive income for the year</b>		<b>(598)</b>	<b>(448)</b>
<b>(X) Total comprehensive income for the year (VII+VIII)</b>		<b>(188,134)</b>	<b>65,510</b>
<b>Profit/(Loss) is attributable to :</b>			
Owners		(187,537)	62,202
Non Controlling Interest		-	-
		<b>(187,537)</b>	<b>62,203</b>
<b>Other comprehensive income is attributable to :</b>			
Owners		(598)	3,308
Non Controlling Interest		-	-
		<b>(598)</b>	<b>3,308</b>
<b>Total comprehensive income is attributable to :</b>			
Owners		(188,134)	65,510
Non Controlling Interest		-	-
		<b>(188,134)</b>	<b>65,510</b>
<b>(X) Earnings per share</b>	32		
Basic (nominal value ₹ 5)		(8.33)	2.90
Diluted (nominal value ₹ 5)		(8.33)	2.90

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

As per our report of even date.

For **Uttam Abuwala Ghosh & Associates**

Chartered Accountants

Firm's Registration No: 111184W

For and on behalf of the Board of Directors of

**Mukta Arts Limited**

CIN: L92110MH1982PLC028180

**CA Subhash Jhunjunwala**

Partner

Membership No: 016331

**Subhash Ghai**

Chairman Director

DIN: 00019803

**Rahul Puri**

Managing Director

DIN: 01925045

**Parvez A. Farooqui**

Director

DIN: 00019853

**Date:** 25 May 2023

**Place:** Mumbai

**Prabuddha Dasgupta**

Chief Financial Officer

**Hemal Pankhania**

Company Secretary

Membership No: ACS31426

# MUKTA ARTS LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH, 2023

(₹ in '000)

	Number	Amount
<b>Balance as at 1 April 2021</b>	<b>22,585,200</b>	<b>112,926</b>
Add: Changes in equity share capital	-	-
<b>Balance as at 31 March 2022</b>	<b>22,585,200</b>	<b>112,926</b>
Add: Changes in equity share capital	-	-
<b>Balance as at 31 March 2023</b>	<b>22,585,200</b>	<b>112,926</b>

	Reserves & Surplus					Total other equity
	Securities Premium	General Reserve	Capital Reserve	Foreign Currency Reserve	Retained Earnings	
<b>Balance as at 1 April 2021</b>	<b>973,605</b>	<b>83,145</b>	<b>12</b>	<b>1,729</b>	<b>(1,202,846)</b>	<b>(144,356)</b>
Profit/(loss) for the year	-	-	-	-	62,202	<b>62,202</b>
Transfer during the year	-	-	-	427	-	<b>427</b>
Other comprehensive income for the year	-	-	-	-	3,308	<b>3,308</b>
Other adjustment	-	-	-	-	11,116	<b>11,116</b>
<b>Total Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>427</b>	<b>76,626</b>	<b>77,053</b>
Dividend and dividend tax	-	-	-	-	-	-
Employee stock option compensation expense	-	-	-	-	-	-
<b>Balance as at 31 March 2022</b>	<b>973,605</b>	<b>83,145</b>	<b>12</b>	<b>2,156</b>	<b>(1,126,220)</b>	<b>(67,303)</b>
Profit for the year	-	-	-	-	(187,537)	<b>(187,537)</b>
Transfer during the year	-	-	-	41	-	<b>41</b>
Other comprehensive income for the year	-	-	-	-	(598)	<b>(598)</b>
Other adjustment	-	-	-	-	-	-
<b>Total Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41</b>	<b>(188,134)</b>	<b>(188,093)</b>
Transfer from/to share option outstanding account	-	-	-	-	-	-
Employee stock option compensation expense	-	-	-	-	-	-
<b>Balance as at 31 March 2023</b>	<b>973,605</b>	<b>83,145</b>	<b>12</b>	<b>2,197</b>	<b>(1,314,354)</b>	<b>(255,396)</b>

The above consolidated statement of changes in equity account should be read in conjunction with the accompanying notes.

As per our report of even date.

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

For and on behalf of the Board of Directors of  
**Mukta Arts Limited**  
CIN: L92110MH1982PLC028180

**CA Subhash Jhunjunwala**  
Partner  
Membership No: 016331

**Subhash Ghai**  
Chairman Director  
DIN: 00019803

**Rahul Puri**  
Managing Director  
DIN: 01925045

**Parvez A. Farooqui**  
Director  
DIN: 00019853

**Date:** 25 May 2023  
**Place:** Mumbai

**Prabuddha Dasgupta**  
Chief Financial Officer

**Hemal Pankhania**  
Company Secretary  
Membership No: ACS31426





## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2023

(₹ in '000)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Cash flow from operating activities</b>		
<b>Loss before tax</b>	<b>(174,658)</b>	104,873
<b>Non-cash adjustments to reconcile Profit before tax to net cash flows</b>		
Depreciation and amortisation	194,269	177,405
Bad debts/ advances/ intangible assets under development written-off	30,593	41,968
Finance costs	139,351	124,047
Interest income	(12,262)	(9,721)
(Gain) on sale of tangible assets (net)	(7,573)	(63,901)
<b>Operating profit before working capital changes</b>	<b>169,721</b>	374,671
Movements in working capital:		
Increase/(Decrease) in other current liabilities	(3,554)	10,360
Increase/(Decrease) in other financial liabilities	(45,339)	(81,710)
Increase/(Decrease) in other non current liabilities	(14,701)	46,607
Increase/(Decrease) in other non current lease liabilities	45,856	216,807
Increase/(Decrease) in other non current financial liabilities	170,127	(52,929)
Increase/(Decrease) in lease liabilities	(12,176)	(18,915)
Increase/(Decrease) in trade payables	(86,599)	(16,672)
Increase/(Decrease) in Current Provisions	(112,304)	(134,143)
Increase/(Decrease) in Non current Provisions	(826)	(934)
(Increase)/Decrease in inventories	(3,385)	(1,860)
(Increase)/Decrease in trade receivables	22,007	95,298
(Increase) /Decrease in other non- current assets	(25,507)	23,536
(Increase)/Decrease in short-term loans and advances	10,188	(25,888)
(Increase)/Decrease in other non current financial assets	35,614	3,072
(Increase) /Decrease in other current assets	41,748	(39,652)
(Increase)/Decrease in other current financial assets	16,790	(8,045)
<b>Cash generated from (used in) operations</b>	<b>207,659</b>	389,603
Taxes paid (net)	(30,691)	(30,691)
<b>Net cash generated from (used in) operating activities (A)</b>	<b>176,968</b>	358,912
<b>Cash flow from investing activities</b>		
Investments in equity shares of subsidiaries	20,012	(24,772)
Purchase of fixed assets (tangible and intangible)	(139,845)	(227,385)
Proceeds from maturity/ (reinvestment) of fixed deposits, net	(10,363)	(23,988)
Proceeds from sale of fixed assets	19,684	19,684
Interest income	12,262	9,721
<b>Net cash used in investing activities (B)</b>	<b>(98,250)</b>	(246,741)
<b>Cash flow from financing activities</b>		
Secured loan (repaid)/taken, net	60,556	(1,366)
Unsecured loan (repaid)/taken , net	(13,424)	(33,965)
Finance charges (net)	(139,351)	(124,047)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>(92,219)</b>	(159,378)
<b>Net increase /(decrease) in cash and cash equivalents (A + B + C)</b>	<b>(13,501)</b>	(47,207)
<b>Cash and cash equivalents at the beginning of the year</b>	<b>92,707</b>	139,914
<b>Cash and cash equivalents at the end of the year (Refer note (b) below)</b>	<b>79,206</b>	92,707

# MUKTA ARTS LIMITED

## Reconciliation of cash and cash equivalents as per the cash flow statement

(₹ in '000)

	31 March 2023	31 March 2022
<b>Notes:</b>		
(a) 'The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard - 7 prescribed in the Companies (Accounting Standards) Rules, 2006, which continue to apply under Section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules 2014.		
(b) Cash and cash equivalents at year-end comprises:		
(i) Cash on hand	1,619	3,012
(ii) Balances with scheduled banks in		
- in current accounts	77,587	89,696
<b>Balances per statement of cash flows</b>	<b>79,206</b>	<b>92,707</b>

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

As per our report of even date.

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

For and on behalf of the Board of Directors of  
**Mukta Arts Limited**  
CIN: L92110MH1982PLC028180

**CA Subhash Jhunjhunwala**  
Partner  
Membership No: 016331

**Subhash Ghai**  
Chairman Director  
DIN: 00019803

**Rahul Puri**  
Managing Director  
DIN: 01925045

**Parvez A. Farooqui**  
Director  
DIN: 00019853

**Date:** 25 May 2023  
**Place:** Mumbai

**Prabuddha Dasgupta**  
Chief Financial Officer

**Hemal Pankhania**  
Company Secretary  
Membership No: ACS31426



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023

### 1 Corporate information

Mukta Arts Limited ('Mukta' or 'the Company') is a Company incorporated in India under the Companies Act, 1956. The Company was incorporated on 7 September 1982 as Mukta Arts Private Limited and was converted to a public limited Company on 15 March 2000 and renamed as Mukta Arts Limited. The Company is promoted by Mr. Subhash Ghai who holds 55.34% of the outstanding equity share capital as at 31 March 2023.

The Company is primarily engaged in the business of film production, distribution and film exhibition (wherein it provides film content to multiplexes and single screens across India and also manages/ runs theatres). The Company also provides production facilities to other production houses and independent producers. The Company has six subsidiaries, Whistling Woods International Limited (which is an education institute which imparts training in various skills related to films, television and media industry), Mukta Creative Ventures Ltd (Formerly known as Coruscant Tec Limited) (which is a wireless solutions Company with a focus on wireless content), Connect1 Limited (which is involved in marketing of film content), Mukta Tele Media Limited (which is involved in production of television serials) and one Joint venture, Mukta V N Films Limited (which is involved in the business of distribution and exhibition of films), Mukta A2 Cinemas Limited (which is involved in business of exhibition of films) and Mukta A2 Multiplex WLL (which is involved in business of exhibition of films).

The shares of the Company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

### 2 Summary of significant accounting policies

#### 2.1 Basis of preparation

The consolidated financial statements relate to Mukta Arts Limited ('the Company/ Parent Company') and its subsidiary companies. The Company along with its subsidiaries constitute 'the Group'.

The audited financial statements of the subsidiaries used for the purpose of consolidation are drawn upto the same reporting period as that of the parent Company, i.e. 31 March 2019. These financial statements are audited by the auditors of the respective entities.

The consolidated financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ('Indian GAAP') and comply with the Accounting Standards ('AS') prescribed in the Companies (Accounting Standards) Rules, 2006 which continue to apply under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of the Act, to the extent notified and applicable and guidelines issued by the Securities and Exchange Board of India ('SEBI'). The consolidated financial statements are presented in Indian Rupees, except where mentioned otherwise. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

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

#### (i) Compliance with Indian Accounting Standard (Ind AS)

The financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. The group adopted Ind AS from 1 April, 2016.

#### (ii) 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 Group or within 12 months of the balance sheet date; current liabilities are expected to be settled during the normal operating cycle of the Group 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

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The chief operating decision maker of the Group assesses the financial performance and position of the Group and makes strategic decisions on the advice of the Managing Director of the Group.

# MUKTA ARTS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

### 2.4 Foreign Currency Transactions

The financial statements are presented in Indian rupee (INR), which is the functional and presentation currency of the Group.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss. In case of Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

### 2.5 Revenue Recognition

Ind AS 115 Revenue from Contracts with Customers, mandatory for reporting periods beginning on or after 1 April, 2018, replaced the existing revenue recognition requirements. Under the modified retrospective approach there were no adjustments required to the retained earnings at 1 April, 2018. The application of Ind AS 115 has been considered and transactions entered into during the current year have been recorded accordingly.

#### **Film/content production and related income**

Revenue from sale of content/ motion pictures is recognised on assignment/sale of the rights in the concerned content/ motion picture from the date of their availability for exploitation or on the date of release of the content/ movie, as applicable.

Revenue from other rights in motion pictures such as satellite rights, overseas rights, music rights, video rights, etc., is recognised on assignment/ sale of the rights in the concerned motion picture from the date of their availability for exploitation.

#### **Income from distribution and exhibition**

Distribution/ sub-distribution commission is recognised as it is earned based on intimation by the theatre owners/ distributors.

Revenue from management of theatres is recognised on an accrual basis as per the contractual arrangement entered into with the theatre owners.

#### **Theatrical exhibition and related income**

##### **Sale of tickets**

Revenue from theatrical exhibition is recognised on the date of the exhibition of the films and comprises proceeds from sale of tickets, net of entertainment tax / GST. As the Group 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/ sponsorship revenue**

Revenue from advertisements, sponsorship and events is recognised on the date of the exhibition of the advertisement/ event, over the period of the contract or on completion of the Group's obligations, as applicable.

##### **Revenue from equipment hire/ facility rental**

Income from equipment hire/ facility rental is recognised on a straight-line basis over the period of the relevant agreement/ arrangement.

##### **Revenue from business support service**

Revenue from business support service is recognised on rendering of service as per the terms and conditions of the agreement.

##### **Consultancy fees/ tuition fees income/ infrastructure fees/ facilitation charges**

- (a) Revenue from Non-refundable acceptance fees is recognised equally over the period of services rendered (i.e. course duration).
- (b) Revenue from tuition fees and infrastructure fees are recognised equally over the period of services rendered (i.e. course duration)
- (c) Revenue from institutional affiliation is recognised over the period of the course as per the contractual agreement.
- (d) Revenue from Business Support Services is recognised over the period as per the contractual agreement.
- (e) Revenue from sale of prospectus and application forms is recognised on delivery to the student.
- (f) Royalty fees from content usage is recognised as per the terms of the agreement.
- (g) Revenue from hire of premises and equipment is recognised over the period of hire.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

The student pays the fees based on a payment schedule. If the services rendered by the Company exceeds the payment, balance is disclosed as Contract Assets. If the payments exceed the services rendered, balance is disclosed as Deferred Revenue/ Advance fees received from students under Contract Liabilities.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The Company does not expect to have any contracts where the period between the transfer of the promised services to the customer/ student and payment by the customer/ student exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money

### **Dividend & Interest income**

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably). Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. Interest income is recorded using the Effective Interest rate.

## **2.6 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 seekness 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 Group makes specified monthly contributions towards Provident Fund. The Group'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 Group 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. The gratuity liability recognised in the Balance sheet represents the gratuity liability and as reduced by the fair value of the said assets. The scheme is funded with an insurance Group in form of qualified insurance policy.

Contributions are made to LIC in respect of gratuity based upon actuarial valuation done at the end of every financial year using 'Projected Unit Credit Method'. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. Gains and losses on changes in actuarial assumptions are accounted in the statement of profit and loss.

### **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 Group calculates the liability based on the total leave hour balance as at the year end restricted to forty two days and the last salary drawn by the employees.

## **2.7 Borrowing Costs**

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

# MUKTA ARTS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

### 2.8 Leases

#### Assets taken on operating lease

The Group has various operating leases, principally for office space, with various renewal options. Rental expense in agreements with scheduled rent increases is recorded on a straight-line basis over the lease term.

In case of certain cinema properties, rent is accounted as a certain percentage of revenue generated from the cinema property or fixed minimum guarantee amount, whichever is higher, as provided for in the lease agreements.

#### Assets given on operating lease

Lease rentals in respect of assets given on operating lease are recognised on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit received.

### 2.9 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 Group will pay normal income tax in excess of MAT during the specified period.

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

#### Deferred tax

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

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

### 2.10 Property, plant and equipment ('PPE')

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

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

#### Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of its property, plant and equipment recognised as at 1 April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment, except for certain properties, the fair market value of which had appreciated substantially and the increase in their carrying amounts, supported by reports of independent valuers, was therefore recognised in profit and loss account and accumulated in reserves in shareholders' equity.

Depreciation methods, estimated useful lives and residual value

The Group applies depreciation rates as per the useful lives of the assets as specified in Part 'C' of Schedule II to the Act, except for the following class of assets where the useful life is higher than the useful life prescribed in Schedule II based on management estimates which is supported 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

Asset class	Useful life
Plant and equipment	10-14 years
Furniture and fixtures	5 years
Cinematography equipment	10 years
Computers and IT equipment	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.

### 2.11 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, is classified as investment property. Investment property is measured initially at cost, including related transaction costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the entity and the cost of the item can be measured reliably.

Investment properties are depreciated using the written down value method over their estimated useful lives. Investment properties generally have a useful life of 30 years. The useful life has been determined based on technical evaluation performed by technical experts.

#### Transition to Ind AS:

On transition to Ind AS, the entity has elected to continue with the carrying value of all of its investment properties recognised as at 1 April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties, the fair value of investment property is disclosed in notes.

### 2.12 Intangible assets

#### Film rights comprising negative rights and distribution rights

Negative film rights are generally exploited through media such as theatrical exhibition, television/ satellite, cable, etc. Negative film rights in respect of films produced are recorded at cost, which is determined on specific identification basis. Acquired negative rights are recorded at the purchase price paid to acquire the rights plus any additional cost incurred which is determined on specific identification basis. Cost incurred on films-in-progress is reported as Intangible assets under development.

Distribution rights in films are for a contractually specified mode of exploitation, period and territory and are stated at cost. Cost of distribution comprises original purchase price/ minimum guarantee, which is ascertained on specific identification basis. In case multiple films/ rights are acquired for a consolidated amount, cost is allocated to each film/ right based on the agreement or where it is not specified in the agreement, based on management's best estimates. In respect of unreleased films, payments towards distribution rights are classified under capital advances as the amounts are refundable in the event of non-release of the film.

Costs are amortised in the proportion that gross revenue realised bears to management's estimate of total gross revenue expected to be received. If estimates of the total revenue and other events or changes in circumstances indicate that the realisable value of a right is less than its unamortised cost, a loss is recognised for the excess of unamortised cost over the film rights' realisable value.

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.

### 2.13 Impairment of Non Financial Asset

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

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

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

# MUKTA ARTS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

### 2.14 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.

### 2.15 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.

### 2.16 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.

#### Financial Asset

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

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

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

#### Initial recognition and measurement

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. At initial recognition, the Group 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 Group's business model for managing the asset and the contractual cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its financial assets as below:

- amortised cost
- Fair Value Through Profit and Loss (FVTPL)
- Fair Value Through Other Comprehensive Income (FVOCI).

#### Financial Assets measured at amortised cost

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

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

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

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

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The contractual cash flows of the assets represent SPPI: Financial assets included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the Other Comprehensive Income ('OCI'). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI 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.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

### 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 Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition which is irrevocable. If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss. The Group has elected to measure its investment in subsidiaries 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 Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group 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 Group 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 36 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, only, the Group 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 Group 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 Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days for which the receivables are due and is rated as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

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

### 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 Group 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.

# MUKTA ARTS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

### 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 Group 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.

### 2.17 Measurement of fair values

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

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

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

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

When measuring the fair value of an asset or a liability, the Group 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 Group 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.

### 2.18 Provisions

Provisions are recognised when the Group 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

### 3 **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 Group 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.

### 4 **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.

### 5 **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 entity's accounting policies.

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

Recognition and measurement of defined benefit obligations:

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

Estimation of useful life:

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

# MUKTA ARTS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

### 6(a) Property, plant and equipment

	Tangible assets									
	Land rights	Ownership premises	Institute building	Leasehold premises	Plant and machinery	Motor vehicles	Furniture fixtures and office equipment	Library books	Computers	Total
<b>Gross block</b>										
<b>As at 1 April 2021</b>	30,000	114,264	181,493	432,653	379,382	105,495	127,132	3,486	117,175	1,491,082
Additions		-	3,175	36,722	12,226	4,590	16,958	1,257	9,530	84,459
Disposals		-				1,010				1,010
Other adjustment		-		5,239	1,745		621		6	7,611
<b>As at 31 March 2022</b>	30,000	114,264	184,669	474,614	393,354	109,075	144,711	4,743	126,711	1,582,141
Additions		-	3,406	30,597	30,517	20,484	23,774	1,298	15,569	125,645
Disposals	-	-		11,804	2,142	6,684	423	-	48	21,101
Other adjustment		-		49,075	-	-	-		-	49,075
<b>As at 31 March 2023</b>	30,000	114,264	188,075	542,482	421,728	122,876	168,062	6,041	142,232	1,735,760
<b>Accumulated Depreciation/ Amortisation</b>										
<b>As at 1 April 2021</b>	-	55,552	39,287	154,842	309,845	86,545	85,969	3,321	90,281	825,643
Charge for the year	-	4,527	7,218	25,290	10,216	5,532	13,987	651	11,530	78,951
Deduction	-	-	-	-	-	114	-	-	-	114
Other adjustment	-	58	-	-	-	-	-	-	-	58
<b>As at 31 March 2022</b>	-	60,138	46,505	180,132	320,061	91,963	99,956	3,972	101,811	904,539
Charge for the year (refer note 5)	-	4,144	6,783	65,129	61,714	6,546	15,509	1,029	16,177	177,030
Deduction	-	-	-	-	-	4,324	-	-	-	4,324
Other adjustment	-	-	-	-	-	-	-	-	-	-
<b>As at 31 March 2023</b>	-	64,282	53,288	245,260	381,775	94,185	115,465	5,001	117,988	1,077,244
<b>Net block</b>										
<b>As at 1 April 2021</b>	30,000	58,712	142,207	277,811	69,537	18,951	41,163	165	26,894	665,439
<b>As at 31 March 2022</b>	30,000	54,126	138,164	294,483	73,292	17,112	44,755	771	24,900	677,602
<b>As at 31 March 2023</b>	30,000	49,982	134,787	297,222	39,953	28,691	52,597	1,039	24,244	658,516

### 6(b) Capital Work-in-progress

	Amount
As at 1 April 2021	46,071
Additions (net)	(27,257)
<b>As at 31 March 2022</b>	<b>18,814</b>
As at 1 April 2022	18,814
Additions (net)	2,026
<b>As at 31 March 2023</b>	<b>20,840</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

6(c) Intangible assets

	Intangible assets					Total
	Distribution rights	Negative rights	Exhibition rights	Intellectual property rights (Course curriculum)	Computer software	
<b>Gross block</b>						
<i>As at 1 April 2021</i>	243,349	809,728	2,500	69,469	12,852	1,137,898
Additions	-	-	-	24,227	-	24,227
Disposals	-	-	-	-	-	-
Other adjustment	-	-	-	-	-	-
<i>As at 31 March 2022</i>	243,349	809,728	2,500	93,696	12,852	1,162,125
Additions	-	-	-	8,848	-	8,848
Disposals	-	-	-	-	-	-
Other adjustment	-	-	-	-	-	-
<i>As at 31 March 2023</i>	243,349	809,728	2,500	102,544	12,852	1,170,973
<b>Accumulated Depreciation/ Amortisation</b>						
<i>As at 1 April 2021</i>	243,349	757,903	2,500	27,128	10,743	1,041,623
Charge for the year	-	51,825	-	13,058	-	64,882
Deduction	-	-	-	-	-	-
Other adjustment	-	-	-	-	-	-
<i>As at 31 March 2022</i>	243,349	809,728	2,500	40,186	10,743	1,106,506
Charge for the year (refer note 4)	-	-	-	387	-	387
Deduction	-	-	-	-	-	-
Other adjustment	-	-	-	-	-	-
<i>As at 31 March 2023</i>	243,349	809,728	2,500	40,573	10,743	1,106,893
<b>Net block</b>						
<i>As at 31 March 2022</i>	(0)	0	-	53,510	2,109	55,619
<i>As at 31 March 2023</i>	(0)	0	-	61,971	2,109	64,080

6(d) Right of use Asset

<b>Gross block</b>	
<i>As at 1 April 2021</i>	369,675
Additions	287,379
Disposals	21,957
Other adjustment	-
<i>As at 31 March 2022</i>	635,097
Additions	43,047
Disposals	-
Other adjustment	-
<i>As at 31 March 2023</i>	678,144
<b>Accumulated Depreciation/Amortisation</b>	
<i>As at 1 April 2021</i>	134,410
Charge for the year	67,104
Deduction	-
Other adjustment	-
<i>As at 31 March 2022</i>	201,514
Charge for the year	9,417
Deduction	-
Other adjustment	-
<i>As at 31 March 2022</i>	210,931
<b>Net block</b>	
<i>As at 31 March 2022</i>	433,583
<i>As at 31 March 2023</i>	467,214

# MUKTA ARTS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

### 6(e) Intangible assets under development

As at 1 April 2021	<b>82,348</b>
Additions (net)	18,890
Disposals	53,390
Other Adjustments	(0)
<b>As at 31 March 2022</b>	<b>47,848</b>
As at 1 April 2022	<b>47,848</b>
Additions (net)	56,254
Disposals	26,064
Other Adjustments	-
<b>As at 31 March 2023</b>	<b>78,038</b>

- 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.
- 2 Refer Note - 13(a) for information on moveable property, plant and equipment pledged as security by the Company
- 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.
- 4 Tangible/Intangible assets are subject to first charge to secure the Company's term loan and cash credit loans (refer note 16(a) and 19(a)).

### 7 Investment property

Particular	Building	Land	Total
<b>As at 1 April 2021</b>	129,842	66,389	<b>196,231</b>
Additions	-	-	-
Disposals	1,208	-	<b>1,208</b>
Other adjustment	-	-	-
<b>As at 31 March 2022</b>	<b>128,634</b>	<b>66,389</b>	<b>195,023</b>
<b>As at 1 April 2022</b>	128,634	66,389	<b>195,023</b>
Additions	-	-	-
Disposals	-	-	-
Other adjustment	-	-	-
<b>As at 31 March 2023</b>	<b>128,634</b>	<b>66,389</b>	<b>195,023</b>
<b>Accumulated Depreciation/Amortisation</b>			
<b>As at 1 April 2021</b>	56,544	-	<b>56,544</b>
Charge for the year	5,942	-	<b>5,942</b>
Deduction	-	-	-
Other adjustment	(58)	-	<b>(58)</b>
<b>As at 31 March 2022</b>	<b>62,427</b>	-	<b>62,427</b>
<b>As at 1 April 2022</b>	62,427	-	<b>62,427</b>
Charge for the year	3,112	-	<b>3,112</b>
Deduction	-	-	-
Other adjustment	-	-	-
<b>As at 31 March 2023</b>	<b>65,539</b>	-	<b>65,539</b>
<b>Carrying amounts (Net)</b>			
<b>At 1 April 2021</b>	73,299	66,389	<b>139,688</b>
<b>At 31 March 2022</b>	66,207	66,389	<b>132,596</b>
<b>At 31 March 2023</b>	63,095	66,389	<b>129,484</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

(i) Information regarding Income and expenditure of Investment properties

	As at 31 March 2023	As at 31 March 2022
Rental income derived from Investment properties	37,784	39,653
Direct operating expenses	4,078	4,078
Profit arising from investment properties before depreciation and indirect expenses	33,706	35,576
Less: Depreciation	3,112	5,942
Profit arising from investment properties before indirect expenses	30,595	29,633

(ii) Fair Value

Particulars	Valuation Techniques (See note below)	Fair Value Hierarchy (See note below)	As at 31 March 2023	As at 31 March 2022
Investment properties	Stamp duty Reckoner rate	Level 2	1,301,375	1,301,375

Estimation of fair value

The Company has obtained independent valuation of its flats located at Bandra West based on current prices in an active market for properties of similar nature. The fair values of such investment flats have been determined by an independent valuer as on 1st April 2016. The main inputs used are the rental growth rates and a study of the micro market in discussion with industry experts. Resulting fair value estimate for investment property are included in level 2. Rest all investment properties are in accordance with the Ready Reckoner rates prescribed by the Government of Maharashtra for the purpose of levying stamp duty. The Independent Valuer has referred to the publications and government website for Ready Reckoner rates. Suitable adjustments have been made to account for availability of FSI in land parcels in Mumbai in accordance with the guidelines prescribed by the Department of Registrations and Stamps. Since the valuation is based on the published Ready Reckoner rates, the Company has classified the same under Level 2.

8 Non Current Financial Asset

8(a) Investments

	As at 31 March 2023	As at 31 March 2022
<b>A Non current investments</b>		
Unquoted equity shares		
i) Investment in equity shares of joint venture accounted at FVTPL		
Mukta VN Films Limited		
27,500 (2022: 27,500) equity shares of ₹ 10 each, fully paid-up	33,000	33,000
Deemed Investment in Joint venture	5,185	5,185
<b>Total (i)</b>	<b>38,185</b>	<b>38,185</b>
ii) Investment in equity instruments-others at FVTPL (un-quoted)		
Bashiron Co. Op. Housing Society Limited 10 Shares (2022: 10) of Rs 50 each	1	1
Bait-Ush-Sharaf Co. Op. Housing Society Limited 10 Shares (2022: 25) of Rs 50 each	1	1
Others	2,445	2,445
<b>Total (ii)</b>	<b>2,446</b>	<b>2,446</b>
<b>Total (i+ii)</b>	<b>40,631</b>	<b>40,631</b>

# MUKTA ARTS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

### 8(b) Other financial assets

	As at 31 March 2023	As at 31 March 2022
Security deposits to		
- Related parties	-	-
- Others	59,605	91,061
Other advances	124,627	128,784
Bank deposits with more than 12 months maturity.	273	273
<b>Total</b>	<b>184,505</b>	<b>220,118</b>

### 9 Deferred tax assets (net)

	As at 31 March 2023	As at 31 March 2022
<b>Deferred tax liability on</b>		
Arising on account of timing differences in:	-	-
<b>Total</b>	-	-
<b>Deferred tax asset on</b>		
Provision for leave encashment and gratuity	4,231	4,041
Provision for doubtful debts and advances	1,055	954
Property, Plant and Equipment and intangible assets	9,956	6,854
Others	16,350	13,055
<b>Total</b>	<b>31,592</b>	<b>24,904</b>
<b>Deferred tax assets (net)</b>	<b>31,592</b>	<b>24,904</b>

Movement in deferred tax assets	Employee Benefits Obligations	Allowance for doubtful debts – trade receivables	Property, Plant and Equipment and intangible assets	Others	Total
<b>At April 1, 2021</b>	3,789	553	8,823	5,836	19,001
(Charged)/credited:					
- to profit or loss	252	401	(1,968)	7,219	5,904
- to other comprehensive income	-				
<b>At March 31, 2022</b>	4,041	954	6,854	13,055	24,904
(Charged)/credited:					
- to profit or loss	190	101	3,102	3,295	6,688
- to other comprehensive income					
<b>At March 31, 2023</b>	<b>4,231</b>	<b>1,055</b>	<b>9,956</b>	<b>16,350</b>	<b>31,592</b>

### 10 Other non- current assets

	As at 31 March 2023	As at 31 March 2022
Capital advances	9,545	5,034
Advance tax (including TDS)	122,777	102,372
Service tax Input Credit	-	322
Deferred Income Account	534	534
Prepaid Expenses	955	41
<b>Total</b>	<b>133,811</b>	<b>108,303</b>





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

11 Inventories

	As at 31 March 2023	As at 31 March 2022
Food & Beverages	12,831	9,446
<b>Total</b>	<b>12,831</b>	<b>9,446</b>

12 Current Financial Assets

12(a) Current Investments

	As at 31 March 2023	As at 31 March 2022
Investment in Mutual Funds (Unquoted)	-	20,012
<b>Total</b>	<b>-</b>	<b>20,012</b>

12(b) Trade receivables

	As at 31 March 2023	As at 31 March 2022
Trade receivables - Billed	142,066	195,129
Trade receivables - Unbilled	32	32
Receivables from related parties	-	-
Less: Loss allowance	(52,012)	(83,069)
<b>Total trade receivables</b>	<b>90,086</b>	<b>112,093</b>
Current portion	90,086	112,093
Non-current portion	-	-
<b>Total</b>	<b>90,086</b>	<b>112,093</b>
<b>Break-up of security details</b>		
Secured, considered good	142,098	195,161
Unsecured, considered good	-	-
	142,098	195,161
Loss Allowance	(52,012)	(83,069)
<b>Total trade receivables</b>	<b>90,086</b>	<b>112,093</b>

As on 31 March 2023

Particulars	Outstanding for the following periods from due date of payment						
	Unbilled	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables- Considered good	18	5,205	15,582	37,526	18,526	65,241	142,098
Undisputed Trade Receivables- Which have significant credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables- Credit Impaired	-	-	-	-	-	-	-
Disputed Trade Receivables- Considered good	-	-	-	-	-	-	-
Disputed Trade Receivables- Which have significant credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables- Credit Impaired	-	-	-	-	-	-	-
<b>Gross trade receivables</b>	18	5,205	15,582	37,526	18,526	65,241	142,098
Loss allowance	-	-	-	5,458	11,528	35,026	52,012
<b>Net trade receivables</b>	18	5,205	15,582	32,068	6,998	30,215	90,086

# MUKTA ARTS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

### As on 31 March 2022

Particulars	Outstanding for the following periods from due date of payment						
	Unbilled	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables- Considered good	32	7,476	20,887	52,494	28,054	86,219	195,161
Undisputed Trade Receivables- Which have significant credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables- Credit Impaired	-	-	-	-	-	-	-
Disputed Trade Receivables- Considered good	-	-	-	-	-	-	-
Disputed Trade Receivables- Which have significant credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables- Credit Impaired	-	-	-	-	-	-	-
<b>Gross trade receivables</b>	<b>32</b>	<b>7,476</b>	<b>20,887</b>	<b>52,494</b>	<b>28,054</b>	<b>86,219</b>	<b>195,161</b>
Loss allowance	-	-	-	7,855	12,545	62,668	83,069
<b>Net trade receivables</b>	<b>32</b>	<b>7,476</b>	<b>20,887</b>	<b>44,639</b>	<b>15,508</b>	<b>23,551</b>	<b>112,093</b>

### 12(c) Cash and cash equivalents

	As at 31 March 2023	As at 31 March 2022
a. Cash on hand	1,619	3,012
b. Balances with banks		
In current account	77,587	89,696
Balance in dividend account	223	223
<b>Total cash and cash equivalents in balance sheet</b>	<b>79,429</b>	<b>92,930</b>

### 12(d) Bank balances other than 'Cash and cash equivalents

	As at 31 March 2023	As at 31 March 2022
Interest accrued on FD	1,256	1,559
Deposits with original maturity of more than 3 months and less than 12 months	79,765	69,402
<b>Total Bank balances other than above</b>	<b>81,021</b>	<b>70,961</b>

### 12(e) Loans and advances

	As at 31 March 2023	As at 31 March 2022
Staff Advances	8,166	8,567
Inter-corporate deposit to others	133,904	143,691
<b>Total</b>	<b>142,069</b>	<b>152,257</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)**

(₹ in '000)

**12(f) Other financial assets**

	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>
Security deposits	42,857	42,684
Interest Accrued on Investments:	<b>28,524</b>	34,134
Unbilled revenue	1,778	974
Other receivable	260	12,417
<b>Total</b>	<b>73,419</b>	90,210

**13 Other current assets**

	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>
Prepaid expenses	29,956	15,746
Advances	62,758	119,259
Deferred Income Account	-	117
Share issue cost	-	500
Balance with Government Authorities	33,080	19,088
Service Tax / GST input	15,619	7,524
VAT input	-	20,926
<b>Total</b>	<b>141,413</b>	183,160

**14 Equity share capital**

	<b>As at 31 March 2023</b>		<b>As at 31 March 2022</b>	
	Number	Amount	Number	Amount
<b>Authorised share capital</b>				
Equity shares of ₹ 5 each	24,000,000	120,000	24,000,000	120,000
	<b>24,000,000</b>	<b>120,000</b>	24,000,000	120,000
<b>Issued, subscribed and fully paid- up</b>				
Equity shares of ₹ 5 each	22,585,200	112,926	22,585,200	112,926
<b>Total</b>	<b>22,585,200</b>	<b>112,926</b>	22,585,200	112,926

**Terms and rights attached to equity shares**

The Company has one class of equity shares having a par value of ₹ 5 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to shareholding.

**Reconciliation of paid-up share capital (Equity Shares)**

	<b>As at 31 March 2023</b>		<b>As at 31 March 2022</b>	
	Number	Amount	Number	Amount
Balance at the beginning of the year	22,585,200	112,926	22,585,200	112,926
Add: Issued during the year	-	-	-	-
Add: Acquisition of a subsidiary	-	-	-	-
<b>Balance at the end of the year</b>	<b>22,585,200</b>	<b>112,926</b>	22,585,200	112,926

# MUKTA ARTS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

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

	As at 31 March 2023		As at 31 March 2022	
	Number	% holding in the class	Number	% holding in the class
Equity shares of ₹ 5 each				
1. Mr. Subhash Ghai	12,421,990	55.34%	12,421,990	55.34%
2. Ms. Meghna Ghai Puri	1,650,000	7.31%	1,650,000	7.31%
3. Ms. Mukta Ghai	1,650,000	7.31%	1,650,000	7.31%

### 15 Other equity

	As at 31 March 2023	As at 31 March 2022
<b>Securities premium</b>		
Balance at the beginning of the year	973,605	973,605
Add: Transfer during the year	-	-
Balance at the end of the year	973,605	973,605
<b>General reserve</b>		
Balance at the beginning of the year	83,145	83,145
Add: Transfer during the year	-	-
Balance at the end of the year	83,145	83,145
<b>Capital reserve</b>		
Balance at the beginning of the year	12	12
Add: Transfer during the year	-	-
Balance at the end of the year	12	12
<b>Foreign Currency Reserve</b>		
Balance at the beginning of the year	2,156	1,729
Add: Transfer during the year	41	427
Balance at the end of the year	2,197	2,156
<b>Retained earnings</b>		
Balance at the beginning of the year	(1,189,850)	(1,202,846)
Add: Net profit/(Loss) after tax for the year	(187,537)	62,202
Other comprehensive income	(598)	3,308
Other adjustment	-	11,116
Balance at the end of the year	(1,377,985)	(1,126,219)
<b>Total</b>	<b>(319,027)</b>	<b>(67,302)</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)**

(₹ in '000)

**16 Non Current Financial Liabilities**

**16(a) Long-term borrowings**

	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>
<b>Secured</b>		
Term loan from banks and others		
Indian Bank*	<b>513,543</b>	452,994
Yes Bank Ltd**	<b>41,311</b>	64,718
Hero Fincorp Ltd***	<b>22,428</b>	26,777
Motor vehicle finance loans****	<b>30,079</b>	23,355
Loan from related parties	<b>27,300</b>	41,800
Less : Current maturities of long term borrowings	<b>30,830</b>	51,869
<b>Total</b>	<b>603,831</b>	557,774

\* Loan against property is secured against entire Commercial Property located at Sharyans Audeus, Survey No.41, Fun Republic Cinema, Off Veera Desai Road, Oshiwara Village, Andheri West, Mumbai 400053. Repayable in 180 monthly installments.

\*\*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 Flat no 1207 and 1208, 12th floor, F wing ,Bldg no 1, Oberoi Splendor , JVL 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 8.69%.

Maturity date of New Term loan is 26th December 2024. Repayment has to be made by way of monthly instalments totalling ₹ 2,716,083/- during April 2023 to March 2024 and ₹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 ₹ 1,369,649/- during April 2023 to March 2024 and ₹ 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 ₹ 9,451,561/- during April 2023 to March 2024 and ₹ 6,576,642/- during April 2024 to 18th December 2024.

\*\*\* Term loan against property is secured against two flats of the Company by way mortgage of the property located in Bandra West. Repayable in 120 monthly installments of ₹ 5,37,225/- (June 2017 to July 2018) and ₹ 5,47,276/- (Aug-2018 to May 2027)

\*\*\*\* The motor vehicle finance loans taken by the Company are secured against the related vehicles. Repayment schedule is as detailed below:

<b>Lendor</b>	<b>Repayment schedule and other terms</b>
Axis Bank Ltd	Outstanding amount of loan ₹ 22,24,654/- (2022: Rs ₹ 37,87,579/-) is repayable in 36 equated monthly installments of Rs 155,622 till February 2024 and ₹ 1,05,241 from March 24 to February 2025. Interest rate 13.50%.
BMW India Financial Services Pvt Ltd	Outstanding amount of loan ₹ 57,78,728/- (2022:Rs 77,31,686/-) is repayable in 48 monthly installments of Rs 2,20,997/- May 2023. Interest rate 10.20%
HDFC Bank Limited	Outstanding amount of loan ₹ 95,29,129/- (2022: Rs 40,47,214/-) is repayable in 60 equated monthly installments of Rs 2,23,955/- till August 2026 and ₹ 1,43,045/- there after. Interest rate 10.50%

**16(b) Lease liabilities**

	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>
Lease liabilities	<b>466,207</b>	420,352
<b>Total</b>	<b>466,207</b>	420,352

# MUKTA ARTS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

### 16(c) Other financial liabilities

	As at 31 March 2023	As at 31 March 2022
Security deposits	292,706	122,579
<b>Total</b>	<b>292,706</b>	<b>122,579</b>

### 17 Long Term Provisions

	As at 31 March 2023	As at 31 March 2022
Provision for Leave Salary	11,931	13,144
Provision for gratuity	37,792	37,405
<b>Total</b>	<b>49,724</b>	<b>50,549</b>

### 18 Other non-current liabilities

	As at 31 March 2023	As at 31 March 2022
Income Received in advance	46,414	62,642
Deferred Expense Account	6,095	4,567
<b>Total</b>	<b>52,509</b>	<b>67,209</b>

### 19 Current Financial Liabilities

#### 19(a) Short-term borrowings

	As at 31 March 2023	As at 31 March 2022
<b>Secured</b>		
Yes Bank - Bank Overdraft	32,600	19,524
<b>Unsecured</b>		
Inter corporate deposits*		
Others	48,000	60,000
<b>Total</b>	<b>80,600</b>	<b>79,524</b>

\*Deposit of ₹ 48,000,000 (31 March 2022 ₹ 60,000,000) accepted at interest rate of 4% p.a. repayable on demand.

#### 19(b) Lease liabilities

	As at 31 March 2023	As at 31 March 2022
Lease liabilities	59,426	71,602
<b>Total</b>	<b>59,426</b>	<b>71,602</b>

#### 19(c) Trade payable

	As at 31 March 2023	As at 31 March 2022
Trade payable - Other than micro and small enterprises	382,868	298,121
Trade payable - Micro and small enterprises	3,834	1,982
<b>Total</b>	<b>386,703</b>	<b>300,103</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

19(d) Other financial liabilities

	As at 31 March 2023	As at 31 March 2022
Current maturities of long term borrowings	30,830	50,897
Interest accrued but not due on borrowings		
Interest on loan taken	1,991	9,024
Employee benefits expense payable		
Employee benefits expense	8,779	2,024
Bonus Payable	-	386
Creditors for fixed assets	217	1,781
Sundry advances received	41,610	51,599
Unclaimed dividend	223	223
Security deposits received	54,448	67,505
<b>Total</b>	<b>138,098</b>	<b>183,438</b>

20 Other current liabilities

	As at 31 March 2023	As at 31 March 2022
Advances from customers- others	2,454	296,346
Deferred Expense Account	105,022	7,575
Advance billing	165,922	100,919
Others payable	7,156	11,048
<b>Statutory dues payable</b>		
Provident fund	5,120	1,619
ESIC	2	3
TDS payable	14,332	5,405
Profession tax	9	9
ET/INR/Show tax	18,624	8,020
<b>Total</b>	<b>318,640</b>	<b>430,943</b>

21 Short Term Provisions

	As at 31 March 2023	As at 31 March 2022
Provision For Taxation	17,406	1,815
Provision For Expenses	71,862	95,591
<b>Provision For Employee benefit:</b>		
Provision for leave salary	14,483	11,185
Provision for gratuity	3,482	2,196
<b>Total</b>	<b>107,233</b>	<b>110,786</b>

# MUKTA ARTS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

### 22 Revenue from operations (net)

	Year ended 31 March 2023	Year ended 31 March 2022
<b>(a) Sale of products/ film rights /Services</b>		
Own Film/ Content production	87,105	397,288
Food and beverages	214,690	80,067
Acceptance fees	90,993	77,742
Tuition fees	109,754	144,386
Infrastructure fees	312,333	245,271
Income from institutional affiliations	5,707	1,387
	<b>820,582</b>	<b>946,141</b>
<b>(b) Distribution, Exhibition, Theatrical and Film Production Income</b>		
Distribution and exhibition	349	1
Equipment hire income	1,390	1,271
<b>Box office collection</b>		
Sale of tickets, net	681,721	277,580
	<b>683,460</b>	<b>278,853</b>
<b>(c) Other operating revenue</b>		
Rent and amenities charges	91,316	69,423
Business support services	6,120	6,120
Other income from theatrical operations	20,316	5,779
Sale of prospectus/application forms	3,783	2,629
Amortisation of deferred security	5,621	8,348
Other income	587	33
	<b>127,743</b>	<b>92,333</b>
<b>Total</b>	<b>1,631,785</b>	<b>1,317,327</b>

### 23 Other income

	Year ended 31 March 2023	Year ended 31 March 2022
<b>Other income</b>		
Interest income on bank deposits	3,214	3,925
Interest income on others	12,245	9,388
<b>Other Non Operating Income</b>		
Interest on income tax refund	17	333
Profit on sale of assets, (net)	7,573	63,901
Corporate guarantee Commission income	-	900
Concessional lease Income	-	79,830
Miscellaneous income (net)	74,468	54,547
Sundry balances written back	13,258	2,157
<b>Total other income</b>	<b>110,776</b>	<b>214,980</b>

### 24 Changes in Inventories of food and beverages

	Year ended 31-Mar-2023	Year ended 31-Mar-2022
<b>Opening stock</b>		
- Food and Beverages	9,249	7,587
<b>Closing stock</b>		
- Finished goods	12,044	9,249
<b>Total changes in inventories of food and beverages</b>	<b>(2,795)</b>	<b>(1,662)</b>





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

**25 Distributor and producer's share**

	Year ended 31 March 2023	Year ended 31 March 2022
Distribution Expenses	-	120,392
Films Distributor's Share	313,940	133,910
Expenses for old Films	3,860	57,597
<b>Total Distributor and producer's share</b>	<b>317,799</b>	<b>311,899</b>

**26 Other direct operation expenses**

	Year ended 31 March 2023	Year ended 31 March 2022
Other direct cost of theatrical operations	8,258	8,511
<b>Total Other direct operation expenses</b>	<b>8,258</b>	<b>8,511</b>

**27 Employee benefits expense**

	Year ended 31 March 2023	Year ended 31 March 2022
Salaries and bonus	306,317	211,691
Contribution to provident and other funds	17,873	8,946
Gratuity and Leave expense	12,926	7,756
Staff welfare expenses	12,243	5,662
<b>Total employee benefit expense</b>	<b>349,360</b>	<b>234,055</b>

**(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), which are Defined Contribution Plans, are charged to 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.

Amount of ₹ 17,873,356 (Previous year : ₹ 8,946,267) is recognised as expense and included in the above Note 27

**(ii) Post Employment Obligations**

**Gratuity:** The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees 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 LIC. Liability for Gratuity is provided on the basis of Valuations, as at Balance Sheet date, carried out by an independent actuary.

The assumptions used for the actuarial valuation are as under:

	Gratuity	
	31 March 2023	31 March 2022
Discount Rate (per annum)	6.70% to 7.05%	6.90% to 7.25%
Salary growth rate	8% to 9.00%	8% to 9.50%

# MUKTA ARTS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

### (A) Present Value of Obligation as at Balance Sheet date

	Gratuity	
	31 March 2023	31 March 2022
Present Value of Obligation as at the beginning	46,369	46,978
Interest cost	2,513	2,762
Current Service Cost	4,061	4,672
Past Service cost	-	-
<b>Total amount recognised in statement of profit and loss</b>	<b>6,574</b>	<b>7,434</b>
<b>Re-measurement (or Actuarial) (gain) / loss arising from:</b>		
change in demographic assumption	-	-
change in financial assumption	(1,921)	(2,361)
experience changes	235	(1,130)
<b>Total amount recognised in Other Comprehensive Income</b>	<b>(1,686)</b>	<b>(3,491)</b>
Benefits Paid	(3,861)	(4,553)
Liabilities assumed / (settled)	-	-
<b>Present Value of Obligation as at the end</b>	<b>47,395</b>	<b>46,369</b>

### (B) Changes in the Fair value of Plan Assets

	Gratuity	
	31 March 2023	31 March 2022
Fair Value of Plan Assets as the beginning	2,843	3,874
Interest on plan assets	317	139
<b>Total amount recognised in statement of profit and loss</b>	<b>317</b>	<b>139</b>
<b>Re-measurement (or Actuarial) gain / (loss) arising from:</b>		
Actual return on plan assets less interest on plan assets	(383)	(183)
<b>Total amount recognised in Other Comprehensive Income</b>	<b>(383)</b>	<b>(183)</b>
Employer's contribution	4,871	3,566
Benefits Paid	(3,861)	(4,553)
Transfer In / (Out)	-	-
<b>Fair value of plan assets at the end</b>	<b>3,787</b>	<b>2,843</b>

### (C) Amount recognised in the Balance sheet

	Gratuity	
	31 March 2023	31 March 2022
Present Value of obligations as at Balance Sheet date	47,395	46,369
Fair Value of Plan Assets as at the end of the period	3,787	2,843
<b>Net (asset)/ liability recognised as at year end</b>	<b>43,608</b>	<b>43,526</b>

### (D) Constitution of Plan Assets

	Gratuity	
	31 March 2023	31 March 2022
Administered by Life insurance Corporation of India	100%	100%
<b>Total of the Plan Assets</b>	<b>100%</b>	<b>100%</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)**

(₹ in '000)

**(E) Sensitivity analysis**

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

Defined benefit obligation (base) As on 31 March, 2023	Gratuity	
	31 March 2023	31 March 2022
	Decrease	Increase
Discount Rate (- / + 0.5%)	1,465	1,351
(% change compared to base due to sensitivity)	3.09%	2.85%
Salary Growth Rate (- / + 0.5%)	-1,005	1,071
(% change compared to base due to sensitivity)	-2.12%	2.26%

Defined benefit obligation (base) As on 31 March, 2022	Gratuity	
	Decrease	Increase
Discount Rate (- / + 0.5%)	1,451	-1,359
(% change compared to base due to sensitivity)	3.13%	-2.93%
Salary Growth Rate (- / + 0.5%)	-964	1,025
(% change compared to base due to sensitivity)	-2.08%	2.21%

The above sensitivity analyses 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.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Expected contributions to post employment benefit plan for the year ending 31 March, 2023 is ₹ 225 Lakhs (31 March, 2020: ₹ 266.15 Lakhs)

**(F) Defined benefit liability and employer contributions**

The weighted average duration of the Benefit Obligation is 6.72 to 16 years

Weighted average duration (based on discounted cashflows)	Gratuity	
	31 March 2023	31 March 2022
Year 1	6,138	6,920
Year 2	3,655	1,736
Year 3	3,062	3,468
Year 4	2,673	2,911
Year 5	2,709	1,713
Thereafter	98,243	108,612

**(iii) Other Long Term Benefit Plans:**

**Compensated absences** : The leave obligations cover the Company's liability for earned leave. The amount of provision of ₹ 12,352,451/- (31 March, 2022: ₹ 13,052,555/-)

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

**(G) 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.

# MUKTA ARTS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

### 28 Finance costs

#### Interest cost on:

	Year ended 31 March 2023	Year ended 31 March 2022
Car loan	2,055	2,267
Term loan	61,744	65,118
Cash credit \ demand loan facilities	3,256	2,606
Inter corporate deposits	1,955	2,180
Lease Liability	6,121	4,819
Others	63,297	46,579
Processing cost and other charges	924	479
<b>Total Finance Cost</b>	<b>139,351</b>	<b>124,047</b>

### 29 Depreciation and amortisation expense

	Year ended 31 March 2023	Year ended 31 March 2022
Depreciation of property, plant and equipment	173,399	160,647
Depreciation on investment property	3,094	3,382
Amortisation of intangible assets	17,776	13,376
<b>Total Finance Cost</b>	<b>194,269</b>	<b>177,405</b>

### 30 Other expenses

	Year ended 31 March 2023	Year ended 31 March 2022
Power and fuel	151,846	88,198
Rent	95,000	58,587
Repairs and maintenance	97,354	58,132
Insurance	9,805	9,657
Rates and taxes	38,124	24,028
Legal and professional	65,514	40,907
Communication expenses	5,780	6,048
Faculty Fees	98,210	87,238
Travelling and conveyance	15,406	6,519
Bad debts/ advances/ intangibles under development written-off	30,593	41,968
Security charges	26,290	17,177
Digital Equipment Hire Charges	325	1,426
Business promotion	72,711	40,309
CSR Activity Expenses	2,401	1,255
Motor vehicle expenses	6,087	3,116
Sets/ student practicals	15,208	6,693
Printing and stationery	9,588	3,474
Bank charges	1,177	987
Share in Profit	41,849	-
Payment to auditor (Refer details below)	3,829	4,524
Miscellaneous expenses	62,827	51,999
<b>Total</b>	<b>849,925</b>	<b>552,242</b>

#### 30(a) Payment to auditor

	Year ended 31 March 2023	Year ended 31 March 2022
Audit Fees	3,783	4,512
Reimbursement of Expenses	47	13
<b>Total</b>	<b>3,829</b>	<b>4,524</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

### 31 Income Tax

#### (A) Income Tax Expense

This note provides an analysis of the Company's income tax expense and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Company's tax positions

	31 March 2023	31 March 2022
<b>Income Tax Expense</b>		
<b>Current tax</b>		
Current tax on profits for the year	17,900	54,332
<b>Total Current Tax Expense</b>	17,900	54,332
<b>Deferred Tax</b>		
Decrease (increase) in deferred tax assets	(6,688)	1,804
(Decrease) increase in deferred tax liabilities	-	-
<b>Total Deferred Tax Expense</b>	(6,688)	1,804
<b>Income Tax Expense</b>	11,212	56,137

### 32 Earnings per equity share:

	Year ended 31 March 2023	Year ended 31 March 2022
Net (loss)/ profit after tax attributable to shareholders	(188,134)	65,510
Weighted average number of equity shares outstanding during the year for basic EPS	22,581,200	22,581,200
Weighted average number of equity shares outstanding during the year for dilutive EPS	22,581,200	22,581,200
Basic EPS	(8.33)	2.90
Dilutive EPS	(8.33)	2.90
Nominal value per share	5	5

### 33 Fair value measurement

#### The carrying value/ Fair value of the Financial instruments by category

	31 March 2023			31 March 2022		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial assets</b>						
Other Financial Assets	-	-	257,924	-	-	310,328
Trade Receivables	-	-	90,086	-	-	112,093
Cash and cash equivalents	-	-	79,429	-	-	92,930
Loans	-	-	142,069	-	-	152,257
Investment	40,631	-	-	40,631	-	-
Othe bank balance	-	-	81,021	-	-	70,961
<b>Total financial assets</b>	40,631	-	650,530	40,631	-	738,569
<b>Financial liabilities</b>						
Borrowings	-	-	684,430	-	-	637,298
Trade Payables	-	-	386,703	-	-	300,103
Other Financial Liabilities	-	-	430,804	-	-	306,016
<b>Total financial liabilities</b>	-	-	1,501,937	-	-	1,243,418

#### (i) Fair value hierarchy

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

# MUKTA ARTS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

### Financial instruments measured at Fair value

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

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

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

There are no recurring fair value measurements for any financial instruments as at 31 March, 2023 and 31 March, 2022.

### 34 Financial risk management

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

#### (A) Credit risk

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

##### (i) Credit risk management

##### (a) Trade receivable related credit risk

The group evaluates the concentration of risk with respect to trade receivables as low. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The group provides for expected credit loss on trade receivables based on expected credit loss method. Each outstanding customer receivables are regularly monitored and if outstanding is above due date the further shipments are controlled and can only be released if there is a proper justification.

##### Reconciliation of loss allowance provision

	Amount
<b>Loss allowance on 1 April, 2022</b>	<b>59,705</b>
Provision for allowances & Written-off	-7,692
<b>Loss allowance on 31 March, 2023</b>	<b>52,012</b>

##### (b) Others Financial Asset

Credit risk from balances with banks is managed by group in accordance with the group policy. The other financial assets are from various forum of Government authorities and are released by Government authorities on completion of relevant terms and conditions for the release of outstanding.

#### (B) Liquidity risk

The group manages liquidity risk by continuously monitoring forecast and actual cash flows on daily, monthly and yearly basis. The group ensures that there is a free credit limit available at the start of the year which is sufficient for repayments getting due in the ensuing year. Loan arrangements, credit limits with various banks including working capital and monitoring of operational and working capital issues are always kept in mind for better liquidity management.

##### (i) Financing arrangements

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

	31 March 2023	31 March 2022
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	<b>32,600</b>	19,524
	<b>32,600</b>	19,524

##### (ii) Maturities of financial liabilities

The following tables detail the group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to pay. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the group may be required to pay.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)**

(₹ in '000)

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

<b>Contractual maturities of financial liabilities</b>	<b>Less than 1 year</b>	<b>More than 1 year</b>	<b>Total</b>
<b>as at 31 March, 2023</b>			
Borrowings	80,600	603,831	<b>684,430</b>
Trade payables	386,703	-	<b>386,703</b>
Other financial liabilities	138,098	292,706	<b>430,804</b>
<b>Total liabilities</b>	<b>605,401</b>	<b>896,536</b>	<b>1,501,937</b>

<b>Contractual maturities of financial liabilities</b>	<b>Less than 1 year</b>	<b>More than 1 year</b>	<b>Total</b>
<b>as at 31 March, 2022</b>			
Borrowings	79,524	557,774	<b>637,298</b>
Trade payables	300,103	-	<b>300,103</b>
Other financial liabilities	183,438	122,579	<b>306,016</b>
<b>Total liabilities</b>	<b>563,065</b>	<b>680,353</b>	<b>1,243,418</b>

<b>Contractual maturities of financial Assets</b>	<b>Less than 1 year</b>	<b>More than 1 year</b>	<b>Total</b>
<b>as at 31 March, 2023</b>			
Trade Receivables	90,086	-	<b>90,086</b>
Cash & bank balance	79,429	-	<b>79,429</b>
Other bank Balance	81,021	-	<b>81,021</b>
Loans	142,069	-	<b>142,069</b>
Investments	-	40,631	<b>40,631</b>
Other financial assets	73,419	184,505	<b>257,924</b>
<b>Total Assets</b>	<b>466,025</b>	<b>225,136</b>	<b>691,161</b>

<b>Contractual maturities of financial Assets</b>	<b>Less than 1 year</b>	<b>More than 1 year</b>	<b>Total</b>
<b>as at 31 March, 2022</b>			
Trade Receivables	112,093	-	<b>112,093</b>
Cash & bank balance	92,930	-	<b>92,930</b>
Other bank Balance	70,961	-	<b>70,961</b>
Loans	152,257	-	<b>152,257</b>
Investments	-	40,631	<b>40,631</b>
Other financial assets	90,210	220,118	<b>310,328</b>
<b>Total Assets</b>	<b>518,451</b>	<b>260,750</b>	<b>779,200</b>

**(C) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of two types of risks - interest rate risk & currency risk. Financial instrument affected by market risks includes loans and borrowings, deposits and other financials assets.

The group has designed risk management frame work to control various risks effectively to achieve the business objectives. This includes identification of risk, its assessment, control and monitoring at timely intervals.

**(i) Foreign currency risk**

The Indian Rupee is the group's functional and reporting currency. The group has limited foreign currency exposure which are mainly in cash. Foreign currency transaction exposures arising on internal and external trade flows are not material and therefore not hedged. Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. This is the risk that the group may suffer losses as a result of adverse exchange rate movement during the relevant period.

# MUKTA ARTS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

### (ii) Interest rate risk exposure

The group manages interest rate risk by having a balanced portfolio of fixed and variable rate of interest on loans and borrowings. To manage this, group has issued fixed rate bonds and loans taken from banks are linked to MCLR rate of the bank, which are variable. The exposure of the group'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 March 2023	31 March 2022
Variable rate borrowings	32,600	19,524
Fixed rate borrowings	634,661	609,644
<b>Total Borrowing</b>	<b>667,261</b>	<b>629,167</b>

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

	31 March 2023			31 March 2022		
	Weighted Average Interest Rate	Balance	% of Total Loans	Weighted Average Interest Rate	Balance	% of Total Loans
Bank Overdraft	100%	32,600	4.89%	100%	19,524	3.10%

### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the group's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Currency	Increase / decrease in basis points	Net effect on profit before tax (Incremental amount)
31 March 2023	INR	+50	697
	INR	-50	(697)
31 March 2022	INR	+50	620
	INR	-50	(620)

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

## 35 Capital management

For the purpose of the group's capital management, equity includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the group. The primary objective of the group's capital management is to maximise the shareholder value. The group's Capital Management objectives are to maintain equity including all reserves to protect economic viability and to finance any growth opportunities that may be available in future so as to maximize shareholders' value. The group is monitoring capital using debt equity ratio as its base, which is debt to equity. The group's policy is to keep debt equity ratio below three and infuse capital if and when required through issue of new shares and/or better operational results and efficient working capital management. In order to achieve the aforesaid objectives, the group has not sanctioned any major capex on new expansion projects in last two to three years. There is constant endeavour to reduce debt as much as feasible and practical by improving operational and working capital management.

Particulars	31 March 23	31 March 2022
Net debt	717,252	697,219
Total equity attributable to owners	-126,696	96,229
<b>Net Debt to equity ratio</b>	<b>(5.66)</b>	<b>7.25</b>

### Risk management

The group'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 group currently has loans from holding group and banks.





**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)**

(₹ in '000)

(i) Loan covenants:

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

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

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

**36 Segment information**

<b>Particulars</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
<b>Segment revenue</b>		
Software division	93,213	403,685
Equipment division	1,390	1,271
Education	550,841	491,208
Theatrical exhibition	962,960	476,996
Others	104,138	104,390
Total	1,712,540	1,477,549
Less : Inter segment revenue	-	-
Net sales/ Income from operations	1,712,540	1,477,549
<b>Segment results</b>		
(Loss)/ profit before tax, interest and exceptional items from each segment		
Software division	44,491	187,708
Equipment division	(341)	(1,481)
Education	(50,149)	45,972
Theatrical exhibition	(122,325)	(140,570)
Others	81,359	63,973
Total	(46,965)	155,603
Less: Finance costs	139,351	124,047
Unallocated expenses, net of unallocable income	(11,658)	(73,317)
Total (loss) before tax	(174,658)	104,873
<b>Depreciation and amortization</b>		
Software division	3,463	3,602
Equipment division	917	1,099
Education	56,222	50,646
Theatrical exhibition	117,480	105,242
Others	5,931	6,292
Unallocable	10,257	10,523
<b>Capital employed</b>		
(Segment assets - Segment liabilities)		
Software division	(88,821)	(104,519)
Equipment division	12,090	10,140
Education	110,840	194,839
Theatrical exhibition division	962,456	832,481
Others	138,904	171,368
Unallocable (includes minority interest)	1,045,662	1,058,686

**Segment Reporting:**

The Management has identified business segments by taking into account the nature of the business, the differing risks and returns, the organisation structure and internal reporting system. The Management monitors performance of these segments on a periodic basis.

On this basis the Management has identified five business segments:-

- 1 Software division
- 2 Equipment division

# MUKTA ARTS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

- 3 Education
- 4 Theatrical exhibition division and
- 5 Others

### **Software division:**

This primarily comprises film/ TV production and distribution operations. Production operations represent production/ co-production of movies, Television content and allied services. Distribution operations represent acquisition of movie rights for overseas as well as Indian distribution for a fixed period and exploitation thereof.

### **Equipment division:**

This comprises of the activity of providing equipment on hire to outsiders.

### **Education:**

This comprises of the operations of an education, research and training institute imparting training in various skills related to films, television and the media industry in general.

### **Theatrical exhibition division:**

These comprise of various services offered at theatres including sale of tickets, catering of food and beverages, providing advertising services at theatres and related services.

### **Others:**

This comprises mainly rental income.

The Group caters mainly to the domestic market and since the risks and rewards are similar across the market, it is treated as one reportable geographical segment

Segment revenue, Segment results, Segment assets and Segment liabilities include the respective amounts identifiable to each segment as also amounts allocable on a reasonable basis. Income and expenses which are not directly attributable to any business segment are shown as unallocated corporate income and expenses respectively. Assets and liabilities that cannot be allocated between the segments are shown as a part of unallocated assets and liabilities respectively.

## **37 Related party disclosures**

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

### **A) Parties where control exists**

#### **(i) Shareholders holding more than 50%**

- Subhash Ghai

#### **(ii) Key management personnel and relatives of such personnel**

- Subhash Ghai - Chairman (and shareholder)
- Parvez Farooqui - Executive Director (and shareholder)
- Rahul Puri - Managing Director
- Mukta Ghai - Wife of Subhash Ghai (and shareholder)
- Ashok Ghai - Brother of Subhash Ghai
- Siraj Farooqui - Brother of Parvez Farooqui
- Sameer Farooqui - Brother of Parvez Farooqui
- Sajid Farooqui - Brother of Parvez Farooqui
- Meghna Ghai Puri - Daughter of Subhash Ghai, wife of Rahul Puri (and shareholder)

#### **(iii) Enterprise over which key management personnel have control/ substantial interest/ significant influence**

- Mukta Arts – Proprietary concern of Subhash Ghai
- Mukta Tele Arts Private Limited – Enterprise in which Subhash Ghai exercises significant influence



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

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

Transactions	Key Management Personnel and relatives of such personnel		Enterprises over which key management personnel have control/ substantial interest/ significant influence	
	2023	2022	2023	2022
<b>Receiving of services</b>				
Ashok Ghai - Professional fees paid	3,849	2,726	-	-
<b>Rent expenses</b>				
Subhash Ghai	2,400	2,400	-	-
<b>Lease rentals of subsidiary Company</b>				
Subhash Ghai	3,000	3,000	-	-
<b>Salaries and other benefit</b>				
Siraj Farooqui	4,740	2,914	-	-
Sameer Farooqui	1,188	887	-	-
<b>Managerial remuneration</b>				
Subhash Ghai	8,587	5,061	-	-
Subhash Ghai - Film Director fees	-	16,000	-	-
Rahul Puri	5,818	3,491	-	-
<b>Remuneration/Faculty fees to director of subsidiary Company</b>				
Subhash Ghai	3,000	3,000	-	-
Rahul Puri	3,000	3,000	-	-
Meghna Ghai Puri	7,134	6,074	-	-
Parvez A. Farooqui	5,729	3,887	-	-
Ishaan Farooqui	360	-	-	-
<b>Loan taken by subsidiary Company during the year</b>				
Subhash Ghai	4,000	-	-	-
<b>Loan repaid by subsidiary Company during the year</b>				
Subhash Ghai	18,500	-	-	-
<b>Interest on Loan during the year</b>				
Subhash Ghai	3,348	4,180	-	-

**38 Commitments**

Estimated amounts of contracts remaining to be executed on capital account and not provided for aggregate to Rs Nil (31 March 2022: Rs Nil).

**39 Contingent liabilities**

	31 March 2023	31 March 2022
Claims not acknowledged as debt		
- Service tax matters (note 1)	1,675	1,675
- Local levies	18,245	18,245

**\* Notes**

- 1) Unless specified, the amounts are excluding penalty and interest, if any, that would be levied at the time of final conclusion.
- 2) The companies in the group are party to various legal proceedings in the normal course of business and do not expect the outcome of these proceedings to have any adverse effect on the financial conditions, results of operations or cash flows.
- 3) In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liability, where applicable in its financial statements.

# MUKTA ARTS LIMITED

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(₹ in '000)

The Company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect of the Company's results of operations or financial condition.

The Company has availed the benefit of payment of customs duty and other duties at a concessional rate on import of capital goods, under the Export Promotion Capital Goods ('EPCG') Scheme, against fulfillment of export commitment over eight years from the date of issue of the license. The Company's bankers have provided guarantees amounting to Rs 18,268,541 (31 March 2022: Rs 18,750,3627) to the Customs and other statutory authorities, on behalf of the Company, towards fulfilment of these commitments. The Company believes that the export commitment obligations will be fulfilled and accordingly does not expect any custom and other duties, penalty or interest to be levied with respect to non-fulfillment of the terms and conditions of the EPCG scheme.

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 rent would be payable. 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 ₹ 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 ₹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.

### 40 Disclosure of Ratios

Particulars	As at 31 March, 2023	As at 31 March, 2022	% of Variance	Reason for variance for more than 25%
i) <b>Debt Equity ratio - [no. of times]</b> Total debt/ Total equity	(5.66)	7.25	(178)	Due to decrease in total equity as on 31-03-2023
ii) <b>Debt service coverage ratio ('DSCR') - [no. of times]</b> EBITDA / (Interest expenses** + Principal repayments of long term borrowings due within 12 months from the balance sheet date)	0.93	2.32	(60)	Due to decrease in EBITDA for the year 2022-23.
iii) <b>Current ratio [no. of times]</b> (Total current assets - Derivatives financial assets) / (Total current liabilities - Short term borrowings****)	0.61	0.67	(8)	
iv) <b>Trade receivables turnover ratio (times)</b> (Sale of services/ Closing trade receivables)	18.11	11.75	54	Due to increase in sales during FY 2022-23 and decrease in trade receivable as on 31-03-23.
v) <b>Net profit/(loss) margin [%]<sup>2</sup></b> Profit/(Loss) after tax / Revenue from operations	(0.11)	0.05	(343)	Due to loss in current year and profit in previous year.
vi) <b>Return on Equity Ratio [%]<sup>3</sup></b> Profit/(Loss) after tax / Total equity	1.48	0.65	129	Due to loss in current year and profit in previous year.
vii) <b>Net Capital Turnover Ratio [no. of times]<sup>4</sup></b> (Total revenue from operations / (Total current asset- Derivative financial asset)- (Total current liability- Short term borrowings****))	(4.19)	(3.60)	16	
viii) <b>Return on Capital Employed Ratio [%]</b> {Earnings before Interest & Taxes (EBIT)}***** / Total Capital Employed***** )	(0.02)	0.13	(118)	Due to loss in current year and profit in previous year.
ix) <b>Trade payables turnover - [no. of times]</b> Total expenses less depreciation / Closing Trade payables	4.46	4.17	7	



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

\*\* Interest expenses exclude notional interest and other finance charges.

\*\*\* Total debt represents Total borrowings + Interest accrued but not due.

\*\*\*\*Short term borrowings represents current borrowings including current maturities of long term debt + Interest accrued but not due.

\*\*\*\*\*Earning before interest and taxes (EBIT) = EBT+ Interest )

\*\*\*\*\*Total Capital employed represents Tangible net worth + total debt + deferred tax liability.

- 41 Impact of the Covid-19 pandemic on the business of Mukta A2 Cinemas Limited :** 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.

	31 March 2023	31 March 2022
Claims against the Company not acknowledged as debt pertaining to local levies in case of WWIL	18,245,277	18,245,277

**42 Dues to Micro and Small Enterprises**

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

	31 March 2023	31 March 2022
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	3,834	3,152
- Interest	565	556
The amount of interest paid by the Company as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	228	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	565	556
The amount of interest accrued and remaining unpaid at the end of each accounting year	565	556
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	-	-

- 43 Public Interest Litigations ('PIL')** had been filed alleging that the Maharashtra Film, Stage and Cultural Development Corporation Limited ('MFSCDCL') had not followed proper procedure while entering into a Joint Venture Agreement ('JVA') with the Company and in the subsequent allotment of 20 acres of land to the said joint venture, Whistling Woods International Limited ('WWI'), a subsidiary of the Company. During the year 2011-2012, pursuant to the Order of the Hon'ble High Court of Judicature at Bombay ('High Court') dated 9 February 2012, inter-alia, the JVA with MFSCDCL was quashed / rendered cancelled, WWI was ordered to return the land to MFSCDCL and pay rent (and interest on arrears) retrospectively on the entire land since the date of the JVA. Of the total land admeasuring 20 acres, 14.5 acres vacant unused land was handed over to MFSCDCL on 18 April 2012 and the balance was to be handed over on or before 31 July 2014. Pending discussion and / or agreement with MFSCDCL and / or clarifications to be sought from the concerned parties, no adjustments have been made to the Share Capital structure of WWI and the carrying value of the land rights in its books of account. However, in terms of the Order of the High Court, the said amount together with future rent till the date of vacation of the premises is adjustable against the market price of the Institute building of WWI on the said land. The valuation is to be carried out by an expert valuer to be appointed by the Government. During the year 2013-2014, the PWD Engineer has given his valuation report based on the Balance Sheet of WWI as at 31 March 2011. Further, the Company made an application to the Government of Maharashtra in February 2013 to appoint expert valuers to determine the market price. WWI's petition for special leave to file appeal with the

# MUKTA ARTS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023 (CONTD.)

(₹ in '000)

Supreme Court of India was dismissed. However, the Company and WWI filed review petitions with the High Court. In terms of Order dated 9 February 2012 passed by the High Court, MFSCDC raised net demand of ₹ 591,966,210 and asked WWI to vacate the premises. The Company's and WWI's Review Petitions were heard by High Court and a stay was granted on 30 July 2014. The High Court ordered the Company / WWI to pay arrears of rent for the years 2000-2001 to 2013-2014 aggregating to Rs 100,038,000 by January 2015 and to pay rent of Rs 4,500,000 per annum from the financial year 2014-2015. As per the terms of the said Order, till 31 March 2023 Rs 113,538,000 has been paid by the Company and Rs 22,500,000 has been paid by WWI. The State Government of Maharashtra and MFSCDCL challenged the Order of the Bombay High Court in the Supreme Court which was dismissed by the court on 22 September 2014 with recourse to the State Government of Maharashtra to make an application to the High Court. Pending final disposal of the review petitions and valuation of the building, and in view of the future plans for WWI which are being evaluated, management believes that the Company's investments in WWI aggregating Rs 399,511,218 and amounts due therefrom aggregating Rs 441,290,157 are good and recoverable as management is hopeful of reliefs based on the issues involved and on merits of the case, as also of a high valuation of the building. During the financial year, MFSCDCL has raised invoices for FY 2017-18 to FY 2022-23 at ₹ 45,00,000/- per annum. This amount has been accounted as expenses. The amounts paid by the Company, after adjusting such expenses, continue to be treated as deposits to be adjusted on the settlement of the case.

#### 44 Disclosure pursuant to Section 186 of the Companies Act, 2013

##### a) Details of loan given:

Name of the the entity and relation with the Company, if applicable	Terms and conditions of the loan and purpose for which it will be utilised
Om Films Private Limited	Unsecured loan given for the purpose of financial assistance in connection with the release of a feature film which is repayable on demand.

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

Name of Party	Financial year	Opening balance(excluding accrued interest)	Loan given	Loan repaid/ Adjustment	Closing balance(excluding accrued interest)
Om Films Private Limited	Year ended 31 March 2023	17,600	-	-	17,600
	Year ended 31 March 2022	17,600	-	-	17,600

45 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.

46 Pursuant to the provisions of the Companies Act, 2013 read with Investor Education Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended, the shares pertaining to which dividend remains unclaimed/ unpaid for a period of seven years from the date of transfer to unpaid dividend account are mandatorily required to be transferred to the Investor Education and Protection Fund ('IEPF') established by the Central Government.

Accordingly, during the year, the Company has transferred to the IEPF an amount of ₹ Nil (2022 : ₹ Nil) on account of unclaimed dividend and Nil (2022 : Nil) shares to which this dividend relates.

#### 47 Prior period comparatives

Previous year's figures have been regrouped/ reclassified, wherever necessary.

As per our report of even date.

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

For and on behalf of the Board of Directors of  
**Mukta Arts Limited**  
CIN: L92110MH1982PLC028180

**CA Subhash Jhunjunwala**  
Partner  
Membership No: 016331

**Subhash Ghai**  
Chairman Director  
DIN: 00019803

**Rahul Puri**  
Managing Director  
DIN: 01925045

**Parvez A. Farooqui**  
Director  
DIN: 00019853

**Date:** 25 May 2023  
**Place:** Mumbai

**Prabuddha Dasgupta**  
Chief Financial Officer

**Hemal Pankhanja**  
Company Secretary  
Membership No: ACS31426



**Convocation event at WWIL**



**Celebrate Cinema event at WWIL**



## **MUKTA ARTS LIMITED**

Registered Office

3<sup>rd</sup> Floor, Mukta House, Behind Whistling Woods Institute, Filmcity, Goregaon (E), Mumbai - 400 065.

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