



Statement on Impact of Audit Qualifications (for Audit Report on Standalone Financial Statements with Modified Opinion) submitted along-with Annual Audited Financial Results for the Year ended March 31, 2019 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

I.

Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications) *
1.	Total Income	30,94,18,321	30,94,18,321
2.	Total Expenditure	25,34,06,848	25,34,06,848
3.	Net Profit/(Loss) before Tax	5,60,11,473	5,60,11,473
4.	Earnings Per Share	1.62	1.62
5.	Total Assets	2,13,02,47,462	2,13,02,47,462
6.	Total Liabilities	71,56,28,218	71,56,28,218
7.	Net Worth	141,46,19,244	141,46,19,244
8.	Any other financial item(s) (as felt appropriate by the management)	-	-

* No adjustments made as impact not quantifiable

II. **Audit Qualifications:**1. **Qualification 1:**a. **Details of Audit Qualification:**

- As at March 31, 2019, the company's investment in its subsidiary (including deemed investment), Whistling woods International Limited (WWIL) a joint venture between the company and Maharashtra Film, Stage and Cultural Development Corporation Limited (MFSCDCL), aggregates to Rs. 19,95,11,218/- and loans and advances, deposits, interest receivable and rent receivable aggregate to Rs. 43,49,48,077/- recoverable from WWIL. As fully explained in Note 2 to the accompanying audited financial statements, the Order of February 9, 2012 passed by the High Court of judicature at Bombay ('High Court'), had quashed the joint Venture Agreement ('JVA') between the company and Maharashtra Film Stage Cultural Development Corporation ('MFSCDCL'). Maharashtra Film Stage and Cultural Development Corporation ('MFSCDC') raised net demand of Rs. 59,19,66,210/- and asked WWIL to vacate the premises. WWIL's petition for special



leave to appeal filed with the Supreme Court of India had also been dismissed. The Company and WWIL had filed application to review the said order with the High Court and an Interim stay was granted on July 30, 2014 which required deposit of Rs.10,00,38,000/- by January 2015 against payment of arrears of rent for the year 2000-01 to 2013-14 and payment of Rs.45,00,000/- per annum from Financial Year 2014-15 till the settlement of the case, to MFSCDCL. As per the terms of the said Order, till financial year 2016-17, Rs. 11,35,38,000/- has been paid by the Parent Company and for financial year 2017-18 and 2018-19 Rs. 45,00,000/- per annum has been paid by WWIL. The State Govt. of Maharashtra and MFSCDCL challenged the order of the High Court in the Supreme Court which was dismissed by the Supreme Court on September 22, 2014. The amount so paid / being paid by the Company have been accounted under Non - Current Other Financial Assets in the Standalone Financial Statements to be adjusted on the settlement of the case.

Further, WWIL's net worth stands fully eroded as at March 31, 2019. 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.

b. Type of Audit Qualification: Qualified Opinion

c. Frequency of Qualification: Repetitive (continuing since 2011)

d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not Applicable

e. For Audit Qualification where the impact is not quantified by the auditor:

(i) Management's Estimation on the impact of Audit Qualification:

Not Applicable

(ii) If management is unable to estimate the impact, reasons for the same:

Having regard to the circumstances 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.

(iii) Auditors' Comments on (ii) above:

As per the explanation provided by the Management in point (ii) above, 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.

For Mukta Arts Limited



Rahul Puri
Managing Director

Kewal Handa
Chairman – Audit Committee

Prabuddha Dasgupta
Chief Financial Officer

Date: May 21, 2019

Place: Mumbai

For M/s Uttam Abuwala & Co.

Chartered Accountants

Firm No. 111184W

(Statutory Auditors)

CA Prerak Agarwal
(Partner)

Membership No. 158844



Date: May 21, 2019

Place: Mumbai



Statement on Impact of Audit Qualifications (for Audit Report on Consolidated Financial Statements with Modified Opinion) submitted along-with Annual Audited Financial Results for the Year ended March 31, 2019 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications) *
1.	Total Income	1,73,62,35,119	1,73,62,35,119
2.	Total Expenditure	1,69,31,51,831	1,69,31,51,831
3.	Net Profit/(Loss) before Tax	4,30,83,288	4,30,83,288
4.	Earnings Per Share	0.90	0.90
5.	Total Assets	2,09,55,21,382	2,09,55,21,382
6.	Total Liabilities	1,78,50,07,816	1,78,50,07,816
7.	Net Worth (excluding Minority Interest)	31,05,13,560	31,05,13,560
8.	Any other financial item(s) (as felt appropriate by the management)	-	-

No adjustments made for Qualifications as impact not quantifiable

II. Audit Qualifications:

1. Qualification 1:

a. Details of Audit Qualification:

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

a. Type of Audit Qualification: Qualified Opinion

b. Frequency of Qualification: Repetitive (continuing since 2011)

c. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:

We are in agreement with the quantification.



- d. **For Audit Qualification where the impact is not quantified by the auditor:**
Not Applicable

2. Qualification 2:

a. Details of Audit Qualification:

As at March 31, 2019, the company's investment in its subsidiary (including deemed investment), Whistling woods International Limited (WWIL) a joint venture between the company and Maharashtra Film, Stage and Cultural Development Corporation Limited (MFSCDCL), aggregates to Rs. 19,95,11,218/- and loans and advances, deposits and rent receivable aggregate to Rs. 43,49,48,077/- recoverable from WWIL. As fully explained in Note 2 to the accompanying audited financial statements, the Order of February 9, 2012 passed by the High Court of judicature at Bombay ('High Court'), had quashed the joint Venture Agreement ('JVA') between the company and Maharashtra Film Stage Cultural Development Corporation ('MFSCDCL'). Maharashtra Film Stage and Cultural Development Corporation ('MFSCDC') raised net demand of Rs. 59,19,66,210/- and asked WWIL to vacate the premises. WWIL's petition for special leave to appeal filed with the Supreme Court of India had also been dismissed. The Company and WWIL had filed application to review the said order with the High Court and an Interim stay was granted on July 30, 2014 which required deposit of Rs.10,00,38,000/- by January 2015 against payment of arrears of rent for the year 2000-01 to 2013-14 and payment of Rs.45,00,000/- per annum from Financial Year 2014-15 till the settlement of the case, to MFSCDCL. As per the terms of the said Order, till financial year 2016-17, Rs 11,35,38,000/- has been paid by the Parent Company and for financial year 2017-18 and 2018-19, Rs 45,00,000/- per annum has been paid by WWIL. The State Govt. of Maharashtra and MFSCDCL challenged the order of the High Court in the Supreme Court which was dismissed by the Supreme Court on September 22, 2014. The amount so paid / being paid by the Company have been accounted under Non - Current Other Financial Assets in the Standalone Financial Statements to be adjusted on the settlement of the case.

Further, WWIL's net worth stands fully eroded as at March 31, 2019. 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.

b. Type of Audit Qualification: Qualified Opinion

c. Frequency of Qualification: Repetitive (continuing since 2012)



d. For Audit Qualification(s) where the impact is quantified by the auditor,
Management's Views: Not Applicable

e. For Audit Qualification where the impact is not quantified by the auditor:

(i) Management's Estimation on the Impact of Audit Qualification:

Not Applicable


(ii) If management is unable to estimate the impact, reasons for the same:

Having regard to the circumstances 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. Further, the management of WWIL believes that it is appropriate to prepare the financial statements on a going-concern basis based on its assessment of the merits of the case, plans for the future and support provided by its holding company.

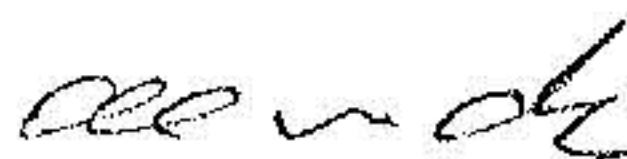
(iii) Auditors' Comments on (ii) above:

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For Mukta Arts Limited



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Managing Director



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Chairman – Audit Committee



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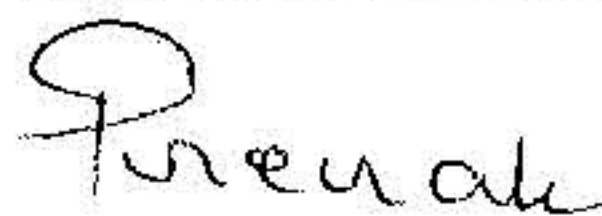
Date: May 21, 2019

Place: Mumbai

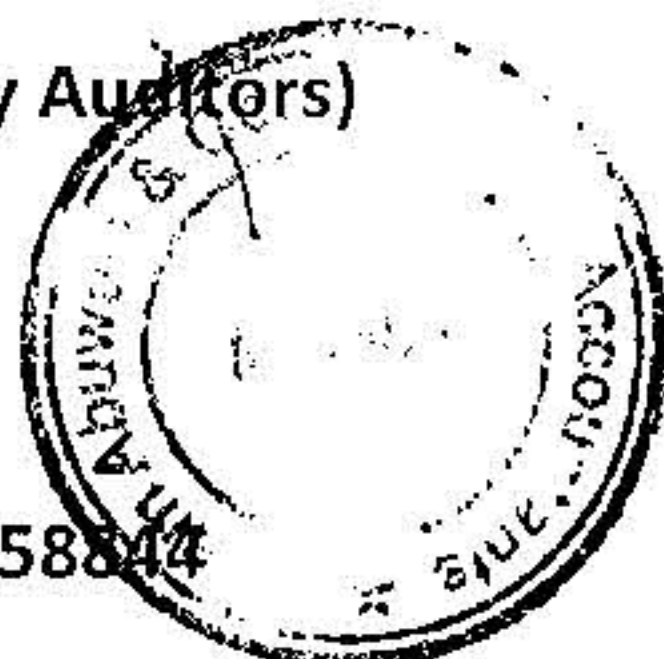
For M/s Uttam Abuwala & Co

Chartered Accountants

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Date: May 21, 2019

Place: Mumbai