



MUKTA ARTS LIMITED



ANNUAL  
REPORT | 2019





## BOARD OF DIRECTORS

**Mr. Subhash Ghai**  
Executive Chairman  
DIN: 00019803

**Mr. Rahul Puri**  
Managing Director  
DIN: 01925045

**Mr. Parvez A. Farooqui**  
Non-Executive Director  
DIN: 00019853

**Mr. Kewal Handa**  
Independent Director  
DIN: 00056826

**Ms. Paulomi Dhawan**  
Independent Director  
DIN: 01574580

**Mr. Manmohan Shetty**  
Independent Director  
DIN: 00013961

**Chief Financial Officer**  
Mr. Prabuddha Dasgupta

**Company Secretary & Compliance Officer**  
Ms. Monika Shah

**Statutory Auditors**  
M/s. Uttam Abuwala & Co.

**Internal Auditors**  
M/s Garg Devendra & Associates

**Secretarial Auditors**  
AAS & Associates, Company Secretaries

**Bankers**  
YES Bank Limited  
Kotak Mahindra Bank

**Registrar & Transfer Agents**  
Link Intime India Private Limited  
C 101, 247 Park,  
L B S Marg, Vikhroli West,  
Mumbai 400 083  
Tel No: +91 22 49186000 Fax: +91 22 49186060

**Registered Office**  
Mukta House, 3<sup>rd</sup> Floor,  
Behind Whistling Woods Institute,  
Filmcity Complex, Goregaon (East),  
Mumbai- 400065  
Telephone No. - (022) 33649400  
Fax No. - (022) 33649401  
Website: www.muktaarts.com  
CIN : L92110MH1982PLC028180

CONTENTS	
Performance at a glance	2
Chairman's Statement	3
Management Discussion & Analysis	5
Notice	8
Route Map	14
Board's Report	15
Corporate Governance Report	37
<b>FINANCIALS</b>	
Mukta Arts Limited	50
Consolidated Financials of Mukta Arts Limited & it's Subsidiaries	98

**Note:** Shareholders are requested to avail services of the Company's bus outside Goregaon (East) Railway Station near Bus Depot up to 3.30 p.m. to reach the AGM Venue.



# MUKTA ARTS LIMITED

## PERFORMANCE

### Performance at a glance

Rupees in millions

	Year ended 31st March 2019	Year ended 31st March 2018	Year ended 31st March 2017	Year ended 31st March 2016	Year ended 31st March 2015
Revenue from operations	196.72	115	593.29	561.35	1,039.98
Other Income	112.70	144.75	120.83	57.05	72.93
<b>TOTAL INCOME</b>	<b>309.42</b>	<b>259.75</b>	<b>714.12</b>	<b>618.4</b>	<b>1,112.91</b>
Profit/(Loss) before Interest,					
Depreciation and Tax	140.38	113.16	157.53	102.81	66.07
Depreciation	24.66	27.15	70.48	61.69	66.22
Interest	59.70	68.49	63.41	58.65	77.09
Profit/(Loss) before Tax	56.02	17.52	23.64	-17.53	-77.24
Profit/(Loss) after Tax	38.81	14.92	12.42	-19.05	-69.91
Dividend	-	-	-	-	-
Dividend Rate	-	-	-	-	-
Gross Fixed Assets	743.21	749.23	1,740.31	1,926.81	1,906.55
Net Fixed Assets	300.51	329.78	395.54	515.73	553.89
<b>Total Assets</b>	<b>2,130.25</b>	<b>2,064.32</b>	<b>2,036.67</b>	<b>1,913.92</b>	<b>1,964.64</b>
Equity Share Capital	112.93	112.93	112.93	112.92	112.93
Reserves and Surplus	1,301.69	1,265.20	1,250.28	986.95	1,003.91
<b>Net Worth</b>	<b>1,414.62</b>	<b>1,378.13</b>	<b>1,363.22</b>	<b>1,099.87</b>	<b>1,116.84</b>
<b>Earnings per Share (EPS)</b>					
<i>In Rupees</i>					
EPS Basic	1.62	0.66	0.52	-0.84	-3.1
EPS Adjusted to Rs. 5	1.62	0.66	0.52	-0.84	-3.1



## CHAIRMAN' STATEMENT 2019

This year the company has continued to create itself as a leading entertainment conglomerate with good strides in all the verticals of the business - production, exhibition and education. All businesses have had significant successes or are on the anvil of greater leaps and this has been reflected in the company's annual results which shows profits again on a consolidated basis after a number of years in the red. I am proud of the growing teams of our company, led now by seasoned professionals and propped up by enthusiastic young talent, which has steadied this large ship and is now sailing it into much calmer and hopefully more prosperous waters.



As per the newest FICCI-FRAMES report, the Indian M&E sector has grown by 12% mainly powered by growth in digital media and online gaming. More traditional areas like TV and Film have seen growth of 9% and 10% respectively. Digital growth has been powered again by the mobile space but the uptake of OTT platforms as 'first watch' channels has now become the norm in the metros and other cities. The film arena has seen a bit of a drop off from a stellar year in 2018, as International revenues from films declined due to the stellar sales from China dropping off. Hindi films though had a good year with a consistent number of hits emerging from sometimes unlikely sources throughout the year. It was not a year for the biggest of the big but a year for strong content and that has given me a lot of thought ahead of our new slate of films.

Challenges remain though. Still there is a lack of a clear policy on the advancement of new cinema screens, we are still awaiting a one-stop permissions window for the film industry and the tax regime, though much less murky, continues to change almost weekly. That all being said, the industry continues to out-perform the Indian economy as a whole and that is a significant feat as the world begins to look at India as one of the key drivers of growth for the globe.

For Mukta, in terms of Cinemas, Mukta A2 Cinemas added 6 new screens in the year. Some of these are in key geographies. Sun City in Mumbai with over 600 seats opened along with Karimnagar and Shamshabad, with 3 screens and 1 screen respectively. The company focused on operating efficiencies this year and used this time to undertake significant upgrades to key properties like Bhopal and Gulbarga. In addition the JV with Asian Cinemas opened a new property in Konark with 813 seats.

Perhaps the best performance in the Mukta A2 repertoire was reserved for Bahrain in 2018-19. The cinema has turned a corner in the Kingdom, fulfilling a strong niche and showing a net profit at the end of the year in complete contrast to the past few years. The 6 screen, state of the art cineplex continues to grow strongly building a heady reputation in the country and a loyal customer base.

The next year will bring continued expansion in India. At the time of writing, we will be adding screens in Bhilai and Orion Mukta A2 in Mumbai before the AGM itself. Cautious but focused adding of screens to deliver the best value is what the company strives for and it will continue this strategy in 2019-20.

On the content side, the company completed a historic deal with Zee Entertainment, reselling its entire library for a record price. The deal breaks all previous records and is once again validation that Mukta's library is the most sought after in Indian entertainment. The value of this deal will have repercussions for many years to come.

Mukta is also working on a new slate of films. Our next Marathi venture - 'Vijeta' was announced and there will be further announcements in Hindi in the coming months. We are also closing deals in the TV space - Hindi as well as regional - and will be gearing up for this very soon. OTT and web is a growing space and the company is in higher level discussions across the board to bring our very own stamp into this emerging arena.

Whistling Woods International continues to build its burgeoning reputation and this year has been a game-changer for the company and the institute. Over 1100 students were on campus over 7 different schools. Our commitment to truly world-class education is bringing in great dividends in terms of student admissions as well as alumni recognition. This indeed gives me great pride.

# MUKTA ARTS LIMITED

This recognition was further given a huge international boost as WWI hosted the CILECT Conference in Mumbai in November 2018. Over 200 Professors, Deans and Head of Schools attended from around the world and the event was an overwhelming success. The conference in Mumbai was hailed as the best ever and WWI showcased its academic achievement as well as its technological strength as our faculty mixed with international peers to create more value for our students and the organisation as a whole.

WWI continues to see its alumni create great success across all domains of entertainment and now with an alumni strength of over 2000, it wouldn't be outlandish to say that every major media company in India has a WWI connection. We have also added to our technology partnerships, Adobe and Apple have joined WWI's family to help bring cutting edge products for content creation to our students and faculty. WWI remains the number one choice for all partners in all areas of entertainment. This is to be lauded.

The legal case is coming to some form of resolution. The State Government has passed a cabinet decision to help the Institute as it sees WWI as a matter of pride in Maharashtra and I am hopeful that now only due process remains to find an equitable solution in this matter. This will be a huge burden off my team and I when it is done. It will also enhance the value of WWI hugely. The thriving business will thrive in new and greater ways.

There is always light at the end of every tunnel and I am thankful and grateful to our investors that they have kept faith in Mukta all these years. The company has now begun to show profits again and this is something we are committed to continuing and building strong value for all stakeholders. Every year is a new challenge and I am relishing this new one even more than ever.

Thanking you,



Subhash Ghai  
Chairman

**Mukta Arts Limited**



## MANAGEMENTS DISCUSSION AND ANALYSIS - 2019

### Industry performance

While the global economy continues its slow growth, the Indian economy, in contrast, has remained the fastest growing major economy for the past two years. The World Bank continues to expect India to substantially surpass the growth numbers of China in the next two years as well.

The major drivers of the Indian media and entertainment industry continued to be television, print and film entertainment though, like in the previous year, digital media continued to outgrow all the other media and entertainment sectors growing 42% in 2018.

Online gaming is another fast growing sector and continuing its 60+% growth rate, it is expected to become a substantial contributor to the Indian media and entertainment sector in the near future.

The film sector grew by 12.8% reaching Rs 174.50 billions crores in revenues in 2018, supported partly by Digital / OTT and overseas theatrical revenues. Screen count grew from 9,530 to 9,601 with increase in Multiplexes, though single screens reduced further.

New developments included the introduction of the digital only film market.

In the near to midterm future, Indian content is expected to reach wider global audiences using the Global OTT platforms. Content producers shall continue to benefit from the high demand and rates of the OTT space in India. Multiplex chains are expected to focus more on budget multiplex chains to cater to the large middle class population of the country.



Karimnagar

# MUKTA ARTS LIMITED

## Company performance

The company continues to focus on its education and the exhibition businesses, through its two main subsidiaries.

Whistling Woods International (WWI) is on the growth trajectory with student count now at 1,043 and another year of 17% growth taking its turnover to Rs 47 crores. Its bottom line was partly affected due to changes in accounting disclosure norms but operating profits continued to grow.

The 2018 CILECT Congress was successfully organised with delegates from many countries participating.

Further, in continuing with its goal of innovation in Film & Creative Arts Education and with the recent success in the field of VR, WWI has commenced development work in other areas of Emerging Media including Augmented Reality, Cognitive Science, Artificial Intelligence, Computer Vision and Machine Learning. Working closely with leading individuals / institutions in these fields, WWI continues to march



steadily towards including more areas of emerging media within its teaching.

After a year of extremely conservative consolidation, the exhibition business of the Company has started carefully adding screens with 6 in its subsidiary and 3 in its Joint Venture with Asian Cinemas in the Andhra / Telangana region.

The subsidiary in Bahrain is slowly finding its feet and has during the year turned PBT positive as its patron base becomes more dedicated.

The Company continues to be bullish on the exhibition business and is aggressively scouting for suitable opportunities to invest in or manage multi-screen properties.

The programming business, Mukta VN Films continues to perform steadily.

Mukta Arts Ltd. constantly strives to create and monetise high quality content. With regard to this monetisation, the company has entered into a pathbreaking deal with Zee Entertainment for the rights to the company's film library. The deal cements Mukta's library as the most sought after in the film industry as of today.

With Connect 1 (C.1), the digital content creation and distribution arm of Mukta Arts, continues to monetise its non-fiction content on YouTube and with the newly created Mukta Digital Studios, the company has created a range of public service films, including the awareness video for Tree Plantation by the Maharashtra Forest Department and the 'Vote Dene Jayenge' campaign by the Election Commission of India.





The main focus though, remains on creating contemporary fiction content for OTT Platforms and TV. The targets are placed both within India (includes Hindi and Regional markets) & overseas through an in-house production or co-production with strategic partners. The company is negotiating with multiple studios for partnerships in this area as well as leveraging the brand and library of Mukta Arts.

In the film business, the company continues to develop its script library with some of the best talent in the business. Scripts are developed and are readying for production with key talent being hired. The company has identified the regional space as the key focus area of development. The regional space allows for healthy P&L's since the cost of production can be kept to a minimum and return on investment can be relatively assured. With this in mind, Mukta has recently launched its latest Marathi Film poster at Goa Marathi Film Festival. The film 'Vijeta' will be in production in Q3 and released in early 2020. The company is looking at expanding the Marathi segment and is working on multiple films to follow this one.



In the TV business, the company's key focus point for the near future is forging strategic partnerships with key players in the Hindi, Marathi, South and Bangla languages. Our relationships with the biggest channels in these spaces means that by year end, a strong pipeline will emerge for production in these languages.

# MUKTA ARTS LIMITED

## NOTICE

Notice is hereby given that the **37<sup>th</sup> Annual General Meeting (AGM)** of Mukta Arts Limited will be held on **Wednesday, the 28<sup>th</sup> day of August, 2019 at 4.00 p.m.** at the Whistling Woods Institute's Auditorium, Dada Saheb Phalke Chitra Nagari, Goregaon (East), Mumbai - 400 065 to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2019, together with the Reports of the Board of Directors and the Auditors thereon;
2. To re-appoint Mr. Parvez Farooqui (DIN 00019853), Non-Executive Director who retires by rotation and being eligible, offers himself for re-appointment;
3. To declare a final Dividend of Rs. 1.25/- per Equity Share of Rs. 5/- each for the Financial Year 2018-19.

### Special Business:

4. To consider and, if thought fit, to pass the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 149,152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Kewal Handa (DIN 00056826), Independent Director of the Company whose present term expires on 26<sup>th</sup> September, 2019 and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term of 5(five) consecutive years from 27<sup>th</sup> September, 2019 to 26<sup>th</sup> September, 2024 (“Both days inclusive”) and who shall not be liable to retire by rotation.”

### Registered Office:

Mukta House,  
Behind Whistling Woods Institute  
Filmcity Complex  
Goregaon (East), Mumbai- 400 065

### By Order of the Board

**Monika Shah**  
Company Secretary  
Membership No: FCS 7964

Place: Mumbai

Date: 21<sup>st</sup> May, 2019

### NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Instrument appointing a proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time for holding the meeting. Proxies submitted on behalf of limited companies, societies etc., must be supported by appropriate resolutions / authority, as applicable.
3. Pursuant to the provision of Section 105 of the Companies Act, 2013 a person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of Item No. 4 of the Notice, is annexed hereto.
5. The Company's Registrar and Transfer Agents for its Share Registry work (Physical and Electronic) are Link Intime India Private Limited having its office at C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083. Tel No: +91 22 49186000 Fax: +91 22 49186060
6. The Register of Members and Share Transfer Books of the Company will remain closed **from Thursday, the 22<sup>nd</sup> August, 2019 to Wednesday, the 28<sup>th</sup> August, 2019 (both days inclusive).**
7. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agents, Link Intime India Private Limited to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to Link Intime India Private Limited.



The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to Link Intime India Private Limited.

8. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or Link Intime India Private Limited for assistance in this regard.
9. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or Link Intime India Private Limited, the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such Members after making requisite changes thereon.
10. In case of joint holders attending the meeting, 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.
11. Members are requested to:
  - a. Bring their copies of the Annual Report at the time of attending the Annual General Meeting.
  - b. Complete the attendance slip and deliver the same at the entrance of the meeting hall.
  - c. Send their questions atleast 7 days in advance before the Annual General Meeting on any further information on accounts so as to enable the Company to answer their question satisfactorily
12. In keeping with Ministry of Corporate Affairs' Green Initiative measures, soft copies of the Annual Report for the year ended 31<sup>st</sup> March 2019 are being sent to all members whose email IDs are registered with the Company / Depository Participant(s) for communication unless any member has requested for physical copies of the same. The Company hereby requests members who have not registered their email addresses so far, to register their email addresses for receiving all communication including annual reports, notices, etc. from the Company electronically.
13. The route map showing directions to reach the venue of the 37<sup>th</sup> Annual General Meeting of the Company is annexed.
14. Mr. K. C. Nevatia of K. C. Nevatia & Associates, Company Secretaries (Membership No. FCS 3963) has been appointed as the Scrutinizer to scrutinise the e-voting process in a fair and transparent manner.

#### 15. Procedure for remote E-voting

In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all the resolutions set forth in this Notice. The members attending the AGM who have not already cast their votes by remote e-voting shall exercise their right to vote at the AGM through ballot paper. Members who have cast their votes by remote e-voting prior to the AGM may attend the Annual General Meeting but shall not be entitled to cast their votes again. The instructions for e-voting are given below.

#### The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 25<sup>th</sup> August, 2019 at 9.00 A. M. and ends on 27<sup>th</sup> August, 2019 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 21<sup>st</sup> August, 2019 may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, he / she shall not be allowed to change it subsequently or cast vote again.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

Step 1 : Log-in to NSDL e-voting system at <https://www.evoting.nsdl.com/>

Step 2 : Cast your vote electronically on NSDL e-Voting system

#### Details on step 1 are mentioned below:

How to Log-in to NSDL e-Voting website?

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.

Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

# MUKTA ARTS LIMITED

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

1. 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 EVEN is 101456 and folio number is 001\*\*\* and then user ID is 101456001\*\*\*

2. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) 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.
- c) How to retrieve your 'initial password'?
  - (i) 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. a .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'.
  - (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

3. 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.nsdl.com](http://www.evoting.nsdl.com).

Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.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.

4. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
5. Now, you will have to click on "Login" button.
6. After you click on the "Login" button, Home page of e-Voting will open.

### **Details on step 2 are mentioned below:**

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. 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.





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

#### **General Guidelines for shareholders**

Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [kcnevatia@gmail.com](mailto:kcnevatia@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

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.

In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

#### **Other Instructions:**

- (i) The voting rights of members shall be in proportion to their shares in the paid up equity share capital of the Company as on Cut-off date. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the Cut-off date only shall be entitled to avail the facility of remote e-Voting, as well as voting at the meeting through poll paper.
- (ii) The Scrutinizer shall, immediately after the conclusion of voting at the AGM, would count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than 48 hours of conclusion of the meeting, a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or person authorised by him in writing, who shall countersign the same.
- (iv) The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.muktaarts.com](http://www.muktaarts.com) and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) immediately after the result is declared. The Company shall simultaneously forward the results to BSE Limited and the National Stock Exchange Limited, where the shares of the Company are listed. The results shall also be displayed on the notice board at the Registered Office of the Company.

#### **Registered Office:**

Mukta House,  
Behind Whistling Woods Institute  
Filmcity Complex  
Goregaon (East), Mumbai- 400 065

#### **By Order of the Board**

**Monika Shah**  
**Company Secretary**  
**Membership No: FCS 7964**

Place: Mumbai  
Date: 21<sup>st</sup> May, 2019

***Shareholders are requested to avail services of the Company's bus outside Goregaon (East) Station near Bus Depot at 3.30 p.m. to reach the AGM Venue.***

# MUKTA ARTS LIMITED

## ANNEXURE - 1 TO NOTICE

Additional Information to Item No. 2 and 4.

<b>Name of Director</b>	Mr. Parvez A. Farooqui	Mr. Kewal Handa
<b>Date of Birth</b>	31/05/1956	22/08/1952
<b>Date of first appointment</b>	24/03/2000	07/06/2014
<b>Qualifications</b>	B.Com.	M Com., AICMA, ACS
<b>Expertise in specific functional areas</b>	Wide experience in marketing, sales, purchases, accounts, taxation and legal.	Wide experience in Finance, Commercial, Strategy and Business Development, Corporate Affairs
<b>Directorships held in other public companies (excluding foreign companies and Section 8 companies)</b>	<ol style="list-style-type: none"> <li>1. Mukta Creative Ventures Limited (Formerly known as Coruscant Tec Limited)</li> <li>2. Mukta V N Films Limited</li> <li>3. Mukta A2 Cinemas Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. Clariant Chemicals (India) Limited</li> <li>2. Greaves Cotton Limited</li> <li>3. R M Drip &amp; Sprinklers Systems Limited</li> <li>4. Borosil Glass Works Limited</li> </ol>
<b>Memberships / Chairmanships of committees of other public companies</b>	Nil	<p>Audit Committee</p> <ol style="list-style-type: none"> <li>1. Clariant Chemicals (India) Limited</li> <li>2. Greaves Cotton Limited*</li> <li>3. Borosil Glass Works Limited</li> </ol> <p>Stakeholders Relationship Committee</p> <ol style="list-style-type: none"> <li>1. R M Drip &amp; Sprinklers Systems Limited</li> </ol> <p>Nomination &amp; Remuneration Committee</p> <ol style="list-style-type: none"> <li>1. Clariant Chemicals (India) Limited</li> <li>2. R M Drip &amp; Sprinklers Systems Limited</li> <li>3. Borosil Glass Works Limited</li> </ol> <p>Corporate Social Responsibility Committee</p> <ol style="list-style-type: none"> <li>1. Clariant Chemicals (India) Limited</li> </ol> <p>Risk, CSR &amp; Strategy Committee</p> <ol style="list-style-type: none"> <li>1. Greaves Cotton Limited</li> </ol>
<b>Number of shares held in the Company</b>	77300	Nil

\*Chairman of the Committee

For other details such as number of meetings of the board attended during the year, remuneration drawn and relationship with other directors and key managerial personnel in respect of above directors, please refer to the Corporate Governance Report which is a part of this Annual Report.



## ANNEXURE - 2 TO NOTICE

### Explanatory Statement Under Section 102(1) of The Companies Act, 2013

#### Item No. 4:

##### Re-appointment of Mr. Kewal Handa as Independent Director:

The Company had appointed Mr. Kewal Handa as Independent Director of the Company for a term of five consecutive years from 27<sup>th</sup> September, 2014 to 26<sup>th</sup> September, 2019.

The above Director has given declaration to the Board that he meets the criteria of Independence as provided under Section 149(6) of the Companies Act, 2013 and declaration in Form DIR-8 pursuant to Companies (Appointment and Qualification of Directors) Rules, 2014 to the effect that he is not disqualified to be appointed as a Director under section 164(2) of the said Act.

In the opinion of the Board above Independent Director fulfill the conditions specified in the Act and the Rules made thereunder for re-appointment as Independent Director.

In compliance with the provisions of Section 149 read with Schedule IV to the Act, the re-appointment of the above Director as Independent Director is now being placed before the Members in General Meeting for their approval.

The terms and conditions of appointment of Independent Directors shall be open for inspection by the Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all days, except Saturdays, Sundays and holidays until the date of the Annual General Meeting and will also be available at the meeting.

The brief profile of the Mr. Kewal Handa is given below:

Kewal Handa has been Former Managing Director of Pfizer Limited, India since 2005. Prior to this, Kewal Handa served as Executive Director - Finance, Pfizer Limited. Kewal Handa was also Managing Director of Wyeth Ltd since 2009.

He has a broad range of experience and has risen above his portfolio as Chief Financial Officer (CFO) by being a key contributor to shaping the future of Pfizer. His ability to complement strengths and overcome weaknesses has helped maximize value from mergers and create a strong organization. Under his leadership, Pfizer India became one of the top ten pharmaceutical companies in India.

Kewal Handa has diverse experience in Finance, Commercial, Strategy and Business Development, Corporate Affairs etc. Prior to being the Finance Director of Pfizer Ltd., he was heading the Animal Health business of Pfizer India. Kewal also has experience in other sectors like Engineering, Consumer and Project Finance in companies like Schrader Scovill, HLL, Vidyut Blades & SICOM,

Kewal Handa is the past President of All India Management Association (AIMA), past Committee Member of the Confederation of Indian Industry (CII), a past member of the Managing Committee of the Bombay Chamber of Commerce & Industry (BCCI). He is the Chairman of the Pharmaceutical Committee – ASSOCHAM and Chairman of Medybiz Pharma Pvt. Ltd.

He is presently Governing Board of IIM Raipur and he was also a member of the Governing Boards of IIM, Ahmadabad and independent director and Chairman of audit committee at Alfa Lava Ltd. Presently he is Independent Director of Mukta Arts Ltd.

Kewal Handa is a qualified Management Accountant and Company Secretary and has a Masters Degree in Commerce. He has completed the Pfizer Leadership Development Program from Harvard University and the Senior Management Development Program from IIM, Ahmadabad. He has also done a course on Marketing Strategy from Columbia Business School.

Kewal Handa was awarded the 'India CFO 2004 – Excellence in Finance in an MNC' by International Market – Assessment Group, the Bharat Shiromani Award in 2007 and the Pharma Leaders - Pharma Professional of the year 2010.

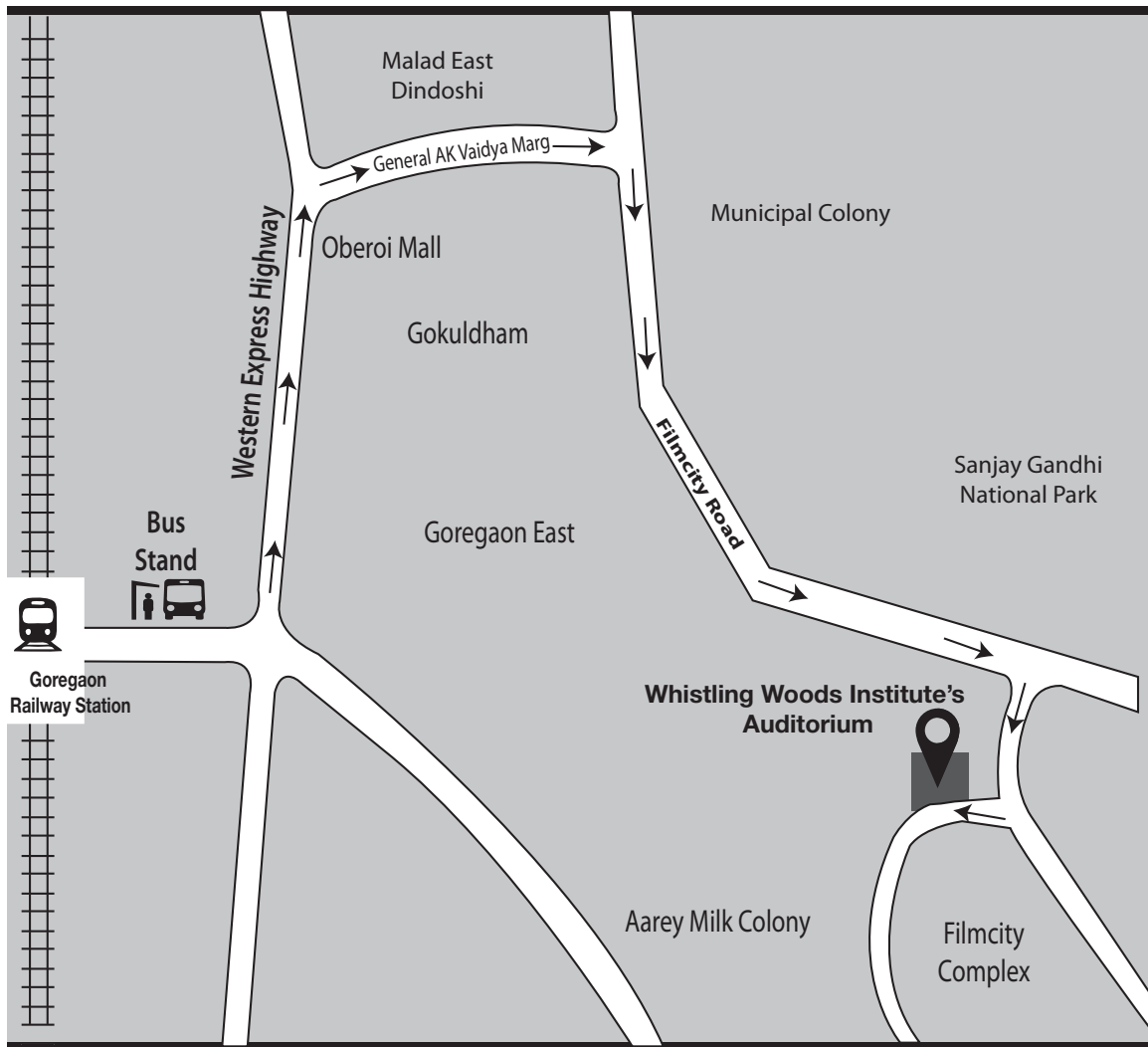
Further details and current directorships of the above Director is provided in the Annexure to this Notice.

In compliance with the provisions of Section 149, read with Schedule IV of the Act and Regulation 17 of SEBI Listing Regulations and other applicable Regulations, the appointment of Mr. Kewal Handa as Independent Director is now being placed before the Members for their approval.

The Board recommends the Special Resolution set out at Item No. 4 of the Notice for approval by the Members.

None of the Directors or Key Managerial Personnel of the Company or their relatives except, Mr. Kewal Handa, may be deemed to be concerned or interested in this resolution.

## Route Map to the Venue of the AGM



Whistling Woods Institute's Auditorium,  
Dada Saheb Phalke Chitra Nagari, Goregaon (East), Mumbai- 400 065





## BOARD'S REPORT

To

The Members,

Your Directors take pleasure in presenting the Thirty Seventh Annual Report of your Company alongwith the Audited Statement of Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2019.

The financial performance of the Company for the year ended 31<sup>st</sup> March, 2019 is summarized hereunder:

Particulars	Year ending 31.03.2019 (Rs. In millions)	Year ending 31.03.2018 (Rs. In millions)
Profit/(Loss) before interest, depreciation & tax	140.38	113.16
Less: Interest	59.70	68.49
Profit/(Loss) after interest, before depreciation & tax	80.68	44.67
Less: Depreciation	24.66	27.15
Profit/(Loss) before tax	56.02	17.52
Less: Provision for taxation	10.10	7.25
Deferred Tax Liability /(Asset)	7.11	(4.65)
Profit /(Loss) for the year	38.81	14.92
Other comprehensive income	(2.32)	(0.00)
Add: Balance brought forward	208.44	193.52
Less: Transfer to general reserve	-	-
Profit/(Loss) Carried forward to Balance Sheet	244.93	208.44

### Operations:

During the year, the Company recorded an income of 309.41 million an EBIDTA of 140.38 million and Profit After Tax of 38.80 million after finance cost of 59.70 million and depreciation and amortisation of 24.66 million

The Company's performance and outlook has been discussed in detail in the Management Discussion and Analysis.

As at March 31, 2019, 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 Rs. 199.51 million and loans and advances, deposits, interest receivable and rent receivable aggregate to Rs. 434.94 millions recoverable from 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 September 22, 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. These amounts, including those paid by the Company 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, 2019. Management of WWIL believes that it is appropriate to prepare the Ind AS 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.

However the matter is sub-judice and is subject to final disposal by the Honorable Bombay High Court. The Company is hopeful of reliefs based on the issues involved and on merits of the case, as also of a high valuation of the building.

### Dividend

Your Board of Directors recommend final dividend for the financial year ended 31<sup>st</sup> March 2019 at the rate of Rs. 1.25/- per Equity Share of Rs. 5/- each subject to the approval of members in the Annual General Meeting.

### Particulars of loans, guarantees or investments by company

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to Financial Statements.

# MUKTA ARTS LIMITED

## Deposits

The Company has not accepted any fixed deposits from the public, within the meaning of section 73 of the Companies Act, 2013 read with the Companies (Acceptance of deposits) Rules, 2014. Therefore, as on 31.03.2019 there were no deposits which were unpaid or unclaimed and due for repayment.

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

All transactions entered with Related Parties during the year under review were:

- on arm's length basis and
- in the ordinary course of business and
- there were no material transactions with any related party as per the provisions of sections 188 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 and therefore, disclosure in Form AOC-2 is not required.

The Company has developed a Related Party Transactions framework through Standard Operating Procedures for the purpose of identification and monitoring of such transactions.

All Related Party Transactions are placed before the Audit Committee as also before the Board for approval. The Policy on Related Party Transactions 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.

## Material changes and commitment, if any, affecting the financial position of the company occurred between the end of the financial year to which this financial statements relate and the date of this report.

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.

## Share Capital

During the year under review, the company has not issued any Equity shares or any other securities.

## 1. BUSINESS OVERVIEW

Your Company has for the past 3 years, been focusing increasingly on the Cinema business. Over the years, the Company has built up a dedicated clientele with its offering of affordable luxury where the patron gets a world class experience at par with any of India's other top multiplexes, but at a distinctly more affordable price. The Company has its existence internationally in the Kingdom of Bahrain with the first 6 screen luxury cinema in Juffair Mall.

### Subsidiary and Joint Venture Companies

As on 31.03.2019 the Company has **six subsidiary Companies** namely, Whistling Woods International Limited, Connect.1 Limited, Mukta Tele Media Limited, Mukta Creative Ventures Limited (formerly known as Coruscant Tec Limited), Mukta A2 Multiplex SPC and Mukta A2 Cinemas Limited. The Company also has one Joint Venture Company namely, Mukta V N Films Limited. 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 Disclosure and Obligation Requirements) Regulation, 2015.

Out of the subsidiaries of the Company, the most remarkable has been the **Whistling Woods International Limited ('WWI')** that has regularly been rated as one of the Ten Best Film Schools in the World by 'The Hollywood Reporter'. Whistling Woods Virtual Academy (WWVA) is Whistling Woods International's e-learning platform, where web-based courses will be available on the various aspects of filmmaking. The courses will be a combination of audio-visual playback, online and offline interactions with faculty as needed and online and offline assignments.

**Mukta A2 Cinemas Limited (MA2)** provides its patrons with state-of-the-art sound, 3-D & picture quality with comfortable seating, a soothing and elegant ambience and a sumptuous array of food & beverages. The cinemas offer a high standard of services that are upheld by a young and dynamic team of professionals with a strong background in the exhibition industry. MA2 during the year has launched 2 screens at Sun City Multiplex, Vile Parle (East), Mumbai at Shamshabad and Kareemnagar. With this, Mukta A2 Cinemas marks the completion of **64** screens globally. Mukta A2 Cinemas is now successfully operating in **17 locations** making a PAN India presence to cater to the myriad needs of the movie buffs across the country.

**Mukta A2 Multiplex SPC.** is also a wholly-owned subsidiary company incorporated in the Kingdom of Bahrain for running of a 6 screen multiplex in the Mall situated at Juffair Mall. The theatre features the latest releases from Hollywood, Bollywood as well as Arabic releases. It's equipped with state-of-the-art technology, including Dolby Atmos and Quantum Logic 3D surround sound systems, Light Tripler polarisation 3D technology and modern projection system. The cinema also offers dynamic seating options such as VIP recliners, sofas and rocker seats, in addition to the variety of gourmet food and beverage options.



Another subsidiary of the Company, **Connect.1 Limited** is monetising Whistling Woods' content catalog on all digital platforms since 2012. While YouTube is the primary platform, Connect. 1 is also exploring partnerships with other OTT platforms as well as international sales agents to syndicate the content globally.

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

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

**Mukta VN Films Limited**, carrying on the Programming service business which is jointly held by the Company along with VN Films Private Limited, a subsidiary of UFO Moviez. This business used to have a major contribution in topline though being a commission business, the impact on bottomline was small. Since, Mukta V N Films Limited is the result of joint venture between the Company and VN Films Private Limited as per Ind AS, Mukta V N Films Limited is not to be considered as subsidiary but a joint venture company.

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.

Pursuant to Section 136 of the Companies Act, 2013 companies are exempted from attaching the Annual Reports and other particulars of its subsidiary companies alongwith Annual Report of the Company. Therefore, the Annual Report of the subsidiary companies are not attached with this Annual Report.

Any member desirous of obtaining a copy of the said financial statements may write to the Company Secretary at the registered office address of the Company.

## 2. CORPORATE GOVERNANCE

The essence of Corporate Governance is about maintaining the right balance between economic, social, individual and community goals. This is ensured by taking ethical business decisions and conducting business with a firm commitment to values, while meeting stakeholders' expectations. The Company has been following the principles of good Corporate Governance over the years and lays strong emphasis on transparency, accountability and integrity. As per Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on Corporate Governance alongwith the Certificate from Practicing Company Secretary confirming the compliance, is attached as **Annexure 'F'** to this Report

### Number of meetings of the board

The details of the number of meetings of the Board held during the financial year 2018-19 forms part of the Corporate Governance Report. The Company had 4 meetings of the Board during the year. The intervening gap between any two meetings was within the period prescribed by Regulation-17(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013.

### Committees of the Board

Currently the Board has four Committees namely Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Share Transfer Committee.

A detailed note on Board and its committees is provided under the corporate governance section to this annual report. The composition of Committees, as per the applicable provisions of the Act and Rules, are as follows:

S. No.	Name of the Committee	Composition of the Committee
1.	Audit Committee	1. Mr. Kewal Handa 2. Mr. Parvez A. Farooqui 3. Mr. Manmohan Shetty
2.	Nomination and Remuneration Committee	1. Mr. Kewal Handa 2. Mrs. Paulomi Dhawan 3. Mr. Manmohan Shetty
3.	Stakeholders Relationship Committee	1. Mr. Kewal Handa 2. Mr. Parvez A. Farooqui 3. Mrs. Paulomi Dhawan
4.	Share Transfer Committee	1. Mr. Parvez A. Farooqui 2. Mr. Kewal Handa 3. Mr. Manmohan Shetty

# MUKTA ARTS LIMITED

## Board Diversity

The Company recognizes and embraces the importance of a diverse board in its success. We believe that a truly diverse board will leverage difference in thought, perspectives, knowledge, skill, regional and industry experience, cultural and geographical background. The Board has adopted the Policy on Board Diversity which sets out the approach to diversity of the Board of Directors and the same is available on our website.

## Remuneration and Nomination Policy

The Board of Directors of the Company has Independent Directors, who have in depth knowledge of the business and industry as the members of Nomination and Remuneration Committee. The composition of the Board is in conformity with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013.

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Policy Personnel and Senior Management of the Company. This Policy also lays down criteria for selection and appointment of Board Members. The policy attached as **Annexure 'B'** to this Board's Report.

## Declaration by Independent Directors

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

## Board evaluation

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a structured questionnaire was prepared after taking into consideration of the 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(s) was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

The present term of Mr. Kewal Handa (DIN 00056826), Independent Director of the Company expires on 26<sup>th</sup> September, 2019 and his re-appointment is proposed in the Annual General Meeting for a second term of 5 consecutive years from 27<sup>th</sup> September, 2019 to 26<sup>th</sup> September, 2024.

## Key Managerial Personnel

The Company has following Key Managerial Personnel:

Sr. No.	Name of the Person	Designation
1	Mr. Subhash Ghai	Executive Chairman
2	Mr. Rahul Puri	Managing Director
3	Mr. Prabuddha Dasgupta	Chief Financial Officer
4	Ms. Monika Shah	Company Secretary

## Certificate on Corporate Governance

AAS & Associates, Company Secretaries has certified the Company's Compliance of the requirements of Corporate Governance in terms of Regulation 27 (2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended 31<sup>st</sup> March, 2019 and the same is enclosed as an **Annexure D** to the Report on Corporate Governance.

## Director's responsibility statement

To the best of knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134(3)(c) of the Companies Act, 2013:

- in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- the Directors have 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 state of affairs of the company at the end of the financial year and of the profit of the company for the year ended on that date;
- the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis;





- v. that the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi. that the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 3. AUDIT AND AUDITORS

#### Statutory Auditors

M/s Uttam Abuwala & Co., Chartered Accountants were re-appointed as the Statutory Auditors of the Company to hold office for a period of 4 years till the conclusion of the Thirty Eighth Annual General Meeting of the Company to be held in the year 2020.

The Company's explanation to the Auditors' observation in their Report have been detailed in Note No's 43 in the notes forming part of accounts which forms part of the Annual Report.

#### Secretarial Audit

Pursuant to provisions of Section 204(1) of the Companies Act, 2013 read with rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed AAS & Associates, Company Secretaries in Practice (C. P. No. 17264) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report of the Company for the year ended is attached as '**Annexure - C**'.

#### Directors Explanation to Qualification in Secretarial Audit Report: -

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 9th February 2012.

Whistling Woods International Limited ('WWIL') was ordered to return the land to MFSCDCL and pay rent (including interest on arrears) retrospectively on the entire land since the date of the JVA. MFSCDCL demanded Rs. 832,062,611 towards rent and interest arrears thereon by letter dated 3 December 2012 for the period up to 30 November 2012 and vide letter dated 14 July 2014 demanded Rs. 591,966,210 towards arrears of rent and interest thereon, up to 31 July 2014.

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 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 Rs 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 Rs 113,538,000/- to MFSCDCL by 31st March, 2017 pending final hearing. The rent amount for the financial year 2017-18 and 2018-19 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 22nd 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, Mukta Arts Limited has not made any adjustment to the carrying value of investments in and amounts due from WWIL for the Financial Year 2018-19. The Company is hopeful of reliefs based on the issues involved and on merits of the case, as also of a high valuation of the building.

*Pursuant to the Maharashtra Cabinet decision, in November 2018 MFSCDCL has filed an affidavit in the subject matter placing on record the resolutions passed by them for entering into a lease agreement with the Company. However the matter is sub-judice and is subject to final disposal by the Honorable Bombay High Court.*

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

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

#### Internal Financial control systems and their adequacy

Your Company has an effective internal financial control and risk mitigation system, which are constantly assessed and strengthened with new/ revised standard operating procedures. The Company's internal control system is commensurate with its size, scale and complexities of its operations. The internal and operational 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.

The Audit Committee actively reviews the adequacy and effectiveness of the internal financial control systems and suggests improvements to strengthen the same. The Company has a robust Management Information System, which is an integral part of the control mechanism.

# MUKTA ARTS LIMITED

The Audit Committee, Statutory Auditors and the Business Heads are periodically apprised of the internal audit findings and corrective actions taken by the management are presented to the Audit Committee. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee.

## Extract of Annual Return

The details forming part of the extract of Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and administration) Rules, 2014, is attached as 'Annexure E' and forms an integral part of this Report.

## 4. Human Resources

Human Resource is considered as one of the most critical resources in the business which can be continuously smoothened to maximize the effectiveness of the Organization. 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 Policies and Systems. All personnel continue to have healthy, cordial and harmonious approach thereby enhancing the contributory value of the Company.

The Company is committed to nurturing, enhancing and retaining top talent through superior Learning and Organizational Development.

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

- i) As required by the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has formulated and implemented a policy on Sexual Harassment at workplace with a mechanism of lodging complaints. Its redressal is placed on the intranet for the benefit of its employees. During the year under review, no complaints were reported to the Board. Your company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- ii) The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

- a. **The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:**

Name	Designation	Ratio
Mr. Subhash Ghai	Executive Chairman	28:1
Mr. Rahul Puri	Managing Director	17:1

- b. **The percentage increase in remuneration of each director, chief executive officer, chief financial officer, company secretary in the financial year:**

Name	Designation	% increase / decrease
Mr. Subhash Ghai	Executive Chairman	37.63%
Mr. Rahul Puri	Managing Director	13.69%
Mr. Prabuddha Dasgupta	Chief Financial Officer	8%
Mrs. Monika Shah	Company Secretary	10%

- c. **The percentage increase in the median remuneration of employees in the financial year:- 5.8%**
- d. **The number of permanent employees on the rolls of Company: - 64**
- 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 percentile 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 was 6% whereas the increase in the managerial remuneration was 38.78%.

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

The Company affirms remuneration is as per the remuneration policy of the Company.

- g. **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	Designation / Nature of Duties	Remuneration (in millions)	Qualification	Experience (in years)	Date of Commencement of Employment	Age (in years)	Last Employment Held	Relative of any Director and Manger of the Company
1	Subhash Krishandayal Ghai	Executive Chairman	8.35	B.Com	49	09.07.1982	76	Mukta Arts Since inception	No
2	Rahul V Puri	Managing Director	4.80	Bsc- Business Management	20	01.04.2004	41	Nimbus Communications Ltd.	* Yes
3	Prabuddha Dasgupta	Chief Financial Officer	4.11	CA	27	07.07.2014	51	Neo Sports broadcast Pvt. Ltd.	No
4	Siraj Farooqui	Studio Chief Executive	3.91	Inter Arts	43	01.11.2015	64	Mukta Arts Since inception	*Yes
5	Sanjay Ghai	Chief Operating Officer	3.12	Graduate	36	09.01.2008	53	Mukta Shakti Combine	No
6	Ashish Gharde	Group Chief Operating Officer	3.99	MBA (SIBM)	22	06.02.2017	46	Larsen & Toubro and Balaji Telefilms Limited	No
7	Prem Taparia	Manager- Finance	2.53	CA	15	25.07.2007	40	Simplex Mills Co. Ltd.	No
8	Rekha Misra	VP- Projects & Adm.	1.29	B.Com	37	01.11.2016	67	Great eastern Shipping Co.	No
9	Cornelia Thallinger	EA to Chairman	1.10	MBA in communications	9	16.02.2016	31	DSB international school, Mumbai	No
10	Monika Shah	Company Secretary	1.03	CS , LLB	13	25.01.2016	39	B. Raheja Builders	No

Details of Employees who were :

- (A) Employed throughout the Financial Year under review and in receipt of remuneration for the Financial Year in the aggregate of not less than Rs.1,02,00,000 per annum: **NIL**
- (B) Employed for the part of the Financial Year under review and in receipt of remuneration at the rate of not less than Rs. 8,50,000/- per month : **NIL**

There was no employee either throughout the financial year or part thereof who was in receipt of remuneration which in the aggregate was in excess of that drawn by the Managing Director or Whole-time Director and who held by himself or alongwith his spouse or dependent children two percent or more of the Equity Shares of the Company.

\*Mr. Rahul Puri is relative of Mr. Subhash Ghai

\* Mr. Siraj Farooqui is relative of Mr. Parvez Farooqui.

#### 5. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is presented in a separate section forming part of the Annual Report.

#### 6. VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The Vigil Mechanism of the Company, which also incorporates a whistle blower policy in terms of the Listing Agreement to report genuine concerns or grievances. The Vigil Mechanism/ Whistle Blower Policy may be accessed on the Company's website <http://muktaarts.com/Aboutus/investorrelations.php>

#### 7. RISK MANAGEMENT

Your Company is well aware of risks associated with its business. The Company manages risk through a detailed Risk Management Policy framework which lays down guidelines in identifying, assessing and managing risks that the businesses are exposed to.

# MUKTA ARTS LIMITED

## 8. 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.

## 9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company is not engaged in manufacturing activities and as such the particulars relating to conservation of energy and technology absorption are not applicable. The Company makes every effort to conserve energy as far as possible in its post-production facilities, Studios, Offices, etc. In particular the Company has taken specific measures to ensure conservation of energy in places where Mukta A2 Cinemas are located.

Particulars regarding Foreign Exchange earnings and outgo required under the provisions of Section 134(3) (m) of the Companies Act, 2013 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.

## 10. GREEN INITIATIVE

Section 136 of the Act and the Rules framed there under allows the Company to send its Financial Statements by electronic mode to such Members whose shareholding is in dematerialized format and whose email addresses are registered with the Depositories for communication purposes. As a responsible corporate citizen, the Company proposes to effect electronic delivery of the Annual Report of the Company in lieu of the paper form to the Members who have registered their email IDs with the Depositories. A physical copy of the Annual Report will be sent to those Members who have not registered their email addresses with the Depositories for receiving electronic communication. A physical copy of this Annual Report can also be obtained free of cost by any Member from the Registered Office of the Company on any working day during business hours.

A copy of this Annual Report is also available on the website of the Company at [www.muktaarts.com](http://www.muktaarts.com).

## 11. STATUTORY INFORMATION

The Business Responsibility Reporting as required by Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is not applicable to your Company for the financial year ended March 31, 2019.

## 12. ACKNOWLEDGEMENTS

Your Directors express their deep sense of gratitude to the Artistes, 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 of  
**Mukta Arts Limited**

Place: Mumbai  
Date: 21<sup>st</sup> May, 2019

**Subhash Ghai**  
Executive 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 subsidiaries/ associate companies/ joint ventures.

#### Part “A”: Subsidiaries

(Currency: Rupees in millions)

Sr. No.	Particulars	Whistling Woods International Ltd	Connect. 1 Limited	Mukta Tele Media Limited	Coruscant Tec Private Limited (Mukta Creative Ventures Limited)	Mukta A2 Cinemas Limited	Mukta A2 Multiplex SPC
a)	Share Capital	200.00	0.60	0.50	7.50	15.00	9.20
b)	Reserves & Surplus	(923.17)	(15.55)	(12.83)	(6.12)	(64.86)	(115.27)
c)	Total Assets	436.46	11.06	3.40	1.41	542.87	136.86
d)	Total Liabilities	1,131.43	26.01	15.73	0.03	592.73	242.93
e)	Investments	0.50	0.00	0.00	-	0.05	-
f)	Turnover	472.21	2.66	0.89	0.07	797.09	244.20
g)	Profit /(Loss) before taxation	6.25	(2.22)	(0.80)	0.05	(20.01)	3.82
h)	Provision for taxation	-	-	-	-	(1.35)	-
i)	Profit /(Loss) after taxation	6.25	(2.22)	(0.80)	0.05	(18.66)	3.82
j)	Proposed dividend	-	-	-	-	-	-

#### Part “B”: Joint Venture

(Currency: Rupees in million)

Sr. No.	Particulars	Mukta V N Films Limited
a)	Share Capital	62.51
b)	Reserves & Surplus	3.16

## Nomination and Remuneration Policy

The Nomination and Remuneration Policy (the "Policy") applies to the Board of Directors (the "Board"), Key Managerial Personnel (the "KMP") and the Senior Management Personnel of Mukta Arts Limited.

### 1. OBJECTIVE

The Key Objectives of the Committee would be:

- a) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.
- c) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

### 2. DEFINITIONS

**"Board"** means Board of Directors of the Company.

**"Company"** means Mukta Arts Limited

**"Employees' Stock Option"** means the option given to the directors, officers or employees of a company or of its subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price.

**"Independent Director"** means a director referred to in Section 149 (6) of the Companies Act, 2013.

**"Key Managerial Personnel" (KMP)** means

- (i) Chief Executive Officer or the Managing Director or the Manager,
- (ii) Company Secretary,
- (iii) Whole-time Director,
- (iv) Chief Financial Officer and
- (v) Such other officer as may be prescribed.

**"Nomination and Remuneration Committee"** shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the Listing Agreement.

**"Remuneration"** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

**"Senior Management"** means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the executive directors, including all the functional heads.

### 3. ROLE OF THE COMMITTEE

The following shall be the role of the Committee:

- a) Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- b) Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- c) To recommend to the Board the appointment and removal of Directors and Senior Management.
- d) To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- e) Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- f) To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- g) To perform such other functions as may be necessary or appropriate for the performance of its duties.



#### **4. MEMBERSHIP**

- a) The Committee shall comprise of at least three (3) Directors, all of whom shall be non-executive Directors and at least half shall be Independent.
- b) The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and applicable statutory requirement.
- c) Minimum two members shall constitute a quorum for the Committee meeting.
- d) Membership of the Committee shall be disclosed in the Annual Report.
- e) Term of the Committee shall be continued unless terminated by the Board of Directors.

#### **5. CHAIRMAN**

- a) Chairman of the Committee shall be an Independent Director.
- b) Chairperson of the Company may be appointed as a member of the Committee but shall not Chair the Committee.
- c) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- d) Chairman of the Nomination and Remuneration Committee could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

#### **6. FREQUENCY OF MEETINGS**

The meeting of the Committee shall be held at such intervals as may be required.

#### **7. APPOINTMENT OF DIRECTOR, KMP AND SENIOR MANAGEMENT**

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

#### **8. REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT**

- a) The remuneration / compensation / commission etc. to Managerial Person, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- b) The remuneration and commission to be paid to Managerial Person shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force and shall
  - (i) take into account, financial position of the company, trend in the industry, appointee's qualification, experience, past performance, past remuneration, etc.;
  - (ii) be in a position to bring about objectivity in determining the remuneration package while striking a balance between the interest of the company and the shareholders.
- c) Managerial Person, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
- d) If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Section 197 read with Schedule V of the Companies Act, 2013 and the remuneration in excess of the limits prescribed under Section 197 read with Schedule V of the Companies Act, 2013 as amended from time to time shall be subject to prior approval of the Central Government.
- e) The Non- Executive / Independent Director may receive remuneration by way of sitting fees for attending Board Meetings of the Company, provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013.

#### **9. SECRETARY**

The Company Secretary of the Company shall act as Secretary of the Committee.

#### **10. DEVIATIONS FROM THIS POLICY**

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interest of the Company, will be made if there are specific reasons to do so in an individual case.

## Form MR-3

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

### Secretarial Audit Report

For the Financial year ended 31<sup>st</sup> March, 2019

To,

The Members,

**MUKTA ARTS LIMITED**

**(CIN: L92110MH1982PLC028180)**

**MUKTA HOUSE, BEHIND WHISTLING WOODS INSTITUTE**

**FILMCITY COMPLEX, GOREGAON, MUMBAI - 400065**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the 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 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 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 and the financial year ended on 31<sup>st</sup> March, 2019, 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 Mukta Arts Limited ("**The Company**") for the period ended on 31<sup>st</sup> March, 2019 according to the provisions of:

- i. The Companies Act, 2013 (**the Act**) and the Rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('**SCRA**') 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, the same being not applicable upon the Company during the period covered under audit;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('**SEBI Act**'), to the extent applicable :-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- vi. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- vii. Employees Provident Fund and Miscellaneous Provisions Act, 1952
- viii. Employees State Insurance Act, 1948
- ix. Employers Liability Act, 1938
- x. Equal Remuneration Act, 1976
- xi. Indian Contract Act, 1872



- xii. Income Tax Act, 1961 (our checking to the extent of Tax Deducted at Source under various Sections, payments made and T.D.S. Returns filed).
- xiii. 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).
- xiv. Indian Stamp Act, 1899
- xv. Maharashtra Stamp Act, 1958
- xvi. Industrial Dispute Act, 1947
- xvii. Maternity Benefits Act, 1961
- xviii. Minimum Wages Act, 1948
- xix. Negotiable Instruments Act, 1881
- xx. Payment of Bonus Act, 1965
- xxi. Payment of Gratuity Act, 1972
- xxii. Payment of Wages Act, 1936
- xxiii. Contract Labour (Regulations & Abolition) Act, 1970
- xxiv. The Sexual Harassment of women at work place (Prevention, Prohibition and Redressal) Act, 2013
- xxv. The Copyright Act, 1957
- xxvi. Trade Marks Act, 1999
- xxvii. The Patents Act, 1970
- xxviii. Shops and establishments Act
- xxix. Cinematograph Act, 1952
- xxx. Environment Protection Act, 1986 and other environmental laws
- xxxi. The Companies (Indian Accounting Standards) Rules, 2015

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

- a. Secretarial Standards issued by The Institute of Company Secretaries of India.
- b. The Listing Agreements entered into by the Company with Stock Exchange(s).

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

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Director and Independent Directors.

Adequate Notice 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.

**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.

**Date: 21/05/2019**  
**Place: Mumbai**

**For AAS & Associates**  
**Company Secretaries**

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



# MUKTA ARTS LIMITED

## Annexure to the Secretarial Audit Report dated 21/05/2019

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

1. Delisting from Calcutta Stock Exchange Limited

The Company had voluntarily applied for delisting from the Calcutta Stock Exchange Limited (CSE) w.e.f. 31st March, 2014. The trading in script of the Company remains suspended by CSE. The confirmation on the delisting has not still being received by the Company. We have been informed that the matter of delisting is still being followed up by the Company with CSE and a written complaint has been filed with the SEBI in this regard. Response from SEBI as well as CSE is still awaited.

2. Issue pertaining to Excess Remuneration paid to Mr. Subhash Ghai

The Company had filed for waiver of Excess Remuneration paid to Sh. Subhash Ghai aggregating to Rs. 5,90,06,159/- during the financial years 2005-06 to 2012-13 in the capacity of Chairman and Managing Director of the Company Excess remuneration paid to Mr. Subhash Ghai, erstwhile Chairman and Managing Director of the Company. The Central Government had twice rejected the application filed by the Company on 9 February 2015 and 9<sup>th</sup> October 2017. The Company had third time filed for waiver in Form MR-2 on 30<sup>th</sup> April 2018.

Further, pursuant to sections 66 to 70 of the Companies (Amendment) Act, 2017, which came into force from 12<sup>th</sup> September 2018 vide Notification No. 4823(E) dated 12/09/2018, the Company had received letter from MCA dated 4<sup>th</sup> October 2018 and 9<sup>th</sup> October 2018 mentioning that all applications filed with Central Government shall stand abated and the company has to comply with the aforementioned provisions of the amendment act. In compliance of the same, the Company had passed board resolution on 2nd November, 2018 to seek approval of the shareholders via postal ballot. Scrutinizers' report of the postal ballot showed that the resolution for waiver of excess remuneration was approved with 95.53% majority. The results of the Postal Ballot were submitted by the Company with the Registrar of Companies on 17th January, 2019 vide SRN H42181172. The Company has informed that, there has been no communication from the Registrar in reply to such submission.

3. Issue pertaining to Professional Fees paid to Mr. Subhash Ghai

The Company had paid Rs. 1.64 crores to Mr. Subhash Ghai, erstwhile Chairman and Managing Director, during FY 2012-13 and FY 2013-14 for directing a Hindi Film. As per provisions of section 309(1)(b) of the Companies Act, 1956 such Professional fees shall not be included in the managerial remuneration if, in the opinion of the Central Government, the director possesses the requisite qualifications for the practice of the profession.

To this effect, the Company had filed post-facto application with the Ministry of Corporate Affairs. However, the same was rejected by the Ministry vide letter dated 18<sup>th</sup> September 2014. The Company had again filed application in Form MR-2 which was again rejected on 9<sup>th</sup> October 2017 and directions were given to the Company to file separate application with the Central Government for FY 2012-13 and FY 2013-14. In compliance to the same, the Company had filed separate application in Form Mr-2 on January 5, 2018.

Further, pursuant to sections 66 to 70 of the Companies (Amendment) Act, 2017, which came into force from 12<sup>th</sup> September 2018 vide Notification No. 4823(E) dated 12/09/2018, the Company had received letter from MCA dated 4<sup>th</sup> October 2018 and 9<sup>th</sup> October 2018 mentioning that all applications filed with Central Government shall stand abated and the company has to comply with the aforementioned provisions of the amendment act. In compliance of the same, the Company had passed board resolution on 2nd November, 2018 to seek approval of the shareholders. Scrutinizers report of the postal ballot showed that the the resolution for waiver of excess remuneration was approved with 95.53% majority. The results of the Postal Ballot were submitted by the Company with the Registrar of Companies on 17th January, 2019 vide SRN H42181172. The Company has informed that, there has been no communication from the Registrar in reply to such submission.

4. Litigation with 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 9th February 2012.

Whistling Woods International Limited ('WWIL') was ordered to return the land to MFSCDCL and pay rent (including interest on arrears) retrospectively on the entire land since the date of the JVA. MFSCDCL demanded Rs. 832,062,611 towards rent and interest arrears thereon by letter dated 3 December 2012 for the period up to 30 November 2012 and vide letter dated 14 July 2014 demanded Rs. 591,966,210 towards arrears of rent and interest thereon, up to 31 July 2014.

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 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 Rs 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 Rs 113,538,000/- to MFSCDCL by 31st March, 2017 pending final hearing. The rent amount for the financial year



2017-18 and 2018-19 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 22nd 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, Mukta Arts Limited has not made any adjustment to the carrying value of investments in and amounts due from WWIL for the Financial Year 2018-19.

5. Provident Fund - Impact of Supreme Court Judgment and ensuing circular for non-exclusion of certain allowances

The Company is in the process of evaluating the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner(II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. We have been explained that the company has not made any adjustments in the current year as the impact assessed shall not be significant.

6. The internal audit reports majorly contains observations pertaining to procedural lapses with most of the items categorized as Medium or low risk. The management should endeavour to strengthen internal control systems in order to avoid such lapses in the future.
7. 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.
8. 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 were 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.
9. 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).
10. Where ever required, we have obtained the management representation about the compliances of laws, Rules and Regulations and happening of events etc.
11. The compliance of the provisions of corporate and other applicable Laws, Rules and Regulations, standards is the responsibility of the Management. Our examination was limited to the verification of procedures on test basis.
12. 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**

**Date: 21/05/2019  
Place: Mumbai**

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

# MUKTA ARTS LIMITED

Annexure - D

## PRACTICING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE

### To the Members of Mukta Arts Limited

We have examined the compliance of the conditions of Corporate Governance by Mukta Arts Limited ('the Company') for the year ended on March 31, 2019, 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 Securities and Exchange Board of India (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 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 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 March 31, 2019. 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 M/s AAS & Associates  
Company Secretaries**

Date : May 21, 2019  
Place : Mumbai

**CS Prerana Gupta**  
Partner  
(FCS : 8612 , CP:17264)



Annexure – E

## FORM NO. MGT – 9 EXTRACT OF ANNUAL RETURN

As on the financial year ended 31.03.2019

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS:

CIN	L92110MH1982PLC028180
Registration Date	07-09-1982
Name of the Company	Mukta Arts Limited
Category / Sub-Category of the Company	Company Limited by shares/ Indian non-government Company
Address of the Registered Office and contact details	Mukta House, Behind Whistling Woods Institute, Filmcity Complex, Goregaon (East), Mumbai -400065 Telephone No. - (022) 33649400 Fax No. - (022) 33649401 Website: <a href="http://www.muktaarts.com">www.muktaarts.com</a>
Whether listed Company	Yes
Name, address and contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C 101, 247 Park L B S Marg, Vikhroli West Mumbai – 400 083. (PH- 22 49186000, Fax- 22 49186060)

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10% or more of the total turnover of the company shall be stated)

Sr. No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Rent and amenities charges	68100	32%
2	Own Film/ Content production	92100	26%
3	Interest income	65910	24%

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No	Name and Address of the Company	CIN	Holding/ Subsidiary/ Associate	% of Equity shares held	Applicable Section
1	Whistling Woods International Limited Whistling Woods Institute, Dada Saheb Phalke Chitra Nagari, Goregaon (East) Mumbai - 400065	U92141MH2001PLC130394	Subsidiary	84.99%	Section 2(87) (ii)
2	Connect.1 Limited 11 Bait-Ush-Sharaf 29th Road TPS III Bandra, Mumbai – 400050	U92110MH2000PLC124018	Wholly Owned Subsidiary	100%	Section 2(87) (ii)
3	Mukta Telemedia Limited 6 Bashiron, 28th Road, TPS-III, Bandra (West) Mumbai – 400050	U92100MH2002PLC137312	Subsidiary	99.92%	Section 2(87) (ii)

# MUKTA ARTS LIMITED

Sr. No	Name and Address of the Company	CIN	Holding/ Subsidiary/ Associate	% of Equity shares held	Applicable Section
4	Mukta Creative ventures Limited (Formerly known as Coruscant Tec Limited) Mukta House, Behind Whistling Woods Institute Filmcity Complex, Goregaon (East) Mumbai – 400065	U72200MH2003PTC193963	Wholly Owned Subsidiary	100%	Section 2(87) (ii)
5	Mukta V N Films Limited Mukta House, Behind Whistling Woods Institute, Filmcity Complex, Goregaon East Mumbai – 400065	U74120MH2013PLC244220	Joint Venture Company	55%	Section 2(87) (ii)
6	Mukta A2 Cinemas Limited Mukta House, Behind Whistling Woods Institute, Filmcity Complex, Goregaon East Mumbai – 400065	U74999MH2016PLC287694	Subsidiary	70%	Section 2(87) (ii)
7	Mukta A2 Multiplex S.P.C. (Bahrain) 4 <sup>th</sup> Floor, Juffair Mall, Block 324, Juffair Manama, Kingdom of Bahrain	99524-1	Wholly Owned Subsidiary	100%	Section 2(87) (ii)
8	Whistling Woods International Education Foundation Mukta House, 3 <sup>rd</sup> Floor, Filmcity Complex, Goregaon (East), Mumbai- 400 065	U74999MH2016NPL285799	*Subsidiary	100%	Section 2(87) (ii)

\* Whistling Woods International Education Foundation is a wholly-owned subsidiary of Whistling Woods International Limited which is a subsidiary of Mukta Arts Limited

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

### (i) Category wise shareholding

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2018				No. of Shares held at the end of the year 31.03.2019				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. PROMOTERS</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	15893290	0	15893290	70.37	15893290	0	15893290	70.37	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt (s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other....	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (A) (1):-</b>	<b>15893290</b>	<b>0</b>	<b>15893290</b>	<b>70.37</b>	<b>15893290</b>	<b>0</b>	<b>15893290</b>	<b>70.37</b>	<b>0.00</b>
<b>(2) Foreign</b>									
a) NRIs – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other....	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (A) (2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>15893290</b>	<b>0</b>	<b>15893290</b>	<b>70.37</b>	<b>15893290</b>	<b>0</b>	<b>15893290</b>	<b>70.37</b>	<b>0.00</b>





Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2018				No. of Shares held at the end of the year 31.03.2019				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>B. PUBLIC SHAREHOLDING</b>									
<b>1. Institutions</b>									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIs	21577	0	21577	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (B)(1):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>2. Non-Institutions</b>									
<b>a) Bodies Corp.</b>									
i) Indian									
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
<b>b) Individuals</b>									
i) Individual Shareholders holding nominal share capital upto Rs.2 lakhs	3038746	19442	3058188	13.54	3324220	14032	3338252	14.78	1.24
ii) Individual Shareholders holding nominal share capital in excess of Rs.2 lakh	2350249	0	2350249	10.40	2255664	0	2255664	9.99	0.41
c) Others	0	0	0	0.00	452583	0	452583	2.00	2.00
i) Trusts	24950	0	24950	0.11	24950	0	24950	0.11	0.00
ii) Hindu Undivided Family	286894	0	286894	1.27	381827	0	381827	1.69	0.42
iii) Non Resident Indians	125811	0	125811	0.56	103812	0	103812	0.46	0.10
iv) Clearing Members	150080	0	150080	0.66	134222	0	134222	0.59	0.07
<b>Sub-Total (B)(2):</b>	<b>6650891</b>	<b>19442</b>	<b>6670333</b>	<b>29.53</b>	<b>6677278</b>	<b>14032</b>	<b>6691910</b>	<b>29.63</b>	<b>0.09</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>6672468</b>	<b>19442</b>	<b>6691910</b>	<b>29.63</b>	<b>6677878</b>	<b>14032</b>	<b>6691910</b>	<b>29.63</b>	<b>0.00</b>
<b>TOTAL (A)+(B)</b>	<b>22565758</b>	<b>19442</b>	<b>22585200</b>	<b>100.00</b>	<b>22571168</b>	<b>14032</b>	<b>22585200</b>	<b>100</b>	<b>0.00</b>
<b>C. SHARES HELD BY CUSTODIAN FOR GDRS &amp; ADRS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Grand Total (A+B+C)</b>	<b>22565758</b>	<b>19442</b>	<b>22585200</b>	<b>100.00</b>	<b>22571168</b>	<b>14032</b>	<b>22585200</b>	<b>100</b>	<b>0.00</b>

(ii) Shareholding of Promoters

Shareholder's Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
SUBHASH GHAI	12421990	'55.0006	'0.0000	12421990	'55.0006	'0.0000	'0.0000
MEGHNA GHAI	1650000	'7.3057	'0.0000	1650000	'7.3057	'0.0000	'0.0000
MUKTA SUBHASH GHAI	1650000	'7.3057	'0.0000	1650000	'7.3057	'0.0000	'0.0000
PARVEZ A. FAROOQUI	77300	'0.3423	'0.0000	77300	'0.3423	'0.0000	'0.0000
SIRAJ AKHTAR FAROOQUI	44000	'0.1948	'0.0000	44000	'0.1948	'0.0000	'0.0000
ASHOK K. GHAI	37000	'0.1638	'0.0000	37000	'0.1638	'0.0000	'0.0000
SUNITA BAHRY	8700	'0.0385	'0.0000	8700	'0.0385	'0.0000	'0.0000
NARGIS P FAROOQUI	4300	'0.0190	'0.0000	4300	'0.0190	'0.0000	'0.0000
<b>Total</b>	<b>15893290</b>	<b>'70.3704</b>	<b>'0.0000</b>	<b>15893290</b>	<b>'70.3704</b>	<b>'0.0000</b>	<b>'0.0000</b>

# MUKTA ARTS LIMITED

## (iii) Change in Promoters' Shareholding -

There is no change in the shareholding of the Promoter Group.

## (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): -

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2018		Transactions during the year		Cumulative Shareholding at the end of the year - 2019	
		No. of Shares Held	% of Total Shares of The Company	Date of Transaction	No. of Shares	No of Shares Held	% Of Total Shares Of The Company
1	RAJU NANWANI	755200	3.3438			755200	3.3438
	Transfer			25 May 2018	5000	760200	3.3659
	Transfer			01 Jun 2018	27000	787200	3.4855
	Transfer			06 Jul 2018	8000	795200	3.5209
	Transfer			02 Nov 2018	9400	804600	3.5625
	Transfer			16 Nov 2018	5800	810400	3.5882
	Transfer			14 Dec 2018	2700	813100	3.6001
	Transfer			25 Jan 2019	2100	815200	3.6094
	Transfer			22 Feb 2019	5600	820800	3.6342
	AT THE END OF THE YEAR					820800	3.6342
2	BIJOOO U RAMRAKHIANI	175000	0.7748			175000	0.7748
	Transfer			30 Jun 2018	4000	179000	0.7926
	AT THE END OF THE YEAR					179000	0.7926
3	NILESH TALAK DEDHIA	131175	0.5808			131175	0.5808
	AT THE END OF THE YEAR					131175	0.5808
4	JYOTI CHARUL SHAH	109500	0.4848			109500	0.4848
	Transfer			11 May 2018	2000	111500	0.4937
	Transfer			18 May 2018	1000	112500	0.4981
	Transfer			30 Jun 2018	1000	113500	0.5025
	Transfer			13 Jul 2018	1000	114500	0.507
	Transfer			20 Jul 2018	1000	115500	0.5114
	Transfer			03 Aug 2018	1000	116500	0.5158
	Transfer			17 Aug 2018	1000	117500	0.5203
	Transfer			21 Sep 2018	1000	118500	0.5247
	Transfer			05 Oct 2018	1000	119500	0.5291
	AT THE END OF THE YEAR					119500	0.5291
5	RASIKLAL SHANKARLAL SHUKLA	118121	0.523			118121	0.523
	Transfer			06 Apr 2018	-123	117998	0.5225
	Transfer			13 Apr 2018	-1000	116998	0.518
	Transfer			25 May 2018	1346	118344	0.524
	AT THE END OF THE YEAR					118456	0.5245
6	USHABEN DHANVANTBHAI SHAH	99669	0.4413			99669	0.4413
	Transfer			06 Apr 2018	422	100091	0.4432
	Transfer			27 Apr 2018	1000	101091	0.4476
	Transfer			25 May 2018	1000	102091	0.452
	Transfer			30 Jun 2018	1676	103767	0.4594
	Transfer			06 Jul 2018	2333	106100	0.4698
	Transfer			05 Oct 2018	2000	108100	0.4786
	Transfer			12 Oct 2018	7000	115100	0.5096
	Transfer			08 Feb 2019	400	115500	0.5114
	AT THE END OF THE YEAR					115500	0.5114



Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2018		Transactions during the year		Cumulative Shareholding at the end of the year - 2019	
		No. of Shares Held	% of Total Shares of The Company	Date of Transaction	No. of Shares	No of Shares Held	% Of Total Shares Of The Company
7	SAKSHI NANWANI	109100	0.4831			109100	0.4831
	AT THE END OF THE YEAR					109100	0.4831
8	HASAMUKH PAREKH	46154	0.2044			46154	0.2044
	Transfer			25 May 2018	10000	56154	0.2486
	Transfer			23 Nov 2018	50000	106154	0.47
	AT THE END OF THE YEAR					106154	0.47
9	MIND FACTORY ENTERTAINMENT PRIVATE LIMITED	100000	0.4428			100000	0.4428
	Transfer			06 Jul 2018	-100000	0	0
	Transfer			13 Jul 2018	100000	100000	0.4428
	AT THE END OF THE YEAR					100000	0.4428
10	PINAK DHIRAJ GALA	86000	0.3808			86000	0.3808
	AT THE END OF THE YEAR					86000	0.3808
11	DEEPAK MITTAL	100000	0.4428			100000	0.4428
	Transfer			30 Jun 2018	-15000	85000	0.3764
	Transfer			20 Jul 2018	-34626	50374	0.223
	Transfer			05 Oct 2018	-49871	503	0.0022
	Transfer			30 Nov 2018	-503	0	0
	AT THE END OF THE YEAR					0	0

- Note: 1. Paid up Share Capital of the Company (Face Value Rs. 5.00) at the end of the year is 22585200 Shares.
2. The details of holding has been clubbed based on PAN.
3. % of total Shares of the Company is based on the paid up Capital of the Company at the end of the Year.

(v) Shareholding of Directors and Key Managerial Personnel: -

Sr. No	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year		Date of change in shareholding	Reason for change
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company		
	<b>Directors</b>						
1	Subhash Ghai	12421990	55.00	12421990	55.00	--	--
2.	Parvez A. Farooqui	77300	0.34	77300	0.34	--	--
3.	Manmohan Shetty	800	0.00	800	0.00	--	--

V) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment. –

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	460.88	82.00	-	542.88
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	5.47	-	5.47
<b>Total (i+ii+iii)</b>	460.88	87.47	-	548.34
<b>Change in Indebtedness during the financial year</b>				
* Addition	8.95	-	-	8.95
* Reduction	17.66	-	-	17.66
<b>Net Change</b>	8.71	-	-	8.71
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	452.17	82.00	-	534.17
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	5.47	-	5.47
<b>Total (i+ii+iii)</b>	452.17	87.47	-	539.64

# MUKTA ARTS LIMITED

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL –

### A. Remuneration to Managing Director / Whole Time Director and/or Manager:

Sr No.	Particulars of Remuneration	Names of MD/MTD (Rs. in millions)		Total Amount (Rs. in millions)
		Subhash Ghai	Rahul Puri	
1	Gross Salary			
(a)	Salary as per provisions contained in section 17 (1) of the Income Tax Act, 1961	8.01	4.75	12.76
(b)	Value of Perquisites u/sec 17 (2) Income Tax Act, 1961	0.34	0.05	0.38
(c)	Profits in lieu of salary under section 17 (3) of Income Tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil
(a)	as a % of profit	Nil	Nil	Nil
(b)	others, specify	Nil	Nil	Nil
5	Others	Nil	Nil	Nil
	<b>Total</b>	<b>8.35</b>	<b>4.80</b>	<b>13.15</b>

### B. Remuneration to other Directors: -

Amt. in Rupees

Sr. No.	Particulars of Remuneration	Name of Directors			
		Kewal Handa	Paulomi Dhawan	Manmohan Shetty	Parvez A. Farooqui
1.	Sitting Fees for attending board meetings	45,000	60,000	45,000	60,000
2.	Salary & perquisites	Nil	Nil	Nil	Nil
	<b>Total</b>	<b>45,000</b>	<b>60,000</b>	<b>45,000</b>	<b>60,000</b>

### C. Remuneration to key managerial personnel other than MD/Manager/MTD –

Sr No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount (Rs. in millions)
		Total Amount (Rs. in millions)		
		Prabuddha Dasgupta	Monika Shah	
1	Gross Salary			
(a)	Salary as per provisions contained in section 17 (1) of the Income Tax Act, 1961	4.12	1.03	5.15
(b)	Value of Perquisites u/sec 17 (2) Income Tax Act, 1961	Nil	Nil	Nil
(c)	Profits in lieu of salary under section 17 (3) of Income Tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil
(a)	as a % of profit	Nil	Nil	Nil
(b)	others, specify	Nil	Nil	Nil
5	Others	Nil	Nil	Nil
	Total	4.12	1.03	5.15

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES (Under the Companies Act):

There were no penalties, punishment or compounding of offences during the year ended March 31, 2019.

For and on behalf of the Board of Directors

Place: Mumbai  
Date: 21<sup>st</sup> May, 2019

(Subhash Ghai)  
Chairman  
DIN: 00019803



## CORPORATE GOVERNANCE REPORT

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Our Corporate Governance is a reflection of our value system encompassing our culture, policies and relationships with our stakeholders. 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.

At Mukta Arts, the Board is at the core of our corporate governance practice. The Board oversees the Management's functions and protects the long term interests of our stakeholders. Our actions are governed by our values and principles, which are reinforced at all levels of the organisation. These principles have been and will continue to be our guiding force in future.

For your Company, good corporate governance is a synonym for sound management, transparency and disclosure, encompassing good corporate practices, procedures, standards and implicit rules which propel a Company to take sound decisions, thus maximising long-term shareholder value without compromising on integrity, social obligations and regulatory compliances. The cardinal principles such as transparency, integrity, professionalism, accountability and disclosure serve as means for implementing the philosophy of Corporate Governance.

On May 09, 2018, SEBI released the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 to adopt and give effect to several recommendations that were proposed in a report given by the Kotak Committee on October 5, 2017. Hereinafter, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 will be collectively referred to as "the Listing Regulations". We are in compliance of all the applicable provisions of the Listing Regulations. Further, these 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is given below.

#### 1. Board of Directors

##### A. Size and Composition of the Board

The composition of the Board is in conformity with Regulation 17(1) of the Listing Regulations read with Section 149 of the Companies Act, 2013.

As on March 31, 2019, the Board of the Company has an optimum combination of Executive Chairman, Managing Director, Non-Executive Director and Independent Directors and 50% of the Board of Directors comprises of independent directors including one woman director.

##### B. Attendance at Board Meetings

During the year under consideration four meetings of the Board were held on 24<sup>th</sup> May, 2018; 10<sup>th</sup> August, 2018, 2<sup>nd</sup> November, 2018 and 13<sup>th</sup> February, 2019.

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 Chairmanships/Memberships 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.

Chairmanships / Memberships of Board Committees include only Audit Committee and Stakeholders Relationship Committee.

Sr. No.	Name of the Director	Category	Number of Board meeting during the Yr. 2018 - 2019		Number of Director ships in other Public Companies	Membership / Chairmanship of Committees in other Public Companies		Attendance at the A.G.M Held on 30 <sup>th</sup> August, 2018
			Held	Attended		Chairman	Membership	
1	Mr. Subhash Ghai	EC	4	3	2	Nil	Nil	Present
2	Mr. Rahul Puri	ED	4	4	1	Nil	Nil	Present
3	Mr. Parvez A Farooqui	NED	4	4	1	Nil	Nil	Present
4	Mr. Kewal Handa	ID	4	3	4	Nil	1	Present
5	Mr. Manmohan Shetty	ID	4	3	3	Nil	1	Absent
6	Mrs. Paulomi Dhawan	ID	4	4	1	Nil	Nil	Present

EC: Executive Chairman, ED: Executive Director, NED: Non-Executive Director, ID: Independent Director

# MUKTA ARTS LIMITED

## **C. Inter-se relationships among Directors:**

Mr. Rahul Puri is son-in-law of Mr. Subhash Ghai and Mr. Parvez A Farooqui is brother-in-law of Mr. Subhash Ghai. Except for this, there are no inter-se relationships among the Directors.

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

Mr. Manmohan Shetty, Non-Executive Independent Director of the Company holds 800 Equity Shares of the Company and Mr. Parvez Farooqui, Non- Executive Director of the Company holds 77300 Equity Shares of the Company. None of the other Non Executive Independent Directors hold any shares in the Company. Further, the Company has not issued any convertible instruments hence disclosure in this respect is not applicable.

## **E. Independent Directors:**

The Independent Directors on the Board of the Company, upon appointment are given formal appointment letter inter alia containing the term of appointment, role, duties and 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 Companies Act, 2013 that he/she meets the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013 and Listing Regulations.

The terms and conditions of appointment of the Independent Directors and familiarisation programme of the Independent Directors both are disclosed on the website of the Company at <http://muktaarts.com/Aboutus/investorrelations.php>.

### **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 Companies Act, 2013 and Listing Regulations.

### **Separate Meeting of the Independent Directors:**

Schedule IV of the Companies Act, 2013 and the Rules thereunder mandate that the independent directors of the Company shall hold at least one meeting in a year, without the attendance of Non-Independent Directors and Member of Management. The Independent Directors met in a Meeting held on 20<sup>th</sup> March, 2019 without the presence of the Management. All the Independent Directors were present at the meeting. The following issues were discussed in detail:

- Reviewed the performance of non-independent directors and the Board as a whole;
- Reviewed the performance of the Chairman of the Company, taking into account the views of Non-Executive Directors;
- Assessed the quality, quantity and timeliness of flow of information between the company management and the board that is necessary for the board to effectively and reasonably perform their duties;
- Discussion on the observance of the Corporate Governance by the Company;
- Reviewed the performance of the Company and risks faced by it.

## **2. COMMITTEES OF THE BOARD**

### **(A) AUDIT COMMITTEE**

The Company has an Audit Committee in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of Listing Regulations.

The Audit Committee comprises of

- |                        |                                     |
|------------------------|-------------------------------------|
| Mr. Kewal Handa        | - Chairman and Independent Director |
| Mr. Parvez A. Farooqui | - Member and Non-Executive Director |
| Mr. Manmohan Shetty    | - Member and Independent Director   |

The meetings of audit committee are also attended by the Statutory Auditors and Chief Financial Officer of the company as special invitees. The committee also invites the Internal Auditors and such other Executives as it considers appropriate to be present at the meeting. The Company Secretary acts as the secretary to the audit committee. Minutes of each audit committee meeting are placed before, and when considered appropriate, are discussed in the meeting of the Board. All the members of the committee possess strong accounting and financial management knowledge. The primary objective of the audit committee is to monitor and provide an effective supervision of the Management's financial reporting process to ensure accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting. The committee is responsible for recommending selection, evaluation and where appropriate, replacing the Independent auditors in accordance with the law.





Four meetings of the Audit Committee were held during the year on 24<sup>th</sup> May, 2018; 10<sup>th</sup> August, 2018, 2<sup>nd</sup> November, 2018 and 13<sup>th</sup> February, 2019.

Details of meetings attended by its members till 31<sup>st</sup> March, 2019 are given below:

Name of the Director	No. of Meetings held	No. of meetings attended
Mr. Kewal Handa	4	3
Mr. Manmohan Shetty	4	3
Mr. Parvez A. Farooqui	4	4

The Chairman of the Audit Committee was present at the Annual General Meeting held on 30<sup>th</sup> August 2018 to address the shareholders' queries pertaining to the Annual Accounts of the Company.

#### **Powers and Terms of Reference of the Committee:**

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, the audit of the Company's financial statements, the appointment, independence, performance and remuneration of the statutory auditors, the performance of internal auditors and the Company's risk management policies. 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.
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 (5) of the Companies Act, 2013.
	b. Changes, if any, in accounting policies and 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. Qualifications 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 or rights issue, 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, including the structure of the internal audit department, staffing and seniority of the official heading the department, 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 if any in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and 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 Listing Regulations amended from time to time.

# MUKTA ARTS LIMITED

## (B) NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises of

Mr. Kewal Handa	-	Chairman and Independent Director
Mr. Manmohan Shetty	-	Member and Independent Director
Mrs. Paulomi Dhawan	-	Member and Independent Director

Two members are the quorum for the meeting of the said Committee. The Company Secretary is the Secretary of the Nomination and Remuneration Committee. The minutes of the Meeting of the Committee are placed at the meeting of Board of Directors.

During the year under review, none of the meeting of the Nomination and Remuneration Committee was held.

The broad terms of reference of the Nomination and Remuneration Committee are as under:

- 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 and 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 rights and any compensation payment, including recommendation for fixation and periodic revision of compensation policy (including performance bonus, incentives, perquisites and benefits) for senior management personnel.

### Nomination and Remuneration Policy

The Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 and provisions of Regulation 19 of SEBI Listing Regulations. The policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

The Nomination and Remuneration policy is available on the website of the Company at <http://muktaarts.com/Aboutus/investorrelations.php>.

The Nomination and Remuneration Policy of the Company is also attached as Annexure to the Board's Report.

### 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 Independent Directors in their individual capacity as competent professionals/business executives in achieving corporate excellence. During the period, there were no pecuniary relationships or transactions between the Company and any of its Non-Executive Directors. The Company has not granted any stock options to any of its Non-Executive Directors.

Details of Sitting Fees/Remuneration paid to Non-executive Independent Directors and Executive Directors for the year ended March 31, 2019 are given below:

#### i) Executive Chairman and Managing Director

The Agreements with the Executive Chairman and Managing Director are for a period of Three Years.

The total remuneration paid to the Executive Chairman, Managing Director and Executive Director during the year 2018-19 was as under:

Rs. in millions

Particulars	Mr. Subhash Ghai Executive Chairman	Mr. Rahul Puri Managing Director
Salary	8.01	4.75
Perquisites	0.34	0.05
<b>Total</b>	<b>8.35</b>	<b>4.80</b>

### DETAILS OF SERVICE CONTRACT

Names	Period of Contract	Dates of Appointment
Mr. Subhash Ghai	3 Years	30 <sup>th</sup> May, 2017
Mr. Rahul Puri	3 Years	30 <sup>th</sup> May, 2017



- ii) The Non-Executive Independent Directors are not entitled to any remuneration except payment of sitting fees for attending the meetings of Board of Directors of the Company. During the year 2018-19, the Company has paid total sitting fee of Rs. 210,000 to Non-Executive Director and Non-Executive Independent Directors as under:

Names	Sitting fees (Rs.)	Salary & Perquisites (Rs.)	Commission (Rs.)	Total (Rs.)
Mr. Kewal Handa	45,000	Nil	Nil	45,000
Mrs. Paulomi Dhawan	60,000	Nil	Nil	60,000
Mr. Manmohan Shetty	45,000	Nil	Nil	45,000
Parvez A. Farooqui	60,000	Nil	Nil	60,000
<b>TOTAL</b>				<b>210,000</b>

### (C) STAKEHOLDERS RELATIONSHIP COMMITTEE

The Committee assists the Board and the Company to oversee the various aspects of the interests of stakeholders.

Stakeholders Relationship Committee comprises of:

1. Mr. Kewal Handa – Chairman and Independent Director
2. Mr. Parvez A. Farooqui – Member and Non-Executive Director
3. Mrs. Paulomi Dhawan – Member and Independent Director

The Company promptly redresses the complaints of the shareholders. Stakeholders Relationship Committee met Four times during the year on three meetings of the Board were held on 24<sup>th</sup> May, 2018; 2<sup>nd</sup> November, 2018, and 13<sup>th</sup> February, 2019.

Name of the Director	Meetings held during the tenure of the Directors	Meetings Attended
Mr. Kewal Handa	3	2
Mr. Parvez A. Farooqui	3	3
Mrs. Paulomi Dhawan	3	3

### ROLE

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 Share Transfer Agents 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 Shares certificate;
- to delegate Authority to the Senior Executives for approval of transfer and transmission of securities issued by the Company;
- to deal with the Investors complaints;
- to maintain, develop and improve relations with the investors;
- to fix record date/book closure of share transfer book of the Company from time to time;
- to appoint representatives to attend the General Meeting of other companies in which the Company is holding shares.

Details of investor complaints received and redressed during the year 2018- 19 are as follows:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
0	2	2	0

The "SCORES" website of SEBI for redressing of Grievances of the investors is being visited at regular intervals by the Company Secretary and there are no pending complaints registered with SCORES for the Financial Year ended on 31<sup>st</sup> March, 2019.

The Board has appointed Ms. Monika Shah, Company Secretary as Compliance Officer, as required under the Listing Regulations. The Board has also appointed Ms. Monika Shah, Company Secretary as Nodal officer effective May 24, 2018 to ensure compliance with the IEPF Rules.

### Name, designation and address of Compliance Officer:

Ms. Monika Shah,  
Company Secretary & Compliance Officer  
Mukta House, Behind Whistling Woods Institute,  
Filmcity Complex, Goregaon (East), Mumbai- 400 065  
Telephone No. - (022) 33649444  
Email: [monika@muktaarts.com](mailto:monika@muktaarts.com)

# MUKTA ARTS LIMITED

## (D) Share Transfer Committee

Share Transfer Committee provides assistance to the Board of Directors in ensuring that the transfer of shares takes place within the stipulated period of thirty days from the date they are lodged with the Company or its Registrar and Share Transfer Agents. The Committee frames the policy for ensuring timely transfer of shares including transmission, splitting of shares, consolidation, changing joint holding into single holding and vice versa and also for issuing duplicate share certificates in lieu of those torn/destroyed, lost or defaced.

Share Transfer Committee comprises of:

1. Mr. Parvez A. Farooqui - Chairman and Non- Executive Director
2. Mr. Kewal Handa - Member and Independent Director.
3. Mr. Manmohan Shetty - Member and Independent Director

The Share Transfer Committee Meeting was not held during the year.

In view of 99.91% of the shares being held by the shareholders in demat form, the services of this Committee are sparingly required.

## 3. General Body Meetings

### Details of General meetings and special resolutions passed:

Annual General Meetings ("AGM") held during the past 3 years and the Special Resolutions passed therein:

Financial Year ended	Date of AGMs	Time	Venue	Details of Special Resolutions
31.03.2018	30.08.2018	4.00 P.M.	Whistling Woods Institution's Auditorium Dada Saheb Phalke Chitra Nagari Goregaon (East), Mumbai-400 065	Special Resolution to discontinue the ratification of the appointment of Uttam Abuwala & Co., Chartered Accountants(Firm registration no. 111184W) as the Statutory Auditors of the Company at every Annual General Meeting.
31.03.2017	13.09.2017	4.00 P.M.	Whistling Woods Institution's Auditorium Dada Saheb Phalke Chitra Nagari Goregaon (East), Mumbai-400 065	NIL
31.03.2016	09.09.2016	4.00 P.M.	Whistling Woods Institution's Auditorium Dada Saheb Phalke Chitra Nagari Goregaon (East), Mumbai-400 065	<ol style="list-style-type: none"> <li>1. Special Resolution for re-appointment of Mr. Subhash Ghai (DIN 00019803) as the Executive Chairman for a period of 3 years and approval of remuneration payable to him.</li> <li>2. Special Resolution for re-appointment of Mr. Rahul Puri (DIN 01925045) as Managing Director of the Company for a period of 3 years and approval of remuneration payable to him.</li> <li>3. Special Resolution for appointment of Mr. Siraj Farooqui, relative of Mr. Parvez A. Farooqui, Executive Director of the Company as "COO-Production &amp; Studios" and fixing his remuneration.</li> <li>4. Special resolution for re-issue of 4000 forfeited Equity Shares of Rs. 5/- each at a price not less than the price which is to be determined in accordance with the provisions of SEBI (Issue of capital and Disclosure Requirements) Regulations 2009.</li> <li>5. Special resolution for waiver of recovery of a sum of Rs. 590,06,159 as excess managerial remuneration and sum of Rs. 164,00,000 as professional fees paid to Mr. Subhash Ghai, Executive Chairman of the Company.</li> </ol>

No Extra Ordinary General Meeting was held during the past 3 years.



#### Postal Ballot:

During the previous three years the Company approached the shareholders through postal ballot. The details of the postal ballot for the last three years are as follows:

**Date of Postal Ballot Notice** - 10 Nov 2016 **Voting period** – 22 Nov 2016 to 21 Dec 2016

**Date of declaration of result** - 22 Dec 2016 **Date of approval** 21 Dec 2016

Name of resolution	Type of resolution	No. of votes polled	Votes cast in favour	Votes cast against
Transfer of Cinemas business division	Special	4835160	4777499 98.80%	57661 1.20%

**Date of Postal Ballot Notice** 06 Oct 2015

**Voting period** 17 Oct 2015 to 16 Nov 2015

**Date of declaration of result** 20 Nov 2015

**Date of approval** 16 Nov 2015

Name of resolution	Type of resolution	No. of votes polled	Votes cast in favour	Votes cast against
Appointment of statutory auditors to fill casual vacancy	Ordinary	1,59,91,232	1,59,91,209 99.99%	23 0.01%

## 1. Disclosures

### (i) Related Party Transactions

During the year under review, besides the transactions reported elsewhere in the Annual Report, there were no materially significant transactions or arrangements entered into between the Company and the promoters, directors and management that may have potential conflict with the interest of the Company at large.

The Board of Directors has adopted the policy on materiality of and the manner of dealing with related party transactions. The copy of the same has been uploaded and is available at the website of the Company at <http://muktaarts.com/Aboutus/investorrelations.php>

### (ii) Compliances by the Company

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

### (iii) Whistle Blower Policy

The Company has adopted Whistle Blower Policy (vigil mechanism) and employees are encouraged to report any contravention or suggestion for improved working of the Company.

The details of the policy has been uploaded at the website of the Company viz. <http://muktaarts.com/Aboutus/investorrelations.php>.

### (iv) Policy for determining 'material' subsidiaries

Your company has formulated a policy for determining 'Material Subsidiaries' as defined in Regulation 16 of the Listing Regulations. This policy has also been posted on the website of the Company at <http://muktaarts.com/Aboutus/investorrelations.php>.

### (v) Compliance with Mandatory Items

The Company has complied with the mandatory requirements regarding the Board of Directors, Audit Committees and other Board Committees and other disclosures as required under the provisions of SEBI (LODR) Regulations, 2015.

### (vi) A certificate has been received from K. C. Nevatia & Associates, Practising Company Secretaries, 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 the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

## 2. Subsidiary Companies

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

## 3. Means of Communication:

### (i) Quarterly/Half-yearly and Yearly Financial Results

The quarterly/half-yearly and annual results along with the Segment Report of the Company are published in the

# MUKTA ARTS LIMITED

newspapers and posted on the website of the Company at [www.muktaarts.com](http://www.muktaarts.com). The quarterly and annual results are generally published in The Business Standard and Mumbai Lakshdeep which are national and local dailies respectively. The Company's financial results are sent in time to Stock Exchanges so that they may be posted on the Stock Exchanges' website.

## (ii) Company's Corporate Website

The Company's website is [www.muktaarts.com](http://www.muktaarts.com). The said website serves to inform the shareholders, by giving complete financial details, corporate governance, Composition of Board, contact information, etc.

### (i) Release of official news

Your Company from time to time and as may be required, communicates with its shareholders through multiple channels of communications such as dissemination of information on the website of the Stock Exchanges, press releases, the Annual Reports and uploading relevant information on its websites also. Your company discloses to the stock exchanges, all the information required to be disclosed as per regulation 30 of the Listing Regulations including material information having a bearing on the performance/operations of the Company and other price sensitive information.

## 4. General Shareholders Information

### A. Annual General Meeting

Date	: August 28, 2019
Time	: 4.00 p.m.
Venue	: Whistling Woods Institute's Auditorium Dada Saheb Phalke Chitra Nagari Goregaon (East), Mumbai- 400 065.

### B. Financial Calendar

For the year ending 31<sup>st</sup> March, 2019 the Financial Results will be announced on:

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 (Audited yearly results)	: Within 60 days after the end of March, 2019

### C. Date of Book Closure

: Thursday, 22<sup>nd</sup> August, 2019 to Thursday, 29<sup>th</sup> August, 2019 (both days inclusive)

### D. Listing

: National Stock Exchange of India Limited (NSE)  
Exchange Plaza, C-1, Block G  
Bandra Kurla Complex, Bandra(East), Mumbai 400 051  
BSE Limited (BSE)  
25th Floor, P. J. Towers, Dalal Street Mumbai 400 001

### E. Corporate Identity Number

: L92110MH1982PLC028180

### F. ISIN NO.

: INE374B01019

### SCRIP CODE:

BSE	: 532357
NSE	: MUKTAARTS -EQ

\*Calcutta Stock Exchange Association Limited – 23922

\*The Company had voluntarily applied for delisting from the Calcutta Stock Exchange Limited (CSE) w.e.f. 31st March, 2014. The trading in script of the Company remains suspended by CSE. The confirmation on the delisting has not still being received by the Company. We have been informed that the matter of delisting is still being followed up by the Company with CSE and a written complaint has been filed with the SEBI in this regard. Response from SEBI as well as CSE is still awaited.

The Listing fees for the year 2018–19 have already been paid to all the Stock Exchanges where the Company's shares are listed except the Calcutta Stock Exchange Association Limited.





**G. Market Price Data:** the monthly high and low prices and volumes of shares of the Company at BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) for the year ended 31<sup>st</sup> March, 2019 are as under:

i) Market Price Data and Performance in comparison to BSE SENSEX

Month	Company		No of equity shares Traded	BSE SENSEX	
	High	Low		High	Low
April 2018	70.00	61.85	1,13,995	35213.30	32972.56
May 2018	72.10	55.15	2,55,310	35993.53	34302.89
June 2018	57.90	41.20	56,620	35877.41	34896.37
July 2018	48.00	36.80	1,55,679	37644.59	35106.57
August 2018	59.90	42.50	2,11,224	38989.65	37128.99
September 2018	53.00	32.10	76,588	38934.35	35985.63
October 2018	44.00	32.15	1,00,441	36616.64	33291.58
November 2018	50.25	37.75	97,191	36389.22	34303.38
December 2018	47.35	35.40	1,61,032	36446.16	34426.29
January 2019	43.90	36.40	61,618	36284.04	35382.08
February 2019	41.95	33.90	1,35,243	0	0
March 2019	50.45	36.80	1,59,902	0	0

ii) Market Price Data and Performance in comparison to NSE NIFTY

Month	Company		No of shares Traded	NSE NIFTY	
	High	Low		High	Low
April 2018	69.50	61.50	7,74,959	10759.00	10111.30
May 2018	72.65	56.00	20,10,907	10929.20	10417..80
June 2018	57.45	42.00	395,500	10893.25	10550.90
July 2018	48.25	37.05	12,94,763	11366.00	10604.65
August 2018	60.25	42.25	25,97,127	11727.65	11234.95
September 2018	53.90	31.85	4,29,596	11751.80	10850.30
October 2018	43.65	32.15	12,82,597	10989.05	10004.55
November 2018	50.80	37.60	13,01,450	10922.45	10341.90
December 2018	47.10	35.00	16,36,127	10985.15	10333.85
January 2019	42.05	35.45	475,389	10987.45	10583.65
February 2019	41.05	34.00	758,946	11118.10	10585.65
March 2019	51.40	36.25	19,93,786	11630.35	10817.00

**H. Name and Address of the Registrar and Share Transfer Agent**

Link Intime India Private Limited  
C 101, 247 Park  
L B S Marg, Vikhroli West  
Mumbai – 400 083.  
(PH- 22 49186000, Fax- 22 49186060)  
Email Id- Nayna Wakle [[nayna.wakle@linkintime.co.in](mailto:nayna.wakle@linkintime.co.in)]

**I. Share Transfer System**

The Company has entrusted the administrative work of share transfers, transmissions, issuance of duplicate certificates, sub-division, demat and re-mat requisite etc., and all tasks related to shareholdings to Link Intime India Private Limited, the Registrars and Share Transfer Agents.

If the relevant documents are complete and in order in all respects, the transfer of shares is effected within 30 days and certificates are dispatched to the transferees within 30 days from the date of receipt.

The requests for dematerialization of shares are processed by the Registrar and Share Transfer Agents and if all the documents are found to be in order, the same are approved by them within a period of 30 days.

# MUKTA ARTS LIMITED

## J. (1) Distribution of Share Holding as on 31<sup>st</sup> March, 2019

DISTRIBUTION SCHEDULE AS ON 31/03/2019					
Sr. No	Shareholding of Nominal Shares	No. of Shareholders	% of Total Shareholders	Shares held	% of Share held
1	1 - 500	7612	85.82	993929	4.40
2	501 - 1000	621	7.00	520420	2.30
3	1001 - 2000	265	2.99	415953	1.84
4	2001 - 3000	116	1.31	298234	1.33
5	3001 - 4000	49	0.55	175691	0.78
6	4001 - 5000	49	0.55	229090	1.01
7	5001 - 10000	74	0.83	556584	2.46
8	10001 and above	84	0.95	19395299	85.88
	<b>Total</b>	<b>8870</b>	<b>100.00</b>	<b>22585200</b>	<b>100.00</b>

## (2) Distribution of shareholding according to categories of shareholders as on 31<sup>st</sup> March, 2019

SHARE HOLDING PATTERN AS ON 31/03/2019				
Sr. no	Description	Number of Shareholders	Total number of shares	% of Total shares
1	Clearing Member	95	134222	0.59
2	Other Bodies Corporate	173	427402	1.89
3	Promoter & Promoter Group	8	15893290	70.37
4	Financial Institutions / Banks	2	600	0.002
5	Hindu Undivided Family	257	381827	1.69
6	Non Resident Indians	101	103812	0.46
7	Public	22193	5593916	24.77
8	Trusts	3	50131	0.22
	<b>Total:</b>	<b>22832</b>	<b>22585200</b>	<b>100.00</b>

## K. UNCLAIMED DIVIDEND

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 'Rules'), the shares pertaining to which dividend remains unclaimed/ unpaid for a period of seven years from the date of transfer to the unpaid dividend account is mandatorily required to be transferred to the Investor Education and Protection Fund ('IEPF') established by the Central Government.

Any person whose unclaimed dividend has been transferred to the IEPF Fund can claim their due amount from the IEPF Authority by making an electronic application in e-form IEPF-5. Upon submitting duly completed form, shareholders are required to take print of the same and send physical copy duly signed along with requisite documents as specified in the form to the attention of the Ms. Monika Shah, Company Secretary and Nodal Officer, at the Registered Office of the Company. The e-form can be downloaded from our website at [www.muktaarts.com](http://www.muktaarts.com) and simultaneously from the website of Ministry of Corporate Affairs at [www.iepf.gov.in](http://www.iepf.gov.in).

Information in respect of each unclaimed dividend when due for transfer to the IEP Fund is given below:

Dividend Reference	Date of Declaration	Due Date for transfer to IEPF
Final Dividend 2013	21-09-2013	24-10-2020

Shareholders are requested to get in touch with the Company or its Registrar and Transfer Agents, Link Intime India Private Limited for encashing the unclaimed dividend, if any, standing to the credit of their account.

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

During the year, the Company has transferred an amount of Rs. 77,878 and 25,181 shares to the IEPF in accordance with IEPF rules due to dividends unclaimed for seven consecutive years.

## L. Details of Dematerialization and its liquidity

Since the Company's shares are traded in dematerialised form, the Company has entered into agreement with both the depositories i.e., National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). Shareholders can open account with any of the depository participants registered with any of these depositories.



As on 31<sup>st</sup> March, 2018, 22,565,758 shares were held in dematerialized form, which is 99.91% of total paid up capital.

CONTROL REPORT AS ON 31/03/2019			
Sr. No	Name of Depository	No. of Shares	% of Total issued Capital
1	NSDL	2,06,07,891	91.25
2	CDSL	19,63,277	8.69
3	PHYSICAL	14,032	0.06
	<b>Total:</b>	<b>22585200</b>	<b>100</b>

**M.** The Company has not issued any GDR's/ ADR's, Warrants or any other convertible instruments.

**N. Company's Branches/Locations**

**Registered and Corporate Office**

Mukta House, Behind Whistling Woods Institute,  
Filmcity Complex, Goregaon (East), Mumbai- 400 065.  
Telephone No. - (022) 33649400  
Fax No. - (022) 33649401  
Email ID: [monika@muktaarts.com](mailto:monika@muktaarts.com)  
Website: [www.muktaarts.com](http://www.muktaarts.com)

**Premises Owned and Leased**

Bait-Ush-Sharaf 29<sup>th</sup> Road, Bandra, Mumbai- 400 050  
"Crest Audeus" Plot No. A – 18, Opp. Laxmi Industrial Estate,  
Off Link Road, Andheri (West), Mumbai – 400 053

**Other Locations**

Bashiron, 28<sup>th</sup> Road,  
TPS- III, Bandra (West)  
Mumbai- 400 050

1/A, Naaz Building,  
Lamington Road,  
Mumbai- 400004

607, Anushka Tower, Garg Tade Centre,  
Near G3s Multiplex, Sector - 11,  
Rohini, Delhi – 110085  
Delhi- 110 006.

Bhagirath Palace,  
3<sup>rd</sup> Floor, Main Road,  
Chandni Chowk,

Dhupar Bldg, 1<sup>st</sup> Floor,  
Near Standard Hotel,  
Railway Road,  
Jalandar City- 144001

**O. Address for Correspondence:**

Shareholders can address their correspondence to the Registered Office of the Company at Mumbai and/or to Company's Registrar and Transfer Agents:

	Company	Registrar and Transfer Agents
Contact Person	Ms. Monika Shah	Ms. Nayna Wakle
Address	Mr. Parvez A. Farooqui	Link Intime India Private Limited
Telephone No.	Mukta House,	C 101, 247 Park
Fax No.	Behind Whistling Woods Institute, Filmcity	L B S Marg, Vikhroli West
Email:	Complex, Goregaon (East), Mumbai- 400065.	Mumbai – 400 083.
	(022) 33649400	(022) 49186000
	(022) 33649401	(022) 49186060
	<a href="mailto:monika@muktaarts.com">monika@muktaarts.com</a>	<a href="mailto:nayna.wakle@linkintime.co.in">nayna.wakle@linkintime.co.in</a>

**SEBI toll-free helpline service for investors: 1800 22 7575/1800 266 7575 (available on all days from 9.30 a.m. to 5.30 p.m.)**

**P. Code of Conduct**

The Company has laid down a code of conduct for all its Board Members and Senior Management Personnel of the Company which is posted on the Company's website <http://muktaarts.com/Aboutus/investorrelations.php>. 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 - 1**.

# MUKTA ARTS LIMITED

## **Q. 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 and disclosed on the website of the Company viz. <http://muktaarts.com/Aboutus/investorrelations.php>.

## **R. Reconciliation of Share Capital Audit**

As stipulated by SEBI, a qualified Practicing Company Secretary carries out the Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and paid-up capital. This audit is carried out every quarter and the Report thereon is submitted to the stock exchanges and is placed before the board of directors of the Company. 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.

## **S. CFO certification**

The Certificate from CFO as required under Part D of Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 containing declaration as to affirming compliance with the Code of Conduct, under SECC Regulations, 2012 for the financial year 2018-19 is attached as **Annexure – 2** to this Report.

## **T. Green initiative in the corporate governance:**

As part of the green initiative process, the company has taken an initiative of sending documents like notice calling Annual General meeting, Corporate Governance Report, Board's Report, Audited Financial Statements, Auditors Report, Dividend intimations etc., by email. Physical copies are sent only to those shareholders whose email addresses are not registered with the company and for the bounced-mail cases. Shareholders are requested to register their email id with Registrar and Share Transfer Agent / concerned depository to enable the company to send the documents in electronic form or inform the company in case they wish to receive the above documents in paper mode.

**For and on behalf of the Board of Directors**

**Subhash Ghai**  
**Executive Chairman**  
**DIN: 00019803**

**Place:** Mumbai  
**Date:** 21<sup>st</sup> May, 2019



#### **Annexure - 1**

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

I, Rahul Puri, Managing Director of Mukta Arts Limited hereby declare that all Board members and Senior Management personnel have confirmed compliance with Code of Conduct as laid down by the Company during Financial Year 2018-2019.

For and on behalf of  
**Mukta Arts Limited**

Rahul Puri  
**Managing Director**  
DIN: 01925045

**Place:** Mumbai  
**Date:** 21<sup>st</sup> May, 2019

#### **Annexure – 2**

##### **CFO CERTIFICATION**

I Prabuddha Dasgupta, Chief Financial Officer of the Company certify that:

- (a) I have reviewed the Standalone and Consolidated Financial Results and the Cash Flow Statement of Mukta Arts Limited (the Company) for the year and that to the best of my knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) 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.
- (b) There are, to the best of my knowledge and belief, no transactions entered into by the company during the year ended 31<sup>st</sup> March, 2019, which are fraudulent, illegal or violative of the company's code of conduct.
- (c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
- (d) I have indicated to the auditors and the Audit committee.
  - (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which I become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For and on behalf of  
**Mukta Arts Limited**

Prabuddha Dasgupta  
**Chief Financial Officer**

**Place:** Mumbai  
**Date:** 21<sup>st</sup> May, 2019

# MUKTA ARTS LIMITED

## Independent Auditors' Report

To the Members of Mukta Arts Limited

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

### Qualified Opinion

We have audited the accompanying Standalone Ind AS financial statements of **Mukta Arts Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, 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.

*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 Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, 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 March 31, 2019, 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 Rs. 19,95,11,218/- and loans and advances, deposits, interest receivable and rent receivable aggregate to Rs. 43,49,48,077/- recoverable from WWIL. As fully explained in Note 43 to the accompanying audited financial statements, the Order of February 9, 2012 passed by the High Court of judicature at Bombay ('High Court'), had quashed the joint Venture Agreement ('JVA') between the company and Maharashtra Film Stage Cultural Development Corporation ('MFSCDCL'). Maharashtra Film Stage and Cultural Development Corporation ('MFSCDC') raised net demand of Rs. 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 July 30, 2014 which required deposit of Rs.10,00,38,000/- by January 2015 against payment of arrears of rent for the year 2000-01 to 2013-14 and payment of Rs.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, Rs. 11,35,38,000/- has been paid by the Parent Company and for financial year 2017-18 and 2018-19 Rs. 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 September 22, 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 March 31, 2019. Management of WWIL believes that it is appropriate to prepare the Ind AS 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 Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Ind AS 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 March 2019.

### Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, (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.

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

### **Auditor's Responsibilities for the Audit of the Ind AS Financial Statements**

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

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 Ind AS 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.

# MUKTA ARTS LIMITED

## Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013 we give in the **Annexure A**, a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The 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 Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act ;
- (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the Internal Financial Controls over Financial Reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **Annexure B**, and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2019 – Refer Note No. 46.

### For Uttam Abuwala & Co.

Chartered Accountants  
Firm No. 111184W

### CA. Prerak Agarwal

(Partner)  
Membership No. 158844

Date: May 21, 2019

Place: Mumbai



**Annexure A referred to in Report on Other Legal and Regulatory Requirements Paragraph of Independent Auditor's report of even date to the members of Mukta Arts Limited on the accounts for the year ended March 31, 2019**

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

- i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of Fixed assets except that tagging of certain fixed assets is yet to be completed.
- (b) As explained by the Management, fixed assets have been physically verified by the management at regular intervals, which in our opinion is reasonable having regard to the size of the company and nature of its business. In our opinion, there were no material discrepancies between book records and physical fixed assets that were noticed during the period.
- (c) According to the information and explanation given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the company.
- ii) As explained by the Management, Company does not have any inventory hence information under this clause is not required.
- iii) Based on the audit procedures applied by us and according to the information and explanations given to us, the company has not granted any loans secured or unsecured to the firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause (iii) (a), (b) and (c) are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans and investments made.
- v) In our opinion and according to the information and explanation given to us the Company has not accepted any deposit from public within the provision of section 73 to 76 and other relevant provisions of the Companies Act, 2013 and the rules framed there under.
- vi) As informed to us by management, the Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013 for any of services rendered by the company.
- vii) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Goods and Services Tax ('GST') and any other statutory dues with the appropriate authorities except that there have been few delay in depositing dues pertaining to Income Tax. As explained to us, the company did not have any dues on account of Custom Duty, Excise Duty.

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 March 31, 2019 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 (Rs.)	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
	Service Tax	67,98,000/-	September 2014 to March 2015	
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 Rs. 8,00,000/-

# MUKTA ARTS LIMITED

- viii) On the basis of verification of records and according to the information and explanations given to us and based on the records made available to us, the Company has not defaulted in repayment of any loans from Financial Institutions or from the Bank and has not issued Debentures.
- ix) On the basis of verification of records and according to the information and explanations given to us and based on the records made available to us, the company has utilized the money raised by way of Term loan for the purpose for which they were raised. The Company did not raise any moneys by way of public issue/ follow-on offer including debt instruments.
- x) Based upon the audit procedures performed and the information and explanations given to us, we report that no fraud by the Company or any fraud on the company by its officers or employees has been noticed or reported during the year.
- xi) According to the information and explanations given to us and based on the examinations of the records of the company, the managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii) The company is not a Nidhi Company. Accordingly, the provisions of clause (xii) of Para 3 of the order are not applicable to the company.
- xiii) According to the information and explanations given to us, all transactions with the related parties are in compliance with Section 188 and 177 of Companies Act, 2013 and the details of such transactions have been disclosed in the Financial Statements as required by the accounting standards and Companies Act, 2013.
- xiv) On the basis of verification of records and according to the information and explanations given to us and based on the records made available to us, the company has not made any preferential allotment / private placement of shares or fully or partly convertible debentures during the year under review.
- xv) In our opinion and according to the information and explanations given to us, the company has not entered into non-cash transactions with directors or persons connected with him.
- xvi) The company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

**For Uttam Abuwala & Co.**

Chartered Accountants  
Firm No. 111184W

**CA. Prerak Agarwal**

(Partner)  
Membership No. 158844

Date: May 21, 2019

Place: Mumbai



**Annexure B to the Independent Auditor's Report of even date on the 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 ("the Companies Act")**

We have audited the internal financial controls over financial reporting of **Mukta Arts Limited** ("the Company") for the year ended on March 31, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

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

**Auditor's Responsibility**

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

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

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

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

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

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

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Uttam Abuwala & Co.**

Chartered Accountants  
Firm No. 111184W

**CA. Prerak Agarwal**

(Partner)  
Membership No. 158844

Date: May 21, 2019  
Place: Mumbai

# MUKTA ARTS LIMITED

## STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2019

		(Amount in Rs.)	
Particulars	Note No.	As at 31 March 2019	As at 31 March 2018
<b>I. ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	6 (a)	156,103,578	174,973,972
(b) Capital work-in-progress	6(b)	1,287,210	1,287,210
(c) Investment property	7	144,401,884	154,802,866
(d) Intangible assets	6 (c)	39,202,042	39,202,042
(e) Intangible Assets under Development	6 (d)	43,388,617	41,395,242
(f) Financial assets			
(i) Investments	8 (a)	267,828,087	257,153,087
(ii) Loans	8 (b)	370,406,193	387,906,193
(iii) Others financial assets	8 (c)	375,881,922	351,242,722
(g) Deferred tax assets ( net)	9	20,408,814	27,514,760
(h) Other non-current assets	10	113,621,571	78,171,363
<b>Total Non-current assets</b>		<b>1,532,529,918</b>	<b>1,513,649,457</b>
<b>Current assets</b>			
(a) Financial assets			
(i) Trade receivables	11 (a)	129,711,697	49,519,117
(ii) Cash and cash equivalents	11 (b)	6,910,295	6,804,224
(iii) Bank balances other than (ii) above	11 (c)	20,670,238	20,574,382
(iv) Loans	11 (d)	328,368,229	343,250,656
(v) Others financial assets	11 (e)	70,836,083	76,234,129
(b) Other current assets	12	41,221,002	54,284,539
<b>Total Current assets</b>		<b>597,717,544</b>	<b>550,667,047</b>
<b>Total Assets</b>		<b>2,130,247,462</b>	<b>2,064,316,504</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	13	112,926,000	112,926,000
(b) Other Equity	14	1,301,693,244	1,265,205,200
<b>Total Equity</b>		<b>1,414,619,244</b>	<b>1,378,131,200</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	15 (a)	438,578,602	442,099,081
(ii) Other financial liabilities	15 (b)	40,560,780	29,503,227
(b) Long Term Provisions	16	10,198,498	8,926,111
(c) Other non-current liabilities	17	17,432,707	11,259,021
<b>Total Non-Current Liabilities</b>		<b>506,770,587</b>	<b>491,787,440</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18 (a)	82,000,000	82,000,000
(ii) Trade payables	18 (b)	22,610,733	15,969,790
(iii) Other financial liabilities	18 (c)	38,733,821	59,146,970
(b) Short Term Provisions	19	43,745,500	25,359,309
(c) Other current liabilities	20	21,767,577	11,921,795
<b>Total Current liabilities</b>		<b>208,857,631</b>	<b>194,397,864</b>
<b>Total Equity and Liabilities</b>		<b>2,130,247,462</b>	<b>2,064,316,504</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 & Co.**  
Chartered Accountants  
Firm's Registration No: 111184W

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

**CA Prerak Agarwal**  
Partner  
Membership No: 158844

**Subhash Ghai**  
Chairman Director  
DIN: 00019803

**Rahul Puri**  
Managing Director  
DIN: 01925045

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

Place : Mumbai  
Date: 21 May 2019

**Prabuddha Dasgupta**  
Chief Financial Officer

**Monika Shah**  
Company Secretary  
Membership No: FCS7964





## STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2019

(Amount in Rs.)

Particulars	Note No.	Year ended 31 March 2019	Year ended 31 March 2018
(I) Revenue from operations	21	196,718,158	115,003,077
(II) Other income	22	112,700,163	144,751,035
<b>(III) Total Income (I+II)</b>		<b>309,418,321</b>	<b>259,754,113</b>
<b>(IV) Expenses</b>			
(a) Cost of production, distribution, exhibition and theatrical operation	23	29,600	286,605
(b) Employee benefits expense	24	55,127,087	49,620,357
(c) Finance costs (net)	25	59,703,100	68,496,960
(d) Depreciation and amortisation expenses	26	24,662,628	27,146,711
(e) Other expenses	27	113,884,433	96,683,456
<b>Total Expenses</b>		<b>253,406,848</b>	<b>242,234,089</b>
<b>(V) Profit/(Loss) before tax (III - IV)</b>		<b>56,011,473</b>	<b>17,520,024</b>
<b>Tax expense</b>			
Current tax		10,100,000	7,251,643
Deferred tax		7,105,947	(4,660,752)
<b>(VI) Profit for the period after tax (VI+VII)</b>		<b>38,805,526</b>	<b>14,929,133</b>
<b>(VII) Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Less : Remeasurement gain on defined benefit plan		(2,317,482)	(4,139)
<b>Other comprehensive income for the year</b>		<b>(2,317,482)</b>	<b>(4,139)</b>
<b>(VIII) Total comprehensive income for the year (IX+X)</b>		<b>36,488,044</b>	<b>14,924,994</b>
<b>(IX) Earnings per share</b>	31		
Basic (in `) (nominal value ` 5)		1.62	0.66
Diluted (in `) (nominal value ` 5)		1.62	0.66

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

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

**CA Prerak Agarwal**  
Partner  
Membership No: 158844

**Subhash Ghai**  
Chairman Director  
DIN: 00019803

**Rahul Puri**  
Managing Director  
DIN: 01925045

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

Place : Mumbai  
Date: 21 May 2019

**Prabuddha Dasgupta**  
Chief Financial Officer

**Monika Shah**  
Company Secretary  
Membership No: FCS7964

# MUKTA ARTS LIMITED

## STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2019

	Number	Amount
<b>Balance as at 1 April 2017</b>	<b>22,585,200</b>	<b>112,926,000</b>
Add: Changes in equity share capital	-	-
<b>Balance as at 31 March 2018</b>	<b>22,585,200</b>	<b>112,926,000</b>
Add: Changes in equity share capital	-	-
<b>Balance as at 31 March 2019</b>	<b>22,585,200</b>	<b>112,926,000</b>

	Securities Premium	General Reserve	Capital Reserve	Retained Earnings	Total other equity
<b>Balance as at 1 April 2017</b>	<b>973,604,960</b>	<b>83,144,791</b>	<b>11,500</b>	<b>193,518,955</b>	<b>1,250,280,206</b>
Profit/(loss) for the year	-	-	-	14,929,133	<b>14,929,133</b>
Transfer during the year	-	-	-	-	-
Other comprehensive income for the year	-	-	-	(4,139)	<b>(4,139)</b>
<b>Total Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,924,994</b>	<b>14,924,994</b>
Dividend and dividend tax	-	-	-	-	-
Employee stock option compensation expense	-	-	-	-	-
<b>Balance as at 31 March 2018</b>	<b>973,604,960</b>	<b>83,144,791</b>	<b>11,500</b>	<b>208,443,949</b>	<b>1,265,205,200</b>
Profit for the year	-	-	-	38,805,526	<b>38,805,526</b>
Other comprehensive income for the year	-	-	-	(2,317,482)	<b>(2,317,482)</b>
<b>Total Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,488,044</b>	<b>36,488,044</b>
Transfer from/to share option outstanding account	-	-	-	-	-
Employee stock option compensation expense	-	-	-	-	-
<b>Balance as at 31 March 2019</b>	<b>973,604,960</b>	<b>83,144,791</b>	<b>11,500</b>	<b>244,931,993</b>	<b>1,301,693,244</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 & Co.**  
Chartered Accountants  
Firm's Registration No: 111184W

**CA Prerak Agarwal**  
Partner  
Membership No: 158844

Place : Mumbai  
Date: 21 May 2019

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

**Subhash Ghai**  
Chairman Director  
DIN: 00019803

**Prabuddha Dasgupta**  
Chief Financial Officer

**Rahul Puri**  
Managing Director  
DIN: 01925045

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

**Monika Shah**  
Company Secretary  
Membership No: FCS7964



## STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>56,011,473</b>	<b>17,520,024</b>
<b>Non-cash adjustments to reconcile Profit before tax to net cash flows</b>		
Depreciation and amortisation	24,662,628	27,146,711
Bad debts/ advances/ intangible assets under development written-off	15,720,155	5,288,979
Finance costs	59,703,100	68,496,960
Interest income	(74,585,734)	(71,886,078)
Interest on income tax refund	-	(1,199,241)
(Gain) on sale of tangible assets (net)	-	(62,483)
<b>Operating profit before working capital changes</b>	<b>137,523,095</b>	<b>62,824,895</b>
Movements in working capital:		
Increase/(Decrease) in other current liabilities	9,845,782	(22,150,915)
Increase/(Decrease) in other financial liabilities	(20,413,149)	(12,504,539)
Increase/(Decrease) in other non current liabilities	6,173,686	(1,414,593)
Increase/(Decrease) in trade payables	6,640,943	2,305,168
Increase/(Decrease) in Current Provisions	18,386,191	6,427,271
(Increase)/Decrease in trade receivables	(80,192,580)	7,551,933
(Increase) /Decrease in other non- current assets	(35,450,209)	15,907,595
(Increase)/Decrease in short-term loans and advances	14,882,427	(225,212,223)
(Increase)/Decrease in other financial assets	24,639,200	145,251,737
(Increase) /Decrease in other current assets	(67,129,043)	(8,596,727)
(Increase)/Decrease in other current financial assets	5,398,046	(6,164,595)
<b>Cash generated from (used in) operations</b>	<b>20,304,390</b>	<b>(35,774,993)</b>
Taxes paid (net)	(23,590,994)	(4,878,757)
<b>Net cash generated from (used in) operating activities (A)</b>	<b>(3,286,604)</b>	<b>(40,653,750)</b>
<b>Cash flow from investing activities</b>		
Investments in equity shares of subsidiaries	(10,675,000)	(444,740)
Purchase of fixed assets (tangible and intangible)	(1,481,559)	(5,350,388)
Proceeds from maturity/ (reinvestment) of fixed deposits, net	(32,787)	(1,106,868)
Proceeds from sale of fixed assets	-	295,055
Interest income	74,585,734	71,886,078
<b>Net cash used in investing activities (B)</b>	<b>55,159,301</b>	<b>59,152,479</b>

# MUKTA ARTS LIMITED

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Cash flow from financing activities</b>		
Secured loan (repaid)/taken, net	(3,520,479)	50,824,886
Unsecured loan (repaid)/taken , net	4,220,216	(2,905,548)
Finance charges (net)	(59,703,100)	(68,496,960)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>(59,003,363)</b>	<b>(20,577,622)</b>
<b>Net increase /(decrease) in cash and cash equivalents (A + B + C)</b>	<b>106,421</b>	<b>4,047,766</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>6,765,660</b>	<b>2,717,894</b>
<b>Cash and cash equivalents at the end of the year (Refer note (b) below)</b>	<b>6,872,081</b>	<b>6,765,660</b>

## Reconciliation of cash and cash equivalents as per the cash flow statement

	31 March 2019	31 March 2018
<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	879,697	994,316
(ii) Balances with scheduled banks in -in current accounts	5,992,384	5,771,344
<b>Balances per statement of cash flows</b>	<b>6,872,081</b>	<b>6,765,660</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 & Co.**  
Chartered Accountants  
Firm's Registration No: 111184W

**CA Prerak Agarwal**  
Partner  
Membership No: 158844

Place : Mumbai  
Date: 21 May 2019

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

**Subhash Ghai**  
Chairman Director  
DIN: 00019803

**Prabuddha Dasgupta**  
Chief Financial Officer

**Rahul Puri**  
Managing Director  
DIN: 01925045

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

**Monika Shah**  
Company Secretary  
Membership No: FCS7964



## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(Amount in ₹)

### 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 30 September 2000 and renamed as Mukta Arts Limited. The Company is promoted by Mr. Subhash Ghai who holds 54.99% of the outstanding equity share capital as at 31 March 2019.

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. On 31 March 2017, the Company has transferred its division that was operating cinemas to a wholly owned subsidiary, Mukta A2 Cinemas Limited by way of a slump sale. On 12 September 2016, the Company has through another wholly owned subsidiary Mukta A2 Multiplex SPC, opened a 6 screen multiplex theatre in The Kingdom of Bahrain.

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

# MUKTA ARTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 (CONTD.)

(Amount in ₹)

As a result of adoption of Ind AS 115 in the standalone Ind AS financial statements of the Company for the year ended 31 March 2019 revenue from Music License Fees of Rs. 1,70,31,924/- has been deferred and consequently revenue reported for the year ended 31 March 2019 is Rs 7,59,68,076/-.

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.

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 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 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.





## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 (CONTD.)

(Amount in ₹)

### **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 qualify 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.

### **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.

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 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.

# MUKTA ARTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 (CONTD.)

(Amount in ₹)

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

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

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

#### Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of 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 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.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 (CONTD.)

(Amount in ₹)

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.

### 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.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 (CONTD.)

(Amount in ₹)

### Subsequent measurement

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

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

### Financial Assets measured at amortised cost

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

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

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

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

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

### 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 Other Comprehensive Income.

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.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 (CONTD.)

(Amount in ₹)

### 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

#### (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.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 (CONTD.)

(Amount in ₹)

### 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.

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.

### 2.19 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.

### 3 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.





## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 (CONTD.)

(Amount in ₹)

### 4 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.

### 5 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") through Companies Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2019:

#### Ind AS 116 – Leases

The Company is required to adopt Ind AS 116, Leases from 1 April 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

# MUKTA ARTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 (CONTD.)

(Amount in ₹)

### 6(a) - Property, plant and equipment

	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 2017</b>	106,072,381	127,766,752	197,413,432	70,064,929	32,203,247	12,588,388	<b>546,109,129</b>
Additions	-	-	69,606	4,000,681	232,823	1,047,278	<b>5,350,388</b>
Disposals	-	-	-	295,055	-	-	<b>295,055</b>
Other adjustment							-
<b>As at 31 March 2018</b>	<b>106,072,381</b>	<b>127,766,752</b>	<b>197,483,038</b>	<b>73,770,555</b>	<b>32,436,070</b>	<b>13,635,666</b>	<b>551,164,461</b>
<b>As at 1 April 2018</b>	106,072,381	127,766,752	197,483,038	73,770,555	32,436,070	13,635,666	551,164,461
Additions	-	-	535,004	106,373	631,682	208,500	1,481,559
Disposals	-	-					-
Other adjustment							
<b>As at 31 March 2019</b>	<b>106,072,381</b>	<b>127,766,752</b>	<b>198,018,042</b>	<b>73,876,928</b>	<b>33,067,752</b>	<b>13,844,166</b>	<b>552,646,020</b>
<b>Accumulated Depreciation/Amortisation</b>							
<b>As at 1 April 2017</b>	34,322,664	47,834,364	178,858,740	51,807,031	29,503,926	11,332,511	<b>353,659,237</b>
Charge for the year	5,882,988	6,968,073	2,762,423	5,849,746	333,329	734,693	<b>22,531,252</b>
Deduction	-	-	-	-	-	-	-
Other adjustment	-	-	-	-	-	-	-
<b>As at 31 March 2018</b>	<b>40,205,652</b>	<b>54,802,437</b>	<b>181,621,163</b>	<b>57,656,777</b>	<b>29,837,255</b>	<b>12,067,204</b>	<b>376,190,489</b>
<b>As at 1 April 2018</b>	40,205,652	54,802,437	181,621,163	57,656,777	29,837,255	12,067,204	<b>376,190,489</b>
Charge for the year	5,385,608	6,968,072	2,137,712	4,629,677	547,311	683,572	<b>20,351,952</b>
Deduction	-	-	-	-	-	-	-
Other adjustment	-	-	-	-	-	-	-
<b>As at 31 March 2019</b>	<b>45,591,261</b>	<b>61,770,509</b>	<b>183,758,875</b>	<b>62,286,454</b>	<b>30,384,566</b>	<b>12,750,776</b>	<b>396,542,441</b>
<b>Carrying amounts (Net)</b>							
<b>At 1 April 2017</b>	71,749,717	79,932,388	18,554,692	18,257,898	2,699,320	1,255,877	192,449,892
<b>At 31 March 2018</b>	65,866,729	72,964,315	15,861,875	16,113,777	2,598,814	1,568,462	174,973,972
<b>At 31 March 2019</b>	60,481,121	65,996,243	14,259,167	11,590,473	2,683,185	1,093,390	156,103,578

### 6(b) Capital Work in Progress

	Amount
<b>As at 1 April 2017</b>	1,287,210
Additions	-
Disposals	-
<b>As at 31 March 2018</b>	<b>1,287,210</b>
<b>As at 1 April 2018</b>	1,287,210
Additions	-
Disposals	-
<b>As at 31 March 2019</b>	<b>1,287,210</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 (CONTD.)

(Amount in ₹)

### 6(c) - Intangible Assets

	Distribution Rights	Negative Rights	Exhibition Rights	Total
<b>Cost or deemed cost</b>				
<b>As at 1 April 2017</b>	240,000,320	753,631,055	2,500,000	<b>996,131,375</b>
Additions	-	-	-	-
Disposals	-	-	-	-
Other adjustment				-
<b>As at 31 March 2018</b>	<b>240,000,320</b>	<b>753,631,055</b>	<b>2,500,000</b>	<b>996,131,375</b>
<b>As at 1 April 2018</b>	240,000,320	753,631,055	2,500,000	<b>996,131,375</b>
Additions				-
Disposals				-
Other adjustment				-
<b>As at 31 March 2019</b>	<b>240,000,320</b>	<b>753,631,055</b>	<b>2,500,000</b>	<b>996,131,375</b>
<b>Accumulated amortisation and impairment losses</b>				
<b>As at 1 April 2017</b>	240,000,320	709,962,062	2,500,000	<b>952,462,382</b>
Charge for the year	-	-	-	-
Deduction	-	-	-	-
Other adjustment		4,466,951		<b>4,466,951</b>
<b>As at 31 March 2018</b>	<b>240,000,320</b>	<b>714,429,013</b>	<b>2,500,000</b>	<b>956,929,333</b>
<b>As at 1 April 2018</b>	240,000,320	714,429,013	2,500,000	<b>956,929,333</b>
Charge for the year				-
Deduction				-
Other adjustment		-		-
<b>As at 31 March 2019</b>	<b>240,000,320</b>	<b>714,429,013</b>	<b>2,500,000</b>	<b>956,929,333</b>
<b>Carrying amount (Net)</b>				
<b>At 1 April 2017</b>	-	43,668,993	-	<b>43,668,993</b>
<b>At 31 March 2018</b>	-	39,202,042	-	<b>39,202,042</b>
<b>At 31 March 2019</b>	-	39,202,042	-	<b>39,202,042</b>

### 6(d) Intangible assets under development

	Amount
<b>As at 1 April 2017</b>	<b>37,654,151</b>
Additions	-
Disposals	-
Other adjustment	3,741,091
<b>As at 31 March 2018</b>	<b>41,395,242</b>
<b>As at 1 April 2018</b>	<b>41,395,242</b>
Additions	1,993,375
Disposals	-
Other adjustment	-
<b>As at 31 March 2019</b>	<b>43,388,617</b>

Note : 1. During the year ended on 31 March 2019 and 31 March 2018, 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 - 13(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. Ownership premises costing Rs Nil (31 March 2018: Rs 7,500,000) purchased by the Company during the previous year is not yet registered in the name of the Company.

Note : 5. 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))

# MUKTA ARTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 (CONTD.)

(Amount in ₹)

### 7 Investment property

Particular	Building	Land	Total
<b>As at 1 April 2017</b>	131,676,271	66,389,104	<b>198,065,375</b>
Additions			-
Disposals			-
Other adjustment			-
<b>As at 31 March 2018</b>	<b>131,676,271</b>	<b>66,389,104</b>	<b>198,065,375</b>
<b>As at 1 April 2018</b>	131,676,271	66,389,104	<b>198,065,375</b>
Additions	-	-	-
Disposals	7,500,000	-	<b>7,500,000</b>
Other adjustment	-	-	-
<b>As at 31 March 2019</b>	<b>124,176,271</b>	<b>66,389,104</b>	<b>190,565,375</b>
<b>Accumulated Depreciation/Amortisation</b>			
<b>As at 1 April 2017</b>	38,647,049	-	<b>38,647,049</b>
Charge for the year	4,615,460	-	<b>4,615,460</b>
Deduction	-	-	-
Other adjustment	-	-	-
<b>As at 31 March 2018</b>	<b>43,262,509</b>	-	<b>43,262,509</b>
<b>As at 1 April 2018</b>	43,262,509	-	<b>43,262,509</b>
Charge for the year	4,310,676	-	<b>4,310,676</b>
Deduction	1,409,694	-	<b>1,409,694</b>
Other adjustment	-	-	-
<b>As at 31 March 2019</b>	<b>46,163,491</b>	-	<b>46,163,491</b>
<b>Carrying amounts (Net)</b>			
<b>At 1 April 2017</b>	93,029,222	66,389,104	<b>159,418,326</b>
<b>At 31 March 2018</b>	88,413,762	66,389,104	<b>154,802,866</b>
<b>At 31 March 2019</b>	78,012,780	66,389,104	<b>144,401,884</b>

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

	As at 31-Mar-2019	As at 31-Mar-2018
Rental income derived from Investment properties	<b>56,341,862</b>	52,173,594
Direct operating expenses	<b>3,629,838</b>	3,676,189
Profit arising from investment properties before depreciation and indirect expenses	<b>52,712,024</b>	48,497,405
Less: Depreciation	<b>4,310,676</b>	4,615,460
Profit arising from investment properties before indirect expenses	<b>48,401,348</b>	43,881,945

#### (ii) Fair Value

Particulars	Valuation Techniques (See note below)	Fair Value Hierarchy (See note below)	As at 31 March 2019	As at 31 March 2018
Investment properties	Stamp duty Reckoner rate	Level 2	<b>1,301,375,050</b>	1,301,375,050



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 (CONTD.)

(Amount in ₹)

### 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 2019	As at 31 March 2018
<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 2018 : 600) equity shares of ₹ 1000 each, fully paid-up (6 shares are jointly held with individuals)	<b>600,000</b>	600,000
<b>Whistling Woods International Limited</b>		
169,997 (31 March 2018 : 169,997) equity shares of ₹ 1000 each, fully paid-up	<b>169,997,000</b>	169,997,000
<b>Mukta Tele Media Limited</b>		
4,996 (31 March 2018 : 4,996) equity shares of ₹ 100 each, fully paid-up	<b>499,600</b>	499,600
<b>Coruscant Tec Private Limited</b>		
750,000 (31 March 2018 : 750,000) equity shares of ₹ 10 each, fully paid-up	<b>9,900,000</b>	9,900,000
<b>Mukta A2 Multiplex SPC</b>		
500 (31 March 2018 : 500) equity shares of BHD 100 each, fully paid-up	<b>8,630,540</b>	8,630,540
<b>Mukta A2 Cinemas Ltd</b>		
10,50,000 (31 March 2018 : 50,000) equity shares of ₹ 10 each 'fully paid-up	<b>10,500,000</b>	500,000
<b>Deemed Investment in Subsidiary</b>		
Whistling Woods International Ltd	<b>1,320,411</b>	1,320,411
Preference Share - Interest	<b>28,193,807</b>	28,193,807
<b>ii) Investment in equity shares of joint venture at FVTPL</b>		
<b>Mukta VN Films Limited</b>		
27,500 (31 March 2018 : 27,500) equity shares of ' ₹ 10 each, fully paid-up	<b>33,000,000</b>	33,000,000
<b>Deemed Investment in Joint Venture</b>		
Mukta VN Films Limited	<b>5,185,479</b>	4,510,479
<b>Total (i+ii)</b>	<b>267,826,837</b>	257,151,837
<b>iii) Investment in equity instruments-others at FVTPL (un-quoted)</b>		
Bashiron Co. Op. Housing Society Limited 10 Shares (2018: 10) of Rs 50 each	<b>500</b>	500
Bait-Ush-Sharaf Co. Op. Housing Society Limited 15 Shares (2018: 15) of Rs 50 each	<b>750</b>	750
<b>Total (iii)</b>	<b>1,250</b>	1,250
<b>Total (i+ii+iii)</b>	<b>267,828,087</b>	257,153,087

# MUKTA ARTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 (CONTD.)

(Amount in ₹)

### 8(b) Loans

#### Unsecured

Amounts due from related parties Whistling Woods International Limited  
Inter-corporate deposit to others

#### ii) Investment in preference shares of subsidiary (un-quoted )

200,000 (2018: 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.

#### Total

As at 31 March 2019	As at 31 March 2018
198,600,000	216,100,000
-	-
171,806,193	171,806,193
370,406,193	387,906,193

### 8(c) Other financial assets

Security deposits to

- Related parties

- Others

Other advances

Interest receivables Account (Preference Dividend)

#### Total

As at 31 March 2019	As at 31 March 2018
31,802,250	31,811,954
4,664,122	4,737,454
145,641,005	138,232,360
193,774,545	176,460,953
375,881,922	351,242,722

### 9 Deferred tax assets (net)

#### Deferred tax liability on

Arising on account of timing differences in:

#### Total

#### Deferred tax asset on

Provision for leave encashment and gratuity

Provision for doubtful debts and advances

Rent straightlining

Property, Plant and Equipment and intangible assets

Others

#### Total

#### Deferred tax assets (net)

As at 31 March 2019	As at 31 March 2018
-	-
-	-
3,580,511	3,065,652
658,385	394,647
2,508,868	2,846,352
9,906,695	7,311,774
3,754,355	13,896,335
20,408,814	27,514,760
20,408,814	27,514,760

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, 2018</b>	3,065,652	394,647	7,311,774	16,742,687	27,514,760
(Charged)/credited:					
- to profit or loss	-	-	-	-	-
- to other comprehensive income	-	-	-	-	-
<b>At March 31, 2019</b>	3,065,652	394,647	7,311,774	16,742,687	27,514,760
(Charged)/credited:					
- to profit or loss	514,859	263,738	2,594,921	(10,479,464)	(7,105,946)
- to other comprehensive income	-	-	-	-	-
<b>At March 31, 2019</b>	3,580,511	658,385	9,906,695	6,263,223	20,408,814



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 (CONTD.)

(Amount in ₹)

### 10 Other non- current assets

	As at 31 March 2019	As at 31 March 2018
Advance tax (including TDS)	110,402,431	76,239,937
Service tax Input Credit	2,333,636	800,000
Deferred Income Account	885,504	1,131,425
<b>Total</b>	<b>113,621,571</b>	<b>78,171,363</b>

### 11 Current Financial Assets

#### 11(a) Trade receivables

	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good	130,966,771	51,158,941
Doubtful	1,277,174	1,277,174
<b>Total</b>	<b>132,243,945</b>	<b>52,436,115</b>
Less: Loss allowance		
Unsecured, considered good	1,255,074	1,639,824
Doubtful	1,277,174	1,277,174
	<b>2,532,248</b>	<b>2,916,998</b>
<b>Net trade receivable</b>	<b>129,711,697</b>	<b>49,519,117</b>

#### 11(b) Cash and cash equivalents

	As at 31 March 2019	As at 31 March 2018
a. Cash on hand	879,697	994,316
b. Balances with banks		
In current account	5,992,384	5,771,344
Balance in dividend account	38,214	38,564
<b>Total</b>	<b>6,910,295</b>	<b>6,804,224</b>

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

	As at 31 March 2019	As at 31 March 2018
Interest accrued on FD	1,430,658	1,367,589
Deposits with original maturity of more than 3 months and less than 12 months	19,239,580	19,206,793
<b>Total</b>	<b>20,670,238</b>	<b>20,574,382</b>

#### 11(d) Loans

	As at 31 March 2019	As at 31 March 2018
Amounts due from related parties	1,991,757	-
Staff Advances	597,503	882,400
Inter-corporate deposit:		
- Related parties	277,040,439	278,407,909
- Others	48,738,530	63,960,347
<b>Total</b>	<b>328,368,229</b>	<b>343,250,656</b>



# MUKTA ARTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 (CONTD.)

(Amount in ₹)

### 11(e) Other financial assets

	As at 31 March 2019	As at 31 March 2018
Interest receivables Account (Preference Dividend)	17,439,756	17,313,593
Security deposits	40,750,504	40,131,113
Interest Accrued on Investments:		
Related Parties	3,445,866	3,667,460
Others	7,376,532	5,393,507
Other receivable from related parties	1,823,425	9,728,457
<b>Total</b>	<b>70,836,083</b>	<b>76,234,129</b>

### 12 Other current assets

	As at 31 March 2019	As at 31 March 2018
Prepaid expenses	15,281,246	16,928,171
Advances	7,724,446	7,760,950
Deferred Income Account	264,182	276,512
Rent straight lining	-	180,827
Service Tax Input	-	1,487,802
VAT input	17,951,128	17,902,888
GST input	-	9,747,389
<b>Total</b>	<b>41,221,002</b>	<b>54,284,539</b>

### 13 Equity share capital

	As at 31 March 2019		As at 31 March 2018	
	Number	Amount	Number	Amount
<b>Authorised share capital</b>				
Equity shares of ₹ 5 each	24,000,000	120,000,000	24,000,000	120,000,000
	24,000,000	120,000,000	24,000,000	120,000,000
<b>Issued, subscribed and fully paid- up</b>				
Equity shares of ₹ 5 each	22,585,200	112,926,000	22,585,200	112,906,000
<b>Total</b>	<b>22,585,200</b>	<b>112,926,000</b>	<b>22,585,200</b>	<b>112,906,000</b>

#### Terms and rights attached to equity shares

The Company has one class of equity shares having a par value of Rs. 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)

	As at 31 March 2019		As at 31 March 2018	
	Number	Amount	Number	Amount
Balance at the beginning of the year	22,585,200	112,926,000	22,585,200	112,926,000
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>112,926,000</b>	<b>22,585,200</b>	<b>112,926,000</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 (CONTD.)

(Amount in ₹)

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

	As at 31 March 2019		As at 31 March 2018	
	Number	% holding in the class	Number	% holding in the class
Equity shares of ₹ 5 each				
1. Mr. Subhash Ghai	12,421,990	55.00%	12,421,990	55.00%
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 2019	As at 31 March 2018
<b>Securities premium</b>		
Balance at the beginning of the year	973,604,960	973,604,960
Add: Transfer during the year	-	-
Balance at the end of the year	973,604,960	973,604,960
<b>General reserve</b>		
Balance at the beginning of the year	83,144,791	83,144,791
Add: Transfer during the year	-	-
Balance at the end of the year	83,144,791	83,144,791
<b>Capital reserve</b>		
Balance at the beginning of the year	11,500	11,500
Add: Transfer during the year	-	-
Balance at the end of the year	11,500	11,500
<b>Retained earnings</b>		
Balance at the beginning of the year	208,443,949	193,518,955
Add: Net profit/(Loss) after tax for the year	38,805,526	14,929,133
Other comprehensive income	(2,317,482)	(4,139)
Balance at the end of the year	244,931,993	208,443,949
<b>Total</b>	<b>1,301,693,244</b>	<b>1,265,205,200</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.

#### 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.

# MUKTA ARTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 (CONTD.)

(Amount in ₹)

### 15 Non Current Financial Liabilities

#### 15(a) Long-term borrowings

	As at 31 March 2019	As at 31 March 2018
<b>Secured</b>		
Term loan from banks and others		
Indiabulls Housing Finance Ltd*	397,665,434	401,548,016
Hero Fincorp Ltd**	34,536,153	36,832,020
Motor vehicle finance loans***	19,966,030	22,495,782
Less: current maturity of term loan	(13,589,015)	(18,776,737)
<b>Total</b>	<b>438,578,602</b>	<b>442,099,081</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. EMI payable is Rs. 4,809,752 (Feb-2019 to April-2022), Rs. 5,531,215 (May-2019 to April-2025), and Rs. 6,360,897 (May-2025 to March-2032).

\*\* 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 Rs. 5,37,225/- (June 2017 to July 2018) and Rs. 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:

Lendor	Repayment schedule and other terms
Reliance Capital Limited	Outstanding amount of loan Rs. Nil (2018 : Rs 1,656,560) is repayable in 36 equated monthly installments of Rs 157,335 till March 2018 and then Rs. 152,670 till March 2019.
Axis Bank Ltd	Outstanding amount of loan Rs. 27,94,886/- (2018: Rs 6,378,400) is repayable in 60 equated monthly installments of Rs 112,321 till October 2021. Interest rate 16.50%.
Kotak Mahindra Prime Ltd	Outstanding amount of loan Rs. 2,42,563/- (2018: Rs 577,785) is repayable in 36 equated monthly installments of Rs 31,458 till November 2019.
ICICI Bank Limited	Outstanding amount of loan Rs. 1,45,36,178/- (2018:Rs 10,932,975) is repayable in 36 monthly installments of Rs 672,774/- till July 2019 and Rs. 4,72,624/- there after. Interest rate 14.50%
HDFC Bank Limited	Outstanding amount of loan Rs. 23,92,403 (2018: Rs 2,950,062) is repayable in 60 equated monthly installments of Rs 63,900 till October 2022.

#### 15(b) Other financial liabilities

	As at 31 March 2019	As at 31 March 2018
Security deposits	40,560,780	29,503,227
<b>Total</b>	<b>40,560,780</b>	<b>29,503,227</b>

### 16 Long Term Provisions

	As at 31 March 2019	As at 31 March 2018
Provision for Leave Salary	2,346,289	2,043,728
Provision for gratuity	7,852,209	6,882,383
<b>Total</b>	<b>10,198,498</b>	<b>8,926,111</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 (CONTD.)

(Amount in ₹)

### 17 Other non-current liabilities

	As at 31 March 2019	As at 31 March 2018
Rent straight lining	9,635,330	9,135,157
Income Received in advance	7,176,974	-
Deferred Expense Account	620,403	2,123,864
<b>Total</b>	<b>17,432,707</b>	<b>11,259,021</b>

### 18 Current Financial Liabilities

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

	As at 31 March 2019	As at 31 March 2018
<b>Repayable on demand</b>		
<b>Unsecured</b>		
Inter corporate deposits - Others	82,000,000	82,000,000
<b>Total</b>	<b>82,000,000</b>	<b>82,000,000</b>

Deposit of Rs. 82,000,000 accepted at interest rate of 4% p.a. repayable on demand.

#### 18(b) Trade payable

	As at 31 March 2019	As at 31 March 2018
Other than micro and small enterprises	22,610,733	15,969,790
Micro and small enterprises	-	-
<b>Total</b>	<b>22,610,733</b>	<b>15,969,790</b>

#### 18(c) Other financial liabilities

	As at 31 March 2019	As at 31 March 2018
Current maturities of long term borrowings	13,589,015	18,776,737
Interest accrued but not due on borrowings		
Interest on loan taken	5,586,689	5,527,129
Employee benefits expense payable		
Bonus Payable	250,000	151,222
Sundry advances received		
From related party	645,000	685,000
Others	16,400,000	18,500,000
Unclaimed dividend	38,214	38,564
Rent Payable to WWIL	-	7,906,560
Security deposits received	2,224,903	7,561,758
<b>Total</b>	<b>38,733,821</b>	<b>59,146,970</b>

# MUKTA ARTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 (CONTD.)

(Amount in ₹)

### 19 Short Term Provisions

	As at 31 March 2019	As at 31 March 2018
Provision For Taxation	40,172,803	24,364,216
Provision For Employee benefit:		
Provision for leave salary	966,231	657,118
Provision for gratuity	2,606,466	337,975
<b>Total</b>	<b>43,745,500</b>	<b>25,359,309</b>

### 20 Other current liabilities

	As at 31 March 2019	As at 31 March 2018
Advances from customers- others	5,939,846	5,142,986
Deferred Expense Account	1,994,812	3,516,786
Income Received in advance	9,854,950	-
Rent straight lining	14,161	257,166
Statutory dues payable		
Provident fund	136,583	109,577
ESIC	7,404	8,212
TDS payable	2,237,278	2,876,992
Profession tax	10,350	10,075
VAT / GST	1,572,193	-
<b>Total</b>	<b>21,767,577</b>	<b>11,921,795</b>

### 21 Revenue from operations (net)

	Year ended 31 March 2019	Year ended 31 March 2018
<b>(a) Sale of products/ film rights</b>		
Own Film/ Content production	80,831,870	3,404,288
	<b>80,831,870</b>	<b>3,404,288</b>
<b>(b) Distribution, Exhibition, Theatrical and Film Production Income</b>		
Distribution and exhibition	-	549,872
Equipment hire income	3,956,500	2,785,400
	<b>3,956,500</b>	<b>3,335,272</b>
<b>(c) Other operating revenue</b>		
Rent and amenities charges	99,109,996	93,792,679
Sundry balances written back	819,792	2,470,838
Business support services	12,000,000	12,000,000
	<b>111,929,788</b>	<b>108,263,517</b>
<b>Total</b>	<b>196,718,158</b>	<b>115,003,077</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 (CONTD.)

(Amount in ₹)

### 22 Other income

	Year ended 31 March 2019	Year ended 31 March 2018
Interest income on bank deposits	1,515,881	2,004,990
Interest income on others	73,069,853	69,881,088
<b>Other Non Operating Income</b>		
Interest on income tax refund	-	1,199,241
Profit on sale of assets, (net)	-	62,483
Profit on sales of Shares	-	47,204,373
Corporate guarantee Commission income	2,651,019	2,025,000
Miscellaneous income (net)	35,463,410	22,373,860
<b>Total other income</b>	<b>112,700,163</b>	<b>144,751,035</b>

### 23 Cost of production, distribution, exhibition and theatrical operation

	Year ended 31 March 2019	Year ended 31 March 2018
Distribution Expenses	-	198,605
Expenses for old Films	29,600	88,000
<b>Total Distributor and producer's share</b>	<b>29,600</b>	<b>286,605</b>

### 24 Employee benefits expense

	Year ended 31 March 2019	Year ended 31 March 2018
Salaries and bonus	51,902,489	45,637,424
Contribution to provident and other funds	2,036,713	2,483,623
Gratuity expense	1,095,835	1,099,090
Staff welfare expenses	92,050	400,220
<b>Total employee benefit expense</b>	<b>55,127,087</b>	<b>49,620,357</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 Rs. 2,036,713 (Previous year : Rs. 2,483,623) is recognised as expense and included in the above Note 24

#### (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.

# MUKTA ARTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 (CONTD.)

(Amount in ₹)

The assumptions used for the actuarial valuation are as under:

Particulars	Gratuity	
	31 March 2019	31 March 2018
Discount Rate (per annum)	7.45%	7.80%
Salary growth rate	8.00%	8.00%

### (A) Present Value of Obligation as at Balance Sheet date

Particulars	Gratuity	
	31 March 2019	31 March 2018
Present Value of Obligation as at the beginning	8,985,480	11,646,117
Interest cost	618,847	549,305
Current Service Cost	519,601	462,243
Past Service cost	-	1,183,367
<b>Total amount recognised in statement of profit and loss</b>	<b>1,138,448</b>	<b>2,194,915</b>
<b>Re-measurement (or Actuarial) (gain) / loss arising from:</b>		
change in demographic assumption	(4,283)	(216,779)
change in financial assumption	289,008	(268,660)
experience changes	2,033,629	216,304
<b>Total amount recognised in Other Comprehensive Income</b>	<b>2,318,354</b>	<b>(269,135)</b>
Benefits Paid	(506,564)	(2,377,360)
Liabilities assumed / (settled)	-	(2,209,057)
<b>Present Value of Obligation as at the end</b>	<b>11,935,718</b>	<b>8,985,480</b>

### (B) Changes in the Fair value of Plan Assets

Particulars	Gratuity	
	31 March 2019	31 March 2018
Fair Value of Plan Assets as the beginning	1,765,122	5,328,988
Interest on plan assets	114,159	428,789
<b>Total amount recognised in statement of profit and loss</b>	<b>114,159</b>	<b>428,789</b>
<b>Re-measurement (or Actuarial) gain / (loss) arising from:</b>		
Actual return on plan assets less interest on plan assets	872	(273,274)
<b>Total amount recognised in Other Comprehensive Income</b>	<b>872</b>	<b>(273,274)</b>
Employer's contribution	103,454	122,740
Benefits Paid	(506,564)	(2,377,360)
Transfer In / (Out)	-	(1,464,761)
<b>Fair value of plan assets at the end</b>	<b>1,477,043</b>	<b>1,765,122</b>

### (C) Amount recognised in the Balance sheet

Particulars	Gratuity	
	31 March 2019	31 March 2018
Present Value of obligations as at Balance Sheet date	11,935,718	8,985,480
Fair Value of Plan Assets as at the end of the period	1,477,043	1,765,122
<b>Net (asset)/ liability recognised as at year end</b>	<b>10,458,675</b>	<b>7,220,358</b>

### (D) Constitution of Plan Assets

Particulars	Gratuity	
	31 March 2019	31 March 2018
Administered by Life insurance Corporation of India	100%	100%
<b>Total of the Plan Assets</b>	<b>100%</b>	<b>100%</b>





## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 (CONTD.)

(Amount in ₹)

### (E) Sensitivity analysis

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

Particulars	Gratuity	
Defined benefit obligation (base)	Decrease	Increase
<b>As on March 31, 2019</b>		
Discount Rate (- / + 0.5%)	439,234	(408,202)
(% change compared to base due to sensitivity)	3.68%	-3.42%
Salary Growth Rate (- / + 0.5%)	(297,199)	316,297
(% change compared to base due to sensitivity)	-2.49%	2.65%

Particulars	Gratuity	
Defined benefit obligation (base)	Decrease	Increase
<b>As on March 31, 2018</b>		
Discount Rate (- / + 0.5%)	388,173	(360,318)
(% change compared to base due to sensitivity)	4.32%	-4.01%
Salary Growth Rate (- / + 0.5%)	(258,782)	274,956
(% change compared to base due to sensitivity)	-2.88%	3.06%

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 March 31, 2019 is Rs. 15 Lakhs (March 31, 2018 : Rs. 10 Lakhs)

### (F) Defined benefit liability and employer contributions

The weighted average duration of the Benefit Obligation is 7.10 years

Particulars	Gratuity	
	31 March 2019	31 March 2018
<b>Weighted average duration (based on discounted cashflows)</b>		
Year 1	4,083,509	2,103,097
Year 2	227,061	363,476
Year 3	183,512	216,011
Year 4	926,652	180,999
Year 5	176,813	1,126,419
Thereafter	18,521,216	16,861,129

### (iii) Other Long Term Benefit Plans:

**Compensated absences** : The leave obligations cover the Company's liability for earned leave. The amount of provision of Rs. 6,45,219 (March 31, 2018: Rs. (2,981,496))

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 FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 (CONTD.)

(Amount in ₹)

### 25 Finance costs

	Year ended 31 March 2019	Year ended 31 March 2018
Interest cost on:		
Car loan	3,109,630	3,462,983
Inter corporate deposits	66,179	5,448,353
Others	478,519	1,356,216
Term loan	53,411,949	58,229,408
Corporate Guarantee Commission expenses	644,436	-
Processing cost and other charges	1,992,387	-
<b>Total Finance Cost</b>	<b>59,703,100</b>	<b>68,496,960</b>

### 26 Depreciation and amortisation expense

	Year ended 31 March 2019	Year ended 31 March 2018
Depreciation of property, plant and equipment	20,047,168	22,531,251
Depreciation on investment property	4,615,460	4,615,460
<b>Total Finance Cost</b>	<b>24,662,628</b>	<b>27,146,711</b>

### 27 Other expenses

	Year ended 31 March 2019	Year ended 31 March 2018
Power and fuel	34,295,959	23,852,731
Rent	15,491,147	15,628,077
Repairs and maintenance	2,722,732	2,179,890
Insurance	3,033,933	2,933,918
Rates and taxes	7,455,197	9,001,061
Legal and professional	20,295,960	20,638,093
Communication expenses	818,092	894,932
Travelling and conveyance	1,965,230	404,157
Bad debts/ advances/ intangibles under development written-off	15,720,155	5,288,979
Security charges	867,686	1,241,680
Business promotion	788,026	890,341
Motor vehicle expenses	1,788,325	1,918,528
Printing and stationery	662,041	564,156
Bank charges	752,778	1,102,303
Payment to auditor (Refer details below)	510,997	521,152
Miscellaneous expenses	6,716,174	9,623,458
<b>Total</b>	<b>113,884,433</b>	<b>96,683,456</b>

#### 27 a - Payment to auditor

	Year ended 31 March 2019	Year ended 31 March 2018
Audit Fees	500,000	500,000
Reimbursement of Expenses	10,997	21,152
	<b>510,997</b>	<b>521,152</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 (CONTD.)

(Amount in ₹)

### 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

Income Tax Expense	31 March 2019	31 March 2018
<b>Current tax</b>		
Current tax on profits for the year	10,100,000	7,251,643
<b>Total Current Tax Expense</b>	10,100,000	7,251,643
<b>Deferred Tax</b>		
Decrease (increase) in deferred tax assets	7,105,946	(4,660,752)
(Decrease) increase in deferred tax liabilities	-	-
<b>Total Deferred Tax Expense</b>	7,105,946	(4,660,752)
<b>Income Tax Expense</b>	17,205,946	2,590,891

#### (B) Reconciliation of tax expense:

	31 March 2019	31 March 2018
Profit before income tax expense	56,011,473	17,520,024
<b>Add: Net Disallowances</b>		
Permanent Disallowances	-	62,483
Temporary Disallowances	2,081,941	2,651,783
<b>Total Taxable Income</b>	58,093,414	20,234,290
<b>Income Tax Expense</b>	10,100,000	7,251,643

(C) Amounts Recognised directly in Equity - Nil (31 March 2018 - Nil)

### 29 Lease disclosure under AS 19 – '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 15,491,147 (2018: Rs 15,628,077) 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 2019	31 March 2018
Amounts due within one year	5,582,161	5,339,155
Amounts due after one year but not later than five years	25,262,804	24,059,812
Amounts due later than five years	26,140,081	32,925,233
	56,985,046	62,324,201

#### 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 56,341,862 (2018: Rs 52,173,594) has been included under 'Rent and amenities charges' in the Statement of profit and loss.

# MUKTA ARTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 (CONTD.)

(Amount in ₹)

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

Particulars	31 March 2019	31 March 2018
Amounts due within one year	-	8,875,509
Amounts due after one year but not later than five years	-	10,317,111
	-	19,192,620

The carrying amount of assets is as follows :

Particulars	31 March 2019	31 March 2018
Gross block	172,280,521	172,280,521
Accumulated depreciation	46,456,217	42,145,541
Net block	125,824,304	130,134,980
Depreciation for the year	4,310,676	4,615,460

### 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 Rs 38,680,226 (2017: Rs 36,970,923) 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 2019	31 March 2018
Gross block	85,535,753	85,535,753
Accumulated depreciation	50,431,793	43,463,720
Net block	35,103,960	42,072,033
Depreciation for the year	6,968,073	6,968,073

### 30 Capitalisation of expenditure

During the year, the Company has capitalised the salaries, wages and bonus amounting to Rs Nil (2018: Rs 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.

### 31 Earnings per equity share:

	Year ended 31 March 2019	Year ended 31 March 2018
Net (loss)/ profit after tax attributable to shareholders	36,488,044	14,924,994
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	1.62	0.66
Dilutive EPS	1.62	0.66
Nominal value per share	5	5



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 (CONTD.)

(Amount in ₹)

### 32 Fair value measurement

The carrying value/ Fair value of the Financial instruments by category

	31 March 2019			31 March 2018		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial assets</b>						
Other Financial Assets	-	-	446,718,005	-	-	427,476,851
Trade Receivables	-	-	129,711,697	-	-	49,519,117
Cash and cash equivalents	-	-	6,910,295	-	-	6,804,224
Loans	-	-	698,774,422	-	-	731,156,849
Investment	267,828,087	-	-	257,153,087	-	-
Other bank balance			20,670,238			20,574,382
<b>Total financial assets</b>	<b>267,828,087</b>	<b>-</b>	<b>1,302,784,657</b>	<b>257,153,087</b>	<b>-</b>	<b>1,235,531,423</b>
<b>Financial liabilities</b>						
Borrowings	-	-	520,578,602	-	-	524,099,081
Trade Payables	-	-	22,610,733	-	-	15,969,790
Other Financial Liabilities	-	-	79,294,601	-	-	88,650,197
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>622,483,936</b>	<b>-</b>	<b>-</b>	<b>628,719,068</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 March 31, 2018 and March 31, 2019.

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

	31 March 2019			31 March 2018	
	Level	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial assets</b>					
Other Financial Assets	Level 2	210,369,531	446,718,005	226,224,662	427,476,851
Trade Receivables	Level 2	129,711,697	129,711,697	49,519,117	49,519,117
Cash and cash equivalents	Level 2	6,910,295	6,910,295	6,804,224	6,804,224
Loans	Level 2	419,742,226	698,774,422	480,942,747	731,156,849
Investments	Level 2	233,128,390	267,828,087	223,128,390	257,153,087
<b>Financial liabilities</b>					
Borrowings	Level 2	520,578,602	520,578,602	522,924,672	524,099,081
Trade Payables	Level 2	22,610,733	22,610,733	15,969,790	15,969,790
Other Financial Liabilities	Level 2	79,294,601	79,294,601	88,378,282	88,650,197

# MUKTA ARTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 (CONTD.)

(Amount in ₹)

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 counter party 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, 2018</b>	2,113,999
Written-off	513,914
Provision for allowances	1,316,913
<b>Loss allowance on March 31, 2018</b>	<b>2,916,998</b>
Written-off	-
Provision for allowances	(384,750)
<b>Loss allowance on March 31, 2019</b>	<b>2,532,248</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

##### (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.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 (CONTD.)

(Amount in ₹)

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

Contractual maturities of financial liabilities as at March 31, 2019	Less than 1 year	More than 1 year	Total
Borrowings	82,000,000	438,578,602	520,578,602
Trade payables	22,610,733	-	22,610,733
Other financial liabilities	38,733,821	40,560,780	79,294,601
<b>Total liabilities</b>	<b>143,344,554</b>	<b>479,139,382</b>	<b>622,483,936</b>

Contractual maturities of financial liabilities as at March 31, 2018	Less than 1 year	More than 1 year	Total
Borrowings	82,000,000	442,099,081	524,099,081
Trade payables	15,969,790	-	15,969,790
Other financial liabilities	59,146,970	29,503,227	88,650,197
<b>Total liabilities</b>	<b>157,116,760</b>	<b>471,602,308</b>	<b>628,719,068</b>

Contractual maturities of financial Assets as at March 31, 2019	Less than 1 year	More than 1 year	Total
Trade Receivables	129,711,697	-	129,711,697
Cash & bank balance	6,910,295	-	6,910,295
Other bank Balance	-	-	-
Loans	328,368,229	370,406,193	698,774,422
Investments	-	267,828,087	267,828,087
Other financial assets	70,836,083	375,881,922	446,718,005
<b>Total Assets</b>	<b>136,621,992</b>	<b>-</b>	<b>136,621,992</b>

Contractual maturities of financial Assets as at March 31, 2018	Less than 1 year	More than 1 year	Total
Trade Receivables	49,519,117	-	49,519,117
Cash & bank balance	6,804,224	-	6,804,224
Other bank Balance	20,574,382	-	20,574,382
Loans	343,250,656	387,906,193	731,156,849
Investments	-	257,153,087	257,153,087
Other financial assets	76,234,129	351,242,722	427,476,851
<b>Total Assets</b>	<b>496,382,508</b>	<b>996,302,002</b>	<b>1,492,684,510</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.

#### (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.



# MUKTA ARTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 (CONTD.)

(Amount in ₹)

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 2019	31 March 2018
<b>Financial Assets</b>	(BHD)	(BHD)
Investment in shares	50,000	50,000
Loans	412,564	369,064
Receivable	152,700	117,802

### 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 2019	BHD	+5%	30,763
	BHD	-5%	(30,763)
31 March 2018	BHD	+5%	8,556
	BHD	-5%	(8,556)

### (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 2019	31 March 2018
Variable rate borrowings	-	-
Fixed rate borrowings	534,167,617	542,875,818
<b>Total Borrowing</b>	<b>534,167,617</b>	<b>542,875,818</b>

As at the end of the reporting period, the entity did not had any variable rate borrowings.

### 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 2019	INR	+50	282,608
	INR	-50	(282,608)
31 March 2018	INR	+50	308,462
	INR	-50	(308,462)

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



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 (CONTD.)

(Amount in ₹)

### 34 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-19	31-Mar-18
Net debt	52,05,78,602	52,40,99,081
Total equity attributable to owners	1,41,46,19,244	1,37,81,31,200
<b>Net Debt to equity ratio</b>	<b>36.80%</b>	<b>38.03%</b>

#### Risk management

The Company's objective when managing capital are to:

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

The Company currently has loans from holding company and banks.

- Loan covenants:

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

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

The Company has complied with the covenants throughout the reporting period. As at 31 March 2019.

### 35 Segment information

As per Indian Accounting Standard (Ind AS) 108 on "Operating Segment", segment information has been provided in the Notes to consolidated financial statements.

### 36 Related party disclosures

Details of related parties including summary of transactions entered into by the Company during the year ended 31 March 2019 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 SPC

##### (iii) Joint Venture

- Mukta VN Films Limited

# MUKTA ARTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 (CONTD.)

(Amount in ₹)

### (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)
- 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 2019 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	
	2019	2018	2019	2018	2019	2018
<b>Rendering of services - Sale of products</b>						
Mukta A2 Cinemas Ltd - Rent & Maintenance Charges	1,409,400	1,409,400				
Whistling Woods International Ltd - Rent & Maintenance Charges	7,972,896	6,484,173				
<b>Receiving of services</b>						
Ashok Ghai - Professional fees paid	-	-	3,564,000	3,300,000	-	-
Connect. 1 Limited - Rent	240,000	240,000	-	-	-	-
Mukta Tele Media Ltd	300,000	300,000	-	-		
Mukta Arts - Rent	-	-	-	-	60,000	60,000
Mukta A2 Cinemas Ltd - Professional fees	-	800,000				
<b>Interest income</b>						
Whistling Woods International Limited	25,511,606	26,508,262	-	-	-	-
Mukta Tele Media Limited	1,491,225	1,238,349	-	-	-	-
Connect.1 Limited	2,182,719	1,270,393	-	-	-	-
Mukta A2 Multiplex SPC	4,198,825	3,445,187	-	-	-	-
Mukta A2 Cinemas Ltd	17,399,103	11,510,913	-	-	-	-
<b>Corporate Gurantee Commision income</b>						
Mukta A2 Cinemas Ltd	1,301,019	675,000				
<b>Interest expenses</b>						
Mukta Creative Venture Ltd	66,179	65,856	-	-	-	-
<b>Salaries and other benefit</b>						
Siraj Farooqui	-	-	3,908,236	3,621,660	-	-
Sameer Farooqui	-	-	1,060,338	946,726	-	-
Sajid Farooqui	-	-	1,024,920	915,402	-	-



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 (CONTD.)

(Amount in ₹)

Transactions	Subsidiary companies		Key Management Personnel and relatives of such personnel		Enterprises over which key management personnel have control/ substantial interest/ significant influence	
	2019	2018	2019	2018	2019	2018
<b>Managerial remuneration</b>						
Subhash Ghai	-	-	8,347,400	6,457,400	-	-
Parvez A. Farooqui	-	-	-	666,900	-	-
Rahul Puri	-	-	4,797,024	4,445,200	-	-
<b>Reimbursement of expenses received by the Company</b>						
Whistling Woods International Limited	1,087,852	949,740	-	-	-	-
Mukta VN Films Limited	12,000,000	12,000,000	-	-	-	-
Mukta A2 Cinemas Ltd	180,669	169,393	-	-	-	-
<b>Reimbursement of expenses paid by the Company</b>						
Whistling Woods International Limited	-	43,818	-	-	-	-
Mukta A2 Cinemas Ltd	32,764	4,866,171	-	-	-	-
<b>Loan given during the year</b>						
Mukta A2 Multiplex SPC	8,060,872	23,815,747	-	-	-	-
Mukta A2 Cinemas Ltd	2,000,000	172,790,855	-	-	-	-
<b>Loan repaid during the year</b>						
Whistling Woods International Limited	17,500,000	9,800,000	-	-	-	-
Mukta A2 Cinemas Limited	10,000,000	-	-	-	-	-
<b>Advances given during the year</b>						
Mukta Creative Venture Ltd	70,000	15,000	-	-	-	-
Mukta Tele Media Ltd	166,317	1,259,514	-	-	-	-
Connect.1 Ltd	3,115,000	7,402,054	-	-	-	-
<b>Advances repaid during the year</b>						
Mukta Creative Venture Ltd	30,000	759,271	-	-	-	-
Mukta Tele Media Ltd	270,000	270,000	-	-	-	-
Connect.1 Ltd	898,597	216,000	-	-	-	-
<b>Loan receivable</b>						
Whistling Woods International Limited	198,600,000	216,100,000	-	-	-	-
Mukta A2 Multiplex SPC	71,765,313	63,704,441	-	-	-	-
Mukta A2 Cinemas Ltd	170,665,000	178,665,000	-	-	-	-
<b>Amount receivable</b>						
Whistling Woods International Limited	75,826	16,550	-	-	-	-
Mukta A2 Cinemas Ltd	6,197,342	6,424,779	-	-	-	-
<b>Payables</b>						
Siraj Farooqui	-	-	778,989	213,655	-	-
Sameer Farooqui	-	-	71,422	-	-	-
Sajid Farooqui	-	-	67,410	-	-	-
Subhash Ghai	-	-	1,245,000	367,000	-	-
Rahul Puri	-	-	732,034	210,150	-	-

# MUKTA ARTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 (CONTD.)

(Amount in ₹)

Transactions	Subsidiary Companies		Key Management Personnel and relatives of such personnel		Enterprises over which key management personnel have control / substantial interest / significant influence	
	2019	2018	2019	2018	2019	2018
<b>Advances receivable</b>						
Mukta Tele Media Ltd	15,550,665	14,312,247	-	-	-	-
Connect.1 Limited	23,149,763	18,968,913	-	-	-	-
<b>Advances payable</b>						
Mukta A2 Cinemas Limited	-	4,698,777	-	-	-	-
Mukta Creative Venture Ltd	763,831	744,270	-	-	-	-
<b>Deposit receivable</b>						
Whistling Woods International Limited (pursuant to mutual sharing arrangement)	30,000,000	30,000,000	-	-	-	-
Connect. 1 Limited	1,950,000	1,950,000	-	-	-	-
Mukta Arts	-	-	-	-	300,000	300,000
<b>Security given towards loan (Mortgage of immovable property)</b>						
Mukta VN Films Limited	60,000,000	60,000,000	-	-	-	-
Letter of support to Whistling Woods International Limited						

### 37 Disclosure as per Clause 32 of the Listing agreement

Name of the Company	Balance as at		Maximum outstanding during the year	
	2019	2018	2019	2018
<b>(a) Particulars in respect of loans and advances in the nature of loans to subsidiary/ associate companies</b>				
- Whistling Woods International Limited	198,600,000	216,100,000	211,600,000	232,900,000
- Mukta Tele Media Ltd	15,550,665	14,312,247	15,550,665	14,312,247
- Mukta A2 Multiplex SPC	71,765,313	63,704,441	71,765,313	63,704,441
- Mukta A2 Cinemas Ltd	170,665,000	178,665,000	178,665,000	178,665,000
<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 companies where there is no repayment schedule</b>				
- Whistling Woods International Limited	198,600,000	216,100,000	211,600,000	232,900,000
- Mukta Tele Media Limited	15,550,665	14,312,247	15,550,665	14,312,247
- Mukta A2 Multiplex SPC	71,765,313	63,704,441	71,765,313	63,704,441
- Mukta A2 Cinemas Ltd	170,665,000	178,665,000	170,665,000	178,665,000



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 (CONTD.)

(Amount in ₹)

### 38 Commitments

Estimated amounts of contracts remaining to be executed on capital account and not provided for aggregate to Rs Nil (31 March 2018: Rs Nil).

### 39 Contingent liabilities

	31 March 2019	31 March 2018
a) Service tax liability in appeal (note 1)	1,675,000	1,675,000
b) Corporate guarantee given by the Company on behalf of its subsidiary	60,000,000	120,000,000
c) Support letter provided to Whistling Woods International Limited, a subsidiary of the Company.		

### 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 18,905,371 (31 March 2018: Rs 18,859,028) 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.

### 40 Expenditure in foreign currency (on accrual basis)

During the year, no expenditure incurred in foreign currency.

### 41 Earnings in foreign exchange (on accrual basis)

Earnings in foreign currency for the year ended 31 March 2019 is Rs. 10,07,133/- (31 March 2018: Rs Nil).

### 42 Managerial remuneration

The remuneration paid to the erstwhile managing director (including as film director fees) for financial years 2005-06 to 2013-14 aggregating to Rs 125,744,747 had exceeded the limits prescribed under Schedule XIII to the Companies Act, 1956. The Company had received approval from the Ministry of Corporate Affairs for part of the excess remuneration paid. It had requested the Ministry for approval of the balance and also for granting him recognition as a professionally qualified person under the Act. The auditors had modified their report with reference to this matter.

Vide Notification No. 4823 (E) dated September 12 2018, Sections 66 to 70 of The Companies (Amendment) Act, 2017 have come into force as a result of which, the approval of the Central Government is not required any longer. According to the revised requirements, a postal ballot was conducted and approval of Shareholders has been duly obtained. The auditors therefore shall not modify their report on this matter.

- 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

# MUKTA ARTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 (CONTD.)

(Amount in ₹)

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 Rs. 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 2019 Rs 113,538,000 has been paid by the Company and Rs 9,000,000 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 246,116,550 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.

### 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
Whistling Woods International Limited, subsidiary of the Company	Unsecured loan given @13% (@12% till 30th November 2018) 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% (@10% till 30th November 2018) for the purpose of financial support to subsidiary which is repayable on mutual consent
Connect. Ltd, subsidiary of the Company	Unsecured loan given @11% (@10% till 30th November 2018) for the purpose of financial support to subsidiary which is repayable on mutual consent
Mukta A2 Multiplex SPC, 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 @10% for the purpose of financial support to subsidiary which is repayable on mutual consent

Movement of loan during the financial years ended 31 March 2019 and 31 March 2018 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 2019	216,100,000	-	17,500,000	198,600,000
	Year ended 31 March 2018	225,900,000	-	9,800,000	216,100,000
Mukta Tele Media Ltd	Year ended 31 March 2019	12,105,000	166,317	270,000	12,001,317
	Year ended 31 March 2018	12,230,000	145,000	270,000	12,105,000





## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 (CONTD.)

(Amount in ₹)

Name of Party	Financial year	Opening balance(excluding accrued interest)	Loan given	Loan repaid/ Adjustment	Closing balance(excluding accrued interest)
Mukta A2 Cinemas Ltd, subsidiary of the Company	Year ended 31 March 2019	178,665,000	2,000,000	10,000,000	170,665,000
	Year ended 31 March 2018	5,874,145	172,790,855	-	178,665,000
Mukta A2 Multiplex SPC, subsidiary of the Company	Year ended 31 March 2019	63,704,441	8,060,872	-	71,765,313
	Year ended 31 March 2018	39,888,694	23,815,747	-	63,704,441
Neelmudra Entertainment Limited	Year ended 31 March 2019	12,838,015	-	12,838,015	-
	Year ended 31 March 2018	12,838,015	-	-	12,838,015
Om Films Private Limited	Year ended 31 March 2019	17,600,000	-	-	17,600,000
	Year ended 31 March 2018	17,600,000	-	-	17,600,000

### b) Details of guarantee/security given:

The Company has provided security during the year by way of exclusive charge on mortgage of immovable property of the Company (WDV as on 31 March 2019: Rs 1,317,836 ) for the overdraft facility availed by Mukta V N Films Limited, a joint venture company, as at 31 March 2019. The overdraft limit as per the arrangement is Rs 60,000,000 (31 March 2018: Rs 60,000,000). The subsidiary has accounted for book overdraft amounting to Rs 21,183,903 as on 31 March 2019. The overdraft facility is being utilised by the subsidiary for its business.

**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 Rs. 77,878 on account of unclaimed dividend and 25,181 shares to which this dividend relates.

### 47 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.

### 48 Prior period comparatives

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

As per our report of even date.

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

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

**CA Prerak Agarwal**  
Partner  
Membership No: 158844

**Subhash Ghai**  
Chairman Director  
DIN: 00019803

**Rahul Puri**  
Managing Director  
DIN: 01925045

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

Place : Mumbai  
Date: 21 May 2019

**Prabuddha Dasgupta**  
Chief Financial Officer

**Monika Shah**  
Company Secretary  
Membership No: FCS7964

# MUKTA ARTS LIMITED

## Independent Auditors' Report

To the Members of  
**MUKTA ARTS LIMITED**  
Mumbai

### Report on the audit of the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

#### Qualified Opinion

We have audited the accompanying Consolidated Ind AS financial statements of Mukta Arts Limited (the Holding Company) and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its joint venture which comprise the Consolidated Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss (including the statement of Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information. (hereinafter referred to as the consolidated Ind AS 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 matter relating to the litigation with MFSCDCL referred to in paragraph (i) of the Basis for Qualified Opinion paragraph below, the outcome and consequent adjustments to the consolidated Ind AS financial Statements of which cannot be presently determined, and for the effects of the matter related to disputed income tax dues referred to in paragraph (ii) of the Basis for Qualified Opinion paragraph below, the aforesaid consolidated Ind AS financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its joint venture as at March 31, 2019, and their consolidated **Profit** (including consolidated total comprehensive profit), their consolidated statement of changes in equity and consolidated cash flow statement for the year ended on that date.*

#### Basis for Qualified Opinion

- (i) As at March 31, 2019, the Holding 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 Rs. 19,95,11,218/- and loans and advances, deposits and rent receivable aggregate to Rs. 43,49,48,077/- recoverable from WWIL. As fully explained in Note 44 to the accompanying audited Ind AS financial statements, the Order of February 9, 2012 passed by the High Court of judicature at Bombay ('High Court'), had quashed the joint Venture Agreement ('JVA') between the company and Maharashtra Film Stage Cultural Development Corporation ('MFSCDCL'). Maharashtra Film Stage and Cultural Development Corporation ('MFSCDC') raised net demand of Rs. 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 July 30, 2014 which required deposit of Rs.10,00,38,000/- by January 2015 against payment of arrears of rent for the year 2000-01 to 2013-14 and payment of Rs.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, Rs 11,35,38,000/- has been paid by the Holding Company and for financial year 2017-18 and 2018-19, Rs 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 September 22, 2014. The amount so paid / being paid by the Holding 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 March 31, 2019. Management of WWIL believes that it is appropriate to prepare the Ind AS 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.

Having regard to the circumstances explained above and pending final outcome of the matter under litigation, the impact on the consolidated Ind AS financial Statements and the results for the year is currently not ascertainable. The Auditors of WWIL in their Audit Report on standalone Ind AS financial Statements of WWIL have issued a Disclaimer of Opinion.

- (ii) As more fully explained Note 41 to the consolidated Ind AS financial Statements, WWIL has disputed the demand from Income-tax authorities aggregating to Rs 5,060,764/- (including interest Rs. 1,902,995) [March 31, 2018: Rs. 5,060,974/- (including interest of Rs. 1,902,995/-)] for the financial years ended March 31, 2004 (Assessment Year 2004-05) and March 31, 2005 (Assessment Year 2005-06). No provision has been made in this regard. Had the Holding Company accrued for this liability, the profit for the year in the consolidated Ind AS financial statements at March 31, 2019 would have been lower by Rs. 5,060,974/-.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 consolidated Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report for the year ended March 31, 2019.

#### Responsibilities of Management and Those Charged with Governance for the Consolidated Ind AS Financial



## Independent Auditors' Report (Continued)

### Statements

The Holding Company's Board of Directors are responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and its joint venture are responsible for assessing the ability of the Group and its joint venture 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 Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and its joint venture are responsible for overseeing the financial reporting process of the Group and its joint venture.

### Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated Ind AS 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 consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and jointly controlled entities 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 consolidated Ind AS 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 Group and its associates and jointly controlled entities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its joint venture to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, 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 of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors 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

# MUKTA ARTS LIMITED

## Independent Auditors' Report (Continued)

significance in the audit of the consolidated Ind AS 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.

### Other Matters

We did not audit the financial statements of six subsidiaries, whose financial statements reflect total assets of Rs. 58,91,22,575/- as at March 31, 2019 and total revenues of Rs. 72,03,14,699/- and net cash flows amounting to Rs.4,54,29,618/- for the year ended on that date, as considered in the consolidated Ind AS financial Statements. The consolidated Ind AS financial statements also include the Group's share of net loss (and other comprehensive loss) of Rs. 11,25,779/- for the year ended March 31, 2019, as considered in the consolidated Ind AS financial statements, in respect of one joint venture, whose financial statements have not been audited by us.

These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and its joint venture, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and its joint venture, is based solely on the reports of the other auditors.

Our opinion on the consolidated Ind AS financial Statements above, and our report on Other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the Ind AS financial Statements certified by the management.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated Ind AS financial statements;
  - (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
  - (c) The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
  - (d) In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act;
  - (e) The matters described relating to the litigation with MFSCDCL referred to in paragraph (i) in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Group;
  - (f) On the basis of the written representations received from the directors of the Holding Company as at March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies incorporated in India, none of the other directors of the Group's companies is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act. Also, in one of the subsidiary company, consequent to the setting aside of the JVA agreement as explained in paragraph (i) of the Basis for Qualified Opinion, MFSCDCL has, vide letter dated November 26, 2011, written to the Company stating that in its view Mr. Shyam Tagade, Nominee Director of MFSCDCL on the Board of Directors of the Company, ceases to be on the Board. Accordingly, written representation as required in terms of sub section 2 of Section 164 of the Act has not been received from Mr. Shyam Tagade;
  - (g) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
  - (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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
    - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 41 and 44 to the consolidated Ind AS financial Statements.
    - ii. The Holding Company and its subsidiary companies did not have any long term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note 46 to the consolidated Ind AS financial Statements.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies incorporated in India - Refer Note 47 to the consolidated Ind AS financial Statements.

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

**CA. Prerak Agarwal**  
Partner  
Membership No.: 158844





## **Annexure A to the Independent Auditor's Report**

**Referred to in Paragraph 1(g) under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of Mukta Arts Limited on the Ind AS financial statement as of and for the year ended March 31, 2019**

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Mukta Arts Limited ("the Holding Company"), its subsidiary companies and its joint venture, which are companies incorporated in India, as of that date.

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

The Respective Board of Directors of the Holding Company, its subsidiary companies and its joint venture, to whom reporting under clause (i) of sub section 3 of the section 143 of the Act in respect of the adequacy of the internal financial control with reference to financial statement is applicable, which are companies incorporated in India, are 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 ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Group'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") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, 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 and audit evidence obtained by other auditors in terms of their report referred to in the Other Matters Paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting.

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

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

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

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

### **Opinion**

In our opinion, the Holding Company, its subsidiary companies and its joint venture, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Holding Company its subsidiary companies and its joint venture, which are companies incorporated in India, 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.

### **Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to Six subsidiary companies, which are companies incorporated in India, is based on the corresponding report of the auditors of such company. Our opinion is not qualified in respect of this matter.

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

**CA. Prerak Agarwal**  
Partner  
Membership No.: 158844

Date: May 21, 2019  
Place: Mumbai

# MUKTA ARTS LIMITED

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2019

(Amount in Rs.)

Particulars	Note No.	As at 31 March 2019	As at 31 March 2018
<b>I. ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	6 (a)	786,057,143	823,590,233
(b) Capital work-in-progress	6(b)	21,984,482	9,263,672
(c) Investment property	7	147,449,956	156,394,632
(d) Intangible assets	6 (c)	46,095,346	52,288,866
(e) Intangible Assets under Development	6 (d)	88,811,543	61,752,395
(f) Financial assets			
(i) Investments	8 (a)	39,506,450	39,693,444
(ii) Loans	8 (b)	10,123,000	10,000,000
(iii) Others financial assets	8 (c)	194,203,893	176,831,341
(g) Deferred tax assets ( net)	9	20,408,814	26,164,038
(h) Other non-current assets	10	141,896,436	99,225,393
<b>Total Non-current assets</b>		<b>1,496,537,063</b>	<b>1,455,204,014</b>
<b>Current assets</b>			
(a) Inventories	11	10,184,450	7,518,440
(b) Financial assets			
(i) Trade receivables	12 (a)	215,008,553	118,017,110
(ii) Cash and cash equivalents	12 (b)	61,224,602	27,508,582
(iii) Bank balances other than (ii) above	12 (c)	20,670,238	20,574,382
(iv) Loans	12 (d)	117,430,790	120,304,529
(v) Others financial assets	12 (e)	71,291,223	82,822,825
(c) Other current assets	13	103,174,461	113,948,306
<b>Total Current assets</b>		<b>598,984,317</b>	<b>490,694,174</b>
<b>Total Assets</b>		<b>2,095,521,380</b>	<b>1,945,898,188</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	14	112,926,000	112,926,000
(b) Other Equity	15	162,672,431	226,253,460
<b>Equity attributable to the owner of the Company</b>		<b>275,598,431</b>	<b>339,179,460</b>
<b>Non Controlling Interest</b>		<b>34,915,130</b>	<b>32,127,481</b>
<b>Total Equity</b>		<b>310,513,561</b>	<b>371,306,941</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16 (a)	623,261,029	635,442,232
(ii) Other financial liabilities	16 (b)	132,225,552	84,056,081
(b) Long Term Provisions	17	31,872,797	23,279,327
(c) Other non-current liabilities	18	24,106,099	20,009,495
<b>Total Non-Current Liabilities</b>		<b>811,465,477</b>	<b>762,787,135</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	19 (a)	110,088,730	119,146,228
(ii) Trade payables	19 (b)	303,549,202	235,009,270
(iii) Other financial liabilities	19 (c)	169,896,994	209,698,380
(b) Short Term Provisions	21	308,335,853	205,658,437
(c) Other current liabilities	20	81,671,562	42,291,797
<b>Total Current liabilities</b>		<b>973,542,341</b>	<b>811,804,112</b>
<b>Total Equity and Liabilities</b>		<b>2,095,521,380</b>	<b>1,945,898,188</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 & Co.**  
Chartered Accountants  
Firm's Registration No: 111184W

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

**CA Prerak Agarwal**  
Partner  
Membership No: 158844

**Subhash Ghai**  
Chairman Director  
DIN: 00019803

**Rahul Puri**  
Managing Director  
DIN: 01925045

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

Place : Mumbai  
Date: 21 May 2019

**Prabuddha Dasgupta**  
Chief Financial Officer

**Monika Shah**  
Company Secretary  
Membership No: FCS7964



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

(Amount in Rs.)

	Notes	As at 31 March 2019	As at 31 March 2018
(I) Revenue from operations	22	1,618,861,108	1,243,148,265
(II) Other income	23	117,374,011	108,882,228
<b>(III) Total Income (I+II)</b>		<b>1,736,235,119</b>	<b>1,352,030,493</b>
<b>(IV) Expenses</b>			
(a) Changes in inventory of food & beverages	24	(1,198,313)	(363,999)
(b) Purchase of food & beverages		60,396,033	152,991,387
(c) Cost of production, distribution, exhibition and theatrical operation	25	347,715,528	190,335,888
(d) Other direct operation expenses	26	19,905,278	(17,782,560)
(e) Employee benefits expense	27	275,594,097	257,826,449
(f) Finance costs (net)	28	101,834,419	111,284,790
(g) Depreciation and amortisation expenses	29	121,952,492	126,145,567
(h) Other expenses	30	766,952,296	576,870,461
<b>Total Expenses</b>		<b>1,693,151,830</b>	<b>1,397,307,983</b>
<b>(V) Loss before share in joint venture and tax (III - IV)</b>		<b>43,083,289</b>	<b>(45,277,490)</b>
(VI) 'Share in Joint Venture		1,125,779	(263,786)
<b>(VII) Profit/(Loss) before tax (V - VI)</b>		<b>41,957,510</b>	<b>(45,013,704)</b>
Tax expense			
Current tax		10,100,000	7,189,609
Deferred tax		5,755,224	(4,800,611)
<b>(VIII) Profit/(Loss) for the year</b>		<b>26,102,286</b>	<b>(47,402,703)</b>
<b>(IX) Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Less : Remeasurement gain on defined benefit plan		(5,764,414)	681,199
<b>Other comprehensive income for the year</b>		<b>(5,764,414)</b>	<b>681,199</b>
<b>(X) Total comprehensive income for the year (VII+VIII)</b>		<b>20,337,872</b>	<b>(48,083,902)</b>
<b>Profit is attributable to :</b>			
Owners		25,687,556	(50,028,224)
Non Controlling Interest		414,730	2,126,621
		<b>26,102,286</b>	<b>(47,901,603)</b>
<b>Other comprehensive income is attributable to :</b>			
Owners		(5,764,414)	681,199
Non Controlling Interest		-	-
		<b>(5,764,414)</b>	<b>681,199</b>
<b>Total comprehensive income is attributable to :</b>			
Owners		19,923,142	(50,709,423)
Non Controlling Interest		414,730	2,126,621
		<b>20,337,871</b>	<b>(48,582,802)</b>
<b>(X) Earnings per share</b>	34		
Basic (nominal value Rs. 5)		0.90	(2.13)
Diluted (nominal value Rs. 5)		0.90	(2.13)

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

**CA Prerak Agarwal**  
Partner  
Membership No: 158844

Place : Mumbai  
Date: 21 May 2019

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

**Subhash Ghai**  
Chairman Director  
DIN: 00019803

**Prabuddha Dasgupta**  
Chief Financial Officer

**Rahul Puri**  
Managing Director  
DIN: 01925045

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

**Monika Shah**  
Company Secretary  
Membership No: FCS7964



# MUKTA ARTS LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2019

	Number	Amount
<b>Balance as at 1 April 2017</b>	<b>22,585,200</b>	<b>112,926,000</b>
Add: Changes in equity share capital	-	-
<b>Balance as at 31 March 2018</b>	<b>22,585,200</b>	<b>112,926,000</b>
Add: Changes in equity share capital	-	-
<b>Balance as at 31 March 2019</b>	<b>22,585,200</b>	<b>112,926,000</b>

	Reserves & Surplus					Total other equity
	Securities Premium	General Reserve	Capital Reserve	Foreign Currency Reserve	Retained Earnings	
<b>Balance as at 1 April 2017</b>	<b>973,604,960</b>	<b>83,144,791</b>	<b>11,500</b>	<b>918,689</b>	<b>(783,742,906)</b>	<b>273,937,034</b>
Profit/(loss) for the year	-	-	-	-	(47,402,702)	(47,402,702)
Transfer during the year	-	-	-	373,615	-	373,615
Other comprehensive income for the year	-	-	-	-	(681,199)	(681,199)
Other adjustment	-	-	-	-	26,711	26,711
<b>Total Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>373,615</b>	<b>(48,057,190)</b>	<b>(47,683,575)</b>
Dividend and dividend tax	-	-	-	-	-	-
Employee stock option compensation expense	-	-	-	-	-	-
<b>Balance as at 31 March 2018</b>	<b>973,604,960</b>	<b>83,144,791</b>	<b>11,500</b>	<b>1,292,304</b>	<b>(831,800,096)</b>	<b>226,253,459</b>
Profit for the year	-	-	-	-	26,102,288	26,102,288
Transfer during the year	-	-	-	20,738	-	20,738
Other comprehensive income for the year	-	-	-	-	(5,764,414)	(5,764,414)
<b>Total Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,737.50</b>	<b>(63,601,767)</b>	<b>(63,581,029)</b>
Transfer from/to share option outstanding account	-	-	-	-	-	-
Employee stock option compensation expense	-	-	-	-	-	-
<b>Balance as at 31 March 2019</b>	<b>973,604,960</b>	<b>83,144,791</b>	<b>11,500</b>	<b>1,313,042</b>	<b>(895,401,862)</b>	<b>162,672,430</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 & Co.**  
Chartered Accountants  
Firm's Registration No: 111184W

**CA Prerak Agarwal**  
Partner  
Membership No: 158844

Place : Mumbai  
Date: 21 May 2019

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

**Subhash Ghai**  
Chairman Director  
DIN: 00019803

**Rahul Puri**  
Managing Director  
DIN: 01925045

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

**Prabuddha Dasgupta**  
Chief Financial Officer

**Monika Shah**  
Company Secretary  
Membership No: FCS7964



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Cash flow from operating activities</b>		
<b>Loss before tax</b>	<b>43,083,289</b>	<b>(45,277,490)</b>
<b>Non-cash adjustments to reconcile Profit before tax to net cash flows</b>		
Depreciation and amortisation	121,952,492	126,145,567
Bad debts/ advances/ intangible assets under development written-off	32,971,049	10,933,927
Finance costs	101,834,419	111,284,790
Interest income	(11,398,492)	(9,001,433)
Interest on income tax refund	-	(1,498,796)
(Gain) on sale of tangible assets (net)	-	(62,483)
<b>Operating profit before working capital changes</b>	<b>288,442,757</b>	<b>192,524,082</b>
Movements in working capital:		
Increase/(Decrease) in other current liabilities	39,379,765	(17,293,921)
Increase/(Decrease) in other financial liabilities	8,368,085	67,607,827
Increase/(Decrease) in other non current liabilities	4,096,603	(2,500,032)
Increase/(Decrease) in trade payables	68,539,931	(28,174,739)
Increase/(Decrease) in Current Provisions	102,677,416	37,999,368
(Increase)/Decrease in inventories	(2,666,010)	749,421
(Increase)/Decrease in trade receivables	(96,991,443)	3,080,650
(Increase) /Decrease in other non- current assets	(42,671,044)	18,157,307
(Increase)/Decrease in short-term loans and advances	2,873,739	(47,188,424)
(Increase)/Decrease in other financial assets	(17,372,553)	17,426,183
(Increase) /Decrease in other current assets	10,773,845	(52,442,856)
(Increase)/Decrease in other current financial assets	11,531,601	(10,479,512)
<b>Cash generated from (used in) operations</b>	<b>249,982,694</b>	<b>179,465,353</b>
Taxes paid (net)	(13,089,370)	(4,671,293)
<b>Net cash generated from (used in) operating activities (A)</b>	<b>236,893,324</b>	<b>174,794,060</b>
<b>Cash flow from investing activities</b>		
Investments in equity shares of subsidiaries	(186,994)	(13,556,177)
Purchase of fixed assets (tangible and intangible)	(89,182,545)	(61,088,099)
Proceeds from maturity/ (reinvestment) of fixed deposits, net	(32,787)	(1,106,868)
Proceeds from sale of fixed assets	-	14,259,745
Interest income	11,398,492	9,001,433
<b>Net cash used in investing activities (B)</b>	<b>(78,003,834)</b>	<b>(52,489,965)</b>

# MUKTA ARTS LIMITED

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Cash flow from financing activities</b>		
Secured loan (repaid)/taken, net	7,818,797	186,904
Unsecured loan (repaid)/taken, net	(29,057,498)	(836,030)
Finance charges (net)	(101,834,419)	(111,284,790)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>(123,073,120)</b>	<b>(111,933,909)</b>
<b>Net increase /(decrease) in cash and cash equivalents (A + B + C)</b>	<b>35,816,369</b>	<b>10,370,186</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>25,370,019</b>	<b>14,999,832</b>
<b>Cash and cash equivalents at the end of the year (Refer note (b) below)</b>	<b>61,186,388</b>	<b>25,370,019</b>

## Reconciliation of cash and cash equivalents as per the cash flow statement

	31 March 2019	31 March 2018
<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	5,688,716	5,084,217
(ii) Balances with scheduled banks in -in current accounts	55,497,672	20,285,801
<b>Balances per statement of cash flows</b>	<b>61,186,388</b>	<b>25,370,019</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 & Co.**  
Chartered Accountants  
Firm's Registration No: 111184W

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

**CA Prerak Agarwal**  
Partner  
Membership No: 158844

**Subhash Ghai**  
Chairman Director  
DIN: 00019803

**Rahul Puri**  
Managing Director  
DIN: 01925045

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

Place : Mumbai  
Date: 21 May 2019

**Prabuddha Dasgupta**  
Chief Financial Officer

**Monika Shah**  
Company Secretary  
Membership No: FCS7964



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

### 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 30 September 2000 and renamed as Mukta Arts Limited. The Company is promoted by Mr. Subhash Ghai who holds 54.99% of the outstanding equity share capital as at 31 March 2019.

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 SPC (which is involved in business of exhibition of films).

The shares of the Company are listed on Bombay Stock Exchange Limited, National Stock Exchange of India Limited and Calcutta Stock Exchange Association 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 Companies Act, 2013. 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 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 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 2019 (CONTD.)

(Amount in ₹)

### 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 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.

#### 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. 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 2019 (CONTD.)

(Amount in ₹)

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 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 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 qualify 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 2019 (CONTD.)

(Amount in ₹)

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

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

#### Transition to Ind AS

On transition to Ind AS, the 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 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
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.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTD.)

(Amount in ₹)

### 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.

### 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.

# MUKTA ARTS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTD.)

(Amount in ₹)

### 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 Other Comprehensive Income is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI financial asset is reported as interest income using the EIR method.

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

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

#### Equity investments

All equity investments in scope of Ind-AS 109, "Financial Instruments" are measured at fair value. Where the Group'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 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 Other Comprehensive Income.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTD.)

(Amount in ₹)

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.

#### 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

# MUKTA ARTS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTD.)

(Amount in ₹)

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.

### 2.19 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.

### 2.20 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTD.)

(Amount in ₹)

### 3 Critical estimates and judgements

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

### 4 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") through Companies Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2019:

### 5 Ind AS 116 – Leases

The Company is required to adopt Ind AS 116, Leases from 1 April 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

### 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>										
<i>As at 1 April 2017</i>	30,000,000	114,264,144	172,572,835	393,970,045	355,982,548	78,126,364	85,524,674	392,637	58,515,372	1,289,348,621
Additions	-	-	1,696,335	12,254,582	18,417,457	4,000,681	8,154,890	1,286,371	16,564,154	62,374,470
Disposals	-	-	-	11,806,425	442,479	295,055	1,210,278	-	505,508	14,259,745
<i>As at 31 March 2018</i>	30,000,000	114,264,144	174,269,170	394,418,202	373,957,526	81,831,990	92,469,286	1,679,008	74,574,018	1,337,463,345
Additions	-	-	4,617,907	13,931,669	11,896,356	13,146,585	12,691,720	686,358	13,971,348	70,941,943
Disposals	-	-	-	-	-	-	-	-	-	-
Other adjustment	-	-	-	2,812,676	(343,160)	-	(271,774)	-	(455,225)	1,742,517
<i>As at 31 March 2019</i>	30,000,000	114,264,144	178,887,077	411,162,547	385,510,722	94,978,575	104,889,232	2,365,366	88,090,142	1,410,147,805
<b>Accumulated Depreciation/ Amortisation</b>										

# MUKTA ARTS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTD.)

(Amount in ₹)

	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>As at 1 April 2017</b>	-	38,885,134	8,355,930	48,884,212	198,325,456	53,175,084	32,632,056	276,175	22,900,570	403,434,617
Charge for the year	-	6,186,271	8,048,194	26,437,803	39,429,203	7,589,412	12,758,198	1,001,475	17,195,472	118,646,026
Deduction	-	-	-	-	1,529	-	(1,894)	-	-	(365)
Other adjustment	-	-	-	-	(8,207,896)	-	-	-	-	(8,207,896)
<b>As at 31 March 2018</b>	-	45,071,405	16,404,124	75,322,015	229,545,234	60,764,496	45,392,147	1,277,650	40,096,041	513,873,112
Charge for the year (refer note 5)	-	5,385,608	7,834,137	27,921,946	31,727,326	7,985,273	12,119,630	474,711	16,858,775	110,307,404
Deduction	-	-	-	-	-	-	-	-	-	-
Other adjustment	-	-	-	(54,808)	(34,297)	-	(750)	-	-	(89,855)
<b>As at 31 March 2019</b>	-	50,457,013	24,238,261	103,189,152	261,238,263	68,749,769	57,511,027	1,752,361	56,954,816	624,090,662
<b>Net block</b>										
<i>As at 1 April 2017</i>	30,000,000	75,379,011	164,216,905	345,085,833	157,657,092	24,951,280	52,892,619	116,462	35,614,803	885,914,004
<i>As at 31 March 2018</i>	30,000,000	69,192,740	157,865,046	319,096,187	144,412,292	21,067,494	47,077,139	401,358	34,477,977	823,590,233
<i>As at 31 March 2019</i>	30,000,000	63,807,131	154,648,816	307,973,395	124,272,458	26,228,806	47,378,205	613,006	31,135,326	786,057,143

### 6 (b) Capital Work-in-progress

As at 1 April 2017	3,072,162
Additions (net)	6,191,510
<b>As at 31 March 2018</b>	<b>9,263,672</b>
As at 1 April 2018	9,263,672
Additions (net)	12,720,810
<b>As at 31 March 2019</b>	<b>21,984,482</b>

### 6 (c) Intangible assets

	Intangible assets					Total
	Distribution rights	Negative rights	Exhibition rights	Intellectual property rights (Course curriculum)	Computer software	
<b>Gross block</b>						
<b>As at 1 April 2017</b>	243,348,815	753,631,055	2,500,000	13,652,034	11,595,950	1,024,727,854
Additions	-	-	-	-	7,017,403	7,017,403
Disposals	-	-	-	-	2,352,329	2,352,329
Other adjustment	-	-	-	-	(4,281,986)	(4,281,986)
<b>As at 31 March 2018</b>	243,348,815	753,631,055	2,500,000	13,652,034	11,979,038	1,025,110,942
Additions	-	-	-	-	684,841	684,841
Disposals	-	-	-	-	-	-
Other adjustment	-	-	-	-	(462,558)	(462,558)
<b>As at 31 March 2019</b>	243,348,815	753,631,055	2,500,000	13,652,034	12,201,321	1,025,333,225
<b>Accumulated Depreciation/ Amortisation</b>						
<b>As at 1 April 2017</b>	242,232,650	709,962,062	2,500,000	6,160,782	-	960,855,494
Charge for the year	1,116,165	-	-	2,229,539	4,153,837	7,499,541
Deduction	-	-	-	-	-	-
Other adjustment	-	4,467,041	-	-	-	4,467,041
<b>As at 31 March 2018</b>	243,348,815	714,429,103	2,500,000	8,390,321	4,153,837	972,822,076
Charge for the year (refer note 5)	-	-	-	2,229,530	4,186,273	6,415,803
Deduction	-	-	-	-	-	-
Other adjustment	-	-	-	-	-	-
<b>As at 31 March 2019</b>	243,348,815	714,429,103	2,500,000	10,619,851	8,340,110	979,237,878
<b>Net block</b>						
<i>As at 31 March 2018</i>	-	39,201,952	-	5,261,713	7,825,201	52,288,866
<i>As at 31 March 2019</i>	-	39,201,952	-	3,032,183	3,861,211	46,095,346





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTD.)

(Amount in ₹)

### 6 (d) Intangible assets under development

As at 1 April 2017	40,455,543
Additions (net)	17,555,761
Other Adjustments	3,741,091
<b>As at 31 March 2018</b>	<b>61,752,395</b>
As at 1 April 2018	<b>61,752,395</b>
Additions (net)	27,789,673
Disposals	-
Other Adjustments	(730,525)
<b>As at 31 March 2019</b>	<b>88,811,543</b>

- During the year ended on 31 March 2019 and 31 March 2018, 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.
- Refer Note - 13(a) for information on moveable property, plant and equipment pledged as security by the Company
- The Company has availed the deemed cost exemption and used the previous GAAP net carrying amount of property, plant and equipment as deemed cost.
- Ownership premises costing Nil (31 March 2018: Rs 7,500,000) purchased by the Company during the previous year is not yet registered in the name of the Company.
- 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 2017</b>	135,607,971	66,389,104	<b>201,997,075</b>
Additions	-	-	-
Disposals	-	-	-
Other adjustment	-	-	-
<b>As at 31 March 2018</b>	<b>135,607,971</b>	<b>66,389,104</b>	<b>201,997,075</b>
<b>As at 1 April 2018</b>	137,342,216	66,389,104	<b>203,731,320</b>
Additions	-	-	-
Disposals	7,500,000	-	<b>7,500,000</b>
Other adjustment	-	-	-
<b>As at 31 March 2019</b>	<b>129,842,216</b>	<b>66,389,104</b>	<b>196,231,320</b>
<b>Accumulated Depreciation/Amortisation</b>			
<b>As at 1 April 2017</b>	40,842,047	-	<b>40,842,047</b>
Charge for the year	4,760,395	-	<b>4,760,395</b>
Deduction	-	-	-
Other adjustment	-	-	-
<b>As at 31 March 2018</b>	<b>45,602,443</b>	-	<b>45,602,443</b>
<b>As at 1 April 2018</b>	45,602,443	-	<b>45,602,443</b>
Charge for the year	4,588,615	-	<b>4,588,615</b>
Deduction	1,409,694	-	<b>1,409,694</b>
Other adjustment	-	-	-
<b>As at 31 March 2019</b>	<b>48,781,364</b>	-	<b>48,781,364</b>
<b>Carrying amounts (Net)</b>			
<b>At 1 April 2017</b>	94,765,924	66,389,104	<b>161,155,027</b>
<b>At 31 March 2018</b>	90,005,528	66,389,104	<b>156,394,632</b>
<b>At 31 March 2019</b>	81,060,852	66,389,104	<b>147,449,956</b>



# MUKTA ARTS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTD.)

(Amount in ₹)

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

	As at 31/Mar/2019	As at 31/Mar/2018
Rental income derived from Investment properties	56,341,862	52,413,594
Direct operating expenses	3,629,838	3,676,189
Profit arising from investment properties before depreciation and indirect expenses	52,712,024	48,737,405
Less: Depreciation	4,588,615	8,944,677
Profit arising from investment properties before indirect expenses	48,123,409	39,792,728

### (ii) Fair Value

Particulars	Valuation Techniques (See note below)	Fair Value Hierarchy (See note below)	As at 31 March 2019	As at 31 March 2018
Investment properties	Stamp duty Reckoner rate	Level 2	1,301,375,050	1,301,375,050

#### 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/Mar/2019	As at 31/Mar/2018
<b>A Non current investments</b>		
<b>Unquoted equity shares</b>		
<b>i) Investment in equity shares of joint venture accounted at FVTPL</b>		
<b>Mukta VN Films Limited</b>		
27,500 (31 March 2018 : 27,500) equity shares of ₹ 10 each, fully paid-up	31,874,221	32,736,214
Deemed Investment in Joint venture	5,185,479	4,510,479
<b>Total (i)</b>	<b>37,059,700</b>	<b>37,246,694</b>
<b>ii) Investment in equity instruments-others at FVTPL (un-quoted)</b>		
Bashiron Co. Op. Housing Society Limited 10 Shares (2018: 10) of Rs 50 each	500	500
Bait-Ush-Sharaf Co. Op. Housing Society Limited 25 Shares (2018: 25) of Rs 50 each	1,250	1,250
Others	2,445,000	2,445,000
<b>Total (ii)</b>	<b>2,446,750</b>	<b>2,446,750</b>
<b>Total (i+ii)</b>	<b>39,506,450</b>	<b>39,693,444</b>

### 8(b) Loans

	As at 31/Mar/2019	As at 31/Mar/2018
<b>Unsecured</b>		
Inter-corporate deposit to others	10,123,000	10,000,000
<b>Total</b>	<b>10,123,000</b>	<b>10,000,000</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTD.)

(Amount in ₹)

### 8(c) Other financial assets

	As at 31/Mar/2019	As at 31/Mar/2018
Security deposits to		
- Related parties	300,000	300,000
- Others	46,932,522	37,761,405
Other advances	146,657,541	138,414,669
Bank deposits with more than 12 months maturity.	313,831	355,267
<b>Total</b>	<b>194,203,893</b>	<b>176,831,341</b>

### 9 Deferred tax assets (net)

	As at 31/Mar/2019	As at 31/Mar/2018
<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	3,580,511	2,265,412
Provision for doubtful debts and advances	658,385	1,312,415
Rent straightlining	2,508,868	1,854,251
Property, Plant and Equipment and intangible assets	9,906,695	7,051,425
Others	3,754,355	13,680,535
<b>Total</b>	<b>20,408,814</b>	<b>26,164,038</b>
<b>Deferred tax assets (net)</b>	<b>20,408,814</b>	<b>26,164,038</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, 2017</b>	-	-	-	-	-
(Charged)/credited:					
- to profit or loss	2,265,412	1,312,415	7,051,425	15,534,786	26,164,038
- to other comprehensive income	-	-	-	-	-
<b>At March 31, 2018</b>	2,265,412	1,312,415	7,051,425	15,534,786	26,164,038
(Charged)/credited:					
- to profit or loss	1,315,099	(654,030)	2,855,270	(9,271,563)	(5,755,224)
- to other comprehensive income	-	-	-	-	-
<b>At March 31, 2019</b>	<b>3,580,511</b>	<b>658,385</b>	<b>9,906,695</b>	<b>6,263,223</b>	<b>20,408,814</b>

### 10 Other non- current assets

	As at 31/Mar/2019	As at 31/Mar/2018
Capital advances	4,280,408	1,708,425
Advance tax (including TDS)	129,659,215	92,623,758
Service tax Input Credit	2,333,636	800,000
Deferred Income Account	5,260,177	3,526,308
Prepaid Expenses	363,000	566,902
<b>Total</b>	<b>141,896,436</b>	<b>99,225,393</b>

# MUKTA ARTS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTD.)

(Amount in ₹)

### 11 Inventories

	As at 31/Mar/2019	As at 31/Mar/2018
Food & Beverages	10,184,450	7,518,440
<b>Total</b>	<b>10,184,450</b>	<b>7,518,440</b>

### 12 Current Financial Assets

#### 12(a) Trade receivables

	As at 31/Mar/2019	As at 31/Mar/2018
Unsecured, considered good	217,953,876	122,837,605
Doubtful	20,472,015	7,300,503
<b>Total</b>	<b>238,425,891</b>	<b>130,138,108</b>
Less: Loss allowance		
Unsecured, considered good	2,945,323	4,820,495
Doubtful	20,472,015	7,300,503
	<b>23,417,338</b>	<b>12,120,998</b>
<b>Net trade receivable</b>	<b>215,008,553</b>	<b>118,017,110</b>

#### 12(b) Cash and cash equivalents

	As at 31/Mar/2019	As at 31/Mar/2018
a. Cash on hand	5,688,716	5,084,217
b. Balances with banks		
In current account	55,497,672	20,285,801
Deposits with original maturity of less than three months	-	2,100,000
Balance in dividend account	38,214	38,564
<b>Total cash and cash equivalents in balance sheet</b>	<b>61,224,602</b>	<b>27,508,582</b>

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

	As at 31/Mar/2019	As at 31/Mar/2018
Interest accrued on FD	1,430,658	1,367,589
Deposits with original maturity of more than 3 months and less than 12 months	19,239,580	19,206,793
<b>Total Bank balances other than above</b>	<b>20,670,238</b>	<b>20,574,382</b>

#### 12(d) Loans and advances

	As at 31/Mar/2019	As at 31/Mar/2018
Staff Advances	7,492,181	8,238,770
Inter-corporate deposit to others	109,938,609	112,065,759
<b>Total</b>	<b>117,430,790</b>	<b>120,304,529</b>

#### 12(e) Other financial assets

	As at 31/Mar/2019	As at 31/Mar/2018
Security deposits	46,325,681	54,749,991
Interest Accrued on Investments:	11,146,152	7,613,225
Unbilled revenue	7,614,580	1,185,894
Other receivable	6,204,811	19,273,715
<b>Total</b>	<b>71,291,223</b>	<b>82,822,825</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTD.)

(Amount in ₹)

### 13 Other current assets

	As at 31/Mar/2019	As at 31/Mar/2018
Prepaid expenses	21,910,952	24,578,509
Advances	37,604,736	37,556,825
Deferred Income Account	2,103,779	2,946,975
Rent straight lining	-	180,827
Balance with Government Authorities	23,603,866	19,470,404
Service Tax / GST input	-	11,311,878
VAT input	17,951,128	17,902,888
<b>Total</b>	<b>103,174,461</b>	<b>113,948,306</b>

### 14 Equity share capital

	As at 31 March 2019		As at 31 March 2018	
	Number	Amount	Number	Amount
<b>Authorised share capital</b>				
Equity shares of ₹ 5 each	24,000,000	120,000,000	24,000,000	120,000,000
	24,000,000	120,000,000	24,000,000	120,000,000
<b>Issued, subscribed and fully paid-up</b>				
Equity shares of ₹ 5 each	22,585,200	112,926,000	22,585,200	112,926,000
<b>Total</b>	<b>22,585,200</b>	<b>112,926,000</b>	<b>22,585,200</b>	<b>112,926,000</b>
<b>Terms and rights attached to equity shares</b>				
The Company has one class of equity shares having a par value of Rs. 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.				
<b>Reconciliation of paid-up share capital (Equity Shares)</b>				
Balance at the beginning of the year	22,585,200	112,926,000	22,585,200	112,926,000
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>112,926,000</b>	<b>22,585,200</b>	<b>112,926,000</b>
<b>Details of Shareholders holding more than 5% of the shares in the Company</b>				
	As at 31 March 2019		As at 31 March 2018	
	Number	% holding in the class	Number	% holding in the class
Equity shares of ₹ 5 each				
1. Mr. Subhash Ghai	12,421,990	55.00%	12,421,990	55.00%
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%

# MUKTA ARTS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTD.)

(Amount in ₹)

### 15 Other equity

	As at 31/Mar/2019	As at 31/Mar/2018
<b>Securities premium</b>		
Balance at the beginning of the year	973,604,960	973,604,960
Add: Transfer during the year	-	-
Balance at the end of the year	973,604,960	973,604,960
<b>General reserve</b>		
Balance at the beginning of the year	83,144,791	83,144,791
Add: Transfer during the year	-	-
Balance at the end of the year	83,144,791	83,144,791
<b>Capital reserve</b>		
Balance at the beginning of the year	11,500	11,500
Add: Transfer during the year	-	-
Balance at the end of the year	11,500	11,500
<b>Foreign Currency Reserve</b>		
Balance at the beginning of the year	1,292,304	918,689
Add: Transfer during the year	20,738	373,615
Balance at the end of the year	1,313,042	1,292,304
<b>Retained earnings</b>		
Balance at the beginning of the year	(831,800,095)	(783,742,906)
Add: Net profit/(Loss) after tax for the year	26,102,288	(47,402,702)
Other comprehensive income	(5,764,414)	(681,199)
Balance at the end of the year	(895,401,861)	(831,800,095)
<b>Total</b>	<b>162,672,431</b>	<b>226,253,460</b>

### 16 Non Current Financial Liabilities

#### 16(a) Long-term borrowings

	As at 31/Mar/2019	As at 31/Mar/2018
<b>Secured</b>		
Term loan from banks and others		
Indiabulls Housing Finance Ltd*	402,173,389	401,600,000
Yes Bank Ltd**	112,774,167	110,964,498
Hero Fincorp Ltd***	34,248,937	36,780,036
Motor vehicle finance loans****	31,634,017	23,667,180
Loan from related parties#	94,300,000	114,300,000
Less : Current maturities of long term borrowings	65,307,398	51,869,482
<b>Total</b>	<b>623,261,029</b>	<b>635,442,232</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. EMI payable is Rs. 4,809,752 (Feb-2019 to April-2022), Rs. 5,531,215 (May-2019 to April-2025), and Rs. 6,360,897 (May-2025 to March-2032).

\*\* Term loan against property is secured against current and movable fixed assets (including assets and lease hold rights of the cinemas division) and exclusive charge by way of mortgage of the property located in Bandra West. Repayable in 60 monthly installments after 12 months moratorium.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTD.)

(Amount in ₹)

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.26,95,600/- during April 2019 to March 2020, Rs 29,44,296/- during April 2020 to March 2021, Rs.26,89,496/- during April 2021 to March 2022, Rs. 24,34,696/- during April 2022 to March 2023, Rs. 21,80,129/- during April 2023 to March 2024 and Rs. 5,06,521/- during April 2024 to 26th June 2024.

Maturity date of Term loan is 9 September 2021. Repayment has to be made by way of monthly instalments totalling Rs.2,33,47,731/- during April 2019 to March 2020, Rs 2,06,63,096/- during April 2020 to March 2021 and Rs.82,69,240/- during April 2021 to September 2021.

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.75,752/- during April 2019 to March 2020, Rs 82,741/- during April 2020 to March 2021, Rs.75,580/- during April 2021 to March 2022, Rs.68,420/- during April 2022 to March 2023, Rs.61,266/- during April 2023 to March 2024 and Rs.14,234/- during April 2024 to 26th June 2024

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.11,00,245/- during April 2019 to March 2020, Rs. 12,01,753/- during April 2020 to March 2021, Rs.10,97,753/- during April 2021 to March 2022, Rs.9,93,753/- during April 2022 to March 2023, Rs.8,89,848/- during April 2023 to March 2024 and Rs.2,06,744/- during April 2024 to 26th June 2024

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.13,34,047/- during April 2019 to March 2020, Rs.14,57,126/- during April 2020 to March 2021, Rs.13,31,026/- during April 2021 to March 2022, Rs.12,04,926/- during April 2022 to March 2023, Rs.10,78,941/- during April 2023 to March 2024 and Rs.2,50,677/- during April 2024 to 26th June 2024

Maturity date of New Term loan is 26th June 2024. Repayment has to be made by way of monthly instalments totalling Rs.6,05,135/- during April 2019 to March 2020, Rs.6,60,964/- during April 2020 to March 2021, Rs.6,03,764/- during April 2021 to March 2022, Rs.5,46,564/- during April 2022 to March 2023, Rs.4,89,417/- during April 2023 to March 2024 and Rs.1,13,709/- during April 2024 to 26th June 2024

Term loan carries a rate of interest of 3.55% over base rate, at an effective rate of 13%. Cash Credit facility carries a rate of interest of 3.95% over Base rate, at an effective rate of 13.65%.

\*\*\* 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 Rs. 5,37,225/- (June 2017 to July 2018) and Rs. 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:

Lendor	Repayment schedule and other terms
Reliance Capital Limited	Outstanding amount of loan Rs. Nil (2018 : Rs 1,656,560) is repayable in 36 equated monthly installments of Rs 157,335 till March 2018 and then Rs. 152,670 till March 2019.
Axis Bank Ltd	Outstanding amount of loan Rs. 27,94,886/- (2018: Rs 6,378,400) is repayable in 60 equated monthly installments of Rs 112,321 till October 2021. Interest rate 16.50%.
Kotak Mahindra Prime Ltd	Outstanding amount of loan Rs. 2,42,563/- (2018: Rs 577,785) is repayable in 36 equated monthly installments of Rs 31,458 till November 2019.
ICICI Bank Limited	Outstanding amount of loan Rs. 1,45,36,178/- (2018:Rs 10,932,975) is repayable in 36 monthly installments of Rs 672,774/- till July 2019 and Rs. 4,72,624/- there after. Interest rate 14.50%
HDFC Bank Limited	Outstanding amount of loan Rs. 23,92,403 (2018: Rs 2,950,062) is repayable in 60 equated monthly installments of Rs 63,900 till October 2022.
HDFC Bank Limited	Outstanding amount of loan Rs. 57,92,151 (2018: Rs Nil) is repayable in monthly installments of Rs 5,09,080 from December 18 to March 19, Rs.15,27,240/- from April 2019 to March 2020 to March 2023 and Rs. 10,18,160/- from April 2023 to November 2023.

### 16(b) Other financial liabilities

	As at 31/Mar/2019	As at 31/Mar/2018
Security deposits	132,225,552	84,056,081
<b>Total</b>	<b>132,225,552</b>	<b>84,056,081</b>

# MUKTA ARTS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTD.)

(Amount in ₹)

### 17 Long Term Provisions

	As at 31/Mar/2019	As at 31/Mar/2018
Provision for Leave Salary	8,637,875	7,099,517
Provision for gratuity	23,234,922	16,179,810
<b>Total</b>	<b>31,872,797</b>	<b>23,279,327</b>

### 18 Other non-current liabilities

	As at 31/Mar/2019	As at 31/Mar/2018
Rent straight lining	9,635,330	9,135,157
Income Received in advance	7,176,974	-
Deferred Expense Account	7,293,795	10,874,339
<b>Total</b>	<b>24,106,099</b>	<b>20,009,495</b>

### 19 Current Financial Liabilities

#### 19(a) Short-term borrowings

##### Secured

Yes Bank - Bank Overdraft

##### Unsecured

Inter corporate deposits\*

Others

	As at 31/Mar/2019	As at 31/Mar/2018
	28,088,730	37,146,228
	82,000,000	82,000,000
<b>Total</b>	<b>110,088,730</b>	<b>119,146,228</b>

\*Deposit of Rs. 10,000,000 accepted at interest rate of 24% p.a. repayable on demand. Deposit of Rs. 82,000,000 accepted at interest rate of 4% p.a. repayable on demand.

#### 19(b) Trade payable

Trade payable - Other than micro and small enterprises

Trade payable - Micro and small enterprises

	As at 31/Mar/2019	As at 31/Mar/2018
	303,549,202	235,009,270
	-	-
<b>Total</b>	<b>303,549,202</b>	<b>235,009,270</b>

#### 19(c) Other financial liabilities

Current maturities of long term borrowings

Interest accrued but not due on borrowings

Interest on loan taken

Employee benefits expense payable

Bonus Payable

Creditors for fixed assets

Sundry advances received

Unclaimed dividend

Security deposits received

	As at 31/Mar/2019	As at 31/Mar/2018
	65,307,398	51,869,482
	6,368,101	5,631,545
	2,339,442	1,319,994
	119,116	6,679,862
	59,616,760	102,698,581
	38,214	38,564
	36,107,962	41,460,352
<b>Total</b>	<b>169,896,994</b>	<b>209,698,380</b>





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTD.)

(Amount in ₹)

### 20 Other current liabilities

	As at 31/Mar/2019	As at 31/Mar/2018
Advances from customers- others	264,728,567	114,280,532
Deferred Expense Account	9,283,710	4,007,559
Rent straight lining	4,371,222	4,068,246
Advance billing	12,333,700	3,791,046
Employee benefits expense	136,410	2,794,589
Others payable	53,885	61,980,924
Statutory dues payable*		
Provident fund	1,203,821	972,058
ESIC	7,404	8,212
TDS payable	5,904,281	5,454,399
Profession tax	10,350	10,075
ET/INR/Show tax	10,302,503	8,290,796
<b>Total</b>	<b>308,335,853</b>	<b>205,658,437</b>

### 21 Short Term Provisions

	As at 31/Mar/2019	As at 31/Mar/2018
Provision For Taxation	40,172,801	24,364,214
Provision For Expenses	31,999,008	10,307,818
Provision For Employee benefit:		
Provision for leave salary	6,893,287	7,281,790
Provision for gratuity	2,606,466	337,975
<b>Total</b>	<b>81,671,562</b>	<b>42,291,797</b>

### 22 Revenue from operations (net)

	Year ended 31/Mar/2019	Year ended 31/Mar/2018
<b>(a) Sale of products/ film rights /Services</b>		
Own Film/ Content production	81,839,280	3,849,973
Food and beverages	207,421,333	173,881,955
Acceptance fees	81,842,046	91,200,000
Tuition fees	119,042,268	131,955,557
Infrastructure fees	229,082,691	145,518,532
Income from institutional affiliations	3,363,069	782,988
	<b>722,590,687</b>	<b>547,189,005</b>
<b>(b) Distribution, Exhibition, Theatrical and Film Production Income</b>		
Distribution and exhibition	-	549,872
Equipment hire income	3,956,500	2,785,400
<b>Box office collection</b>	-	-
Sale of tickets, net	739,143,724	534,857,885
	<b>743,100,224</b>	<b>538,193,157</b>

# MUKTA ARTS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTD.)

(Amount in ₹)

<b>(c) Other operating revenue</b>		
Rent and amenities charges	85,774,420	81,945,826
Sundry balances written back	819,792	2,470,838
Business support services	12,000,000	12,000,000
Other income from theatrical operations	42,646,732	39,897,114
Sale of prospectus/application forms	2,536,368	2,613,812
Re-examination fees	160,900	306,642
Amortisation of deferred security	4,751,726	4,764,423
Business support services	4,216,790	9,238,835
Other income	263,469	4,528,613
	<b>153,170,197</b>	<b>157,766,103</b>
<b>Total</b>	<b>1,618,861,109</b>	<b>1,243,148,265</b>

### 23 Other income

	Year ended 31/Mar/2019	Year ended 31/Mar/2018
<b>Other income</b>		
Interest income on bank deposits	1,956,016	3,205,689
Interest income on others	11,398,492	9,001,433
<b>Other Non Operating Income</b>		
Interest on income tax refund	-	1,498,796
Profit on sale of assets, (net)	-	62,483
Profit on sales of Shares	-	47,204,373
Corporate guarantee Commission income	675,000	675,000
Miscellaneous income (net)	94,322,660	43,478,927
Sundry balances written back	6,104,849	1,755,528
Insurance claim received	2,916,993	2,000,000
<b>Total other income</b>	<b>117,374,011</b>	<b>108,882,228</b>

### 24 Changes in Inventories of food and beverages

	Year ended 31/Mar/2019	Year ended 31/Mar/2018
<b>Opening stock</b>		
Food and Beverages	7,518,440	8,267,860
<b>Closing stock</b>		
Finished goods	10,184,450	7,518,440
<b>Total changes in inventories of food and beverages</b>	<b>(1,198,313)</b>	<b>(363,999)</b>

### 25 Distributor and producer's share

	Year ended 31/Mar/2019	Year ended 31/Mar/2018
Distribution Expenses	-	198,605
Films Distributor's Share	347,685,928	190,049,283
Expenses for old Films	29,600	88,000
<b>Total Distributor and producer's share</b>	<b>347,715,528</b>	<b>190,335,888</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTD.)

(Amount in ₹)

### 26 Other direct operation expenses

	Year ended 31/Mar/2019	Year ended 31/Mar/2018
Other direct cost of theatrical operations	19,905,278	1,919,113
Operator's share in theatrical operations	-	(19,701,673)
<b>Total Other direct operation expenses</b>	<b>19,905,278</b>	<b>(17,782,560)</b>

### 27 Employee benefits expense

	Year ended 31/Mar/2019	Year ended 31/Mar/2018
Salaries and bonus	248,489,411	239,593,384
Contribution to provident and other funds	12,345,778	5,992,665
Gratuity and Leave expense	6,513,348	3,492,194
Staff welfare expenses	8,245,561	8,748,206
<b>Total employee benefit expense</b>	<b>275,594,097</b>	<b>257,826,449</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 Rs. 5,992,665 (Previous year : Rs. 10,137,973 ) 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-Mar-19	31-Mar-18
Discount Rate (per annum)	7.65% to 7.80%	7.65% to 7.8%
Salary growth rate	7.75% to 9.50%	7.50% to 8%

#### (A) Present Value of Obligation as at Balance Sheet date

	Gratuity	
	31-Mar-19	31-Mar-18
Present Value of Obligation as at the beginning	20,669,088	17,551,574
Interest cost	2,329,496	1,138,783
Current Service Cost	1,747,585	2,301,477
Past Service cost	214,493	1,923,485
<b>Total amount recognised in statement of profit and loss</b>	<b>4,291,574</b>	<b>5,363,745</b>
<b>Re-measurement (or Actuarial) (gain) / loss arising from:</b>		
change in demographic assumption	244,279	(4,576)
change in financial assumption	2,732,882	474,394
experience changes	2,083,578	(150,193)
<b>Total amount recognised in Other Comprehensive Income</b>	<b>5,060,739</b>	<b>319,625</b>
Benefits Paid	(588,980)	(2,565,856)
Liabilities assumed / (settled)	-	-
<b>Present Value of Obligation as at the end</b>	<b>29,432,421</b>	<b>20,669,088</b>

# MUKTA ARTS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTD.)

(Amount in ₹)

### (B) Changes in the Fair value of Plan Assets

	Gratuity	
	31-Mar-19	31-Mar-18
Fair Value of Plan Assets as the beginning	4,151,303	6,107,297
Interest on plan assets	313,520	514,311
<b>Total amount recognised in statement of profit and loss</b>	<b>313,520</b>	<b>514,311</b>
<b>Re-measurement (or Actuarial) gain / (loss) arising from:</b>		
Actual return on plan assets less interest on plan assets	(1,236,995)	(361,574)
<b>Total amount recognised in Other Comprehensive Income</b>	<b>(1,236,995)</b>	<b>(361,574)</b>
Employer's contribution	952,185	457,125
Benefits Paid	(588,980)	(2,565,856)
Transfer In / (Out)	-	-
<b>Fair value of plan assets at the end</b>	<b>3,591,033</b>	<b>4,151,303</b>

### (C) Amount recognised in the Balance sheet

	Gratuity	
	31-Mar-19	31-Mar-18
Present Value of obligations as at Balance Sheet date	29,432,421	20,669,088
Fair Value of Plan Assets as at the end of the period	3,591,033	4,151,303
Net (asset)/ liability recognised as at year end	25,841,388	16,517,785

### (D) Constitution of Plan Assets

	Gratuity	
	31-Mar-19	31-Mar-18
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:

	Gratuity	
	Decrease	Increase
<b>Defined benefit obligation (base)</b>		
<b>As on March 31, 2019</b>		
Discount Rate (- / + 0.5%)	1,271,481	(1,180,240)
(% change compared to base due to sensitivity)	4.32%	-4.01%
Salary Growth Rate (- / + 0.5%)	(847,654)	900,632
(% change compared to base due to sensitivity)	-2.88%	3.06%
	Gratuity	
	Decrease	Increase
<b>Defined benefit obligation (base)</b>		
<b>As on March 31, 2018</b>		
Discount Rate (- / + 0.5%)	818,496	(752,355)
(% change compared to base due to sensitivity)	3.96%	-3.64%
Salary Growth Rate (- / + 0.5%)	(589,069)	607,671
(% change compared to base due to sensitivity)	-2.85%	2.94%

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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTD.)

(Amount in ₹)

Expected contributions to post employment benefit plan for the year ending March 31, 2019 is Rs. 160 Lakhs (March 31, 2018 : Rs. 15 Lakhs)

### (F) Defined benefit liability and employer contributions

The weighted average duration of the Benefit Obligation is 7.10 to 10.93 years

	Gratuity	
	31-Mar-19	31-Mar-18
<b>Weighted average duration (based on discounted cashflows)</b>		
Year 1	4,886,336	2,103,097
Year 2	1,108,144	363,476
Year 3	1,501,598	216,011
Year 4	1,819,521	180,999
Year 5	1,202,005	1,126,419
Thereafter	81,103,667	16,789,129

### Other Long Term Benefit Plans:

**Compensated absences :** The leave obligations cover the Company's liability for earned leave. The amount of provision of Rs. 10,591,596 (March 31, 2018: Rs. 5,399,337)

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.

### 28 Finance costs

#### Interest cost on:

	Year ended 31/Mar/2019	Year ended 31/Mar/2018
Car loan	3,613,186	3,611,470
Term loan	71,392,987	78,936,553
Cash credit \ demand loan facilities	3,631,779	3,416,915
Inter corporate deposits	10,573,582	13,449,191
Others	10,630,498	6,555,292
Processing cost and other charges	1,992,387	5,315,369
<b>Total Finance Cost</b>	<b>101,834,419</b>	<b>111,284,790</b>

### 29 Depreciation and amortisation expense

	Year ended 31/Mar/2019	Year ended 31/Mar/2018
Depreciation of property, plant and equipment	110,190,705	116,113,974
Depreciation on investment property	4,615,460	4,615,460
Amortisation of intangible assets	7,146,328	5,416,133
<b>Total Depreciation and amortisation expense</b>	<b>121,952,492</b>	<b>126,145,567</b>

# MUKTA ARTS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTD.)

(Amount in ₹)

### 30 Other expenses

	Year ended 31/Mar/2019	Year ended 31/Mar/2018
Power and fuel	149,642,899	113,902,290
Rent	165,109,625	106,529,495
Repairs and maintenance	73,464,411	56,661,546
Insurance	8,944,817	8,660,634
Rates and taxes	25,201,489	28,762,429
Legal and professional	51,488,733	45,613,792
Communication expenses	6,181,974	8,208,918
Faculty Fees	90,093,886	63,635,105
Travelling and conveyance	14,503,500	9,975,893
Bad debts/ advances/ intangibles under development written-off	32,971,049	10,933,927
Security charges	30,106,441	24,969,668
Digital Equipment Hire Charges	8,443,709	8,135,615
Business promotion	53,960,816	44,190,305
Motor vehicle expenses	4,903,677	4,486,988
Sets/ student practicals	8,145,792	9,136,067
Printing and stationery	8,830,907	4,798,713
Bank charges	757,417	1,115,212
Payment to auditor (Refer details below)	3,982,343	3,472,244
Miscellaneous expenses	30,218,812	23,681,620
<b>Total Other expenses</b>	<b>766,952,296</b>	<b>576,870,461</b>

#### 30 a - Payment to auditor

	Year ended 31 March 2019	Year ended 31 March 2018
Audit Fees	3,700,000	3,300,000
Reimbursement of Expenses	282,343	172,244
	<b>3,982,343</b>	<b>3,472,244</b>

### 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/Mar/2019	31/Mar/2018
<b>Income Tax Expense</b>		
<b>Current tax</b>		
Current tax on profits for the year	10,100,000	7,189,609
<b>Total Current Tax Expense</b>	<b>10,100,000</b>	<b>7,189,609</b>
<b>Deferred Tax</b>		
Decrease (increase) in deferred tax assets	5,755,224	(4,800,611)
(Decrease) increase in deferred tax liabilities	-	-
<b>Total Deferred Tax Expense</b>	<b>5,755,224</b>	<b>(4,800,611)</b>
<b>Income Tax Expense</b>	<b>15,855,224</b>	<b>2,388,998</b>

### 32 Lease disclosure under AS 19 – '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 142,054,211 (2018: Rs 114,452,107) have been included under 'Rent' in the Statement of profit and loss.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTD.)

(Amount in ₹)

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

	31/Mar/2019	31/Mar/2018
Amounts due within one year	6,584,527	8,766,776
Amounts due after one year but not later than five years	30,125,219	36,120,296
Amounts due later than five years	24,602,256	32,925,233
	<b>61,312,002</b>	<b>77,812,305</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 62,887,520 (2018: Rs 52,173,594) 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 :

	31/Mar/2019	31/Mar/2018
Amounts due within one year	7,402,149	8,875,509
Amounts due after one year but not later than five years	9,248,110	10,317,111
	<b>16,650,259</b>	<b>19,192,620</b>

	31/Mar/2019	31/Mar/2018
Gross block	172,280,521	172,280,521
Accumulated depreciation	46,761,001	42,145,541
Net block	125,519,520	130,134,980
Depreciation for the year	4,615,460	4,615,460

### 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 Rs 39,025,447 (2018: Rs 36,970,923) has been included under 'Rent and amenities charges' in the Statement of profit and loss.

The carrying amount of assets is as follows :

	31/Mar/2019	31/Mar/2018
Gross block	85,535,753	85,535,753
Accumulated depreciation	50,431,793	43,463,720
Net block	35,103,960	42,072,033
Depreciation for the year	6,968,073	6,968,073

### 33 Capitalisation of expenditure

During the year, the Company has capitalised the salaries, wages and bonus amounting to Rs Nil (2018: Rs Nil) to the cost of Fixed asset/ Capital work in progress (CWIP). Consequently, expenses disclosed under note no. 33 are net of amount capitalised by the Company.

### 34 Earnings per equity share:

	Year ended 31/Mar/2019	Year ended 31/Mar/2018
Net (loss)/ profit after tax attributable to shareholders	20,337,872	(48,083,902)
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	0.90	(2.13)
Dilutive EPS	0.90	(2.13)
Nominal value per share	5	5



# MUKTA ARTS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTD.)

(Amount in ₹)

### 35 Fair value measurement

#### The carrying value/ Fair value of the Financial instruments by category

	31 March 2019			31 March 2018		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial assets</b>						
Other Financial Assets	-	-	265,495,117	-	-	259,654,165
Trade Receivables	-	-	215,008,553	-	-	118,017,110
Cash and cash equivalents	-	-	61,224,602	-	-	27,508,582
Loans	-	-	127,553,790	-	-	130,304,529
Investment	39,506,450	-	-	39,693,444	-	-
Other bank balance			20,670,238			20,574,382
<b>Total financial assets</b>	<b>39,506,450</b>	<b>-</b>	<b>689,952,300</b>	<b>39,693,444</b>	<b>-</b>	<b>556,058,769</b>
<b>Financial liabilities</b>						
Borrowings	-	-	733,349,759	-	-	754,588,461
Trade Payables	-	-	303,549,202	-	-	235,009,270
Other Financial Liabilities	-	-	302,122,546	-	-	293,754,461
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>1,339,021,507</b>	<b>-</b>	<b>-</b>	<b>1,283,352,192</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 group 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 March 31, 2018 and March 31, 2019.

### 36 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 April 1, 2018</b>	<b>12,120,998</b>
Provision for allowances & Written-off	11,296,340
<b>Loss allowance on March 31, 2019</b>	<b>23,417,338</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTD.)

(Amount in ₹)

### (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 2019	31 March 2018
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	28,088,730	37,146,228
	28,088,730	37,146,228

#### (i) 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.

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.

Contractual maturities of financial liabilities	Less than 1 year	More than 1 year	Total
<b>as at March 31, 2019</b>			
Borrowings	110,088,730	623,261,029	733,349,759
Trade payables	303,549,202	-	303,549,202
Other financial liabilities	169,896,994	132,225,552	302,122,546
<b>Total liabilities</b>	<b>583,534,926</b>	<b>755,486,581</b>	<b>1,339,021,507</b>
<b>as at March 31, 2018</b>			
Borrowings	119,146,228	635,442,232	754,588,461
Trade payables	235,009,270	-	235,009,270
Other financial liabilities	209,698,380	84,056,081	293,754,461
<b>Total liabilities</b>	<b>563,853,878</b>	<b>719,498,313</b>	<b>1,283,352,192</b>
<b>as at March 31, 2019</b>			
Trade Receivables	215,008,553	-	215,008,553
Cash & bank balance	61,224,602	-	61,224,602
Other bank Balance	20,670,238	-	20,670,238
Loans	117,430,790	10,123,000	127,553,790
Investments	-	39,506,450	39,506,450
Other financial assets	71,291,223	194,203,893	265,495,117
<b>Total Assets</b>	<b>485,625,406</b>	<b>243,833,343</b>	<b>729,458,750</b>
<b>as at March 31, 2018</b>			
Trade Receivables	118,017,110	-	118,017,110
Cash & bank balance	27,508,582	-	27,508,582
Other bank Balance	20,574,382	-	20,574,382
Loans	120,304,529	10,000,000	130,304,529
Investments	-	39,693,444	39,693,444
Other financial assets	82,822,825	176,831,341	259,654,165
<b>Total Assets</b>	<b>369,227,428</b>	<b>226,524,785</b>	<b>595,752,212</b>

# MUKTA ARTS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTD.)

(Amount in ₹)

### (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 financial 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.

#### (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 2019	31 March 2018
Variable rate borrowings	28,088,730	37,146,228
Fixed rate borrowings	675,130,511	687,311,714
<b>Total Borrowing</b>	<b>703,219,241</b>	<b>724,457,942</b>

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

	31 March 2019			31 March 2018		
	Weighted Average Interest Rate	Balance	% of Total Loans	Weighted Average Interest Rate	Balance	% of Total Loans
Bank Overdraft	100%	28,088,730	3.99%	100%	37,146,228	5.13%

#### 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 2019	INR	+50	509,172
	INR	-50	(509,172)
31 March 2018	INR	+50	556,424
	INR	-50	(556,424)

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

### 37 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTD.)

(Amount in ₹)

Particulars	31-Mar-19	31-Mar-18
Net debt	733,349,759	754,588,461
Total equity attributable to owners	275,598,431	339,179,460
<b>Net Debt to equity ratio</b>	<b>266.09%</b>	<b>222.47%</b>

Risk management

The group'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 group currently has loans from holding group and banks.
- (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 2018.

### 38 Segment information

Particulars	31 March 2019	31 March 2018
<b>Segment revenue</b>		
Software division	88,251,662	13,024,998
Equipment division	3,956,500	3,737,916
Education	467,823,662	400,667,273
Theatrical exhibition	1,041,288,340	766,884,242
Others	129,768,368	113,204,607
Total	1,731,088,532	1,297,519,036
Less : Inter segment revenue	-	-
Net sales/ Income from operations	1,731,088,532	1,297,519,036
<b>Segment results</b>		
(Loss)/ profit before tax, interest and exceptional items from each segment		
Software division	19,032,242	(59,630,681)
Equipment division	(1,398,535)	(2,405,589)
Education	47,566,914	57,001,127
Theatrical exhibition	5,108,226	(52,865,743)
Others	83,127,949	73,301,617
Total	153,436,797	15,400,730
Less: Finance costs	101,834,419	111,284,790
Unallocated expenses, net of unallocable income	8,519,089	(50,606,570)
Total (loss) before tax	43,083,288	(45,277,490)
<b>Depreciation and amortization</b>		
Software division	9,578,918	9,578,918
Equipment division	2,762,423	2,762,423
Education	39,290,853	36,413,109
Theatrical exhibition	55,148,374	61,082,570
Others	6,968,073	6,968,073
Unallocable	7,837,297	7,837,297
<b>Capital employed</b>		
(Segment assets - Segment liabilities)		
Software division	164,471,552	111,394,793
Equipment division	43,989,451	47,312,084
Education	98,859,671	170,713,235
Theatrical exhibition division	262,865,178	596,292,475
Others	175,179,251	193,691,855
Unallocable (includes minority interest)	(469,766,669)	(780,455,246)

# MUKTA ARTS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTD.)

(Amount in ₹)

### 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
- 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

## 39 Related party disclosures

Details of related parties including summary of transactions entered into by the Company during the year ended 31 March 2019 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 2019 (CONTD.)

(Amount in ₹)

### B Transactions with related parties for the year ended 31 March 2019 are as follows:-

Transactions	Key Management Personnel and relatives of such personnel		Enterprises over which key management personnel have control/ substantial interest/ significant influence	
	2019	2018	2019	2018
<b>Receiving of services</b>				
Ashok Ghai - Professional fees paid	3,564,000	3,300,000	-	-
Mukta Arts - Rent	-	-	60,000	60,000
<b>Salaries and other benefit</b>				
Siraj Farooqui	3,908,236	3,621,660	-	-
Sameer Farooqui	1,060,338	946,726	-	-
Sajid Farooqui	1,024,920	915,402	-	-
<b>Managerial remuneration</b>				
Subhash Ghai	8,347,400	6,457,400	-	-
Parvez A. Farooqui	-	666,900	-	-
Rahul Puri	4,797,024	4,445,200	-	-
<b>Remuneration to director of subsidiary company</b>				
Rahul Puri	2,737,575	2,040,360		
Meghna Ghai Puri	5,651,089	3,819,891		
Parvez A. Farooqui	4,766,364	3,498,000		
<b>Loan repaid during the year</b>				
Subhash Ghai	20,000,000	7,500,000		
<b>Interest on Loan during the year</b>				
Subhash Ghai	11,558,236	11,511,881		
<b>Deposit receivable</b>				
Mukta Arts	-	-	300,000	300,000

### 40 Commitments

Estimated amounts of contracts remaining to be executed on capital account and not provided for aggregate to Rs Nil (31 March 2018: Rs Nil).

### 41 Contingent liabilities

	31 March 2019	31 March 2018
Claims not acknowledged as debt		
-Service tax matters (note 1)	1,675,000	1,675,000
-Local levies	25,943,908	25,327,506

### \* 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. 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 18,905,371 (31 March 2018: Rs 18,859,028) to the Customs and other statutory

# MUKTA ARTS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTD.)

(Amount in ₹)

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-fulfilment of the terms and conditions of the EPCG scheme.

### 5) Matters in respect of Whistling Woods International Limited (WWI) -Income tax

#### Assessment year 2004-05

There were certain additions/ disallowances made in the assessment and the Department had raised a demand of Rs. 2,898,895 (including interest Rs. 711,905). Aggrieved by the assessment order, the Company had filed an appeal with the C.I.T (Appeals) who confirmed the additions/ disallowances. The Company subsequently filed an appeal with the Income Tax Appellate Tribunal (ITAT) which was also dismissed and the Company deposited the outstanding amount. The Assessing officer had passed an order u/s 143(3) /250 of the Income tax Act, 1961 giving the effect of the appeal against which the Company preferred an appeal before C.I.T (Appeals) who, by Order dated 4 February 2013, upheld the order of Assessing officer. The Company has filed an appeal against the said Order before ITAT on 23 April 2013. The order has been partially allowed.

The Company had received an Order under Section 154 of the Income tax Act, 1961 dated 19 August 2013, whereby the revised demand was Rs. 4,536,911 (including interest Rs. 1,796,045) and the dues payable have been adjusted by the department against refund receivable for earlier assessment years. The Company has filed an appeal against the said Order before Income Tax Appellate Tribunal which has been allowed.

The Company has not accrued for the liability as taxes paid will be refunded partially.

#### Assessment year 2005-06

There are certain additions/ disallowances made in the assessment and the Department had raised a demand of Rs. 524,063 (including interest Rs. 106,950) and the Company deposited the outstanding amount. Aggrieved by the assessment Order, the Company had filed an appeal with the C.I.T (Appeals), who confirmed the additions/ disallowances. The Company subsequently filed an appeal with the Income Tax Appellate Tribunal which set aside the Order and referred it back to the C.I.T Appeals who by Order dated 4 February 2013 upheld the Order of Assessing officer. The Company has filed an appeal against the said order before Hon. Tribunal on 23 April 2013 which is partially allowed.

#### Provident Fund :-

The Company is in the process of evaluating the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-1/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. Accordingly, no provision has been made in these Consolidated Ind AS Financial Statements.

Claims against the company not acknowledged as debt pertaining to local levies

31-Mar-19	31-Mar-18
25,943,908	25,327,506

## 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 2019	31 March 2018
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
-Principal	3,702,993	-
-Interest	150,732	-
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	13,699,141	-
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	150,732	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
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.	-	-





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTD.)

(Amount in ₹)

### 43 Managerial remuneration

The remuneration paid to the erstwhile managing director (including as film director fees) for financial years 2005-06 to 2013-14 aggregating to Rs 125,744,747 had exceeded the limits prescribed under Schedule XIII to the Companies Act, 1956. The Company had received approval from the Ministry of Corporate Affairs for part of the excess remuneration paid. It had requested the Ministry for approval of the balance and also for granting him recognition as a professionally qualified person under the Act. The auditors had modified their report with reference to this matter.

Vide Notification No. 4823 (E) dated September 12 2018, Sections 66 to 70 of The Companies (Amendment) Act, 2017 have come into force as a result of which, the approval of the Central Government is not required any longer. According to the revised requirements, a postal ballot was conducted and approval of Shareholders has been duly obtained. The auditors therefore shall not modify their report on this matter.

- 44 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 Rs. 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 2019 Rs 113,538,000 has been paid by the Company and Rs 9,000,000 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 246,116,550 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.

### 45 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
Neelmudra Entertainment Limited	Unsecured loan given @10% for the purpose of production of a film which will be repayable on demand.
Om Films Private Limited	Unsecured loan given @10% for the purpose of financial assistance in connection with the release of a feature film which is repayable on demand.

# MUKTA ARTS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTD.)

(Amount in ₹)

Movement of loan during the financial years ended 31 March 2019 and 31 March 2018 is given below:

Name of Party	Financial year	Opening balance(excluding accrued interest)	Loan given	Loan repaid/ Adjustment	Closing balance(excluding accrued interest)
Neelmudra Entertainment Limited	Year ended 31 March 2019	12,838,015	-	12,838,015	-
	Year ended 31 March 2018	12,838,015	-	-	12,838,015
Om Films Private Limited	Year ended 31 March 2019	17,600,000	-	-	17,600,000
	Year ended 31 March 2018	17,600,000	-	-	17,600,000

**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.

Accordingly, during the year, the Company has transferred to the IEPF an amount of Rs. 77,878 on account of unclaimed dividend and 25,181 shares to which this dividend relates.

### **48 Prior period comparatives**

Previous year's figures have been regrouped/ reclassified, wherever necessary.

As per our report of even date.

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

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

**CA Prerak Agarwal**  
Partner  
Membership No: 158844

**Subhash Ghai**  
Chairman Director  
DIN: 00019803

**Rahul Puri**  
Managing Director  
DIN: 01925045

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

Place : Mumbai  
Date: 21 May 2019

**Prabuddha Dasgupta**  
Chief Financial Officer

**Monika Shah**  
Company Secretary  
Membership No: FCS7964



# MUKTA ARTS LIMITED

## PROXY FORM

CIN: L92110MH1982PLC028180

Regd. Office: Mukta House, Behind Whistling Woods Institute, Filmcity Complex, Goregaon (East), Mumbai-400065.  
Tel. +91 22 33649400 Fax: 91 22 33649401 Website: www.muktaarts.com

### Form No. MGT-11

### PROXY FORM

Proxy form [Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s):

Registered address:

E-mail Id:

Folio / DP ID-Client ID No.

I/We, being the member (s) of ..... shares of the above named company, hereby appoint:

(1) Name \_\_\_\_\_

Address \_\_\_\_\_

E-mail Id: \_\_\_\_\_ Signature \_\_\_\_\_ or failing him

(2) Name \_\_\_\_\_

Address \_\_\_\_\_

E-mail Id: \_\_\_\_\_ Signature \_\_\_\_\_ or failing him

(3) Name \_\_\_\_\_

Address \_\_\_\_\_

E-mail Id: \_\_\_\_\_ Signature \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 37th Annual General Meeting of the company, to be held on Wednesday the 28th day of August, 2019 at 4:00 p.m. at Whistling Woods Institute's Auditorium, Dada Saheb Phalke Chitra Nagari, Goregaon (East), Mumbai - 400 065 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	Optional*	
Ordinary Business		For	Against
1.	To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2019, together with the Reports of the Board of Directors and the Auditors thereon;		
2.	To re-appoint Mr. Parvez Farooqui (DIN 00019853), Non-Executive Director who retires by rotation and being eligible, offers himself for re-appointment;		
3.	To declare a final Dividend.		
Special Business			
4.	To re-appoint Mr. Kewal Handa (DIN 00056826) as Independent Director for a term of 5 years.		

Signed this..... Day of..... 2019

Signature of shareholder.....

Signature of Proxy holder(s)

Affix 1 Re.  
Revenue  
Stamp

#### Note:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- It is optional to put 'X' in the appropriate column against the respective resolutions. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- Please complete all the details including details of member(s) in the above box for submission.



[illegible]

[illegible]







## **MUKTA ARTS LIMITED**

Registered Office

3<sup>rd</sup> Floor, Mukta House, Behind Whistling Woods Institute, Filmcity, Goregaon (E), Mumbai - 400 065.

Tel.: +91 22 3364 9400 Fax: +91 22 3364 9401

[www.muktaarts.com](http://www.muktaarts.com)



# MUKTA ARTS LIMITED

(CIN: L92110MH1982PLC028180)

Regd. Office: Mukta House, Behind Whistling Woods Institute, Filmcity Complex, Goregaon (East), Mumbai-400065.  
Tel. +91 22 33649400 Fax: 91 22 33649401 Website: [www.muktaarts.com](http://www.muktaarts.com)

## ENTRANCE PASS/ ATTENDANCE SLIP

(To be presented at the entrance)

37th Annual General Meeting on August 28, 2019

SERIAL NO.

1. Name and Registered Address of the sole/ :  
first named Member

Name(s) of the Joint Member 1 :

Name(s) of the Joint Member 2 :

2. Registered Folio No./ DP ID/ Client ID :

3. No. of Shares held :

I certify that I am the member/ proxy for the member of the Company. I hereby record my presence at the 37th Annual General Meeting of the Company to be held at Whistling Woods Institute's Auditorium, Filmcity Complex, Goregaon (East), Mumbai- 400 065 on Wednesday, the 28th day of August, 2019 at 4.00 p.m.

Member's / Proxy's name in Block Letters

Member's/Proxy's signature

Note:

1. Please fill up the Attendance Slip and hand it over at the entrance of the Meeting hall.
2. Members are requested to bring their copy of the Annual Report to the Meeting.

## E-Voting particulars

### Mukta Arts Limited

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

Telephone No. - (022) 33649400

Fax No. - (022) 33649401

Website: [www.muktaarts.com](http://www.muktaarts.com)

CIN : L92110MH1982PLC028180

### ELECTRONIC VOTING PARTICULARS

ELECTRONIC VOTING EVENT NUMBER (EVEN)	USER ID	PASSWORD
111156		