

MUKTA ARTS LIMITED

an entertainment company

Regd. Office : Mukta House, Behind Whistling Woods Institute, Filmcity Complex,
Goregaon (East), Mumbai - 400 065. TEL. : 91-22-3384 9400



31st August, 2018

BSE Limited Phiroze Jeejeebhoy Towers, 1st Floor, Dalal Street, Mumbai – 400 001	National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051
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Kind Attn: **Corporate Relations Department**

Dear Sirs,

Sub: 36th Annual General Meeting – Compliance as required under SEBI (Listing Obligations and Disclosure) Regulations, 2015

The 36th Annual General Meeting (AGM) of the Company was held on Thursday, the 30th day of August, 2018 at 4.00 p.m. at the Whistling Woods Institute's Auditorium, Dada Saheb Phalke Chitra Nagari, Goregaon (East), Mumbai- 400 065 and the business mentioned in our notice dated 24th May 2018 was transacted.

Please find enclosed the following:

1. **Annexure A** - Summary of proceedings as required under regulation 30 Part A of Schedule III of SEBI (listing Obligations and Disclosure) Regulations, 2015;
2. **Annexure B** – Annual Report for the FY 2017-18 as required under Regulation 34 of SEBI (listing Obligations and Disclosure) Regulations, 2015, as duly approved and adopted by the members at the Annual General Meeting as per the provisions of Companies Act, 2013.

Thanking you,

Yours Faithfully,
For and on behalf of
Mukta Arts Limited



Monika Shah
Company Secretary



Annexure A

PROCEEDINGS OF THE 36th ANNUAL GENERAL MEETING OF MUKTA
ARTS LIMITED

The 36th Annual General Meeting of the members of Mukta Arts Limited ('the Company') was held on Thursday, 30th August, 2018 at 4.00 PM at Whistling Woods Institute's Auditorium, Dada Saheb Phalke Chitra Nagari, Goregaon (East), Mumbai- 400 065.

The following were present:

Directors Present:

Mr. Subhash Ghai	Executive Chairman
Mr. Rahul Puri	Managing Director
Mr. Parvez Farooqui	Non-Executive Director
Mr. Kewal Handa	Independent Director
Ms. Paulomi Dhawan	Independent Director

In Attendance

Mr. Ravi Gupta	Advisor
Ms. Monika Shah	Company Secretary
Mr. Prabuddha Dasgupta	CFO
Ms. Priyanka Vala	From the team of Uttam Abuwala & Co., Statutory Auditors
Mr. K.C.Nevatia	K. C. Nevatia & Associates, Company Secretaries- Scrutinizers for the voting process

Members Present:

- 1) In Person – 36
- 2) By Proxy – NIL

Mr. Subhash Ghai being the Chairman of the Board occupied the chair and welcomed all the members of the Company, Auditors, Scrutinizers and Directors of the Company, thanked them for their presence and declared the meeting opened.

QUORUM:

The Chairman declared that the requisite quorum was present at the meeting and that the meeting was in order to commence official business. The Chairman then gave permission and requested the Company Secretary, Ms. Monika Shah to conduct the proceedings of the General Meeting.



NOTICE OF THE MEETING AND AUDITOR'S REPORT:

Upon Chairman's request, the Company Secretary first introduced the Directors on the dias stating the absence of Mr. Manmohan Shetty due to some unavoidable circumstances and declared that the copies of audited financial statements for the year ended March 31, 2018, Director's and Auditor's report had been sent by courier/emailed as the case may be, to all the Members and that the original documents along with the statutory registers and Secretarial Auditors' Report were available for inspection. With the consent of the members present, the Notice convening the meeting was taken as read. The Chairman's statement was taken as read. The Chairman requested the Company Secretary to read the Auditor's Report on the accounts of the Company which was duly read.

SPEECH BY MANAGING DIRECTOR:

The Managing Director, Mr. Rahul Puri addressed the shareholders by making a presentation as to the status of the Company as on date and the progress made by the Company. He briefed the members about the Company's status as well as performance and the progress being made by the Company's subsidiaries.

QUERIES AND SUGGESTIONS:

On the invitation of the Chairman, Members raised queries, gave their suggestions and sought clarifications. The Chairman requested Mr. Ravi Gupta, Advisor to the Company to answer the questions as raised by the Members.

VOTING & POLL PROCESS:

The Company Secretary informed the shareholders that e-voting facility has been provided to all Members to vote electronically but for those who could not vote through electronic means can cast their vote using poll papers which were distributed to all the members present.

In the presence of Mr. K. C. Nevatia, Scrutinizer the poll process was conducted.

AGENDA:

The following items of business, as per the Notice of the AGM were transacted –

ORDINARY BUSINESS:

1. Adoption of the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2018,



together with the Reports of the Board of Directors and the Auditors thereon;

2. Re-appointment of Mr. Rahul Puri (DIN 01925045), Managing Director who retires by rotation and being eligible, offers himself for re-appointment;
3. Ratification of the appointment of M/s Uttam Abuwala & Co., Chartered Accountants (Firm Registration Number: 111184W) as Statutory Auditors to hold office until the conclusion of the Thirty Seventh Annual General Meeting of the Company to be held in the year 2019 and approve their remuneration;

SPECIAL BUSINESS:

4. Approve the discontinuation of ratification of the appointment of Statutory auditors at every Annual General Meeting as per the provisions of Section 40 of The Companies (Amendment) Act, 2017 and to fix the remuneration of the remaining term of their appointment;

VOTING RESULTS:

The Company Secretary then requested the members to deposit Poll Papers in the Ballot Box and informed that the Voting Results would be declared within 48 hours of closure of the meeting and the same would be forthwith declared by the Company by publishing it on its website www.muktaarts.com, the website of NSDL www.evoting.nsdl.com and by notifying the Stock Exchanges where the shares of the Company are listed.

After ensuring that all the members had cast their votes the Scrutinizer closed the voting and took custody of the box.

VOTE OF THANKS:

The Company Secretary then proposed a vote of thanks to the Chair.

The Chairman declared the Meeting as closed at 5.30 pm since all the business proposed in the Notice convening the meeting was taken up and transacted.

For Mukta Arts Limited



Ms. Monika Shah
Company Secretary



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**ANNUAL
REPORT** | **2018**





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
K C Nevatia & Associates, Company Secretaries

Bankers
YES Bank Limited
HDFC Bank Limited

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, 3rd 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

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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.

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PERFORMANCE

Performance at a glance

Rupees in millions

	Year ended 31st March 2018	Year ended 31st March 2017	Year ended 31st March 2016	Year ended 31st March 2015	Year ended 31st March 2014
Realisation from productions, distribution & exhibition	112.21	589.83	557.74	1,036.91	2,899.14
Equipment Hire Income	2.79	3.46	3.61	3.07	4.28
Other Income	144.75	120.83	57.05	72.93	57.48
TOTAL INCOME	259.75	714.12	618.40	1,112.91	2,960.90
Profit/(Loss) before Interest, Depreciation and Tax	113.16	157.53	102.81	66.07	85.28
Depreciation	27.15	70.48	61.69	66.22	42.06
Interest	68.49	63.41	58.65	77.09	61.88
Profit/(Loss) before Tax	17.52	23.64	(17.53)	(77.24)	(18.66)
Profit/(Loss) after Tax	14.92	12.42	(19.05)	(69.91)	(15.21)
Dividend	-	-	-	-	-
Dividend Rate	-	-	-	-	-
Gross Fixed Assets	1,745.36	1,740.31	1,926.81	1,906.55	1,491.34
Net Fixed Assets	368.98	395.54	515.73	553.89	494.13
Total Assets	2,064.32	2,036.67	1,913.92	1,964.64	2,503.91
Equity Share Capital	112.93	112.93	112.92	112.92	112.92
Reserves and Surplus	1,265.20	1,250.28	986.95	1,003.91	1,078.98
Net Worth	1,378.13	1,363.22	1,099.87	1,116.82	1,191.90
Earnings per Share (EPS)					
<i>In Rupees</i>					
EPS Basic	0.66	0.52	(0.84)	(3.10)	(0.67)
EPS Adjusted to Rs. 5	0.66	0.52	(0.84)	(3.10)	(0.67)



CHAIRMAN'S STATEMENT



Mukta Arts is now a true entertainment conglomerate with business interests in education, exhibition and content production and this year the company has begun to consolidate itself into verticals from which it can unlock value in the years to come. The company has had an up and down year with success coming in certain parts of the business, but others have had a year of tough graft, but all are better off for this and we seek better results in the future to reward our hard work and efforts.

The Indian media and entertainment industry grew by about 13% in the year gone by according to the most recent FICCI report. This is mainly powered by the growth in digital consumers across the country with the launch and appeal of Reliance Jio and many other OTT and streaming services. The film sector grew by about 27% from last year buoyed mainly by higher revenues from Satellite and Digital sales. Another boost for the Film sector is the overseas revenues, where non-traditional markets like China are now contributing big numbers to box office returns. Regional films are the best performers along with English films, as market share of Hindi films is being slowly eroded as consumers look for a variety of entertainment choices.

However there continue to be challenges as well. The tax regime in India is still far higher than other nations, and despite a number of representations, the GST council has not conceded to reduce the rate of GST on box office collections which is continuing to be a drain on the industry's revenues. In addition, a lack of support of infrastructure in the small centers is also an impediment to screen growth and thus, the business as a whole.

This year Mukta A2 Cinemas has been fairly quiet on the expansion front. The company believed that this was the right moment to take stock of the properties currently existing and further rationalize the portfolio to prepare for better results. In the meantime, the company also launched a JV with Asian Cinemas in Hyderabad to invest in single screens in the Andhra region. We are now at 8 screens in this JV in addition to the 48 screens under Mukta A2 Cinemas in India and Bahrain.

The future pipeline for Mukta A2 Cinemas is now focusing on Tier 1 and Tier 2 cities. The next properties that the company will open will be in Vile Parle in Mumbai, Ahmedabad, Karimnagar, Pune and Chennai. This will add great value to the profile of the business as we strive to hit about 75 screens by the end of this next year.

A stronger pipeline of films this year coupled with better on-screen and off-screen advertising efforts should enhance the value for the company at the bottom line as Mukta A2 attempts to become an integral exhibition player in a slightly oligopolistic market.

On the content side, Mukta Arts is seeing great potential in utilizing its strong library for remake and sequel rights. These are in the film as well as OTT realm as branded content continues to be the leading light in the entertainment space. Mukta Arts is working with some strong industry professionals to create all kinds of content for various platforms including TV, digital and film. We have all the key relationships in place and we will be ready with specific project and their details in the months to come.

The programming business continues steadily. This is a diminishing business but Mukta VN continues to hold wonderful relationships which the company can exploit in a myriad of potential ways.

The best performing business for the company this year has been Whistling Woods International (WWI). The company has shown strong bottom-line profits and continues to grow robustly in terms of revenue, reputation and brand.

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Whistling Woods has grown to over 950 students on campus over the course of this academic year and in July it will surpass 1,000 students in its courses. The partnership with TISS is proving extremely fruitful and WWI has continued its path as a thought leader in education and especially in media education. WWI was honored this year to be awarded the CILECT Congress, the major conclave on academic education in film, at the Zurich edition in October and this will happen in Mumbai in November 2018. Over 200 film academics and faculty will be coming to WWI to discuss education and it will showcase the burgeoning name the school has in the community.

In the spirit of our constant technological progress, WWI joined hands with Jio this year to begin work on the WWI-Jio VR Lab. This is the first of its kind lab to study and experiment in the upcoming field of Virtual and Augmented Reality. The lab will work with various stakeholders in the industry to build out a curriculum for education in the VR space as well as create commercial work for platforms keen on the new medium. The lab has started successfully and under the keen guidance of Akash Ambani, we are extremely proud of this new initiative.

The legacy now of WWI is that most State governments are keen to invite the company to set up operations and run courses in many cities across India. We are keenly evaluating these options both domestically and internationally.

WWI continues to build its partners – from You Tube to Sony and from Red to Adobe. The institute believes in giving its faculty and students the best tools for education and in turn allows them to be evangelists for new processes in the industry.

The legal situation is currently status quo but we continue positive dialogue with the government and I am very confident of a solution emerging in the very short term. This will help WWI to continue its work and expand the campus, not only in its current location but in other areas across the country.

Mukta Arts has seen its consolidated turnover rise 24% in the last year and our losses have also come down considerable. WWI has shown higher profits than last year, and Mukta A2 Cinemas is growing in both screens and revenues. The year gone by has been another challenging one for the company, but we have performed reasonably and I am hopeful that this growth will continue and will soon result in profits and I thank all our shareholders for their continued patience, faith and good wishes.

Thanking you,



Subhash Ghai
Chairman

Mukta Arts Limited



MANAGEMENT'S DISCUSSION AND ANALYSIS - 2018

Industry performance

The Indian economy, which had been growing sluggishly till 2016 has started showing signs of overcoming the effects of demonetisation as well as the effects of the global slowdown.

The Indian media and entertainment industry grew by 13%, on the back of a 29% growth in the digital media sector and 27% in the film sector.

The other drivers of growth were the Animation & VFX and the online gaming sectors.

The growth in the film sector was almost entirely on account of the growth in overseas theatrical revenues which rose year on year by 194% whereas domestic theatrical revenues grew by just 13%. There was also growth in revenues from broadcast rights and from digital rights, but these are still small in terms of overall numbers.

Regional and English films saw excellent growth in the year led by the blockbuster Bahubali 2 which broke most box office records at the beginning of the year. By comparison, Hindi films grew only nominally with some large scale films failing to deliver up to expectations. The film sector came into direct conflict with the growth of the OTT streaming services and many exhibitors worried that this was keeping audiences away from the theatres. Of course, the rise of these platforms also meant that digital rights for films grew strongly as well.

One interesting observation has been the presence of Indian Film Industry names in Hollywood productions, with Deepika Padukone and Priyanka Chopra featuring in two films.

Screen count didn't grow as strongly as expected. The effects of demonetisation in the small towns and cities as well as a continued lack of retail infrastructure coupled with the GST rate on movie tickets continuing to be higher than other entertainment areas meant that many Exhibition companies used this year to consolidate into more high value areas as well as reposition theatres to build more segmentation.



Suncity Mukta A2 Cinemas, Vile Parle, Mumbai

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Company performance

The company has for the past few years been focussing on the education business and the exhibition business, through its two main subsidiaries.

Whistling Woods International has had an excellent year. Continuing its performance of the previous year WWI reported a 17% increase in revenues and multi-fold increase in post-tax profits. WWI has now a total of over 950 students on campus. By the next year, it will pass the 1,000 student count on the campus and by 2012 it will be operating at its maximum limit of student count.

WWI won the bid to host the 2018 CILECT Congress which will happen in November. This is a symbol of the institute's growing reputation and position as a leader in the media education arena. The congress will see over 250 Deans, academics and faculty coming to Mumbai and the campus to discuss the future of teaching and education across a range of topics.

The school continues to have the best of the best visit its premises for master classes and this year has been no different. In addition, the school continued its brand building with its hugely successful Celebrate Cinema initiative, which is a public event for all film buffs to come and learn from masterclasses and workshops; Saksham, which is a social cause oriented platform where this year the ills of social media stalking and cyber bullying were brought into focus and WWI also joined hands with the Forest Ministry of Maharashtra to produce a range of musical video's on tree plantation in the state.



Celebrate Cinema at Whistling Woods International

It is continuing its negotiations with the Maharashtra government to restore its original land holdings, so that it is able to proceed with its proposed expansion plan. These discussions have been extremely positive thus far.

Now that the Film, Media & Communication & Fashion Schools have settled, WWI has been expanding its focus to the newer areas such as the School of Design which has commenced operations in July 2017 with its first program - BA in Visual Communication & Design. This school was opened in partnership with ECV in Paris and it remains a key growth program for WWI.



The Virtual Academy is also operating and is at the market research stage. The academy hopes to launch courses in Film, Media and Fashion by the end of 2018, creating India's first online premium learning platform for entertainment education in India.



Blood Donation Camp at Whistling Woods International

WWI has joined hands with Reliance Jio to launch the WWI Virtual Reality Lab. VR / AR is expected to be the next major driver in the Media and Entertainment industry and WWI has taken the lead by looking to create the methodology to learn and deliver education in this area. The Lab will be producing content for Reliance Jio's Jio Cinema platform and experimenting with various filmmakers to push the boundaries of this technology in storytelling.



WWI Virtual Reality Lab

With the domestic exhibition business not sustaining the explosive start to the year that Bahubali 2 had indicated, the Cinemas business has focussed on introspection and consolidation refraining from adding screens in a year when few films performed as well as expected at the box office. The company built a new IP in Classic Films, which ran every Sunday at its New Excelsior property and was presented in association with Zee Classic.

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Mukta A2 Cinemas with South's Asian Cinemas

The company though did open new screens in its JV with Asian Cinemas in the Andhra region. The count in this JV now stands at 8 screens which are performing strongly given the access to top content from that region.

During the year, the exhibition business, now a standalone corporate entity crossed the Rs 50 crore revenue mark with operations at 16 theatres. Since the revenues from domestic releases were not at expected levels, the Company postponed opening of its new theatres, focussing instead on improving efficiencies of the existing theatres.

The same was true of its Bahrain entity. The Bahrain company focussed strongly on bringing efficiencies into the cinema and worked on a number of new pricing and F&B plans. This has worked well as the cinema showed improved occupancy throughout the year.

Since close of the financial year, with a number of small budget movies performing well at the box office, raising expectations of improved domestic box office performance, a two screen multiplex has already been opened at Mumbai and more are in the pipeline in places like Ahmedabad, Pune, Chennai and Karimnagar.

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

Connect 1 (C.1), the digital content creation and distribution arm of Mukta Arts continues to monetise non-fiction content on YouTube, but now it has shifted focus to the core strength of the group - fiction content. C.1 is developing web-series and short-fiction story ideas targeting not only television but also digital content platforms in India & overseas to be produced in-house or co-produced with strategic partners. C.1 has also restructured its business to reduce its fixed cost, in order to build a leaner, more financially efficient business model. The company is negotiating with many players for partnerships in this area as well as leveraging the brand and library of Mukta Arts.

On the Film side, the company continues to develop what it believes are blockbuster hits with some of the best talent in the business. The same can be said of Television where the company is finally grasping the medium and exploring partnerships with key players in the Hindi as well as Marathi space.



NOTICE

Notice is hereby given that the **36th Annual General Meeting (AGM)** of Mukta Arts Limited will be held on **Thursday, the 30th day of August, 2018 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, 2018, together with the Reports of the Board of Directors and the Auditors thereon;
2. To re-appoint Mr. Rahul Puri (DIN 01925045), Managing Director who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 alongwith the Rules made thereunder, the appointment of M/s Uttam Abuwala & Co., Chartered Accountants (Firm Registration Number:111184W) as Statutory Auditors be and is hereby ratified and the auditors to hold office from the conclusion of the this Annual General Meeting until the conclusion of the Thirty Seventh Annual General Meeting of the Company to be held in the year 2019, and the Company hereby approves the remuneration to be determined by the Audit Committee and Board of Directors of the Company and as may be mutually agreed upon by the Statutory Auditors in addition to the out of pocket expenses as may be incurred by them during the course of the Audit."

Special Business:

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

"RESOLVED THAT pursuant to the provisions of Section 40 of The Companies (Amendment) Act, 2017 the ratification of the appointment of Statutory Auditors at every Annual General Meeting shall be discontinued.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to fix the remuneration of the remaining term of appointment of Uttam Abuwala & Co., Chartered Accountants (Firm Registration Number:111184W) as the Statutory Auditors of the Company i.e. until the conclusion of the 38th Annual General Meeting of the Company to be held in the year 2020.

RESOLVED FURTHER THAT the Board of Directors of the Company (including Committee thereof), be and is hereby authorised to do all such act, deeds, matters and things as may be necessary, desirable or expedient to give effect to this resolution."

Registered Office:

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

Place: Mumbai

Date: 24th May, 2018

By Order of the Board

Monika Shah
Company Secretary
Membership No: FCS 7964

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. In terms of Resolution No.3 the appointment of Uttam Abuwala & Co., Chartered Accountants (Firm Registration Number:111184W) as the Statutory Auditors of the Company is proposed to be ratified and their remuneration to be fixed upto the next AGM as per the erstwhile provisions of the Section 139 of the Companies Act, 2013.
5. 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.

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6. 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
7. The Register of Members and Share Transfer Books of the Company will remain closed **from Thursday, the 23rd August, 2018 to Thursday, the 30th August, 2018 (both days inclusive).**
8. 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.

9. 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.
10. 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.
11. 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.
12. 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
13. In keeping with Ministry of Corporate Affairs' Green Initiative measures, soft copies of the Annual Report for the year ended 31st March 2018 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.
14. The route map showing directions to reach the venue of the 36th Annual General Meeting of the Company is annexed.
15. Mr. K. C. Nevatia of M/s. 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.

16. 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 facility for voting through ballot paper will also be made available at the Annual General Meeting (AGM) and 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 27th August, 2018 at 9.00 A.M. and ends on 29th August, 2018 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 22nd August, 2018 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.

The details of the process and manner for remote e-voting are explained herein below:



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.

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.
[Physical User Reset Password?](#) (If you are holding shares in physical mode) option available on 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 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.

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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 the company which is 108856
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 with a copy marked to 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 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 or call on toll free no.: 1800-222-990 or send a request at 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 or voting at the meeting through ballot paper.
- (ii) Any person who acquires shares of the Company and becomes the member of the Company after dispatch of Notice of the Meeting and holding shares as on the cut-off date, may obtain their login ID and password by sending a request to evoting@nsdl.co.in or monika@muktaarts.com. If the member is already registered with NSDL for e-voting then he/she can use existing login ID and password for e-voting.
- (iii) The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, 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 in his absence to any of the director duly authorised by the board, 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 and on the website of NSDL 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

Place: Mumbai
Date: 24th May, 2018

By Order of the Board

Monika Shah
Company Secretary
Membership No: FCS 7964



ANNEXURE TO NOTICE

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

Item No. 4:

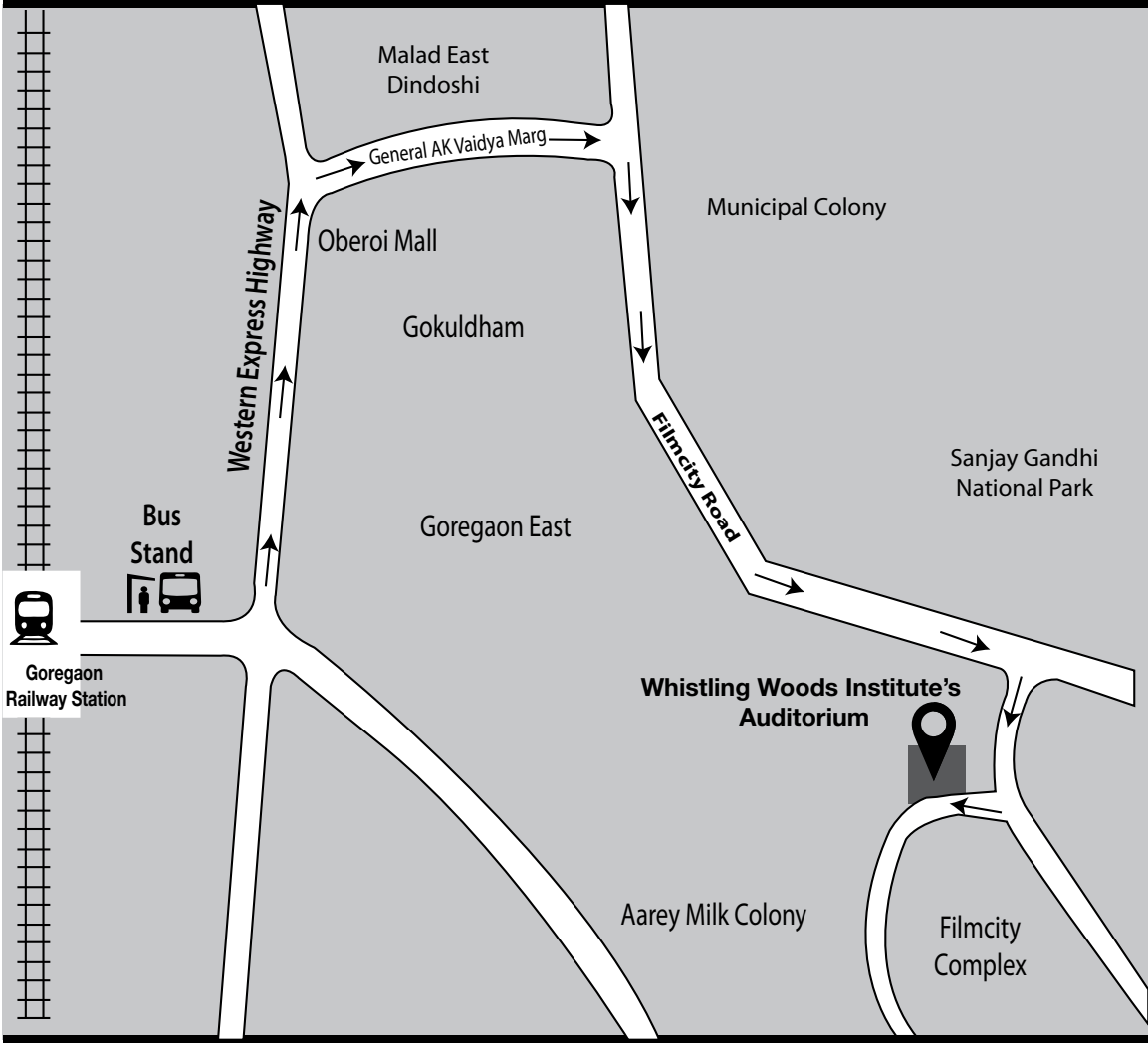
Section 40 of the Companies (Amendment) Act, 2017 has been notified by the Central Government on 7th May, 2018 whereby the first proviso to Section 139(1) of the Companies Act, 2013 relating to ratification of the appointment of the auditors by the members at every Annual General Meeting during the period of their appointment, has been omitted with effect from that date.

In view of the above mentioned amendment, it is proposed to discontinue the ratification of Auditors at every Annual General Meeting from the subsequent Annual General Meeting during the remaining tenure of the Auditors with the consent of the members by way of an Ordinary Resolution as set out in Item No. 4 of the Notice. Board recommends the said resolution for approval of the members.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives are in any way concerned or interested in this resolution.

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

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 Sixth Annual Report of your Company alongwith the Audited Statement of Accounts of the Company for the financial year ended 31st March, 2018.

1. RESULTS OF OUR OPERATIONS

(Figures in Millions)

Particulars	Year ending 31.03.2018 (Rs.)	Year ending 31.03.2017 (Rs.)
Profit/(Loss) before interest, depreciation & tax	113.16	157.53
Less: Interest	68.49	63.41
Profit/(Loss) after interest, before depreciation & tax	44.67	94.12
Less: Depreciation	27.15	70.48
Profit/(Loss) before tax	17.52	23.64
Less: Provision for taxation	7.25	9.43
Deferred Tax Liability /(Asset)	(4.66)	1.79
Profit/(Loss) available for appropriation	14.93	12.43
Less: Interim / Final Dividend	-	-
Tax on Interim / Final Dividend	-	-
Profit/(Loss) for the year	14.93	12.43
Other comprehensive income	--	(0.69)
Add: Balance brought forward	193.52	181.79
Less: Transfer to general reserve	-	-
Profit/(Loss) Carried forward to Balance Sheet	208.45	193.52

Company's Performance

During the year the total revenues of the Company were placed at Rs. 259.75 Millions compared to Rs. 714.12 Millions last year.

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

The holding company, and WWIL had filed applications to review the said Order with the High Court and an interim stay was granted on July 30, 2014 which required deposit by Mukta Arts Limited of Rs 10,00,38,000 by January 2015 against payment of arrears of rent for the years 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 31 March 2018 Rs 11,35,38,000/- has been paid by the Holding Company and Rs 45,00,000/- 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 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.

Dividend

Due to inadequate profits, the Directors regret their inability to recommend dividend for the financial year ended 31st March 2018 and no amount is proposed to be transferred to the reserves.

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.

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 31.03.2018 there were no deposits which were unpaid or unclaimed and due for repayment.

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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 Standards 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.

2. 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 value. The Company has expanded internationally in Bahrain to cater to cinema fans of the Kingdom of Bahrain with launch of 'Mukta A2 Cinemas' first 6 screen luxury cinema in Juffair Mall. During the previous year, the Company has transferred its Cinema exhibition division to a separate legal entity Mukta A2 Cinemas Limited (Wholly- owned subsidiary) of Mukta Arts Limited.

Subsidiary and Joint Venture Companies

As on 31.03.2018 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 Private 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 is a material subsidiary 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 notable has been the **Whistling Woods International Limited ('WWIL')** that has regularly been rated as one of the Ten Best Film Schools in the World by 'The Hollywood Reporter'. In a first-of-its kind academia-industry partnership, Asia's premier Film, Communication and Creative Arts Institute, Whistling Woods International, has come together with **Reliance Jio** for a Development Lab dedicated for the Virtual Reality & Augmented Reality Industry. The lab, named '**Whistling Woods Jio VR Lab**', has been set up at the Whistling Woods International Campus in Filmcity, Mumbai. The Lab has commenced its operations in mid-May 2018.

Mukta A2 Cinemas Limited (MA2) is a wholly-owned subsidiary company incorporated exclusively to handle the exhibition business. MA2 in joint venture with Asian Cinemas has launched 8 single screens at Gangavathi, Tandur, Nizamabad, Sadashivpeth, Kothagude, Medak, Khammam and Zaheerabad. MA2 this month has also taken over operations for launch of 2 screens at Sun City Multiplex, Vile Parle (East), Mumbai. It has started renovation of one of its screens and expects to complete it before the theatrical release of "Race-3" in June 2018. Thereafter the other screen will be operational to mark a signature multiplex here. With this, Mukta A2 Cinemas marks the completion of **48** screens globally. Mukta A2 Cinemas is now successfully operating in **14** cities 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.



Mukta V N 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. As a result of this joint venture, the overall share of the business has grown with over 600 screens being managed by the new entity. Your Company holds 55% of the equity shares of Mukta V N Films Limited and as per provisions Section 2(87) of the Companies Act, 2013 it is a subsidiary company. Since, your Company is a listed Company, Indian Accounting Standard (Ind AS) is applicable with effect from financial year 2017-2018. 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. So, Mukta V N Films Limited is being treated as a joint venture company from the financial year 2017-2018.

Another subsidiary of the Company, **Connect.1 Limited** has for some time been entrusted with monetising the entire group's content on all digital platforms since 2012. It has also curated & syndicated the content emerging from WWI (mostly in the nature of student fiction short films) on YouTube and Dailymotion. Connect.1 has produced a slate of widely viewed short films on the You Tube channel which received good feedback. This has led the company to establish links and partnership with all major platforms to ensure its content is well distributed.

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 abased mobile solutions company with a focus on content, applications and commerce, having office in Mumbai.

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 Act 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.

3. CORPORATE GOVERNANCE

Corporate Governance is an ethically driven business process that is committed to values aimed at enhancing an organization's brand and reputation. 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 2017-18 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. Mamohan Shetty

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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. Mamohan Shetty

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.

None of the independent directors are due for re- appointment.

Directors and 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. Parvez Farooqui	Non-Executive Director
4	Mr. Prabuddha Dasgupta	Chief Financial Officer
5	Ms. Monika Shah	Company Secretary

* Mr. Parvez Farooqui was Executive Director and KMP for the period from 01st April 2017 to 31st May 2017

Certificate on Corporate Governance

Mr. Pratik M. Shah, Practicing Company Secretary 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 31st March, 2018 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 31st March, 2018, 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;



- iii. 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;
- iv. 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.

4. 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 42, 45, 46 and 49 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 K. C. Nevatia & Associates, Company Secretaries in Practice (C. P. No. 2348) 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:

- a) Excess remuneration and professional fees paid to Mr. Subhash Ghai, erstwhile chairman and Managing Director of the company has been taken up at suitable level for review and the company is hopeful of getting the relief shortly.
- b) As adhering to the terms of the order passed by Bombay High Court, the Company has paid an amount of Rs. 11,35,38,000/- to (Maharashtra Film Stage and Cultural Development Corporation) MFCCDCL by March 31, 2018. The State Govt. and MFSCDCL challenged the said order of the High Court in the Supreme Court which application was dismissed by the Supreme Court on 22 September 2014. The amount so paid / being paid by the holding company have been accounted under Non-Current Other Financial Assets in the 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.

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.

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.

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5. 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.
- 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	13.88
Mr. Rahul Puri	Managing Director	16.98
*Mr. Parvez A. Farooqui	Non-Executive Director	NA

* Since Mr. Parvez Farooqui is a non-executive Director he did not receive any remuneration with effect from 01.06.2017

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	62%
Mr. Rahul Puri	Managing Director	10%
Mr. Parvez A. Farooqui	Non- Executive Director	- (10% increase is for to months from 01 st April 2017 to 31 st May 2017
Mr. Prabuddha Dasgupta	Chief Financial Officer	10%
Ms. Monika Shah	Company Secretary	5%

c. The percentage increase in the median remuneration of employees in the financial year:- 120%

d. The number of permanent employees on the rolls of Company: - 66

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 26.22% whereas the increase in the managerial remuneration was -2.91%.

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	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	5,820,000	B.Com	47	09.07.1982	74	Mukta Arts Since inception	No
2	Rahul V Puri	Managing Director	4,177,800	Bsc- Business Management	19	01.04.2004	40	Nimbus Communications Ltd.	* Yes
3	Prabuddha Dasgupta	Chief Financial Officer	3,811,308	CA	26	07.07.2014	50	Neo Sports broadcast Pvt. Ltd.	No
4	Siraj Farooqui	Studio Chief Executive	3,406,260	Inter Arts	42	01.11.2015	63	Mukta Arts Since inception	*Yes
5	Sanjay Ghai	Chief Operating Officer	3,054,000	Graduate	35	09.01.2008	52	Mukta Shakti Combine	No
6	Ashish Gharde	Group Chief Operating Officer	3,999,996	MBA (SIBM)	21	06.02.2017	45	Larsen & Toubro and Balaji Telefilms Limited	No
7	Prem Taparia	Manager-Finance	2,303,892	CA	14		39	Simplex Mills Co. Ltd.	No
8	Rekha Misra	VP- Projects & Adm.	1,350,480	B.Com	36	01.11.2016	66	Great eastern Shipping Co.	No
9	Cornelia Thallinger	EA to Chairman	1,025,058	MBA in communications	8	16.02.2016	30	DSB international school, Mumbai	No
10	Monika Shah	Company Secretary	944,100	CS , LLB	12	25.01.2016	38	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.

6. 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.

7. 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>

8. 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.

9. 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.

MUKTA ARTS LIMITED

10. 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.

11. 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.

12. 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, 2018.

13. 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

Subhash Ghai
Executive Chairman
DIN: 00019803

Place: Mumbai
Date: 24th May, 2018



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: Indian Rupees)

Sr. No.	Particulars	Whistling Woods International Ltd	Connect.1 Limited	Mukta Tele Media Limited	Mukta Creative Ventures Limited	Mukta A2 Cinemas Limited	Mukta A2 Multiplex SPC
a)	Share Capital	20,00,00,000	6,00,000	5,00,000	75,00,000	5,00,000	88,60,800
b)	Reserves & Surplus	(82,01,12,045)	(1,33,27,131)	(1,20,34,300)	(61,66,978)	(4,52,96,807)	(11,21,58,574)
c)	Total Assets	38,49,08,800	89,39,986	29,29,868	13,74,688	49,65,74,778	12,81,20,366
d)	Total Liabilities	1,00,50,20,845	2,16,67,117	1,44,64,167	41,666	54,13,71,585	23,14,18,140
e)	Investments	5,00,000	250	250	Nil	45,000	Nil
f)	Turnover	40,50,39,547	16,20,379	8,90,631	65,856	59,91,51,747	15,31,05,219
g)	Profit /(Loss) before taxation	1,53,27,464	(36,96,341)	(5,74,804)	(98,653)	(3,91,28,728)	(3,46,13,454)
h)	Provision for taxation	62,034	Nil	Nil	Nil	(1,39,859)	Nil
i)	Profit /(Loss) after taxation	1,53,89,498	(36,96,341)	(5,74,804)	(98,653)	(3,89,88,869)	(3,46,13,454)
j)	Proposed dividend	Nil	Nil	Nil	Nil	Nil	Nil

Part “B” : Joint Ventures

(Currency: Indian Rupees)

Sr. No.	Particulars	Mukta V N Films Limited
a)	Share Capital	6,25,12,287
b)	Reserves & Surplus	44,65,301
c)	Total Assets	16,43,03,783
d)	Total Liabilities	9,49,26,195
e)	Investments	Nil
f)	Turnover	3,11,18,895
g)	Profit /(Loss) before taxation	(41,115)
h)	Provision for taxation	4,86,456
i)	Profit /(Loss) after taxation	(5,27,571)
j)	Proposed dividend	Nil

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 readwith 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 No. MR-3

SECRETARIAL AUDIT REPORT

For the Company's Financial Year from **1st April, 2017 to 31st March, 2018**

[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]

To,

The Members,

Mukta Arts Limited

Mumbai

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

Based on our verification of **Mukta Arts Limited's** books, papers, minute books, forms and returns filed and other records as maintained by the Company and also the information as provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended **March 31, 2018**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **March 31, 2018** according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder.
2. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, which were not applicable to the Company during the financial year under report.
3. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
4. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. 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, 2015;
 - c. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
5. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder
6. Employees Provident Fund and Miscellaneous Provisions Act, 1952
7. Employees State Insurance Act, 1948
8. Employers Liability Act, 1938
9. Equal Remuneration Act, 1976
10. Indian Contract Act, 1872
11. Income Tax Act, 1961 (our checking to the extent of Tax Deducted at Source under various Sections, payments made and T.D.S. Returns filed).
12. Indirect Tax Laws relating to collections, deductions, wherever applicable, payments made and returns filed.
13. Indian Stamp Act, 1899
14. Maharashtra Stamp Act, 1958
15. Industrial Dispute Act, 1947
16. Maternity Benefits Act, 1961
17. Minimum Wages Act, 1948
18. Negotiable Instruments Act, 1881
19. Payment of Bonus Act, 1965
20. Payment of Gratuity Act, 1972



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

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

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

The Company had voluntarily applied for delisting from the Calcutta Stock Exchange Limited (CSE) w.e.f. 31st March, 2014. However on not receiving any official confirmation of being delisted, the company paid the listing fees for the financial year 2014-2015 and requested for delisting w.e.f. 31st March, 2015. On account of non-receipt of any response from Calcutta Stock Exchange, the Company has not paid listing fee to the said stock exchange and stopped filing any statement, returns and forms with it from the financial year 2015-16. However, the Company has not yet received any confirmation from CSE for delisting. Further, the trading in scrip of the Company remains suspended by CSE. The matter of delisting is still being followed up by the Company with CSE and its response is yet to be received.

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

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Director and Independent Directors. There is no change in the composition of the Board of Directors during the financial year under review.

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

All the Board/Committee decisions are taken unanimously.

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

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

- (i) Public / Rights / Preferential issue of shares / debentures / sweat equity.
- (ii) Redemption / buy-back of securities.
- (iii) Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013
- (iv) Merger / amalgamation / reconstruction etc.
- (v) Foreign technical collaborations.

For K. C. Nevatia & Associates
Company Secretaries

K. C. Nevatia
Proprietor
FCS No.: 3963
C P No.: 2348

Place: Mumbai
Date: 24/05/2018

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

MUKTA ARTS LIMITED

Annexure

Annexure to our Secretarial Audit Report dated 24th May, 2018

A. On Companies Act, 1956 and Companies Act, 2013

1. Excess remuneration paid to Mr. Subhash Ghai, erstwhile Chairman and Managing Director of the Company.

The Company had paid remuneration in excess of the limits prescribed under Schedule XIII to the Companies Act, 1956 aggregating to Rs. 5,90,06,159/- to Mr. Subhash Ghai, erstwhile Chairman and Managing Director of the Company during the financial years 2005-06 to 2012-13. The Company had made application to Central Government for waiver of excess remuneration but the same was rejected by the Central Government vide its letter dated 9th February, 2015. The Company had again made the application to the Central Government on 18th August, 2017 in Form No. MR-2 under Companies Act, 2013, which was also rejected by the Central Government vide its letter dated 9th October, 2017 with a director to the Company to recover the excess remuneration paid to Mr. Subhash Ghai. The Company has again approached the Central Government for waiver of excess remuneration amount as stated above by filing fresh Form No. MR-2 on 30th April, 2018 and the outcome of the same is awaited.

2. Professional fees paid to Mr. Subhash Ghai, erstwhile Chairman and Managing Director of the Company.

The Company had paid to erstwhile Chairman and Managing Director of the Company, Mr. Subhash Ghai, a total sum of Rs. 1,64,00,000/- as per details given hereunder by way of Professional fees 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.

Financial Year	Professional Fees paid
2012-2013	54,00,000/-
2013-2014	1,10,00,000/-

The Company had made post facto application to the Central Government seeking its opinion that the erstwhile Chairman and Managing Director, Mr. Subhash Ghai possesses the requisite qualification. However, the said application of the Company was rejected by Ministry of Corporate Affairs, Government of India vide its letter dated 18th September, 2014. Subsequently the Company had

made fresh application to the Central Government in Form No. MR-2 which was also rejected by the Central Government vide its letter dated 9th October, 2017 and directed the Company to make separate application to the Central Government in respect of financial year 2012-13 and 2013-14. In response thereto the Company has filed separate application to the Central Government in Form No. MR-2 on 5th January, 2018 and the same is pending with Central Government for disposal.

3. Internal Audit Report

Internal Control System needs to be strengthened in view of the observations and remarks of Internal Auditors in their various reports.

B. Litigation

1. 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. In terms of the said order dated 9.02.2012 passed by the High Court of Judicature at Bombay ('High Court'), MFSCDCL raised net demand of Rs. 591,966,210/- and asked Whistling Woods International Limited (WWIL), a subsidiary company of MAL to vacate the premises. The MAL and WWIL filed Review Petitions before the High Court and the said Review Petitions were heard by High Court and a stay was granted on 30 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 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 K. C. Nevatia & Associates
Company Secretaries

K. C. Nevatia
Proprietor
FCS No.: 3963
C P No.: 2348

Place: Mumbai
Date: 24/05/2018



To,

The Members

Mukta Arts Limited

Mumbai

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

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

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

K. C. Nevatia
Proprietor
FCS No.: 3963
C P No.: 2348

Place: Mumbai
Date: 24/05/2018

MUKTA ARTS LIMITED

Annexure - D

Practicing Company Secretary's Certificate on Compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

1. This report contains details of compliance of conditions of Corporate Governance by Mukta Arts Limited ('the Company') for the year ended March 31, 2018 as stipulated in Regulations 17-27, clause (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') pursuant to the Listing Agreement of the Company with Stock Exchanges.

Management's Responsibility for compliance with the conditions of Listing Regulations

2. The compliance with the terms and conditions contained in the Corporate Governance is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents.

Auditors' Responsibility

3. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended March 31, 2018.

Opinion

5. In our opinion, and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

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

Restriction on use

6. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

Place: Mumbai
Date: 24th May, 2018

Pratik M. Shah
Company Secretaries
FCS – 7431 C.P. : 7401



Annexure - E

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

As on the financial year ended 31.03.2018

[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: www.muktaarts.com
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	36%

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)
4	Mukta Creative ventures Limited (Formerly known as Coruscant Tec Private 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)

MUKTA ARTS LIMITED

Sr. No	Name and Address of the Company	CIN	Holding/ Subsidiary/ Associate	% of Equity shares held	Applicable Section
6	Mukta A2 Cinemas Limited Mukta House, Behind Whistling Woods Institute, Filmcity Complex, Goregaon East Mumbai – 400065	U74999MH2016PLC287694	Wholly Owned Subsidiary	100%	Section 2(87)(ii)
7	Mukta A2 Multiplex S.P.C. (Bahrain)	99524-1	Wholly Owned Subsidiary	100%	Section 2(87)(ii)
8	Whistling Woods International Education Foundation Mukta House, 3 rd Floor, Filmcity Complex, Goregaon (East), Mumbai- 400 065	U74999MH2016NPL285799	*Subsidiary	100%	Section 2(87)(ii)

*Note: WWIEF is a wholly owned subsidiary of WWIL 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 01.04.2017				No. of Shares held at the end of the year 31.03.2018				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.PROMOTERS									
(1) Indian									
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
Sub-total (A) (1):-	15893290	0	15893290	70.37	15893290	0	15893290	70.37	0.00
(2) Foreign									
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
Sub-total (A) (2):-	0	0	0	0.00	0	0	0	0.00	0.00
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	15893290	0	15893290	70.37	15893290	0	15893290	70.37	0.00
B. PUBLIC SHAREHOLDING									
1. Institutions									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks / FI	13026	0	13026	0.06	21577	0	21577	0.10	0.04
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	0	0	0	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
Sub-total (B)(1):-	13026	0	13026	0.06	21577	0	21577	0.10	0.04
2. Non-Institutions									
a) Bodies Corp.									



Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2017				No. of Shares held at the end of the year 31.03.2018				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i) Indian	976979	0	976979	4.32	674161	0	674161	2.99	-1.34
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual Shareholders holding nominal share capital upto Rs. 1 lakh	2212329	2364	2235971	9.90	3038746	19442	3058188	13.54	3.64
ii) Individual Shareholders holding nominal share capital in excess of Rs.1 lakh	2724593	0	2724593	12.06	2350249	0	2350249	10.40	-1.66
c) Others	0	0	0	0.00	0	0	0	0.00	0.00
i) Trusts	24950	0	24950	0.11	24950	0	24950	0.11	0.00
ii) Hindu Undivided Family	224305	0	224305	0.99	286894	0	286894	1.27	0.28
iii) Non Resident Indians	150471	0	150471	0.67	125811	0	125811	0.56	0.11
iv) Clearing Members	345615	0	345615	1.53	150080	0	150080	0.66	-0.87
Sub-Total (B)(2):	6659242	23642	6682884	29.59	6650891	19442	6670333	29.53	-0.06
Total Public Shareholding (B)=(B)(1)+(B)(2)	6672268	23642	6695910	29.65	6672468	19442	6691910	29.63	-0.02
TOTAL (A)+(B)	22561558	23642	22585200	100.00	22565758	19442	22585200	100.00	-
C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	22561558	23642	22585200	100.00	22565758	19442	22585200	100.00	-

(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	12417990	55.00	0	12421990	55.00	0	0
Meghna Ghai Puri	1650000	7.31	0	1650000	7.31	0	0
Mukta Ghai	1650000	7.31	0	1650000	7.31	0	0
Parvez A. Farooqui	77300	0.34	0	77300	0.34	0	0
Siraj Akhtar Farooqui	44000	0.19	0	44000	0.19	0	0
Ashok Ghai	37000	0.16	0	37000	0.16	0	0
Sunita Bahry	8700	0.04	0	8700	0.04	0	0
Nargis P Farooqui	4300	0.02	0	4300	0.02	0	0
Total	15889290	70.37	0	15893290	70.37	0	0.01

(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 of Shareholders	Shareholding at the beginning of the year 01-04-2017			Transactions during the year		Cumulative Shareholding during the Year 31-03-2018	
		No. of shares	% of total shares of the company	Date Of Transaction	Increase (+)/ Decrease (-) OF SHARES during the year	Reason	No. of shares	% of total shares of the company
1	Raju Nanwani	839700	3.7179				839700	3.7179
				18 Aug 2017	(10200)	Transfer	829500	3.6728
				25 Aug 2017	(6100)	Transfer	823400	3.6458
				01 Sep 2017	(17200)	Transfer	806200	3.5696
				08 Sep 2017	(16200)	Transfer	790000	3.4979
				22 Sep 2017	(10600)	Transfer	779400	3.4509

MUKTA ARTS LIMITED

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year 01-04-2017			Transactions during the year		Cumulative Shareholding during the Year 31-03-2018	
		No. of shares	% of total shares of the company	Date Of Transaction	Increase (+)/ Decrease (-) OF SHARES during the year	Reason	No. of shares	% of total shares of the company
				29 Sep 2017	(3200)	Transfer	776200	3.4368
				06 Oct 2017	(4800)	Transfer	771400	3.4155
				13 Oct 2017	(9400)	Transfer	762000	3.3739
				20 Oct 2017	(3150)	Transfer	758850	3.3599
				27 Oct 2017	(4450)	Transfer	754400	3.3402
				03 Nov 2017	(1000)	Transfer	753400	3.3358
				10 Nov 2017	30000	Transfer	783400	3.4686
				17 Nov 2017	3823	Transfer	787223	3.4856
				01 Dec 2017	(16023)	Transfer	771200	3.4146
				22 Dec 2017	1600	Transfer	772800	3.4217
				05 Jan 2018	(2800)	Transfer	770000	3.4093
				12 Jan 2018	(6550)	Transfer	763450	3.3803
				19 Jan 2018	(7650)	Transfer	755800	3.3464
				26 Jan 2018	(1800)	Transfer	754000	3.3385
				09 Feb 2018	3000	Transfer	757000	3.3518
				16 Feb 2018	(1200)	Transfer	755800	3.3464
				23 Feb 2018	(600)	Transfer	755200	3.3438
	At the end of the year						755200	3.3438
2	Bijoo U Ramrakhiani	176010	0.7793				176010	0.7793
				07 Apr 2017	940	Transfer	176950	0.7835
				07 Jul 2017	(850)	Transfer	176100	0.7797
				14 Jul 2017	(1000)	Transfer	175100	0.7753
				18 Aug 2017	500	Transfer	175600	0.7775
				27 Oct 2017	125	Transfer	175725	0.7781
				12 Jan 2018	(1725)	Transfer	174000	0.7704
				16 Mar 2018	1000	Transfer	175000	0.7748
	At the end of the year						175000	0.7748
3	Nilesh Talak Dedhia	108900	0.4822				108900	0.4822
				19 Jan 2018	20205	Transfer	129105	0.5716
				26 Jan 2018	225	Transfer	129330	0.5726
				02 Feb 2018	1350	Transfer	130680	0.5786
				09 Feb 2018	495	Transfer	131175	0.5808
	At the end of the year						131175	0.5808
4	Rasiklal Shankarlal Shukla	122031	0.5403				122031	0.5403
				07 Apr 2017	(133)	Transfer	121898	0.5397
				28 Apr 2017	(2000)	Transfer	119898	0.5309
				11 Aug 2017	400	Transfer	120298	0.5326
				22 Dec 2017	(1500)	Transfer	118798	0.5260
				12 Jan 2018	(1000)	Transfer	117798	0.5216
				19 Jan 2018	(500)	Transfer	117298	0.5194
				02 Feb 2018	700	Transfer	117998	0.5225
	At the end of the year						118121	0.5230
5	Jyoti Charul Shah	121000	0.5357				121000	0.5357
				07 Apr 2017	(3000)	Transfer	118000	0.5225
				23 Jun 2017	(4000)	Transfer	114000	0.5048
				07 Jul 2017	(1000)	Transfer	113000	0.5003
				11 Aug 2017	1000	Transfer	114000	0.5048
				01 Sep 2017	1000	Transfer	115000	0.5092
				08 Sep 2017	(2000)	Transfer	113000	0.5003
				15 Sep 2017	2000	Transfer	115000	0.5092
				27 Oct 2017	1500	Transfer	116500	0.5158
				01 Dec 2017	(8000)	Transfer	108500	0.4804
				08 Dec 2017	5000	Transfer	113500	0.5025
				15 Dec 2017	1000	Transfer	114500	0.5070
				22 Dec 2017	(4000)	Transfer	110500	0.4893
				05 Jan 2018	(3000)	Transfer	107500	0.4760
				09 Feb 2018	2000	Transfer	109500	0.4848
	At the end of the year						109500	0.4848
6	Sakshi Nanwani	224000	0.9918				224000	0.9918
				05 May 2017	(111091)	Transfer	112909	0.4999
				12 May 2017	(1709)	Transfer	111200	0.4924



Sr. No.	Name of Shareholders	Shareholding at the beginning of the year 01-04-2017			Transactions during the year		Cumulative Shareholding during the Year 31-03-2018	
		No. of shares	% of total shares of the company	Date Of Transaction	Increase (+)/ Decrease (-) OF SHARES during the year	Reason	No. of shares	% of total shares of the company
				26 May 2017	86630	Transfer	197830	0.8759
				02 Jun 2017	26170	Transfer	224000	0.9918
				16 Jun 2017	(9000)	Transfer	215000	0.9520
				23 Jun 2017	(4850)	Transfer	210150	0.9305
				07 Jul 2017	(23450)	Transfer	186700	0.8266
				14 Jul 2017	(20300)	Transfer	166400	0.7368
				21 Jul 2017	(37500)	Transfer	128900	0.5707
				28 Jul 2017	(8900)	Transfer	120000	0.5313
				04 Aug 2017	(6700)	Transfer	113300	0.5017
				11 Aug 2017	(4000)	Transfer	109300	0.4839
				16 Feb 2018	(200)	Transfer	109100	0.4831
	At the end of the year						109100	0.4831
7	Deepak Mittal *	70000	0.3099				70000	0.3099
				18 Aug 2017	30000	Transfer	100000	0.4428
	At the end of the year						100000	0.4428
8	Mind Factory Entertainment Private Limited	100000	0.4428				100000	0.4428
	At the end of the year						100000	0.4428
9	Ushaben Dhanvantbhai Shah*	47000	0.2081				47000	0.2081
				29 Sep 2017	2936	Transfer	49936	0.2211
				06 Oct 2017	64	Transfer	50000	0.2214
				27 Oct 2017	4212	Transfer	54212	0.2400
				10 Nov 2017	1000	Transfer	55212	0.2445
				17 Nov 2017	788	Transfer	56000	0.2479
				01 Dec 2017	1000	Transfer	57000	0.2524
				22 Dec 2017	8000	Transfer	65000	0.2878
				29 Dec 2017	500	Transfer	65500	0.2900
				30 Dec 2017	10000	Transfer	75500	0.3343
				05 Jan 2018	11000	Transfer	86500	0.3830
				02 Feb 2018	2500	Transfer	89000	0.3941
				09 Feb 2018	1000	Transfer	90000	0.3985
				09 Mar 2018	2000	Transfer	92000	0.4073
				23 Mar 2018	2819	Transfer	94819	0.4198
				31 Mar 2018	4850	Transfer	99669	0.4413
	At the end of the year						99669	0.4413
10	Pinak Dhiraj Gala*	66000	0.2922				66000	0.2922
				23 Jun 2017	20000	Transfer	86000	0.3808
	At the end of the year						86000	0.3808
11	PACE STOCK BROKING SERVICES PVT LTD#	180000	0.7970				180000	0.7970
				28 Apr 2017	600	Transfer	180600	0.7996
				05 May 2017	(200)	Transfer	180400	0.7988
				02 Jun 2017	25	Transfer	180425	0.7989
				09 Jun 2017	(50)	Transfer	180375	0.7986
				16 Jun 2017	(50)	Transfer	180325	0.7984
				07 Jul 2017	500	Transfer	180825	0.8006
				14 Jul 2017	20	Transfer	180845	0.8007
				21 Jul 2017	(20)	Transfer	180825	0.8006
				28 Jul 2017	(23524)	Transfer	157301	0.6965
				04 Aug 2017	(76836)	Transfer	80465	0.3563
				11 Aug 2017	(75011)	Transfer	5454	0.0241
				18 Aug 2017	(4629)	Transfer	825	0.0037
				25 Aug 2017	(500)	Transfer	325	0.0014
				08 Sep 2017	1650	Transfer	1975	0.0087
				15 Sep 2017	(50)	Transfer	1925	0.0085
				13 Oct 2017	(700)	Transfer	1225	0.0054
				24 Nov 2017	(300)	Transfer	925	0.0041
				08 Dec 2017	(465)	Transfer	460	0.0020
				29 Dec 2017	(150)	Transfer	310	0.0014
				23 Feb 2018	26	Transfer	336	0.0015

MUKTA ARTS LIMITED

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year 01-04-2017			Transactions during the year		Cumulative Shareholding during the Year 31-03-2018	
		No. of shares	% of total shares of the company	Date Of Transaction	Increase (+)/ Decrease (-) OF SHARES during the year	Reason	No. of shares	% of total shares of the company
				31 Mar 2018	(1)	Transfer	335	0.0015
	At the end of the year						335	0.0015
12	BLUE MOON PROPERTIES PVT LTD#	100000	0.4428				100000	0.4428
				28 Apr 2017	(100000)	Transfer	0	0.0000
	At the end of the year						0	0.0000
13	DHANESH S SHAH#	100000	0.4428				100000	0.4428
				14 Apr 2017	(64753)	Transfer	35247	0.1561
				28 Apr 2017	(35247)	Transfer	0	0.0000
	At the end of the year						0	0.0000

* Not in the list of top 10 shareholders as on 01-04-2017. The same has been reflected above since the shareholder was one of the top 10 shareholders as on 31-03-2018.

Ceased to be in the list of top 10 shareholders as on 31-03-2018. The same is reflected above since the shareholder was one of the top 10 shareholder as on 01-04- 2017.

Shareholding is consolidated based on permanent account number (PAN) of the shareholder.

(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		
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
Indebtedness at the beginning of the financial year				
i) Principal Amount	40,50,93,731	8,50,00,000	-	49,00,93,731
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	26,19,419	-	26,19,419
Total (i+ii+iii)	40,50,93,731	8,76,19,419	-	49,27,13,150
Change in Indebtedness during the financial year				
* Addition	7,59,92,866	98,48,439	-	8,58,41,305
* Reduction	2,02,10,779	1,00,00,000	-	3,02,10,779
Net Change	5,57,82,087	(1,51,561)		5,56,30,526
Indebtedness at the end of the financial year				
i) Principal Amount	46,08,75,818	8,20,00,000	-	54,28,,75,818
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	54,67,858	-	54,67,858
Total (i+ii+iii)	46,08,75,818	8,74,67,858		54,83,43,676



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/WTD (Rs.)			Total Amount (Rs.)
		Subhash Ghai	Rahul Puri	Parvez Farooqui	
		1	Gross Salary		
(a)	Salary as per provisions contained in section 17 (1) of the Income Tax Act, 1961	61,20,000	43,97,800	7,95,850	1,13,13,650
(b)	Value of Perquisites u/sec 17 (2) Income Tax Act, 1961	3,37,400	47,400	6,900	3,91,700
(c)	Profits in lieu of salary under section 17 (3) of Income Tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil	Nil
(a)	as a % of profit	Nil	Nil	Nil	Nil
(b)	others, specify	Nil	Nil	Nil	Nil
5	Others	Nil	Nil	Nil	Nil
	Total	64,57,400	44,45,200	8,02,750	1,17,05,350

B. Remuneration to other Directors: -

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

* Salary & Perquisites were paid to Mr. Parvez A. Farooqui for the period 01.04.2017 to 31.05.2017 from 01.06.2017 the designation of Mr. Parvez A. Farooqui was changed to Non-Executive Director and he received only sitting fees.

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

Sr No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount (Rs.)
		Total Amount (Rs.)		
		Prabuddha Dasgupta	Monika Shah	
1	Gross Salary			
(a)	Salary as per provisions contained in section 17 (1) of the Income Tax Act, 1961	38,11,308	9,44,100	47,55,408
(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	38,11,308	9,44,100	47,55,408

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, 2018.

For and on behalf of the Board of Directors

Place: Mumbai
Date: 24th May, 2018

(Subhash Ghai)
Chairman
DIN: 00019803

MUKTA ARTS LIMITED

CORPORATE INFORMATION

Board of Directors

Mr. Subhash Ghai, Executive Chairman
Mr. Rahul Puri, Managing Director
Mr. Parvez A. Farooqui, Non-Executive Director
Mr. Kewal Handa, Independent Director
Ms. Paulomi Dhawan, Independent Director
Mr. Manmohan Shetty, Independent Director

Chief Financial Officer

Mr. Prabuddha Dasgupta

Company Secretary and Compliance Officer

Ms. Monika M. Shah

Auditors

M/s. Uttam Abuwala & Co.
Chartered Accountants

Registered Office

Mukta House,
Behind Whistling Woods Institute,
Filmcity Complex, Goregaon (East),
Mumbai – 400 065
CIN : L92110MH1982PLC028180

Audit Committee

Mr. Kewal Handa
Mr. Parvez A. Farooqui
Mr. Manmohan Shetty

Nomination and Remuneration Committee

Mr. Kewal Handa
Mr. Manmohan Shetty
Ms. Paulomi Dhawan

Stakeholders Relationship Committee:

Mr. Kewal Handa
Mr. Parvez A. Farooqui
Ms. Paulomi Dhawan

Share Transfer Committee

Mr. Parvez A. Farooqui
Mr. Kewal Handa
Mr. Manmohan Shetty

Bankers

YES Bank Limited
HDFC Bank Limited

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



CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The essence of Corporate Governance is about maintaining the right balance between economic, social, individual and community goals. At Mukta Arts, good corporate governance is a way of life and the way we do our business, encompassing every day's activities and is enshrined as a part of our way of working. The Company is focused on enhancement of long-term value creation for all stakeholders without compromising on integrity, societal obligations, environment and regulatory compliances. 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.

The Company follows the Governance Guidelines to help fulfill its corporate responsibility towards its stakeholders. 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. 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.

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. Composition

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

As on March 31, 2018, 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 24th May, 2017; 30th August, 2017, 29th November, 2017 and 12th February, 2018.

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. 2017 - 2018		Number of Director ships in other Public Companies	Membership / Chairmanship of Committees in other Public Companies		Attendance at the A.G.M Held on 13 th September, 2017
			Held	Attended		Chairman	Membership	
1	Mr. Subhash Ghai	EC	4	3	5	Nil	Nil	Present
2	Mr. Rahul Puri	ED	4	4	3	Nil	Nil	Present
3	Mr. Parvez A Farooqui	NED	4	4	3	Nil	Nil	Present
4	Mr. Kewal Handa	ID	4	4	4	Nil	1	Present
5	Mrs. Paulomi Dhawan	ID	4	4	1	Nil	Nil	Present
6	Mr. Manmohan Shetty	ID	4	4	5	Nil	1	Absent

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

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.

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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 shares of the Company. None of the other 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 Regulation 16(1)(b) / 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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. Each Board member is requested to evaluate the effectiveness of the Board dynamics and relationships, information flow, decision-making of the directors, relationship to stakeholders, company performance, company strategy and the effectiveness of the whole Board.

Separate Meeting of the Independent Directors:

The Independent Directors held a Meeting on 16th March, 2018, without the attendance of Non-Independent Directors and Member of 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.

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 SEBI 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/ Compliance Officer acts as the secretary to the 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 Audit Committee, inter-alia, reviews financial statements/reports, the adequacy of the internal control functions, and reviews the Internal Audit reports including those related to Internal Control weaknesses, if any. The Audit Committee is provided with necessary assistance and information to carry out their functions effectively.

Four meetings of the Audit Committee were held during the year on 24th May, 2017; 30th August, 2017, 29th November, 2017 and 12th February, 2018.



Details of meetings attended by its members till 31st March, 2018 are given below:

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

The Chairman of the Audit Committee was present at the Annual General Meeting held on 13th September, 2017 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.

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(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/Compliance Officer 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, one meeting of the Nomination and Remuneration Committee was held on 24th May, 2017.

Details of meetings attended by its members till 31st March, 2018 are given below:

Name of the Director	Meetings held during the tenure of the Directors	Meetings Attended
Mr. Kewal Handa	1	1
Mr. Manmohan Shetty	1	1
Mrs. Paulomi Dhawan	1	1

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 'B' 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 Executive Directors and Non-executive Independent Directors for the year ended March 31, 2018 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 2017-18 was as under:

Particulars	Mr. Subhash Ghai Executive Chairman	Mr. Rahul Puri Managing Director	Mr. Parvez A. Farooqui Executive Director (from 01.04.2017 to 31.05.2017) *
Salary	61,20,000	43,97,800	7,95,850
Perquisites	3,37,400	47,400	6,900
Total	64,57,400	44,45,200	8,02,750

*Mr. Parvez A. Farooqui was executive director of the company for the period 01.04.2017 to 31.05.2017 from 01.06.2017 the designation of Mr. Parvez A. Farooqui was changed to Non-Executive Director. He did not derive any remuneration apart from sitting fees for attending board meetings of the Company from the period 01.06.2017 to 31.03.2018.

DETAILS OF SERVICE CONTRACT

Names	Period of Contract	Dates of Appointment
Mr. Subhash Ghai	3 Years	30 th May, 2017
Mr. Rahul Puri	3 Years	30 th 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 2017-18, the Company has paid total sitting fee of Rs. 225,000 to Non-Executive Directors and Independent Directors as under:

Names	Sitting fees (Rs.)	Salary & Perquisites (Rs.)	Commission (Rs.)	Total (Rs.)
Mr. Kewal Handa	60,000	Nil	Nil	60,000
Mrs. Paulomi Dhawan	60,000	Nil	Nil	60,000
Mr. Manmohan Shetty	60,000	Nil	Nil	60,000
Parvez A. Farooqui	45,000	*	Nil	45,000
TOTAL				225,000

* Salary & Perquisites were paid to Mr. Parvez A. Farooqui for the period 01.04.2017 to 31.05.2017 from 01.06.2017 the designation of Mr. Parvez A. Farooqui was changed to Non-Executive Director and he received only sitting fees.

(C) STAKEHOLDERS RELATIONSHIP COMMITTEE

The Committee has the mandate to review and redress shareholders grievances.

Stakeholders Relationship Committee comprises of:

1. Mr. Kewal Handa – Chairman and Independent Director
2. Mr. Parvez A. Farooqui – Member and 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 Four meetings of the Board were held on 24th May, 2017; 30th August, 2017, 29th November, 2017 and 12th February, 2018.

Name of the Director	Meetings held during the tenure of the Directors	Meetings Attended
Mr. Kewal Handa	4	4
Mr. Parvez A. Farooqui	4	4
Mrs. Paulomi Dhawan	4	4

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;

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- 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 2017- 18 are as follows:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
0	0	0	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 31st March, 2018.

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

(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
31.03.2017	13.09.2017	4.00 P.M.	Whistling Woods Institution's Auditorium Dada Saheb Phalke Chitra Nagari Goregaon (East), Mumbai-400 065	NIL



Financial Year ended	Date of AGMs	Time	Venue	Details of Special Resolutions
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"> 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. 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. 3. Special Resolution for appointment of Mr. Siraj Farooqui, relative of Mr. Parvez A. Farooqui, Executive Director of the Company as "COO- Production & Studios" and fixing his remuneration. 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. 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.
31.03.2015	28.09.2015	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"> 1. Special Resolution for re-appointment Mr. Parvez A. Farooqui as Whole time Director (to be designated as Executive Director) for a period of 3 years and approval of remuneration payable to him. 2. Special Resolution for appointment of Mr. Ashok Ghai as Professional Advisor and fixation of remuneration payable to him. 3. Special Resolution for Approval of limits for Loan, Guarantees and Investments by Company.

No Extra Ordinary General Meeting was held during the past 3 years. No special Resolution(s) requiring a Postal Ballot was passed last year or is being proposed at the ensuing Annual General Meeting.

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.

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(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.

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 newspapers and posted on the website of the Company at 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. 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 30, 2018
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 31st March, 2019 the Financial Results will be announced on:

1 st Quarter	:	Within 45 days from the end of the quarter
2 nd Quarter	:	Within 45 days from the end of the quarter
3 rd Quarter	:	Within 45 days from the end of the quarter
4 th Quarter (Audited yearly results)	:	Within 60 days after the end of March, 2019

C. Date of Book Closure

:	Thursday, the 23 rd day of August, 2018 to Thursday, the 30 th day of August, 2018 (both days inclusive).
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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

*Calcutta Stock Exchange Association Limited – 23922

*The Company had applied for voluntary delisting from the Calcutta Stock Exchange Association Limited (CSE) w.e.f. 31st March, 2014. The Company has passed a board resolution for voluntary delisting from CSE at its Board Meeting dated 6th February, 2014 and published public notice of the proposed delisting in English, Hindi and Bengali newspapers on 25th March, 2014. Since the said exchange did not revert, the Company has once again requested voluntary delisting from the CSE w.e.f. 31st March, 2015. The delisting fees had been paid to the Calcutta Stock Exchange yet the final delisting approval is 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 31st March, 2018 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 2017	116	92.20	874050	30184.22	29241.48
May 2017	111.6	91.00	465488	31255.28	29804.12
June 2017	109.60	92.00	605575	31000.48	30680.66
July 2017	108.55	99.35	444644	32672.66	31017.11
August 2017	104.40	83.00	321000	32686.48	31128.02
September 2017	108.90	88.10	501104	32356.11	31081.83
October 2017	100.80	90.05	217764	33340.17	31440.48
November 2017	112.00	84.95	983320	33770.15	32683.59
December 2017	115.70	94	1251499	34137.97	32565.16
January 2018	107.75	86.25	491723	36443.98	33703.37
February 2018	88.60	72.35	524741	36256.83	33482.81
March 2018	74.15	61.20	342168	34278.63	32483.84

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

Month	Company		No of shares Traded	NSE NIFTY	
	High	Low		High	Low
April 2017	115.90	91.65	6102610	9367.15	9075.15
May 2017	111.80	90.90	2592603	9649.60	9269.90
June 2017	120.10	92.50	4797329	9709.30	9448.75
July 2017	114.95	98.05	3378440	10114.85	9543.55
August 2017	103.50	72.40	3100750	10137.85	9685.55
September 2017	108.80	87.60	3473280	10178.95	9687.55
October 2017	101.00	90.20	2336673	10384.50	9831.05
November 2017	112.00	85.65	6639478	10490.45	10094.00
December 2017	115.85	94.15	7781560	10552.40	10033.35
January 2018	107.95	86.90	3082694	11171.55	10404.65
February 2018	88.50	72.45	1019209	11117.35	10276.30
March 2018	73.95	61.15	1544927	10525.50	9951.90

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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]

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.

J. (1) Distribution of Share Holding as on 31st March, 2018

DISTRIBUTION SCHEDULE AS ON 31/03/2018					
Sr. No	Shareholding of Nominal Shares	No. of Shareholders	% of Total Shareholders	Shares held	% of Share held
1	1 - 500	8048	86.24	1052912	4.66
2	501 - 1000	650	6.97	547992	2.43
3	1001 - 2000	266	2.85	423001	1.87
4	2001 - 3000	109	1.17	276618	1.22
5	3001 - 4000	55	0.59	198795	0.88
6	4001 - 5000	49	0.53	228987	1.02
7	5001 - 10000	67	0.72	511227	2.26
8	10001 and above	88	0.94	19345668	85.66
	Total	9332	100.00	22585200	100.00

(2) Distribution of shareholding according to categories of shareholders as on 31st March, 2018

SHARE HOLDING PATTERN AS ON 31/03/2018				
Sr. no	Description	Number of Shareholders	Total number of shares	% of Total shares
1	Clearing Member	126	150080	0.66
2	Other Bodies Corporate	203	674161	2.99
3	Promoter & Promoter Group	8	15893290	70.37
4	Financial Institutions / Banks	3	21577	0.10
5	Hindu Undivided Family	254	286894	1.27
6	Non Resident Indians	93	125811	0.56
7	Public	28084	5408437	23.94
8	Trusts	2	24950	0.11
	Total:	28773	22585200	100.00

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 and simultaneously from the website of Ministry of Corporate Affairs at www.iepf.gov.in.



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

Dividend Reference	Date of Declaration	Due Date for transfer to IEPF
Interim Dividend 2011	04-08-2011	06-09-2018
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.

There was no amount of unpaid dividend and shares liable to be transferred to IEPF during financial year 2017-18.

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

CONTROL REPORT AS ON 31/03/2018			
Sr. No	Name of Depository	No. of Shares	% of Total issued Capital
1	NSDL	2,07,57,671	91.91
2	CDSL	18,08,087	8.00
3	PHYSICAL	19,442	0.09
	Total:	22585200	100

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
Website: www.muktaarts.com

Premises Owned and Leased

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

Other Locations

Bashiron, 28 th 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	Bhagirath Palace, 3 rd Floor, Main Road, Chandni Chowk, Delhi- 110 006.

Dhupar Bldg, 1st Floor,
Near Standard Hotel,
Railway Road,
Jalandar City- 144001

MUKTA ARTS LIMITED

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
	monika@muktaarts.com	nayna.wakle@linkintime.co.in

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**.

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 2017-18 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: 24th May, 2018



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 2017-2018.

For and on behalf of
Mukta Arts Limited

Rahul Puri
Managing Director
DIN: 01925045

Place: Mumbai
Date: 24th May, 2018

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 31st March, 2018, 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: 24th May, 2018

MUKTA ARTS LIMITED

Independent Auditors' Report

To the Members of,
Mukta Arts Limited
Mumbai

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

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, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards prescribed under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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

Basis of Qualified Opinion

As at March 31, 2018, 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. 39,95,11,218 /- and loans and advances, deposits and rent receivable aggregate to Rs. 24,61,16,550/- recoverable from WWIL. As fully explained in Note 46 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



Independent Auditors' Report (Continued)

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 31 March 2018 Rs 11,35,38,000/- has been paid by the Holding Company and Rs 45,00,000/- 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.

Further, WWIL's net worth stands fully eroded as at March 31, 2018. Having regard to the circumstances explained above and pending final outcome of the matter under litigation, the Company has not made any adjustment to the carrying value of investment in and amounts due from WWIL and the deposit paid consequent to the High Court's Orders. Accordingly the impact on the carrying value of investments, recoverability of loans and advances and consequential impact on loss for the year and reserves is not determinable.

As explained in Note 45 to the accompanying audited financial statements, remuneration paid to the erstwhile managing director (including as film director fees) for earlier financial years from 2005-06 to 2014-15 (total remuneration paid aggregates to Rs.13,19,06,897/-) is in excess of the limits prescribed under Schedule XIII to the Companies Act, 2013. During the year 2011-12, the Company had received approval for part of excess remuneration paid (approval received for remuneration aggregating to Rs. 2,52,00,000/- for the financial years 2005-06, 2006-07, 2007-08) and made applications to the authorities requesting consideration/approval for the balance excess remuneration and for recognition of the erstwhile managing director as professionally qualified person under the Companies Act, 1956. Through its various communications, the Ministry of Corporate Affairs has directed the Company to recover the excess remuneration paid during the financial years 2008-09 to 2011-12. The company has requested the authorities to reconsider their Orders in respect of the above and also for his recognition as a professionally qualified person under this Act. Pending conclusion of this matter, no adjustment has been made in these standalone financial statements.

Qualified Opinion 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 above, the aforesaid s Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its **profit** including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The 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, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the Internal Financial Controls over Financial Reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **Annexure B**, and

MUKTA ARTS LIMITED

Independent Auditors' Report (Continued)

- (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. 42.
 - ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note No. 49.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018.
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

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

CA. Prerak Agarwal
(Partner)
Membership No. 158844

Date: May 24, 2018
Place: Mumbai



Annexure A referred to in Report on Other Legal and Regulatory Requirements Paragraph of Independent Auditor's report of even date to the members of Mukta Arts Limited on the accounts for the year ended March 31, 2018

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

- i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of Fixed assets except that tagging of certain fixed assets is yet to be completed.
- (b) As explained by the Management, fixed assets have been physically verified by the management 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, except the following:

Number of Cases	Gross Block (as at March 31, 2018)	Net Block (as at March 31, 2018)	Remarks
1	75,00,000/-	64,12,002/-	Agreement yet to be registered.

- 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 Service Tax, Value added Tax, Goods and Services Tax ('GST') and any other statutory dues with the appropriate authorities except that there have been few delays in depositing Professional Tax, VAT and Employees' State Insurance and significant delays 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, 2018 for a period of more than 6 months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues payable in respect of value added tax, 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
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	
		15,08,440/-	Asst year 2012-13	
		5,24,938/-	Asst year 2011-12	
		15,22,033/-	Asst year 2010-11	Income Tax Appellate Tribunal (Appeals)
5,14,804/-	Asst year 2009-10			

*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 24, 2018
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, 2018 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, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

CA. Prerak Agarwal
(Partner)
Membership No. 158844

Date: May 24, 2018
Place: Mumbai

MUKTA ARTS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2018

(Amount in Rs.)

Particulars	Note No.	As at	As at	As at
		31 March 2018	31 March 2017	1 April 2016
I. ASSETS				
Non-current assets				
(a) Property, plant and equipment	6 (a)	174,973,972	192,449,892	377,756,655
(b) Capital work-in-progress	6(b)	1,287,210	1,287,210	82,260,041
(c) Investment property	7	154,802,866	159,418,326	164,270,514
(d) Intangible assets	6 (c)	39,201,952	43,668,993	41,799,543
(e) Intangible Assets under Development	6 (d)	41,395,242	37,654,151	37,503,151
(f) Financial assets				
(i) Investments	8 (a)	257,153,087	270,808,355	259,085,054
(ii) Loans	8 (b)	387,906,193	411,553,060	417,488,574
(iii) Others financial assets	8 (c)	351,242,722	496,494,458	355,112,666
(g) Deferred tax assets (net)	9	27,514,760	22,854,008	24,641,168
(h) Other non-current assets	10	78,171,363	94,078,958	117,201,189
Total Non-current assets		1,513,649,367	1,730,267,411	1,877,118,555
Current assets				
(a) Inventories	11	-	-	4,074,521
(b) Financial assets				
(i) Trade receivables	12 (a)	49,519,117	57,071,050	79,800,936
(ii) Cash and cash equivalents	12 (b)	6,804,224	2,756,458	9,007,605
(iii) Bank balances other than (ii) above	12 (c)	20,574,382	20,335,237	20,101,544
(iv) Loans	12 (d)	343,250,656	118,038,433	65,814,660
(v) Others financial assets	12 (e)	76,234,129	70,069,535	51,731,952
(c) Other current assets	13	54,284,539	38,135,879	38,035,889
Total Current assets		550,667,046	306,406,592	268,567,108
Total Assets		2,064,316,413	2,036,674,003	2,145,685,663
II. EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	14	112,926,000	112,926,000	112,917,500
(b) Other Equity	15	1,265,205,200	1,250,280,206	1,238,292,837
Total Equity		1,378,131,200	1,363,206,206	1,351,210,337
Liabilities				
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	16 (a)	442,099,081	391,274,195	431,505,314
(ii) Other financial liabilities	16 (b)	29,503,227	30,836,921	37,311,258
(b) Long Term Provisions	17	8,926,111	11,236,515	9,722,410
(c) Other non-current liabilities	18	11,259,021	12,673,613	9,239,479
Total Non-Current Liabilities		491,787,440	446,021,244	487,778,461
Current liabilities				
(a) Financial liabilities				
(i) Borrowings	19 (a)	82,000,000	89,125,764	63,880,660
(ii) Trade payables	19 (b)	15,969,790	13,664,622	111,156,679
(iii) Other financial liabilities	19 (c)	59,146,970	71,651,509	68,275,116
(b) Short Term Provisions	21	25,359,309	18,932,039	10,626,937
(c) Other current liabilities	20	11,921,704	34,072,619	52,757,473
Total Current liabilities		194,397,773	227,446,553	306,696,865
Total Equity and Liabilities		2,064,316,413	2,036,674,003	2,145,685,663

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

CA Prerak Agarwal
Partner
Membership No: 158844

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



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2018

(Amount in Rs.)

Particulars	Note No.	Year ended 31 March 2018	Year ended 31 March 2017
(I) Revenue from operations	22	115,003,077	593,288,995
(II) Other income	23	144,751,035	120,834,723
(III) Total Income (I+II)		259,754,113	714,123,718
(IV) Expenses			
(a) Changes in inventory of food & beverages	24	-	4,074,521
(b) Purchase of food & beverages		-	28,124,231
(c) Cost of production, distribution, exhibition and theatrical operation	25	286,605	149,094,597
(d) Other direct operation expenses	26	-	(7,841,526)
(e) Employee benefits expense	27	49,620,357	111,270,790
(f) Finance costs (net)	28	68,496,960	63,411,048
(g) Depreciation and amortisation expenses	29	27,146,711	70,478,314
(h) Other expenses	30	96,683,456	271,869,192
Total Expenses		242,234,089	690,481,167
(V) Profit/(Loss) before tax (III - IV)		17,520,024	23,642,551
(VI) Continuing operations			
Profit from continuing operations before tax		17,520,024	34,141,451
Tax expense of continue operation			
Current tax		7,251,643	9,432,073
Deferred tax		(4,660,752)	1,787,160
Profit from continuing operations after tax for the year		14,929,133	22,922,218
(VII) Discontinuing operations (refer note 48)			
Profit/ (Loss) from discontinuing operations before tax		-	(10,498,900)
Tax expense of discontinue operation			
Current tax		-	-
Deferred tax		-	-
Profit/ (Loss) from discontinuing operations after tax		-	(10,498,900)
(IX) Profit for the period after tax (VI+VII)		14,929,133	12,423,318
(X) Other comprehensive income			
Items that will not be reclassified to profit or loss			
Less : Remeasurement gain on defined benefit plan		4,139	692,409
Other comprehensive income for the year		4,139	692,409
(XI) Total comprehensive income for the year (IX+X)		14,924,994	11,730,909
(XII) Earnings per share	34		
Basic (in ₹) (nominal value ₹ 5)		0.66	0.52
Diluted (in ₹) (nominal value ₹ 5)		0.66	0.52

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

Prabuddha Dasgupta
Chief Financial Officer

Monika Shah
Company Secretary
Membership No: FCS7964

Place : Mumbai
Date: 24 May 2018

MUKTA ARTS LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2018

	Number	Amount
Balance as at 1 April 2016	22,581,200	112,906,000
Add: Changes in equity share capital	4,000	20,000
Balance as at 31 March 2017	22,585,200	112,926,000
Add: Changes in equity share capital	-	-
Balance as at 31 March 2018	22,585,200	112,926,000

	Securities Premium	General Reserve	Capital Reserve	Retained Earnings	Total other equity
Balance as at 1 April 2016	973,360,000	83,144,791	-	181,788,046	1,238,292,837
Profit/(loss) for the year	-	-	-	12,423,318	12,423,318
Transfer during the year	244,960	-	11,500	-	256,460
Other comprehensive income for the year	-	-	-	(692,409)	(692,409)
Total Comprehensive income for the year	244,960	-	11,500	11,730,909	11,987,369
Dividend and dividend tax	-	-	-	-	-
Employee stock option compensation expense	-	-	-	-	-
Balance as at 31 March 2017	973,604,960	83,144,791	11,500	193,518,955	1,250,280,206
Profit for the year	-	-	-	14,929,133	14,929,133
Other comprehensive income for the year	-	-	-	(4,139)	(4,139)
Total Comprehensive income for the year	-	-	-	14,924,994	14,924,994
Transfer from/to share option outstanding account	-	-	-	-	-
Employee stock option compensation expense	-	-	-	-	-
Balance as at 31 March 2018	973,604,960	83,144,791	11,500	208,443,949	1,265,205,200

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

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

CA Prerak Agarwal
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DIN: 01925045

Parvez A. Farooqui
Director
DIN: 00019853

Prabuddha Dasgupta
Chief Financial Officer

Monika Shah
Company Secretary
Membership No: FCS7964

Place : Mumbai
Date: 24 May 2018



CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

(Amount in Rs.)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Cash flow from operating activities		
Profit before tax		
Continuing operations	17,520,024	34,141,451
Discontinued operations	-	(10,498,900)
Profit before income tax including discontinued operations	17,520,024	23,642,551
Non-cash adjustments to reconcile Profit before tax to net cash flows		
Depreciation and amortisation	27,146,711	70,478,314
Bad debts/ advances/ intangible assets under development written-off	5,288,979	1,970,820
Finance costs	68,496,960	63,411,048
Interest income	(71,886,078)	(55,381,238)
Interest on income tax refund	(1,199,241)	(9,324,327)
(Gain) on sale of tangible assets (net)	(62,483)	(330,522)
Operating profit before working capital changes	62,824,896	118,109,197
Movements in working capital:		
Increase/(Decrease) in other current liabilities	(22,150,915)	(18,684,855)
Increase/(Decrease) in other financial liabilities	(12,504,539)	3,376,393
Increase/(Decrease) in other non current liabilities	(1,414,593)	3,434,135
Increase/(Decrease) in trade payables	2,305,168	(97,492,057)
Increase/(Decrease) in Current Provisions	6,427,271	8,305,101
(Increase)/Decrease in inventories	-	4,074,521
(Increase)/Decrease in trade receivables	7,551,933	22,729,887
(Increase) /Decrease in other non- current assets	15,907,595	23,122,231
(Increase)/Decrease in short-term loans and advances	(225,212,223)	(52,223,773)
(Increase)/Decrease in other financial assets	145,251,737	(141,381,793)
(Increase) /Decrease in other current assets	(8,596,727)	(99,990)
(Increase)/Decrease in other current financial assets	(6,164,595)	(18,337,583)
Cash generated from (used in) operations	(35,774,993)	(145,068,584)
Taxes paid (net)	1,247,902	3,615,391
Net cash generated from (used in) operating activities (A)	(34,527,091)	(141,453,193)
Cash flow from investing activities		
Investments in equity shares of subsidiaries	(444,740)	(11,723,300)
Purchase of fixed assets (tangible and intangible)	(5,350,388)	(150,870,515)
Proceeds from maturity/ (reinvestment) of fixed deposits, net	(1,106,868)	294,592
Proceeds from sale of fixed assets	295,055	318,525,018
Interest income	71,886,078	55,381,238
Income taxes paid on interest income	(6,126,659)	1,992,077
Net cash used in investing activities (B)	59,152,479	213,599,110

MUKTA ARTS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

Particulars	(Amount in Rs.)	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Cash flow from financing activities		
Secured loan (repaid)/taken, net	50,824,886	(40,231,119)
Unsecured loan (repaid)/taken, net	(2,905,548)	25,245,104
Finance charges (net)	(68,496,960)	(63,411,048)
Net cash flow from / (used in) financing activities (C)	(20,577,622)	(78,397,063)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	4,047,766	(6,251,147)
Cash and cash equivalents at the beginning of the year	2,717,894	8,969,041
Cash and cash equivalents at the end of the year (Refer note (b) below)	6,765,660	2,717,894

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

	31 March 2018	31 March 2017
Notes:		
(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	994,316	745,184
(ii) Balances with scheduled banks in -in current accounts	5,771,344	1,972,710
Balances per statement of cash flows	6,765,660	2,717,894

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

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

CA Prerak Agarwal
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Subhash Ghai
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Director
DIN: 00019853

Prabuddha Dasgupta
Chief Financial Officer

Monika Shah
Company Secretary
Membership No: FCS7964

Place : Mumbai
Date: 24 May 2018



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(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 2018.

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.

For the period up to and including the year ended March 31, 2017, the entity prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read with paragraph 7 of the Companies (Accounts) Rules 2014 (Indian GAAP). These financial statements for the year ended March 31, 2018 are the first financial statements of the Company prepared in accordance with Ind AS. The date of transition to Ind AS is 1 April 2016. Refer Note 5 for details of mandatory exceptions and optional exemptions on first-time adoption availed by the Company.

(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

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

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

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

Revenue comprising proceeds from sales of tickets, net of taxes and exhibitor's share, is recognised on the date of release/ exhibition based on Daily collection report. As the Company is the primary obligor, the share of producers, joint venture investors (other than those in jointly controlled assets) and sub-agents/ sub distributors are included in revenues from distribution and exhibition (theatrical exploitation) and are correspondingly disclosed as direct cost.

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 Company is the primary obligor with respect to exhibition activities, the share of distributors in these proceeds is separately disclosed as distributors' share.

Sale of food and beverages

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

Advertisement/ 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 Company'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.

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 seekness leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is charged to the Statement of profit and loss in the period in which such services are rendered.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

Post-employment benefits

Defined contribution plan:

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

Defined benefit plan:

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

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

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 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.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

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.

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.

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (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 31 MARCH 2018 (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.

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (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.

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 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (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 Company assesses, whether an asset may be capitalised and which components of the cost of the asset may be capitalised.

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

4 New Pronouncements (Standards Issued but not yet Effective)

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

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

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

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

(b) Appendix B to Ind AS 21 - Foreign currency transactions and advance consideration

The appendix clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability). If there are multiple payments or receipts for one item, date of transaction should be determined as above for each payment or receipt.

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

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

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

There are investment property, hence this standard is applicable.

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

5 First-time adoption of Ind AS

Transition to Ind AS

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

These financial statements, for the year ended 31 March 2018, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2018, together with the comparative period data as at and for the year ended 31 March 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2016 and the financial statements as at and for the year ended 31 March 2017.

1 Exemptions and exceptions availed

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

1.1 Ind AS optional exemptions

1.1.2 Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the Indian GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 - Intangible Assets and investment property covered by Ind AS 40 - Investment Properties.

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

1.1.3 Investment in subsidiaries

The Company has elected to measure its investment in subsidiaries at its Indian GAAP carrying value which shall be the deemed cost as at the date of transition.

1.2 Ind AS mandatory exceptions

1.2.1 Estimates

An entity's estimates in accordance with Ind AS at the date of transition shall be consistent with estimates made for the same date in accordance with Indian GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with Indian GAAP.

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

1.2.2 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Consequently, the company has applied the above assessment based on facts and circumstances existing at the transition date.

1.2.3 Impairment of financial assets

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

2 Reconciliation between Indian GAAP and Ind-AS.

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



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

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

Particulars	March 31, 2017
Profit after tax as per previous GAAP	(8,759,685)
Adjustments:	
Fair value adjustments on financial instruments	2,255,164
Amortised cost adjustments on financial instruments	19,616,206
Expected Credit Loss provisioning	(322,911)
Depreciation and amortisation due to recognition of assets	(5,806,366)
Deferred tax impact on above adjustments	4,748,499
Total adjustments	20,490,592
Profit after tax as per Ind AS	11,730,907
Other comprehensive income	692,409
Total comprehensive income as per Ind AS	12,423,316

Reconciliation of equity as at April 1, 2016

Particulars	Notes	Previous GAAP *	Adjustments	Ind AS
Assets				
Non-current assets				
Property, plant and equipment	6	469,847,280	(96,173,032)	373,674,248
Capital work in progress		82,260,041	-	82,260,041
Investment property	6	-	164,270,514	164,270,514
Other Intangible assets		45,881,950	-	45,881,950
Intangible assets under development		37,503,151	-	37,503,151
Financial assets				-
a) Non current investments	7,4	232,390,038	26,695,016	259,085,054
b) Non current loans	9	432,900,000	(15,411,426)	417,488,574
c) Other financial asset	2	231,572,885	123,539,781	355,112,666
Deferred tax assets (net)	5	(1,517,181)	26,158,349	24,641,168
Other non current assets	2	108,516,547	8,684,642	117,201,189
Total non-current assets		1,639,354,711	237,763,845	1,877,118,555
Current assets				
Inventories		4,074,521	-	4,074,521
Financial assets				
a) Trade receivables		79,800,936	-	79,800,936
b) Cash and cash equivalents		9,007,605	-	9,007,605
c) Bank Balance other than above		20,101,544	-	20,101,544
d) Current loans	9	80,814,660	(15,000,000)	65,814,660
e) Other financial assets	2	26,954,339	24,777,613	51,731,952
Other current assets	3,8	52,294,539	(14,258,650)	38,035,889
Total current assets		273,048,143	(4,481,037)	268,567,106
Total assets		1,912,402,854	233,282,809	2,145,685,662
Equity and liabilities				
Equity				
Equity share capital		112,917,500	-	112,917,500
Other equity	2,3,4,5,7,8	986,951,510	251,341,327	1,238,292,837
Total equity		1,099,869,010	251,341,327	1,351,210,337
Liabilities				
Non current liabilities				
(a) Financial liabilities				
(i) Borrowings	8	447,988,582	(16,483,269)	431,505,313

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

Particulars	Notes	Previous GAAP *	Adjustments	Ind AS
(ii) Other financial liabilities	3	56,523,299	(19,212,041)	37,311,258
(b) Provisions		9,722,410	-	9,722,410
(d) Other non-current liabilities	3	10,432,610	(1,193,131)	9,239,479
Total non-current liabilities		524,666,901	(36,888,441)	487,778,460
Current liabilities				
Financial liabilities				
a) Borrowings		63,880,660	-	63,880,660
b) Current trade payables		111,156,679	-	111,156,679
c) Other current financial liabilities	3	55,626,198	12,648,918	68,275,116
Other current liabilities	3	46,576,468	6,181,005	52,757,473
Current Provisions		10,626,937	-	10,626,937
Total current liabilities		287,866,943	18,829,923	306,696,866
Total equity & liabilities		1,912,402,854	233,282,809	2,145,685,662

Reconciliation of equity as at March 31, 2017

Particulars	Notes	Previous GAAP *	Adjustments	Ind AS
Assets				
Non-current assets				
Property, plant and equipment	6	289,577,100	(97,127,208)	192,449,892
Capital work in progress		1,287,210	-	1,287,210
Investment property	6	-	159,418,326	159,418,326
Other Intangible assets		43,668,993	-	43,668,993
Intangible assets under development		37,654,151	-	37,654,151
Financial assets				
(i) Investments	7,4	241,750,838	29,057,517	270,808,355
(ii) Loans	9	425,900,000	(14,346,940)	411,553,060
(iii) Others financial assets	2	379,609,891	116,884,570	496,494,461
Deferred tax assets (net)	5	(8,052,841)	30,906,849	22,854,008
Other non current assets	2	91,583,455	2,495,503	94,078,958
Total non-current assets		1,502,978,798	227,288,616	1,730,267,414
Current assets				
Inventories		-	-	-
Financial assets				
(i) Trade receivables	1	57,393,960	(322,911)	57,071,050
(ii) Cash and cash equivalents		2,756,458	-	2,756,458
(iii) Bank balances other than (ii) above		20,335,237	-	20,335,237
(iv) Loans	9	133,038,433	(15,000,000)	118,038,433
(v) Others financial assets	2	8,593,994	61,475,538	70,069,532
Other current assets	3,8	51,863,014	(13,727,135)	38,135,879
Total current assets		273,981,096	32,425,493	306,406,588
Total assets		1,776,959,894	259,714,109	2,036,674,003
Equity and liabilities				
Equity				
Equity share capital		112,926,000	-	112,926,000
Other equity	2,3,4,5,7,8	978,448,284	271,831,922	1,250,280,206
Total equity		1,091,374,284	271,831,922	1,363,206,206



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

Particulars	Notes	Previous GAAP *	Adjustments	Ind AS
Liabilities				
Non current liabilities				
Financial liabilities				
(i) Borrowings	8	405,590,140	(14,315,945)	391,274,195
(ii) Other financial liabilities	3	48,399,238	(17,562,317)	30,836,921
Non current provisions		11,236,515	-	11,236,515
Other non-current liabilities	3	9,032,527	3,641,086	12,673,613
Total non-current liabilities		474,258,420	(28,237,176)	446,021,244
Current liabilities				
Financial liabilities				
(i) Borrowings		89,125,764	-	89,125,764
(ii) Trade payables		13,664,622	-	13,664,622
(iii) Other financial liabilities	3	60,264,136	11,387,373	71,651,509
Other current liabilities	3	29,340,629	4,731,990	34,072,619
Current Provisions		18,932,039	-	18,932,039
Total current liabilities		211,327,190	16,119,363	227,446,553
Total equity & liabilities		1,776,959,894	259,714,109	2,036,674,003

Reconciliation of statement of profit & loss for the year ended March 31, 2017

Particulars	Notes	Previous GAAP *	Adjustments	Ind AS
Income				
Revenue From Operations	2	588,508,074	4,780,922	593,288,995
Other Income	3	92,514,426	28,320,297	120,834,723
Total Revenue		681,022,499	33,101,219	714,123,718
Expenditure				
(Increase)/ decrease in stock in trade		4,074,521	-	4,074,521
Purchase Of Stock-In-Trade		28,124,231	-	28,124,231
Distributor and producer's share		149,094,597	-	149,094,597
Other direct operation expenses		(7,841,526)	-	(7,841,526)
Employee Benefits Expense		111,963,199	(692,409)	111,270,790
Finance costs	2,3,4	63524672.7	(113,625)	63,411,048
Depreciation and amortisation expense	6	64,671,948	5,806,366	70,478,314
Other Expenses	2,3	260,202,808	11,666,384	271,869,192
Total Expenses		673,814,450	16,666,717	690,481,167
Profit before tax		7,208,049	16,434,502	23,642,551
Current Tax		9,432,073	-	9,432,073
Deferred Tax	5	6,535,659	(4,748,499)	1,787,160
Profit after tax for the year		(8,759,683)	21,183,001	12,423,318
Other comprehensive income		-	692,409	692,409
Total comprehensive income for the period		(8,759,683)	20,490,592	11,730,909

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

Note 1: Trade Receivables

As per Ind AS 109, the Company is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result, the allowance for doubtful debts increased by Rs 322,911 as at 31 March 2017 (1 April 2016 – increased by Rs NIL). Consequently, the retained earning as at 31 March 2017 decreased by Rs 322,911 (1 April 2016 – decreased by Rs NIL).

Note 2: Security Deposits given

Under the previous GAAP, deposits given were measured at amount payable. Under the Ind AS, these financial liabilities are measured at fair value on initial recognition. These security deposit as at March 31, 2017 decreased by Rs. 25,26,786 (1 April 2016: Rs 1,09,45,075) and the retained earning as at 31 March 2017 decreased by Rs 6,20,005 (1 April 2016 – decreased by Rs 2,45,229). Consequently deferred income as at March 31, 2017 Increased by Rs. 27,72,015 (1 April 2016: Rs 1,15,65,080)

Note 3: Security Deposits taken

Under the previous GAAP, deposits received were measured at amount receivable. Under the Ind AS, these financial liabilities are measured at fair value on initial recognition. The deposit taken as at March 31, 2017 decreased by Rs. 87,74,570 (1 April 2016: Rs 53,28,982) and the retained earning as at 31 March 2017 increased by Rs 4,01,494 (1 April 2016: Rs 3,41,108). Consequently deferred expenses as at March 31, 2017 Increased by Rs. 83,73,076 (1 April 2016: Rs 49,87,874)

Note 4: Guarantee

Under Ind AS, financial guarantee contract provided by the parent company against the liability of a subsidiary, even if no consideration is paid to the parent is measured at fair value with a corresponding Increase in the Other equity. This has resulted in increase in retained earning by Rs. 2,793,390 as on 31 March 2017 (As on 1st April, 2016 : 56,29,315) and recognized as 'finance income' for the year ended 31 March 2017. Whereas under Previous GAAP, these were not recognized in the financial statements.

Note 5: Deferred tax

Under Ind AS, deferred taxes are computed for temporary differences between the carrying amount of an asset or liability in the Balance sheet and tax base. Previous GAAP requires deferred tax accounting using the income statement approach. This results in recognition of deferred tax on new temporary differences which was not required under Previous GAAP. On the date of transition, the impact on retained earnings is Rs. 3,09,06,849 (1 April 2016: Rs. 2,61,58,349) on account of non-recognition of deferred tax assets upto the year ended 1 April 2016 due to absence of reasonable certainty of set off of unabsorbed losses against taxable profits in the foreseeable future.

Note 6: Investment Property

Under the previous GAAP, investment properties were presented in the financials as part of Fixed assets. As per Ind AS 40, Investment properties have to be disclosed separately on the face of the balance sheet. Therefore, those properties owned by the Company that are held mainly for capital appreciation have been classified as Investment properties.

Note 7: Investment

The Company had invested in equity shares of Maya Digital Studios Private Limited, which were required to be presented at fair value as per Ind AS 109. On the basis of a valuation of the shares done by a firm of Chartered Accountants, the value of the shares had undergone a permanent diminution of Rs. 42,92,181 as on 31st March 2017 (as on 1st April, 2016 - Rs. 42,92,181). Therefore, as on 31st March 2017, the restated statement of profit and loss recognised the diminution in value and the value as reported in the Balance Sheet under Ind AS were correspondingly restated.

Note 8: Borrowing

Under Indian GAAP, unamortised transaction costs relating to borrowings is recognised separately in assets, whereas under Ind AS such as cost is netted off against the borrowing. Due to that the borrowing is decreased by Rs. 1,56,69,599 (1 April 2016: Rs. 1,77,17,409) & prepaid expenses is decreased by Rs. -1,71,39,088 (1 April 2016: Rs. -1,40,03,647)

Note 9:

Fair valuation of other financial assets : Under Ind AS, other financial assets viz., loan has been accounted at fair value using EIR.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

6(a) - Property, plant and equipment

	Ownership Premises	Leasehold Premises	Plant & Machinery	Motor Vehicles	Fixtures & Fittings	Computers	Total
Cost or deemed cost (Gross Carrying Amount)							
As at 1 April 2016	106,072,381	297,665,075	236,096,423	64,494,509	58,798,030	39,882,921	803,009,338
Additions	-	79,327,794	13,385,797	9,136,317	41,459,878	7,560,729	150,870,515
Disposals	-	249,226,116	52,068,788	3,565,897	68,054,661	34,855,262	407,770,725
Other adjustment							-
As at 31 March 2017	106,072,381	127,766,752	197,413,432	70,064,929	32,203,247	12,588,388	546,109,129
As at 1 April 2017	106,072,381	127,766,752	197,413,432	70,064,929	32,203,247	12,588,388	546,109,129
Additions	-	-	69,606	4,000,681	232,823	1,047,278	5,350,388
Disposals	-	-	-	295,055	-	-	295,055
Other adjustment							
As at 31 March 2018	106,072,381	127,766,752	197,483,038	73,770,555	32,436,070	13,635,666	551,164,461
Accumulated Depreciation/Amortisation							
As at 1 April 2016	27,914,201	84,187,656	191,636,069	50,393,736	41,821,370	29,299,652	425,252,684
Charge for the year	6,408,464	29,296,861	11,255,556	4,750,146	6,686,146	7,205,984	65,603,156
Deduction	-	65,650,153	24,032,885	3,336,850	19,003,589	24,747,127	136,770,604
Other adjustment	-	-	-	-	-	(425,998)	(425,998)
As at 31 March 2017	34,322,664	47,834,364	178,858,740	51,807,031	29,503,926	11,332,511	353,659,237
As at 1 April 2017	34,322,664	47,834,364	178,858,740	51,807,031	29,503,926	11,332,511	353,659,237
Charge for the year	5,882,988	6,968,073	2,762,423	5,849,746	333,329	734,693	22,531,252
Deduction	-	-	-	-	-	-	-
Other adjustment	-	-	-	-	-	-	-
As at 31 March 2018	40,205,652	54,802,437	181,621,163	57,656,777	29,837,255	12,067,204	376,190,489
Carrying amounts (Net)							
At 1 April 2016	78,158,181	213,477,419	44,460,354	14,100,773	16,976,660	10,583,269	377,756,655
At 31 March 2017	71,749,717	79,932,388	18,554,692	18,257,898	2,699,320	1,255,877	192,449,892
At 31 March 2018	65,866,729	72,964,315	15,861,875	16,113,777	2,598,814	1,568,462	174,973,972

6(b) Capital Work in Progress

	Amount
As at 1 April 2016	82,260,041
Additions	(80,972,831)
Disposals	-
As at 31 March 2017	1,287,210
As at 1 April 2017	1,287,210
Additions	-
Disposals	-
As at 31 March 2018	1,287,210

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

6(c) - Intangible Assets

	Distribution Rights	Negative Rights	Exhibition Rights	Total
Cost or deemed cost				
As at 1 April 2016	240,000,320	751,761,605	2,500,000	994,261,925
Additions	-	1,869,450	-	1,869,450
Disposals	-	-	-	-
Other adjustment	-	-	-	-
As at 31 March 2017	240,000,320	753,631,055	2,500,000	996,131,375
As at 1 April 2017	240,000,320	753,631,055	2,500,000	996,131,375
Additions	-	-	-	-
Disposals	-	-	-	-
Other adjustment	-	-	-	-
As at 31 March 2018	240,000,320	753,631,055	2,500,000	996,131,375
Accumulated amortisation and impairment losses				
As at 1 April 2016	240,000,320	709,962,062	2,500,000	952,462,382
Charge for the year	-	-	-	-
Deduction	-	-	-	-
Other adjustment	-	-	-	-
As at 31 March 2017	240,000,320	709,962,062	2,500,000	952,462,382
As at 1 April 2017	240,000,320	709,962,062	2,500,000	952,462,382
Charge for the year	-	-	-	-
Deduction	-	-	-	-
Other adjustment	-	4,467,041	-	4,467,041
As at 31 March 2018	240,000,320	714,429,103	2,500,000	956,929,423
Carrying amount (Net)				
At 1 April 2016	-	41,799,543	-	41,799,543
At 31 March 2017	-	43,668,993	-	43,668,993
At 31 March 2018	-	39,201,952	-	39,201,952

6(d) Intangible assets under development

	Amount
As at 1 April 2016	37,503,151
Additions	151,000
Disposals	-
As at 31 March 2017	37,654,151
As at 1 April 2017	37,654,151
Additions	-
Disposals	-
Other adjustment	3,741,091
As at 31 March 2018	41,395,242

Note : 1. During the year ended on 31 March 2017 and 31 March 2016, there is no impairment loss determined at each level of CGU. The recoverable amount was based on value in use and was determined at the level of CGU.

Note : 2. Refer Note - 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 7,500,000 (31 March 2017: 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))



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

Investment property

Particular	Building	Land	Total
As at 1 April 2016	131,676,271	66,389,104	198,065,375
Additions	-	-	-
Disposals	-	-	-
Other adjustment	-	-	-
As at 31 March 2017	131,676,271	66,389,104	198,065,375
As at 1 April 2017	131,676,271	66,389,104	198,065,375
Additions	-	-	-
Disposals	-	-	-
Other adjustment	-	-	-
As at 31 March 2018	131,676,271	66,389,104	198,065,375
Accumulated Depreciation/Amortisation			
As at 1 April 2016	33,794,860	-	33,794,860
Charge for the year	4,852,188	-	4,852,188
Deduction	-	-	-
Other adjustment	-	-	-
As at 31 March 2017	38,647,049	-	38,647,049
As at 1 April 2017	38,647,049	-	38,647,049
Charge for the year	4,615,460	-	4,615,460
Deduction	-	-	-
Other adjustment	-	-	-
As at 31 March 2018	43,262,509	-	43,262,509
Carrying amounts (Net)			
At 1 April 2016	97,881,411	66,389,104	164,270,514
At 31 March 2017	93,029,222	66,389,104	159,418,326
At 31 March 2018	88,413,762	66,389,104	154,802,866

(i) Deemed cost as at April 01, 2016 is the net carrying amount on April 01, 2016 which is tabulated as follows

	Investment properties
Gross carrying amount	198,065,375
Net carrying amount	164,270,514

(ii) Information regarding Income and expenditure of Investment properties

	As at 31/Mar/2018	As at 31/Mar/2017
Rental income derived from Investment properties	52,173,594	55,217,663
Direct operating expenses	3,676,189	5,308,234
Profit arising from investment properties before depreciation and indirect expenses	48,497,405	49,909,429
Less: Depreciation	4,615,460	4,852,188
Profit arising from investment properties before indirect expenses	43,881,945	45,057,241

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

(iii) Fair Value

Particulars	Valuation Techniques (See note below)	Fair Value Hierarchy (See note below)	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Investment properties	Stamp duty Reckoner rate	Level 2	1,301,375,050	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 March 2018	As at 31 March 2017	As at 1 April 2016
A Non current investments			
Unquoted equity shares			
i) Investment in equity shares of subsidiaries at FVTPL			
Connect 1 Limited			
600 (31 March 2017 : 600 ; 1 April 2016 : 600) equity shares of ₹ 1000 each, fully paid-up (6 shares are jointly held with individuals)	600,000	600,000	600,000
Whistling Woods International Limited			
169,997 (31 March 2017 : 169,997 ; 1 April 2016 : 169,997) equity shares of ₹ 1000 each, fully paid-up	169,997,000	169,997,000	169,997,000
Mukta Tele Media Limited			
4,996 (31 March 2017 : 4,996 ; 1 April 2016 : 4,996) equity shares of ₹ 100 each, fully paid-up	499,600	499,600	499,600
Coruscant Tec Private Limited			
750,000 (31 March 2017 : 750,000 ; 1 April 2016 : 750,000) equity shares of ₹ 10 each, fully paid-up	9,900,000	9,900,000	9,900,000
Mukta A2 Multiplex SPC			
500 (31 March 2017 : 500 ; 1 April 2016 : 500) equity shares of BHD 100 each, fully paid-up	8,630,540	8,860,800	-



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Mukta A2 Cinemas Ltd			
50,000 (31 March 2017 : 50,000 ; 1 April 2016 :50,000) equity shares of ₹ 10 each 'fully paid-up	500,000	500,000	-
Deemed Investment in Subsidiary			
Whistling Woods International Ltd	1,320,411	1,320,411	307,911
Preference Share - Interest	28,193,807	28,193,807	28,193,807
ii) Investment in equity shares of joint venture at FVTPL			
Mukta VN Films Limited			
27,500 (31 March 2017 : 27,500 ; 1 April 2016 :27,500) equity shares of ₹ 10 each, fully paid-up	33,000,000	33,000,000	33,000,000
Deemed Investment in Joint Venture			
Mukta VN Films Limited	4,510,479	3,835,479	2,485,479
Total (i+ii)	257,151,837	256,707,098	244,983,797
iii) Investment in equity instruments-others at FVTPL (un-quoted)			
Maya Digital Studios Private Limited 3,065,219 (2016: 3,065,219) equity shares of Rs 10 each, fully paid-up As per the terms of the Shareholders agreement, additional shares, not exceeding 1,000,000 may be allotted to the Company.	-	14,100,007	14,100,007
Bashiron Co. Op. Housing Society Limited 10 Shares (2016: 10) of Rs 50 each *	500	500	500
Bait-Ush-Sharaf Co. Op. Housing Society Limited 15 Shares (2016: 15) of Rs 50 each *	750	750	750
Total (iii)	1,250	14,101,257	14,101,257
Total (i+ii+iii)	257,153,087	270,808,355	259,085,054

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

8(b) Loans

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Unsecured			
Amounts due from related parties Whistling Woods International Limited	216,100,000	225,900,000	232,900,000
Inter-corporate deposit to others	-	13,846,867	12,782,381
ii) Investment in preference shares of subsidiary (un-quoted)			
200,000 (2016: 200,000) 8% Redeemable cumulative preference shares of Whistling Woods International Limited of Rs 1,000 each, fully paid-up (note 3.41). These preference shares were issued on 27 August 2007 and are redeemable at par at any time on or after 21 June 2012 and before 21 June 2027.	171,806,193	171,806,193	171,806,193
Total	387,906,193	411,553,060	417,488,574

8(c) Other financial assets

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Security deposits to			
- Related parties	31,811,954	31,624,357	31,460,036
- Others	4,737,454	3,654,799	25,953,731
Other advances	138,232,360	150,522,833	133,544,965
Bank deposits with more than 12 months maturity.	-	1,430,000	4,891,465
Receivable from Related parties			
Mukta A2 Cinemas Ltd (slump sale)	-	150,000,000	-
Interest receivables Account (Preference Dividend)	176,460,953	159,262,469	159,262,469
Total	351,242,722	496,494,458	355,112,666

9 Deferred tax assets (net)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Deferred tax liability on			
Arising on account of timing differences in:	-	-	-
Total	-	-	-
Deferred tax asset on			
Provision for leave encashment and gratuity	3,065,652	3,981,704	3,508,144
Provision for doubtful debts and advances	394,647	1,222,051	1,222,051
Rent straightlining	2,846,352	2,498,282	2,277,495
Property, Plant and Equipment and intangible assets	7,311,774	7,813,661	15,043,667
Others	13,896,335	7,338,310	2,589,811
Total	27,514,760	22,854,008	24,641,168
Deferred tax assets (net)	27,514,760	22,854,008	24,641,168



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

Movement in deferred tax assets	Employee Benefits Obligations	Allowance for doubtful debts – trade receivables	Property, Plant and Equipment and intangible assets	Others	Total
At April 1, 2016	3,508,144	1,222,051	15,043,667	4,867,306	24,641,168
(Charged)/credited:					
- to profit or loss	473,560	-	(7,230,006)	4,969,286	(1,787,160)
- to other comprehensive income	-				
At March 31, 2017	3,981,704	1,222,051	7,813,661	9,836,592	22,854,008
(Charged)/credited:					
- to profit or loss	(916,052)	(827,404)	(501,887)	6,906,095	4,660,752
- to other comprehensive income					
At March 31, 2018	3,065,652	394,647	7,311,774	16,742,687	27,514,760

10 Other non- current assets

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Capital advances	-	-	25,084,687
Rent straight lining	-	947,472	1,004,460
Advance tax (including TDS)	76,239,937	89,835,983	81,627,400
Service tax Input Credit	800,000	800,000	800,000
Deferred Income Account	1,131,425	2,495,503	8,684,642
Total	78,171,363	94,078,958	117,201,189

11 Inventories

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Food & Beverages	-	-	4,074,521
Total	-	-	4,074,521

12 Current Financial Assets

12(a) Trade receivables

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Unsecured, considered good	51,158,941	57,393,960	79,800,936
Doubtful	1,277,174	1,791,088	1,791,088
Total	52,436,115	59,185,048	81,592,024
Less: Loss allowance			
Unsecured, considered good	1,639,824	322,911	-
Doubtful	1,277,174	1,791,088	1,791,088
	2,916,998	2,113,999	1,791,088
Net trade receivable	49,519,117	57,071,050	79,800,936

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

12(b) Cash and cash equivalents

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
a. Cash on hand	994,316	745,184	2,337,624
b. Balances with banks			
In current account	5,771,344	1,972,710	6,631,417
Balance in dividend account	38,564	38,564	38,564
Total cash and cash equivalents in balance sheet	6,804,224	2,756,458	9,007,605

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

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Interest accrued on FD	1,367,589	2,235,312	1,707,027
Deposits with original maturity of more than 3 months and less than 12 months	19,206,793	18,099,925	18,394,517
Total Bank balances other than above	20,574,382	20,335,237	20,101,544

12(d) Loans

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Amounts due from related parties	-	1,932,818	-
Staff Advances	882,400	-	270,500
Capital advances	-	-	10,817,419
Inter-corporate deposit:			
- Related parties	278,407,909	73,438,653	19,612,500
- Others	63,960,347	42,666,962	35,114,241
Total	343,250,656	118,038,433	65,814,660

12(e) Other financial assets

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Interest receivables Account (Preference Dividend)	17,313,593	17,198,484	-
Security deposits	40,131,113	39,851,113	24,777,613
Interest Accrued on Investments:			
Related Parties	3,667,460	1,226,743	24,578,014
Others	5,393,507	7,367,254	2,376,325
Other receivable from related parties	9,728,457	4,425,941	-
Total	76,234,129	70,069,535	51,731,952

13 Other current assets

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Prepaid expenses	16,928,171	2,489,209	5,497,677
Advances	7,760,950	-	-
Deferred Income Account	276,512	276,512	2,880,438
Rent straight lining	180,827	-	-
Service Tax Input	1,487,802	17,039,048	13,930,527
VAT input	17,902,888	18,331,110	15,727,247
GST input	9,747,389	-	-
Total	54,284,539	38,135,879	38,035,889



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(Amount in ₹)

14 Equity share capital

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number	Amount	Number	Amount	Number	Amount
Authorised share capital						
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	24,000,000	120,000,000	24,000,000	120,000,000
Issued, subscribed and fully paid-up						
Equity shares of ₹ 5 each	22,585,200	112,926,000	22,585,200	112,906,000	22,581,200	112,917,500
Total	22,585,200	112,926,000	22,585,200	112,906,000	22,581,200	112,917,500

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 2018		As at 31 March 2017		As at 1 April 2016	
	Number	Amount	Number	Amount	Number	Amount
Balance at the beginning of the year	22,585,200	112,926,000	22,581,200	112,906,000	22,581,200	112,906,000
Add: Issued during the year	-	-	4,000	20,000	-	-
Add: Acquisition of a subsidiary	-	-	-	-	-	-
Balance at the end of the year	22,585,200	112,926,000	22,585,200	112,926,000	22,581,200	112,906,000

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

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number	% holding in the class	Number	% holding in the class	Number	% holding in the class
Equity shares of ₹ 5 each						
1. Mr. Subhash Ghai	12,421,990	55.00%	12,421,990	55.00%	12,421,990	55%
2. Ms. Meghna Ghai Puri	1,650,000	7.31%	1,650,000	7.31%	1,650,000	7%
3. Ms. Mukta Ghai	1,650,000	7.31%	1,650,000	7.31%	1,650,000	7%

15 Other equity

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Securities premium			
Balance at the beginning of the year	973,604,960	973,360,000	973,360,000
Add: Transfer during the year	-	244,960	-
Balance at the end of the year	973,604,960	973,604,960	973,360,000
General reserve			
Balance at the beginning of the year	83,144,791	83,144,791	83,144,791
Add: Transfer during the year	-	-	-
Balance at the end of the year	83,144,791	83,144,791	83,144,791
Capital reserve			
Balance at the beginning of the year	11,500	-	-
Add: Transfer during the year	-	11,500	-
Balance at the end of the year	11,500	11,500	-

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Retained earnings			
Balance at the beginning of the year	193,518,955	181,788,046	181,788,046
Add: Net profit/(Loss) after tax for the year	14,929,133	12,423,318	-
Other comprehensive income	(4,139)	(692,409)	-
Balance at the end of the year	208,443,949	193,518,955	181,788,046
Total	1,265,205,200	1,250,280,206	1,238,292,837

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.

16 Non Current Financial Liabilities

16(a) Long-term borrowings

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Secured			
Term loan from banks and others			
Indiabulls Housing Finance Ltd*	401,548,016	378,929,928	382,122,199
Yes Bank Ltd**	-	-	40,186,331
Hero Fincorp Ltd***	36,832,020	-	-
Motor vehicle finance loans****	22,495,782	26,163,803	18,329,389
Less: current maturity of term loan	(18,776,737)	(13,819,536)	(9,132,606)
Total	442,099,081	391,274,195	431,505,314

* 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. 4,186,960 (Sep-2015 to Aug-2018), Rs. 4,443,901 (Sep-2018 to Aug-2021), Rs. 5,179,413 (Sep-2021 to Sep-2025) and Rs. 6,831,277 (Oct-2025 to Aug-2028).

** 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.

*** 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/-.

**** 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 1,656,560 will be 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 6,378,400 will be repayable in 60 equated monthly installments of Rs 198,613 till October 2021. Interest rate 16.50%.
Kotak Mahindra Prime Ltd	Outstanding amount of loan Rs 577,785 will be repayable in 36 equated monthly installments of Rs 31,458 till November 2019.
ICICI Bank Limited	Outstanding amount of loan Rs 10,932,975 will be repayable in 36 equated monthly installments of Rs 444,386 till August 2019. Interest rate 14.50%
HDFC Bank Limited	Outstanding amount of loan Rs 2,950,062 will be repayable in 60 equated monthly installments of Rs 63,900 till October 2022.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

16(b) Other financial liabilities

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Security deposits	29,503,227	30,836,921	37,311,258
Total	29,503,227	30,836,921	37,311,258

17 Long Term Provisions

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Provision for Leave Salary	2,043,728	4,919,386	3,847,818
Provision for gratuity	6,882,383	6,317,129	5,874,592
Total	8,926,111	11,236,515	9,722,410

18 Other non-current liabilities

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Rent straight lining	9,135,157	8,672,731	9,032,527
Deferred Expense Account	2,123,864	4,000,882	206,952
Total	11,259,021	12,673,613	9,239,479

19 Current Financial Liabilities

19(a) Short-term borrowings

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Repayable on demand			
Secured			
Yes Bank - Book Overdraft	-	4,125,764	3,880,660
Unsecured			
Inter corporate deposits - Others	82,000,000	85,000,000	60,000,000
Total	82,000,000	89,125,764	63,880,660

*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

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Other than micro and small enterprises	15,969,790	13,664,622	111,156,679
Micro and small enterprises	-	-	-
Total	15,969,790	13,664,622	111,156,679

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

19(c) Other financial liabilities

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Current maturities of long term borrowings	18,776,737	13,819,536	9,132,606
Interest accrued but not due on borrowings			
Interest on loan taken	5,527,129	2,619,419	353,392
Interest accrued but not due	-	800,000	1,200,000
Employee benefits expense payable			
Employee benefits expense	-	7,195,415	9,256,386
Bonus Payable	151,222	918,368	1,876,074
Creditors for fixed assets	-	-	4,977,056
Dues to venturer	-	6,369,180	7,907,980
Sundry advances received			
From related party	685,000	-	-
Others	18,500,000	19,500,000	19,500,000
Unclaimed dividend	38,564	38,564	38,564
Rent Payable to WWIL	7,906,560	3,953,280	-
Security deposits received	7,561,758	16,437,747	14,033,059
Total	59,146,970	71,651,509	68,275,116

20 Other current liabilities

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Advances from customers- others	5,142,895	10,958,137	23,797,009
Deferred Expense Account	3,516,786	4,372,194	4,780,922
Rent straight lining	257,166	359,796	1,400,083
Statutory dues payable*			
Provident fund	109,577	698,165	562,607
ESIC	8,212	185,014	282,523
TDS payable	2,876,992	15,677,043	18,264,006
Profession tax	10,075	33,601	31,637
ET/INR/Show tax	-	1,788,670	3,638,686
Total	11,921,704	34,072,619	52,757,473

21 Short Term Provisions

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Provision For Taxation	24,364,216	17,282,780	8,996,131
Provision For Employee benefit:			
Provision for leave salary	657,118	1,649,259	1,630,806
Provision for gratuity	337,975	-	-
Total	25,359,309	18,932,039	10,626,937



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

22 Revenue from operations (net)

	Year ended 31 March 2018	Year ended 31 March 2017
(a) Sale of products/ film rights		
Own Film/ Content production	3,404,288	847,151
Food and beverages	-	111,641,838
	3,404,288	112,488,989
(b) Distribution, Exhibition, Theatrical and Film Production Income		
Distribution and exhibition	549,872	1,969,713
Equipment hire income	2,785,400	3,459,900
Box office collection		
Sale of tickets	-	412,177,152
Less: Entertainment tax	-	(81,228,660)
	3,335,272	336,378,105
(c) Other operating revenue		
Rent and amenities charges	93,792,679	91,423,752
Sundry balances written back	2,470,838	4,692,918
Business support services	12,000,000	18,600,000
Other income from theatrical operations	-	29,705,232
	108,263,517	144,421,901
Total	115,003,077	593,288,995

23 Other income

	Year ended 31 March 2018	Year ended 31 March 2017
Interest income on bank deposits	2,004,990	2,235,312
Interest income on others	69,881,088	53,145,926
Other Non Operating Income		
Interest on income tax refund	1,199,241	9,324,327
Profit on sale of division	-	47,707,074
Profit on sale of assets, (net)	62,483	330,522
Profit on sales of Shares	47,204,373	-
Corporate guarantee Commission income	2,025,000	2,835,925
Miscellaneous income (net)	22,373,860	5,255,638
Total other income	144,751,035	120,834,723

24 Changes in Inventories of food and beverages

	Year ended 31 March 2018	Year ended 31 March 2017
Opening stock		
Food and Beverages	-	4,074,521
Closing stock		
Finished goods	-	-
Total changes in inventories of food and beverages	-	4,074,521

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

25 Cost of production, distribution, exhibition and theatrical operation

	Year ended 31 March 2018	Year ended 31 March 2017
Distribution Expenses	198,605	103,767
Films Distributor's Share	-	148,659,830
Expenses for old Films	88,000	331,000
Total Distributor and producer's share	286,605	149,094,597

26 Other direct operation expenses

	Year ended 31 March 2018	Year ended 31 March 2017
Other direct cost of theatrical operations	-	578,727
Operator's share in theatrical operations	-	(8,420,253)
Total Other direct operation expenses	-	(7,841,526)

27 Employee benefits expense

	Year ended 31 March 2018	Year ended 31 March 2017
Salaries and bonus	45,637,424	99,425,517
Contribution to provident and other funds	2,483,623	7,457,795
Gratuity expense	1,099,090	2,009,504
Staff welfare expenses	400,220	2,377,974
Total employee benefit expense	49,620,357	111,270,790

(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. 2,483,623 (Previous year : Rs. 7,457,795) 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:

Particulars	Gratuity		
	31 March 2018	31 March 2017	1 April 2016
Discount Rate (per annum)	7.80%	7.45%	7.70%
Salary growth rate	8.00%	8.00%	8.00%



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

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

Particulars	Gratuity		
	31 March 2018	31 March 2017	1 April 2016
Present Value of Obligation as at the beginning	11,646,117	10,720,317	11,111,357
Interest cost	549,305	658,212	733,075
Current Service Cost	462,243	1,451,802	1,142,984
Past Service cost	1,183,367	-	-
Total amount recognised in statement of profit and loss	2,194,915	2,110,014	1,876,059
Re-measurement (or Actuarial) (gain) / loss arising from:			
change in demographic assumption	-216,779	-	-
change in financial assumption	-268,660	216,311	-
experience changes	216,304	(931,371)	(110,221)
Total amount recognised in Other Comprehensive Income	-269,135	-715,060	-110,221
Benefits Paid	(2,377,360)	(469,154)	(2,156,878)
Liabilities assumed / (settled)	(2,209,057)	-	-
Present Value of Obligation as at the end	8,985,480	11,646,117	10,720,317

(B) Changes in the Fair value of Plan Assets

Particulars	Gratuity		
	31 March 2018	31 March 2017	1 April 2016
Fair Value of Plan Assets as the beginning	5,328,988	4,845,725	5,971,156
Interest on plan assets	428,789	398,369	407,842
Total amount recognised in statement of profit and loss	428,789	398,369	407,842
Re-measurement (or Actuarial) gain / (loss) arising from:			
Actual return on plan assets less interest on plan assets	(273,274)	(91,654)	(16,748)
Total amount recognised in Other Comprehensive Income	(273,274)	(91,654)	(16,748)
Employer's contribution	122,740	645,702	640,353
Benefits Paid	(2,377,360)	(469,154)	(2,156,878)
Transfer In / (Out)	(1,464,761)	-	-
Fair value of plan assets at the end	1,765,122	5,328,988	4,845,725

(C) Amount recognised in the Balance sheet

Particulars	Gratuity		
	31 March 2018	31 March 2017	1 April 2016
Present Value of obligations as at Balance Sheet date	8,985,480	11,646,117	10,720,317
Fair Value of Plan Assets as at the end of the period	1,765,122	5,328,988	4,845,725
Net (asset)/ liability recognised as at year end	7,220,358	6,317,129	5,874,592

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

(D) Constitution of Plan Assets

Particulars	Gratuity		
	31 March 2018	31 March 2017	1 April 2016
Administered by Life insurance Corporation of India	100%	100%	100%
Total of the Plan Assets	100%	100%	100%

(E) Sensitivity analysis

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

Particulars	Gratuity	
	Decrease	Increase
Defined benefit obligation (base)		
As on March 31, 2018		
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%

Particulars	Gratuity	
	Decrease	Increase
Defined benefit obligation (base)		
As on March 31, 2017		
Discount Rate (- / + 0.5%)	461,186	(423,919)
(% change compared to base due to sensitivity)	3.96%	-3.64%
Salary Growth Rate (- / + 0.5%)	(331,914)	342,396
(% 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.

Expected contributions to post employment benefit plan for the year ending March 31, 2018 is Rs. 10 Lakhs (March 31, 2017 : Rs. 10 Lakhs and April 1, 2016: Rs. 30 Lakhs)

(F) Defined benefit liability and employer contributions

The weighted average duration of the Benefit Obligation is 8.32 years

Particulars	Gratuity	
	31 March 2018	31 March 2017
Weighted average duration (based on discounted cashflows)		
Year 1	2,103,097	4,146,875
Year 2	363,476	469,893
Year 3	216,011	505,739
Year 4	180,999	394,774
Year 5	1,126,419	371,262
Thereafter	16,861,129	20,660,397

(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. (2,981,496) (March 31, 2017: Rs. 1,584,376, April 1, 2016: Rs. 865,884)

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



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

(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

	Year ended 31 March 2018	Year ended 31 March 2017
Interest cost on:		
Car loan	3,462,983	3,433,385
Cash credit \ demand loan facilities	-	1,851,053
Inter corporate deposits	5,448,353	6,728,706
Others	1,356,216	2,900,558
Term loan	58,229,408	45,999,943
Corporate Guarantee Commission expenses	-	1,033,198
Processing cost and other charges	-	1,464,204
Total	68,496,960	63,411,048

29 Depreciation and amortisation expense

	Year ended 31 March 2018	Year ended 31 March 2017
Depreciation of property, plant and equipment	22,531,251	65,626,126
Depreciation on investment property	4,615,460	4,852,188
Total	27,146,711	70,478,314

30 Other expenses

	Year ended 31 March 2018	Year ended 31 March 2017
Power and fuel	23,852,731	57,492,728
Rent	15,628,077	76,082,228
Repairs and maintenance	2,179,890	34,737,387
Insurance	2,933,918	2,217,737
Rates and taxes	9,001,061	18,280,733
Legal and professional	20,638,093	23,507,627
Communication expenses	894,932	2,876,191
Travelling and conveyance	404,157	3,218,939
Bad debts/ advances/ intangibles under development written-off	5,288,979	1,970,820
Security charges	1,241,680	14,442,778
Digital Equipment Hire Charges	-	8,688,018
Business promotion	890,341	5,632,005
Motor vehicle expenses	1,918,528	1,405,773
Printing and stationery	564,156	1,566,709
Bank charges	1,102,303	1,760,415
Brokerage and commission	-	325,000
Payment to auditor (Refer details below)	521,152	1,518,768
Miscellaneous expenses	9,623,458	16,145,336
Total	96,683,456	271,869,192

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

30 a - Payment to auditor

	Year ended 31 March 2018	Year ended 31 March 2017
Audit Fees	500,000	1,500,000
Reimbursement of Expenses	21,152	18,768
	521,152	1,518,768

31 Income Tax

(A) Income Tax Expense

This note provides an analysis of the Company's income tax expense and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Company's tax positions

	31 March 2018	31 March 2017
Income Tax Expense		
Current tax		
Current tax on profits for the year	7,251,643	9,432,073
Total Current Tax Expense	7,251,643	9,432,073
Deferred Tax		
Decrease (increase) in deferred tax assets	(4,660,752)	-
(Decrease) increase in deferred tax liabilities	-	-
Total Deferred Tax Expense	(4,660,752)	-
Income Tax Expense	2,590,891	9,432,073

(B) Reconciliation of tax expense:

	31 March 2018	31 March 2017
Profit before income tax expense	17,520,024	34,141,451
Add: Net Disallowances		
Permanent Disallowances	62,483	330,522
Temporary Disallowances	2,651,783	13,415,698
Total Taxable Income	20,234,290	47,887,671
Income Tax Expense	7,251,643	9,432,073

(C) Amounts Recognised directly in Equity - Nil (31 March 2017 - Nil)

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 15,628,077 (2017: Rs 76,082,228) 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 2018	31 March 2017
Amounts due within one year	5,339,155	5,135,866
Amounts due after one year but not later than five years	24,059,812	22,936,918
Amounts due later than five years	32,925,233	39,387,282
	62,324,201	67,460,066



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

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 52,173,594 (2017: Rs 27,966,195) has been included under 'Rent and amenities charges' in the Statement of profit and loss.

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

Particulars	31 March 2018	31 March 2017
Amounts due within one year	8,875,509	7,856,421
Amounts due after one year but not later than five years	10,317,111	20,541,842
	19,192,620	28,398,263

The carrying amount of assets is as follows :

Particulars	31 March 2018	31 March 2017
Gross block	172,280,521	172,280,521
Accumulated depreciation	42,145,541	37,530,081
Net block	130,134,980	134,750,440
Depreciation for the year	4,615,460	4,320,343

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 36,970,923 (2017: Rs 26,505,048) 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 2018	31 March 2017
Gross block	85,535,753	85,535,753
Accumulated depreciation	43,463,720	36,495,647
Net block	42,072,033	49,040,106
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 (2017: Rs 9,271,239) 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 March 2018	Year ended 31 March 2017
Net (loss)/ profit after tax attributable to shareholders	14,924,994	11,730,909
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	0.66	0.52
Dilutive EPS	0.66	0.52
Nominal value per share	5	5

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

35 Fair value measurement

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

	31 March 2018			31 March 2017			1 April 2016		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets									
Other Financial Assets	-	-	427,476,851	-	-	566,563,993	-	-	406,844,618
Trade Receivables	-	-	49,519,117	-	-	57,071,050	-	-	79,800,936
Cash and cash equivalents	-	-	6,804,224	-	-	2,756,458	-	-	9,007,605
Loans	-	-	731,156,849	-	-	529,591,492	-	-	483,303,234
Investment	257,153,087	-	-	270,808,355	-	-	259,085,054	-	-
Other bank balance	-	-	20,574,382	-	-	20,335,237	-	-	20,101,544
Total financial assets	257,153,087	-	1,235,531,423	270,808,355	-	1,176,318,230	259,085,054	-	999,057,937
Financial liabilities									
Borrowings	-	-	524,099,081	-	-	480,399,959	-	-	495,385,974
Trade Payables	-	-	15,969,790	-	-	13,664,622	-	-	111,156,679
Other Financial Liabilities	-	-	88,650,197	-	-	102,488,430	-	-	105,586,374
Total financial liabilities	-	-	628,719,068	-	-	596,553,012	-	-	712,129,027

(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 April 1, 2016, March 31, 2017 and March 31, 2018.

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

	Level	31 March 2018		31 March 2017		1 April 2016	
		Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets							
Other Financial Assets	Level 2	226,224,662	427,476,851	388,203,885	566,563,993	258,527,223	406,844,618
Trade Receivables	Level 2	49,519,117	49,519,117	57,071,050	57,071,050	79,800,936	79,800,936
Cash and cash equivalents	Level 2	6,804,224	6,804,224	2,756,458	2,756,458	9,007,605	9,007,605
Loans	Level 2	480,942,747	731,156,849	558,938,433	529,591,492	513,714,660	483,303,234
Investments	Level 2	223,128,390	257,153,087	241,750,838	270,808,355	232,390,038	259,085,054
Financial liabilities							
Borrowings	Level 2	522,924,672	524,099,081	494,715,904	480,399,959	511,869,242	495,385,974
Trade Payables	Level 2	15,969,790	15,969,790	13,664,622	13,664,622	111,156,679	111,156,679
Other Financial Liabilities	Level 2	88,378,282	88,650,197	108,663,374	102,488,430	112,149,497	105,586,374



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (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.

36 Financial risk management

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

(A) Credit risk

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

(i) Credit risk management

(a) Trade receivable related credit risk

The Company evaluates the concentration of risk with respect to trade receivables as low. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company provides for expected credit loss on trade receivables based on expected credit loss method. 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
Loss allowance on April 1, 2016	1,791,088
Written-off	-
Provision for allowances	322,911
Loss allowance on March 31, 2017	<u>2,113,999</u>
Written-off	513,914
Provision for allowances	1,316,914
Loss allowance on March 31, 2018	<u>2,916,999</u>

(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.

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

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

	31 March 2018	31 March 2017	1 April 2016
Floating rate			
- Expiring within one year (bank overdraft and other facilities)	-	4,125,764	3,880,660
	-	4,125,764	3,880,660

(i) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

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

Contractual maturities of financial liabilities as at March 31, 2018	Less than 1 year	More than 1 year	Total
Borrowings	82,000,000	440,924,672	522,924,672
Trade payables	15,969,790	-	15,969,790
Other financial liabilities	45,349,791	43,028,491	88,378,282
Total liabilities	143,319,581	483,953,163	627,272,744

Contractual maturities of financial liabilities as at March 31, 2017	Less than 1 year	More than 1 year	Total
Borrowings	89,125,764	405,590,140	494,715,904
Trade payables	13,664,622	-	13,664,622
Other financial liabilities	60,264,136	48,399,238	108,663,374
Total liabilities	163,054,522	453,989,378	617,043,900

Contractual maturities of financial liabilities as at April 1, 2016	Less than 1 year	More than 1 year	Total
Borrowings	63,880,660	447,988,582	511,869,242
Trade payables	111,156,679	-	111,156,679
Other financial liabilities	55,626,198	56,523,299	112,149,497
Total liabilities	230,663,537	504,511,881	735,175,418

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	-	-	-
Loans	343,250,656	416,100,000	759,350,656
Investments	-	223,128,390	223,128,390
Other financial assets	9,060,967	217,163,695	226,224,662
Total Assets	56,323,341	-	56,323,341



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

Contractual maturities of financial Assets as at March 31, 2017	Less than 1 year	More than 1 year	Total
Trade Receivables	57,071,050	-	57,071,050
Cash & bank balance	2,756,458	-	2,756,458
Other bank Balance	20,335,237	-	20,335,237
Loans	133,038,433	425,900,000	558,938,433
Investments	-	241,750,838	241,750,838
Other financial assets	8,593,994	379,609,891	388,203,885
Total Assets	221,795,171	1,047,260,730	1,269,055,901

Contractual maturities of financial Assets as at April 1, 2016	Less than 1 year	More than 1 year	Total
Trade Receivables	79,800,936	-	79,800,936
Cash & bank balance	9,007,605	-	9,007,605
Other bank Balance	20,101,544	-	252,491,582
Loans	80,814,660	432,900,000	312,387,545
Investments	-	232,390,038	665,290,038
Other financial assets	26,954,339	231,572,885	26,954,339
Total Assets	216,679,084	665,290,038	341,300,123

(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.

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 2018 (BHD)	31 March 2017 (BHD)	1 April 2016 (BHD)
Financial Assets			
Investment in shares	50,000	50,000	-
Loans	369,064	236,585	-
Receivable	117,802	103,023	-

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 2018	BHD	+5%	8,556
	BHD	-5%	(8,556)
31 March 2017	BHD	+5%	6,547
	BHD	-5%	(6,547)

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

(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 2018	31 March 2017	1 April 2016
Variable rate borrowings	-	4,125,764	3,880,660
Fixed rate borrowings	542,875,818	490,093,731	500,637,919
Total Borrowing	542,875,818	494,219,495	504,518,579

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

	31 March 2018			31 March 2017			1 April 2016		
	Weighted Average Interest Rate	Balance	% of Total Loans	Weighted Average Interest Rate	Balance	% of Total Loans	Weighted Average Interest Rate	Balance	% of Total Loans
Bank Overdraft	-	-	-	100%	4,125,764	0.83%	100%	3,880,660	0.77%

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 2018	INR	+50	308,462
	INR	-50	(308,462)
31 March 2017	INR	+50	256,422
	INR	-50	(256,422)

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 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-18	31-Mar-17	1-Apr-16
Net debt	524,099,081	480,399,959	495,385,974
Total equity attributable to owners	1,378,131,200	1,363,206,206	1,351,210,337
Net Debt to equity ratio	38.03%	35.24%	36.66%

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



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

The Company currently has loans from holding company and banks.

(i) Loan covenants:

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

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

The Company has complied with the covenants throughout the reporting period. As at 31 March 2018.

38 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.

39 Related party disclosures

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

(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)

(vi) 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

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

B Transactions with related parties for the year ended 31 March 2018 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	
	2018	2017	2018	2017	2018	2017
Rendering of services - Sale of products						
Mukta VN Films Limited	-	3,120,891	-	-	-	-
Mukta A2 Cinemas Ltd - Rent & Maintenance Charges	1,409,400	-	-	-	-	-
Whistling Woods International Ltd - Rent & Maintenance Charges	6,484,173	2,018,001	-	-	-	-
Receiving of services						
Ashok Ghai - Professional fees paid	-	-	3,300,000	3,000,000	-	-
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	-	-	-	-	-
Slump Sale of division						
Mukta A2 Cinemas Ltd	-	150,000,000	-	-	-	-
Interest income						
Whistling Woods International Limited	26,508,262	23,132,879	-	-	-	-
Mukta Tele Media Limited	1,238,349	1,214,148	-	-	-	-
Connect.1 Limited	1,270,393	892,066	-	-	-	-
Mukta A2 Multiplex SPC	3,445,187	1,089,213	-	-	-	-
Mukta A2 Cinemas Ltd	11,510,913	66,130	-	-	-	-
Interest expenses						
Mukta Creative Venture Ltd	65,856	-	-	-	-	-
Salaries and other benefit						
Siraj Farooqui	-	-	3,621,660	3,296,000	-	-
Sameer Farooqui	-	-	946,726	808,100	-	-
Sajid Farooqui	-	-	915,402	795,744	-	-
Managerial remuneration						
Subhash Ghai	-	-	6,457,400	3,932,400	-	-
Parvez A. Farooqui	-	-	666,900	3,790,400	-	-
Rahul Puri	-	-	4,445,200	3,757,400	-	-
Reimbursement of expenses received by the Company						
Whistling Woods International Limited	949,740	505,621	-	-	-	-
Mukta VN Films Limited	12,000,000	18,600,000	-	-	-	-
Mukta A2 Cinemas Ltd	169,393	-	-	-	-	-
Reimbursement of expenses paid by the Company						
Whistling Woods International Limited	43,818	301,600	-	-	-	-
Mukta A2 Cinemas Ltd	4,866,171	-	-	-	-	-
Loan given during the year						
Mukta A2 Multiplex SPC	23,815,747	41,369,702	-	-	-	-
Mukta A2 Cinemas Ltd	172,790,855	5,874,145	-	-	-	-



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (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
Issue of equity shares			
Mukta A2 Multiplex SPC	- 8,860,800	-	-
Mukta A2 Cinemas Limited	- 500,000	-	-
Loan repaid during the year			
Whistling Woods International Limited	9,800,000	7,000,000	-
Advances given during the year			
Mukta Creative Venture Ltd	15,000	24,000	-
Mukta Tele Media Ltd	1,259,514	1,487,733	-
Connect.1 Ltd	7,402,054	5,498,422	-
Advances repaid during the year			
Mukta Creative Venture Ltd	759,271	24,000	-
Mukta Tele Media Ltd	270,000	570,000	-
Connect.1 Ltd	216,000	923,063	-
Loan receivable			
Whistling Woods International Limited	216,100,000	225,900,000	-
Mukta A2 Multiplex SPC	63,704,441	42,458,915	-
Mukta A2 Cinemas Ltd	178,665,000	5,874,145	-
Amount receivable			
Whistling Woods International Limited	16,550	1,932,818	-
Mukta A2 Cinemas Ltd	6,424,779	-	-
Interest receivable			
Whistling Woods International Limited	-	1,226,743	-
Payables			
Siraj Farooqui	-	213,655	771,300
Sameer Farooqui	-	-	58,720
Sajid Farooqui	-	-	52,612
Subhash Ghai	-	367,000	200,000
Parvez A. Farooqui	-	-	857,800
Rahul Puri	-	210,150	765,100
Advances receivable			
Mukta Tele Media Ltd	14,312,247	13,322,733	-
Connect.1 Limited	18,968,913	11,782,859	-
Mukta VN Films Limited	-	86,023,956	-
Advances payable			
Mukta A2 Cinemas Limited	4,698,777	-	-
Mukta Creative Venture Ltd	744,271	-	-
Deposit receivable			
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
Security given towards loan (Mortgage of immovable property)			
Mukta VN Films Limited	60,000,000	120,000,000	-
Letter of support to Whistling Woods International Limited	-	-	-

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

40 Disclosure as per Clause 32 of the Listing agreement

Name of the Company	Balance as at		Maximum outstanding during the year	
	2018	2017	2018	2017
(a) Particulars in respect of loans and advances in the nature of loans to subsidiary/ associate companies				
- Whistling Woods International Limited	216,100,000	257,478,014	232,900,000	232,900,000
- Mukta Tele Media Ltd	14,312,247	12,405,000	14,312,247	13,322,733
- Mukta A2 Multiplex SPC	63,704,441	-	63,704,441	42,458,915
- Mukta A2 Cinemas Ltd	178,665,000	-	178,665,000	-
(b) Particulars of Loans and advances to Companies in which director (s) is a Director or member:				
None	-	-	-	-
(c) Particulars in respect of loans and deposits to subsidiary companies where there is no repayment schedule				
- Whistling Woods International Limited	216,100,000	257,478,014	232,900,000	232,900,000
- Mukta Tele Media Limited	14,312,247	12,405,000	14,312,247	13,322,733
- Mukta A2 Multiplex SPC	63,704,441	-	63,704,441	-
- Mukta A2 Cinemas Ltd	178,665,000	-	178,665,000	-

41 Commitments

Estimated amounts of contracts remaining to be executed on capital account and not provided for aggregate to Rs Nil (31 March 2017: Rs Nil).

42 Contingent liabilities

	31 March 2018	31 March 2017	1 April 2016
a) Service tax liability in appeal (note 1)	1,675,000	1,675,000	1,675,000
b) Corporate guarantee given by the Company on behalf of its subsidiary	60,000,000	120,000,000	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 18,859,028 (31 March 2017: 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.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

43 Expenditure in foreign currency (on accrual basis)

	31 March 2018	1 April 2017
Travelling expenses	-	17,580

44 Earnings in foreign exchange (on accrual basis)

Earnings in foreign currency for the year ended 31 March 2018 is Rs. Nil (31 March 2017: Rs Nil).

45 Managerial remuneration

Total remuneration paid to the erstwhile managing director (including as film director fees) for earlier financial years from 2005-06 to 2014-2015 aggregating to Rs 131,906,897 exceeds the limits prescribed under Schedule XIII to the Companies Act, 1956. During the year 2011-12, the Company had received approval for part of the excess remuneration paid (approval received for remuneration aggregating to Rs 25,200,000 for the financial years 2005-06, 2006-07 and 2007-08) and made applications to the authorities requesting reconsideration/ approval for the balance excess remuneration. Through its various communications, the Ministry of Corporate Affairs has ordered the Company to recover the excess remuneration paid during the financial years 2008-09 to 2011-12. The Company has requested the authorities to reconsider their Orders and also for his recognition as a professionally qualified person under the Act. Pending conclusion of this matter, no adjustment has been made in these financial results. The auditors continue to modify their report on the said matter.

- 46 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 2018 Rs 113,538,000 has been paid by the Company and Rs 4,500,000 has been paid by WWI. The State Government of Maharashtra and MFSCDCL challenged the Order of the Bombay High Court in the Supreme Court which was dismissed by the court on 22nd September 2014 with recourse to the State Government of Maharashtra to make an application to the High Court. Pending final disposal of the review petitions and valuation of the building, and in view of the future plans for WWI which are being evaluated, management believes that the Company's investments in WWI aggregating Rs 399,511,218 and amounts due therefrom aggregating Rs 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.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

47 Details of opening stock, closing stock, purchases and consumption of food and beverages items

Information with regards to the opening stock of food and beverage items

Particulars	Opening stock	
	31 March 2018	31 March 2017
Bottled beverages	-	521,462
Non bottled beverages	-	405,016
Non packaged food items	-	1,985,164
Packing material	-	1,162,879
Others	-	-
Total	-	4,074,521

Information with regards to the sale of food and beverage items

Particulars	Sales	
	31 March 2018	31 March 2017
Bottled beverages	-	8,498,523
Non bottled beverages	-	22,998,461
Non packaged food items	-	4,218,696
Packaged food items	-	58,994,519
Others	-	30,098,610
Total	-	124,808,809

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 @10% 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 @10% for the purpose of financial support to subsidiary which is repayable on mutual consent
Connect. Ltd, subsidiary of the Company	Unsecured loan given @10% 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
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.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

Movement of loan during the financial years ended 31 March 2018 and 31 March 2017 is given below:

Name of Party	Financial year	Opening balance(excluding accrued interest)	Loan given	Loan repaid	Closing balance(excluding accrued interest)
Whistling Woods International Limited, subsidiary of the Company	Year ended 31 March 2018	225,900,000	-	9,800,000	216,100,000
	Year ended 31 March 2017	232,900,000	-	7,000,000	225,900,000
Mukta Tele Media Ltd	Year ended 31 March 2018	12,230,000	145,000	270,000	12,105,000
	Year ended 31 March 2017	12,405,000	-	175,000	12,230,000
Mukta A2 Cinemas Ltd, subsidiary of the Company	Year ended 31 March 2018	5,874,145	-	-	5,874,145
	Year ended 31 March 2017	-	5,874,145	-	5,874,145
Mukta A2 Multiplex SPC, subsidiary of the Company	Year ended 31 March 2018	-	-	-	-
	Year ended 31 March 2017	-	41,369,702	-	41,369,702
Neelmudra Entertainment Limited	Year ended 31 March 2018	12,838,015	-	-	12,838,015
	Year ended 31 March 2017	12,838,015	-	-	12,838,015
Om Films Private Limited	Year ended 31 March 2018	17,600,000	-	-	17,600,000
	Year ended 31 March 2017	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 2018: Rs 1,446,158) for the overdraft facility availed by Mukta V N Films Limited, a subsidiary company, as at 31 March 2018. The overdraft limit as per the arrangement is Rs 60,000,000 (31 March 2017: Rs 120,000,000). The subsidiary has accounted for book overdraft amounting to Rs 61,454,301 as on 31 March 2018. The overdraft facility is being utilised by the subsidiary for its business.

c) Details of investments made:

- The Company has invested in 500 equity shares of BHD 100 each, fully paid up in Mukta A2 Multiplex SPC, a subsidiary of the Company during the previous year.
- The Company has invested in 50,000 equity shares of Rs 10 each, fully paid up in Mukta A2 Cinemas Ltd, a subsidiary of the Company during the previous year.

48 Discontinuing operations

Pursuant to the approval by way of postal ballot received from the shareholders of the Company on 22 December 2016, the Cinema Exhibition business has been transferred by way of a slump sale to a wholly owned subsidiary, Mukta A2 Cinemas Limited on 31 March 2017. The revenue from this business formed part of the "Theatrical exhibition division" segment. A business transfer agreement is being executed between the two entities confirming the transfer for a consideration of Rs 150,000,000.

By way of this slump sale, the Company has transferred all the assets and liabilities of the Cinema exhibition division. The liabilities so transferred and recorded in the books of the transferee company as on 31 March 2017 include Term loan and overdraft facilities granted by a bank. The bank is in the process of completing documentation for transferring the said facilities in the name of the transferee company. After completion of the said documentation, the records of the bank shall show the loans as granted in favour of the transferee company. The assets so transferred include current assets, movable assets and leasehold rights of the Cinema exhibition business which are hypothecated against the said loan facilities.

MUKTA ARTS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

- (a) The carrying amounts of the total assets and the total liabilities attributable to the discontinuing operation to be disposed off/settled are as follows

	31 March 2018	31 March 2017
Assets		
Property, Plant & Equipement	-	310,296,648
Intangible assets	-	7,186,726
Capital Work in progress	-	1,784,952
Current Loans & Advances	-	27,010,104
Inventories	-	5,083,324
Other Financial Asset	-	29,029,887
Trade receivables	-	36,022,044
Cash & Cash Equivalent	-	3,981,254
Other bank balances	-	8,015,703
Other Current Asset	-	6,443,783
Total assets	-	434,854,425
Liabilities		
Non Current Borrowing	-	84,777,810
Short Term Borrowing	-	30,815,117
Trade Payables	-	146,233,922
Other Current Liabilities	-	22,541,089
Other Current financial liability	-	151,033,198
Total liabilities	-	435,401,136

- (b) The amounts of revenue and expenses from ordinary activities attributable to the discontinuing operation

	31 March 2018	31 March 2017
Income		
Revenue from operation	-	472,883,465
Other Income	-	2,593,328
Total Income	-	475,476,793
Expenses		
Cost of operations	-	181,437,309
Employee benefit expense	-	59,741,086
Finance cost	-	9,923,870
Other expenses	-	234,873,428
Total expenses	-	485,975,693
Profit before tax	-	(10,498,900)
Provision for taxation	-	-
(Loss)/Profit after tax	-	(10,498,900)



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

(c) The amounts of net cash flow attributable to the operating, investing and financing activities of the discontinuing operation:

	31 March 2018	31 March 2017
Cash flows from operating activities		
Profit for the year before tax	-	(10,498,900)
Adjustments for:		
(Increase) in trade receivables	-	(10,498,900)
(Increase) in loans and advances and other non-current assets	-	-
Increase in trade payables, provisions, other long-term and other current liabilities	-	-
Cash generated from operations	-	-
Income taxes paid	-	-
Net cash generated from operating activities (A)	-	-
Cash flows from investing activities (B)	-	-
Cash flows from financing activities		
Repayment of borrowings	-	(10,498,900)
(Increase)/ Decrease in balance with Corporate and other business units	-	-
Cash flows from financing activities (C)	-	(10,498,900)

49 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.

50 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.

51 Prior period comparatives

The figures for the previous year have been reentitled/ 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: 24 May 2018

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 Consolidated Indian Accounting Standards (Ind AS) Financial Statements

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 are collectively referred to as 'the Group'), comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information. (herein referred to as the consolidated Ind AS financial statements)

Management's Responsibility for the Consolidated Ind AS Financial 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 including other comprehensive income, consolidated cash flows and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the 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; the 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and audit evidence obtained by other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated Ind AS financial statements.

Basis for Qualified Opinion

- (i) *As explained in Note 43 to the accompanying consolidated Ind AS financial statements, remuneration paid to the erstwhile managing director of the Holding Company (including as film director fees) for earlier financial years from 2005-06 to 2014-15 (total remuneration paid aggregates to Rs. 13,19,06,897/- is in excess of the limits prescribed under Schedule XIII to the Companies Act, 2013. During the year 2011-12, the Holding Company had received approval for part of excess remuneration paid (approval received for remuneration aggregating to Rs. 2,52,00,000/- for the financial years 2005-06, 2006-07, 2007-08) and made applications to the authorities requesting consideration/approval for the balance excess remuneration and for recognition of the erstwhile managing director as professionally qualified person under the Companies Act, 1956. Through its various communications, the Ministry of Corporate Affairs has directed the Holding Company to recover the excess remuneration paid during the financial years 2008-09 to 2011-12. The Holding Company has requested the authorities to reconsider their Orders in respect of the above and also for his recognition as a professionally qualified person under this Act. Pending conclusion of this matter, no adjustment has been made in these financial statements.*
- (ii) *As more fully explained Note 41 to the standalone Ind AS financial Statements, the Company has disputed the demand from Income-tax authorities aggregating to Rs 5,060,764 (including interest Rs. 1,902,995) [March 31, 2017: 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 Company accrued for this liability, the profit for the year in the standalone Ind AS financial statements at March 31, 2018 would have been lower by Rs. 5,060,764 (March 31, 2017: Rs. 5,060,974).*



Independent Auditors' Report (Continued)

- (iii) As at March 31, 2018, 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.39,95,11,218/- and loans and advances, Accrued interest, deposits and rent receivable include Rs.24,61,16,550/- recoverable from WWIL. As more fully explained in Note 44 to the Ind AS financial Statements, through its Order of 9 February 2012, the Hon'ble High Court of Judicature at Bombay ('High Court') had quashed the Joint Venture Agreement ('JVA') between the Company's shareholders and had passed consequential orders. The petition for Special Leave to Appeal had been dismissed by the Supreme Court of India in April 2012.

Pursuant to the High Court's aforesaid Order, the allotment of land to the WWIL, pursuant to the JVA (in lieu of which equity shares of corresponding value were issued to Maharashtra Film, Stage and Cultural Development Corporation Limited ('MFSCDCL')), recorded in the books of the Company as land rights at a cost of Rs 3,00,00,000, had been cancelled and WWIL had been ordered to return the land to MFSCDCL (of the total land admeasuring 20 acres, 14.5 acres vacant unused land had been handed over to MFSCDCL on April 18, 2012 and the balance was to be handed over on or before July 31, 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 the WWIL and the carrying value of the land rights in the books of account.

Further, MFSCDCL had demanded Rs 83,20,62,611/- towards arrears of rent and interest thereon by letter dated December 3, 2012. Also, as per the High Court's Order which is under challenge from the Holding Company and WWIL, there is an option to set-off the arrears of rent and interest thereon against the value of the building with net excess or shortfall to be refunded to / claimed from the holding company/ WWIL, as applicable. During the year 2012-13, the Public Works Department (PWD) Engineer had given his valuation report of Institute building based on the Balance sheet of the Company as at March 31, 2011. MFSCDCL vide letter dated July 14, 2014, demanded Rs 59,19,66,210/- towards arrears of rent and interest thereon, up to July 31, 2014, net of value of building determined as above.

The holding company, and WWIL had filed applications to review the said Order with the High Court and an interim stay was granted on July 30, 2014 which required deposit by Mukta Arts Limited of Rs 10,00,38,000 by January 2015 against payment of arrears of rent for the years 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 31 March 2018 Rs 11,35,38,000/- has been paid by the Holding Company and Rs 45,00,000/- 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 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 stated above, the WWIL's net worth stands fully eroded as at March 31, 2018. 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.

Qualified Opinion

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 (iii) of the Basis for Qualified Opinion paragraph above, the outcome and consequent adjustments to the consolidated Ind AS financial Statements of which cannot be presently determined, and of the matter relating to the remuneration to the erstwhile managing director referred to in paragraph (i) of the Basis for Qualified Opinion paragraph above, 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 above, 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, its associates and jointly controlled entities as at March 31, 2018, and their consolidated Loss, consolidated total comprehensive (loss), their consolidated cash flow statement, and consolidated statement of changes in equity for the year ended on that date.

Other Matters

- a) We did not audit the financial Statements of five subsidiaries and one step down subsidiary, whose financial statements reflect total assets of Rs. 52,62,20,306/- as at March 31, 2018 and total revenue from operation of Rs. 54,54,19,301/- as considered in the consolidated Ind AS financial Statements. 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 our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

MUKTA ARTS LIMITED

Independent Auditors' Report (Continued)

- b) The comparative financial information for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 in respect of five subsidiaries, one step down subsidiary and joint venture included in the consolidated Ind AS financial statements, prepared in accordance with the Ind AS, have been audited by other auditors and have been relied upon by us.

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

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 (iii) 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, 2018 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, 2018 from being appointed as a director in terms of Section 164 (2) of the Act. Also, in one of the subsidiary companies, consequent to the setting aside of the JVA agreement as explained in paragraph (iii) 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 45 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.

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

CA. Prerak Agarwal
Partner
Membership No.: 158844

Date: May 24, 2018

Place: Mumbai



Annexure A to the Independent Auditor's Report of even date on the Consolidated Ind AS 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")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Mukta Arts Limited ("the Holding Company") and its subsidiary companies 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 and its subsidiary companies, 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 and its subsidiary companies, 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, 2018, based on the internal control over financial reporting criteria established by the Holding Company and its subsidiary companies, 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 Five subsidiary companies, which are companies incorporated in India, is based on the corresponding report of the auditors of such company.

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

CA. Prerak Agarwal
(Partner)
Membership No.: 158844

Date: May 24, 2018
Place: Mumbai

MUKTA ARTS LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2018

(Amount in Rs.)

Particulars	Note No.	As at	As at	As at
		31 March 2018	31 March 2017	1 April 2016
I. ASSETS				
Non-current assets				
(a) Property, plant and equipment	6 (a)	823,188,875	885,797,542	637,092,375
(b) Capital work-in-progress	6(b)	9,263,672	3,072,162	82,260,041
(c) Investment property	7	156,394,632	161,155,027	166,165,348
(d) Intangible assets	6 (c)	52,690,224	63,988,822	44,323,023
(e) Intangible Assets under Development	6 (d)	61,752,395	40,455,543	40,587,105
(f) Financial assets				
(i) Investments	8 (a)	39,693,444	53,249,620	51,987,237
(ii) Loans	8 (b)	10,000,000	13,846,867	12,782,381
(iii) Others financial assets	8 (c)	176,831,341	194,257,524	168,942,090
(g) Deferred tax assets (net)	9	26,164,038	21,363,427	24,641,168
(h) Other non-current assets	10	99,225,393	117,382,700	135,583,381
Total Non-current assets		1,455,204,014	1,554,569,234	1,364,364,148
Current assets				
(a) Inventories	11	7,518,440	8,267,860	4,074,521
(b) Financial assets				
(i) Trade receivables	12 (a)	118,017,110	121,097,760	97,505,297
(ii) Cash and cash equivalents	12 (b)	27,508,582	17,138,395	18,989,136
(iii) Bank balances other than (ii) above	12 (c)	20,574,382	20,335,237	20,101,544
(iv) Loans	12 (d)	120,304,529	73,116,105	46,369,802
(v) Others financial assets	12 (e)	82,822,825	72,343,313	27,936,176
(c) Other current assets	13	113,948,306	61,505,451	46,583,186
Total Current assets		490,694,174	373,804,121	261,559,662
Total Assets		1,945,898,188	1,928,373,355	1,625,923,810
II. EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	14	112,926,000	112,926,000	112,917,500
(b) Other Equity	15	226,253,460	273,937,034	353,129,125
Equity attributable to the owner of the Company		339,179,460	386,863,034	466,046,625
Non Controlling Interest		32,127,481	30,233,660	30,003,400
Total Equity		371,306,941	417,096,694	496,050,025
Liabilities				
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	16 (a)	635,442,232	635,255,328	580,789,997
(ii) Other financial liabilities	16 (b)	84,056,081	69,107,881	62,221,926
(b) Long Term Provisions	17	23,279,327	16,954,118	13,239,651
(c) Other non-current liabilities	18	20,009,495	22,509,527	16,732,124
Total Non-Current Liabilities		762,787,135	743,826,854	672,983,698
Current liabilities				
(a) Financial liabilities				
(i) Borrowings	19 (a)	119,146,228	119,982,258	63,880,660
(ii) Trade payables	19 (b)	235,009,270	263,184,009	149,347,106
(iii) Other financial liabilities	19 (c)	209,698,380	157,038,753	103,210,657
(b) Short Term Provisions	21	205,658,437	167,659,069	126,559,535
(c) Other current liabilities	20	42,291,797	59,585,718	13,892,129
Total Current liabilities		811,804,112	767,449,807	456,890,087
Total Equity and Liabilities		1,945,898,188	1,928,373,355	1,625,923,810

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

CA Prerak Agarwal
Partner
Membership No: 158844

Place : Mumbai
Date: 24 May 2018

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



CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

(Amount in Rs.)

	Notes	As at 31-Mar-2018	As at 31-Mar-2017
(I) Revenue from operations	22	1,243,148,265	996,134,075
(II) Other income	23	108,882,228	94,098,251
(III) Total Income (I+II)		1,352,030,494	1,090,232,326
(IV) Expenses			
(a) Changes in inventory of food & beverages	24	(363,999)	4,074,521
(b) Purchase of food & beverages		152,991,387	86,501,481
(c) Cost of production, distribution, exhibition and theatrical operation	25	190,335,888	150,531,544
(d) Other direct operation expenses	26	(17,782,560)	(7,823,930)
(e) Employee benefits expense	27	257,826,449	202,560,007
(f) Finance costs (net)	28	111,284,790	87,124,531
(g) Depreciation and amortisation expenses	29	126,145,567	117,941,693
(h) Other expenses	30	576,870,461	514,245,872
Total Expenses		1,397,307,983	1,155,155,718
(V) Loss before share in joint venture and tax (III - IV)		(45,277,489)	(64,923,393)
(VI) Share in Joint Venture		(263,786)	(862,877)
(VII) Loss before tax (V + VI)		(45,013,703)	(64,060,516)
Tax expense			
Current tax		7,189,609	9,432,073
Deferred tax		(4,800,611)	3,277,741
(VIII) Loss for the year		(47,402,702)	(76,770,330)
(IX) Other comprehensive income			
Items that will not be reclassified to profit or loss			
Less : Remeasurement gain on defined benefit plan		681,199	12,163
Other comprehensive income for the year		681,199	12,163
(X) Total comprehensive income for the year (VII+VIII)		(48,083,901)	(76,782,493)
Profit is attributable to :			
Owners		(49,529,323)	(79,395,851)
Non Controlling Interest		2,126,621	2,625,521
		(47,402,702)	(76,770,330)
Other comprehensive income is attributable to :			
Owners		681,199	12,163
Non Controlling Interest		-	-
		681,199	12,163
Total comprehensive income is attributable to :			
Owners		(50,210,522)	(79,408,014)
Non Controlling Interest		2,126,621	2,625,521
		(48,083,901)	(76,782,493)
(XI) Earnings per share	34		
Basic (nominal value Rs. 5)		(2.13)	(3.40)
Diluted (nominal value Rs. 5)		(2.13)	(3.40)

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: 24 May 2018

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 2018

	Number	Amount
Balance as at 1 April 2016	22,581,200	112,906,000
Add: Changes in equity share capital	4,000	20,000
Balance as at 31 March 2017	22,585,200	112,926,000
Add: Changes in equity share capital	-	-
Balance as at 31 March 2018	22,585,200	112,926,000

	Reserves & Surplus					Total other equity
	Securities Premium	General Reserve	Capital Reserve	Foreign Currency Reserve	Retained Earnings	
Balance as at 1 April 2016	973,360,000	83,144,791	-	-	(703,375,666)	353,129,125
Profit/(loss) for the year	-	-	-	-	(76,770,330)	(76,770,330)
Transfer during the year	244,960	-	11,500	918,689	-	1,175,149
Other comprehensive income for the year	-	-	-	-	(12,163)	(12,163)
Other adjustment	-	-	-	-	(3,584,747)	(3,584,747)
Total Comprehensive income for the year	244,960	-	11,500	918,689	(80,367,240)	(79,192,091)
Dividend and dividend tax	-	-	-	-	-	-
Employee stock option compensation expense	-	-	-	-	-	-
Balance as at 31 March 2017	973,604,960	83,144,791	11,500	918,689	(783,742,906)	273,937,034
Profit 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
Total Comprehensive income for the year	-	-	-	373,615.00	(48,057,190)	(47,683,575)
Transfer from/to share option outstanding account	-	-	-	-	-	-
Employee stock option compensation expense	-	-	-	-	-	-
Balance as at 31 March 2018	973,604,960	83,144,791	11,500	1,292,304	(831,800,095)	226,253,460

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

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: 24 May 2018

Prabuddha Dasgupta
Chief Financial Officer

Monika Shah
Company Secretary
Membership No: FCS7964



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Cash flow from operating activities		
Loss before tax	(45,277,489)	(64,923,393)
Non-cash adjustments to reconcile Profit before tax to net cash flows		
Depreciation and amortisation	126,145,567	117,941,693
Bad debts/ advances/ intangible assets under development written-off	10,933,927	10,170,146
Finance costs	111,284,790	87,124,531
Interest income	(9,001,433)	(9,553,008)
Interest on income tax refund	(1,498,796)	(9,331,115)
(Gain) on sale of tangible assets (net)	(62,483)	(413,782)
Operating profit before working capital changes	192,524,083	131,015,072
Movements in working capital:		
Increase/(Decrease) in other current liabilities	(17,293,921)	(45,693,589)
Increase/(Decrease) in other financial liabilities	67,607,827	60,714,051
Increase/(Decrease) in other non current liabilities	(2,500,032)	(5,777,403)
Increase/(Decrease) in trade payables	(28,174,739)	113,836,903
Increase/(Decrease) in Current Provisions	37,999,368	41,099,534
(Increase)/Decrease in inventories	749,421	(4,193,340)
(Increase)/Decrease in trade receivables	3,080,650	(23,592,463)
(Increase) /Decrease in other non- current assets	18,157,307	18,200,682
(Increase)/Decrease in short-term loans and advances	(47,188,424)	(26,746,303)
(Increase)/Decrease in other financial assets	17,426,183	(25,315,434)
(Increase) /Decrease in other current assets	(52,442,856)	(14,922,265)
(Increase)/Decrease in other current financial assets	(10,479,512)	(44,407,137)
Cash generated from (used in) operations	179,465,354	174,218,309
Net cash generated from (used in) operating activities (A)	179,465,354	174,218,309
Cash flow from investing activities		
Investments in equity shares of subsidiaries	(13,556,177)	(1,262,384)
Purchase of fixed assets (tangible and intangible)	(61,088,099)	(612,037,537)
Proceeds from maturity/ (reinvestment) of fixed deposits, net	(1,106,868)	294,592
Proceeds from sale of fixed assets	14,259,745	407,832,841
Interest income	9,001,433	9,553,008
Income taxes paid on interest income	(4,671,293)	(4,491,967)

MUKTA ARTS LIMITED

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Net cash used in investing activities (B)	(57,161,258)	(200,111,447)
Cash flow from financing activities		
Secured loan (repaid)/taken, net	186,904	54,465,331
Unsecured loan (repaid)/taken , net	(836,030)	56,101,598
Finance charges (net)	(111,284,790)	(87,124,531)
Net cash flow from / (used in) financing activities (C)	(111,933,915)	23,442,398
Net increase /(decrease) in cash and cash equivalents (A + B + C)	10,370,181	(2,450,740)
Cash and cash equivalents at the beginning of the year	14,999,832	17,450,572
Cash and cash equivalents at the end of the year (Refer note (b) below)	25,370,019	14,999,832

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

	31 March 2018	31 March 2017
Notes:		
(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	5,084,217	6,513,829
(ii) Balances with scheduled banks in -in current accounts	20,285,801	8,486,002
Balances as per statement of cash flows	25,370,019	14,999,832
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: 24 May 2018

Prabuddha Dasgupta
Chief Financial Officer

Monika Shah
Company Secretary
Membership No: FCS7964



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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 2018.

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 2018. 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.

For the period up to and including the year ended March 31, 2017, the entity prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read with paragraph 7 of the Companies (Accounts) Rules 2014 (Indian GAAP). These financial statements for the year ended March 31, 2018 are the first financial statements of the Group prepared in accordance with Ind AS. The date of transition to Ind AS is 1 April 2016. Refer Note 5 for details of mandatory exceptions and optional exemptions on first-time adoption availed by the Group.

(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

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

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.

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

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group, revenue can be reliably measured and recoverability is reasonably certain. The amount recognised as income is exclusive of taxes and net of trade discounts. Unbilled revenue represents costs incurred and revenues recognised on contracts to be billed in subsequent periods as per the terms of the contract.

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

Revenue comprising proceeds from sales of tickets, net of taxes and exhibitor's share, is recognised on the date of release/ exhibition based on Daily collection report. As the Group is the primary obligor, the share of producers, joint venture investors (other than those in jointly controlled assets) and sub-agents/ sub distributors are included in revenues from distribution and exhibition (theatrical exploitation) and are correspondingly disclosed as direct cost.

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

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

Revenue from tuition fee is recognized over the period of the course. Revenue from acceptance and admission fees is recognized at the time of commencement of the batch for which students have been enrolled. Revenue from sale of prospectus and other materials/ goods is recognized on delivery to the student. Revenue from consultancy fees is recognised when services are rendered as per contractual arrangement

Infrastructure fees is revenue generated from facilities provided for various courses undertaken in film making and School of Media and communication and is recognized over the period of the course. Facilitation charges include revenue from provision of insurance and other related facilities to the students and are recognized on a time proportion basis. License fees from content usage is recognised as per the terms of the contract. Revenue from institutional affiliation is recognised over the period of the course as per the contractual 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 Group and the amount of income can be measured reliably). Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. Interest income is recorded using the Effective Interest rate.

2.6 Employee benefits

Short term employee benefits

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

Post-employment benefits

Defined contribution plan:

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

Defined benefit plan:

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

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

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.

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

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.

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.

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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 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).



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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.

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.

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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(%)

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 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



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- 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.

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.

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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 New Pronouncements

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

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

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

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

(b) Appendix B to Ind AS 21 - Foreign currency transactions and advance consideration

The appendix clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability). If there are multiple payments or receipts for one item, date of transaction should be determined as above for each payment or receipt.

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

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

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

There are investment property, hence this standard is applicable.



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(Amount in ₹)

5 First-time adoption of Ind AS

Transition to Ind AS

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

These financial statements, for the year ended 31 March 2018, are the first the group has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2017, the group prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). Accordingly, the group has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2018, together with the comparative period data as at and for the year ended 31 March 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the group's opening balance sheet was prepared as at 1 April 2016, the group's date of transition to Ind AS. This note explains the principal adjustments made by the group in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2016 and the financial statements as at and for the year ended 31 March 2017.

Exemptions and exceptions availed

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

Ind AS optional exemptions

Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the Indian GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 - Intangible Assets and investment property covered by Ind AS 40 - Investment Properties.

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

Investment in subsidiaries

The Company has elected to measure its investment in subsidiaries at its Indian GAAP carrying value which shall be the deemed cost as at the date of transition.

Ind AS mandatory exceptions

Estimates

An entity's estimates in accordance with Ind AS at the date of transition shall be consistent with estimates made for the same date in accordance with Indian GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with Indian GAAP.

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

Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Consequently, the company has applied the above assessment based on facts and circumstances existing at the transition date.

Impairment of financial assets

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

Reconciliation between Indian GAAP and Ind-AS.

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

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

Particulars	March 31, 2017
Profit after tax as per previous GAAP	(78,029,955)
Adjustments:	
Fair value adjustments on financial instruments	4,029,197
Amortised cost adjustments on financial instruments	2,650,519
Expected Credit Loss provisioning	(3,770,835)
Depreciation and amortisation due to recognition of assets	(5,806,366)
Deferred tax impact on above adjustments	3,294,228
Total adjustments	396,744
Profit after tax as per Ind AS	(77,633,212)
Other comprehensive income	(12,163)
Total comprehensive income as per Ind AS	(77,645,375)

Reconciliation of equity as at April 1, 2016

	Previous GAAP *	Adjustment	Ind As
Non-current assets			
Property, plant and equipment	733,104,697	(98,067,864)	635,036,833
Capital work in progress	82,260,041	-	82,260,041
Investment property	-	166,165,348	166,165,348
Goodwill	-	-	-
Other Intangible assets	47,784,579	-	47,784,579
Intangible assets under development	40,587,105	-	40,587,105
Biological assets other than bearer plants	-	-	-
Financial Assets	-	-	-
i) Investments	18,393,938	33,593,299	51,987,237
ii) Trade Receivables	-	-	-
iii) Long term loans	-	12,782,381	12,782,381
iv) Others	213,874,814	(44,932,724)	168,942,090
Deferred tax assets (net)	(434,181)	25,075,349	24,641,168
Other non-current assets	126,898,740	8,684,642	135,583,382
Non-current assets	1,262,469,734	103,300,430	1,365,770,164
Current assets			
Inventories	4,074,521	-	4,074,521
Financial Assets	-	-	-
i) Investments	-	-	-
ii) Trade receivables	422,142,536	(324,637,239)	97,505,297
iii) Cash and Cash Equivalents	20,650,881	(1,661,745)	18,989,136
iv) Bank Balances other than above	20,101,544	-	20,101,544
v) Short term loans and advances	61,369,802	(15,000,000)	46,369,802
vi) Others	71,923,119	(43,986,943)	27,936,176
Assets for Current tax (Net)	-	-	-
Other assets	65,379,336	(18,796,150)	46,583,186
Current assets	665,641,739	(404,082,077)	261,559,662
TOTAL ASSETS	1,928,111,473	(300,781,647)	1,627,329,825



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	Previous GAAP *	Adjustment	Ind As
EQUITY AND LIABILITIES			
Equity			
Equity share capital	112,917,500	-	112,917,500
Other Equity	288,207,533	64,921,592	353,129,125
Non Controlling interest	34,272,711	(4,269,311)	30,003,400
Total Equity	435,397,744	60,652,281	496,050,025
Non-Current Liabilities			
Financial Liabilities			
i) Long-term borrowings	598,679,282	(16,483,269)	582,196,012
ii) Trade Payable	-	-	-
iii) Other financial liabilities	89,193,560	(26,971,633)	62,221,926
Long-term provisions	13,359,264	(119,613)	13,239,651
Deferred tax liabilities (Net)	-	-	-
Other non-current liabilities	10,432,610	6,299,514	16,732,124
	711,664,716	(37,275,000)	674,389,714
Current liabilities			
Financial Liability			
i) Short term Borrowings	221,717,029	(157,836,368)	63,880,660
ii) Trade payables	324,800,956	(175,453,850)	149,347,106
iii) Other financial liability	100,260,368	2,950,290	103,210,658
Other current liabilities	120,378,530	6,181,005	126,559,535
Short term provisions	13,892,129	-	13,892,129
Liabilities for current tax (Net)	-	-	-
	781,049,012	(324,158,923)	456,890,088
TOTAL EQUITY AND LIABILITIES	1,928,111,473	(300,781,643)	1,627,329,827

Reconciliation of equity as at March 31, 2017

	Previous GAAP *	Adjustment	Ind As
Non-current assets			
Property, plant and equipment	984,682,768	(98,885,227)	885,797,542
Capital work in progress	3,072,162	-	3,072,162
Investment property	-	161,155,027	161,155,027
Goodwill	-	-	-
Other Intangible assets	63,988,822	-	63,988,822
Intangible assets under development	40,455,543	-	40,455,543
Biological assets other than bearer plants	-	-	-
Financial Assets	-	-	-
i) Investments	18,438,938	34,810,681	53,249,620
ii) Trade Receivables	-	-	-
iii) Long term loans	-	13,846,867	13,846,867
iv) Others	406,104,514	(211,846,990)	194,257,524
Deferred tax assets (net)	(6,928,043)	28,291,470	21,363,427
Other non-current assets	112,492,722	4,889,977	117,382,699
Non-current assets	1,622,307,426	(67,738,195)	1,554,569,233

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	Previous GAAP *	Adjustment	Ind As
Current assets			
Inventories	8,267,860	-	8,267,860
Financial Assets	-	-	-
i) Investments	-	-	-
ii) Trade receivables	203,055,977	(81,958,217)	121,097,760
iii) Cash and Cash Equivalents	17,759,391	(620,995)	17,138,395
iv) Bank Balances other than above	20,335,237	-	20,335,237
v) Short term loans and advances	88,116,106	(15,000,000)	73,116,105
vi) Others	46,256,458	26,086,855	72,343,313
Assets for Current tax (Net)	-	-	-
Other assets	73,935,828	(12,430,377)	61,505,451
Current assets	457,726,856	(83,922,734)	373,804,121
TOTAL ASSETS	2,080,034,282	(151,660,928)	1,928,373,354
EQUITY AND LIABILITIES			
Equity			
Equity share capital	112,926,000	-	112,926,000
Other Equity	212,441,965	61,495,068	273,937,034
Non Controlling interest	36,653,026	(6,419,366)	30,233,660
Total Equity	362,020,991	55,075,703	417,096,694
Non-Current Liabilities			
Financial Liabilities			
i) Long-term borrowings	651,765,699	(16,510,371)	635,255,328
ii) Trade Payable	-	-	-
iii) Other financial liabilities	247,992,801	(178,884,920)	69,107,881
Long-term provisions	17,200,549	(246,431)	16,954,118
Deferred tax liabilities (Net)	-	-	-
Other non-current liabilities	10,845,215	11,664,312	22,509,527
Non-Current Liabilities	927,804,265	(183,977,410)	743,826,855
Current liabilities			
Financial Liability			
i) Short term Borrowings	181,436,560	(61,454,301)	119,982,258
ii) Trade payables	238,744,683	24,439,325	263,184,009
iii) Other financial liability	147,158,135	9,880,618	157,038,753
Other current liabilities	162,763,103	4,895,967	167,659,069
Short term provisions	60,106,545	(520,829)	59,585,715
Liabilities for current tax (Net)	-	-	-
Current liabilities	790,209,026	(22,759,221)	767,449,805
TOTAL EQUITY AND LIABILITIES	2,080,034,282	(151,660,928)	1,928,373,353

Reconciliation of statement of profit & loss for the year ended March 31, 2017

Particulars	Notes	Previous GAAP *	Adjustments	Ind AS
Income				
Revenue From Operations	2	1,029,840,391	(33,706,316)	996,134,075
Other Income	3	75,282,650	18,815,601	94,098,251
Total Revenue		1,105,123,041	(14,890,715)	1,090,232,326



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

Particulars	Notes	Previous GAAP *	Adjustments	Ind AS
Expenditure				
(Increase)/ decrease in stock in trade		(4,193,340)	8,267,860	4,074,521
Purchase Of Stock-In-Trade		36,392,091	50,109,389	86,501,481
Distributor and producer's share		205,779,025	(55,247,481)	150,531,544
Other direct operation expenses		(7,841,526)	17,596	(7,823,930)
Employee Benefits Expense		210,180,044	(7,620,037)	202,560,007
Finance costs	2,3,4	95,069,923	(7,945,392)	87,124,531
Depreciation and amortisation expense	6	112,145,272	5,796,421	117,941,693
Other Expenses	2,3	517,444,411	(3,198,539)	514,245,872
Total Expenses		1,164,975,900	(9,820,181)	1,155,155,718
Profit before tax				
		(59,852,859)	(5,070,534)	(64,923,393)
Current Tax		10,022,167	(590,094)	9,432,073
Deferred Tax	5	6,493,862	(3,216,121)	3,277,741
Profit after tax for the year		(76,368,887)	(1,264,319)	(77,633,207)
Other comprehensive income		-	12,163	12,163
Total comprehensive income for the period		(76,368,887)	(1,276,482)	(77,645,370)

Note 1: Trade Receivables

As per Ind AS 109, the Company is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result, the allowance for doubtful debts increased by Rs 4,398,486 as at 31 March 2017 (1 April 2016 – increased by Rs 627,649). Consequently, the retained earning as at 31 March 2017 decreased by Rs 4,398,486 (1 April 2016 – decreased by Rs 627,649).

Note 2: Security Deposits given

Under the previous GAAP, deposits given were measured at amount payable. Under the Ind AS, these financial liabilities are measured at fair value on initial recognition. These security deposit as at March 31, 2017 decreased by Rs. 10,155,111 (1 April 2016: Rs 9,215,977) and the retained earning as at 31 March 2017 decreased by Rs 5,455,162 (1 April 2016 – decreased by Rs 2,349,102). Consequently deferred income as at March 31, 2017 Increased by Rs. 6,510,273 (1 April 2016: Rs 1,15,65,080)

Note 3: Security Deposits taken

Under the previous GAAP, deposits received were measured at amount receivable. Under the Ind AS, these financial liabilities are measured at fair value on initial recognition. The deposit taken as at March 31, 2017 decreased by Rs. 19,097,173 (1 April 2016: Rs 12,588,578) and the retained earning as at 31 March 2017 increased by Rs 888,183 (1 April 2016: Rs 108,059). Consequently deferred expenses as at March 31, 2017 Increased by Rs. 18,208,990 (1 April 2016: Rs 12,480,519)

Note 4: Guarantee

Under Ind AS, financial guarantee contract provided by the parent company against the liability of a subsidiary, even if no consideration is paid to the parent is measured at fair value with a corresponding Increase in the Other equity. This has resulted in decrease in retained earning by Rs. 2,485,479 as on 31 March 2017 (As on 1st April, 2016 : 38,35,479) and recognized as 'finance expense' for the year ended 31 March 2017. Whereas under Previous GAAP, these were not recognized in the financial statements.

Note 5: Deferred tax

Under Ind AS, deferred taxes are computed for temporary differences between the carrying amount of an asset or liability in the Balance sheet and tax base. Previous GAAP requires deferred tax accounting using the income statement approach. This results in recognition of deferred tax on new temporary differences which was not required under Previous GAAP. On the date of transition, the impact on retained earnings is Rs. 29,452,578 (1 April 2016: Rs. 2,61,58,349) on account of non-recognition of deferred tax assets upto the year ended 1 April 2016 due to absence of reasonable certainty of set off of unabsorbed losses against taxable profits in the foreseeable future.

Note 6: Investment Property

Under the previous GAAP, investment properties were presented in the financials as part of Fixed assets. As per Ind AS 40, Investment properties have to be disclosed separately on the face of the balance sheet. Therefore, those properties owned by the Company that are held mainly for capital appreciation have been classified as Investment properties.

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

Note 7: Investment

The Company had invested in equity shares of Maya Digital Studios Private Limited, which were required to be presented at fair value as per Ind AS 109. On the basis of a valuation of the shares done by a firm of Chartered Accountants, the value of the shares had undergone a permanent diminution of Rs. 42,92,181 as on 31st March 2017 (as on 1st April, 2016 - Rs. 42,92,181). Therefore, as on 31st March 2017, the restated statement of profit and loss recognised the diminution in value and the value as reported in the Balance Sheet under Ind AS were correspondingly restated.

Note 8: Borrowing

Under Indian GAAP, unamortised transaction costs relating to borrowings is recognised separately in assets, whereas under Ind AS such as cost is netted off against the borrowing. Due to that the borrowing is decreased by Rs. 17,864,025(1 April 2016: Rs. 1,77,17,409) & prepaid expenses is decreased by Rs.15,412,414 (1 April 2016: Rs. 17,139,088)

Note 9:

Fair valuation of other financial assets : Under Ind AS, other financial assets viz., loan has been accounted at fair value using EIR.

Note 10:

Mukta VN Films Limited which was subsidiary Company of Mukta Arts Limited under previous Indian GAAP is now considered as Joint Venture under applicable Ind AS.

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	Computers	Total
Gross block									
<i>As at 1 April 2016</i>	30,000,000	114,264,144	171,757,505	297,665,075	267,985,670	65,343,694	63,357,816	57,710,522	1,068,084,425
Additions	-	-	815,330	345,531,087	140,130,352	16,348,567	90,221,520	35,657,543	628,704,399
Disposals	-	-	-	249,226,116	52,133,473	3,565,897	68,054,661	34,852,693	407,832,841
<i>As at 31 March 2017</i>	30,000,000	114,264,144	172,572,835	393,970,045	355,982,548	78,126,364	85,524,674	58,515,372	1,288,955,984
Additions	-	-	1,696,335	12,254,582	18,417,457	4,000,681	8,154,890	16,564,154	61,088,099
Disposals	-	-	-	11,806,425	442,479	295,055	1,210,278	505,508	14,259,745
Other adjustment	-	-	-	-	-	-	-	-	-
<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	74,574,018	1,335,784,337
Accumulated Depreciation/ Amortisation									
<i>As at 1 April 2016</i>	-	32,145,732	-	84,187,656	191,636,069	50,393,736	42,191,642	30,437,216	430,992,051
Charge for the year	-	6,739,402	8,355,930	30,346,709	37,888,117	6,118,198	9,444,003	17,639,047	116,531,406
Deduction	-	-	-	65,650,153	24,097,570	3,336,850	19,003,589	24,749,696	136,837,858
Other adjustment	-	-	-	-	(7,101,159)	-	-	(425,998)	(7,527,157)
<i>As at 31 March 2017</i>	-	38,885,134	8,355,930	48,884,212	198,325,456	53,175,084	32,632,056	22,900,570	403,158,442
Charge for the year (refer note 5)	-	6,186,271	8,048,194	26,437,803	39,429,203	7,589,412	12,758,198	17,195,472	117,644,551
Deduction	-	-	-	-	1,529	-	(1,894)	-	(365)
Other adjustment	-	-	-	-	(8,207,896)	-	-	-	(8,207,896)
<i>As at 31 March 2018</i>	-	45,071,405	16,404,124	75,322,015	229,545,234	60,764,496	45,392,147	40,096,041	512,595,462
Net block									
<i>As at 1 April 2016</i>	30,000,000	82,118,412	171,757,505	213,477,419	76,349,601	14,949,958	21,166,173	27,273,306	637,092,375
<i>As at 31 March 2017</i>	30,000,000	75,379,011	164,216,905	345,085,833	157,657,092	24,951,280	52,892,619	35,614,803	885,797,542
<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	34,477,977	823,188,875



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

6 (b) Capital Work-in-progress

As at 1 April 2016	82,260,041
Additions (net)	(79,187,879)
As at 31 March 2017	3,072,162
As at 1 April 2017	3,072,162
Additions (net)	6,191,510
As at 31 March 2018	9,263,672

6 (c) Intangible assets

	Intangible assets						Total
	Distribution rights	Negative rights	Exhibition rights	Intellectual property rights (Course curriculum)	Library books	Computer software	
Gross block							
<i>As at 1 April 2016</i>	243,348,815	751,761,605	2,500,000	6,209,859	224,126	-	1,004,044,405
Additions	-	1,869,450	-	7,442,175	168,511	7,186,726	16,666,862
Disposals	-	-	-	-	-	-	-
Other adjustment	-	-	-	-	-	4,409,224	4,409,224
As at 31 March 2017	243,348,815	753,631,055	2,500,000	13,652,034	392,637	11,595,950	1,025,120,491
Additions	-	-	-	7,017,403	1,286,371	-	8,303,774
Disposals	-	-	-	2,352,329	-	-	2,352,329
Other adjustment	-	-	-	-	-	(4,281,986)	(4,281,986)
As at 31 March 2018	243,348,815	753,631,055	2,500,000	18,317,108	1,679,008	7,313,964	1,026,789,950
Accumulated Depreciation/ Amortisation							
<i>As at 1 April 2016</i>	241,116,485	709,962,062	2,500,000	6,142,835	-	-	959,721,382
Charge for the year	1,116,165	-	-	17,947	276,175	-	1,410,287
Deduction	-	-	-	-	-	-	-
Other adjustment	-	-	-	-	-	-	-
As at 31 March 2017	242,232,650	709,962,062	2,500,000	6,160,782	276,175	-	961,131,669
Charge for the year (refer note 5)	1,116,165	-	-	2,596,787	1,001,475	3,786,589	8,501,016
Deduction	-	-	-	-	-	-	-
Other adjustment	-	4,467,041	-	-	-	-	4,467,041
As at 31 March 2018	243,348,815	714,429,103	2,500,000	8,757,569	1,277,650	3,786,589	974,099,726
Net block							
<i>As at 1 April 2016</i>	2,232,330	41,799,543	-	67,024	224,126	-	44,323,023
<i>As at 31 March 2017</i>	1,116,165	43,668,993	-	7,491,252	116,462	11,595,950	63,988,822
As at 31 March 2018	(0)	39,201,952	-	9,559,539	401,358	3,527,375	52,690,224

6 (c) Intangible assets under development

As at 1 April 2016	40,587,105
Additions (net)	2,952,392
Other Adjustments	3,083,954
As at 31 March 2017	40,455,543
As at 1 April 2017	40,455,543
Additions (net)	17,555,761
Disposals	-
Other Adjustments	3,741,091
As at 31 March 2018	61,752,395

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

- 1 During the year ended on 31 March 2017 and 31 March 2016, there is no impairment loss determined at each level of CGU. The recoverable amount was based on value in use and was determined at the level of CGU.
- 2 Refer Note - 13(a) for information on moveable property, plant and equipment pledged as security by the Company
- 3 The Company has availed the deemed cost exemption and used the previous GAAP net carrying amount of property, plant and equipment as deemed cost.
- 4 Ownership premises costing Rs 7,500,000 (31 March 2017: Rs 7,500,000) purchased by the Company during the previous year is not yet registered in the name of the Company.
- 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))

7 Investment property

Particular	Building	Land	Total
As at 1 April 2016	135,607,971	66,389,104	201,997,075
Additions	-	-	-
Disposals	-	-	-
Other adjustment	-	-	-
As at 31 March 2017	135,607,971	66,389,104	201,997,075
As at 1 April 2017	135,607,971	66,389,104	201,997,075
Additions	-	-	-
Disposals	-	-	-
Other adjustment	-	-	-
As at 31 March 2018	135,607,971	66,389,104	201,997,075
Accumulated Depreciation/Amortisation			
As at 1 April 2016	35,831,727	-	35,831,727
Charge for the year	5,010,320	-	5,010,320
Deduction	-	-	-
Other adjustment	-	-	-
As at 31 March 2017	40,842,047	-	40,842,047
As at 1 April 2017	40,842,047	-	40,842,047
Charge for the year	4,760,395	-	4,760,395
Deduction	-	-	-
Other adjustment	-	-	-
As at 31 March 2018	45,602,443	-	45,602,443
Carrying amounts (Net)			
At 1 April 2016	99,776,244	66,389,104	166,165,348
At 31 March 2017	94,765,924	66,389,104	161,155,027
At 31 March 2018	90,005,528	66,389,104	156,394,632

- (i) Deemed cost as at April 01, 2016 is the net carrying amount on April 01, 2016 which is tabulated as follows

	Investment properties
Gross carrying amount	201,997,075
Net carrying amount	166,165,348

- (ii) Information regarding Income and expenditure of Investment properties

	As at 31-Mar-2018	As at 31-Mar-2017
Rental income derived from Investment properties	52,413,594	55,457,663
Direct operating expenses	3,676,189	5,308,234
Profit arising from investment properties before depreciation and indirect expenses	48,737,405	50,149,429
Less: Depreciation	4,760,395	5,010,320
Profit arising from investment properties before indirect expenses	43,977,010	45,139,109



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

(iii) Fair Value

Particulars	Valuation Techniques (See note below)	Fair Value Hierarchy (See note below)	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Investment properties	Stamp duty Reckoner rate	Level 2	1,301,375,050	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-2018	As at 31-Mar-2017	As at 1-Apr-2016
A Non current investments			
Unquoted equity shares			
i) Investment in equity shares of joint venture accounted at FVTPL			
Mukta VN Films Limited			
27,500 (31 March 2017 : 27,500 ; 1 April 2016 :27,500) equity shares of ₹10 each, fully paid-up	32,736,214	32,137,123	33,000,000
Deemed Investment in Joint venture	4,510,479	3,835,479	2,485,479
Total (i)	37,246,694	35,972,603	35,485,479
ii) Investment in equity instruments-others at FVTPL (un-quoted)			
Maya Digital Studios Private Limited Nil (2017: 3,065,219) equity shares of Rs 10 each, fully paid-up. As per the terms of the Shareholders agreement, additional shares, not exceeding 1,000,000 may be allotted to the Company.	-	14,100,007	14,100,007
Bashiron Co. Op. Housing Society Limited 10 Shares (2017: 10) of Rs 50 each	500	500	500
Bait-Ush-Sharaf Co. Op. Housing Society Limited 25 Shares (2017: 25) of Rs 50 each	1,250	1,250	1,250
Others	2,445,000	3,175,260	2,400,000
Total (ii)	2,446,750	17,277,018	16,501,757
Total (i+ii)	39,693,444	53,249,620	51,987,237

8(b) Loans

	As at 31-Mar-2018	As at 31-Mar-2017	As at 1-Apr-2016
Unsecured			
Inter-corporate deposit to others	10,000,000	13,846,867	12,782,381
Total	10,000,000	13,846,867	12,782,381

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

8(c) Other financial assets

	As at 31-Mar-2018	As at 31-Mar-2017	As at 1-Apr-2016
Security deposits to			
- Related parties	300,000	300,000	300,000
- Others	37,761,405	33,816,874	29,837,791
Other advances	138,414,669	150,694,947	133,872,391
Bank deposits with more than 12 months maturity.	355,267	9,445,703	4,931,908
Total	176,831,341	194,257,524	168,942,090

9 Deferred tax assets (net)

	As at 31-Mar-2018	As at 31-Mar-2017	As at 1-Apr-2016
Deferred tax liability on			
Arising on account of timing differences in:	-	-	-
	-	-	-
Deferred tax asset on			
Provision for leave encashment and gratuity	2,265,412	3,754,845	3,508,144
Provision for doubtful debts and advances	1,312,415	1,154,215	1,222,051
Rent straightlining	1,854,251	1,754,256	2,277,495
Property, Plant and Equipment and intangible assets	7,051,425	6,954,563	15,043,667
Others	13,680,535	7,745,548	2,589,811
Total	26,164,038	21,363,427	24,641,168
Deferred tax assets (net)	26,164,038	21,363,427	24,641,168

Movement in deferred tax assets	Employee Benefits Obligations	Allowance for doubtful debts – trade receivables	Property, Plant and Equipment and intangible assets	Others	Total
At April 1, 2016	3,508,144	1,222,051	15,043,667	4,867,306	24,641,168
(Charged)/credited:					
- to profit or loss	246,701	(67,836)	(8,089,104)	4,632,498	(3,277,741)
- to other comprehensive income	-				
At March 31, 2017	3,754,845	1,154,215	6,954,563	9,499,804	21,363,427
(Charged)/credited:					
- to profit or loss	(1,489,433)	158,200	96,862	6,034,982	4,800,611
- to other comprehensive income					
At March 31, 2018	2,265,412	1,312,415	7,051,425	15,534,786	26,164,038

10 Other non-current assets

	As at 31-Mar-2018	As at 31-Mar-2017	As at 1-Apr-2016
Capital advances	1,708,425	3,064,919	28,502,831
Rent straight lining	-	947,472	1,004,460
Advance tax (including TDS)	92,623,758	106,336,548	96,458,857
Service tax Input Credit	800,000	800,000	800,000
Deferred Income Account	3,526,308	6,233,761	8,684,641
Prepaid Expenses	566,902	-	132,592
Total	99,225,393	117,382,700	135,583,381



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

11 Inventories

	As at 31-Mar-2018	As at 31-Mar-2017	As at 1-Apr-2016
Food & Beverages	7,518,440	8,267,860	4,074,521
Total	7,518,440	8,267,860	4,074,521

12 Current Financial Assets

12(a) Trade receivables

	As at 31-Mar-2018	As at 31-Mar-2017	As at 1-Apr-2016
Unsecured, considered good	122,837,605	124,860,310	98,479,788
Doubtful	7,300,503	5,950,755	-
Total	130,138,108	130,811,065	98,479,788
Less: Loss allowance			
Unsecured, considered good	4,820,495	3,762,551	974,491
Doubtful	7,300,503	5,950,755	-
	12,120,998	9,713,306	974,491
Net trade receivable	118,017,110	121,097,760	97,505,297

12(b) Cash and cash equivalents

	As at 31-Mar-2018	As at 31-Mar-2017	As at 1-Apr-2016
a. Cash on hand	5,084,217	6,513,829	4,377,443
b. Balances with banks			
In current account	20,285,801	8,486,002	13,073,129
Deposits with original maturity of less than three months	2,100,000	2,100,000	1,500,000
Balance in dividend account	38,564	38,564	38,564
Total cash and cash equivalents in balance sheet	27,508,582	17,138,395	18,989,136

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

	As at 31-Mar-2018	As at 31-Mar-2017	As at 1-Apr-2016
Interest accrued on FD	1,367,589	2,235,312	1,707,027
Deposits with original maturity of more than 3 months and less than 12 months	19,206,793	18,099,925	18,394,517
Total Bank balances other than above	20,574,382	20,335,237	20,101,544

12(d) Loans and advances

	As at 31-Mar-2018	As at 31-Mar-2017	As at 1-Apr-2016
Staff Advances	8,238,770	17,681,624	434,342
Capital advances	-	-	10,821,219
Inter-corporate deposit to others	112,065,759	55,434,481	35,114,241
Total	120,304,529	73,116,105	46,369,802

12(e) Other financial assets

	As at 31-Mar-2018	As at 31-Mar-2017	As at 1-Apr-2016
Security deposits	54,749,991	50,835,790	24,999,776
Interest Accrued on Investments:	7,613,225	7,394,905	2,392,114
Unbilled revenue	1,185,894	8,777,848	428,402
Other receivable	19,273,715	5,334,770	115,884
Total	82,822,825	72,343,313	27,936,176

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

13 Other current assets

	As at 31-Mar-2018	As at 31-Mar-2017	As at 1-Apr-2016
Prepaid expenses	24,578,509	15,749,913	7,405,242
Advances	37,556,825	5,574,576	5,269,419
Deferred Income Account	2,946,975	2,982,037	2,880,438
Rent straight lining	180,827	-	-
Balance with Government Authorities	19,470,404	1,238,046	902,070
Service Tax / GST input	11,311,878	17,359,346	14,398,770
VAT input	17,902,888	18,601,532	15,727,247
Total	113,948,306	61,505,451	46,583,186

14 Equity share capital

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number	Amount	Number	Amount	Number	Amount
Authorised share capital						
Equity shares of ₹ 5 each	24,000,000	120,000,000	24,000,000	120,000,000	24,000,000	20,000,000
	<u>24,000,000</u>	<u>120,000,000</u>	<u>24,000,000</u>	<u>120,000,000</u>	<u>24,000,000</u>	<u>120,000,000</u>
Issued, subscribed and fully paid-up						
Equity shares of ₹ 5 each	22,585,200	112,926,000	22,585,200	112,926,000	22,581,200	112,917,500
Total	<u>22,585,200</u>	<u>112,926,000</u>	<u>22,585,200</u>	<u>112,926,000</u>	<u>22,581,200</u>	<u>112,917,500</u>
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)						
Balance at the beginning of the year	22,585,200	112,926,000	22,581,200	112,906,000	22,581,200	112,906,000
Add: Issued during the year	-	-	4,000	20,000	-	-
Add: Acquisition of a subsidiary	-	-	-	-	-	-
Balance at the end of the year	<u>22,585,200</u>	<u>112,926,000</u>	<u>22,585,200</u>	<u>112,926,000</u>	<u>22,581,200</u>	<u>112,906,000</u>
Details of Shareholders holding more than 5% of the shares in the Company						
	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number	% holding in the class	Number	% holding in the class	Number	% holding in the class
Equity shares of ₹ 5 each						
1. Mr. Subhash Ghai	12,421,990	55.00%	12,421,990	1	12,417,990	55%
2. Ms. Meghna Ghai Puri	1,650,000	7.31%	1,650,000	0	1,650,000	7%
3. Ms. Mukta Ghai	1,650,000	7.31%	1,650,000	0	1,650,000	7%



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

15 Other equity

	As at 31-Mar-2018	As at 31-Mar-2017	As at 1-Apr-2016
Securities premium			
Balance at the beginning of the year	973,604,960	973,360,000	973,360,000
Add: Transfer during the year	-	244,960	-
Balance at the end of the year	973,604,960	973,604,960	973,360,000
General reserve			
Balance at the beginning of the year	83,144,791	83,144,791	83,144,791
Add: Transfer during the year	-	-	-
Balance at the end of the year	83,144,791	83,144,791	83,144,791
Capital reserve			
Balance at the beginning of the year	11,500	-	-
Add: Transfer during the year	-	11,500	-
Balance at the end of the year	11,500	11,500	-
Foreign Currency Reserve			
Balance at the beginning of the year	918,689	-	-
Add: Transfer during the year	373,615	918,689	-
Balance at the end of the year	1,292,304	918,689	-
Retained earnings			
Balance at the beginning of the year	(783,742,906)	(703,375,666)	(703,375,666)
Add: Net profit/(Loss) after tax for the year	(47,402,702)	(76,770,330)	-
Other comprehensive income	(681,199)	(12,163)	-
Other adjustment	26,711	(3,584,747)	-
Balance at the end of the year	(831,800,095)	(783,742,906)	(703,375,666)
Total	226,253,460	273,937,034	353,129,125

16 Non Current Financial Liabilities

16(a) Long-term borrowings

	As at 31-Mar-2018	As at 31-Mar-2017	As at 1-Apr-2016
Secured			
Term loan from banks and others			
Indiabulls Housing Finance Ltd*	401,600,000	378,929,928	381,950,322
Yes Bank Ltd**	110,964,498	153,186,865	40,186,331
Hero Fincorp Ltd***	36,780,036	-	32,557,996
Motor vehicle finance loans****	23,667,180	28,024,560	18,329,389
Loan from related parties#	114,300,000	121,800,000	125,600,000
Less : Current maturities of long term borrowings	51,869,482	46,686,025	17,834,042
Total	635,442,232	635,255,328	580,789,997

* 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. 4,186,960 (Sep-2015 to Aug-2018), Rs. 4,443,901 (Sep-2018 to Aug-2021), Rs. 5,179,413 (Sep-2021 to Sep-2025) and Rs. 6,831,277 (Oct-2025 to Aug-2028).

** 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.

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

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

Term loan from bank carries interest @ 2.65% (spread) over and above the one year MCLR with monthly repayments until February 28, 2022 and is secured by an exclusive charge on entire current assets and moveable fixed assets of the Company. Exclusive charge by way of mortgage of properties valued at INR 5 Crores and personal guarantee of Mr. Subhash Ghai, Mrs. Mukta Ghai, Mr. Rahul Puri and Mrs. Meghna Ghai Puri.

*** 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/-.

**** 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 1,656,560 will be 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 6,378,400 will be repayable in 60 equated monthly installments of Rs 198,613 till October 2021. Interest rate 16.50%.
Kotak Mahindra Prime Ltd	Outstanding amount of loan Rs 577,785 will be repayable in 36 equated monthly installments of Rs 31,458 till November 2019.
ICICI Bank Limited	Outstanding amount of loan Rs 10,932,975 will be repayable in 36 equated monthly installments of Rs 444,386 till August 2019. Interest rate 14.50%
HDFC Bank Limited	Outstanding amount of loan Rs 2,950,062 will be repayable in 60 equated monthly installments of Rs 63,900 till October 2022.

16(b) Other financial liabilities

	As at 31-Mar-2018	As at 31-Mar-2017	As at 1-Apr-2016
Security deposits	84,056,081	69,107,881	62,221,926
Total	84,056,081	69,107,881	62,221,926

17 Long Term Provisions

	As at 31-Mar-2018	As at 31-Mar-2017	As at 1-Apr-2016
Provision for Leave Salary	7,099,517	5,509,841	5,874,592
Provision for gratuity	16,179,810	11,444,277	7,365,059
Total	23,279,327	16,954,118	13,239,651

18 Other non-current liabilities

	As at 31-Mar-2018	As at 31-Mar-2017	As at 1-Apr-2016
Rent straight lining	9,135,157	8,672,731	9,032,527
Deferred Expense Account	10,874,339	13,836,796	7,699,597
Total	20,009,495	22,509,527	16,732,124

19 Current Financial Liabilities

19(a) Short-term borrowings

	As at 31-Mar-2018	As at 31-Mar-2017	As at 1-Apr-2016
Secured			
Yes Bank - Bank Overdraft	37,146,228	34,982,258	3,880,660
Unsecured			
Inter corporate deposits*			
Others	82,000,000	85,000,000	60,000,000
Total	119,146,228	119,982,258	63,880,660



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

19(b) Trade payable

	As at 31-Mar-2018	As at 31-Mar-2017	As at 1-Apr-2016
Trade payable - Other than micro and small enterprises	235,009,270	263,184,009	149,347,106
Trade payable - Micro and small enterprises	-	-	-
Total	235,009,270	263,184,009	149,347,106

19(c) Other financial liabilities

	As at 31-Mar-2018	As at 31-Mar-2017	As at 1-Apr-2016
Current maturities of long term borrowings	51,869,482	46,686,025	16,599,902
Interest accrued but not due on borrowings			
Interest on loan taken	5,631,545	3,939,209	2,513,459
Employee benefits expense payable			
Employee benefits expense	-	7,195,415	9,256,386
Bonus Payable	1,319,994	2,094,098	1,876,074
Creditors for fixed assets	6,679,862	2,040,446	6,678,599
Dues to venturer	-	6,369,180	7,907,980
Sundry advances received	102,698,581	40,705,120	19,500,000
Unclaimed dividend	38,564	38,564	38,564
Book Overdraft	-	2,244,247	2,183,556
Security deposits received	41,460,352	45,726,449	36,656,138
Total	209,698,380	157,038,753	103,210,657

20 Other current liabilities

	As at 31-Mar-2018	As at 31-Mar-2017	As at 1-Apr-2016
Advances from customers- others	114,280,532	94,790,557	85,242,775
Deferred Expense Account	4,007,559	4,536,171	4,780,922
Rent straight lining	4,068,246	2,428,258	1,400,083
Advance billing	3,791,046	4,004,105	2,247,634
Employee benefits expense	2,794,589	2,846,110	5,065,323
Others payable	61,980,924	36,118,932	163,980
Book overdraft	-	-	202,142
Statutory dues payable*			
Provident fund	972,058	698,165	562,607
ESIC	8,212	185,014	282,523
TDS payable	5,454,399	16,042,040	18,359,684
Profession tax	10,075	34,401	33,437
ET/INR/Show tax	8,290,796	5,975,317	8,218,424
Total	205,658,437	167,659,069	126,559,535

21 Short Term Provisions

	As at 31-Mar-2018	As at 31-Mar-2017	As at 1-Apr-2016
Provision For Taxation	24,364,214	17,344,817	9,103,212
Provision For Expenses	10,307,818	35,127,463	-
Provision For Employee benefit:			
Provision for leave salary	7,281,790	7,113,439	2,091,372
Provision for gratuity	337,975	-	2,697,545
Total	42,291,797	59,585,718	13,892,129

Notes to the consolidated financial statement and other explanatory information

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

22 Revenue from operations (net)

	Year ended 31-Mar-2018	Year ended 31-Mar-2017
(a) Sale of products/ film rights /Services		
Own Film/ Content production	3,849,973	1,801,797
Food and beverages	173,881,955	125,762,721
Acceptance fees	91,200,000	75,400,000
Tuition fees	131,955,557	117,869,447
Infrastructure fees	145,518,532	119,353,100
Income from institutional affiliations	782,988	1,175,956
	547,189,005	441,363,021
(b) Distribution, Exhibition, Theatrical and Film Production Income		
Distribution and exhibition	549,872	1,969,713
Equipment hire income	2,785,400	3,459,900
Box office collection	-	-
Sale of tickets, net	534,857,885	390,761,146
	538,193,157	396,190,759
(c) Other operating revenue		
Rent and amenities charges	81,945,826	86,405,751
Sundry balances written back	2,470,838	4,692,918
Business support services	12,000,000	18,600,000
Other income from theatrical operations	39,897,114	30,293,899
Sale of prospectus/application forms	2,613,812	2,729,828
Re-examination fees	306,642	310,000
Amortisation of deferred security	4,764,423	3,808,807
Business support services	9,238,835	7,043,329
Other income	4,528,613	4,695,763
	157,766,103	158,580,295
Total	1,243,148,265	996,134,075

23 Other income

	Year ended 31-Mar-2018	Year ended 31-Mar-2017
Other income		
Interest income on bank deposits	3,205,689	3,271,203
Interest income on others	9,001,433	9,553,008
Other Non Operating Income		
Interest on income tax refund	1,498,796	9,331,115
Profit on sale of division	-	47,707,074
Profit on sale of assets, (net)	62,483	413,782
Profit on sales of Shares	47,204,373	-
Corporate guarantee Commission income	675,000	1,350,000
Miscellaneous income (net)	43,478,927	22,076,078
Sundry balances written back	1,755,528	395,992
Insurance claim received	2,000,000	-
Total other income	108,882,228	94,098,251



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

24 Changes in Inventories of food and beverages

	Year ended 31-Mar-2018	Year ended 31-Mar-2017
Opening stock		
Food and Beverages	8,267,860	4,074,521
Closing stock		
Finished goods	7,518,440	8,267,860
Total changes in inventories of food and beverages	(363,999)	4,074,521

25 Distributor and producer's share

	Year ended 31-Mar-2018	Year ended 31-Mar-2017
Distribution Expenses	198,605	103,767
Films Distributor's Share	190,049,283	149,996,487
Expenses for old Films	88,000	431,290
Total Distributor and producer's share	190,335,888	150,531,544

26 Other direct operation expenses

	Year ended 31-Mar-2018	Year ended 31-Mar-2017
Other direct cost of theatrical operations	1,919,113	596,323
Operator's share in theatrical operations	(19,701,673)	(8,420,253)
Total Other direct operation expenses	(17,782,560)	(7,823,930)

27 Employee benefits expense

	Year ended 31-Mar-2018	Year ended 31-Mar-2017
Salaries and bonus	239,593,384	182,255,966
Contribution to provident and other funds	5,992,665	10,137,973
Gratuity and Leave expense	3,492,194	3,459,869
Staff welfare expenses	8,748,206	6,706,199
Total employee benefit expense	257,826,449	202,560,007

(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-18	31-Mar-17	01-Apr-16
Discount Rate (per annum)	7.65% to 7.8%	7.35% to 7.70%	7.70% to 7.90%
Salary growth rate	7.50% to 8%	6% to 8%	6% to 8%

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

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

	Gratuity		
	31-Mar-18	31-Mar-17	01-Apr-16
Present Value of Obligation as at the beginning	17,551,574	15,011,369	14,518,073
Interest cost	1,138,783	990,234	995,732
Current Service Cost	2,301,477	2,161,258	1,817,931
Past Service cost	1,923,485	-	-
Total amount recognised in statement of profit and loss	5,363,745	3,151,492	2,813,663
Re-measurement (or Actuarial) (gain) / loss arising from:			
change in demographic assumption	(4,576)	-	-
change in financial assumption	474,394	636,168	-
experience changes	(150,193)	(729,949)	21,016
Total amount recognised in Other Comprehensive Income	319,625	-93,781	21,016
Benefits Paid	-2,565,856	-517,506	-2,341,383
Liabilities assumed / (settled)	-	-	-
Present Value of Obligation as at the end	20,669,088	17,551,574	15,011,369

(B) Changes in the Fair value of Plan Assets

	Gratuity		
	31-Mar-18	31-Mar-17	01-Apr-16
Fair Value of Plan Assets as the beginning	6,107,297	5,619,536	6,862,614
Interest on plan assets	514,311	492,029	511,293
Total amount recognised in statement of profit and loss	514,311	492,029	511,293
Re-measurement (or Actuarial) gain / (loss) arising from:			
Actual return on plan assets less interest on plan assets	-361,574	-174,947	-53,341
Total amount recognised in Other Comprehensive Income	-361,574	-174,947	-53,341
Employer's contribution	457,125	688,185	640,353
Benefits Paid	-2,565,856	-517,506	-2,341,383
Transfer In / (Out)	-	-	-
Fair value of plan assets at the end	4,151,303	6,107,297	5,619,536

(C) Amount recognised in the Balance sheet

	Gratuity		
	31-Mar-18	31-Mar-17	01-Apr-16
Present Value of obligations as at Balance Sheet date	20,669,088	17,551,574	15,011,369
Fair Value of Plan Assets as at the end of the period	4,151,303	6,107,297	5,619,536
Net (asset)/ liability recognised as at year end	16,517,785	11,444,277	9,391,833

(D) Constitution of Plan Assets

	Gratuity		
	31-Mar-18	31-Mar-17	01-Apr-16
Administered by Life insurance Corporation of India	100%	100%	100%
Total of the Plan Assets	100%	100%	100%

(E) Sensitivity analysis

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

Defined benefit obligation (base)	Gratuity	
	Decrease	Increase
As on March 31, 2018		
Discount Rate (- / + 0.5%)	892,905	-828,830
(% change compared to base due to sensitivity)	4.32%	-4.01%
Salary Growth Rate (- / + 0.5%)	-595,270	632,474
(% change compared to base due to sensitivity)	-2.88%	3.06%



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

Defined benefit obligation (base)	Gratuity	
	Decrease	Increase
As on March 31, 2017		
Discount Rate (- / + 0.5%)	695,042	-638,877
(% change compared to base due to sensitivity)	3.96%	-3.64%
Salary Growth Rate (- / + 0.5%)	-500,220	516,016
(% 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.

Expected contributions to post employment benefit plan for the year ending March 31, 2018 is Rs. 15 Lakhs (March 31, 2017 : Rs. 10 Lakhs and April 1, 2016: Rs. 30 Lakhs)

(F) Defined benefit liability and employer contributions

The weighted average duration of the Benefit Obligation is 8.32 years

	Gratuity	
	31-Mar-18	31-Mar-17
Weighted average duration (based on discounted cashflows)		
Year 1	2,103,097	4,146,875
Year 2	363,476	469,893
Year 3	216,011	505,739
Year 4	180,999	394,774
Year 5	1,126,419	371,262
Thereafter	16,789,129	20,660,397

(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. 5,399,337 (March 31, 2017: Rs. 5,165,017, April 1, 2016: Rs. 4,023,995) 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

	Year ended 31-Mar-2018	Year ended 31-Mar-2017
Interest cost on:		
Car loan	3,611,470	3,552,157
Term loan	78,936,553	58,571,240
Cash credit \ demand loan facilities	3,416,915	1,851,053
Inter corporate deposits	13,449,191	18,055,029
Others	6,555,292	3,031,325
Processing cost and other charges	5,315,369	2,063,726
Total Finance Cost	111,284,790	87,124,531

MUKTA ARTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

29 Depreciation and amortisation expense

	Year ended 31-Mar-2018	Year ended 31-Mar-2017
Depreciation of property, plant and equipment	116,113,974	113,656,272
Depreciation on investment property	4,615,460	-
Amortisation of intangible assets	5,416,133	4,285,421
Total Finance Cost	126,145,567	117,941,693

30 Other expenses

	Year ended 31-Mar-2018	Year ended 31-Mar-2017
Power and fuel	113,902,290	76,926,900
Rent	106,529,495	77,956,761
Repairs and maintenance	56,661,546	52,314,426
Insurance	8,660,634	4,912,394
Rates and taxes	28,762,429	19,788,278
Legal and professional	109,248,897	89,395,195
Communication expenses	8,208,918	6,495,673
Travelling and conveyance	9,975,893	10,418,746
Bad debts/ advances/ intangibles under development written-off	10,933,927	10,170,146
Security charges	24,969,668	22,966,909
Digital Equipment Hire Charges	8,135,615	8,738,782
Business promotion	44,190,305	44,331,593
Motor vehicle expenses	4,486,988	3,064,760
Sets/ student practicals	9,136,067	9,314,024
Printing and stationery	4,798,713	4,494,290
Bank charges	1,115,212	1,767,578
Brokerage and commission	-	325,000
Payment to auditor (Refer details below)	3,472,244	2,423,268
Miscellaneous expenses	23,681,620	68,441,150
Total	576,870,461	514,245,872

30 a - Payment to auditor

	Year ended 31-Mar-2018	Year ended 31-Mar-2017
Audit Fees	3,300,000	2,250,000
Reimbursement of Expenses	172,244	173,268
	3,472,244	2,423,268

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-2018	31-Mar-2017
Income Tax Expense		
Current tax		
Current tax on profits for the year	7,189,609	9,432,073
Total Current Tax Expense	7,189,609	9,432,073
Deferred Tax		
Decrease (increase) in deferred tax assets	(4,800,611)	3,277,741
(Decrease) increase in deferred tax liabilities	-	-
Total Deferred Tax Expense	(4,800,611)	3,277,741
Income Tax Expense	2,388,998	12,709,814



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

(Amount in ₹)

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 114,452,107 (2017: Rs 77,341,157) have been included under ‘Rent’ in the Statement of profit and loss.

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

	31-Mar-2018	31-Mar-2017
Amounts due within one year	8,766,776	8,563,487
Amounts due after one year but not later than five years	36,120,296	34,997,402
Amounts due later than five years	32,925,233	39,387,282
	77,812,305	82,948,171

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 52,173,594 (2017: Rs 27,966,195) 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-2018	31-Mar-2017
Amounts due within one year	8,875,509	7,856,421
Amounts due after one year but not later than five years	10,317,111	20,541,842
	19,192,620	28,398,263

The carrying amount of assets is as follows :

	31-Mar-2018	31-Mar-2017
Gross block	172,280,521	172,280,521
Accumulated depreciation	42,145,541	37,530,081
Net block	130,134,980	134,750,440
Depreciation for the year	4,615,460	4,320,343

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 36,970,923 (2017: Rs 26,505,048) 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-2018	31-Mar-2017
Gross block	85,535,753	85,535,753
Accumulated depreciation	43,463,720	36,495,647
Net block	42,072,033	49,040,106
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 (2017: Rs 9,271,239) 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.

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34 Earnings per equity share:

	Year ended 31-Mar-2018	Year ended 31-Mar-2017
Net (loss)/ profit after tax attributable to shareholders	(48,083,901)	(76,782,493)
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	(2.13)	(3.40)
Dilutive EPS	(2.13)	(3.40)
Nominal value per share	5	5

35 Fair value measurement

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

	31 March 2018			31 March 2017			1 April 2016		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets									
Other Financial Assets	-	-	259,654,165	-	-	266,600,837	-	-	196,878,266
Trade Receivables	-	-	118,017,110	-	-	121,097,760	-	-	97,505,297
Cash and cash equivalents	-	-	27,508,582	-	-	17,138,395	-	-	18,989,136
Loans	-	-	130,304,529	-	-	86,962,972	-	-	59,152,183
Investment	39,693,444	-	-	53,249,620	-	-	51,987,237	-	-
Other bank balance	-	-	20,574,382	-	-	20,335,237	-	-	20,101,544
Total financial assets	39,693,444	-	556,058,769	53,249,620	-	512,135,201	51,987,237	-	392,626,426
Financial liabilities									
Borrowings	-	-	754,588,461	-	-	755,237,586	-	-	644,670,657
Trade Payables	-	-	235,009,270	-	-	263,184,009	-	-	149,347,106
Other Financial Liabilities	-	-	293,754,461	-	-	226,146,634	-	-	165,432,583
Total financial liabilities	-	-	1,283,352,192	-	-	1,244,568,229	-	-	959,450,346

(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 April 1, 2016, March 31, 2017 and March 31, 2018.



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(Amount in ₹)

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. 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
Loss allowance on April 1, 2016	974,491
Provision for allowances & Written-off	8,738,815
Loss allowance on March 31, 2017	9,713,306
Provision for allowances & Written-off	2,407,693
Loss allowance on March 31, 2018	12,120,998

(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 2018	31 March 2017	1 April 2016
Floating rate			
- Expiring within one year (bank overdraft and other facilities)	37,146,228	34,982,258	3,880,660
	37,146,228	34,982,258	3,880,660

(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.

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Contractual maturities of financial liabilities	Less than 1 year	More than 1 year	Total
as at March 31, 2018			
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
Total liabilities	563,853,878	719,498,313	1,283,352,192
as at March 31, 2017			
Borrowings	119,982,258	635,255,328	755,237,586
Trade payables	263,184,009	-	263,184,009
Other financial liabilities	157,038,753	69,107,881	226,146,634
Total liabilities	540,205,020	704,363,209	1,244,568,229
as at April 1, 2016			
Borrowings	63,880,660	580,789,997	644,670,657
Trade payables	149,347,106	-	149,347,106
Other financial liabilities	103,210,657	62,221,926	165,432,583
Total liabilities	316,438,423	643,011,923	959,450,346
as at March 31, 2018			
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
Total Assets	369,227,428	226,524,785	595,752,212
as at March 31, 2017			
Trade Receivables	121,097,760	-	121,097,760
Cash & bank balance	17,138,395	-	17,138,395
Other bank Balance	20,335,237	-	20,335,237
Loans	73,116,105	13,846,867	86,962,972
Investments	-	53,249,620	53,249,620
Other financial assets	72,343,313	194,257,524	266,600,837
Total Assets	304,030,810	261,354,011	565,384,821
as at April 1, 2016			
Trade Receivables	97,505,297	-	97,505,297
Cash & bank balance	18,989,136	-	18,989,136
Other bank Balance	20,101,544	-	20,101,544
Loans	46,369,802	12,782,381	59,152,183
Investments	-	51,987,237	51,987,237
Other financial assets	27,936,176	168,942,090	196,878,266
Total Assets	210,901,955	233,711,707	444,613,662

(C) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of two types of risks – interest rate risk & currency risk. Financial instrument affected by market risks includes loans and borrowings, deposits and other financials assets.

The group has designed risk management frame work to control various risks effectively to achieve the business objectives. This includes identification of risk, its assessment, control and monitoring at timely intervals.

(i) Foreign currency risk

The Indian Rupee is the group's functional and reporting currency. The group has limited foreign currency exposure which are mainly in cash. Foreign currency transaction exposures arising on internal and external trade flows are not material and therefore not hedged. Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. This is the risk that the group may suffer losses as a result of adverse exchange rate movement during the relevant period.



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(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 2018	31 March 2017	1 April 2016
Variable rate borrowings	37,146,228	34,982,258	3,880,660
Fixed rate borrowings	687,311,714	681,941,353	598,624,038
Total Borrowing	724,457,942	716,923,610	602,504,698

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

	31 March 2018			31 March 2017			1 April 2016		
	Weighted Average Interest Rate	Balance	% of Total Loans	Weighted Average Interest Rate	Balance	% of Total Loans	Weighted Average Interest Rate	Balance	% of Total Loans
Bank Overdraft	100%	37,146,228	5.13%	100%	34,982,258	4.88%	100%	3,880,660	0.64%

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 2018	INR	+50	429,825
	INR	-50	(429,825)
31 March 2017	INR	+50	319,872
	INR	-50	(319,872)

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.

Particulars	31-Mar-18	31-Mar-17	01-Apr-16
Net debt	754,588,461	755,237,586	644,670,657
Total equity attributable to owners	339,179,460	386,863,034	466,046,625
Net Debt to equity ratio	222.47%	195.22%	138.33%

Risk management

The group's objective when managing capital are to:

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(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 2018	31 March 2017
Segment revenue		
Software division	13,024,998	17,739,782
Equipment division	3,737,916	4,412,416
Education	766,884,242	472,295,562
Theatrical exhibition	400,667,273	345,094,795
Others	113,204,607	94,145,928
Total	1,297,519,036	933,688,482
Less : Inter segment revenue	-	-
Net sales/ Income from operations	1,297,519,036	933,688,482
Segment results		
(Loss)/ profit before tax, interest and exceptional items from each segment		
Software division	(59,630,681)	(55,060,215)
Equipment division	(2,405,589)	(441,910)
Education	(52,865,743)	(622,333)
Theatrical exhibition	57,001,127	45,790,817
Others	73,301,617	81,606,984
Total	15,400,730	71,273,343
Less: Finance costs	111,284,790	87,124,532
Unallocated expenses, net of unallocable income	(50,606,570)	49,072,205
Total (loss) before tax	(45,277,490)	(64,923,394)
Depreciation and amortization		
Software division	9,578,918	5,226,017
Equipment division	2,762,423	3,312,123
Education	36,413,109	36,081,978
Theatrical exhibition	61,082,570	53,201,981
Others	6,968,073	8,152,783
Unallocable	7,837,297	6,170,392
Capital employed		
(Segment assets - Segment liabilities)		
Software division	111,394,793	109,546,644
Equipment division	47,312,084	49,260,061
Education	596,292,475	(80,625,422)
Theatrical exhibition division	170,713,235	297,384,908
Others	193,691,855	208,645,507
Unallocable (includes minority interest)	(780,455,246)	(197,348,663)

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.



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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 2018 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)

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(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

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

Transactions	Key Management Personnel and relatives of such personnel		Enterprises over which key management personnel have control/ substantial interest/ significant influence	
	2018	2017	2018	2017
Receiving of services				
Ashok Ghai - Professional fees paid	3,300,000	3,000,000	-	-
Mukta Arts - Rent	-	-	60,000	60,000
Salaries and other benefit				
Siraj Farooqui	3,621,660	3,296,000	-	-
Sameer Farooqui	946,726	808,100	-	-
Sajid Farooqui	915,402	795,744	-	-
Managerial remuneration				
Subhash Ghai	6,457,400	3,932,400	-	-
Parvez A. Farooqui	666,900	3,790,400	-	-
Rahul Puri	4,445,200	3,757,400	-	-
Remuneration to director of subsidiary company				
Rahul Puri	2,040,360	2,002,500		
Meghna Ghai Puri	3,819,891	3,504,420		
Parvez A. Farooqui	3,498,000	-		
Loan received during the year				
Subhash Ghai	-	500,000		
Loan repaid during the year				
Subhash Ghai	7,500,000	4,300,000		
Interest on Loan during the year				
Subhash Ghai	11,511,881	12,415,534		
Deposit receivable				
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 2017: Rs Nil).

41 Contingent liabilities

	31 March 2018	31 March 2017
Claims not acknowledged as debt		
-Service tax matters (note 1)	1,675,000	1,675,000
-Local levies	25,327,506	24,711,104

* 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.



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- 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 18,859,028 (31 March 2017: Rs 18,859,028) to the Customs and other statutory authorities, on behalf of the Company, towards fulfillment of these commitments. The Company believes that the export commitment obligations will be fulfilled and accordingly does not expect any custom and other duties, penalty or interest to be levied with respect to non-fulfillment of the terms and conditions of the EPCG scheme.

- 5) Matters in respect of Whistling Woods International Limited (WWI) -Income tax

	31-Mar-18	31-Mar-17	01-Apr-16
(b) Income-tax Matters - Matters decided against the company in respect of which the company has preferred an appeal	5,060,764	5,060,764	5,060,764
(c) Claims against the company not acknowledged as debt pertaining to local levies	25,327,506	24,711,104	24,094,702

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 2018	31 March 2017
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
-Principal	-	-
-Interest	-	-
The amount of interest paid by the Company 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	-	-
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	-	-
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.	-	-

43 Managerial remuneration

Total remuneration paid to the erstwhile managing director (including as film director fees) for earlier financial years from 2005-06 to 2014-2015 aggregating to Rs 131,906,897 exceeds the limits prescribed under Schedule XIII to the Companies Act, 1956. During the year 2011-12, the Company had received approval for part of the excess remuneration paid (approval received for remuneration aggregating to Rs 25,200,000 for the financial years 2005-06, 2006-07 and 2007-08) and made applications to the authorities requesting reconsideration/ approval for the balance excess remuneration. Through its various communications, the Ministry of Corporate Affairs has ordered the Company to recover the excess remuneration paid during the financial years 2008-09 to 2011-12. The Company has requested the authorities to reconsider their Orders and also for his recognition as a professionally qualified person under the Act. Pending conclusion of this matter, no adjustment has been made in these financial results. The auditors continue to modify their report on the said 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

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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 2018 Rs 113,538,000 has been paid by the Company and Rs. 4,500,000 has been paid by WWI. The State Government of Maharashtra and MFSCDCL challenged the Order of the Bombay High Court in the Supreme Court which was dismissed by the court on 22nd September 2014 with recourse to the State Government of Maharashtra to make an application to the High Court. Pending final disposal of the review petitions and valuation of the building, and in view of the future plans for WWI which are being evaluated, management believes that the Company's investments in WWI aggregating Rs 369,997,000 and amounts due therefrom aggregating Rs 257,126,743 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 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.

Movement of loan during the financial years ended 31 March 2018 and 31 March 2017 is given below:

Name of Party	Financial year	Opening balance(excluding accrued interest)	Loan given	Loan repaid	Closing balance(excluding accrued interest)
Neelmudra Entertainment Limited	Year ended 31 March 2018	12,838,015	-	-	12,838,015
	Year ended 31 March 2017	12,838,015	-	-	12,838,015
Om Films Private Limited	Year ended 31 March 2018	17,600,000	-	-	17,600,000
	Year ended 31 March 2017	17,600,000	-	-	17,600,000

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 Business Combinations :

On 16 November 2016, Mukta A2 Cinemas Limited was incorporated and 100% of its 50,000 equity shares of face value of Rs 10 each, are held by the Company.

47 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

CA Prerak Agarwal
Partner
Membership No: 158844

Place : Mumbai
Date: 24 May 2018

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

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 36th Annual General Meeting of the company, to be held on Thursday the 30th day of August, 2018 at 4:00 p.m. at Whistling Woods Institute's Auditorium, Filmcity Complex, Goregaon (East), Mumbai- 400 065 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	RESOLUTIONS	OPTIONAL*	
		For	Against
ORDINARY BUSINESS			
1.	To receive, consider and adopt the Audited Financial Statements (including Audited Consolidated Financial Statements) of the Company for the financial year ended March 31, 2018, together with the Reports of the Board of Directors and the Auditors thereon;		
2.	To re-appoint Mr. Rahul Puri (DIN 01925045), Managing Director who retires by rotation and being eligible, offers himself for re-appointment;		
3.	To ratify the appointment of M/s Uttam Abuwala & Co., Chartered Accountants (Firm Registration Number: 111184W) as Statutory Auditors to hold office until the conclusion of the Thirty Seventh Annual General Meeting of the Company to be held in the year 2019 and approve their remuneration.		
SPECIAL BUSINESS			
4.	To consider discontinuation of the ratification of appointment of Statutory Auditors of the Company as per Section 40 of The Companies (Amendment) Act, 2017.		

Signed this..... Day of..... 2018

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.





MUKTA ARTS LIMITED

Registered Office

3rd 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