

**FORM B****Format of covering letter of the annual audit report to be filed with the stock exchanges**

1	Name of the Company	Mukta Arts Limited – Standalone
2	Annual financial statements for the year ended	31 st March, 2013
3	Type of Audit qualification	Except for qualifications given below
4	Frequency of qualification	<p>Repetitive in respect of qualification A), C) D) and E) as stated in item 5 below from the financial ended 31st March 2011</p> <p>Repetitive in respect of qualification B) as stated in item 5 below from the financial ended 31st March 2012</p> <p>In respect of qualification F) as stated in item 5 below for the financial ended 31st March 2013</p>
5	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<p>A) Regarding excess Remuneration has been paid to Mr. Subhash Ghai, Managing Director of the Company during financial years 2005-06 to 2012-13.</p> <p>Refer Note No. 3.39 on page 59 of Annual Report.</p> <p>B) Regarding investments made in & loans given to Whistling Woods International Limited, a subsidiary of the Company are doubtful of recovery as net worth of the said subsidiary stands fully eroded as at 31st March 2013.</p> <p>Refer Note No. 3.40 on page 60 of the Annual Report.</p> <p>C) Regarding CARO qualification in respect of performing a detailed exercise of tagging its fixed asset</p> <p>D) Regarding CARO qualification in respect of controls relating to purchase of fixed assets, customer contracting and tracking of amounts billable.</p>



		<p>E) Regarding CARO qualification in respect of undisputed VAT dues are outstanding as at 31st March for a period of more than six months from the date they became payable.</p> <p>F) Regarding CARO qualification in respect of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the loan taken and repaid during the year from a director shareholder of the Company.</p> <p>The management's responses for the abovesaid qualifications are given in Directors' Report at page 15 under the head "Auditors" in the Annual Report. The full justification to the above mentioned qualifications of the auditors have been enumerated in detail under Note No 3.39 and 3.40 respectively which are self-explanatory and justified.</p>
6	Additional comments from the board/audit committee chair:	Additional comments from the board/audit committee are not required as above mentioned notes to the accounts are fully explanatory.

For **BSR & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W

B. H. Shimpale

Bhavesh Dhupelia
Partner
Membership No: 042070

Place: Mumbai
Date: 08.11.2013

For and on behalf of
MUKTA ARTS LIMITED

Subhash Ghai

Subhash Ghai
Managing Director

Parvez A. Farooqui

Parvez A. Farooqui
CEO/CFO

Vijay Chharia

Vijay Chharia
Audit Committee Chairman